

Economic and Political Influences on the Socialist Republic of Romania of the Drastic Changes in Eastern Europe

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Abstract: The Revolutions of 1989 in Eastern Europe are very important, marking the end of the Cold War. Many communist regimes changed into democratic regimes. The global market has been formed, and the order of the political and economic world was reshaped. This event contributed to the global democratization. The purpose of this article is to understand the drastic changes of Eastern Europe. Taking Romania as an example, this article discusses the reasons of the revolutions, with a focus on the advantages and disadvantages of the revolution, which could offer some theoretical insights and provide some experience and reference for social revolutions. In conclusion, the government should pay attention to human rights and become more democratic. The government could learn from the collapse of Romania, which shows the importance of caring about people's voices and become open. The countries could learn to cooperate with other countries through free market economy, so that they can increase their economic growth together.

Keywords: revolution, economic growth, democracy.

1. Introduction

The drastic changes in Eastern Europe happened in the late 1980s and early 1990s are well-known as the Revolutions of 1989. After the World War II, the world was divided into two groups. The first group was the capitalist group. The leader of this group is the United States. The second group was the communist group. The leader of this group was the Union of Soviet Socialist Republics (USSR). In this situation, there was a Cold War between the capitalist group and the communist group. They tried to compete with each other in ideological, political and military aspects. After 1945, the USSR made many satellite states, including German Democratic Republic, Polish People's Republic, Hungarian People's Republic, Czechoslovak Socialist Republic, Socialist Republic of Romania and People's Republic of Bulgaria. These countries followed the USSR's policies, so the USSR had big influence on them. Also, these countries were all communist countries. In 1970s, the oil crisis happened and the world economy became bad. These countries had many problems at that time. For example, their stores were lack of goods. In addition, these countries had many debts that they could not afford [1]. At last, when things became worse, the USSR gave up to support these countries, and these communist regimes collapsed quickly.

The revolution in Eastern Europe is very important because it had a big influence onto the modern world. The event changed the world. It caused the end of Cold War and led to the collapse of the USSR. In this way, the modern world has formed. It is meaningful to the world, because many

countries could get some experience from this event and become better. There are some faults that these countries made, so other countries could avoid these mistakes. This event also tells people some right ways to rule the countries. First, it was the end of Cold War, which also shifted the geopolitical situation. This event also ended many conflicts in the world. It influenced the balance of the world, led liberalism to be popular, and led to democracies in many countries [2]. This event caused democratic transitions and labour movements. Second, the peaceful innovation in Poland, Hungary, and Czechoslovakia meant the power of ordinary people was very important. People's protests and social movements could lead political innovation. These processes can give other countries some experience on being democratic countries [3]. Third, this event was meaningful with ideological and historical significance that this event denied the political system of the USSR. This event was a symbol that liberalism and democracy defeated totalitarianism. The liberal and democratic system is known as a better political system [4]. This event also caused some negative impact, for example, the rise of nationalism and authoritarianism, which people should be careful of [5]. This article takes the Socialist Republic of Romania as an example to analyse the economic and political effects of the drastic changes in the Eastern Europe.

2. Overview on Economic and Political Situations of Romania

In the Socialist Republic of Romania, the economic and political situations were very severe during that time. From the political perspective, Nicolae Ceausescu was a dictator. He was the leader of communist party, ruling the Socialist Republic of Romania from 1965 to 1989. He made a highly centralized and authoritarian regime characterized by a cult of personality. In 1966, he made a law that prohibited abortion and restricted access to contraception unless women had at least five children or faced serious health risks. In addition, he controlled the social media and the society, and blocked the border and killed many people who want to escape this country. He saw himself as the father of this country and savior of the nation. Nicolae Ceausescu used the secret police to suppress the people [6]. He supported dependent political policy, so he kept a distance with the USSR and opposed to the invasion of Czechoslovakia in 1968 [7].

