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**Authors:**

Orio GIARINI  
Érick ROUSSEL  
Mariana NICOLAE-BĂLAN  
Ioan TALPOȘ  
Carmen CORDUNEANU  
Liliana DONATH  
Oana Ramona LOBONȚ  
Ana-Cristina NICOLESCU  
Laura Raisa IOVU

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# *Acknowledgement*

*Timișoara Journal of Economics* represents the joint effort of researchers, mostly Romanians, but not exclusively, to bring out a journal of international clearance.

Our main concern is to publish only qualitative researches, having a high scientific level, regardless the authors' country of residence. In this regard, support will be granted to young researches as well. We ensure the readers that the editorial review will be right and accurate, benefiting from the contribution of remarkable persons of the economic science, who were kind to offer their consultancy.

The papers put forward for publication can be of either applied or empirical, theoretical nature, regarding economic policies. Therefore, the research fields and objectives are open. Thus, consistent with the rating of the Journal of Economic Literature (**JEL**), any research can be accepted. Even if at present there are some tendencies to restrict the research within one publication, in the frame of a journal there should be possibilities of publicizing researches from various fields of the economic science.

Four volumes will be edited per year. Besides these, special volumes will be published, which will comprise studies with forehand established destination (conferences, symposia and other scientific events).

We wish to thank the West University in Timisoara for the financial backing, University under the care of whom this journal is being edited.

***The editorial staff***

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## ROMANIAN PUBLIC DEBT IN INTERWAR PERIOD AND BETWEEN 1948-1989

Ioan TALPOȘ \*  
Ana-Cristina NICOLESCU \*\*  
Oana Ramona LOBONȚ \*\*\*

*In analyzing the public debt problem, there is an analytic presentation and also a historic presentation. The present project is a combination between the two modalities, emphasizing the institutional side, where the historic presentation is made by underlining the changing moments in history. The unitary characteristic of the public debt should be taken into account; also, there is the option between analyzing the public debt in the larger sense and in the unitary sense.*

*In the larger sense, the public debt includes also the indebt of the country's financial institutions and the local authorities. We will analyze, out of the larger public debt problematic, the ones regarding the loans contracted and managed by the Ministry of Finance, which are considered to be part of the public debt. For understanding the legislative environment of constituting and managing Romania's public debt, some notes are necessary to be made. First, even the expression of legislative environment has to be understood starting from the premises that for the entire analyzed period, Romania had democratic institutions, which acted and manifested according to the modern world's accepted rules.*

*A problem involved by the analysis of the content regards the up to date theme, a discussion about the public debt in Romania. Initially we started from the idea that the thematic is up to date through the clarifications that can be brought by our own past experience to serve the present. There are also other arguments: we noticed the necessity of accuracy, the terminology precision, there being lots of gaps in understanding the public debt mechanism. The minimum explanation of public debt domain is necessary, being known that the terminology used has changed its meanings in time, and this era's approach of the terminology gives us the opportunity to understand the public debt phenomenon in that period of time. Present governing works would be more efficient, more precise and more accurate if past experience would be considered.*

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\* Coordinator, Professor Ph.D., West University of Timișoara, Faculty of Economics and Business Administration, Department of Financial Studies

\*\* Ph.D. Student, West University of Timișoara, Faculty of Economics and Business Administration

\*\*\* Assistant, Ph.D. Student, West University of Timișoara, Faculty of Economics and Business Administration, Department of Financial Studies

## 1. PUBLIC DEBT EVOLUTION IN INTERWAR ROMANIA

### 1.1. Interwar Administration and its Role in Managing Public Resources

After the 1<sup>st</sup> World War, Financial Ministry's activity had adjusted to the territorial increasing of Romanian space and also the manifestations of international financially relationships. The Law from May 23<sup>rd</sup>, 1928, was granting Financial Ministry, together with the Foreign Affairs Ministry, relative duties in financial relationships with other states. Central Administration of Financial Ministry had reduced their departments, their internal structure being diversified and rationalized: Public Financials and States General Accounting, Contributions, Customs and Financial Statistics, Public Debt and War Compensations. Public Debt and War Compensations Department was made-up by two administrations: Public Debt and War Compensations. Public Debt had also two (2) logistics, each one with more offices: Administrative and Emissions Logistic with their following offices: Public Debt Secretariat, Foreign Currency and installments calculation (currency exchange, stock market, etc.), Inner Loans, Appropriation of Land Financing, Foreign Loans Administration, Public Debt Accounting, Emissions Necessaries and Paying off/Liquidation Logistic, with their offices: Receiving and classification of inner titles and warrants, Receiving and classification of foreign titles and warrants, Inner titles and warrants liquidation, Foreign titles and warrants liquidation, Chance draws, Lost and found missing titles opposition.

Public debt manager was privilege member of the commissions

constituted around the Financial Ministry or together with: Superior Financial Board, National Economy Board, Technical Advisory Board of Public Debt and War Damages relieving Board.<sup>1</sup> Technical Advisory of Public Debt Board was constituted by: BNR delegate, Banks Association spokesman, Stock exchange spokesman, one specialty schoolmaster, Public Finances manager and Public debt manager.

At 12 of April 1933, Financial Ministry structuring Law brought under its control series of public institutions, including participating institutions to public debt: Autonomous Monopoly Office, Depreciation Office, Recordable and Depositors Savings Bank. Administrating the public debt was done through the Public debt department. Around the Public debt department, also functioned Board for effects destroying, composed by public debt manager, verification logistic chief, chairman being a councilor of High Accounting Court, who was ascertain and verifying effects withdrawal from circulation and needed to be destroy.

Treasury operations were transferred to BNR (Romanian National Bank) - Central Pay Office being dissolved - the connection with BNR being made through the new founded Department of Funds Movement inside the Central Administration of Financial Ministry. The Financial Ministry instructions for the Budget and General state Accounting Department, specified that state patrimony side, the state pay offs, cashiers balance sheet and autonomous administration control, ran and followed registration of all public debt account operations, based on public debt department

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<sup>1</sup> *Legea pentru organizarea Ministerului Finantelor* din 23 mai 1928, în Monitorul Oficial nr.11 din 23 mai 1928.

communications, and also executing at term the public debt. Public debt control and state general inventory Office was establishing the states assets and liabilities, recording in the Big Book of Public Debt all loans contracted by the state, liquidations and assets remained not depreciated.

After the 1<sup>st</sup> World War, between the financial institutions with an essential role in emission and controlling public debt, can be enumerated<sup>2</sup>:

- **Depreciation Office (House of Depreciation)** - established in 1920/'21 budgetary year- its role being liquidating states inner orders, scheduled in the extraordinary budget. According Law issued on April 8<sup>th</sup>, 1934, regarding liquidation of states inner orders, thru Depreciation Office, the state was issuing tax consol until a 5 mild national currency limit in the right over them account. Guaranteed by the state, having redeem medium term and also interest carriers (4% per year), they represented the conversion of a floating loan, in a form of rights not honored affecting the budget, into a medium term forced loan. These tax consoles could be used for tax payments and fiscal fines until 1<sup>st</sup> of April 1935, the unused ones being redeemed in the next 5 years. The combination of a loan with the possibility of fiscal usage, was strictly limiting the bearing between state and creditors, settlement necessary re-launching the state credit towards their suppliers.
- **Romanian Royalty's Autonomous Monopoly Office (C.A.M.)** was established in 1929, with warrant

purpose towards foreign loaners, towards debts contracted at monetary stabilization from the same year and with the purpose of issuing loans. Formally, its activity ceased in 1952.

- **Romanian Agriculture Mortgage Credit Society** (April 18<sup>th</sup>, 1931), organized with the participation of the Romanian state, of the Romanian Credit Bank and some foreign corporations; beside the specific operations, this society participated also at the state loan operations.
- **Financing House** (established in 1931), performed the operations of public debt depreciation, liquidating the states orders, administrating states displaceable values. Transformed in 1938 in Autonomous Financing and Depreciation House (CAFA) with obtaining finances necessary endowing the army and for public operations purposes, the institution performed operations on behalf of the National Autonomous Defense Fond and of the Air and Marine Autonomous Fond, with merged together in 1941 as a special national defense budget.<sup>3</sup>
- **Postal checks and Savings Bank**, detached in 1930 from the Recordable and Depositors Savings Bank, executed same operations regarding short term debt and long term debt, as the initial institution.

With the purpose of covering the expenses of the state with the perspective of in the 1<sup>st</sup> World War participation's perspective, the Romanian National Bank put at the state's disposal, numerous times, funds necessary for purchasing treasury bonds and rent titles. The state

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<sup>2</sup> Olaru Corneliu, *Circulația monetară în România (1929-1940)*, Ed.Silex,București, 1999, pag. 91.

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<sup>3</sup> Kirițescu Costin C., *Sistemul bănesc al leului și precursorii lui*, vol.II, Ed. Enciclopedică, București, 1997, pag. 445-446.

disposed of the emission of these bonds in an inflationary manner, with all the consequences upon the purchasing capacity of the national currency. The operation continued after the war, being bound to both securing the budget deficit and the monetary unification. Until inflation ceased, 1,506 mil lei out of the total volume of emission (11%) represented war expenses, 5,208.3mil (38%) covered state budget deficit, and 7,026.7mil (51%) were allocated to the monetary unification. In 1925, Romanian National Bank took over the treasury operations service, done until that moment by the central treasury cashier from the Financial Ministry. In 1928, during preparations for the monetary stabilization, the Romanian National Bank were authorized to close agreements with other emission banks, for credit contracts with the purpose of sustaining the national currency on the foreign markets. In 1929, at the time of the currency reform, the reorganization of the Romanian National Bank accounts was done, the reassessment of assets – partly immobilized or doubtful – being considered of great importance for the further evolution of the institution.

