

Economic, Political and Military Aspects in the Application of the Armistice Agreement in Romania on September 12, 1944

Senior Lecturer Gheorghe Stefan, PhD
Danubius University of Galati
stefangheorghe@univ-danubius.ro

Abstract: The years 1943-1944 were the turning point in the carrying of the Second World War, the United Nations' troops managing to take the strategic initiative on the front due to significant human and material resources at stake. The services brought to the Allied cause cost Romanian state significant material reserves, not to mention the number of lost lives among the Romanian Army. The calculations showed that Romanian's economic effort after August 1944 amounted to \$ 1.5 billion (1938) allocated only for the implementation of the Convention's provisions and 1.2 billion dollars for the war effort. The real costs of Romania's participation in the anti Hitlerite war placed Romania on a respectable fourth place in the hierarchy of states participating in the war against Germany, before France, Yugoslavia and Australia.

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The years 1943-1944 were the turning point in the carrying of the Second World War, the United Nations' troops managing to take the strategic initiative on the front due to significant human and material resources at stake. The political and military disaster that Romania was heading to would impose the need of reorienting its foreign policy, aiming at the country's swift removal from the war and the signing of the armistice. (Baciu, 1996, pp. 103-104)

Considerable deterioration of the military situation on the eastern front, materialized in the Red Army's sustained offensive, would strengthen the ties between the leaders of political parties and would achieve the "united opposition" seeking through various diplomatic channels, to obtain favourable conditions for Romania in order to sign the armistice. The opposition's diplomatic action had the support of King Michael, but the initiatives for signing the peace were conducted simultaneously by the regime from Bucharest as well, which, through direct negotiations with the Allies had the same political purposes. In March, the Soviet troops had already reached in some sectors Nistru's bank line, thus making the Romanian authorities to be increasingly concerned with the possibility of transforming Romania in a theatre of war, the attitude expressing faithfully the fears both of civilians and of the political class.

Romania's international political position in the first days after the coup d'état on 23 August and the turning of weapons against Germany, was that of an "independent state fighting a war against its former allies, (Deletant, 1997, p. 40) but now on the side of his former enemies, having a part of its territory militarily occupied. The Soviet Army would find in Bucharest an independent government, able and willing to sign an armistice, having as main advantages the neutralization of the German troops and the liberation of an important part of the national territory¹. (Quinlan, 1995, pp. 98-99) If somehow the Soviets had other plans² for Romania,³ (Șperlea, 1997, p. 47) they would be confused with the action of King Michael, who had managed to change the course of events by arresting the Marshall. The intention of the new Romanian authorities was to sign the agreement with the United Nations as soon as possible in order to avoid having the whole country under the Red Army's military control and occupation. Raised to power in pretty exceptional circumstances, the new government led by General Sănătescu would proceed the swift initiation of the process for signing the armistice with the United Nations (the Soviets having the priority) by sending to Moscow, on 28 August a delegation empowered to do so. The delay of negotiations due to the Soviet Union Commissioner for Foreign Affairs, Vyacheslav Molotov, and also that with respect to signing the Armistice Agreement would further complicate Romania's political and military situation at the date for signing the Convention, thus being put *de facto* and *de jure* under the occupation of an enemy army⁴.

Romania's new political orientation, announced by the royal proclamation would enjoy nation's total adhesion because, the natural consequence of this new situation, was giving the opportunity "to liberate the land of our Transylvania from foreign occupation." (România, marele sacrificat al celui de al doilea război

¹ The war communiqués of the Red Army evoked the battles for the liberation of certain regions, even of the capital, taking hold of the entire merit, although these had been already liberated by the Romanian troops. Admittedly, after the liberation of Paris by the Anglo-American allies, on the western front, the Soviets were looking to impress at their turn with "the liberation of Bucharest".

² The scenario for seizing control of the state from Central and South –Eastern Europe would be conceived and unfolded almost identically, the countries liberated by the Soviet Army, would have to "bear" the communist parties raised to power, extensively supported by the Soviet Union.

³ The formation of volunteers units, the unabating activity of the Russian group of the Communist Party and the bringing of the volunteers unit "Tudor Vladimirescu", were sufficient clues revealing the true intentions of the Soviets. These took the Soviet Union by surprise, which had to use the longer road to get to dug-out and to respect the terms of the Armistice Agreement. (Duțu, Dobre, & Leonida, 2000, pp. 198-201).

