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SOURCE Lupta de Clasa

RUMANIAN PARTY LINE SHIFTS ECONOMIC EMPHASIS

[Comment: The following article in Lupta de Clasa, theoretical organ of the Rumanian Worker's Party, written by party theoretician St. Arsene, gives reasons for the new economic policy in Rumania, and discusses certain shifts.]

Under the present regime of the Rumanian People's Republic significant progress has been made in the development of the national economy on the road to socialism. The volume of industrial production has surpassed the prewar level. Heavy industry, particularly the machine building industry, is continually on the increase. Following the development of the petroleum basin in Moldavia and the discovery of new oil strata in Oltenia and in other regions of the country, the production of crude oil (titeiu) reached 9.3 million tons, compared to 8.6 million tons produced in 1936. At the end of 1953, the production of coal had increased 2.4 times over 1938 production; that of steel, 4 times; and that of cement, 4.5 times. Production of electric energy and chemical industries have increased greatly. The production of cotton cloth in 1952 was 90 percent greater than in 1938; wool cloth, 110 percent; rayon, 40 percent; shoes, 167 percent; and cotton underwear, 110 percent.

Successes have been obtained in agriculture as a result of aid received from the people's democratic state. More than 200 MTS have been set up. More than 280,000 families of peasants have united in about 4,000 collectives and TOZ, the majority obtaining significant results in productivity per hectare and in raising their standard of living. State farms, with more than 4,400 tractors and agricultural machines, have achieved large yields of grain per hectare.

The amount of goods distributed by state and cooperative stores to workers in 1953 is 50 percent greater than in 1950.

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Private Enterprise

During the period of transition from capitalism to socialism there are in the Rumanian People's Republic, in addition to socialist formations, small producers of goods. In agriculture they constitute the large majority and will continue to be the principal producers of agricultural products for a long time. In trade and production, they constitute the private capitalist formation. In these two sectors, the economic law governing capitalist production and the small-scale production of goods prevails. Here the law of value is the regulating force. However, this role is limited by the existence of the socialist sector and the laws governing it, and by the political economy of the people's democratic state.

The socialist formation has the directing role in the over-all economy. As a result, the effect of the economic laws governing the private sector is limited by the action of the socialist economic laws. The people's democratic state can check these laws and use them in the interest of building socialism. Peasants with small and medium farms are interested in increased industrial and agricultural production. They are interested in producing more agricultural goods to satisfy the need for industrial raw materials and for food for the urban population, for they in turn benefit from the expansion of industry. The people's democratic state, properly balancing the general interest of the state with the interests of the private sector, can attract independent producers along the road to socialism.

The private capitalist sector, formed for the most part of kulaks, opposes the socialist sector. There is an acute struggle between them. The people's democratic state is carrying out a policy of fencing in the kulaks. This is the only correct policy during the present stage and limits the damaging action of the economic law of the private sector. The policy of fencing in the kulaks means limiting the ability of the kulaks to exploit and to enrich themselves, but permitting them to expand their production and increase their exchange of goods, as provided by law and under the control of state agencies. It is in the interest of the national economy that in the present stage kulaks increase agricultural production, deliver assigned quotas to the state, and bring products to the market.

Because the state cannot directly plan production in the private capitalist sector, it has set up a series of economic levers which permit it to exercise a powerful regulating influence on this [sector] as well as on the socialist sector.

Economic Balance

The development of the socialist formation is taking place in the Rumanian People's Republic amidst a sharp class struggle. The opening of an ever larger field of action for the fundamental economic laws of socialism and of proportional planned development of the national economy raises a stubborn resistance on the part of the capitalist elements and their tools and agents, supported by the imperialists. These persons have recourse to many methods to impede our forward march.

The continued sharpening of political vigilance, thorough study of the action of economic laws, and their application in the building of socialism are the chief tasks of party and state cadres.

The principal requirement of the laws of planned proportional development in the national economy is the establishment of a proper ratio between economic branches in conformity with the requirements of the fundamental economic law of socialism. The ratio existing between the various branches of the socialist economy are not fixed. They can and must change in accordance with the economic

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conditions and historical objectives in every period. Changes in this ratio cannot be spontaneous, but must be planned by the people's democratic state. Thus the forward march of a socialist society leads to expansion of production and to greater fulfillment of the material and cultural needs of the workers.

Taking objective necessities into account, the socialist state plans the ratios between capital goods and consumer goods, between the mining industry and the processing industry, between the accumulation, consumption, and reserve funds, the proportion of labor force to be assigned to various branches of the economy, etc. Of special significance is the establishment of a proper ratio between industry and agriculture, and between mining and processing. A sure supply of raw materials must be set up for heavy industry through the expansion of present sources and the discovery of new ones.

To assure the proportional harmonious development of the national economy it is necessary to liquidate the territorial division of productive forces, a remnant of capitalism. For this purpose the Five-Year Plan provides for the allocation of industries, sources of raw materials, and of consumer centers, and the development of the economies of regions which suffer from the anarchic localization of industry left by the previous regime.