From the economic perspective, Nicolae Ceausescu implemented some policies that failed. Some Western countries gave the Socialist Republic of Romania a lot of loans. For example, the United States, the French Republic, the Federal Republic of Germany, the United Kingdom and Italian Republic all made loans to Romania. In this way, the Socialist Republic of Romania had a lot of debts in the end of 1970s. However, Nicolae Ceausescu built the Palace of the Parliament (Palatul Parlamentului) with huge expenditure. People had to bear the shortage of foods and products when Nicolae Ceausescu were having a luxury life [8]. In the end of 1980s, people's lives became more difficult, due to the severe food and fuel shortages. Many people did not support him, which then turned into protests against him. In this way, a big revolution happened and the army disagreed to suppress. At last, the regime collapsed very quickly in 1989. Nicolae Ceausescu and his wife were executed in December 1989 [9].

There were some reasons to explain it. For example, first, the economy was in a bad situation. Second, Nicolae Ceausescu ruled this country oppressively. Third, his independent foreign policy alienated him from the Union of Soviet Socialist Republics. Fourth, the USSR changed its policy, that it did not interfere these revolutions, such as the Peaceful revolution in the German Democratic Republic, the Romanian Revolution in the Socialist Republic of Romania, the Bulgarian Revolution of 1989 in the People's Republic of Bulgaria, the Hungarian Round Table Talks in the Hungarian People's Republic, the Velvet Revolution in Czechoslovak Socialist Republic and the Polish Round Table Agreement in the Polish People's Republic [7, 9].

3. Economic and Political Impact

After the revolution in Eastern Europe, most of these countries changed into democracy. For example, Polish People's Republic, Hungarian People's Republic, Czechoslovak Socialist Republic, Socialist Republic of Romania and People's Republic of Bulgaria were changed into Republic of Poland, Hungary, Romania, Slovak Republic, Czech Republic and Republic of Bulgaria. They shifted from one-party socialist systems to multi-party democracies. The German Democratic Republic joined into Federal Republic of Germany. In this way, the German Democratic Republic and the Federal Republic of Germany unifies into the Federal Republic of Germany. Also, this event made the Soviet Union become weaker and the USSR collapsed in 1991. The revolution in Eastern Europe and the collapse of the USSR marked the end of the Cold War. The world was going to be peaceful, and the global market started. Economically, some countries became better, but the collapse of centrally planned economies also resulted in severe economic problems in these countries.

3.1. Positive Impact

After the revolutions in Eastern Europe, although Republic of Poland, Hungary, Romania, Slovak Republic, Czech Republic, Federal Republic of Germany and Republic of Bulgaria went through a hard time, these countries also got some positive changes. First, the Revolutions in 1989 ended the communist regimes in Eastern Europe, such as Polish People's Republic, Hungarian People's Republic, Czechoslovak Socialist Republic, Socialist Republic of Romania, German Democratic Republic and People's Republic of Bulgaria. Also, these countries were becoming democratic countries. These revolutions made the people's rights more important. They also made these countries freer and more democratic. The people began to shape their own destinies and contributed to the rise of open societies, especially in these Eastern European countries and Central European countries [10].

Also, economic liberalization was a positive area. After the revolutions in Eastern Europe, these countries shifted from planned to market economies. These countries began to participate in global economy, because they enhanced the relationship with Western countries, such as the United States, the French Republic and the United Kingdom. In this situation, these Western countries would help them engage in global economy. According to the suggestions of the International Monetary Fund and the World Bank, these Eastern European countries accelerated privatization. More and more companies from other countries could enter these Eastern European countries and invest these countries directly [11].