⁴ The English had agreed with the Soviets upon holding the prerogatives of the Armistice with Romania since May 1944 receiving this way the "affairs from Greece", thus the delay with respect to signing the Armistice by the Russians was followed by an extremely simple calculation having in view the post war situation. To the discussions on various topics and expressed on the diplomatic channels of the Romanian Government and of the opposition emissaries till 23 August there were also included technical aspects, the Romanian delegation left for Moscow signing the Armistice with a curious delay on 12 September, 1944. (Baciu, 1996).

mondial. Documente, 1994, pp. 251-252) The Armistice Convention concluded between Romania, on one hand, and the United Nations, on the other hand, was not in the opinion of many Romanian politicians, the most eagerly expected document by the Romanian authorities and opposition during the secret negotiations in Cairo, Ankara or Stockholm. The formula of "unconditional surrender", adopted on 24 January 1943 in Casablanca would have the role of preparing the governments at war with the United Nations on the treatment and conditions their countries would be subject to, irrespective of the causes determining the output of their struggle. For Romania, the conditions of surrender were, among others, demobilization and disarmament, reparations etc., all these being imposed by the Big Three and "designed" primarily for assuring security and further continuation of the war against Germany, goals considered to have significant political implications." (23 august 1944. Documente, vol 1, pp. 66-70)

Romania's taking part with the Allied and Associated Powers was conditioned by the signing of the Armistice on 12 September 1944, fact which would primarily involve long term economic and political costs for the Romanian state, the Convention representing at the same time the basis of discussions for the future Peace Treaty from Paris in 1946. Containing a preamble, 20 articles and 6 annexes comprising the areas of order, politics, army, economics, finance and administration, (Mureşan & Mureşan, 2003) the Convention Act would highly contribute to the diminishing of Romania's potential, this being written and interpreted very hostile to Romania. The basis of economic stipulations which Romania must have met was the article 11 of the Armistice Agreement. According to this, the Romanian side was obliged to pay 300 million dollars as war indemnity in products, the rates being spaced out on six calendar years with the statement that if the payment schedule was not respected there could be taken up penalties of 5% from the remaining balance for every month of delay. (România, marele sacrificat al celui de al doilea război mondial. Documente, 1994, pp. 312) The Annex D of the agreement would impose explicit clarifications with respect to the U.S.' dollar parity, meaning \$ 35 per ounce of gold right from the day of the signing act.

Equally, the other articles of the Armistice Agreement called on a significant budgetary effort for the Romanian State. Thus, although Romania's participation was recognized in the anti-Nazi war, starting from 24 August 1944, however, the Article no. 3, mentioned that Romania would provide the Soviet and Allied forces with the entire contest..... on its expense. (România, marele sacrificat al celui de al doilea război mondial. Documente, 1994, pp. 311-312) "For the proper functioning of the armistice, there was stipulated the founding of an Allied Control Commission in accordance with the Chapter no.18 which "would take upon itself the regulation and control of the execution till the conclusion of peace.....". The activity of this institution would deeply damage the Romanian state due to interferences in the internal administration and unfavourable interpretation of the

Armistice' provisions. (Şandru, 2007, pp. 137-142) Given this circumstance, the Romanian authorities would be obliged to establish the Romanian Commission for the Application of the Armistice, a new institution entitled to fully cooperate with the Allied authorities (Soviet). Its president, I Cristu, would constantly inform the Romanian authorities about the abuses of the Allied (Soviet) Commission of Control with respect to the execution of obligations deriving from the Armistice Agreement. (Şandru, 2007, p. 150)

The evaluations of the Soviet party started from pretty erroneous calculations which had in view Great Romania's potential before the World War I and which ciphered the state's annual income at about 2 billion dollars. In the new context, given the loss of one third of the national territory, the endurance of a substantial economic war effort (about 1 billion U.S. dollars by August 1944) and the rendering to its neighbors of 6 million people, the state's revenues had been estimated, at about \$ 600 million, (România, marele sacrificat al celui de al doilea război mondial. Documente, 1994, pp. 308) but they had also been forecast to a decrease fact which later on was proven out by the internal official evaluations¹. (Constantinescu, 2000, p. 93) It should be emphasized that the simultaneous fulfillment of all obligations imposed by the Convention was quite difficult because the infrastructure and entire economic potential had to be put at the service of the Red Army, with respect to the front necessities and what was superfluous these were allocated to the Romanian army and eventually to fulfil the economic obligations the Convention. (Constantinescu, 2000, p. 83)

The Armistice signed between Romania and the United Nations on 12 September 1944 would represent the overall framework for the unfolding of Romania's military campaign against Germany and its satellites. The implementation of its terms was the responsibility of the Allied (Soviet) Commission of control, which according to the agreements of the Big Three would throw Romania into the arms of the Soviet Union. Its representatives' brutal interference would highly affect the internal political events disturbing at the same time the state's budget through massive withdrawals of goods seized on the basis of the Armistice Agreement.