The task of building socialism requires the liquidation of the disproportions between economic branches of the national economy and the establishment of new proportions to assure the wealth of products necessary for the maximum satisfaction of the material and cultural needs of the country.

The plenum of the Central Committee, held 19-20 August 1953, revealed that forcing the rate of industrialization and establishing an improper ratio between the accumulation fund and the consumption fund has resulted in an unsatisfactory standard of living among workers in cities and villages, in comparison with the level of the national economy. The rate of industrialization was forced by the allocation of too great a fund for heavy industry while not enough was granted to overcome the lag in agriculture, and the consumer goods industry did not receive investments in line with other branches of the economy.

Financial Planning

The plenum fixed the accumulation fund for 1953-1955 as 27.8 percent of the national income and the consumption fund at 72.2 percent. The accumulation fund will increase annually "in a special manner" during 1953-1955, and will represent a smaller percentage of the national income, because the national income will rise more rapidly than the increase in the accumulation fund. At the same time, the consumption fund will increase each year, both in absolute figures and in percent. The rate of increase of the consumption fund will be more rapid than the rate of increase of the national income.

The plenum established a proper distribution of the accumulation fund between the branches of the national economy. This distribution takes into account the lag in agricultural production, in the output of consumer goods, and in the building of dwellings. It establishes a harmonious ratio, and provides for the unforced development of heavy industry, without which the development of the economy and the building of socialism would not be possible. Thus the volume of investments provided for heavy industry and certain large construction projects for the period of 1953-1955 were reduced 15 to 17 billion lei. Of this fund, 10 to 12 billion lei remain in the consumption fund; and about 5 billion lei are designated for the development of agriculture, for the production of consumer goods, for the construction of dwellings, and other social-cultural work. The level of investments for heavy capital goods and for large-scale constructions of transport [projects] will decrease proportionately, those for agriculture and consumer goods industry will double. At the same time, investments for social-cultural work and especially for the building of dwellings will increase.

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Labor Force

Under the people's democratic regime wide action has been taken to train present workers and to mobilize new workers. Wages are being based on quantity and quality of work. This system is a powerful stimulant to raising the level of training and to increasing labor productivity. In 1950, training schools graduated more than 100,000 workers; in 1951, more than 170,000; and in 1952 more than 200,000 workers and masters.

However, certain imbalances developed in the labor field. These were due to unequal wage scales in various branches of the national economy. These wage scales checked the increase in trained workers in some branches. A recent decree of the Council of Ministers seeks to stimulate the training of workers, particularly in those branches of industry which are most in need of labor force. The decree improves the wage system, stimulates the training of workers, and sets up a graduated wage scale providing for higher pay as qualifications and labor productivity of each worker increases.

Balance Between Industry and Agriculture

The law of the planned proportional development of the national economy places greatest emphasis on the establishment of a proper balance between industry and agriculture. The plenum of 19-20 August showed that an imbalance developed in the republic as a result of the great lag in agricultural production. This lag has been determined and fixed by objective causes. In industry, which has been socialized, planned development assures proportional and sustained progress. In agriculture, however, where the overwhelming majority of the farms are owned by small and medium independent peasants, the development of the forces of production remained behind.

The fact that the law of planned proportional development affects only the socialist part of the national economy, and has a very limited field of action in agriculture, constitutes an objective factor which conditions the disproportionate rate of development of industry and agriculture. As long as the independent farm exists the possibility of introducing new techniques and of the rational organization of production are very reduced, and agricultural production cannot keep pace with socialist industrial production which uses modern techniques on an ever increasing scale. Agriculture will be able to satisfy fully the requirements of industry and of the urban population only after the full socialization and mechanization.

However, the socialist transformation of agriculture cannot be achieved without some effort. It requires the necessary equipment and the free consent of peasants in joining collectives.

It would, however, be a great mistake to attribute the great lag of agriculture behind industry exclusively to the existence of independent ownership, for independent peasants in Rumania today have a potential for greatly increased production.

Independent Peasantry and Tradesmen

In the present stage of the development of agriculture, when independent farms provide approximately 75 percent of the grain supply, larger quantities of raw materials for industry and food for the urban population could be obtained by stimulating peasants to increase their production and the exchange of goods between city and village. For this purpose the plenum of August 1953 granted stronger supports to the individual small and medium peasant, to increase production in conformity with the needs of the national economy and to combine more strongly the interests of the state with the interests of these

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farms. Thus, individual small and medium farms will receive greater credits to procure more tools, building materials, selected seeds, and to breed and fatten animals. At the same time, MTS will be directed to give them technical aid.

Instead of drawing up plans for individual farms, plans which would not take into account objective economic laws governing independent small producers, the plenum directed its attention toward creating a common interest between the state and the peasantry in increasing production. Attempts in the past to fix plans for individual farms were not successful, for they could not take into account particular conditions on the more than 3 million individual farms. Plans actually caused production to decrease. Individual producers were required to cultivate many crops which would not grow in their areas. The crop distribution brought about lower yields per hectare.

