BRITISH-ROMANIAN RELATIONS 1944-65

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DEDICATION

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Throughout the period 1944-65, Britain confined itself to protecting its direct interests in Romania and these were fairly narrowly defined. Moreover, relations with Romania were always dominated by wider considerations of foreign policy and the state of the domestic economy. Thus from 1944 to 1948, they were determined by London's desire firstly to maintain the Anglo-Soviet alliance against Hitler and afterwards to achieve a post-war modus-vivendi with Moscow which would preserve British influence in the Mediterranean. British policy makers were therefore keen to avoid any East-West tension over political developments in Romania. While there was some British interest in resuming trade, possibilities were severely constrained by Soviet economic domination of the country. Romanian expropriation without compensation of British commercial assets in 1948, together with the regime's failure to honour pre-war debts and wartime damages obligations provided an irritant to British-Romanian trading relations, which was only partly resolved by the 1960 trade arrangement and payments agreement. This accord was the result of increased interest by both Britain and Romania in bilateral trade from the late 1950s, when Bucharest's industrialisation programme created opportunities for British companies and the climate of East-West relations improved. The period 1956-60 was the most promising one in British-Romanian relations. However, the related problems of Romania's bilateralist approach to trade and Britain's strict quotas on Romanian agricultural exports prevented the 1960 accord from having any major effect in expanding commercial
exchanges between the two countries in the long term. Britain was unwilling to grant trade concessions to Romania for political reasons when Bucharest began to demonstrate some independence of Moscow in the 1960s. Thus, in spite of Romania's dispute with Moscow, by 1965 it was clear that there were limits to the possibilities for the development of British-Romanian relations.
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NOTE ON PRIMARY SOURCES AND ROMANIAN SPELLING

The bulk of the research for this study, which mainly concerns diplomatic history, has been carried out at the Public Record Office, Kew Gardens. Most of the material concerning Romania is to be found in Foreign Office papers, although there are also a number of Board of Trade files with relevant information on the late 1940s and early 1960s. There are no files on Romania in this category for the 1950s, although a number of general documents concerning British trade policy towards the Eastern Bloc in this decade have yielded relevant information. A number of Prime Minister's and Cabinet Office papers have material which helps an understanding of British-Romanian relations, particularly concerning policy in 1944. Some War Office files exist on the work of the British Military Mission in Romania, but these deal with administrative matters concerning, for instance, travel arrangements and the political communications of the Mission are to be found in the Foreign Office papers. Extensive written and oral enquiries have led to the conclusion that there are no further documents relevant to Romania on the Treasury or MAFF files nor on the Board of Trade files for the 1950s. Thus the official material on British-Romanian relations has been treated comprehensively.1) The Public Record Office also contains the private papers of Sir Orme Sargent, Sir Archibald Clark Kerr and Anthony Eden (on microfilm), which have yielded information on British-Romanian relations. Other private collections at the Churchill Archive Centre, Cambridge and the Bodleian Library Oxford have also proved useful, while the BBC archive at Caversham contains material which adds to the picture provided
by government papers. Since this study concerns British-Romanian relations rather than exclusively British policy, a number of archives connected with non-government relations have proved relevant, notably that of the Labour Party in Manchester, Lambeth Palace and the State and Foreign Ministry Archives in Bucharest, Romania.

In 1953, the Soviet-imposed Romanian communist dictatorship introduced changes to the spelling of certain words in the Romanian language in order to make it appear more Slavonic and less Latin. This was a demonstration of the domination which Moscow exercised over Romania at the time. In 1965, these changes were partially revoked by Nicolae Ceaușescu and in 1993 completely revoked by the Romanian Academy. For reasons of consistency the pre-1953 and post 1993 spellings are used throughout.

1) Correspondence from Dr Andrew Macdonald, Twentieth Century specialist, Public Record Office, February 1997.
CHAPTER 1: INTRODUCTION

The Romanian coup of 23 August 1944 was a major turning point in the country's history. On that date, the regime of Marshal Antonescu, who had brought his country into the war on Germany's side, was overthrown and the country changed to fighting on the Allied side. The coup marks an obvious watershed in British-Romanian relations, since the two countries were no longer actively at war (even though the formal peace treaty was not signed until 1947). Consequently, 23 August 1944 marks the starting point of this research. However, in order to understand British-Romanian relations in the aftermath of Romania's change of sides in the war, a number of generalities concerning British-Romanian and British-Soviet relations from 1941 need to be considered. In June of that year, Romania entered the war on the German side against the Soviet Union, which became an ally of Britain. From that point onwards, British policy towards Romania became merely a subsidiary of that towards the Soviet Union. Romania was now an enemy and the Soviet Union an important ally in the war against Hitler. It was recognised as counter productive to carry out military or political operations in Romania if these jeopardised the Soviet alliance. It was also logical that at an early stage Britain should tacitly accept Soviet war aims with regard to Romania, which clearly included the reincorporation of Bessarabia and the Northern Bukovina, even though the annexation of the two regions had not been recognised in 1940.1)

Britain's concessions to Soviet ambitions in Eastern Europe during the war should be seen in the context of the military situation. Contrary to official British wartime propaganda designed
to maintain morale, the Anglo-Soviet wartime relationship was far from easy. There had been distrust between the two countries since the Russian Revolution in 1917. Britain had attempted to crush the Bolshevik regime by its support for the White forces in the civil war in 1918-19, a policy which Churchill had strongly favoured. In the inter-war period, some British politicians had regarded the Soviet doctrine of world revolution, and the implication that subversion would be used to overthrow Western governments, as a greater threat to the security of the UK and its Empire than a resurgent Germany. This distrust appeared well founded when in spite of the efforts of Britain and France in the late summer of 1939 to woo Moscow into joining the anti-German camp, the Soviets combined with Berlin (their supposed ideological enemy) in a carve up of territory under the Molotov-Ribbentropp Pact. The USSR’s annexation of Polish territory under the Pact was a challenge to Britain’s March 1939 guarantee to the latter country, the violation of which by Germany had been a casus belli. In spite of the lack of a formal declaration of war on the Soviet Union from London, British dislike of the Moscow regime was graphically demonstrated by the interest of certain military and political circles in a strike against the Baku oilfields immediately after the outbreak of war in September 1939. Ostensibly, the motive for this would have been to prevent Germany from obtaining oil from its benevolently neutral neighbour. In practice, it would have shifted the political balance to make war with the Soviet Union at least as important as war with Germany, leaving open a possibility of an early peace with Berlin, should the German-Soviet understanding break down. An Anglo-German alliance against Moscow was favoured by Hitler,
and enjoyed definite support at least on the right of the British political spectrum, among those who had always regarded the USSR as the greater threat. A further illustration of how close Britain came to fighting the Soviet Union in the early stages of the Second World War was the British plan to send an expeditionary force to support Finland during the Soviet-Finnish "Winter War" of 1939-40, a project which would have been popular with the British public, who were generally full of admiration for what was seen as Finland's gallant fight against a large oppressor.4)

Inevitably, mutual distrust between Britain and the Soviet Union did not disappear overnight when the two countries became allies against Germany in 1941, particularly since neither country had made an active decision in favour of an alliance, the combination merely resulting from Germany's actions in attacking the Soviet Union while still at war with Britain. Both countries feared that the other would make a separate peace with the Reich. British policy makers were aware that the Soviet Union, as a totalitarian power, could change policy in a way which was much more difficult for a democracy. Before the Molotov-Ribbentropp Pact, Soviet propaganda had been vehemently anti-German. However, this was no impediment to the rapid realignment which the Pact represented. London could see how easy it would have been for Moscow to come to terms with Germany again and pull out of the war. Distrust between the two allies was particularly serious over the question of a second front, for which Stalin was constantly pressing, and which Britain was unwilling to open until it was confident of success. The Soviets suspected, however, that Britain might be quite content to see them shoulder the burden of the fighting to ensure that both Germany and the Soviet Union
would be weak in the post-war world. Therefore, the Anglo-Soviet alliance was fragile, but nevertheless regarded as essential by London. In these circumstances, it is hardly surprising that Britain should make territorial concessions to Moscow in areas in which there was no obvious British interest at the expense of Romania, a country which was fighting on the German side. Furthermore, Britain was aware of the Soviet Union's concern to protect its Western frontiers after the war by ensuring that its neighbours were friendly, and it was therefore logical that London should quietly accept that Romania in its entirety was largely in the Soviet zone of influence, just as in the 1930s it had effectively conceded that the country was in the German sphere.