The components of the assets and liabilities of the Romanian National Bank compared before and after the accounts' reorganization were meaningful for the public debt status, resulting in meaningful reduction of state's obligations towards the bank. The *states debt* (rest 4 billion lei of previous banks advances to the state) and the *effects / advances returnable by the state* (included all advances granted popular banks, co-operatives, loan institutions and portfolio faction bankable private banks and commerce houses with reduce liquidity) were still significant. In temporary earnest money to the state the amount of 2 billion lei

was recorded, which was supposed to be repaid every 2<sup>nd</sup> semester of the budgetary exercise, without interest and which could not be carried forward from one year to another. The stringe benefit of C.A.M. incomes was constituted in flows towards the Romanian National Bank. Foreign currency-gold mechanism performance makes relevant the distinction between internal loans (their services were in national currency) and foreign loans (operated in different foreign currency). The Law of 1929 delegated the Romanian National Bank to acquire the necessary foreign currency carry out payments.

Around the 2<sup>nd</sup> World War's and during its time, the Romanian National Bank granted important advances on state titles (in 1939 under different forms, the loans granted to the state by the bank were in the amount of almost 20 billion lei, out of which 5 billion were in state titles). In the first post-war years, applications of public bookkeeping Law meet imminent situation difficulties. In the interwar period, there were re-encoded the financial apparatus attributions and functions,<sup>4</sup> the basic principles preparing and execution of budget, organization of public administrations and state bookkeeping, in generally administration and handling finances, assets and public materials, and also introduction of double-party bookkeeping. Not allowing practices against proper administration of public money was instituted preventive control and indurate subsequent control.

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<sup>4</sup> *Legea asupra contabilității publice și asupra controlului bugetului și patrimoniului public* din 31 iulie 1929, în Monitorul Oficial, nr.167 din 31 iulie 1929; *Legea asupra contabilității publice și asupra controlului bugetului și patrimoniului public* din 24 decembrie 1932, în Monitorul Oficial nr.302 din 24 decembrie 1932



Regarding public debt service, art.133 from *Public Bookkeeping Law* in 1932, specified: "it can be paid without ordinance: a) public debt annuities paid in the country for the reduced coupons and titles chosen; b) amounts used in anticipated purchases of foreign currency from the internal banks for public debt annuity payment outside the country. Payments of this foreign currency will be made based on bordered signs for receiving by the selling bank accompanied by the warranties required from Financial Ministry". In chapter 5, Treasury bonds, in art.146, it is specified: "Treasury floating debt is composed of payment by treasury effects issued for dealing with state expenses until receiving of the state's incomes. The Law of Finance which determines ways and resources for every budgetary exercise will authorize the financial minister, in case of necessity and when the internal market will allow, to issue treasury bonds which will include an interest, but expiration of which could not surpass the end of the financial year". Also, a 2 billion lei limit was indicated, the bonds being issued in the first 8 months of the financial year, their withdrawal starting in December of the financial year in progress, all treasury bonds issued having to be withdrawn until financial year's closing; the treasury bonds could not be transferred under any circumstances from one financial exercise to the next one. All operations made regarding the treasury bonds were registered in a developing account next to the general financial administration account. This law was perfectly valid until 1949, when it was abrogated at 13 April 1951.

*State public debt* was the object of a *general account* that included: the total public debt at the beginning of the year; consolidate loans contracted during the year with indicating the laws used for

depreciation; redemptions, depreciations and conversions made through the year; total public debt at end of the year. The public debt account and internal and foreign bookkeeping operations included: the balance at the beginning of the year from the previous years provisions, reserves sent to the bank during the year, operations made and balances remained at the end of the year at the banks. Regarding the finding manner of public debt in state liabilities, in art.8 of states patrimony inventorying Regulation was stated: "Public debt will be found in general public debt account, logged by the General Bookkeeping of the State."<sup>5</sup>

Regarding the Account Court, in 1929 the institution was completely reorganized, form in which it functioned until it was abolished by the Decree of 1<sup>st</sup> of December 1948. Between its attributions practiced through controller advisers attached each ministry, was also the obligation of controlling bonds and public debt treasury bonds issuance.

At the closing of the States general Budget, the High Accounting Court issued a declaration of conformity, a document based on which the Parliament instructed the discharge for the execution budget accounts. About the public debt, art. 43 of 1929 Law stipulated: "The annual public debt account made at different banks for the payments of public debt annuity will be the object of a special declaration".<sup>6</sup> These declarations merged under the supervision of the president of the Account Court into a General Conforming Declaration over the

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<sup>5</sup> *Regulament privitor la inventarierea Patrimoniului Statului* promulgat prin Inalt Decret Regal nr. 754 din 3 martie 1930, în Monitorul Oficial nr. 61 din 15 martie 1930.

<sup>6</sup> *Legea pentru reorganizarea Înaltei Curți de Conturi*, în Monitorul Oficial nr. 167 din 31 iulie 1929.

budget execution general account, declaration presented to the Deputy Gathering and published in Official Gazette. The document served to the Financial Ministry for definite regularization of budget, to which the Account Court advanced also a Memorial with observations and proposals regarding the execution of the budget's general account. The official response from the Financial Ministry to the Memorial was presented to the Deputy Gathering and published in the Official Gazette.

On the whole, during the analyzed time, we can ascertain that the managing of public finances was done very attentively, naturally also existing deficiencies in the application of the laws, or tendencies to avoid the laws.

Regarding the *public debt*, there was a clear reflection of commitments, materialized through the expiration terms prepared, with amounts and precise terms mentioned in the budget and followed by the state's bookkeeping. Even compared to other budget compartments, *managing public debt is very attentively followed up*; from the stage of founding until payment, the proper realization of this will condition the elements considered as being very important internally, but mostly important on the international level.

## 1.2. Romanian Public Debt in Interwar Period

Romania's public debt evolution in the interwar period can be regarded from the point of view of the public finances development, as follows: post-war period until the monetary stabilization from 1929 and the economical depression period, since 1930 and continuing until 1946, a period of great challenges for the Romanian state.

In the neutral period, characterized by intense military preparations, there

were made important loans, contracted internally and overseas, in the amount of 712,65mil lei, from which:

a) two foreign loans, treasury bonds based, at the Bank of England, in the value of 5 and 7 mill. lei;

b) one treasury bond based loan at the Bank d'Italia of 10 mill. lire and three internal (national) loans in the amount of 400 mill. lei at Romanian National Bank, the state obtaining another amount from the National Loan from 1916. So, the Romanian state contracted between 1914 -1916 loans in the amount of 1,112 mill lei, added to the previous public debt of 1,866.52 mill lei, totaling a public debt of 2,978.52 mill. lei.

Financial obligations undertaken because of the war, in the country and internationally, opened an extremely overwhelming chapter for the post-war state's economy, the one of public debt. It was many times asserted that our public debt wasn't too oppressive, compared with other states, reported to the total budgetary resources. We have to consider that a young state is always indebted because in the first stages of evolution, their own resources are very reduced to suit economical development rhythm. To be remarked that interwar Romania's public debt was not very high. It was commensuration with the development necessities of Romanian state in forming its democratic structures.

What made the public debt to become so hard to endure, in the post-war period, was, initially, the increasing level from 2,7 billion. lei as was in 1916, to over 20 billion. lei in 1920's. The state's budgets were confronted with over 17 billion lei debt, contracted during and after the war debt used for the war necessities. To this, we can also add the disproportion between the amount (17 billion) compared to the

amount registered in the state budget at the chapter of expenses in 1916 – 645,7 mil. lei. This quantum becomes less impressive if we consider that the national currency was not convertible anymore and that national currency already lost its value through the massive loans from the National Bank for sustaining the war and the monetary unification. These loans increased to 11,8 billion lei in 1920. In this way, the entire economy functioned based on a progressive depreciating national currency with implications upon the internal public debt burden, which made it not to seem too exaggerated or hard to endure, but to the contrary, by raising the prices, it managed to create the illusion of real progress. But the public debt that was contracted internationally was in influential foreign currency. As the national currency was depreciating, it was necessary to allocate bigger quantities from the state's budget for the external public debt payments. This fact, as well as annual increase of the payment quantum as a result of after-war negotiations aiming to consolidate the external debts contracted during the war, led to annual increase of the expenses regarding the public debt services.

The reinforcement of Romania's external public debt, as well as the agreements reached with foreign partners, constituted, for several years, the primary preoccupation of The Ministry of Finances. For the external debts contracted during war because of the imports contracted by the Romanian State, the state issued treasury bonds, which were disseminated on overseas markets. Romania sent different commissions to identify these titles. Therefore, in 1922, it was considered proper to consolidate external debt in value of 1,329.116 mil. lei in gold (52,64 mil. £). With this

purpose, there were issued final titles of 4% consolidations of a value of 26,9 mil. £, accomplishing 50% savings.

Due to Saint-Germain and Trianon agreements, Romania took over 1,61% of the Austrian public debt and 21,80% of the Hungarian one; the quotes were established proportionally with the parts which, formerly being Austrian and Hungarian territories used to contribute to the fiscal revenues of the Austrian-Hungarian Empire and which after 1918 became Romanian territories. All Austrian-Hungarian rents held by Romanian citizens from the new territories were added to the Romanian public debt service, the value of the additional tasks adding up to 2,3 mill. pounds and 25,9 mill. dollars or 6.187 mill. stabilized lei <sup>7</sup> at 1 January 1929.

Our conclusion is that the public debt of Romania until the war period represented the payment obligations of the country and so the growing of the public debt have found its equivalent in new investments. During and after the war, the new tasks of the public debt represented only a settlement of accounts, a guarantee for the expenses of war, a guarantee of the tasks resulting from the peace agreements and the social reforms, which totalized impressive numbers without being included as investments in the state's patrimony, so the public debt could be considered a true reflection of the difficulties the country experienced.

In the period after the stabilization, the Romanian Government focused on solving the problem of the public debt' coupon. The payment of this coupon

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<sup>7</sup> Dovrovici Gh., M., *Istoricul dezvoltării economice și financiare a României și împrumuturile contractate, 1823-1933*, Tipografia "Universul", București, 1934, pag. 74; Zane G., *Studii*, Ed. Eminescu, București, 1980, pag. 803.

became almost impossible because of the decrease of the country's resources. The total amount which was transferred abroad for the foreign public debt in the last six years, was only half covered with the active balance account of the commercial balance sheet. The steadiness was kept only through the massive issues of the bills which followed the loans "for stabilization" and "for development. This situation questioned Romania's ability of payment to foreign creditors and also the ability to transfer the sums owed. Because of the world economic crisis, Romania couldn't obtain foreign funds, so the only solution was to reduce the public debt's service.

