

## FROM THE MIXED ECONOMY TO THE SOVIET-TYPE ECONOMY

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### ABSTRACT

*This study examines the transformation from a mixed economy—characterized by the coexistence of private and state ownership—to a Soviet-type economy defined by centralized planning and state control over all major means of production. The transition typically occurred in Eastern Europe after World War II under the influence of the Soviet Union, involving the systematic nationalization of industry, collectivization of agriculture, and the elimination of market mechanisms. Political consolidation by communist parties played a crucial role in enforcing these economic changes. The paper highlights how this shift aimed to accelerate industrialization and ensure social equality, but often resulted in inefficiencies, shortages, and reduced incentives for innovation. By analyzing key policies and their socioeconomic impacts, the study provides insight into the structural and ideological foundations of centrally planned economies and their long-term consequences.*

**KEYWORDS:** *Mixed economy, Soviet-type economy, Centralized planning, State ownership, Nationalization, Collectivization of agriculture, Elimination of market mechanisms, Communist political consolidation, Eastern Europe post-World War II, Soviet Union influence, Industrialization, Social equality, Economic inefficiency, Shortages, Innovation disincentives, Centrally planned economies*

**J.E.L Classifications:** P21, P22, P26, N14

### 1. INTRODUCTION

The year 1945 began internationally with the Crimean Conference of the Three Great Powers. In addition to the arrangements necessary for the continuation of the war, the general principles of the evolution of “liberated Europe” were discussed. It was decided to hold free elections organized by representative governments, without stating the guarantees for the actual fulfillment of these desires. Relative to the situation in Romania, the Conference not only did not produce positive effects, but moreover, it proved that in the Soviet interpretation the principles of the “Declaration

on Liberated Europe” acquired a completely different meaning than that intended by those who stated them. Thus, the Government of March 6, 1945 did not respond to any of the Yalta requirements.

Surprised by this decision of Moscow, which did not respect the agreements recently signed at Yalta, Churchill mentions in his memoirs: “The very evening when we were speaking in the House of Commons about the results of our efforts at Yalta, the first violation by the Russians of our understanding, both in spirit and in letter, took place in Romania”(W. Churchill, 1998). Although he was “deeply disturbed by this news”, which in reality was a brutal intervention by Moscow and would be repeated in other states, the British Prime Minister admits that “we were prevented from protesting, because Eden and I, in our visit in October to Moscow, recognized that Russia must have a predominant role in Romania and Bulgaria, while we have the ascendancy in Greece”( W. Churchill, 1998). Thus the Soviet Union managed to establish in Romania, by force and deception, the government of a communist minority.

The Groza Government, which did not include representatives of the P.N.T. and P.N.L., with the exception of some dissidents, called itself “of broad democratic concentration”. In reality, it was the embodiment of a fictitious coalition, since under the leadership of the communists, the Cabinet only included parties and organizations allied to the P.C.d.R., as well as its “fellow travelers”, among whom the most important was Gh. Tătăărăscu, appointed vice-president of the Council of Ministers and minister of foreign affairs (Ș. Constantinescu, 2002). The reality in Romania in the spring of 1945 is accurately described by General C. V. R. Schuyler, the US representative in the CASC: “The current Romanian government is a minority government, imposed on the nation by direct Soviet pressure. This government is dominated by the Romanian Communist Party, which probably represents less than 10% of the Romanian population. The vast majority of the Romanian people are deeply nationalistic and energetically oppose the communist system in any form”(Ș. Constantinescu,2002).

At the time of taking power, the President of the Council of Ministers, Dr. Petru Groza, sent a telegram to the President of the Council of People's Commissars of the Soviet Union, Joseph Vissarionovich Stalin, the President of the US, Franklin Delano Roosevelt, and the Prime Minister of Great Britain, Winston Churchill. Their content expressed Romania's determination to intensify the war effort to defeat Germany and the hope that in this way it would "create a new international

situation, which would allow it to participate in the work of pacific organization of tomorrow's world".

However, there was a big difference between the official declarations and the real plans of the executive. The goals of the Groza Government corresponded to those pursued by the USSR, more precisely the Sovietization of Romania. This clearly results from the Plan discussed in Bucharest on March 7, 1945 by a delegation of Romanian communists, led by Ana Pauker, and a delegation of the Communist Party of the Union Soviet, led by Evgheni Suhlov. In general terms, the Plan had been drawn up in Moscow by Gheorghii Dimitrov at Stalin's express request. It envisaged a series of actions aimed at the communization of Romania. The focus was on the Communist Party of Romania and its organs of repression. It envisaged: the completion of the agrarian reform by confiscating the large estates; the abolition of the army inherited from the old regime and the creation of a new army modeled on the Tudor Vladimirescu and Avram Iancu divisions, formed in Russia; the liquidation of all banks; the abolition of small peasant farms and the preparation of the collectivization of agriculture; the abdication of the King and the exile of the royal family; the suppression of economic and financial ties with the great capitalist powers and the orientation of the Romanian economy towards the Soviet Union and the countries subordinate to it; the suppression of historical parties by arresting, killing and kidnapping some of their members; the creation of a political police modeled after the NKVD; the ban on citizens from Western countries entering Romania, etc.

The program of Bolshevization of Romania, inspired by Moscow, was carried out without any deviation. First of all, the Communist Party, as the Kremlin's agent, took measures to remove political opponents from the public scene and physically destroy them. Many of them were brought under the law punishing war criminals or the provisions on the purification of the state apparatus without any reason (Zainea, I. 1995).

Regarding internal organization, in addition to the massive increase in the number of party members, from about 1,000 in August 1944 to over 700,000 in 1947, the communists also relied on a very complex institutional organization (Știrban, M., 1991). The higher governing bodies in October 1945 were the Central Committee, the Politburo and the Secretariat (Onișoru. Gh., 1998). There were 12 regional party committees, 58 county committees, 1,284 city organizations and 1,210 village organizations active in the territory. At the local level, the following were active: the Local Committee, Zonal Districts, Institutional or Neighborhood Cells, Street or Workshop Sub-

cells. After the October 1945 Conference, it was decided that the institutional reorganization would include the following specialized Departments or Sectors: Organizational, Mass Organizations, Cadres, Political Education, Administrative. A new reorganization took place on the occasion of the enlarged Plenary of the CC on January 8–9, 1947, when the local and regional committees were dissolved and an organization at the county level was opted for. Also on this occasion, other departments appeared: Youth, Women, Trade Unions and Minorities. In October 1946, the following mass organizations were operating: the Union of Trade Unions, the Patriotic Defense, the Agricultural Workers' Union, the Ploughmen's Front, the Hungarian People's Union, the Progressive Youth, the Popular Sports Organization, the Romanian Antifascist Women's Union, the Jewish Democratic Committee, ARLUS, the New School, and the Cooperators. This large number of organizations was intended to attract attention, but above all to cover all sectors of society.

The imposition of the communist model was done through gradual measures. At the National Conference of the Romanian Communist Party in October 1945, Gheorghiu-Dej emphasized the need for “the entire industrial capacity of the country, the state and the private sector to form a unified whole.” Although later, for tactical reasons, the communists concealed this objective, in practice they pursued it with great perseverance, and from 1947 they began to put it into practice.

## **2. LEGISLATIVE REGULATIONS. INSTITUTIONAL CHANGES**

The first measures taken by the Groza government aimed at solving the most pressing problems of Romanian society regarding the national territory and the economic and social difficulties.

Based on the request formulated on March 8, 1945 by Dr. Petru Groza and Gh. Tătăărăscu, the Soviet Union approved the return of Romanian authorities to northwestern Transylvania. The act was presented as a generous gesture on the part of the Soviet Union, determined by the fact that in Bucharest there was a government that enjoyed Stalin's trust (Ș. Constantinescu, 2002).

On March 23, 1945, the government would proceed to implement the agrarian reform\*. Although over 400,000 landless peasant families were privatized, reality showed that it was a “poisoned gift”, because this reform aimed to win over the villagers for the new regime, the goals of which would soon be identified in 1949, when the collectivization of agriculture was launched (Iancu, Gh., Tărău V, Troșcă, O. 2000).

Representatives of all political parties developed programs for the long-term reorganization of agriculture, before the installation of the Groza Government.

The Communist Party, the Ploughmen's Front and the National Peasant Party were in principle in favor of the reform. Differences were manifested in relation to the period of its launch, the area and the method of application. Prime Minister Nicolae Rădescu and the National Liberal Party were against it, considering it premature, as long as the war continued and the soldiers on the front were the most entitled to benefit from its results, and the internal situation made it inopportune. The Prime Minister tried to maintain political and economic order and stability through various methods, such as the Regulatory Law of January 26, 1945, which aimed at eliminating speculation, controlling grain transport, inventorying availability by counties and drawing up a general plan for supplying the population (Onișoru. Gh., 1998).

In early February 1945, the NDF's Governing Platform was published. In a press statement, PNL president Dinu Brătianu argued that his party did not find agrarian reform opportune, prompting a response from the Minister of Agriculture, the national-peasant Ion Hudiță. A few days later, the NDF submitted to the Agrarian Reform Study Commission the project for the expropriation of areas of over 50 ha in the plains and 30 ha in the hills and mountains. Published in the newspapers "Ardealul", "Argus" and other central newspapers, it corresponds in principle to what was stated in the NDF's Program Manifesto of October 1944, which supports individual peasant property limited to the working capacity of a family, based on the doctrine and motivations of the "peasant state". The project also provided for the organization of model farms with the function of agricultural and zootechnical resorts.

On the other hand, the Ploughmen's Front launched a Manifesto demanding immediate agrarian reform by expropriating estates over 50 hectares. The difference between the two documents was the "revolutionary path" of implementation, which would have led to the fall of the Rădescu government.