Britain's attitude to Soviet expansionism at the expense of Romania was also influenced by London's interest in the reestablishment of a democratic Poland. Nominally, London had gone to war for Poland, and the country enjoyed a certain amount of public sympathy, particularly in view of the exploits of Polish exiles who fought in the Allied armed forces. Although Britain had also guaranteed Romania's independence in 1939, the latter country had forfeited any British public sympathy which it might have had, as well as any claim to protection from the British government by its entry into the war on the German side in June 1941. If the British government was to enter into a dispute with the Soviet Union over the composition of a post-war East European government, it was going to be over Poland before Romania, both from the point of view of fulfilling its international obligations and the satisfaction of British public opinion. If Britain was to make a stand over Poland, it was better, in tactical terms to go easy with Moscow over Romania, as Churchill pointed out in early 1945.
It was notable also that dislike of Romania for its support for Germany reached the highest levels of the British government and the Foreign Office. The attitude that Romania was somehow sinful was simplistic. The country had only entered the war on the German side after the loss of territory to the Soviet Union, Hungary and Bulgaria in 1940. The Antonescu government hoped that Romania could thus win favour with the Reich, which was the dominant Great Power in the Balkans at this time and which set frontiers according to its own requirements as the Vienna Award/Diktat had demonstrated. Antonescu also hoped that by aligning itself with Germany, Romania could stand a better chance of retaining some independence. Moreover, Romania’s war was clearly against the Soviet Union rather than the Western powers as demonstrated by Marshal Antonescu’s reluctance to consider that the country was genuinely in a state of war with Britain and the US. Moscow was demonstrably Romania’s strongest enemy and there had been numerous frontier incidents in which even Romania’s contracted borders and airspace had been violated. Given the circumstances of 1941, when Germany was the only great power with any say in the affairs of Eastern Europe, Romania’s decision was understandable. However, British politicians and officials failed to appreciate the arguments behind Romania’s alignment, which were based on realpolitik. Documents show that Churchill and the Foreign Office genuinely believed that Romania had done wrong by being on the German side. Moreover, Romania was regarded as a “fascist” state because of its enactment of anti-Jewish legislation and the murder of Jews which took place on its territory.
As Resis argues, the Churchill-Stalin percentages agreement of October 1944 was a logical consequence of Stalin's desire from the outset of the war with Germany to regain the 1941 frontiers and to create a security zone of friendly states. In 1941, Eden accepted this demand as "reasonable" although problematic, mainly due to US objections. Although it proved impossible to formalise the Soviet demand in the 1942 Anglo-Soviet alliance treaty, in practice Stalin and probably Eden too recognised that if the Soviet Union was to mount successful military operations against Germany, it was likely to achieve its aims in practice. Moreover, as Resis continues, the key to the 1942 treaty which made it so favourable to the Soviet Union even without the formal acknowledgement of the 1941 frontiers was the suggestion that the Soviet Union could conclude alliance treaties with smaller European countries with the aim of encircling Germany. Moreover, by invoking Article Seven of the Anglo-Soviet treaty, which prevented either party from concluding an alliance or joining a coalition hostile to the other, Moscow had secured a legal provision to stop Churchill's idea of a federation in Eastern Europe, which Moscow recognised could have an anti-Soviet character. By June 1942, the British had recognised this difficulty and tried to prevent the Soviets from concluding an alliance with Yugoslavia, arguing that this would lead to a race between the two allies for treaties with small countries. Hence Eden proposed the "self denying ordinance" in June 1942 under which both Britain and the Soviet Union would agree not to conclude a mutual assistance treaty with a senior ally without the agreement of the other, but failed to persuade the Soviets to accept it.13)
Eden's efforts can be seen as an attempt to prevent the complete subjugation of large areas of Eastern Europe to Soviet domination. However, a blow to these designs was dealt in 1943 at the Tehran conference, when Roosevelt and Stalin joined in opposition to Churchill's plans for military intervention in the Balkans. It is ironic that the British Prime Minister has been presented as a monster for his "betrayal" of Romania when at the Tehran conference in November 1943, Roosevelt took Stalin's side against the British and insisted that Churchill's Balkan plans be dropped. It was also Roosevelt who insisted, without consulting the British, that Germany's East European satellites must surrender unconditionally to the Soviet Union. Furthermore, the US stance at Tehran, by forcing Britain to abandon hope of a federation, paradoxically led Churchill to revert to a spheres of influence approach, albeit without Washington's approval.

Foreign Office officials were resigned from an early stage to the Soviet Union having a leading role in Eastern Europe and this view was succinctly summed up in a minute by William Strang on 29 May 1943: "It is better that Russia should dominate Eastern Europe than that Germany should dominate Western Europe." Strang did not consider that if the Soviet Union bolshevised "Eastern, Central or South-Eastern Europe" this would be to Britain's disadvantage. The Foreign Office's strong adherence to the goal of maintaining the Soviet alliance was also demonstrated by the highly negative reaction of its top officials to the 1944 Chiefs of Staff paper, which suggested that the military should plan on the basis of the Soviet Union being the next potential enemy after the defeat of Germany. In a minute on 10 August 1944, one top Foreign Office official stressed the danger that such
planning could not be kept secret for long, and that the Soviet reaction would be vehement. He considered that Britain's approach should be to make efforts to cooperate with the Soviet Union: "The Anglo-Soviet Treaty is one of the corner-stones of our whole foreign policy." Broadly the Foreign Office feared that if the military continued their approach, they would make the Soviet Union into a potential enemy when this was not necessary. 17)

It is in this context that Britain's efforts to prod Romania into changing to the Allied side during 1943 and 1944 should be seen. Although the *Autonomous* operation and the peace feelers put out by Maniu and Mihai Antonescu via the Romanian Embassy in Stockholm showed that the British had not completely opted out of the Romanian theatre, these activities took place with the knowledge of the Soviet Union and Britain was careful to acknowledge Moscow's strong interest in Romanian affairs and not to give the hint of going behind the back of the Soviets to extricate Romania from the German camp before Moscow had had its chance to exact its revenge for the June 1941 attack. Britain's insistence that Romania must surrender unconditionally to all the Allies, including the Soviet Union, in conformity with the policy forced by Roosevelt, was also part of this approach. Hence all Maniu's communications with the British were copied to Moscow without the knowledge of the Romanian Peasant Party leader and the British always refused to countenance the Romanian idea of a surrender to the Western powers only, thus considerably delaying the country's change of sides since the likely consequences of such a surrender were all too apparent to most Romanian politicians. 18) The Western powers, for their part, recognised that a Romanian surrender to Moscow was inevitable given that there
were no Western troops in the region. Nevertheless, Molotov blamed the *Autonomous* mission for the failure of negotiations in mid 1944 on Romania's capitulation.19)

Britain's attitude to Soviet activity in Romania was further influenced by the fact that the continuation of Anglo-Soviet wartime cooperation into the post-war period was an important objective of London's foreign policy. The Churchill-Stalin percentages agreement was merely part of this general strategy. In a September 1944 memorandum, Wilson discussed the possible dangers of a conflict of interests with the USSR in the Middle East and advocated staff talks as a means of "making abundantly clear to the Russians what we consider to be our vital interests." This, in Wilson's view, would reduce mutual suspicion. A June 1944 Foreign Office planning paper had discussed the likelihood that the Soviet Union would play a significant role in Eastern Europe after the war, and defined British interests which might be threatened by the USSR as Middle East oil supplies, Mediterranean communications by way of Turkey, British sea communications if the USSR became a leading naval and air power, and the industrial areas of the UK if the USSR built up a large bomber force. In response to this potential threat, the paper argued that British policy should involve the containment of the USSR by encouraging it to participate in a world security system, or failing this through the strengthening of the Anglo-Soviet alliance. The support of the US should be cultivated in the event of a threat to British interests developing. However, crucially the document stated that Britain "should not oppose any reasonable demands of the USSR where they do not conflict with our vital strategic interests....In exchange we should expect the USSR not to oppose our claims in areas vital
to us.” Britain’s concern to reach a cooperative relationship with the USSR was reinforced by doubts about the US commitment to support British objectives after the war. This was an uncertainty at least until 1947, when the Marshall Plan was announced.20)