In 1933, as a result of the international negotiations which were started after Hoover's declaration in September 1932, our country obtained a diminution of the public debt's coupon, which was conditioned by the cash in-flow during the last 6 months which turned out to be less than expected. Taking into consideration these conditions, on 15 August 1933, the Council of Ministers referred to suspending the transfer, not being able to pay the coupon due in August without compromising the stabilization and the performance of the state. The foreign press considered this measure as being bold and violent, and as for the creditors, they refused to negotiate with the Romanian Government. The Minister of Finances, V. Madgearu, made two memorandums regarding Romania's ability of payment, but the negotiations didn't start until the government was changed and the inspection of experts appointed by the Confederacy of Nations was accepted. Even so, the decision taken by the Romanian Government without the creditors' approval was fortunate and necessary for the country's finances because the payment was imminent.

Further negotiations were undergone by the Minister of Finances, V. Slaves, the delegate of the liberal government, leading to a new diminution of the coupon - which meant that after three years the payment of the coupon was suspended, which resulted in savings of over 5 billions to the budget - the creditors having no right upon these sums.

The contracts and agreements, based on which the loans and obligations were made by the Romanian State, contained very different stipulations which did not allow to easily set the amount left to pay at a certain time. Regarding the repayment, the loans which Romania contracted were as follows:

1. loans for which the repayment was done by drawing of lots;
2. loans for which the repayment had to be done by drawing of lots on an increasing scale;
3. loans for which the repayment had to be done on the Stock Exchange, using the entire sum from the table of the paying-offs, and only if it didn't all the shares it was done by drawing of lots, the payment being delivered 100%;
4. loans for which the repayment had to be done on the Stock Exchange for the shares which were repayment by drawing of lots, the payment was done on an increasing scale starting from 40% in 1929 to 100% in 1951 and continued to 1970;
5. loans for which the repayment had to be done on the Stock Exchange, regarding the number of shares from the tables, the remaining being paid by drawing of lots; the payment involved 27% gold;
6. loans for which, since 1930, for a period of 25 years, the

repayments were optional, and for the following period of 25 years they were compulsory and were paid on the Stock Exchange;

7. loans for which the repayment was done by drawing of lots for the number of shares established in the tables; the payment was 100%, and in the same time it supposed additional repayment which was done on the Stock Exchange;
8. arranged loans without interest for which the repayment was done by drawing of lots;
9. loans without repayments, namely perpetual rents;
10. loans for which the repayment was done directly, and not by drawing of lots, because they weren't represented by title, but were the result of the commercial agreements;
11. loans for which the repayment was done on every bond.

By the Agreement from Paris-March 1935, for the first time, at the same time with the diminution of the coupon, was won for future a principle with a vital importance which result from the whole economy of the agreement and is mentioned in it: the principle of the conversion of the external fund. Simultaneous with the agreements made by the foreign invertors about the public debt and the payment ability of Romania, were done some other agreements with the creditor governments for creating some possibilities necessary the payment of the coupons o these governments. The agreements, at which also participated the Association of the Romanian Fund's Carriers, were finishing by the clearing agreements. By these agreements was established that all the payments

between the countries to be done after the compensation principle through an open account at every national bank clearing account. In these accounts were accumulated the money each country owed to another country for the imported commodities. The sums accumulated in the account were distributed for different payments of a country on the market of another country, in this way: .% for commodities 'claims;... % for financial claims; ....% for public debt's payments, etc. The aim of these agreements was to intensify the import and the export of the commodities between the countries. In this way, the private investors were stimulated and so, with their commercial operations, they helped the debtor country to pay its debts. Thus, the more favorable the commercial balance of the debtor country was, the sooner the sums necessary for the payments of the debts were gathered.

With this system of payment, Romania was absolved for further having to put the necessary provision at the disposal of pay-offices at the due date, except the situations when the available assets in the clearing account allowed it. The countries which imported a lot of Romanian commodities enabled the payment of the coupons at the due date. In the countries where the import of the Romanians commodities was reduced or non-existent; the payment of the coupons was done late or not at all. In order to protect their interests, the creditors from those countries asked for the dismissal of all foreigners who, not having the possibility of being paid in their own country, would have sought a way to gather the money in the country where they could have found better opportunities..

This field of the public debt regained the importance it had before The First World War, representing till

the budgetary practice 1937/38 an annual obligation of one and a half billion lei compared to the seven billion in 1931. This diminution was in accordance with the diminution of the internal revenue per inhabitant from 11.546 lei in 1928 to 8.099 lei in 1939, and to 5.327 lei in 1938 .The fiscal index per inhabitant shows another increase from 100% in 1928 to 139,9 % in 1933 . The country's revenues followed a downward curve, decreasing from 200 billion lei in 1928 to 144,9 billion lei in 1930 , to 103,5 billion lei in 1932 and 99,3 billion lei in 1933, recording a diminution of over 50% of the national revenue in 1933.

Referring to the internal public debt, the internal loans represented in a bigger proportion, a source of budgetary resources because, their repayment was usually done in a depreciated currency. None of the internal loan was revalued in that period. The internal public debt of the country before the First World War remained of the same value , suffering a depreciation equal with the depreciation of our currency .The internal loans had the same fate in the period 1919-1920. These loans were generally made in the periods when the country's revenues were insufficient, in the periods before the inflation, so they were paid then at their value at that particular moment, and not at their real value. Thus, the people undergoing internal loans were in a different situation because the decline of our currency was favorable, but not for people who operated external loans. The use of the system of forced loans war primarily imposed on the employees, emphasized the direct financial pressure, as a means of acquiring the budget's resources. To this, we can add the largely used financial operation, the increase of the Floating debt on the market which

meant the beginning of the inflation process with all its characteristics.

The public debt service was entirely performed, according to the agreement's stipulations, for repayment until 1 January 1933, and for the interest's coupon until 30 September 1933.

#### **The General Conference at Paris.**

Because of the general crisis in 1930, which especially influenced the Central and South-Eastern European agricultural countries since 1930, Romania's external public debt service for these countries became very difficult to be evaluated, especially because of the transfer difficulties and the cooperation policy between the interested countries. The financial report, about the external public debt service, mentioned:

- if a debtor country exhausted all the possibilities, it was obliged to ask a diminution of its agreement' obligations by a direct contact and in good time with its creditors, the only ones authorized to agree upon the necessary commitments;
- the agreements had a temporary character because of the international situation;
- both the external creditors and the internal creditors had the same rights.

#### **The London Conference (June - July 1932).**

At this Conference (19<sup>th</sup> of June) the delegate of Romania presented to the Commission, formed by the delegates of Bulgaria, Czech-Slovakia, Latvia, Poland, Romania and Yugoslavia, the following suggestions :

- to perform the external public debt service based on direct negotiations between the debtors and the creditors;
- to appoint the proceeding to be followed;
- to create, in each country, special organizations which would represent all the titles.

**Table no. 1.**  
**Public debt's structure in Romania on 1<sup>st</sup> of March**  
**(War debit)**

No.	Component	Nominal capital (lei)
1.	Floating internal debt	12.150.000.000,00
2.	Consolidated internal debt	3.600.000.000,00
3.	Total amount internal debt (1-2 )	15.7500.000.000,00
4.	Floating external debt	2.875.284.976,83
5.	Total amount floating debt (1-4 )	15.025.284.976,83
6.	Total amount public debt (3-4)	18.625.284.976,83

Source: Dobrovici M.Gh., op.cit., pag. 382 - 388; The State Budgets of Romania from the period 1914 -1921.

**Table no. 2**  
**Public debt's structure in Romania on 1<sup>st</sup> of March 1921**  
**(after the contract period)**

No.	The type of debt	The capital being currency -lei-
1.	Public debt before the war on 1 <sup>st</sup> of April 1914	1.866.522.976,90
2.	Public debt in the period of neutrality	1.112.652.500,00
3.	Public debt from the war period	1.602.200.000,00
4.	Public debt from after the war till 1 <sup>st</sup> of March 1921	16.160.432.481,83
5.	Total 1+2+3+4	20.741.807.958,73
6.	The thesaurus drafts are reduced	
7.	a) from those 45.000.000 before the war	40.000.000.,00
8.	b) from those 600.000.000 from the war and after it	250.000.000,00
9.	TOTAL 7+8	290.000.000,00
10.	Total amounts public debt (5-9)	20.451.807.958,73

Source: Dobrovici M. Gh., op.cit., pag.384 - 385; The State Budgets of Romania from the period 1914 - 1921

**Table no. 3**  
**Public debt of Romania on 1<sup>st</sup> of April 1933**

No.	The type of debt	The capital being currency at 1 <sup>st</sup> April. In lei at stabilization course or that in which at 1 <sup>st</sup> of April, the country make the transfer
1.	<b>A. Public debt consolidated external paid by lei, gold and other coins.</b>	
2.	1. Debt before the war	18.649.950.765,00
3	2. Debt during and after the war	
4.	a) Allied debts	36.041.970.207,00
5.	b) War compensations	5.654.968.796,00

No.	The type of debt	The capital being currency at 1 <sup>st</sup> April. In lei at stabilization course or that in which at 1 <sup>st</sup> of April, the country make the transfer
6.	c) Debts from supply and restoration's needs	18.746.441.369,00
7.	d) Special arrangements from the consolidation of the thesaurus drafts for supply and restoration's needs	1.627.308.042,00
8.	e) Debts from the redemption of the private railway	551.934.284,00
9.	f) Debts for stabilization and development	23.992.254.142,00
10.	g) Debts from peace agreements	15.805.173.914,00
11.	A. Total amount public debt external consolidated paid in lei and other currency.	121.070.001.519,00
12.	<b>B. Public debt consolidated paid in lei</b>	
13.	1. Public debt consolidated paid in lei before the war	781.474.787,45
14.	1. Consolidated public debt paid in lei after the war	
15.	a) Debt from the internal issues	12.506.981.700,00
16.	b) Debt from peace agreements	170.725.126,03
17.	B. Total amount public debt consolidated paid in lei	13.459.181.613,48
18.	<b>C. Floating debt. Thesaurus drafts 5% supply and restoration</b>	5.400.973.441,40
19.	Total amount public debt of Romania at 1 <sup>st</sup> of April 1933( A+B+C)	139.930.156.573,88

Source: Dobrovici M. Gh., op.cit., pag.961; The State Budgets of Romania from the period 1914 - 1933.