The National Liberal Party and the Union of Agricultural Trade Unions tried to prove the economic and social futility of expropriating estates. At the other extreme was the Communist Party, which relied on the presence of Soviet troops and launched a vast campaign to undermine the positions of the historical political parties, aiming to remove them from power. At the urging of the Communists, peasants from several villages entered the abandoned estates in November 1944, switching to sowing arable land. The calls for peace and legality from the national-peasantists and

liberals were presented as signs of opposition to the implementation of the agrarian reform. It is therefore evident that the interest shown by the parties in the agrarian issue also sought political advantages<sup>821</sup>. The forces in the struggle disputed the adhesion of the peasantry to one or another of their programs, seeing in the agrarian reform a means of acquiring electoral capital (Alexandrescu I., 1996).

In this context, one of the first measures adopted by the Groza government was the legislation of the agrarian reform through Decree-Law No. 187 of March 20, 1945 ( Monitor Oficial, 1945). The purpose of the normative act, provided for in art. 2, was the strengthening of the peasantry's ownership and the creation of State reserves. Areas of over 50 hectares were affected. The expropriation regime was also applied to collaborators with Germany, war criminals and those responsible for the country's disaster, refugees after 1944, absentees, plots of land over 10 hectares that had not been cultivated on their own in the last seven years, volunteers against the United Nations and property of deceased persons.

The defining feature of the legislator's conception was the order of priority for those entitled to ownership: concentrated or mobilized soldiers and all those who fought against Hitlerite Germany; orphans, widows and invalids from the anti-Hitler war, of war in general; landless peasants; agricultural workers and tithe collectors who worked the expropriated properties; peasants with land under 5 hectares. Characteristic for the conception of the reform was also the provision that the goods falling under the incidence of the law, land or confiscated agricultural inventory, immediately became the property of the State, without any compensation. Tractors, plows, locomotives, reapers and combines on the expropriated lands were transferred to the State, which was to later establish county centers for renting agricultural machinery. Exemptions from expropriation were also provided for: the domains of monasteries, churches, rural cooperatives and cultural and charitable organizations, royal domains, rice fields, vineyards and forests, the regime of which was to be the subject of a special law, as well as the lands that acquired the status of model farms. According to art. 21 of the Decree-Law, the price for the received lots, established in money or in kind (cereals), was equivalent to the value of an average annual harvest. This justifies the statement that this price was more symbolic. "The amount was small and did not constitute a burden for the individual peasant. It was nevertheless important, since the Communist

Party, aware of the peasants' long struggle for land, used it to prove to them that their ownership of the land was definitive" (Hitchins K., 1996).

In the spring of 1948, the work of implementing the agrarian reform was, in broad terms, completed. 155,823 properties belonging to citizens of Romanian origin or of other nationality were expropriated, with a total area of 1,468,946 hectares. 1,109,562 hectares were distributed to the peasants, and the rest were set up as a state reserve. The structure of agricultural property changed, achieving what was called at the time the "liquidation of estates from an economic point of view" by abolishing land ownership of over 50 hectares (Constantinescu, N., 2000).

The agrarian reform of 1945 had a strong impact on the economic and political evolution of Romania. The essential consequence was the disappearance of large properties and the consecration of small ones, which, however, lacked the potential for development and modernization (Constantinescu, N., 2000).

Regarding the mistakes, abuses and inconsistencies that occurred in the application of the agrarian reform of 1945, it is considered that these phenomena were exacerbated by the conditions of its adoption and application, namely the fact that it was conceived and implemented by a communist-type political-institutional mechanism, that it began in the final phase of the war, when the atmosphere was still turbulent, and also under the occupation of Soviet troops, but not least due to the fact that the land intended for appropriation was little, which created a specific tension between those interested in receiving it.

The dysfunctions resulting from the provisions and from the application of the law had their say, in many areas the villagers lacking agricultural inventory, seeds and credits were forced to give up the land or leave it uncultivated.

One of the most serious consequences of the abuses produced was the total expropriation, en masse, of Romanian citizens of German nationality. The state of war with Germany and Hungary led, through the Armistice Convention of September 12, to the obligation imposed on Romania to take measures to intern the citizens of the two states who had their residence here. The Soviet authorities transformed internment into "deportation", so that in January 1945 numerous Germans from Transylvania were sent to reconstruction work in the USSR, their properties being confiscated. The provisions of the Decree-Law on Agrarian Reform of March 1945, in art. 3

paragraph a, explicitly mentioned as the first category that was to be expropriated, "land and agricultural properties of any kind belonging to German citizens and Romanian citizens, natural and legal persons of German nationality (ethnic origin), who collaborated with Hitlerite Germany". By February 1947, by the effect of this article, 95% of the agricultural properties of the Saxons and Swabians had been expropriated. Absent owners could not retain more than 10 hectares. The rest would come into the possession of the State, which would allocate these lands to those who did not own land, without granting any compensation to the former owners. A few months after the promulgation of the law, the Ministry of Justice decided that the value of the confiscated lands would be returned to the owners outside the country, as was also provided for in art. 18 of the 1923 Constitution. At first the United States opposed this decision and requested the return of the confiscated lands. In September 1947, the State Department accepted that compensation was preferable to the return of the lands, since the latter alternative was practically impossible (Courtney, J., Harrington, J., 1991).

Washington wanted the compensation to be in accordance with international law, not with Article 24 of the Peace Treaty, which stipulated that it be paid in local currency. In practice, the claimant had to spend the entire amount in Romania. In contrast, international law provided for the payment of compensation in convertible currency outside Romania. Since most of the American claimants were domiciled in the USA, this was obviously the preferable solution. Bucharest refused to accept the solution offered by the Americans. Negotiations continued until January 1951, when the State Department decided that the American owners should be granted compensation from Romanian assets in the USA, blocked by the Enemy Trade Act. These assets totaled approximately \$24.5 million. The issue of these compensations would eventually be resolved in 1960, under the terms of a Romanian-American agreement.

In addition to the numerous operational measures adopted during the implementation of the reform, it is worth mentioning the Law of 7 June 1947 (Monitor Oficial, nr.127, 1947, p.4553) by which actions related to the agrarian reform were declared "acts of government that cannot be challenged in court", thus ex officio extinguishing the lawsuits filed by the former owners of the privatized peasants. The next day, the Law for the Regulation of Circulation and Establishment of the Legal Regime of Agricultural Real Estate (Monitor Oficial, Partea I, nr. 140, 1947, p.5062-5068) was voted, which annulled the alienations of agricultural land in 29 counties affected by the drought, made by farmers with a property of less than 5 ha between 1 August 1946 and 23 June

1947, to persons other than descendants up to the third degree, assuming that they were made under duress. It was also specified that only peasants who owned an agricultural land area of less than 15 ha could acquire agricultural land and real estate. The control of the movement of agricultural properties is exercised by the State through the right of preemption and by the fact that for any purchase its authorization had to be obtained in advance.

Several points of view were expressed in relation to the purpose and effects of this law. Thus, it was considered that an end was put to the numerous legal actions brought by the former expropriated owners of many peasants who had been granted land, removing the state of insecurity among those who had received land. In June 1947, over 2,000 such trials were pending throughout the country, which put tens of thousands of peasants on the road (Alexandrescu, I., 1996). The same opinion considers that the second aforementioned normative act hindered the restoration of estates and prevented the development of rural bourgeoisie households and the further fragmentation of peasant property, prohibiting the division of properties smaller than 2 ha in the plains and 1 ha in the hills and mountains, the mortgaging of agricultural property being the responsibility of authorized financial institutions in this regard.

Another opinion (Hitchins, K. 1996) considered that centralized planning and dirigisme were the order of the day and that the measures taken prepared the collectivization of agriculture. The law of June 7 imposed strict control over the sales of private properties and gave priority to the State in the acquisition of land. Law no. 68 of February 16, 1946 (Monitor Oficial, Partea I, nr.40, 1946) imposed limitations on the sales of agricultural products by private peasants through taxes (quotas). The new taxes were in fact a forced surrender of the harvest to the State.

The confiscation in 1948 of the land areas owned by the Royal House until December 30, 1947, as well as the confiscation of the 50 hectares of land remaining to the former owners by Decree-Law No. 83 of March 2, 1949 (Șandru, D., 1993) are also considered as additions to the agrarian reform of 1945.

The latter act completely removed land ownership from private hands and liquidated the remnants of the middle village estates, the chiabur equivalent of the Soviet term kulak.

The land, livestock, and equipment of landowners who had owned up to 50 ha of land under the 1945 Agrarian Law were expropriated without compensation. Practically overnight, the Militia moved in and removed 17,000 families from their homes and relocated them to resettlement areas. The confiscated lands, totaling almost one million ha, were pooled to create either state farms or

collective farms that were theoretically collective property but in fact were run by the State, as the Ministry of Agriculture indicated the types of crops and set the prices. Members of collective farms were allowed to keep small plots of land of up to 0.15 ha. Most peasants, from the landless to those who worked their land using only family labor, were organized into state or collective farms. This process was carried out through large-scale coercive measures. Resistance to collectivization, non-return of “quotas,” delays in paying taxes or performing agricultural work resulted in the imprisonment of about 80,000 peasants, 30,000 of whom were publicly tried. Collectivization was completed in 1962. As a result, 60% of the total area of 15 million ha of agricultural land went to collective farms, 30% to state farms, and only 9% remained in private ownership. The latter were located in hilly and mountainous areas (Deletant, D., 1997).

The opinions of specialists in Western and Romanian literature after 1990 regarding these measures are unanimous. For example, a single reference seems eloquent to us. "In most cases, the redistribution of land meant nothing more than legalized theft. Through the system of peasant cooperatives, government agents were sent to the villages to have under their control every aspect of peasant life. The establishment of these cooperatives represents the final step in establishing a form of collectivist feudalism" (Markham, 1996).