In 1944, there was an attempt at a clear definition of what Britain perceived to be its vital interests for the post-war period. The need for such a reassessment had been made clear by the situation which the country had faced in the 1930s, when it had been confronted by the dilemma of a strong Germany, Italy and Japan, all of which had the potential to threaten British interests in some way. It was clear that Britain’s foreign and defence policies were significantly overstretched. This heavy military commitment was part of the background to the “appeasement” policy pursued towards Italy and Germany.21) While the fundamentals of British policy remained the same in 1944, there was an attempt to show greater flexibility in order to reduce the risks of conflict and hence the defence burden. One demonstration of the redefinition of British interests in 1944 was the changed attitude towards the Straits. At the meeting in Moscow between Churchill and Stalin on 9 October 1944 (the same meeting at which the percentages agreement was made) the British Prime Minister pointed out to Stalin that the UK “no longer followed the policy of Disraeli or Lord Curzon” and hence would not try to prevent the USSR from sending its merchant ships or warships through the Straits. Churchill accepted Stalin’s view that the Montreux Convention, which had restricted the passage of Russian ships through the Straits, was obsolete. This conversation took place immediately after Churchill produced his “naughty document” with the percentages. The two issues are clearly
related. Churchill accepted Stalin's right to have access to the Mediterranean- a long standing bone of contention- provided that he recognise Britain's vital interests, which were defined as the maintenance of friendly governments in Greece and Turkey.22) At the same meeting, although Turkey did not feature in the percentages agreement, Stalin stated that the Soviet Union did not intend to challenge its sovereignty. Britain was thus continuing its traditional policy of using the Ottoman Empire (now in the form of its successor states) to protect its position in the Mediterranean, but with the refinement that Russia was given a little more leeway than in the past since Britain had now openly declared its lack of strong political interest in Romania and was more flexible over the Straits.23)

The British redefinition of its areas of interest and its policy of trying to achieve an accommodation with the Soviet Union made Britain a reluctant backer of the Yalta Declaration on Liberated Europe. While Yalta was essentially a US document, which sought to promote Washington's own liberal political ideology in post-war Europe regardless of the fact that Soviet occupation of Eastern Europe made this unrealistic, “percentages” was a more pragmatic British exercise in containment. The two were contradictory, but in order to maintain good relations with the US, Britain had to make a show of taking Yalta seriously, while also keeping to its policy of trying to reach an accommodation with the Soviet Union, in an attempt to limit Moscow's expansionist policy. The lack of a clear and realistic U.S. policy towards Eastern Europe both during and after the war presented considerable difficulties for Britain's foreign policy makers. However, London was also constrained by the fact that it had nominally gone to war for Poland, which made
that country's abandonment to Soviet domination problematic. These difficulties explain the uncertainty in London over whether or not Yalta superseded "percentages." 

It was only when the Soviet Union appeared to threaten what Britain perceived to be its vital interests that London became more sceptical about the possibility of reaching a post-war accommodation. Concern at the extent of Soviet power was graphically demonstrated by O'Malley's minute on future policy of 22 May 1945. This came close to advocating war with the Soviet Union, and opposed any sort of territorial understanding with Stalin on the grounds that it would be condemned as cynical. Orme Sargent rejected O'Malley's suggestions as "truly desperate", and later papers make clear that although British officials were concerned about Soviet ambitions they still had little interest in the situation in Romania. Sargent's paper of 11 July 1945 "Stocktaking after VE Day" was much more moderate than O'Malley's, and argued that Britain might have to acquiesce in Soviet domination of Romania and Hungary, but must maintain its interest in Finland, Poland, Czechoslovakia, Austria, Yugoslavia, and Bulgaria in order to prevent the military situation in Europe becoming detrimental to Britain. This was again part of the policy of trying to keep the Soviet Union out of the southern Balkans and what is particularly significant about Sargent's paper was the attempt to steer Soviet ambitions away from Bulgaria to Hungary. (One of the immediate causes of the percentages agreement was the takeover on 9 September 1944 in Sofia of a communist associated Fatherland Front government and the entry of Soviet troops into the city four days later). Sargent argued that a diplomatic trial of strength might be needed in order to keep the
USSR in check, but that Britain should not subordinate itself to the US.26) It is instructive to consider the British attitude to the suppression of the opposition by the communists in Romania and Bulgaria in the light of this paper, and of the percentages agreement, in which the Bulgarian percentage was contentious but not the Romanian.27) The reporting of the Maniu trial in Romania by Adrian Holman, the British political representative, showed a lack of concern, and a view that the trial was not the same as the Petkov trial in Bulgaria. This view may at least have been coloured by the fact that Bulgaria was regarded by Britain as of much greater strategic importance than Romania. A Foreign Office Research Department paper of 20 July 1945 also argued that the communist orchestrated purge of public offices in Romania was not as severe as that in Bulgaria.28)

British foreign policy changed little after the Labour Government came to power in 1945, and policy towards Romania continued to be dominated by London's concern to reach a post-war accommodation with the Soviet Union. This continuity was illustrated by Bevin's conversation with Molotov on 23 September 1945 during the London Foreign Ministers' conference, in which the British Foreign Secretary asked his Soviet counterpart to define Moscow's policy so that both countries could be aware of each other's objectives. The request was in line with the policy of definition of vital interests which had evolved during the war.29) The London Conference provides further indications as to why Britain acquiesced in Soviet designs in Romania even after the defeat of Germany had made the maintenance of the Anglo-Soviet alliance less critical. Molotov's criticism of British policy towards Turkey and the Straits, and in particular the demand for an ex-
Italian colony on the Mediterranean were part of a bargaining ploy to persuade the British to acquiesce in their policy in Romania and, more importantly, Bulgaria. At the same time, the Soviets made a play of obstructing the British desire for the Dodecanese to come under Greek sovereignty, as part of the same strategy. In reality, as Sargent pointed out, the Soviets did not seriously expect to obtain an Italian colony, nor did they really oppose Greek possession of the Dodecanese. The same was true of Molotov's request for a Soviet base at Constantinople, which he made at the London meeting. In fact at the "percentages" meeting the previous October, Stalin had said that the USSR did not expect to get a base or challenge Turkey's sovereignty, but merely wanted a revision of the Montreux Convention to allow passage of Soviet ships through the Straits. The Soviet strategy was to present a position which it knew would be vehemently opposed by Britain in order to get its way in Romania, Bulgaria and probably Poland.30) The British response was demonstrated by the telegram sent by Frank Roberts in Moscow on 28 September 1945 which said that in order to provide a basis for reasonable Anglo-Soviet relations in the post-war world, it was necessary for Britain to state its vital interests, and at the same time to recognise what the Soviet Union considered to be its vital interests in the Balkans. The bargaining position taken up by the Soviet Union at the London conference, and the subsequent failure of that conference, provide the background to the Moscow Agreement of December 1945, in which the British and Americans recognised the governments of Romania and Bulgaria, and to the subsequent reluctance of Britain to upset that agreement by
protesting too vehemently about its violation by the Groza government in Romania.31)

Nevertheless, although Britain demonstrated a low level of political interest in Romania, documents reveal the idea of a complete opt-out from the country's affairs to be simplistic. Britain showed strong concern to protect its commercial interests in Romania in the 1940s and when the Soviet Union interfered with these, strong protests were made, even though the Foreign Office was not always fully in touch with the implications of Soviet behaviour. It is equally possible to see the percentages agreement as Garson does as an affirmation by Churchill of where British interests lay rather than as a "sell out." Churchill observed the Red Army's advance and wished to remind Stalin that Britain still had interests in the region. Consequently, despite London's largely indifferent attitude to the political situation in Romania, it was when the communist government started attacking British commercial interests that relations really started to deteriorate.32)

The period from 1948 to 1965 involved far fewer significant developments for British officials to react to and contrasted strongly with the eventful period from 1944 to 1948. Romania was firmly under the Soviet boot until the early 1960s, when it began to show signs of independence, but even this development could not match the significance of those of the years 1944-8, which had seen Romania withdraw from the German camp and pass through the various stages of communist takeover, from genuine coalition, through bogus coalition to becoming a fully fledged Soviet satellite. Hence research on the period 1944-65 must give particular weight to the initial four years. From 1948,
British-Romanian relations took place in the context of the Cold War and the breakdown of earlier efforts to achieve a *modus vivendi* with Moscow, which had necessitated close observation of political developments in Romania if only to ensure that they did not conflict with this wider goal. Nevertheless, despite the change in the international situation and political status of Romania, the parameters of British policy remained the same, namely that the protection and promotion of commercial interests was paramount.