No less important would be in the future the economic costs of war held against Germany, the date of August 23, 1944 finding Romania's economy controlled by German capital, the German debts owed to the Romanian state being calculated at 1.5 billion German marks. The mobilization of a large military contingent would weaken Romania's industrial production, bound to maintain the same levels of production this time with substantial efforts. Furthermore, the economic transition would channel important financial and economic resources which were normally intended for other purposes, the maintenance of the Romanian troops requiring

¹ According to a study conducted by the Ministry of Foreign Affairs, the values of the state's revenues were estimated in 1945 at 537 millions \$.

significant costs. (Constantinescu, 2000, p. 66) The allied bombing, carried out mostly on the vitally important economic centres, would cause considerable losses to the Romanian economy, especially to the oil industry there simultaneously occurring a large number of casualties. Among indirect deficits caused to the Romanian economy there are to be mentioned, first and foremost, non-equivalent exchanges of currency between the two countries, the German mark artificially increasing against the Romanian leu, thus resulting in an unjustified price increase for products imported from Germany in comparison with the Romanian exported goods (Constantinescu, 2000) and an increased purchasing power of German soldiers as well who "depleted" the Romanian market of certain products by artificially increasing their price.

The maintenance of the German troops on the Romanian territory, the payment system, the deductions resulting from transport and communication activities would be other "hot spots" of the collaboration with the Third Reich in the anti-Soviet war. While the German military units and import-export companies were making supplies with minimum costs for first necessity products, the goods imported from Germany were absolutely irrelevant to the Romanian market's needs, these being sold at inflated prices. Romania's complex situation internationally made it extremely vulnerable to the claims of its German ally who was fully aware of the groundless adverse reactions of such economic cooperation with the Romanian side. All these reasons, shading the Romanian-German cooperation, resulted from the fact that, once having accepted to participate in the military campaign from the east, the Romanian authorities had missed "small details of the cooperation", although Romania's legal situation was similar to an independent and sovereign state fighting against a common enemy.

The royal decision for achieving the volta-face as soon as possible was a real general surprise for the international diplomatic circles, this being mainly motivated by the need to avoid transforming the country into a theatre of war, fact which would have had one of the most unfortunate consequences on the civil population and on the economy as well. The act itself was a very good short term initiative; however, the deriving consequences would be harmful in terms of domestic and international policy. The benefits brought to the Allied cause were huge, somehow inversely proportional- some critics say - to those acquired by Romania. Without neglecting the importance of regaining North Transylvania, one can say that the price paid by the Romanian side was unfairly high, great sacrifices being made, both on the front and on the inside for the years that had come.

Although Romania's economic war effort, estimated to the enormous amount of 1,200,000,000 dollars (acc. to the currency in 1938), had situated it on the fourth place in the hierarchy of the United Nations fighting against Germany, its justly deserve co-belligerent status would be denied for political reasons known only to the Great Powers. Of all the states which were are in a situation somehow similar

to that of Romania's, none of them made the military or economic effort at the same scale as Romania did in defeating the Nazi war machine¹.

Though fluctuant, due to the Romanian-Soviet military protocol signed on 26 October, the Romanian military manpower engaged in the theatre of operations would be placed permanently over the minima imposed by the Armistice Convention. Furthermore, Romania's contribution was total², the authorities and the population making considerable efforts for supporting the military campaign of the Romanian troops. No military organization, troops or any other type of associations or military units continued fighting against the United Nations after the turning over of weapons against Germany on 23 August. For instance, Italy contributed with 100,000 supporters to the cause of the United Nations, while five infantry divisions and two aviation squadrons continued fighting in Northern Italy on Germany's side. In the case of Hungary, there were 10 divisions, Bulgaria - a pro-fascist division, Yugoslavia - three divisions, nine brigades plus a guard division and one of cavalry. In France, the number of allies who continued fighting was amounted to that of a few divisions, and in Poland, about 20 to 25,000 soldiers³. The Memorandum submitted by Romania at the Peace Conference from Paris, recalled, in addition to the military and economic war effort made directly by our country, the amount of the obligations fulfilled by 1 July 1945, on the basis of Article no. 3 of the Convention, this being numbered to 77 billion lei (currency from 1938).

The services brought to the Allied cause cost Romanian state significant material reserves, not to mention the number of lost lives among the Romanian Army. The calculations showed that Romania's economic effort after August 1944 amounted to \$ 1.5 billion (1938) allocated only for the implementation of the Convention's provisions and 1.2 billion dollars for the war effort⁴. (Mureşan & Mureşan, 2003, pp. 358) The real costs of Romania's participation in the anti Hitlerite war placed Romania on a respectable fourth place in the hierarchy of states participating in the war against Germany, before France, Yugoslavia and Australia.

¹ A.N.I.C.B., Fund of Royal House, file no. 21/1945, f 1-12.

² Ministry of National Defence Archives fund 948, file no.177, passim.

³ Idem, file 151, f 105-110.

⁴ To these sums there are also added approximately 1 billion \$ spent on the campaign in August 1944.

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