## 1.3 The Evolution of Public Debt of Romania until 1947

### 1.3.1 Post-War Administrative System

The changes made by law in 28th of November 1942, regarding the organisation of Treasury Department, has regrouped the central services of the Treasury Dept. in 6 general directions, 18 departments and 3 special divisions. The changing of the public deficit directive to a general directive, played a great importance in the changing of its situation. Now this general directive has two branches: Issuances and amortisations (with 3 services: issuing, titles, amortisations) and Public debt accounting (with 3

services: accounting, control, administration and deposits).

Between 1945-1949, the activity of Treasury Department was influenced by the offensive of the communist government (founded on 6 March, 1945), offensive that was launched upon all state institutions regarding the subordination of these institutions and the old state system was broken. Until 1947 the Treasury Department was in the hands of liberals and communists, later being lead entirely by communists, and under their pressure the organigram of the department was changed by Decree no. 30 from 29 January 1949.

Starting from 14 June 1947 the issuances for cash vouchers, treasury bills and other valuable papers of the state as a way to balancing the budget



were forbidden. The devaluation of the Romanian leu between 1945 and 1947 has literally canceled the public debt, and the law for monetary reform from 15 August 1947 recognised as public debt only the perpetual rents. In fact, the General Directive of Public Debt was abrogated by law in 1949. The operations made by it were passed to Delivery Department (war compensations), the Autonom Branch of Nationalized Industries Fund (founded in 1948) and the Currency Directive.

After the war (1941-1945), as direct monetary advance from BNR to the State Budget (established by Convention on 9th of June 1941), the state disposed in 1941 of 18,2 billion lei out of bank issuances, reaching 371 billion lei in 1945, while 80% from budgetary expenses were covered from temporary resources.<sup>8</sup>

After PCR announced the credit system reorganisation in 1945, by introduction of state control of bank operations and put it's representatives into the leading committee, the National Bank of Romania became the state's property by the Law Decree on 28 December 1946. As by forbidding the issuances for cash vouchers and treasury bills from June 1947 the short-term debt of the state was abrogated, so Romania could benefit from short-term loans financed by BNR only in special situations, with repayment in 2 months.

In 1948, BNR was renamed as the Bank of Popular Republic of Romania, and lately as State Bank, being the only center for credit lending, expense accounts and control.

### 1.3.2. The Public Debt of Romania until 31.12.1947

The process of Romania's Public Debt consolidation continued after the beginning of World War 2. The problem of the external public debt became primary. The Romanian government's Statement no. 21819 from the 31<sup>st</sup> of March 1941, published in The Official Gazette no. 80 from the 3<sup>rd</sup> of April 1941, owing to the international conjuncture, established the cessation of the external public debt service starting with April 1941, a service that was never passed on to the State Budget and, implicitly, was not performed again until recently.

In the Motive Exposure within The Master Budget Of the State on 1947-1948, the minister of Treasury Department, Al. Alexandrini, stated that (for the service of public debt):

a) for the perpetual rents there were appointed the amounts for interests;

b) for the redeemable rents, considering the law dispositions for amortization of internal public debt on 1st of May 1947, there were appointed the amounts for the payments of the due coupons on 1st of April 1947, as well as all what was necessary to repay all titles, having place the amortisation of all internal public debt. To conclude, considering the data form the State Budget, in the budgetary year 1948/49, Romania had to pay only the interest for internal perpetual loans, these representing 0,07% of the State Budget expenses.

World War 2 deeply marked Romania's economy. In almost all segments, the economic resorts were weakened, the industrial equipment was exhausted or impossible to be replaced, food stocks and resources' stock were almost running out. This image of the Romanian economy was

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<sup>8</sup> Kiriteşcu Costin C., op.cit, p.537; Vijoli Aurel, *Sistemul bănesc în slujba claselor exploatare din Țările Române și România burghezo-moșierească*, Ed. Științifică, București, 1958, p.324.

considerably aggravated by the weak agricultural sector's results.

On the market, the products' offer was largely below demand, which caused a continuous rise in prices. Beside this, Romania had to sharpen its financial effort, allocating important resources for the freedom of Ardeal and honoring the obligations assumed by signing the Truce Convention between the Romanian Government and the United Nations, on 12 September 1944 at Moscow.

Based on these, in 1945 the national income recorded an approximate 50% reduction compared to 1938. The income received by the State Budget in the last few months of the budgetary year 1944/45 were enough for only 20% of budgetary expenses in the moment of putting into effect of the budgetary plan for 1945/6. At the end of the budgetary year, the gross expenses of the State were 2.200 billion lei, exceeding by far the budgetary target, initially established at 815 billion lei<sup>9</sup>. Therefore, the financial politics of the Treasury Department was focused on two coordinates: limitation of State expenses and income optimisation, to cover a larger part of budgetary assignments through definit resources.

Bankroll needs of the State Budget's expenses in 1940-1946 were covered by internal loans, which explains the 65% balance of internal public debt in the total public debt of Romania of 129,01 billion lei on the 31st of March 1946. (table no. 4.)

As a result of negotiations with the Romanian rent carriers, started in the autumn of 1932, leading to public debt service adjustment depending on Romania's payment capacities (cessation of payment through coupons,

conversion of some loans, reduction of amortisement etc.) and with creditor states's governments, finalized through the settlement of the clearing agreements, the external public debt of Romania was 45,2 billion lei on the 31st of March 1946, with 18,1 billion lei less than on 1st of April 1940.

*The Branch of internal public debt of Romania for the budgetary year 1946-1947* was highlighted in the State's Budget and performed, according to contractual clauses, ensuring the payment in good time of every coupons and the redeemable titles of the capital through drawing lots.

*The branch of external public debt of Romania*, according to the Romanian Government's Statement no.21819 from 31st of March 1941, published in The Official Gazette No. 80 from the 3rd of April 1941, was not highlighted in the State's Budget starting with the budgetary year 1941/42 and not performed to this day.

The branch of external public debt of Romania on 1st of April 1946 can be distinguished by its main components: real payment capital, interests and arrears (capital and interests). Following, these can be distinguished by countries, loan types and currency, being written also the equivalent in lei, calculated according to the market prices used in State's Budget for the budgetary year 1946/47.<sup>10</sup>

Regarding the capital distribution by currency of the public debt of Romania the first place belonged to the British pound, with a share of 28,36% of the total of public debt, followed by the French franc and the American dollar (table no. 5).

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<sup>9</sup> *Expunere de motive la Bugetul general al Statului pe exercițiul 1946/47*, Monitorul Oficial și Imprimeriile Statului, Imprimeria Centrală, București, 1946, p. 13.

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<sup>10</sup> *Expunerea de motive la Bugetul General al Statului de venituri și cheltuieli pe exercițiul 1946/47, Vol.I, Ministere, Monitorul Oficial și Imprimeriile Statului, Imprimeria Centrală, București, 1947, pag.65.*

**Table no. 4**  
**INTERNAL PUBLIC DEBT OF ROMANIA**  
**Capital left to pay on 31st of march 1946**  
**-lei-**

No.	Loan description	Nominal issued capital	Circulation capital	Real payment capital at 31 <sup>st</sup> march 1946
1	Issued rents 1880-1913	1.725.812.000,000	1.725.812.000,000	76.348.000,000
2	Loans for county rail roads	39.490.000,000	39.490.000,000	3.083.650,000
3	Perpetual rents 4% 1910 Braşov schools	962.500,000	962.500,000	962.500,000
4	Perpetual rent 5% 1910 commons	20.000.000,000	20.000.000,000	19.366.600,000
5	Perpetual rent 5% 1910 forests	12.550.000,000	9.319.600,000	225.100,000
6	National loan 5% 1916	400.000.000,000	400.000.000,000	15.334.800,000
7	Union loan 5% 1919	1.143.143.800,000	1.143.143.800,000	53.393.150,000
8	Reconstruction loan 5% 1920	2.730.911.000,000	2.730.911.000,000	282.263.000,000
9	Unblocked rent 5% 1920	315.000.000,000	315.000.000,000	59.679.000,000
10	Rent of liquidating expropriation 5% 1922	12.500.000.000,000	8.001.431.200,000	6.655.160.500,000
11	Rent of perpetual expropriation 5% 1922	2.500.000.000,000	1.107.983.100,000	1.009.843.700,000
12	Annuity owed to land loan	435.598.000,000	435.598.000,000	167.054.034,000
13	Rent of re-employment 5%	690.000.000,000	534.598.000,000	400.750.000,000
14	Rent of loan 4.5% 1934 Country's aptitude	3.738.620.000,000	3.738.620.000,000	3.259.740.000,000
15	Rent of Consolidation 3% 1935	undetermined	11.532.097.500,000	9.931.833.000,000
16	Rent of Consolidation 3.5% 1935 C.E.C.	235.000.000,000	235.000.000,000	168.560.000,000
17	Rent of Consolidation 3.5% 1936 Folkway Centre	1.200.000.000,000	1.200.000.000,000	732.325.000,000
18	4.5% Rent 1936 (Church)	263.500.000,000	207.552.000,000	94.103.000,000
19	Rent 3.5% 1937 Deposit Centre	1.294.000.000,000	1.294.000.000,000	910.000.000,000
20	Perpetual rent 4% 1937 Cultural fund	1.300.000.000,000	1.300.000.000,000	1.300.000.000,000
21	Perpetual rent 4.5% 1937 Elena Doamna Shelter	52.509.000,000	52.509.000,000	52.509.000,000
22	Unified rent 4% 1941	7.000.000.000,000	5.897.150.000,000	5.498.451.000,000
23	Unified rent 4.5% 1941	7.000.000.000,000	6.039.948.000,000	5.579.840.000,000
24	Loan for the Unification from 1941 General subscription	20.000.000.000,000	16.863.407.500,000	15.527.907.500,000
25	Loan for the Unification from 1941 Tranşa Tărănească	1.600.000.000,000	1.600.000.000,000	320.000.000,000

No.	Loan description	Nominal issued capital	Circulation capital	Real payment capital at 31st march 1946
26	4.5% 1944 Perpetual and intransmissible rent	1.000.000.000,000	1.000.000.000,000	1.000.000.000,000
27	National Defense Loan 4% 1944	13.500.000.000,000	3.761.258.000,000	2.789.420.000,000
28	National Reconstruction Loan 1945	50.000.000.000,000	35.229.500.000,000	27.877.500.000,000
<b>Total</b>				<b>83.785.652.534,000</b>

Summary	LEI
EXTERNAL PUBLIC DEBT	<b>45.227.593.872,860</b>
INTERNAL PUBLIC DEBT	<b>83.785.652.534,000</b>
TOTAL PUBLIC DEBT	<b>129.013.246.406,860</b>

Source: Ministerul Finanțelor, Bugetul General al Statului de venituri și cheltuieli pe exercițiul 1946/47, Vol.I, ministere, Monitorul Oficial și Imprimeriile Statului, Imprimeria Centrală, București, 1947, Expunere de motive, p.66.