Therefore, the Soviet political takeover of Romania by 1948 played little part in the deterioration of Anglo-Soviet relations which had taken place by that point. It was, on the contrary, the possibility that Soviet ambitions might extend *beyond* the parameters roughly defined by Churchill at the October 1944 meeting with Stalin which provoked tension. By the late 1940s, Moscow had become unpredictable, and there was ample evidence that Stalin's reassuring doctrine of "socialism in one country" had been abandoned, and the previous ideology of world revolution had been revived. This was demonstrated by Soviet support for communists in Italy, Belgium and France up to 1947 and above all by the outbreak of the Korean War in 1950, which was widely regarded as the prelude to an attack on Western Europe. An early example of a fraying at the edges of the policy of trying to achieve an accommodation was Bulgaria. Stalin imposed communist rule, despite only having been given 75% at the October 1944 meeting, which antagonised the British, particularly since they feared that the Soviet Union would pursue the long standing Russian policy of encouraging Bulgarian territorial expansionism into Western Thrace, thus interfering directly in Britain's "sphere" and thereby breaching the October 1944 agreement.33) The Romanian case,
however, was never contentious, just as it had not been in 1944-7. Thus Britain's main concern in 1948 was to secure the protection of the British owned oil companies. In spite of the very poor state of East-West relations generally, there was no desire by Britain to antagonise the Romanian government by interfering in Romanian politics. This explains the very distant attitude which was shown towards Romanian émigrés and even King Michael (who was considered generally competent by British observers). This was a direct continuation of the negative view which British officials took of the Romanian "historic" parties prior to their suppression by the communists in 1947.

While it is impossible to neglect the wider context of East-West relations when determining British-Romanian relations from 1948, the specific place of Romania within British policy towards the Bloc as a whole continued to be determined predominantly by commercial factors. Until the mid 1950s, Romania was considered the least promising of all the satellites for the improvement of relations. While the country's subservient status and especially high level of political repression were noted by British observers, the main factor determining the policy of maintaining a uniquely distant relationship with Bucharest was the expropriation without compensation of the British oil companies in 1948. Political reasons were not of major importance in determining Britain's stance, as demonstrated by Britain's willingness to offer credit to Romania in 1948, prior to the company seizure, and the lack of political demands in Britain's requirements for the signing of a trade agreement. Thus British policy makers were not unduly influenced by Romania being under the Soviet thumb, but rather
by the fact that its government had attacked direct British interests.

It therefore followed that the period of most promise in British-Romanian relations in 1944-65 was not the 1960s, when Romania demonstrated political independence of Moscow, but rather the late 1950s, when most British observers still considered the country to be the most subservient Soviet satellite. In the late 1950s, renewed opportunities for commercial exchanges gave Britain a chance to re-establish the level of involvement in Romania which it aspired to. The point at which relations were at their best was the 1960 trade arrangement and payments agreement, which appeared to set a new basis for commercial exchanges, and an understanding on the principle of compensation for expropriated assets. However, the very fact that British policy was almost entirely governed by commercial considerations meant that the impact of the 1960 accord on British-Romanian relations proved disappointing, in spite of the political climate of the 1960s, when Romania began to demonstrate independence of Moscow. Just as in 1944-8, the British remained little more than observers of political developments and were unable to take effective measures to promote change. Romania, however, expected that its stance within the Bloc would lead to rewards in the form of better opportunities for its exports. Britain's unwillingness to make such concessions for political reasons meant that Romania retained a rigidity over purchases from Britain and remained tied to communist dogma in its attitude to commerce. Other British foreign policy priorities, together with domestic economic weaknesses, meant that there was no opportunity for a broader
policy, which might have recognised that short term economic concessions could have helped Romania to greater political change and the reform of its trade policy, hence creating greater British economic opportunities in the long term. The narrow definition of British policy gave little scope for involvement in politics, even to promote commercial goals. Nevertheless, Britain's inability to influence political developments in Romania meant that little could be done to stop the direct attacks on British commercial interests in the 1940s, to secure effective compensation in the 1950s or to create the basis for a more successful trading relationship in the 1960s. By the time of Gheorghiu-Dej’s death on 19 March 1965 the limits of British-Romanian relations were evident. The general view of the first few months of the Ceaușescu regime up to 31 December 1965, the date which marks the end of this study (as this was the latest date for which British official documents were available at the time research was carried out) was that the new leadership would pursue similar policies to Gheorghiu-Dej. The framework of British-Romanian relations under the new regime, which would see political gestures by Britain but limited success in the commercial field, had thus begun to be defined.

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1) D. Lungu, Romania and the Great Powers 1933-40, Durham and London, Duke University Press, 1989, 23-40; A. Crețianu, The Lost Opportunity, London, Cape, 1957, 40-58. Crețianu was Romania's Minister to Turkey from 1943 to 1945 and was closely involved in the peace negotiations with the Allies; G. Ross. The Foreign Office and the Kremlin, Cambridge, Cambridge University Press, 1984, 107. The Soviets justified their claim to Bessarabia and the Northern Bukovina with the argument that the “Moldavians” were a separate nationality from the Romanians. See

2) F. S. Northedge and A. Wells, *Britain and Soviet Communism*, London, Macmillan, 1982, 76-102. Frank Roberts, Counsellor at the British Embassy in Moscow from 1944-7, points out that Britain became the victim of the success of its own propaganda. It was very difficult, he says, for Britain to take a tough line against the Soviets at the end of the war because of the favourable image they had in the minds of much of the British public. See F. Roberts, *Dealing with Dictators*, London, Wiedenfeld and Nicolson, 1991, 75.

3) Northedge and Wells, op. cit., 29; M. Gilbert, *Churchill, a Life*, London, Heinemann, 1991, 407-8. Even in November 1944, Churchill's Private Secretary noted in his diaries that anti-communism was one of the cardinal principles of the Prime Minister's foreign policy. *(Churchill Archive Centre; Colville diaries, vol. 5, 23 November 1944)*.


5) Northedge and Wells, op. cit., 82; Ross, op. cit., 107

6) Lungu, op. cit., 141.


8) UK Public Record Office (hereafter PRO) FO 371 48537, R4365, Minute, Churchill to Eden, 4 March 1945.

9) Refusal by the Romanian government to hand over the captured British agents from the *Autonomous* mission to the Gestapo was one example of the limited independence which the country maintained despite being a member of the Axis camp. See I. Porter, *Operation Autonomous*, London, Chatto and Windus, 1989, 122-3.

11) See for example PRO FO 371 48536, R2029, Minute, Churchill to Eden, 19 April 1945.


13) A. Resis, "Spheres of Influence in Soviet Wartime Diplomacy," in Journal of Modern History, 1981, v53 (3), 435-7. On 22 June 1941 when Hitler had launched the invasion of the Soviet Union, Churchill made a speech referring to "Russian soldiers standing on the threshold of their native land, guarding the fields which their fathers have tilled from time immemorial." The British Prime Minister was probably too carried away by his own rhetoric to remember that the Russian soldiers were, in fact, standing in Poland and the Baltics, but the speech was nevertheless used by the Soviets to claim it amounted to recognition of the 1941 frontiers. (M. Kitchen, "Winston Churchill and the Soviet Union during the Second World War" in Historical Journal, 1987, v30 (2), 418).


17) Ross, op. cit., 158-62


20) Ross, op. cit., 168. See also the memoirs of James Byrnes, US Foreign Secretary, *Speaking Frankly*, New York and London, Harper and Bros., 1947, 75 on how at Potsdam, Bevin proposed that both Yugoslavia and Greece be left off the agenda.


23) Ross, op. cit. 178.


27) Siracusa, op. cit., 400-1. See also P. R. Kuniholm, The Origins of the Cold War in the Near East, Princeton, Princeton University Press, 1980, 112-6 on the haggling between Eden and Molotov about the different percentages after the Churchill-Stalin meeting. Kuniholm's book contains a very useful table (p115) showing how the percentages changed during the course of the Eden-Molotov negotiations. Only the Greek and Romanian percentages remained the same throughout.

28) Ross, op. cit., 175-83, 219; Sir L. Woodward, British Foreign Policy in the Second World War, Vol. 3, London, HMSO, 1971, 150-1. See also Byrnes, op. cit., 120 on how Bulgaria was a highly contentious issue at the Moscow foreign ministers' meeting in December 1945, in contrast to Romania, over which agreement was reached relatively easily.


31) Ross, op. cit., 252; Byrnes, op. cit. 94, Gorodetsky, op. cit., 112-14.