Regarding the situation in industry, in the spring of 1945, the disorganization caused by the continuation of the war was visible; the Soviet occupation and the increasing demands for reparations; the lack of raw materials; the high costs for supporting the Romanian army on the Western Front; the precarious situation of transport, with the rolling stock of the railways reduced to less than half; the chronic lack of fuel; the disruption of economic mechanisms after the takeover of power by the pro-communist government; increasing inflation, as a result of the constant budget deficit and the acute lack of goods on the market; the drought of 1945, continued in 1946. The Groza Government's reaction to these realities had four components: political demagoguery and the press campaign against speculators; legislation regarding speculation and economic sabotage; the establishment of commissariats; the beginning of sovromization of the Romanian economy.

In order to give credibility to the press campaign, the Government adopted on May 3, 1945 Law No. 351 for the repression of illicit speculation and economic sabotage. The 72 articles emphasize repression. The law applies to industrialists, traders of various categories, craftsmen, producers, natural or legal persons, public or private, including consumers (art. 1). This normative act does

not solve economic problems, but it is a first due to the multitude of crimes and the severity of the penalties provided. The law supports the propaganda of the communist party, deceiving the great mass of consumers who, unwary and uninformed, came to believe that the lack of essential goods was due to saboteurs and speculators.

To create the illusion of citizen participation in the new regulations, the Government also adopted Law No. 352 on May 3, 1945, establishing citizen control bodies. They operated under each county prefecture, and appointments were made by the Ministry of Internal Affairs from among the “representatives designated by the political groups that were part of the democratic concentration government” (art. 2). The penalties, provided for in four of the eight articles of the law, were imposed on those who hoarded goods. To demonstrate that it had full control of the economy, the executive adopted, on the same day, Law No. 348 for the regulation of prices and the circulation of goods. The guiding principle was that the State would set and control the price of goods. The penalties for incorrect application of the provisions were correctional imprisonment from 2 to 5 years and confiscation of goods, and “for exceeding by any means the legal industrial or commercial benefits” – correctional imprisonment from 1 to 12 years.

The three laws put into force simultaneously fully met the goals of the communist party: the gradual destruction of traditional mechanisms, components of a normal economic life and their replacement by the Soviet model. They constituted only a first stage aimed at: “directing, limiting and controlling the production, circulation, distribution and consumption of goods, products and services or the leasing of services and goods” (art. 8 of Law 351). They were, at the same time, the first link in the communist party’s control over the economy. They restricted free initiative and hit the financial base of private entrepreneurs – down to the last craftsman, workshop owner.

On June 19, 1945, a Decree-Law was adopted for the transition of industry to peacetime production. According to its provisions, the placement of available employees was to be carried out by the Ministry of Labor at the proposal and under the supervision of a committee formed by a delegate of the Ministry of Labor, two delegates of the General Confederation of Labor and a delegate of the Union General of Industrialists of Romania. The State Undersecretariat of War Industry was transformed into the State Undersecretariat of Industry. Its main task was to create the means of adapting and transforming the war industry into a peace industry, coordinating state industrial production, ensuring the raw materials necessary for the fulfillment of received orders. In order to support various industries, under the conditions of resuming trade relations with most

neighboring countries, significant quantities of cast iron, steel, technical materials, cotton, etc. could be imported. As part of the measures to reshape the industry, according to peace conditions, measures were adopted to produce material necessary for railways, agriculture, and to cover the needs of the population, at least in part. Enterprises, regardless of whether they were state-owned, mixed, or private, received orders and credits. In order to curb the race between prices and wages, improve domestic supply and facilitate the execution of obligations arising from the conventions concluded with the USSR, which had not been achieved through previous measures, several normative acts were adopted, given the scarcity of goods, the disproportion between production and domestic consumption needs, and the inflationary tendencies resulting from the large volume of loans granted.

Beyond the macroeconomic problems, since the summer of 1945 the daily difficulties of the population have increased, with food security becoming problematic for an important social segment. The first solution imagined had in mind the establishment of commissariats for the supply of salaried workers.

Established at the beginning of May 1945, within industrial and commercial enterprises, as a means of combating speculation, through the commissariats, the employees of the respective enterprises were supplied with a series of strictly necessary goods at production prices. On January 20, 1946, their number amounted to 978 and they supplied a third of the country's population at that time (Alexandrescu., I., 1996).

The government relied on the commissariats in an attempt to improve the purchasing power of employees and the poor population in general. Through them, it was aimed to continue directing the few essential items on the market according to the responsibility and workload of each employee; the distribution of additional rations was established by categories of employees in relation to the effort made and the energy consumed in the production process. Of particular importance was the preference for State supply, both to individuals and to other commercial organizations, as well as the reduction of tax duties on some textile articles intended for the supply of employees through the economy (Constantinescu, N., 2000). Although they functioned poorly, which is why they were replaced by cooperatives, they contributed to a certain extent to facilitating the supply of the 1.6 million employees<sup>838</sup>, with products that had disappeared from trade due to speculation. The solution, a crisis one, could not overcome the economic collapse towards which the country was heading (Onișoru, Gh., 1998).

The Soviet government was interested in monopolizing the production and foreign trade of Romania through a series of long-term economic treaties (Hitchins, K.1996). The most important in terms of its implications for the country's subsequent political and economic development was the one signed in Moscow on May 8, 1945 (Arhiva Istorică Centrală, 1945).

In the view of the specialized literature before 1990, the deliveries of raw materials, semi-finished products and other Soviet products made according to this agreement had, in the circumstances shown, a positive effect on the functioning of important branches of the Romanian economy, although the total volume of foreign economic exchanges continued to be at the end of 1944 and in 1945 completely unsatisfactory compared to the needs (Alexandrescu, I. 1996).

In recent Romanian historiography<sup>843</sup> the economic agreement signed with the Soviet Union in Moscow, on 8 May 1945, announced as a great victory of the Government, proved to be a new obstacle to the recovery of Romania. It can be included in a series initiated by the Kremlin with Bulgaria (March 14, 1945) and continued in July and September 1945 with Poland and Czechoslovakia, respectively. It was officially announced that A. I. Mikoyan, from the Soviet side, and Mircea Durmă, from the Romanian side, signed an agreement on the reciprocal deliveries of goods between the two states for a period of one year (Onișoru, Gh. 1998). It was accompanied by a Protocol by which the Soviet Union sent Romania 2,000 tractors and provided for the establishment of joint ventures in the industry. In fact, it was about 2,000 tractors that Romania was supposed to return to Moscow. It was specified that the parties would agree on the conditions for their use.

The instructions for the implementation of the texts signed in Moscow are recorded in 6 documents, the vast majority of which are confidential: the Agreement on reciprocal deliveries of goods; the confidential Annex A contains the list of Soviet goods for export to Romania; the confidential Annex B contains the list of Romanian goods for export to the USSR; the confidential Protocol on establishing the prices of goods that will be the subject of exchanges between Romania and the USSR; the Table for calculating prices for wood material and the Protocol on the method of liquidating the balances in the old accounts of the State Bank of the USSR established at the NBR.

The parties agreed that the exchange of Romanian and Soviet products would be based on the world prices of the day, with the specification that for some of the goods they had already been fixed and recorded in the Confidential Protocol annexed to the Agreement.

Regarding the joint ventures – sovroms, it is unanimously considered in economic historiography that they were the main instrument through which the Soviet Union exploited the neighboring states in the first post-war years (Onișoru, Gh. 1998).

In theory, sovroms assumed equality between partners, but in practice they became the instruments of the Soviets' exploitation of Romania's economic resources (Hitchins, K, 1996). Sovroms were established in every branch of the economy, and the most important ones from the USSR's perspective, Sovrompetrol and Sovromtransport, began to function immediately. Romanian investments in these enterprises were disproportionate in relation to the benefits obtained and the possibilities of exercising control. Direction and control were in the hands of Soviet officials. The Soviet companies benefited from every possible advantage, such as exemption from taxes and restrictive regulations, while British, American or Dutch companies had to operate under the most unfavorable conditions, designated by the Government to eliminate them.

The Soviet companies created great difficulties for the national economy, because they expressed unequal economic relations between the two countries, to the detriment of Romania (Constantinescu, N. 2000). The principle of mutual advantage was not respected, and the orientation and sale of production, investments and their location, and the qualification of personnel were resolved only with the agreement of the Soviet side, the Romanian State being obliged to ensure the Soviet partner a share of the benefits even if for various reasons the respective enterprises did not make a profit. Romania continuously insisted on the abolition of the sovroms, which was only achieved in 1954 (Alina Ilinca, 2003).

In 1947, the specific weight of the sovroms was 36% in the oil industry, 12% in the forestry industry, and about 53% in the banking sector ( Banu, F. 2004).

Sovrompetrol was created on July 17, 1945. In 1947, it held 37% of the meters drilled for exploration and 43.7% for exploitation, 29.8% of crude oil production, 36.5% of the processed quantity, 37.7% of internal oil shipments, and 38.2% of external ones.

Sovrompetrol controlled the new oil fields in exploitation. Soviet participation consisted of in the shares of former German and Italian companies, as well as in the Belgian and French investments that Germany had taken over when these countries were under German occupation. The Romanian country's participation consisted of all the oil companies and lands owned by the Government, as well as in the indemnities owed to the Romanian Government. In all cases in which private Romanian enterprises were asked to join the sovroms, the Romanian Government signed on their

behalf, without any prior consultation, and if the directors refused to recognize the validity of the agreements, they were simply replaced with trusted people. Sovrompetrol was the only oil company authorized to import drilling machinery and equipment.