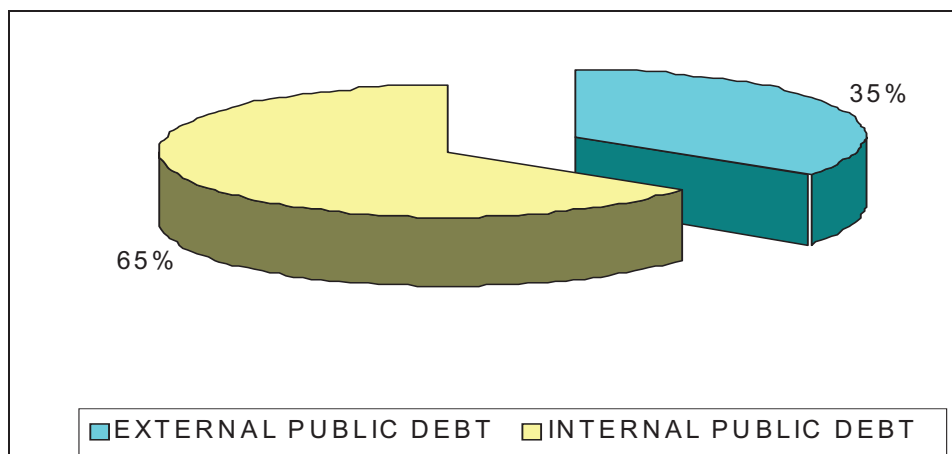
*Table no. 5  
EXTERNAL PUBLIC DEBT OF ROMANIA  
Capital left to pay on 31st of March 1946*

No	Loan description	Nominal capital in foreign currency	Circulating capital in foreign currency	Real payment capital at 31st march 1946	
				in foreign currency	in lei
1	4% 1922 Rent of Consolidation transit £	26.603.990,000	26.603.990,000	18.038.920,000	
2	External rent 4% 1922	2.500.000,000	2.500.000,000	1.386.280,000	
3	Rent 4.5% 1913 Paris – London Agreement	23.760.000,000	23.760.000,000	1.904.304,600	
4	Rent of oil-bearing	10.000.000,000	9.692.600,000	3.932.975,850	
5	Rent 7% 1929 de Stabilizare transa £	2.000.000,000	2.000.000,000	1.756.000,000	
6	Rent 5% 1926 C.F. Private (5 transe)	1.173.100,000	1.173.100,000	675.920,000	
7	Rent 4% 1939 de Conversie transa "B"	1.131.933,075	1.131.933,075	1.081.950,000	
8	Rent 5% 1936/59 guaranteed	5.612.300,000	1.860.100,000	1.835.000,000	
9	Wholesale-Manchester Cooperative	500.000,000	500.000,000	346.197,583	
10	Relief Bonds Norvegia	2.000,000	2.000,000	835,000	
<b>Total Pounds</b>				<b>30.958.383,854</b>	<b>12.827.606.349,905</b>

No	Loan description	Nominal capital in foreign currency	Circulating capital in foreign currency	Real payment capital at 31st march 1946	
				in foreign currency	in lei
11	Rent 4% Unified Agreement Paris	433.000.000,000	357.000.000,000	228.865.005,000	
12	Rent 5% Agreement Paris	87.000.000,000	74.000.000,000	56.622.800,000	
13	Oblig. St.E.G. old and complementary network	71.941.574,000	71.941.574,000	14.308.130,000	
<b>Total Francs in gold</b>				<b>299.795.935,000</b>	<b>9.670.817.271,230</b>
14	Rent 4% Unified Agreement Berlin (425mil)	425.000.000,000	392.925.000,000	18.056.830,000	
15	Rent 4% Unified Agreement Berlin (21mil)	21.000.000,000	19.545.000,000	498.230,000	
16	Rent 5 Unified Agreement Berlin	57.000.000,000	56.760.000,000	2.896.005,000	
17	Rent 4.5% Unified Agreement Berlin	135.500.000,000	117.763.500,000	7.463.630,000	
<b>Total Lei in gold</b>				<b>28.923.695,000</b>	<b>933.020.553,310</b>
18	Renta 7% 1929 de Stabilizare transa \$	69.000.000,000	69.000.000,000	36.057.300,000	
<b>Total Dollars in gold</b>				<b>36.057.300,000</b>	<b>6.028.059.414,000</b>
19	Rent 4% 1922 of Consolidation transa \$	26.980.050,000	26.980.050,000	24.932.750,000	
20	Rent 4% Austrian Fl gold 7.342.488	3.541.825,680	3.541.825,680	1.133.384,210	
21	Rent 4% Hungarian	65.877.483,260	65.877.483,260	21.080.794,640	
<b>Total Dollars</b>				<b>47.146.928,850</b>	<b>4.839.160.777,164</b>
22	Mandate of thezaurus 4.5% 1941 Austrian	1.816.312,820	1.816.312,820	487.704.730	
<b>Total Dutch Florins</b>				<b>487.704.730</b>	<b>27.043.227,279</b>
23	Rent 4.5% 1913 Hungarian K.u. 31.514.520	33.090.246,000	33.090.246,000	8.934.366,420	
24	Rent 4.5% 1914 Hungarian K.u. 102.500.037	107.625.038,850	107.625.038,850	29.058.760,470	
25	Rent 4.5% 1910 Hungarian K.u. 60.122.700	63.128.835,000	63.128.835,000	17.044.785,450	
26	Rent payable in paper and silver Florini	23.959.630,000	23.959.630,000	23.201.930,00	
27	Rent 4.5% Converted in 1937 Switzerland	20.648.900,000	20.648.900,000	19.077.300,000	
28	Relief Bonds Switzerland	160.000,000	160.000,000	66.800,000	
<b>Total Swiss Francs</b>				<b>97.383.942,340</b>	<b>2.284.627.287,296</b>

No	Loan description	Nominal capital in foreign currency	Circulating capital in foreign currency	Real payment capital at 31st march 1946	
				in foreign currency	in lei
29	Annuity for the agricultural Fund "A"	8.517.847,000	8.517.847,000	7.473.927,000	
<b>Total Hungarian Coronas</b>				<b>7.473.927,000</b>	<b>253.181.519,303</b>
30	Rent 7% 1929 of stabilizing transa Frs.	561.638.000,000	561.638.000,000	448.299.451,400	
31	Rent 7.5% 1931 for development	1.325.000.000,000	1.325.000.000,000	744.325.000,000	
32	Rent 4.5% 1934 State Funding	134.351.100,000	88.803.300,000	64.195.400,000	
33	Rent 4.5% 1934 Funding C.A.M.	64.277.465,000	24.374.250,000	430.500,00	
<b>Total French Francs</b>				<b>1.257.250.351,400</b>	<b>8.234.989.801,670</b>
34	St.E.G. annuities in French Francs	17.049.000,000	17.049.000,000	13.173.196,820	
				<b>13.173.196,820</b>	<b>31.220.476,463</b>
35	Consolidated rent 6% 1925 Italy	41.145.300,000	41.145.300,000	12.964.900,000	
<b>Total Italian Lira</b>				<b>12.964.900,000</b>	<b>67.373.399,340</b>
36	4.5% Rent Converted in 1937 Austria	2.155.288,000	2.155.288,000	532.800,000	
<b>Total German marks</b>				<b>532.800,000</b>	<b>22.111.200,000</b>
37	4.5% Rent Converted in 1938 Czechoslovakia	46.698.246,800	46.698.246,800	190.218,800	
<b>Total Czech Republic Koruny</b>				<b>190.218,800</b>	<b>570.656,400</b>
38	Relief Bonds Norway	50.000,000	50.000,000	20.875,000	
<b>Total Norway Kroner</b>				<b>20.875,000</b>	<b>494.111,250</b>
39	Relief Bonds Sweden	90.000,000	90.000,000	37.575,000	
<b>Total Sweden Kronor</b>				<b>37.575,000</b>	<b>945.011,250</b>
40	Relief Bonds Denmark	120.000,000	120.000,000	50.100,000	
<b>Total Danish guilders</b>				<b>50.100,000</b>	<b>1.024.545,000</b>
St.E.G. annuities for Arad-Timisoara route					
<b>Total Lei</b>					<b>5.348.272,000</b>
<b>Total Lei</b>					<b>45.227.593.872,860</b>

Source: Ministerul Finanțelor, Bugetul General al Statului de venituri și cheltuieli pe exercițiul 1946/47, Vol.I, ministere, Monitorul Oficial și Imprimeriile Statului, Imprimeria Centrală, București, 1947, Expunere de motive, p.65.