33) Taylor, op. cit., 54; Saville, op. cit., 206.
CHAPTER 2: THE ROMANIAN PERCENTAGE. (1944-45)

The Churchill-Stalin percentages agreement of 9 October 1944 is one of the most emotive events in the Second World War as far as many East Europeans are concerned. There is considerable uncertainty surrounding the interpretation of the meeting and this has created a popular mythology in Romania, which condemns the British Prime Minister for what is seen as his callous betrayal of the country to Stalin. This view oversimplifies events and fails to take account of the limits of British power at the time. As the war turned in favour of the Allies from 1943, British foreign policy came to be determined firstly by the need to cooperate with the United States and the Soviet Union in the war effort, and secondly by the problem of protecting British strategic and commercial interests. Policy makers in London had to try to reconcile the many contradictions involved in trying to pursue these goals, and compromises had to be made. Thus at the Tehran conference in 1943, Churchill had to give way to the other two powers and abandon the British scheme for a Balkan landing. With the way open to Soviet domination of the Balkans, Britain now had to try to protect its interests in the face of the Red Army's onslaught. In practice, Britain had little leverage in the face of Soviet military strength in the region, but by setting out its interests, Churchill probably hoped Stalin would respect these in order to maintain Allied solidarity.1)

However, Britain's understanding with the Soviet Union conflicted with the policies of its other main ally, the US, which, despite opting out of the region by vetoing Churchill's Balkan offensive plan, was unwilling to make the sort of pragmatic
statement of interests which Churchill did in October 1944. The US's ideals were espoused by the Yalta Declaration on Liberated Europe, which directly contradicted the Churchill-Stalin arrangement.2) British policy makers were frustrated by what they saw as an unrealistic attitude on the part of Washington, which failed to recognise the inevitability, given the military situation, of Soviet expansion at the expense of certain areas of Eastern Europe. Britain had to perform a delicate balancing act of trying to maintain faith with Washington, while concentrating efforts on defending the British interests which Churchill had defined in the face of increasing Soviet power. Moreover, Board of Trade and Foreign Office documents on British-Romanian commercial relations present a very different picture to that given by Romanian historians. In the late 1940s, Britain had a strong interest in resuming trade with Romania and developing it to a level beyond that of the inter-war period. While it was accepted in London that the country would have a government which was well disposed towards the Soviet Union there was no expectation that Romania would become a satellite with Moscow gaining full control of its economy and a virtual monopoly of its foreign trade. It is significant that the earliest Anglo-Soviet disputes in occupied Romania concerned commerce rather than politics.

The popular Romanian view of the percentages agreement as a notorious betrayal is fueled by the considerable uncertainty as to what the accord was supposed to mean due to the lack of any definitive official record.3) There is nothing in the Foreign Office record of the 9 October meeting about the piece of paper itself, and no reference to percentages although a photocopy of the document exists at the Public Record Office. However, percentages
for Hungary, Bulgaria and Yugoslavia are referred to in the official record of the meeting on 10 October between Eden and Molotov in which the two foreign ministers negotiated over the figures for these countries. Only the Romanian and the Greek percentages stayed the same throughout, a point which gives some credence to the intriguing suggestion referred to in the memoirs of the US diplomat Charles Bohlen that because Stalin's small tick appears next to the Romanian percentage, the Soviet leader was agreeing to the figure for that country alone and not to the list as a whole. Bohlen says he was told this by "an Englishman who had seen the paper," but does not elaborate further on his source. 4) Churchill's later memoranda refer to percentages without setting out the figures. 5) The copy of the 9 October meeting in Lord Ismay's private papers does not, as the Romanian historian Nicolae Baciu suggests, add anything to the PRO account of the meeting, since the record is identical. 6) The papers of Lord Inverchapel (formerly Sir Archibald Clark Kerr, British Ambassador in Moscow in 1944) refer to Churchill producing what the Prime Minister described as a "naughty document" at the meeting and also to comments made by Churchill which are not included in the Prime Minister's memoirs that he himself was not sentimental, that Eden was a bad man and that he had not consulted Parliament or his Cabinet about the percentages. These comments do not appear in the official record. 7) However, there is no confirmation in the official record or in Clark Kerr's papers of the further dialogue which appears in Churchill's memoirs, when the Prime Minister records that he said to Stalin; "'Might it not be thought rather cynical if it seemed that we had disposed of these issues so fateful
to millions in such an offhand manner. Let us burn the paper.' 'No, you keep it' said Stalin."8)

Churchill's memoranda make clear that the figures were not intended to indicate the number of British and Soviet representatives in the Allied Control Commisions of the defeated countries, but are otherwise vague. Churchill defined the percentages as being "of symbolic character only."9) The Prime Minister described the percentages as "no more than an interim guide for the immediate wartime future" and tried to play them down in his memoranda to the Foreign Office. In a note to Stalin dated 11 October, Churchill discussed the importance of representative government in Europe, and expressed the hope that Moscow would not impose communism by force on other countries. This conflicts with the popular Romanian view that Churchill was engaged in a "sell out." The note was never sent and Churchill's memoirs do not tell us why except to say that he thought it better "to let well alone" but included it in his memoirs as an "authentic account" of his thoughts. Conspiracy theorists would no doubt seize on the fact that the note was cancelled, but the memoirs of Averell Harriman, Roosevelt's special envoy to Churchill and Stalin and US Ambassador to Moscow, make clear that this was done under US pressure. Harriman states that he persuaded Churchill not to send the note by arguing that the US President would repudiate it because of the percentages. Thus it seems highly unlikely that Churchill stopped the note on the grounds of the passages about representative government.10)

Further confusion is created by the possibility that Churchill dissociated himself entirely from the official record of the 9 October meeting on the grounds that he thought it inaccurate.
There are three copies of the record at the PRO, two of which are printed versions and one of which is the typed version which would have been produced earlier. The copy in the Ismay papers is also the printed version. Next to the typed version is a minute by Churchill dated 11 October 1944. Foreign Office officials had evidently asked the Prime Minister to check their record of the 9 October meeting. However, Churchill noted that he was far too busy to do so. He went on to complain that “it seems to stand in need of a great deal of correction. At any rate, I accept no responsibility for the form.” There is no difference between the typed version and the later printed versions at the PRO and in the Ismay papers. It is not clear whether the typed version was written after Churchill had eventually had a chance to correct it (in this case there would be no record of the original draft which the Prime Minister said was inaccurate) or whether it is uncorrected. If the typed version is uncorrected, this means that the record went to print without Churchill’s sanction, and hence the Prime Minister dissociated himself from what has come to be accepted as the official account of the meeting.11)

The uncertainty over exactly what was agreed between Churchill and Stalin and over what the percentages meant in concrete terms caused confusion not only for historians later on but also for diplomats and officials of the time. One interesting possibility is that senior Foreign Office officials may have disapproved of the agreement and Churchill may therefore have been reticent about discussing its terms with them in too much detail. (The Prime Minister’s differences with the Foreign Office are well documented).12) Holdich suggests that in April 1945, Orme Sargent, who certainly knew about the percentages
agreement, considered the possibility of an agreement with Moscow to allow the Soviet Union unhindered control over Poland, Romania and Bulgaria in exchange for keeping out of Czechoslovakia, Yugoslavia, Austria and Turkey but concluded that such an arrangement would amount to "a cynical abandonment of the small nations whose interests we are pledged to defend" and "the abdication of our right as a great power to be concerned with the affairs of the whole of Europe and not merely those parts in which we have special interests." This suggests that Sargent may have been unhappy about the October 1944 arrangement. The diaries of Sir Alexander Cadogan, Permanent Under Secretary at the Foreign Office and Orme Sargent's superior, contain nothing on the percentages agreement and little on the Moscow meeting even though the diaries were published over twenty years after Churchill's memoirs and only one year before the majority of the wartime Foreign Office papers were released to the public and there can thus have been little reason for secrecy over the accord.