The Sovrombanc Group was established in August 1945 from "Sovrombanc" and "Societatea Bancară Română și Banca Agricolă". On December 31, 1946, the Group's balance sheets were 424 billion lei compared to 579.7 billion lei of the other banks in the network. After only 6 months of 1947, the Group surpassed all other banks, the figures in the half-year balance sheet being 3,621.7 lei to 3,249.3 billion lei. The same situation was manifested in terms of the amount of investments. On December 30, 1946, the Sovrombanc Group recorded 298.3 billion lei, and the other banks 400.9 billion lei, so that on June 30, 1947 the amounts were 2,637.9 and 2,367.7 billion lei, respectively.

Sovrombanc controlled over 40% of the capital invested in banks, almost 90% of total exports and financed over 70% of the main commercial transactions. Romania's participation in the establishment of the Group consisted of several commercial banks and a capital subscription, while the Soviet Union contributed German shares to several large Romanian banks, such as the "Romanian Commercial Bank" or the "Romanian-Italian Commercial Bank". As all Romanian banks were later nationalized, they would merge with Sovrombanc, giving the USSR control over all of Romania's financial activity.

An analysis of the way the capital was constituted and the functioning of the Sovroms is provided by the historian R. Markham, who took over the comments made by Brutus Coste, the former Romanian chargé d'affaires in Washington (Markham, R. 1996).

Sovromtransport leased the Romanian ports and obtained the right of ownership over all the port installations, docks, cranes, shipyards, etc. These were entirely the property of the Romanian State. Romanian participation also consisted of the fact that all the sea and river vessels that had previously belonged to the State, as well as the 200 ships and barges belonging to private owners, had been requisitioned by the Romanian Government, and made available to the Sovromtransport company. Soviet Russia contributed only a few ships, which it had also captured from Romania, despite the provisions of the Armistice. Although its so-called participation represented less than 5% of Sovrom's assets, it owned 51.2% of the company's shares (Ports, maritime and river transport have always been entirely the property of the Government and have operated under this

regime since the formation of modern Romania until the creation of this joint venture) (Banu., F. 2002).

TARS – Sovrom Airlines held the monopoly on air transport in Romania and operated on several international routes in Eastern Europe.

Romania contributed to the capital of this company with its airports, all ground facilities, repair services, etc., as well as aircraft owned by LARES (the only Romanian air transport company, controlled by the Government). The Soviet Union provided most of the airliners. According to the agreement that formed the basis for the establishment of Sovrom, the Soviet Union obtained full control over all airports, as well as air navigation (Alexandrescu. I. 1996).

As for Sovrom for public road transport, it held the entire monopoly in the field. In exchange for a few dozen wagons, the Soviet Union obtained a 50% participation. The Romanian share of 50% consisted of the contribution of the Romanian Railways, a few dozen smaller transport enterprises, as well as the right to free use of the transport routes, which were entirely owned by the State.

Sovromlemn was responsible for 50% of the country's construction wood production. Romania participated in this joint company with all the State forests and those belonging to public institutions, that is, together with over 60% of the total forest fund, with the related sawmills and funiculars. The Soviet contribution from which the Soviet Union benefited from 50% of the capital, as well as the management of the company, was limited to a few industrial machines and installations. It represented less than a tenth of the Romanian share. This insignificant contribution in industrial machinery and equipment, captured by the Russians as war booty from various European countries, proved useless because the wood and timber industry was suffering from excessive investments, compared to Romania's forest reserves. As a consequence of the massive deforestation of the forests, from 1940–1946, more than 60% of the sawmills were out of work. In this situation, Romania ceded to the Soviet Union 50% of the capital of the joint company that controlled half of the wood and timber industry, without actually benefiting from a counterpart.

The form of collaboration through such joint companies proved inadequate, even detrimental to the Romanian economy (Gherghina, N., 2002-2003).

Through successive agreements concluded on 31 March and 18 September 1954 regarding the sale and transfer to Romania of the Soviet share of participation in these companies, 12 of the 16 sovroms were dissolved. The value of the Soviet share of participation was repurchased in equal annual installments, spread over 15 years, the payment amount being considered an interest-free

loan granted to Romania by the Soviet Union. In 1956, the last 3 Soviet-Romanian joint companies were dissolved. At the time of the liquidation of the sovroms, according to the protocols for the repurchase of the Soviet share, an amount disproportionately large compared to the actual contribution made by the Soviet side was established.

As a result of discussions between the Romanian and Soviet governments, the USSR agreed to reduce by 4.3 billion lei the amount previously stipulated, according to the protocols for the redemption of the Soviet participation, of which 1.5 billion lei for German assets, a figure that represented the correction of the amount initially established as a result of the preferential regime, unfair regulations and procedures intervened in the activity of the former sovrom units, such as the handover of the assets of Austrian, Czech, French, Belgian citizens; forced takeovers by Germany from individuals or legal entities; Allied subjects; Romanian assets wrongly considered German. For 10 years, until 1956 when these sovroms were abolished, a large part of Romania's economic surplus went to the USSR. Their proliferation did not escape the irony of the great man of culture Nichifor Crainic, who was surprised that Sovromlimbă had not come into being on Romanian territory.

In these conditions of “scientific” plundering of resources, the country’s economic situation would experience a continuous degradation, becoming disastrous in 1947. The compensations to the Soviet Union, which amounted to 1.2 billion dollars, of which 300,000 were actual compensations, 470 million were restitutions, 200 million were reintegrations and rights, 75 million were for the maintenance of Soviet troops and 50 million were for other purposes, also contributed to this situation (Marinescu, A.S., 2001).

On August 23, 1945, the Soviet government proposed to the executive branch in Bucharest that the diplomatic representations of the two countries be elevated to the rank of embassy. In Bucharest, S. I. Kavtaradze, the ambassador extraordinary and plenipotentiary of the USSR to Romania, presented his the letters of accreditation to King Michael, and in Moscow, university professor Iorgu Jordan presented them to the President of the Supreme Soviet of the Soviet Union, M. I. Kalinin, and to the First Vice-President of the Council of People's Commissars and People's Commissar for Foreign Affairs, V. M. Molotov.

Having the official support of the Soviet Union and ensuring its supremacy of force over its political opponents, the communist government led by Dr. Petru Groza was able to carry out

without too much difficulty the fight to destroy the economic, social and political system that Romania had created throughout the modern era.

The measures against the economic, social and political foundation of the Romanian State, as well as the campaign to repress the anti-communist opposition, encountered political resistance from the historical parties, the democratic press and King Michael, as well as armed resistance organized in the Carpathian Mountains, the Danube Delta and the Brăila Lake. Supported by large-scale street demonstrations, the Sovereign's anti-communist action was directed primarily against the Government's measures, trying to counteract its acts that knowingly disregarded the 1923 Constitution, which had just been reinstated. Since simple protests and appeals to defend the constitutional order could not slow down the process of Romania's communization, the King resorted to energetic measures. Starting in August 1945, he refused to sign the decrees and laws that were presented to him for approval. The "royal strike" deepened the conflict between the Sovereign and the Government and led in the first decade of November 1945 to a large-scale street clash between the anti-communist forces and the supporters of the new regime. The situation worsened when the representatives of England and America declared that they refused to recognize the new Government led by Petru Groza. The Anglo-American attitude was based on the findings of alarming states of affairs that Washington's envoy, Mark Ethridge, had made during opinion polls in Romania and Bulgari (Burger, U. 2000).

Reporting on the findings in Romania, the US representative in Bucharest, James Byrnes, drew Molotov's attention to the fact that the national-peasant and national-liberal members who had participated in the Government until March 6, 1945, had been completely removed and had suddenly become "fascists", "although for years they had been the representatives of parliamentary democracy in Romania". The American diplomat noted that "the Romanian people now see in the Petru Groza Government the representative of a new dictatorship in place of the one overthrown on August 23". He reminded Molotov that while the Soviet side considered it fully representative of Romanian democracy, the Anglo-Americans, on the contrary, respecting the promises made at Yalta to the countries of Eastern Europe, repudiated it, considering it dictatorial, since it expressed the ideology of an extremist party that controlled the judiciary, the gendarmerie, the police and the security services (Byrnes J. 1947).

The political situation in Romania was the subject of negotiations during the Conferences of Foreign Ministers in London<sup>858</sup> and Moscow respectively. The beginning of 1946 brought the

resolution, through direct arbitration of the representatives of the great powers, of the political crisis in favor of the government coalition (Ultima Ora, 1945). Emil Hațieganu from the PNT and Mihail Romniceanu from the PNL were included in the executive as ministers without portfolio (Știrban, M. 1989) .

Under these conditions, in February 1946 the Western powers recognized the Groza Government. On February 5, 1946 the political representatives of the USA (Burton Y. Berry) and Great Britain (Le Rougetel) in Romania sent similar notes to the Ministry of Foreign Affairs, communicating that their Governments were ready to recognize the Government in Bucharest and to consider the persons indicated to be appointed as diplomats in Washington and London. In the response notes of February 7, 1946, the Government presided over by Dr. Petru Groza expressed its satisfaction with the decision of the USA and Great Britain to recognize it and resume diplomatic relations with Romania<sup>861</sup>. Following the development of these events, it can be appreciated that the Soviet Union achieved a new victory, because through a “political cosmetic operation he had obtained the recognition of the Groza Government by the USA and Great Britain; secondly, personalities from the second line of the historical parties had entered the Cabinet, who were in fact simple extras” (Constantinescu, Fl. 1997).