Although the state cannot plan agricultural production in the private sector, it can orient and direct this production in the interest of building socialism by using a series of economic levers such as the collection of mandatory quotas, contracts, procurements, prices, credits, etc. It is necessary to point out that the proper use of these economic levers, in strict conformity with economic objective law, permits the people's democratic state to exercise a regulatory influence on the production and circulation of goods produced independently, to cause producers of these goods to serve in the national economic interest and in the building of socialism, and to "fence in" the exploitation potential of the private capitalist sector.

Free trade is necessary to raise considerably the volume of goods which enters into the central state stockpiles. A recent decree of the Council of Ministers organized this type of trade so that it will contribute more and more to the intensification of the exchange between city and village. Up to the present time [December 1953], the agricultural producer has had to sell specified quantities to cooperatives from a very restricted list of agricultural products, in order to have the right to buy certain industrial products which figured in another list, similarly restricted.

On the other hand, only the sale of grain and wool gave the producer the right to buy any kind of industrial product from the same list. For other agricultural products such as milk, beans, potatoes, and poultry, he could buy only certain industrial products. He could buy no lumber at all. When a producer needed lumber, but had no wool or grain to sell, he was forced to sell milk and vegetables on the free market to buy grain or wool. He sold these commodities to a cooperative in order to be eligible to buy lumber. As a result money lost its role as an equivalent general value in this type of trade. This situation made the exchange between city and village difficult and diverted to the free market a number of agricultural products such as potatoes, milk, vegetables, etc., which are extremely important for socialist industry and for the urban food supply. The new system remedies the situation and strengthens the exchange between city and village.

In the present period, socialist trade cannot assure the variety and quantities of food products needed, because the greatest amount of commodities are produced by the private sector.

Prices

By withdrawing from socialist trade ever larger quantities of food products obtained from contracts, purchases, mandatory delivery quotas, the free market, and from the socialist sector of agriculture, the state can influence prices on the free market, making them higher than those charged for goods sold by the state. This position has not been understood by some agencies of the Ministry

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of Domestic Trade and by some of the people's councils. In violation of the directives of the Central Committee and of the decrees of the state, providing for limiting but not liquidating private trade, these organs tried to virtually eliminate private trade, inhibited the exchange between city and village, and curtailed the supply of food to the working population.

Support for Agriculture

To establish a more proper ratio between industry and agriculture, the plenum of the Central Committee prepared a series of measures to stimulate the development of agriculture, measures which were made concrete in various state and party decrees. Important tax reductions were granted to individual peasants, collectives, and TOZ (agricultural cooperatives) on income derived from young fruit trees, vines, bees, geese, and silk worms. In addition, taxes were reduced on income earned by collectives establishing new stock farms, during the first 2 years of such farms. Income tax decreases of 20-30 percent were granted to peasants who drew up delivery contracts and then delivered the entire harvest from the contract areas to the state.

A powerful stimulus to increase per hectare productivity is the decrease in income tax for collectivists and TOZ members who sell products produced in excess of the average per hectare norm for a given area.

The plenum of the Central Committee revealed the existence of an imbalance between the various branches of agriculture, particularly a lag in raising animals and animal fodder. It is clear that this imbalance cannot be overcome by direct state planning, because the vast majority of producers are individual peasants. The plenum planned to encourage by every possible means the raising of animals in collectives, TOZ, state farms, and independent holdings. Of special interest in this regard is a decree, recently voted by the Grand National Assembly, providing for increased animal raising in 1954-1956. This decree sets up a program which will stimulate and support the raising of animals so that after 2-3 years a significant improvement will be brought about in the food and raw material supply.

All these economic measures of the government and the party show that the attraction of small and medium peasants to socialism is not done by ruining them, but by giving them state aid. The transition to socialism by small and medium peasants is done by improving their economic status, by increasing their production and sale of products to the state, and by raising their organizational and technical level. In such a case the peasant is convinced by his own experience of the advantages of working his soil by machine and by advanced methods. As a result he will turn voluntarily to socialist agriculture. The plenum emphasized that one of the most important duties of party and state organs is the constant organization of new collectives and TOZ, and the consolidation of the existing ones.

To overcome the lag in agriculture the plenum devoted special attention to state farms and MTS, where the state is able to plan directly the production and distribution of goods. The plenum discussed the existence of serious errors in the organization of state farms, errors which prevent them from becoming model farms. The poor organization of many state farms and their lack of long-range plans have lowered their productivity in crops and animal husbandry.

Many of the mistakes cited are due to insufficient machinery and labor force. To overcome these errors the plenum took a series of measures to assure more agricultural machinery and permanent cadres of workers, functionaries, and properly trained technicians.

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The plenum took a series of measures to assure that existing deficiencies in MIS be overcome. The present lack of spare parts and certain types of machines will be overcome by the assignment of the tractor plant in Stalin to produce other machines in addition to the KD-35 and Belarus, tractors. Specified enterprises will make enough spare parts and drawn machines to establish a better ratio between tractors and tractor equipment.

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