In reality, in spite of the doubts as to its exact interpretation and how far Churchill was acting without the approval of the Foreign Office the accord was merely an confirmation of existing British policy in the region and a recognition of the realities of Soviet strength. Britain was in no position to "sell" Romania to the Soviet Union even if it had wanted to. Moreover, it is highly likely that Churchill saw the agreement as an affirmation of British interests in the face of unilateral actions by the Soviet Union (such as inviting Tito to Moscow without British approval) when, in practice there was little which could be done to prevent the Soviets achieving all the goals which they wanted in the region,
even though the British Prime Minister may have considered that
the opening of the Second Front the previous June and subsequent
military victories gave him added bargaining power.15) Churchill's objective in Moscow in October was to ensure the
continuation of existing cooperation and, according to Sir John
Colville, his Private Secretary, to make clear to Stalin that he
envisaged equal cooperation between the Big Three in the war
effort and no US/UK special relationship. Evidently this was very
important to the British Prime Minister, since Colville (who did not
accompany Churchill to Moscow) records that Churchill was quite
ill in October 1944. Colville regarded the trip as "very dangerous
to his health." Churchill was also facing parliamentary problems
over housing, which caused him to threaten to resign the
Conservative leadership.16)

Thus, it seems that Churchill took the Moscow meeting very
seriously and he appears to have regarded it as highly successful.17) However, it is possible that he deluded himself as to the
degree of influence he had with Stalin and hence as to the
significance of his "naughty document." Certainly the British Prime
Minister had a notable tendency to over-dramatise events. An
excellent antidote to Romanian polemics, which suggests this
possibility and which attempts to demythologise the percentages
agreement, is Panos Tsakaloyannis's 1986 article "The Moscow
Puzzle."18) By close examination of the records of the Moscow
meetings, activity of Soviet diplomats in Greece and an analysis of
Greek popular accounts of events, Tsakaloyannis reaches the
conclusion that the percentages agreement's importance has been
greatly exaggerated. Churchill's memoirs, Tsakaloyannis argues,
have been treated too uncritically by historians who have seen
them as a definitive source and failed to recognise the limits of the British Prime Minister's objectivity. Moreover, the story of the carve up of Europe had obvious appeal because it seemed to fit the personalities of the wartime leaders so well, emphasising Stalin's credentials as a ruthless oppressor of small nations (an image which struck a particular chord in 1953 when Churchill's memoirs were published and the Cold War was at its peak) and Churchill as a strong defender of British imperialism. Churchill's account also appealed to elements of the left in the 1970s, notably the anti-Moscow wing of the Greek communist party, which could present Stalin as the betrayer of their cause. This view was popularised by Dominique Eudes's 1970 book *The Kapitanios* about the partisans, which was translated into many languages and hence had a wide readership. Eudes was an unashamed supporter of the anti-Moscow left and Tsakaloyannis argues that the book contains many unsubstantiated facts and statements, but because of its popularity it has nevertheless given wide currency to the myth of the carve-up of Europe by Churchill and Stalin, particularly since it was published at a time when the anti-Moscow left in general was unusually popular, two years after the invasion of Czechoslovakia, three years after the death of Che Guevara and in the middle of the Vietnam War. Tsakaloyannis does not tell us whether Eudes's book was published in Greece. (His reference is to the English language version published in London in 1972). One would assume not, since at the time that country was under the dictatorship of the Colonels, when material sympathetic to communism was censored. Nevertheless, this fact adds to Tsakaloyannis's argument, since Eudes's story of Stalin's
betrayal of the Greek left must have been particularly emotive given Greece's political situation at the time.19)

The fact that the impact of the percentages agreement has been exaggerated is demonstrated by the relative continuity of British policy towards Romania throughout 1944. If the October 1944 agreement was as important as has been claimed, one would have expected a significant shift in British policy at this time. However, British policy of cooperating closely with the Soviet Union was evident as soon as Soviet troops started to occupy Romanian territory. On 3 April, the British Embassy in Washington was told to "avoid discussing the ethnographical character of Bessarabia or the Northern Bukovina or the circumstances of the Soviet entry in 1940."20) By June, the idea of an Anglo-Soviet understanding over Greece and Romania was beginning to evolve. In that month, with US concurrence, Britain and the Soviet Union agreed that under wartime conditions, the former would take the lead in Greece and the latter in Romania. Although the British had insisted that the plan was for wartime conditions only, it had been resisted by the US which was concerned that it was an arrangement to set up post-war spheres of influence, an allegation which the British vehemently denied. It was therefore under US pressure that British Foreign Secretary Anthony Eden accepted that the arrangement would run for a trial period of three months and then be reviewed. The percentages agreement of 9 October, made between Churchill and Stalin without US involvement, contained no time limit although Churchill states both in his memoirs and in his memorandum on the arrangement dated 12 October 1944 that he only intended it to apply during wartime.21) It was, however, clear in May 1944 that Churchill knew there
were broader questions at issue than merely military operations. In a minute to Eden dated 4 May 1944 which led to the June initiative to divide responsibilities in the Balkans, the British Prime Minister asked for a paper to be drawn up on the "brute issues" in the region. He asked bluntly "are we going to acquiesce in the communisation of the Balkans and perhaps of Italy?" He argued that if Britain intended to resist communisation, this should be put to the Soviets "pretty plainly, at the best moment that military events permit." There is no evidence that Britain ever did this, and the whole drift of British policy in 1944 was towards trying to achieve an accommodation with Moscow.

There was no change in British policy after Romania switched to the Allied side on 23 August and Britain's main concern was to maintain friendly relations with Moscow so that the joint war effort could run as smoothly as possible. Moscow's predominance was reflected in the fact that the Allied occupation authority was referred to as the Allied (Soviet) Control Commission. There were no serious rifts over Soviet behaviour, although Britain did show some concern to protect its commercial assets in the face of Soviet pillaging, while taking care to stress that it wanted these to be used for the overall war effort. Britain also expressed concern at the level of reparations which the Soviets demanded. London did not want to see the Romanian economy destroyed because it wanted to resume trade. British officials were aware of atrocities committed by Soviet troops, but did not consider them to be a British concern.

Directives to the BBC on propaganda immediately following the August coup emphasised the importance placed by London on Anglo-Soviet cooperation in Romania, and discouraged too much
enthusiasm for the Romanians. On 24 August, broadcasters were told "do not call the Roumanians 'Allies' or receive them with too much enthusiasm." A week later, the BBC was told it could "commend Roumania's welcome, if tardy, action" but could still not refer to the Romanians as allies or co-belligerents. The main objective of BBC reporting on Romania was to encourage other German satellites to make a similar switch to the Allied side. However Britain's reluctance to intervene in political developments was reflected in the directive to the BBC to "continue to give indirect support to King Michael and his Government....but do not build up King Michael as the national hero and do not imply that the present government is permanent." The directive also stated that broadcasts should not discuss the extent to which Romania was under Soviet control. These directives imply that even at this early stage, British officials knew that there was going to be significant Soviet interference in Romanian politics and did not want to be drawn into disputes with Moscow over such behaviour. London's propaganda therefore deliberately left the question of Romania's political future open. The extent to which the BBC followed Moscow's line was demonstrated in November 1944, when Ian Le Rougetel, the British political representative in Bucharest, complained of inaccuracies in BBC broadcasts to Romania because of over-reliance on second-hand information from Moscow. (The BBC's archives demonstrate the considerable cooperation which took place between Britain and the Soviet Union in fixing schedules for wartime broadcasts. In October 1941, efforts were made to coordinate programmes for occupied Europe to achieve maximum joint propaganda effect). Further examples of
Britain's willingness largely to allow the Soviets to do as they pleased in Romania in 1944 were the recognition of the Soviet right to annex Bessarabia and Northern Bukovina, acceptance that Antonescu and Clodius would have to be brought to account as war criminals, even though the Foreign Office did not consider that the two genuinely fitted into that category, and also the failure to respond to Soviet-backed communist harassment of a National Peasant Party demonstration on 13 October.30) There is no reference to the percentages agreement as a justification for British policy in these cases, but they fit in to the pattern already established in the summer of 1944.