Referring to the mission in our country, Archibald Clark-Kerr, in a three-page top-secret report addressed on January 25, 1946 to the British Foreign Minister, Ernest Bevin, concluded that “Vashinsky governs Romania as a province of the Soviet Union and the Groza Government is nothing more than a simple instrument in his hands”. The British diplomat concluded the report with the following words: “I left Bucharest, therefore, with a feeling of sadness and deeply grateful that I was not born in Romania”(Chiper, I., Constantiniu Fl., Pop A. 1993). By completing the Petru Groza Government, according to the well-known Stalinist manner, the Bolshevization of Romania gained new perspectives, as it also explicitly met with Anglo-American approval. Relying on this improvised legitimacy, the Government, with the support of the Russian occupation forces, gave the measures for the communization of the country a comprehensive character. Throughout 1946, it carried out a relentless repressive action against the historical parties in which it saw the last support of the “Romanian reaction”.

The assault against the democratic forces, but especially on the historical parties, occurred in the context of the preparations for the general elections, announced in a meeting of the executive on January 8, 1946. In this climate, the Government pushed the battle of ideas between the electoral

formations onto the path of violent confrontation with the historical parties. A campaign of slander was unleashed against them, the leaders were attacked and the party press was banned.

The preparation of the elections from the point of view of the State administration was the subject of the interventions of Teohari Georgescu and Lucrețiu Pătrășcanu, in January 1946, on the occasion of the P.C.d.R. Plenary. The former emphasized that the party controlled the Ministries of Justice and Interior, had 400,000 members, about 6,500 mayors and 40 prefects. 60–70,000 civil servants had been purged, but it was considered that 80% of the votes could not be obtained with the help of the police alone. That is why the levers of power already acquired had to be strengthened by an activity of education and political mobilization, especially in the army and the judiciary. On the same occasion, Lucrețiu Pătrășcanu considered that in view of the elections, about 1,500 magistrates loyal to the party were needed and that for this, the purge had to be continued, as well as persuasion work, combining blackmail with terror, legal means with illegal ones, and intense activity had to be carried out, especially in the territory, so that these people would exist at the time of the elections. At that time, there were about 250,000 people in the army, of which 44,000 were officers and non-commissioned officers hostile to the “democratic regime”. Therefore, the “unhealthy” cadres had to be isolated and then purged so that there would be no surprises on voting day, especially since the army would not only vote, but would also ensure order during the elections (Știrban, M. 1989).

In parallel with this activity, the communists blocked the political initiatives of the opposition. Pressure, blackmail, and terror were the characteristics of these actions. The civil servants were conditioned in their activity by belonging to one of the "democratic" parties, the commissariats preferentially supplied workers registered in the FND, the army and the magistrates were subjected to a new wave of purges. The opposition's propaganda was impossible to carry out. The radio and the Ministry of Information were instruments of manipulation of public opinion used exclusively by the communists and their allies. Countless acts of violence were committed against the peasant and liberal leaders. The meetings organized by them in the territory were the target of the workers' shock groups; attempts were made on the lives of Dinu Brătianu (February 24 - Câmpulung), Nicolae Penescu (March 9 - Craiova), Ion Mihalache (March 16 - Suceava), Emil Hațieganu and Mihail Romniceanu (April 22 - Someș, respectively Gănești), but also of other leaders from territory of these parties, some of them being assassinated. The opposition press, especially the provincial one, was faced with great pressure. In addition to censorship, the printing workers

refused to print it and demanded the elimination of inconvenient articles. Sometimes it came to the closure of some newspapers. All the protests submitted by the two opposition ministers against these violations of the freedoms to which the government had committed in January, remained without result.

By Decree no. 3.033 of 15 October 1946 convened the electoral body for 19 November 1946 (art. 2) and the Assembly of Deputies for 1 December 1946 (Monitor Oficial, Partea I, nr. 239 bis, 1946).

The general elections of 19 November 1946 followed, the official result of which was as follows:

The Bloc of Democratic Parties, led by communists 348 mandates

The Hungarian People's Union, allied with the communists 29 mandates

The National Peasant Party 32 mandates

The National Liberal Party 3 mandates

The Democratic Peasant Party, led by Dr. Lup 2 mandates.

50 years after this political event, it is unanimously acknowledged that the elections of November 19, 1946 were falsified and that, in reality, they were won by the National Peasant Party, led by Iuliu Maniu, which obtained over three quarters of the votes (Focșeneanu, E. 1998).

Following the elections, the communist party, after having subordinated the Government, the judiciary and the press, also had at its disposal the legislative body or the “labor parliament”, as its propagandists called it. It had seized through violence and fraud the absolute power that it would hold through the same methods for fifty years. E. Focșeneanu concludes, with bitterness – “By fraudulently legitimizing the power it had seized abusively, with external support, the Petru Groza government would proceed to prepare the final attack against democracy” (Focșeneanu, E. 1998). An important part of the legislation was that concerning the trial of war criminals and those guilty of the country's disaster.

The Petru Groza government repealed Laws no. 50 and no. 51 of 21 January 1945 and submitted for promulgation Law no. 312 of 21 April 1945 for the prosecution and punishment of those guilty of the country's disaster or war crimes (Monitor Oficial, Partea I, nr.94, 1945), in which the

conditions of prosecution and trial were tightened, violating even more seriously the constitutional principles. The People's Tribunal was created, by flagrant violation of art. 101 par. 2 of the Constitution, which prohibited extraordinary courts. The handling of cases within it was carried out by public prosecutors (art. 4–6), from outside the Prosecutor's Office, appointed by the Council of Ministers. This organ of the executive power, violating the separation of powers in the state, received judicial prerogatives: it notified public prosecutors of the cases to be investigated (art. 5 para. 1), issued arrest warrants (art. 7 para. 1), which were not subject to any confirmation. The trial was based on a summary procedure, without the administration of evidence (art. 14 para. 1), and the notes of the hearing were summary (art. 14 para. 2), an extraordinarily serious matter, since the exact recording of the debates constituted the indispensable guarantee of the control of the observance of the procedure. The grounds for appeal were reduced to two: the wrong composition of the court and the wrong application of the law, so that the main issue in a criminal trial, of guilt or innocence, remained to the assessment of the political judges.

With the abolition of the irremovability and stability of magistrates and the creation of the precedent of summary trials, the judiciary ceased to exist as an independent power in the State, being completely subordinate to the executive power (Focșeneanu, E. 1998).

Based on these normative acts, the political trials took place, through which the democratic opposition was removed. Between May 6–17, 1946, the "Trial of the Great National Treason" took place, imposed by the Soviets and completed with the broad concurrence of the authorities in Bucharest. In the case of political trials, the sentence was decided before proceeding to the administration of evidence, the hearing of the accusations and witnesses, all of these procedures having the sole purpose of reinforcing the conclusion previously formulated.

Marshal Ion Antonescu was handed over to the Romanian authorities by the Soviet government and, together with the members of his last government, was tried by the People's Tribunal, sentenced to death and confiscation of property, by Criminal Sentence no. 17 of 17 May 1946, holding him and the members of his Government guilty both for the crime of the disaster of the country and for war crimes (Barbul, Gh. 2001).

In addition to the political importance of this trial, the constitutional one is greater, because together with the appeal based on ordinary grounds for cassation, judged and rejected by the High Court of Justice and Cassation, Section II, on 25 May 1946, an appeal was also declared for the

unconstitutionality of law 312/1945, which was rejected by the High Court of Cassation in United Sections by Criminal Decision no. 21 of 31 May 1946.

The unconstitutionality of art. 1–3 and 4–8 of Law no. 312 of 24 April 1945 was invoked, which contravened High Royal Decree no. 1,849 of October 11, 1944.

Issued in exceptional war conditions, the jurisprudence of the High Court of Cassation and Justice considered that the sole article of the High Royal Decree is an integral part of the Constitution, but constituting a derogatory provision from it, it is of strict interpretation. However, these derogatory provisions refer exclusively to those guilty of the country's disaster and cannot be extended to war crimes, which have an international character, are provided for by art. 14 of the Armistice Convention and are to be tried and punished by an international court in collaboration with the victorious powers.

Consequently, it is obvious that Law no. 312/1945 was unconstitutional by its very title, which also included "war crimes", because it exceeded the constitutional approval of exemption from the provisions of art. 101, para. 2 given only to those "guilty of the country's disaster". For the trial of war crimes, art. 14 of the Armistice Convention provides for the obligation of collaboration between the contracting parties, at the level of governments, so that the People's Tribunal's decision also violated this document, since a national court judged what is given to the competence of international courts by an international agreement, an agreement that engaged the sovereignty of the State.

Rejecting the constitutionality appeal, the High Court of Cassation and Justice extended, in contempt of any legal principles, an exception to the clear text of the Constitution, justified by reasons of State and war, to other cases without any legal justification, which meant a flagrant violation of the fundamental law, possible in the case of judges lacking both irremovability and stability (Barbul, Gh. 2001).

With their political opponents silenced and having the preponderance in Parliament, the left-wing forces continued to deepen the process of resuming the Soviet-style economic model by adopting, during 1946 and 1947, several normative acts in the economic and social fields. All of these would aim to satisfy Soviet goals, being taken under the pressure of the presence of the Red Army in Romania and on the economic subordination relationship with the USSR.

For the year 1946, one of the most important measures for the process of increasing the role of the State in the economy was the nationalization of the National Bank by the Law of December 28. As a result, the NBR remained a joint-stock company (200,000 of 300 lei each), but all shares belonged to the State. Although its operations remained essentially the same, it was invested with the right to guide and control the banks in the country, regardless of whether they belonged to the State or not, with the right to request information from them and to make recommendations to them, to give them norms and instructions in the interest of the national economy. On May 31, 1947, the National Bank took measures in the area of loans, including those granted through banks' own funds, with priority given to those intended for production, while loans for circulation were limited to removing the difficulties generated by the passage of goods from producers to consumers. The opportunity and conditions for granting investment loans were left to the discretion of the National Bank. In order to comply with the imposed line, the National Bank moved to introducing its representatives into the Boards of Directors of banks, and by the Law of July 15, 1947 and by the norms issued on July 22, 1947, control over the use of loans was regulated. The granting of loans for the purchase of gold, jewelry, for the storage of goods, etc. was prohibited. The granting of loans to enterprises that had sufficient own funds, but used them for speculative purposes, immobilizing them in gold, hard currency, and not in production.