**Figure no. 1. The structure of Romania's public debt on 31st of March 1946**

On 1 April 1946, at the section: public debt of Romania, as in Treasury Department's documents, were registered 16 creditors: France (37,01%), England (18,62%), diverse markets (9,86%), Sweden (9,23%), Belgium (7,10%), Swiss (6,50%), Romania (4,50%), Germany (2,19%),

Holland (1,79%), Czechoslovakia (1,78%), America (0,9%), Austria (0,26%), Italy (0,22%), Hungary (0,02%), Denmark (0,002%) și Norway (0,002%), of total nominal capital in circulation of 50,16 billion lei

**Table no. 6**  
**Romania's External debt, by countries**  
**Nominal capital in circulation on 1st of April 1946**  
**-lei-**

Country	Nominal capital in circulation
France	18.568.793.869,099
England	9.343.196.969,901
Diverse markets	4.947.516.877,837
Sweden	4.628.320.231,250
Belgium	3.563.631.100,267
Swiss	3.263.819.909,518
Romania (C.A.M.)	2.258.491.485,951
Germany	1.099.857.091,102
Holland	900.145.992,298
Czechoslovakia	893.431.991,729
America	451.459.694,000
Austria	128.955.663,667
Italy	107.970.702,584
Hungary	9.109.484,750
Denmark	1.024.545,000
Norway	840.093,500
<b>TOTAL</b>	<b>50.166.565.702,453</b>

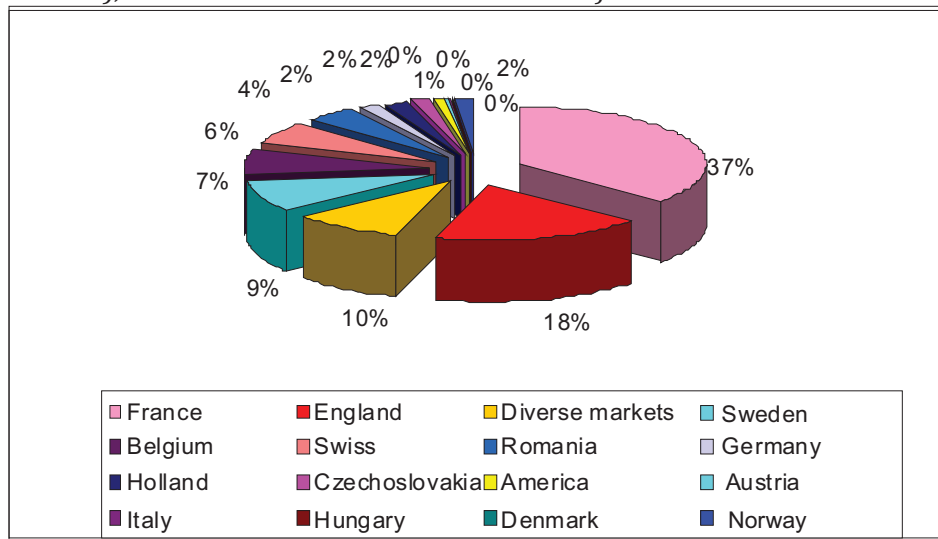
Source: Ministry of Finance, General Department of Public Debt, General Situation of external public debt of Romania, synthesis, 1 april 1946

The loans in circulation and for which the Romanian state was debtor at that time were coming from the following loan categories:

- **Austro-Hungarian Rent (Common House)** – obligations that Romania has been put in charge of, by treaties of peace from Versailles and Trianon, as a successor state of the former Austrian-Hungarian state (4,62 billion lei);
- **Rents issued by the C.A.M.** (15,3 billion lei);

- **Rents issued by the State and special arrangements** (30,25 billion lei).

According to the arrangements between the Romanian State and the states where Romanian loans were active, the service of external public debt was recorded in two forms: as integral payment, 100%, of the obligations assumed in loan contracts and with a discount of 45% and 65% for payment of the interest coupon ( arrear).



**Figure no 2. The structure of external public debt of Romania by states on the 1<sup>st</sup> of April 1946**

## 2. PUBLIC DEBT OF ROMANIA'S EVOLUTION BETWEEN 1948 AND 1989

### 2.1. Introduction

The progress registered by Romania since the 50's proves the fact that the economy has undergone a major transformation. Before the World War 2, Romania was one of the less developed East-European states. Its economy was mainly based on agriculture, about 75% of the population was living in the rural areas and a similar proportion of the workforce was working in agriculture.

Although organized and despite periodical reforms, the agriculture was under-developed, providing minimum subsistence resources for the population because it was concerned with exports toward the West-European states. The majority of population suffered because of the poor economic and social conditions. The standard of living, mainly dependent on non-productive agriculture, was low and the limited access to education and medical services had as result high rates of illiteracy and infant mortality as well as a reduced longevity. Despite the efforts of succeeding governments to stimulate the industrial development,



the industrial production and the rate of employment registered a slow increase, the last one showing a value of 8% in 1938, of the total work resources. The industrial development was in fact a regional one, bound to export production, the heavy industry was almost inexistent and the only modern industry was the oil industry. More than that, the industry and the commerce were concentrated in few urban centers, proof of the slow progress registered by the economy.

In the late 40's there was a transition to a centralized planification, the first plans from 1949 and 1950 being annual, and after 1950, for 4 decades, the social-economic life was developing on five-year plans.<sup>11</sup> The scheduling method was used as well in the other former socialist states and was representing an economic-based calculation technique, based on the material balance principle, which was assigning the resources according to industry and type of activity, according to social-economical objectives, so as to avoid market missfunctions and to cover, in optimum conditions, of resource fluxes on the circuit production-distribution-consumption.<sup>12</sup>

Economically, the communist government was concentrating especially on industrialization, which had to change Romania's economy from an agricultural one to a mixt agricultural-industrial society, having as objective to raise the standard of living. Romania was the only state from the socialist system that has simulated the Soviet economical evolution. Created in 30's by the economist Wassily Leontief, the economic model

was based on optimal utilization of some resources a state was disposing of (at that time, the energy) in large quantities.

The Romanian economic model of evolution in the communist period was a model based on cheap and abundant energy. Even after the energy crisis in the 70's this model was not significantly modified. It was amplified by applying the theory of socialist industrialization, so that in the 70's – and lasting until the 90's, Romania became the only former socialist state which distinguished itself by industrial concentration, and therefore by establishing some important urban centers by uprooting peasantry.

In all the other states the planning was followed by a certain segment of the free market, which behaved differently from state to state, and by the initiative of private property.<sup>13</sup> In Romania, the size of the free market was insignificant and the private property was represented by small manufacturers. The industrial development, based on the heavy industry, in the conditions of centralized planning and multiple organizational structures, of founding of directives and steering and control committees, with overlapping activities, often had generated conflicting decisions, industrial activity subjectivism, false data reporting, but also substantial investment efforts after 1970, financed by loans – a vastly explained subject in the next subchapters – realized by forcing the investments to the detriment of population's consumption.

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<sup>11</sup> Mureșan Maria, Mureșan D, *Istoria economiei*, Editura Economică, București, 1998, pag. 326.

<sup>12</sup> Coșea M., *România subterană*, Editura Tribuna Economică, București, 2004, pag. 137.

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<sup>13</sup> Coșea M., *Op. cit*, pag. 137.

**Table No. 7**  
**GDP Structure ( Comparison 1938/1988) in Ex-Socialist States**  
**- % National Income -**

State	Economical segment					
	Agriculture		Industry		Buildings and services	
	1938	1988	1938	1988	1938	1988
Czechoslovakia	23,2	6,4	53,2	49,6	23,6	34,0
Hungary	36,5	14,0	35,7	37,0	27,8	49,0
Poland	39,0	10,6	32,2	40,4	28,8	49,0
<b>Romania</b>	<b>53,2</b>	<b>14,2</b>	<b>28,4</b>	<b>57,3</b>	<b>18,4</b>	<b>28,5</b>

Source: Olaru Corneliu, Istoria economiei. Prelegeri. Repere ale evoluției economice contemporane, Editura ASE, București, 1999, pag. 315

Based on the data in the above table it can be noticed the growth of the industrial weight in the structure of GNP in former socialist states compared to those of constructions and services, segments that were requiring the existence of some forms of private or mixed properties.

Until 1975 the economy registered a considerable progress, aiming towards the most industrialized economy desired by the Communist Party of Romania, providing in this way a high standard of living for the entire population. One important progress was realized by extending the productive segment of economy. The level of the industrial production quickly increased and along with the creation of a new strong productive segment (especially the heavy industry), the production diversified. This encouraged the renewal of other sectors of economy, ensuring also an increase in productivity and of the national income. The standard of living, although lower compared to the majority of European states, substantially improved, not only because of people's income as a result of salary increase and the specialization of the work from agriculture to high productive industry, but also because of expenses' increase for medical services, housekeeping and other economic sectors appointed to be financed by the State's Budget. In this way, the Real

Gross Domestic Product per Capita (GDP per capita) reached 1170\$ in 1975.

Of course, the evolution and development of the Romanian economy, including the industry, between 1950 and 1989, took place under the direct lead of the exclusive Party, the specialists just being in the situation to find and promote solutions according to the objectives imposed by the leadership of the Party.

## 2.2. The Effects of the Planned System on Romanian Socialist Economy

As a result of the development of the economy's segments, its structure registered significant changes in 1950-1975, the industry becoming the main segment. Between 1950 and 1975, the proportion of the industrial income increased from 44% to 56,2%, in current prices, and the proportion of agricultural income was reduced from 27,8% to 16%. Owing to related prices in that period, the structural proportion of the phenomenon is less visible.

The changes in the structure of the work-force offers another perspective of the phenomenon. If in 1950, 74,1% of the labour power was working in agriculture, the percentage decreased to only 37,8% in 1975. These structural changes of the labour power lead to a forced growth of urban population, although in a lower rate than the

quickness of new work places creation, from other segments than agriculture. This is an unusual characteristic for developing states, but it existed in Romania as result of the control of the work-force and the official policy to control the urban growth. During 1950-1975, the urban proportion increased from 23% to 43%. Investments in establishments were raising with 12% every year, representing 10-15% of total investments made. Structural changes of the work-force have generated the need for education and training, for which were made especial efforts to cover this qualification of the work-force. Hereby, starting with 1948, when the system was founded, educational and qualification programs were developed to satisfy economy's needs. This lead to an improved instruction of the work-force, which continually adapted to the economy's need to have skilled workers.