Nevertheless, from November 1944, the percentages agreement began to be directly referred to as a justification by British politicians and officials for non-interference in Romanian affairs, thus confirming the line which had been taken since the Teheran Conference. Churchill used the "agreement" to try to restrain Le Rougetel and Stevenson in November 1944 from giving advice to the King and Romanian politicians during the political turmoil of the first and second Săvârșescu governments. The British, in the Prime Minister's view could be no more than "spectators" in Romania and he complained to Eden that Le Rougetel "evidently does not understand that we have only a ten percent interest in Roumania....You had better be careful about this or we shall get retaliation in Greece which we still hope to save." Later, he queried "have you or the Foreign Office at any time made our representatives in Bucharest aware of the broad balances we agreed in Moscow? It seems that they are behaving as if they were in Greece."31) Later he stressed that "we really must not press our hand too far in Roumania...Remember the
percentages we wrote out on paper." However, Churchill was adamant that Britain should not admit its lack of interest in Romania, despite the fact that this would have made life easier for the "historic" parties. In response to an appeal by Maniu to the British Legation to come clean as to whether a decision had been taken that Romania was to be in the Soviet sphere of influence, (a position which the Peasant leader said he would understand), the British Prime Minister wrote; "surely we are not called upon to make such admissions." Even British diplomats and the military in Bucharest seem only to have been told in general terms about the understanding and not directly about the percentages. In response to a telegram from Le Rougetel urging action to stop the soviétisation of Romania, Churchill minuted to Eden in December 1944 that "we cannot overplay our hand in Roumania....without letting it appear in telegrams you ought to make your will felt." Ivor Porter refers to the puzzlement of the staff of the British Legation as to why their reports and proposals were not better received in London.32)

In January 1945, the percentages agreement was invoked over the Soviet decision to deport ethnic Germans from Romania for forced labour in the USSR for the duration of hostilities. The deportations took place in a particularly disorganised and brutal fashion and provoked representations from Savel Rădulescu, the Romanian representative on the Allied Control Commission.33) Both Ian Le Rougetel, the British political representative in Bucharest, and Air Vice-Marshal Donald Stevenson, the British representative on the Allied Control Commission in Romania, believed in strong action by Britain to prevent the USSR from implementing the measure.34) The US State Department pointed
out to the Soviets that the deportations were in violation of the Armistice.35)

London, however, took a more cautious line, and Orme Sargent, Deputy Under Secretary at the Foreign Office, quoted the percentages agreement as a justification, although in this case he actually referred to Britain having a 20% influence in Romania rather than 10%.36) The British position, as set out by Sargent, was that if questioned, Britain should state that the decision to carry out the deportations had been taken without her having been consulted, but could not go further in supporting the US. In other words, Britain did not want to be implicated in the deportations but would not do anything to stop them.37) One official considered that there was some justification for the Soviet action as a means of reducing "the risk of history repeating itself" given the help given by German minorities in the satellites to the German war effort, but objected to the action being taken in the name of the Allied Control Commission without Britain being consulted.38) Churchill went even further in accepting the Soviet action. "Why are we making such a fuss about the Russian deportations in Roumania of Saxons and others," he wrote in a minute which criticised the Foreign Office for becoming too involved in the matter. "It was understood that the Russians were to work their will in this sphere. Anyhow, we cannot prevent them." In a second minute, dated 19 January 1945, the Prime Minister pointed out that "we must bear in mind what we have promised about leaving Roumania's fate to a large extent in Russian hands. I cannot myself consider that it is wrong of the Russians to take Roumanians of any origin they like to work in the Russian coal fields in view of all that has passed."39) The Prime
Minister was particularly resigned to Soviet predominance in Eastern Europe at this time, although policy in Greece was successful. Colville records him saying before going to bed on 23 January; "Make no mistake, all the Balkans except Greece are going to be bolshevised, and there is nothing I can do to prevent it. There is nothing I can do for poor Poland either."40)

The cautious position adopted by London over the deportations led to conflict with the British political and military representatives in Bucharest. Air Vice-Marshal Stevenson was criticised for his intervention with Vinogradov to try to prevent the deportation of German nuns and priests on the grounds that they were supposedly innocent of collaboration with the Nazis. 41) The War Office believed that Stevenson was "rather involved over the matter of the deportations of the Saxons and Schwabians" after reading reports of various approaches to Vinogradov by the Air Vice-Marshal on humanitarian grounds about the condition of the deportees.42) London was concerned that if Stevenson intervened on behalf of individuals, Britain could be accused of acquiescing in the deportation policy as a whole. He was even criticised for his intervention on behalf of Germans who worked for the British oil companies, since it was felt that this could create propaganda possibilities for the Soviets.43) When the Southern Department considered asking Stevenson to find out more about the categories of deportees, Sargent pointed out that Britain had already tacitly agreed to let the Soviets deport Germans from East Prussia and former areas of Germany which were to be ceded to Poland and cancelled the proposed telegram. "Do not let us encourage the Air Vice-Marshal to further interference by asking him unnecessary questions," he wrote.44)
British reticence in January 1945 over Soviet deportations of ethnic Germans in Romania was to be expected, given the vigorous efforts being made to establish a friendly government in Greece at this time and to suppress the Greek communists. These policies are clearly illustrated by Foreign Office papers on British policy towards Greece in 1944-5. Following the fighting in Athens in December 1944, Britain's first aim was to set up a new Greek army so that British forces could ultimately be withdrawn. However, the British government was clear in its view that British troops would support the Greek government if planned peace talks with the Greek communists failed. While the threat to Greece in October, when the percentages agreement had been made, had primarily been that of a Soviet invasion in the north, the new danger of an overthrow of the government in Athens made it appear all the more important not to create problems over Soviet actions in Romania.

The percentages agreement had some effect on British policy during February and March 1945 in the run up to the imposition by the Soviet Union of the communist dominated Petru Groza government. On 7 February, Le Rougetel argued for a more positive British policy in Romania in view of British economic interests in the country, and greater opposition to the USSR's efforts to impose a minority government. Howard, the Head of the Southern Department believed this to be impossible. "At present our policy is governed by the PM's agreement with Stalin by which we are allowed a 10% interest," he wrote. Some Foreign Office officials expressed concern that Churchill would be critical of Air Vice-Marshall Stevenson for representations he had made to Vinogradov over Soviet intervention in Romanian affairs.
Romania did not feature prominently at the Yalta Conference of February 1945 although Churchill praised Stalin's behaviour over Greece and told British officials that he thought this proved the Soviet leader's good faith. Nevertheless, Britain was aware of Soviet reluctance over the Declaration on Liberated Europe and this created problems for Britain when the US considered invoking it with respect to Romania and tried to persuade Britain that a joint approach was necessary. There was some concern in London that if Britain invoked the Declaration for Romania, the USSR would invoke it for Greece.48) There was nevertheless some confusion as to whether or not the Yalta Declaration superseded the percentages agreement. This is illustrated by the position taken by Orme Sargent over the question of whether Air Vice Marshal Stevenson should raise the issue of Romanian press freedom in the Allied Control Commission in February 1945. At first Sargent expressed doubts as to the wisdom of raising the issue "as our right to intervene in Roumanian affairs is strictly limited as a result of the decisions taken at the Moscow Conference."49) But in the same minute he said that Stevenson should be authorised to go ahead: "If the Russians resent our intervention, we might perhaps invoke the new Declaration on Liberated areas."50) However, by 1 March, Sargent was against invoking Yalta "in view of the agreement reached in Moscow between Marshall Stalin and the Prime Minister last year, whereby it was agreed that we had no more than 10% interest in Roumania" and the fact that Britain did not want the Soviets to invoke Yalta with respect to Greece. When the US made representations in Moscow, the British followed reluctantly, but the text of the message which Sir Archibald Clark Kerr, the British
Ambassador in Moscow, was told to deliver to Molotov gave a strong hint to the Soviets that Britain was merely following the US lead, and still considered the percentages agreement to be valid. “Whilst accepting Soviet preponderance in Roumania,” the message read, “we feel obliged... to press for joint consultations in accordance with the decisions taken at the Crimea Conference.” (Emphasis added). As in the case of the German deportations, Britain made clear that it would have to dissociate itself publicly from any imposition of a minority government by the Soviets.51) Churchill did not believe the Yalta declaration could be invoked for Romania, because of the percentages agreement, but by late February had come to take a much tougher line on Poland than he had the previous month, and told Colville that he had "not the slightest intention of being cheated over Poland, not even if we go to the verge of war with Russia."52) On 4 March 1945, he minuted to the British Foreign Secretary that as far as Romania was concerned he was “very much afraid of our going too far considering the informal arrangement about Greece and the strict manner in which it has been kept by U. J.” (Stalin). Churchill was particularly concerned not to upset his understanding with Stalin before a satisfactory solution to the Polish situation had been reached: “I am anxious to go full out about Poland, and this requires concentration at the expense of other matters.” He criticised British representatives in Romania for building up an anti-Soviet political front “with untimely energy, without realising what is at stake in other fields.”53) 