It was particularly important that the financial means obtained from them had to be used, under threat of fines or criminal sanctions, exclusively for the purposes for which they were granted. According to the lending norms, approved by the Board of Directors of the NBR on July 22, 1947, only loans intended to contribute to the increase in production and the economic recovery of the country were granted, excluding from lending any requests that did not comply with the requirements of the economy or that were of minor importance for the respective period, as well as applicants who had their own liquid funds (Alexandrescu, I. 1996).

A series of other financial laws, adopted at the same time, provided for the prohibition in contracts of the clause of payment in gold, foreign currencies and commemorative medals, as well as of pledge operations with such values, establishing the regime of sale of shares of joint-stock companies, the regime of goods located abroad, paid or paid in advance by merchants, industrialists and any Romanian owners of goods through foreign exchange made available by the NBR or through clearing credits. They were directed against speculation in foreign exchange and gold.

The same purpose was also authorized to mint one million commemorative gold medals, a measure through which it was hoped that it would contribute to neutralizing the effects produced by speculative actions on gold and especially on the commemorative medal issued at the beginning of 1945. The aim was to lower the exchange rate and shift activity from speculation in gold, medals and foreign exchange to industrial actions, determining the decrease in prices and the recovery of the national currency.

In the literature before 1990, it was considered that these measures, and primarily the nationalization of the National Bank of Romania, created the framework conducive to a unitary and firm financial policy, which allowed the efficient use of monetary resources in order to recover the economy, strengthen accounting and control, and contributed to the subsequent defeat of the difficulties that stood in the way of economic recovery and, in particular, to curbing inflation.<sup>874</sup> Western literature (Hitchins, K. 1996), however, appreciates that in the second half of 1947 the Communist Party intensified its control over each branch of the economy. We associate ourselves with these opinions, since it is obvious that by nationalizing the National Bank of Romania, the Communist Party had at its disposal one of the most important economic levers that will allow it to direct the entire financial system towards the achievement of its immediate and long-term goals. A serious financial problem was galloping inflation. The cost of living index had risen continuously during the war from 100 in August 1939 to 944 in August 1944. It did not stop after 1945 but, rather, multiplied, reaching 440,869 in April 1947 and 525,688 in July of the same year. For a while, the government let inflation run its course in order to weaken the economic power of its political opponents. But the leu was already almost as “expensive” as the paper on which it was printed, which is why on August 15 a severe monetary reform, prepared in secret, was announced. The reform hit the middle class hard, who lost a large amount of their savings, but it also affected workers and peasants, even though they were allowed to exchange more old lei for the new currency. <sup>876</sup> The monetary reform of 15 August 1947 established the withdrawal from circulation of BNR banknotes, metal money issued by the Ministry of Finance, treasury bills, cash receipts, payment certificates and other monetary signs. In their place, new BNR banknotes and Ministry of Finance notes were put into circulation. The newly introduced leu was defined by a content of 6.6 milligrams of gold with a fineness of 0.900, with a price of 1 kg of gold of 168,350.17 lei. The exchange of old lei for new money based on the ratio of 20,000 to 1 was carried out in differentiated amounts, according to the occupation of the presenter: agricultural families – 5 million lei;

employees and pensioners – 3 million each; those without a profession – 1.5 million each. Private enterprises were allowed to exchange only in limited quantities, equal to the salaries paid in July, with the stipulation that commercial enterprises were completely deprived of the right to present old lei for exchange. The reason lay in the desire to force them to sell the stocks of goods they held and to prevent speculation in them. The rest of the amounts in old lei were declared “blocked”, so that a large part of the speculative capital in trade, banks and industry was expropriated, and the monetary circulation was reduced to 1,377 million lei (Constantinescu, N., 2000).

Along with the monetary reform, a special law was adopted that provided for the mandatory transfer, against payment, to the National Bank of Romania, of gold held by individuals. On this occasion, another 1,465 million new lei were put into circulation.

The monetary reform put an end to the race between prices and wages, and hit speculation hard, directing efforts towards restoring and increasing production<sup>878</sup>. In this sense, the historian I. Alexandrescu ( Alexandrescu, I. 1996) spoke out, in consensus with the entire literature from the communist period. He highlighted the moment of the reform, showing that monetary stabilization hit the “economic positions of the big bourgeoisie”, of “speculative capital” and contributed “to improving the material situation of those who work”, ensuring “a substantial increase in the purchasing power of the great mass of employees”. Prices were recalculated by the State, removing the anomalies caused by inflation in the structure and correlation of industrial and agricultural prices. Wages were also recalculated, so as to result in an increase in their purchasing power. “Carried out without foreign loans, as non-governmental circles expected, and without the concession of economic activities of the country, the reform represented a manifestation of the country’s economic and political independence (Alexandrescu, I. 1996).”

Recent Romanian economic historiography partially appropriates the analyses from before 1989. In the opinion of historians formed after the fall of the communist regime, it is obvious that the monetary reform was conceived and carried out from class positions and led to a new distribution of national income by sterilizing money capital. The total amount of money in circulation decreased spectacularly, from about 17,000 times, reaching 2,842,000,000 lei. At the same time, through a special law, individuals were obliged to convert their gold and currency into stabilized lei, at the parity set by the National Bank of Romania. The first reports arriving at the Center confirmed that a significant part of the population initially received the reform well, in the hope that inflation would be significantly reduced. By autumn, however, almost everyone realized that

the monetary reform had not solved the country's economic problems, the only point hit well being the "class enemy". However, workers, peasants and civil servants also suffered along with it (Onișoru, Gh. 1998).

An extremely critical position was also expressed by the former prime minister, C. Sănătescu. He stated that the monetary reform “was not a stabilization, but a confiscation of wealth, because the right to exchange only an extremely small amount was given, which was barely enough to live on for a few days. Merchants and peasants, who had large sums of money, were completely ruined; unable to exchange them, they saw their work wasted”. Indeed, the political meaning of the monetary reform was to carry it out from the positions of “the struggle of the working class against the exploiting class”, as the representatives of the communist party declared.

The stabilization hit the middle classes that contributed to the modernization, development and Europeanization of Romania throughout the modern era, and which placed it within the Western Model.

We cannot speak of a real reform, meant to ensure monetary stability, but rather of a mass theft. It is true that the reform illegally withdrew the immense monetary mass that had been thrown without measure on the market. However, due to its strong ideological connotations, the positive economic effects were very short-lived.

For the year 1947, the Law of April 6 on the establishment of the Ministry of Industry and Trade is noteworthy. A series of state economic bodies that operated separately – the Ministry of National Economy, the Undersecretariat of Supply, the Commissariat of Prices, the Commissariat for Foreign Trade and the Undersecretariat of State Industry – were included in a single ministry, that of Industry and Trade, which became an effective body of economic guidance and control. It was responsible for establishing norms and taking measures to draw up and guide production programs, the use and distribution of resources, the technical manufacturing process, domestic and foreign trade activity in establishing wage regimes, the orientation of credits, etc.

The broad tasks and powers conferred on the MIC allowed the State to move towards restricting the possibilities of the representatives of capital, forcing them to work in accordance with the general interests of the “revolutionary-democratic regime”<sup>883</sup>. Its provisions, which allowed many problems to be resolved promptly, through simple ministerial decisions, determined the opposition of the members of the Tatar liberal parliamentary group who expressed their

disagreement, fearing how the “general and discretionary powers” that the P.C.d.R. would have in the field of economic policy through the MIC would be used.

At the microeconomic level, this institutional framework was completed by the Law on Industrial Offices of May 24, 1947 ( Monitor official Partea I, nr.129, 1947 p.4647-4653). These were mandatory groups of enterprises whose activity was subject to the control of the new State power. Created in branches, the offices included both state and private enterprises, operated as joint-stock companies and were managed by Boards of Directors formed on the principle of parity from representatives of the Ministry of Industry and Trade and private owners. The decisive role in management belonged to the ministry. 27 offices were established. Although they did not abolish capitalist private property, they exercised systematic control over the way in which it was used, limited the free character of production and directed the activity of private enterprises in order to restore and consolidate the national economy. By their nature and object, the industrial offices had an anti-capitalist character and generated numerous conflicts of interest. By establishing the offices, the industrial cartels that had existed until then in some industrial branches were liquidated (Alexandrescu I. 1996).

The increase in State control in the economy continued with the creation on June 21, 1947 of the Ministerial Commission for Economic Recovery and Monetary Stabilization.

At the proposal of the representatives of the P.C.d.R., the Assembly of Deputies voted, on July 3, 1947, the Law for the Organization of Economic Control by the MIC (Monitor official, Partea I, nr.159, 1947). According to the law, control operated in all branches of the national economy and was carried out by a large apparatus that included the General Directorate of Economic Control, as a central body, and local bodies in each county, as well as permanent delegates to factories and plants, in the main economic sectors.

The direct intervention of the State in the commercial sector, through the establishment in October and November 1947 of the State Commercial Company for the Distribution of Rationed Products with headquarters in Bucharest, of the Municipal Commercial Company for the supply of the capital with essential food items, vegetables, animals, as well as fuel, and of the State Stores under the direct control of the MIC, led to the restriction of commercial speculation.

The supply of food and industrial products based on cards, a system introduced in the summer of 1947, was carried out through consumer cooperatives and retail stores. On December 31, 1947, 3,767,262 cards for food products and 3,466,586 for industrial products were issued.