The characteristics of Romania's development strategy had implications in the level and in the structure of trade and economic cooperation with overseas partners. In 1950-1975 the volume of commercial transactions raised with approximately 13% a year. In the entire period of time the overseas trading played a key role in the economic growth, ensuring as well the success of the political relations, promoted by the system in power. Imports developed as a result of the increasing need of raw materials and goods. The strategy of diversification of the sources of these raw materials and goods, as well as the marked industrialization (which led to the prosperity of the technological industry) jointly determined a development of the trade relations with the developing states, and also with the developed market economies, especially after 1965. The structure of exports is the clear proof of the changes

that the economy suffered. In 1950-1975, the exports' structure changed from the preponderance of raw materials to that of industrial products. If in 1950, 75% of the exports consisted in raw materials, in 1975 the industrial product became 55% of the total exports. The industrialization of Romania is mirrored by the structure of the commerce with developed states, as opposed to the commerce with socialist or developing economies. Regarding its commerce with the developed states , Romania registered a deficit, financing imports from contracted loans. Consequently, Romania's public debt increased in a period of 10 years, but a conservative politic was imposed so that the financing of public debt should not affect the economic development.

Changes in the structure of economy were followed by those of the standard of living , although from the perspective of economies and investments rate, these changes were less substantial than the growth of national income. Early in the 50's, the authorities have decided the ensurement of a minimal income for the population, partially by ensuring a workplace and, implicit, of a salary and also ensuring medical services, free education and houses to population. Between 1950 and 1975, the real income of the population grown by 6,2%, with a sustained grow rate. The main component of the real income – salaries – grown by 4,8% a year, as the social-cultural outlays, in current prices, have grown annually by 11,6%.

The main conclusion of this short analysis of this period of Romania's economy is that successes have been recorded, and the problems did not hinder the reaching of objectives. The Romanian economy entered an important phase of its development. It has become difficult at this moment to keep the high rates of growth from the

past and it was imposed to take some new measures to solve the problems that could get higher in this phase of Romania's development.<sup>14</sup>

## 2.3. Capital Insets and the Public Debt

### 2.3.1. The Situation of the Contracted loans in 1950-1975

Romania was, generally speaking, a net capital importer for the entire five-year plan, and so it managed to finance a great part of recorded deficits of external resources, this leading to the increase of the external debt. A general evaluation of capital insets and of the external debt is not useful, because Romania's position, in terms of currency convertibility, was differing a lot.

As a consequence of the forced industrialization policy from the 50's – 60's, a rise in the standard of living can be noticed, and also the evolution of local and regional infrastructure, encouragement of the private initiative by opening many shops, restaurants, private pensions, encouragement for the consumption of goods, both for short and long-term, sustained by the growth of the internal offer for this type of goods. Relations with Western developed states were strengthened, resulting the growing of the internal offers by using production licenses like: Renault -,„Roman” Braşov, Diesel-electrical locomotives, the Digital calculators etc. Then, the reformist ideas from 60's were abandoned, maintaining the control of the Central Committee of PCR on centralized planning.

The socialist economy can be analyzed along several periods of time for which the growth rates are highlighted, specific for the flourishing period from 50-60's as effect of the industrialization programs and trades mutually convenient, and the period of economic regress from the 70's, followed by the serious economic crisis in 80's caused by financial blocking, external debt increase, export decrease, along with the acceleration of primary resources imports.

In 1952, the monetary reform took place, with a report of 1 new leu = 20 old lei. As opposed to the last denomination, different exchange rates were applied (cash, bank deposits, debts etc). These market values varied between 20 and 400 old lei for 1 new leu. In 1966 coins and fold moneys were emitted, with the state's new name: Socialist Republic of Romania, those being used even after 1989. In the communist period, the gold standard was abrogated, after drastic adjustments were needed in order to prevent the inflation which followed denominations. After this decision, the leu lost its market value compared to the foreign currency, and between 1970 and 1989, the exchange rate was established by the government by legislation. The exchange rate was used by the government to calculate the value of commercial trades with other states. In Romania, other currencies could not be found nor can it be sold to individuals.

Thus, Romania was an importer of capital, if the economic index was stated in convertible currency, and on the contrary, in the case of unconvertible currency, an exceeding plus of net capital was recorded, in the form of goods. Between 1971 and 1973, the capital inflowing for medium and long term, in convertible currency, were enough to cover the current account

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<sup>14</sup> The World Bank, *Romania – The Industrialization of an Agrarian Economy under Socialist Planning*, Washington D.C., 1979, pag. 11.

deficits, payments of the credits granted to Romania in 1966-1970 and spreading out contracted external debt. In fact, the liquidation of short-term debt was a part of the government's general politics in that time. Capital insets and the size of the external public debt have proven that the state's policy was pushed to the edge and so, at the end of 1975, the short-term debt's value was of only 700 million lei. In 1974, the medium and long-term capital insets greatly increased, being intended for the financing of the large current account deficit and for the decrease of the short-term debt. In 1975, capital insets reduced to 4.1 billion lei, as an effort to reduce the imports. Net capital insets reduced, in the conditions of rising annually capital refunds. A characteristic of the current account between 1971 and 1975 was the increasing percentage of medium and long-term loans contracted by Romania for financing exports of machines and technological equipment. The extension of those loans was limited according to the existent possibilities to realize exchanges between exports and imports of raw materials, especially for commercial relations with developing states. Every year of the planned system, the unconvertible commercial over plus, in other currency, was compensated by outgoing capital made of medium and long-term loan refunds, granted before for financing of diverse investment projects, and by short, medium and long term loans granted to Romania for helping exports to up growing partner states. Capital insets were reduced, mainly represented by credits granted by International Bank of Investments, and credit refunds for exports granted by Romania in the previous years.

The consequence of these capital movements, regarding the external debt, was that the value of external debt reached a double value between 1972 and 1975. The largest part of the debt was in convertible currency. Repayments made in the beginning of the Plan period led to the decreasing of unconvertible debt, so at the end of 1975 the largest part was the short-term debt. Romania was becoming a creditor, in non-convertibility conditions. Between 1972 and 1975, the convertible debt almost doubled. At the end of 1975, the medium and long-term debt was representing 96% of the total external debt, reflecting the success of trying to reduce the short-term debt. Almost the entire external debt (80%) was made up of financial loans granted by important commercial partners, especially Germany, Italy, Grand Britain and France. Among them, a big part (40%) was made up of credit contracts for supply. Exception to other states, members of Reciprocal Economical Help Council, Romania did not excessively undergo debt to European banks from USA. In 1975, the borrowed resources were of 670 million dollars worth, with approximately 80 million less than in 1974. The credits, a large part of them being guaranteed by the government, were to be repaid within 5 to 8 years with an interest rate of 7-8%, while financial credits were to be repaid within 5 and 6 years, with an interest rate of 8-9%. At the end of 1975, approximately half of the total debt had to be repaid within 3 years, and, of the other half of the debt, 85% had deadline up to 5 years. In 1975, the service of public debt was 17%, approximately constant for the entire duration of the Plan, because the credit refunds have risen quickly. In the past, the Romanian government has

promoted a careful policy for external indebtedness, proved by the service of public debt and by the efforts to modify the public debt, from the structural point of view, and to increase exports as much as possible. They also tried the diversification of creditors and negotiation of some medium and long-term credits. The operations of the Romanian-French bank and Romanian-English bank were extended for the duration of the five-year Plan, and at the beginning of 1977, the set-up of a Romanian-German Bank was announced. The medium and long-term capital was invested in mixed societies; the 6 mixed societies that evolved led to capital insets of 10-15 million dollars. The mixed collaborations established in 1977 have had as result higher capital insets; for example, the founding of OLT-CIT society in collaboration with Citroen for car production had draw in transfers of approximately 250 million dollars. Such insets resulted after signing a treaty with Kuwait, consisting of the construction of a petrochemical complex evaluated at 1.25 million dollars.

The government tried to ensure its capital using three sources: multilateral agencies (International Monetary Fund and World Bank), bilateral sources including the Organization of Oil Exporting States and euro-currencies market. Romania became a member of the International Monetary Fund and the World Bank in 1972. In October 1977, the Romania's loans from IMF reached the value of 363.5 million dollars, with 45.7 million dollars more than the last stand-by agreement. Romania became a debtor for of World Bank in the true sense of the word in 1974, and, by 1977 the country contracted guaranteed loans of 697 million dollars. The World Bank was the

main creditor for Romania at that time. In 1975 a loan from Kuwait was negotiated for the value of 100 million dollars, as part of the general cooperation treaty; the loan was negotiated at an interest rate of 9.4% having an 8 year maturity and a grace period of three years. In the same year the American Bank Eximbank, which refused a 40 million-dollar credit in 1974, granted a loan of 22 million dollars for financing technological equipment imports. The eight year loan was negotiated with a interest rate of 8.25%. Romania contracted loans from euro-currency markets too. A credit of only 6 million dollars was contracted in 1974 for financing the mixed society Resita-Renk. In 1976 was negotiated another loan of 50 million dollars but the contract was not signed because the conditions were not accepted by the Romanian Government. Later, at the beginning of 1977, a loan of the same value was contracted, with an interest rate higher than LIBOR with 1.2%, and a supplementary amount of 75 million has been added in April.

In conclusion, Romania succeeded in financing its current account deficit, in convertible currencies, by capital insets, improving the contracted debt's structure. Anyway, it failed at increasing the number of creditors, the World Bank being the main credit "provider", consisting of medium and long-term financial credits and purveyance credits.

### ***2.3.2. The Planning of External Resources after the Year 1976***

The planned income for 1975, coming especially from agriculture, which has been the basis for the realized plan for the period 1976-1980, was overvalued and so not practically realized, especially because of the floods casualties. The increase of the national income was predicted at

10-11% a year, slightly lower than in the period 1971-1975. The industrial production was estimated to rise by 10.2-11.2%, and the agricultural one by 5.0-7.6%, slightly reduced than the preceding plan. The increasing rate of the total investments was predicted to be more than 11.5% and to reach 12.7%. The volume of the commercial exchange (in the prices of 1975) was expected to be doubled. Exports were planned to increase in a more accentuated rate than the imports, resulting a commercial surplus until the year 1980 (in convertible exchanges). These were allowing Romania to pay off a considerable part of the external debts.

