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RFE RESEARCH AND EVALUATION DEPARTMENT

Background Report
(Rumanian Unit)

CURRENT TRENDS IN THE RUMANIAN ECONOMY

1) Outlook for the Development of Heavy Industry in 1962

The 1962 draft plan submitted to the 30 June-1 July 1961 plenum of the Central Committee, has not been published to date.

The only hint to current economic thinking is contained in an article headed "On the Leninist Road of Socialist Industrialization", published by Deputy-Minister of the Metallurgical and Machine-Building Industry Tiberiu Abrihan in "Munca" of 18 August 1961.

Not only did the author quote Gheorghiu-Dej as saying that "the main link of the creation of the technical-material basis of socialism and of the transition from socialism to Communism is provided by socialist industrialization and the steady development of heavy industry and the output of production means",^{x)} but he also revealed that the total production of the units of the Ministry of Metallurgical and Machine-Building Industry is to increase in 1962 by 19.2 per cent over the target planned for 1961 and by 42.8 per cent over the production achieved in 1960. Abrihan even hinted that discussions which took place in enterprises of the said sector indicated that the planned production goal for 1962 can easily be overfulfilled at a reduced cost price.

How does this target compare with previous achievements and the goal set for 1961?

The draft plan for 1961 carried in "Scanteia" of 1 November 1960 specified that the ferrous metallurgical industry (siderurgy) was to increase its production in 1961 by 16.6 per cent and the machine-building industry by 16 per cent over 1960 (compared to a planned increase of overall industrial production by 13.5 per cent and of the sector A of industry or heavy industry by 13.8 per cent).

It should be noted however that the aforementioned planned

x) See similar statement made by Rayko Damyanov in Bulgaria on 8 September 1961.

increase of 19.2 per cent for 1962 covers all units of the Metallurgical and Machine-Building Ministry, i.e. ferrous metallurgy, non-ferrous metallurgy and machine-building. In this over-all sector, the figures provided by Abrihan indicate that the planned production increase for 1962 of 19.2 per cent is slightly lower than the planned increase for 1961 of 19.8 per cent. The latter figure was obtained by dividing 142.8 by 119.2 (1960 = 100).

| | <u>1960</u> | <u>1961</u> | <u>1962</u> |
|------------------|-------------|-------------|-------------|
| Production Index | 100% | 119.8% | 142.8% |

The increase planned for 1962 is still very high and well above the planned increments for over-all industry and even heavy industry for 1961; it is even higher than the achieved increase of industrial production in the first five months of 1961: 17 per cent. As far as achievement in the over-all sector of ferrous metallurgy (siderurgy) and the machine-building industry is concerned it may be pointed out that in 1960 the production of the ferrous metallurgy industry increased by 32 per cent over 1959 and that of machine-building by 22 per cent. ("Scanteia" of 8 February 1961-returns of the 1960 Plan.)

They compare with the following planned figures for 1960: 28 per cent production increase for ferrous-metallurgy and 17 per cent for machine-building. ("Scanteia" of 6 December 1959-1960 draft plan.)

2) Rumania's Industrial Growth Rate Highest in the Bloc

The industrial production plan has been overfulfilled in Rumania in the first five months of 1961 by 3.4 per cent or the equivalent of one billion lei. Compared to the corresponding period of 1960, the increment was 17 per cent.^{x)} (The increase for the whole year of 1961 was planned to amount "only" to 13.5 per cent.)

The 17 per cent increase for the first five months of 1961 is the highest in the Soviet bloc. (In the first half of 1961, industrial production increased over the corresponding period of 1960 by 13 per cent in Hungary, 11.9 per cent in Bulgaria, 11.4 per cent in Poland, 9.7 per cent in the CSSR, 8.7 per cent in

x) "Scanteia" of 2 July 1961.

Soviet Russia and 8.4 per cent in Albania. ("East Europe" - September 1961.)

The 17 per cent increase achieved in the first five months of 1961 in Rumania corresponds to the over-all rate achieved in 1960: 16.9 per cent.

(In his speech of 22 August 1961, Gheorghiu-Dej stated that the industrial production plan has been overfulfilled by four per cent in the period from 1 January 1960 to 1 June 1961. According to the returns of the Directorate of Statistics, the industrial production plan for 1960 alone has been overfulfilled by 3.6 per cent.)

Gheorghiu-Dej said at the plenum of 30 June-1 July 1961 that 35,600 tons of cast iron, 20,500 tons of steel, 23,700 tons of iron ore, 186,400 tons of coal, 2,700 tons of calcinated soda, 3,000 tons of cement, 1.4 million square meters of cotton and woollen cloth, 111,000 pairs of shoes and 1,400 tons of edible oil had been produced above the plan in the period from 1 January to 1 June 1961.

3) Investment

During the first five months of 1961 more than eight billion lei have been invested in the whole economy, that is 22 per cent more than in the corresponding period of last year. It may be pointed out that although generally investment increases in the latter part of the year, the mentioned volume of eight billion lei for the first five months of 1961 reveals a lagging behind the achievement of the investment plan in view of the fact that the investment planned for the whole year of 1961 amounts to 27.9 billion lei. It may also be recalled that in 1960 only 22.5 billion lei were invested against a planned amount of 23.5 billion lei.

4) Home Trade

Gheorghiu-Dej also stated that in the first five months of 1961, the retail sales through "socialist trade" (network) increased in volume by 18 per cent over the corresponding period of 1960. Meat by seven per cent, meat products by 19 per cent, sugar by five per cent, edible oil by 16 per cent, cotton cloth and ready-made clothing (cotton) by five per cent, woollen cloth and ready-made clothing (wool) by 14 per cent, leather footwear by 30 per cent, furniture by 39 per cent, and washing machines by 132 per cent.

5) Housing

Gheorghiu-Dej also stated ("Scanteia" of 2 July 1961) that allocations for housing exceeded by 600 million lei the funds provided by the Directives of the Third Party Congress (June 1960) for 1960 and 1961 and that 10,200 new apartments had been made available in the first five months of 1961. (37,000 are planned for the whole year of 1961.)

In his speech of 22 August 1961 ("Scanteia" of August 23) Gheorghiu-Dej stated that the funds earmarked for the construction of apartments for the 1960-1962 period will amount to 5.4 billion lei, that is 800 million lei more than the initial provisions of the Directives of the Third Party Congress (June 1960) for that period.

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