Towards the end of 1947, the control and massive intervention of the State covered the main industrial branches.

The obedience of the Bucharest government to Moscow is also reflected in the way its representatives acted in international relations. We are particularly considering the participation in the Paris Peace Conference of 1946, the signing of the Peace Treaty on 14 February 1947 and the subsequent rejection of the Marshall Plan (Buzatu, Gh. 2002).

It can be appreciated that the entire activity of the Romanian delegation present in Paris took place within the limits permitted by Moscow, namely by the head of the Soviet Union delegation, Viacheslav Mihailovich Molotov (Constantinescu, Ș. 2002). Intrigued by some meetings of the members of our delegation with Western representatives, especially those from the USA and Great Britain, Molotov summoned Ion Gheorghe Maurer and Alexandru Bârlădeanu and informed them that all contacts with other delegations should cease, and that they could only take place if permission had been requested in advance and approval had been received.

Despite the declaration made by Gh. Tătăărăscu on August 11, 1946, "We are leaving to defend Romania's interests at the Peace Conference. We will do it with due respect, but also with determination" (Scurtu, I. 1994), the observations and amendments of the Romanian delegation were oriented only on the articles of the Draft Peace Treaty that were not the subject of Romanian-Soviet relations.

Territorial issues related to the Romanian-Soviet border were the subject of intense discussions only within the Romanian delegation. Gh. Tătăărăscu addressed a note to the General Secretariat of the Conference, in which he signaled the existence of some "border discrepancies", giving as an example only the Corbu Island south of Turnu Severin, which was transferred to Yugoslavia, without mentioning anything about the serious errors of delimitation of the border from the northeastern border of the country and from the Danube Delta, from which several islands on the Chilia arm were incorporated into the USSR. Even with these omissions, the note was not handed over to the Political and Territorial Commission for Romania and did not appear as an official document within the Conference. Later, in an Aide Memoire, Gh. Tătăărăscu tried to justify that "no references were made to the Romanian-Soviet border because we will resolve them in the spirit of friendship and collaboration that characterizes the relations between Romania and the USSR". Considering the international context and the fact that Romania was under the occupation

of the Soviet army, the position of our country's delegation to recognize the border with the USSR, established with the acceptance of the great Western powers, was not surprising.

Based on the "understanding" with Moscow, the Bucharest delegation objected only to the compensation requested by the Western powers and did not propose any changes to the articles of the Draft Treaty, which referred to Romanian-Soviet relations, which were to be resolved within the framework of bilateral discussions.

Romania's initialing of the Peace Treaty of February 14, 1947\* opened the possibility of expanding its international relations (political, economic and cultural) with other states, consecrating the territorial status quo but, at the same time, imposing heavy clauses in the economic and military fields. The fact that Romania was put in the position of signing the Peace Treaty as a defeated state, not recognizing its status as a co-belligerent, cannot change the indisputable truth of the important economic and military effort made in the war fought alongside the United Nations between August 23 and May 9/12, 1945. The failure to grant co-belligerence led to the imposition of very heavy economic clauses, which, superimposed on the Soviet occupation and the establishment of the communist regime, decided the fate of Romania until the end of 1989.

To complete the picture of Romania's foreign relations and its increased dependence on Moscow, the Romanian government's rejection of the Marshall Plan\* should also be mentioned.

Romania rejected the Anglo-French invitation to participate in the International Conference that was to open in Paris on July 12, 1947, a week before it was to begin, namely on July 4, at the proposal of the Minister of Foreign Affairs, Gheorghe Tătărăscu. It followed the refusal of the Soviet Commissar for Foreign Affairs, V. M. Molotov, to accept the Franco-British plan. Convened by the British and French governments following the statements of the US Secretary of State, General Marshall, according to which the United States was ready to contribute to the economic recovery of Europe by granting credits, the Conference had the intention of its organizers to regulate the composition of the cooperation committee and the subcommittees that were to quickly draw up a report on the available resources and the needs of the European countries in the next four years.

The Romanian government considered that the organization proposed by the British and French governments "will fatally lead to results that will mean, on the one hand, a weakening of the independence that the countries of Europe want and must preserve with regard to their economic policy", and, on the other hand, "an interference in the internal affairs of these countries". At the

same time, it expressed its disagreement with the tendency to divide Europe in two, as a result of the process in full swing and within which General Marshall's proposals and the Anglo-French ones that followed them occupied a distinct place. The situation that was being created – the Romanian rulers declared duplicitously and falsely – thwarted the establishment of a climate favorable to European collaboration and cooperation.

“The organization of the West with the isolation of the East of the continent cannot be a happy creation neither for the economic recovery of Europe nor for the establishment of trust and the consolidation of peace.” Consequently, Bucharest ritually declared that it could not collaborate in an action that it considered economically inefficient and politically dangerous\*.

The Deputy Prime Minister and Minister of Foreign Affairs, Gh. Tătăărăscu, on the occasion of discussing the response that Romania was going to give to the invitation to participate in the Paris Conference, forgetting, perhaps, that it had been formed within the Western cultural model, considered that the invitation of Romania, together with other European states, constituted, in essence, an attempt to attract it into the sphere of a foreign policy other than the one it had mainly followed, alongside the Soviet Union and the popular democratic countries (Știrban, M. Păun, N. 1991).

In the spirit of this new orientation and having an overwhelming majority in Parliament, the communist power considered itself strong enough to destroy democracy in Romania, in two stages: the first aimed at removing the opposition represented by the political parties and annihilating the army, in order to isolate the King and the second, overthrowing the monarchy and expelling the Sovereign (Știrban, M. Păun, N. 1991).

The first stage was triggered on July 29, 1947, when, through a Journal of the Council of Ministers, citing the attempt of some peasant leaders to illegally leave the country, the PNȚ was dissolved. Left alone in opposition and with a very small share, the PNL CIC Brătianu dissolved itself, and the Social-Democratic Party was swallowed up by the P.C.d.R. The vast majority of the leaders of the historical parties ended up in communist prisons (Micu, M. 1991).

On September 1, 1947, 37 generals, a rear admiral and thousands of senior and junior officers were dismissed (Monitor Oficial, Partea I, nr. 201, 1947), eliminating from the army the elements faithful to the monarchical tradition (Focșeneanu, E. 1998).

The monarchy, which continued to resist in Romania, was no longer just a Romanian problem, but of the entire bloc of communist states. Thus, at the end of September 1947, the meeting to establish

the Information Bureau of the Communist Parties, in reality the Fourth International, known by the abbreviated name of Cominform, took place in Poland. The communist parties of Bulgaria, Czechoslovakia, Yugoslavia, Poland, Romania, Hungary, the Soviet Union, France and Italy participated. All of these countries, except Romania, were republics, and four of them (including Italy, which was not in the Soviet sphere of influence, but had proclaimed itself a republic by referendum on June 21, 1946), had established a republic after the end of World War II. The Communist Party of Romania appeared in a disadvantageous position, being the only one that had not achieved this mandatory stage, the removal of the monarchy, on the way to total control of political power. Gheorghe Gheorghiu-Dej, after justifying his lagging behind by the party's small share on August 23, 1944, made a commitment to end the collaborative relations with the Tătăărăscu group, to proceed with the drafting of a new Constitution, and to intensify the process of building a popular democracy.

The fate of the Romanian monarchy had thus been decided and sealed with the founding of the Cominform, which could not conceive of a constitutional monarchy regime in the communist bloc. Gheorghiu-Dej, Minister of National Economy, made a commitment to the representatives of foreign powers to overthrow the constitutional order in Romania. The meeting took place in total secrecy, without any prior announcement, and after its conclusion it was evasively announced that it had taken place "somewhere in Poland, at the end of September". The decision regarding Romania was surrounded by conspiracies, and for this purpose, Gheorghiu-Dej's report would be published among the last, around mid-December, and the Romanian newspapers would reproduce it exactly on the day of the coup d'état, on December 30, 1947, when conspiracies no longer had any purpose.

On November 11, 1947, the leadership of the PNT, led by Iuliu Maniu and Ion Mihalache, was sentenced to years in prison for "treason", for ties with Western political circles, normal in a democracy, but which the communists called "ties with espionage agencies".

In addition to the physical liquidation of the opposition, the trial also constituted a pretext for fulfilling the first commitment made by Gheorghiu Dej in Poland. Even before the decision was pronounced, on November 6, 1947, the Assembly of Deputies adopted with 187 votes in favor and 5 votes against a motion of no confidence in the head of the Ministry of Foreign Affairs, Gheorghe Tătăărăscu, on the grounds that officials of this ministry had facilitated the national-peasant leaders' connections abroad with Western "espionage agents". On November 7, 1947, the four ministers

(Gheorghe Tătărăscu, Gheorghe Vântu, Al. Alexandrini and Radu Roșculeți) and three undersecretaries of state belonging to this group resigned, being replaced by communist ministers, led by Ana Pauker and Vasile Luca.

The PNL dissident led by Gheorghe Tătărăscu was part of the Bloc of Democratic Parties, but had openly declared its monarchist orientation, so that, by their exit from the government, the King's last political support had been annihilated, and his isolation was complete.

On December 30, 1947, through threats and blackmail, Petru Groza and Gheorghiu-Dej obtained the signature of King Michael I on a previously drafted act of abdication, which ended as follows: "I abdicate, for myself and for my successors to the throne, renouncing forever for myself and for them all the prerogatives that I exercised as King of Romania.

I leave to the Romanian people the freedom to choose their new form of State"(Monitor Oficial, Partea I, nr. 300 bis, 1947).