But the problem was, at that moment, if the value of the exports has not reached the estimated rate for the 1976-1980 period, how much could the government borrow from the international capital markets without compromising its credibility, but in the same time ensuring its necessary resources for the energy and primary resources needed to support the planned imports. It can be noticed then, that a decrease of approximately 20% of the exports could have been sustained through the borrowed resources. This, supposing that the export increase rate would be 11% in the period 1976-1980 and the import rate to be very close, the service of public debts would be at 9.5% in the year 1982, 24% in 1989 and 26% in 1990. The ratio Public Debt Service / The unpaid total public debt was increased, the loans were negotiated on medium and long terms (8 years for refund and grace 2 years). Taking into consideration the international market this dependence was possible, but not wished for, keeping in mind the experiences from the past. The Government wanted to reduce substantially the external public debts

before the beginning of the year 1980. In case of reducing the exports, Romania would have to cut down the imports. For example, in 1975, consequent on the reduced export because of the floods, Romania could allow more extensive imports than in the year 1974 with just 5 million \$. The same policy was applied after the earthquake from the year 1977, to compensate the value of compromised exports and to regain the money spent on the breakage pay-offs. The realistic alternative was to limit the volume of imports to the volume of the exports or even lower, to be able to pay off the rates of the loans. This would have positively affected the balance of the payments. There were some implications on medium and long terms. The substitution of foreign technologies with the local ones could be done only to some level and with high costs. Restrictions of the imports of modern technologies could affect the entrance on the international markets. The high costs of the substitutions of new technologies affected the increasing of the national income, having in mind a certain high level of the savings. Due to the fact that these factors could have affected the reaching the objectives of the medium and long terms of Romania, the Government financed a small part of the imports loaning from the international markets. The Worldwide Bank considers Romania to be a „trustful” debtor, after its reports from 1979, with a service of debts sustainable and easy to control, approximately 20%, although higher than in the period of 1971-1975. The ratio Public Services/The unpaid total public debt continued to increase up to approximately 29%.

As told before, for building up a favorable image on the international market and to step over the internal

economic gaps, Romania became member of the IMF on 15 December 1972. Between 1973 and 1989, the IMF granted a series of loans to Romania of approximately 3 billion

DST. Starting with 1973, Romania used the IMF resources in multiple occasions as financial support of the Governments economical programs in the communist regime.

**Table no. 8**  
**Calendar of stand-by agreements made by FMI and Romania**

Agreement type	Approval date	Expiration date	Approved amount - mil. SDR -	Refund amount - mil. SDR -
Stand-by	03/10/75	02/10/76	95,0	95,0
Stand-by	09/09/77	08/09/78	64,1	64,1
Stand-by	15/06/81	14/01/84	1.105,2	817,5

Source: One look: Romania and IMF, [www.fmi.ro](http://www.fmi.ro)

**Table no. 9**  
**Loans granted to Romania by IMF between 1973-1989 - mil. SDR -**

YEAR	GENERAL RESOURCES ACCOUNT	
	REFUNDS	PAYMENTS
1973	95	0
1975	40	0
1976	150	0
1977	72,5	40
1978	39,125	55
1979	41,25	50
1980	121,25	109,21
1981	309,5	96,5
1982	310	46,31
1983	183,9	60,85
1984	183,6	132,51
1985	0	172,89
1986	0	199,32
1987	0	225,98
1988	0	250,64
1989	0	106,91
TOTAL	1546,12	1546,12

Source: Treasury Department of IMF, [www.imf.org](http://www.imf.org)

To be noticed, according to data in table 9 and the evolution of the loans from the above graphic, at the end of the 80's, Romania had no debts to the IMF, they were paid off in several stages

The quantitative increase of the industrial production was followed by

many negative consequences, their effects could be seen especially in the last decade, when the annual rate of IBP has indicated an obvious decreasing tendency at 8.7% in 1966-1980 and to 0.9% in 1981-1989, while in 1951-1965 it was a medium of 9.9%.



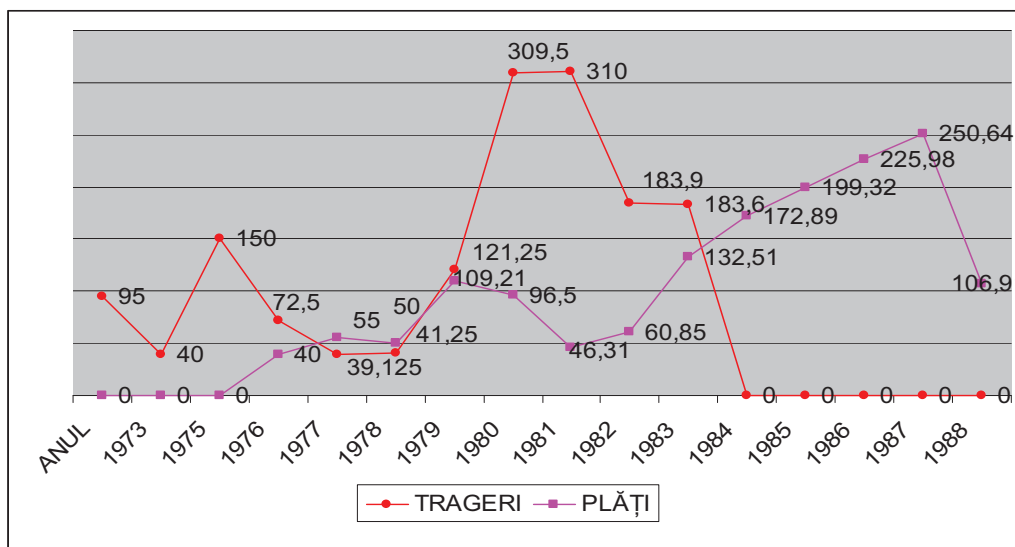


Figure no. 3. Evolution of loans granted to Romania by IMF between 1973 - 1989

Table no. 10  
The rate of growth of some European economies  
between 1950-1989

State	IBP/loc (1950, \$)	The medium annual rate of IBP growth (%)		
		1951-1965	1966-1980	1981-1989
<b>Romania</b>	<b>135</b>	<b>9,9</b>	<b>8,7</b>	<b>0,9</b>
Hungary	162	5,3	5,3	1,1
Poland	206	7,1	5,6	0,9
Czechoslovakia	280	5,6	5,4	1,9
Austria	291	5,0	4,0	2,0
France	691	5,3	3,9	2,0
Germany	487	7,5	3,2	2,0
Italy	266	5,7	4,6	2,4
England	717	1,3	2,2	1,3
USA	1901	3,7	2,9	3,2

Source: Belli N., *Tranziția mai grea decât un război*, Editura Expert, București, 2001, pag. 90.

The high growing rate of Romania, compared to the rate of the other states for the first two analyzed periods of time, is owed to the growth of the industry in IBP, massive exports of industrialized products, especially on CAER markets. Later, according to the dependence of internal production on raw materials, to the sustained efforts for the repayment of the external debt, with negative impacts for the standard of living and quality of life, determined a substantial decrease in the rate of the economic growth, in the last analyzed decade.

The forced industrialization, the growing of the previsions of the five-year plan, led, in time, to the accumulation of some economic imbalances caused by Romania's dependence on raw materials and energy imports, simultaneous to the decreasing of internal production consequent to the considerable increase of oil prices in 70's-80's. Under those conditions, the external debt of Romania increased, which, at the IMF's advice, provided measures to reduce imports and increase exports, especially

with machines, equipments and oil products.

In the process of industrial development great importance was assigned to the largest segments, large consumers of energy resources and raw mineral material and which, considering the reduced reserves Romania was disposing of, had to be imported. In 1989, the intensive-energy industrialized segments – metallurgy, chemistry and construction materials – had 23.2% from the total goods production. The large energy consumption was because that in the respective segments was used some technological processes with reduced efficiency. Consequent to an important percentage of the intensive-energy industrial segments and the utilized technologies, the primary energy consumption for a GNP unit was 3.5 times as big as the medium European consumption and 6.8 times as big as in full-grown states (for 1987). The even larger dimensions of the intensive-energy industrial segments determined the energy imports. So, in the total resources in 1989, the energy import was 9.3% (compared to 4.3% in 1985), the coked coal 60% and petroleum about 2/3. In total, the primary energy import turned into the resources balance was 39.2% (compared to 28.2% in 1980). The lack of correlation between production capacities and the self base of energetic resources and primary resources got distinct accents, a fact that determined the incomplete usage of production capacities, with adverse effects for the production and labor productivity.

The economic reality was masked by propaganda and altering of data, heavy mismatches being recorded. The crisis in which the Romanian economy entered into, caused by the tendency of industrial production acceleration and the growth of economic relationship

with other states, without considering the market's mechanism, creating a distortion in the prices system, exchange rate, generating the inefficient allocation of resources and the system's incapacity to incorporate and generate technical process, compared to the other states from the socialist space. The decrease in export was emphasized.

The end of the 80's coincided with the accentuation of repressive politics, including ones in the economic plan. With the assistance of some specialists from diverse economical domains, the leadership of CPR, and in the first Nicolae Ceaușescu, took some decisions with severe consequences in the plan of daily living of the Romania's citizens: the artificial penury state-organized, the dramatic reduction of electricity for people's use, false-scientific justification for some deliberate policy to starve the population. Thus, in 1981, the party leadership decided the rationalization of bred, milk, sugar, meat and meat products. Simultaneously, a rational fee program was asserted, in which were determined the annual quantities allocated to for citizens for the period 1982-1985. In those times Romania was dominated by hunger, cold and fear. From all points of view, including the economic one, Romania of the 80's reached a revolutionary crisis situation.

The obsession of Nicolae Ceaușescu, arisen from an autarchic philosophy, to pay, in a very short time, the whole external debt (by over 8 billion dollars), led to the quick degradation of the technological base of the economy, always resulting in uncertain results, became the every-day life of the Romanians.

In 1989, an over plus registered for current account of the payments balance by 2.8 billion dollars, used for clearance of the external debt and growing of international reserves of

Romania. In March 1989 it was announced that the long-term external debt was paid. In 1988, from the external debt was paid approximately 4.3 billion dollars, and in the first trimester of 1989 – approximately 1.751 billion dollars, remaining short-

term obligations of only 329 million dollars in convertible currencies and 185 million dollars in un-convertible currencies. On 31<sup>st</sup> of December 1989, the international reserves of Romania were 2.731 million dollars.

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