In addition, many countries joined in European Union (EU) and their economy increased faster than before. For example, Republic of Estonia, Republic of Latvia, Republic of Lithuania, Republic of Poland, Czech Republic, Slovak Republic, the Republic of Hungary and Republic of Slovenia joined the EU in 2004; Republic of Bulgaria and Romania joined in 2007; Republic of Croatia joined in 2013. In this way, these economies grew at an average of 3.75% annually between 1997 and 2005. These countries' economy grew faster than Western European countries. For example, after joining the EU in 2007, Romania received funds to build infrastructure. The EU also helped it modernize its regulatory standards. These regulatory standards were the same as those in the EU. In this way, the politics and economy became stable in Romania. Many companies started to invest in Romania directly, so the Romania's economy recovered very quickly. Romania could sell many products to other countries. People's lives in Romania were becoming better. Labors in the EU were free to move, bringing benefits to the member countries. Capital also moved to these countries, bringing economic growth. Some Western companies moved the production to Eastern Europe, which further boosted productivity and employment in Eastern Europe [12].

In the political aspect, democratic processes in Eastern European countries significantly strengthened the influence of laws and people's rights. This was an advantage of economic growth.

Although the relationship between democratization and economic growth may not entirely connected, liberal market policies were also important to the long-term development. Also, improving human capital was an important part of it. They cooperated with the EU, so that they had to oppose corruption, make judicial independence and protect minority rights. In this way, the politics would be more stable [13, 14].

3.2. Negative Impact

After the revolution, there are also some disadvantages of these revolutions, such as those in Polish People's Republic, Hungarian People's Republic, Czechoslovak Socialist Republic, Socialist Republic of Romania and People's Republic of Bulgaria. For example, during the transition, economic was unequal and the corruption was very serious in Romania. As the process of privatization, many properties that belonged to its government were sold. Due to a bad supervision, some people earned a lot of money, but most of people were in difficulties and the situation was severe in Romania. The severe corruption blocked the economic reforms and slowed economic growth. Also, the institutions and governance in Romania were weak. In Romania, companies were hard to work with inefficient laws and regulatory institutions. In this way, some investors did not have confidence to invest in Romania. Medium and small companies were influenced by excessive bureaucracy, complex regulations and widespread bribery, so the competitive environment was very unfair [15].

In addition, Romania's democratic process had some challenges. For example, people were reluctant to participate in politics. Although Romania became a democratic country, many Romanians still believed that the political power belonged to the elites. This situation made people not trust in the government. Also, it would support extremism and populism [16]. During the transition period, the society was divided into parts. People did not satisfy with the government and the country. Due to the unequal development between urban and rural areas, rich people were becoming richer and poor people were becoming poorer. In this situation, many people felt unhappy and they did not believe in the democratic innovation. At last, it would influence the stability of society [17].

4. Conclusion

This article analyses the economic and political influences on the Socialist Republic of Romania due to the drastic changes in Eastern Europe. It discusses how the revolution happened and the impact on Eastern European countries. Especially, this article talks about the revolution in Romania and the economic and political influences. The Revolutions of 1989 caused the collapsed of the Union of Soviet Socialist Republics and marked the end of the Cold War. These drastic changes led to the failure of the communist countries. The process of globalization was accelerated. Then, the global market was formed. The European Union became larger, with many Eastern European countries joined it. Also, people's voices became more important in the political movements. The economic structure and living standards changed a lot in these countries. Although Republic of Poland, Hungary, Romania, Slovak Republic, Czech Republic, Federal Republic of Germany and Republic of Bulgaria went through a hard time, their economy recovered very quickly. People's living standards were becoming better than before.

This article aims to assess the influence of the revolutions and offer some economic and political references, providing some theoretical and practical insights. It analyzes the process of the revolution and the influence of these revolutions with a concentration on the positive and negative influences in Romania. Countries nowadays could learn from this event. For example, the government could be open and democratic, with more liberal regimes, but not authoritarian. The free market is important to the economy. Countries could remove some trade barriers and government could pay more

attention to human rights. In this way, global market could play its role with freer movements of capital, labour and products. This article also has some limitations. It concentrates on the revolution in Romania, with some discussion on other countries. Future studies could focus on the revolutions happened in other Eastern European countries, for example, Poland, Hungary, Slovenia, Latvia, Czechoslovakia, and Lithuania. A comprehensive research could provide further guidance in policy-making.

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