More or less under communist pressure, in the other former monarchies that entered the sphere of influence of the Soviet Union, the republic was established in an at least formally constitutional way by Constituent Assemblies, which had the competence to decide on the form of government and to draft a new Constitution, or following a referendum, as in Bulgaria.

In Romania, since the Republic was not proclaimed by a Constituent Assembly, two problems arise: the first, the legitimacy of the act of abdication of King Michael, the second, the legitimacy of the proclamation of the Republic.

In relation to the first problem, it must be analyzed whether the act of abdication represented the free will of the King or whether the use of force was justified; in the second problem, whether the constitutional rules that guarantee that the change in the form of government represents the will of the people, from whom all power emanates, were respected.

The act of abdication was presented as an act of freely consented will of the King, who "in full agreement with the responsible factors of the country" was convinced that "the institution of the monarchy no longer corresponds to the current conditions of our state life". However, immediately after the King's departure into exile, the authors of the coup d'état themselves revealed the truth, no longer able to keep hidden what they believed to have been a merit, and began to talk about the King's expulsion and the removal of the monarchy. As the communist language did not allow for a variety of expressions to name the same event, but rather formalized a specific name, the expressions "The King was forced to abdicate" and "abolition of the monarchy" were eventually

chosen. King Michael I, at a press conference on March 4, 1948, in London, would declare that the act of abdication had been forced upon him by a Government installed and maintained in power by a foreign country, a Government unrepresentative of the will of the Romanian people, and therefore he did not consider himself bound in any way by the act that had been imposed on him (Times, nr.51.012, 1948).

So the first version of the free consent act, an agreement between the King and the Government, is contested by both parties and must be excluded. It is a certainty that the King's abdication was an act obtained through pressure, threat and blackmail, which makes it voidable. If the King had not denounced it so vehemently promptly, it could have been considered eventually accepted and confirmed or validated by the passage of time, but the King expressly invoked its nullity only two months after the abdication. Moreover, regardless of how it was obtained, the act of abdication by itself did not represent the abolition of the monarchy, but the opening of the succession to the Throne. The inclusion in the act of abdication of the expression "for me and for my descendants to the Throne, renouncing for me and for them" has no legal value. In private law, no one can renounce for another, and in public law, the succession to the Throne is not left to the free will of the holder, but is regulated by constitutional norms. Therefore, the abdication of the King does not result in the loss of the Throne, because it was taken away by violence, threat and blackmail, nor in the establishment of the Republic, which does not depend on the will of the Sovereign.

In order for this act to acquire a constitutional appearance, Law no. 363 of December 30, 1947 for the establishment of the Romanian state in the Romanian People's Republic (Monitor Oficial, Partea I, nr.300 bis, 1947). After art. 1 notes the abdication of the King, art. 2 provides: "The Constitution of 1866 with the amendments of March 29, 1923 and those of September 1, 1944 and the following are repealed", so that art. 3 specifies: "Romania is a People's Republic. The name of the Romanian state is the Romanian People's Republic".

The problem that arises in connection with this law is that the Assembly of Deputies was an ordinary legislative assembly and not a constituent assembly and therefore could not pronounce on constitutional issues. Even Petru Groza and Gheorghiu-Dej had countersigned, together with the other members of the government, Royal Decree no. 2,218 of July 13, 1946 for the organization of the national representation, which in art. 17 provided for its incompetence in constitutional matters: "The Assembly of Deputies cannot proceed, either in whole or in part, to revise the Constitution. The revision of the Constitution of March 29, 1923, as it was reinstated by Decree

no. 1,626 of September 2, 1944 and amended by the provisions of the present decree, will be done only according to the provisions set forth in Title VII of this Constitution and only by an extraordinary Legislative Assembly, elected specifically for this purpose". Therefore, Law 363 of December 30, 1947 could not have constitutional value, even if it was adopted by the Assembly of Deputies as claimed, because it could only adopt ordinary laws and was expressly prohibited, both by the Constitution and by the law countersigned by all members of the Petru Groza Government, from ruling on constitutional issues.

It is worth mentioning an opinion expressed in the specialized legal literature (Focșeneanu, E. 1998), according to which the adoption of this law constituted not only a violation of the Fundamental Law, but also a criminal act. E. Focșeneanu draws attention to the fact that the analysis of the minutes of the session of the Assembly of Deputies of December 30 shows the non-compliance with the procedure provided for by the Internal Regulations of the legislature and that in fact a political rally presented as a session of the Assembly of Deputies took place. Moreover, the law allegedly adopted by the Parliament was promulgated by Decree no. 299 of December 30, 1947, which appears under the signature of Petru Groza, erected as head of state, and countersigned by Lucrețiu Pătrășcanu, as minister of justice. Later it would turn out that the latter was not in Bucharest at that moment and that he had learned about the proclamation of the Republic on the radio (Pokivailova, T.A. 1996).

Therefore, not only the law proclaiming the Republic, but also the Decree promulgating this law is a forgery, because the signature of the Minister of Justice was either forged (material forgery), or does not exist and then the Official Gazette is a false attestation (intellectual forgery).

Romania was the only European country in which the Republic was not proclaimed by a Constituent Assembly or following a referendum, but was established by forgery (s.n.). The only official act authentic document mentioning the change in the form of government (wrongly referred to as the form of state), remains the Government Proclamation to the country of December 30, 1947, which cannot have any legal effect, being the emanation of the executive power. Consequently, the 1923 Constitution, reinstated at the end of August 1944, could not be suppressed, but only its application was prevented, in fact, by the force that substituted the law.

Beyond any legal considerations, which were not relevant for the communist authorities at that historical moment, the organization of the new form of government was moved on. A new State needed a fundamental law to match.

The draft Constitution was submitted to Parliament on April 8, 1948 and after only two days of its first meeting, it was unanimously adopted on April 13, without undergoing any essential changes. The 110 articles of the government draft were reduced to 105, as a result of certain adjustments.

Chapter II contains provisions related to the economic and social structure of the Republic. This part of the Constitution allows the State not only to control any economic activity, but also to appropriate any kind of property, including the land of the peasants. The communist government immediately implemented this law, designed specifically to deprive a person of his goods, "for the benefit of the common good". The confiscation of property constitutes the very essence of this Constitution, the main goal for which the communists acted since the day they took power (Markham, R. 1996).

The seizure of property was carried out gradually, as a result of several thoroughly drawn up and implemented plans. By the summer of 1948, most sources of income, with the exception of land, had been seized by the communists in the form of nationalization. In June, the Law for the Nationalization of the Banking and Insurance Industry, Mining and Transport Enterprises was approved. All the main industrial and commercial concerns that had not yet passed into the hands of the State now passed into the hands of the Communists. It was, in fact, a real "purge" operation. The Council of Ministers adopted the measure in just half an hour, and the Grand National Assembly, pronouncing itself in favor, immediately voted for the project to become law. The project was debated only from 11 a.m. to 3 p.m., practically not being analyzed at all. Shortly after, the Government read the law and made a series of fiery comments about it. When it was all over, the 414 members voted, by acclamation, for a rapid transformation of the social order in Romania. The Communists took over the entire economic system, without a single voice in Parliament raising its voice against this act of mass confiscation of property. More than a thousand of the country's most important enterprises were nationalized. Among them were 25 oil companies and 20 metallurgical companies. Foreigners were also dispossessed of their assets, along with local residents. The only exceptions were the companies and institutions that the Red Army and the Soviet government had previously taken over in favor of the Soviet Union. Everything took place in a veritable carnival atmosphere.

The first article of the law, comprising 75 paragraphs, listed the types of enterprises that were to be confiscated: metallurgical plants, enterprises producing coal, precious metals, oil, gas,

construction materials, electricity, glass, lumber, furniture, paper, construction, textile, chemical, plastic, cosmetic, pharmaceutical, alcoholic beverage, and food industries. Every means of transport and communication was taken into possession by the State.

Following the nationalization laws of June 11, 1948, there were 55 cases in which Americans requested compensation, but this number was small compared to the 400 cases registered in Hungary. The Americans' efforts to quickly resolve these claims were in vain, as they had to wait until 1960, as was the case with the claims issued following the Agrarian Reform Law.

Following the nationalization of the National Bank, not many claims arose, but one of the exceptions is the case of Mrs. Kauffman-Cosla, whose funds in Romania were nationalized, while her accounts in America were blocked (Courtney, J., Harrington, J. 1991).

The Planning Commission, which replaced the former Supreme Council of the National Economy and the Commission for Economic Recovery and Monetary Stabilization. Article 2, point b, established that the new body was authorized to draw up the general plan of the national economy and the economic and political objectives established by the government.

In Romania, at the end of 1948, about 15% of the industry belonged to the socialist sector, and the necessary premises were created for the transition to planned management and socialist industrialization. Against this background, in the sixth decade, the power switched to the brutal leveling of Romanian society.

The June nationalization ended an economic cycle. It consecrated the legality of the command economy and abolished the free market economy for a long period of time. The class opponent was defeated – the representative of capital, who had consecrated Romania's synchronization with the Western model of development. In the name of the victory of the proletarian revolution, a decisive blow was struck at private property – one of the basic principles that constituted the very essence of individual freedom in the entire modern evolution.

In the vision of the Romanian Workers' Party, optimal conditions were created for economic planning and the transition to socialist industrialization. By Law no. 119 of June 11, 1948 for the nationalization of industrial, banking, insurance, mining and transport enterprises (Monitorul Oficial, nr.133 bis, 1948, p. 5041-5062), with the exception of the National Industrial Credit Company, the other banks and credit institutions were to be liquidated. The economic blow doubled the political one and came after the numerous waves of arrests, through which the single party ensured its total control over society. In the terms of the party documents, the political-social

realities were reconciled with the economic ones of Romania, which would assume the "bright future" of Communism for half a century.

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