Eden, however, was less inclined than the Prime Minister to take a soft line with the Soviets in Romania, and interpreted the “percentages agreement” less rigidly. He did not believe that it
should prevent Britain from invoking Yalta, and considered that a
failure to invoke the Declaration with respect to the Balkans
would make it more difficult to gain acceptance from the British
public for a deal with the Soviet Union over Poland. In other
words, while Eden was tougher than Churchill over Romania, he
was more inclined to compromise over Poland. It would be
damaging for Britain to fail to invoke Yalta on the first occasion
when it was applicable, the Foreign Secretary argued, and Britain
had nothing to fear if the Soviets invoked it for Greece.54) The
approach to Molotov went ahead, but at the same time the British
mission in Romania was told to follow the lead of the US mission
during the political crisis and to avoid taking the initiative.55) The
percentages agreement was also given as a reason for the British
refusal to give King Michael advice during the crisis: "We must not
forget," wrote Howard, "the terms of the Prime Minister's
understanding with Stalin.... which provided that the Russians
should have an entirely free hand in Roumania or that the Prime
Minister has frequently reminded us that we must not interfere in
the internal affairs of Roumania." The USSR had respected the
agreement in Greece and there was "no getting away from the fact
that we have agreed to 10% interest in Roumanian affairs, which
entitles us to do little more than to protect British interests."
Sanctuary had already been given to Rădescu and the Mission
suffered from a certain amount of harassment from the Romanian
authorities, covertly backed by the Soviets, as a result.56)

At a Cabinet meeting on 6 March 1945, the day the Groza
government took office, there was some discussion as to whether
the "percentages agreement" had been superseded by the Yalta
Declaration, but on 8 March Churchill minuted that although the
principles of Yalta were being blatantly disregarded by Stalin in Romania, the point could not be pressed for fear that the Soviet leader would accuse the British of bad faith, since Moscow had not interfered in Greece. Churchill argued in a telegram to Roosevelt on the same day that Poland was much more important and that he did not want to do anything in Romania which would prejudice a Polish settlement. Nevertheless, he believed Stalin should be "informed of our distress" at the imposition of a minority government in Romania in violation of the principles of the Yalta Declaration. This decision (which appeared to contradict his assertion that Romania should be played down) resulted from a broadcast by Moscow radio on 6 March which stated that the efforts of supposed "reactionaries" and "Hitlerists" to assert their influence in Romania had been "thwarted by the rapid and coordinated action of the organism of the Allied Control Commission."

As with the Soviet deportations of Germans in January 1945, Churchill and Eden were concerned that Soviet misbehaviour should not be committed in the name of the Allied Control Commission, thereby implying British involvement. Britain would acquiesce in Soviet actions in view of the percentages agreement but such acquiescence had to be tacit. In a handwritten note on 8 March in response to a minute by Churchill the previous day saying that the Moscow Radio broadcast was "very hard to bear" Eden stated that he had decided to register a protest in Moscow, and thus appeared to be in harmony with the Prime Minister, who drafted a telegram to Stalin also on 8 March. However on 9 March Churchill minuted that the telegram, which he had sent to Eden for discussion, should be recovered from the Foreign Office and
destroyed. A later draft of a telegram to Stalin discussed Poland but not Romania. It is likely that the destroyed telegram included criticism of Soviet behaviour in Romania since in a telegram to Roosevelt on 8 March, the Prime Minister had quoted a draft message which he proposed to send to Stalin on the subject of both Poland and Romania. The British Prime Minister appears to have reconsidered taking up Romania with Stalin and Roosevelt's reply showed that the US President too did not consider the country to be a good place to test the Yalta Declaration since the Soviets were in complete control. Despite the behaviour of Moscow Radio, the BBC was told to report the change of government "factually and briefly and entirely without comment." UK and US press commentary was not to be reported.

However, US policy, too, appears to have been confused, since on 13 March, two days after Roosevelt's telegram to Churchill, the US Embassy in London notified the British of the State Department's plans to make representations in Moscow and requested British agreement to the holding of a three power conference there. Michael Williams, the Assistant Head of the Southern Department, considered that Britain should only support the US if the Americans agreed not to press the issue further should the Soviets refuse. (In practice, a Soviet refusal was inevitable and therefore Yalta would not be invoked). A telegram was drafted to be sent to Washington. Eden was not happy about the British reluctance to support the US's apparent wish to invoke Yalta and insisted on the redrafting of the telegram to make British backing appear much stronger. The Foreign Secretary was particularly concerned not to discourage the Americans from intervening in European affairs. However, Churchill minuted to
Eden that Britain needed to pursue a "soothing policy" in Romania because Air Vice Marshal Stevenson's activities had led to the Soviets creating problems in Greece. The Prime Minister was "quite clear we should soft-pedal Roumania and not make a stand-up issue with the Russians over this." Churchill's main concern was again not Greece but Poland. He thought Britain should work for the ousting of Greek Prime Minister General Nikolaos Plastiras, who by March 1945 was carrying out a campaign of large scale arrests of his left-wing political opponents in defiance of British calls for restraint and that to be seen to be doing this would be good for Britain's image.62) However, Churchill believed, Plastiras should be used as a bargaining counter with Moscow and his ouster presented in such a way as to suggest that Britain was pursuing a policy in Greece which was not unduly disagreeable to the Soviet Union. "Instead of our going all out against the Russian view... in two theatres," the British Prime Minister commented, "we should work for a détente in both and concentrate on Poland." Churchill did not make clear whether he envisaged that "détente" in Romania should involve Moscow pursuing a less anti-British policy there as a quid pro quo for Britain's withdrawal of support from Plastiras or whether what he was really saying was that Britain should be seen to be offering concessions in Greece as well as in Romania (albeit to very different degrees) in order to win the argument with Moscow over Poland.63) Churchill's concern for Poland in 1945, which was not especially apparent in 1944 was probably the result of the Greek situation having stabilised by that point.64)

In private correspondence with Eden, Churchill was critical of British military and Foreign Office officials. In a letter to the
Foreign Secretary on 17 March, the Prime Minister commented that "we need not look very far to see why the Russians have turned difficult about our affairs in Greece. It is because of the very spirited action taken in Roumania by AVM Stevenson and others." Although he urged restraint in Romania and support for Molotov, Churchill was keen for elections to take place in Greece. Thus the British Prime Minister would not have been over-concerned if the Soviets had invoked the Yalta Declaration with respect to Greece and this reinforces the picture that Churchill's main concern at this time was Poland. However, there was a divergence of view on Greece between Churchill and the Foreign Office. Alexander Leeper, the British Ambassador in Greece wanted the elections postponed, probably because of concern that the communists might gain if elections were held too soon. However, Churchill thought Leeper wanted to delay the elections for fear that the Greeks might vote for a return of the King: "Mr Leeper evidently likes governing the country himself," the Prime Minister wrote. "This is quite natural, but our policy is to withdraw as soon as possible after the will of the Greek people has been expressed." Churchill cautioned Eden that his comments were "for your eye alone and should not be shown to the Republican Guard at the Foreign Office." 65) Colville's diaries give further indications of Churchill's belief that republicanism was strong in the Foreign Office. 66)

The last time, according to open documents, that the percentages agreement was invoked as a justification for British policy was in April 1945, when Maniu suggested to Le Rougetel that the King might be encouraged to dismiss Groza and appoint a more representative government. The National Peasant leader was
critical of what he perceived as Britain's indifferent attitude, which he found difficult to understand in view of British commercial interests. Le Rougetel objected from a political point of view to this "pure folly" which he thought would be damaging for the King. The Foreign Office went further, and considered that meetings with Maniu should be avoided, since the USSR "would take as strong exception as we should if we found a Russian representative intriguing with ELAS against the present Greek government."67)

The Soviets clearly interpreted the "percentages agreement" as remaining in force after the end of the war in Europe at least as far as Romania was concerned. On 11 May, Stevenson, who was noted in the Foreign Office for his talent in establishing good social relations with the Soviets, reported a drinking session with Pavlov. Once Pavlov had drunk a large amount of vodka, the Air Vice Marshal encouraged him to talk about Soviet policy. Pavlov said he could not understand why Britain was resisting Soviet policy in Romania when the USSR had kept its word in Greece.68) However, as far as Britain was concerned, the percentages agreement was not directly quoted as a justification for policy after the end of the war in Europe in May 1945, although there are hints that the Greece/Romania trade-off was still in Foreign Secretary Ernest Bevin's mind at the Potsdam Conference in July.69) In September 1945, following the trial of members of a youth organisation opposed to the Groza government, the Foreign Office decided to encourage publicity over the unjust nature of the proceedings and unreasonable sentences. Although it was acknowledged that Britain had no interest in the convicted Romanians, publicity was seen as a useful way of retaliating
against a Soviet press campaign involving negative commentary about the Greek government and British policy in Greece. The Foreign Office's attitude to this case should be seen in the context of the deterioration in relations between the Soviet Union and the Western powers in autumn 1945, which partly resulted from greater US assertiveness following the dropping of the atomic bomb on Japan and the consequent lack of involvement by the Soviets in the Japanese theatre. The breakdown of the London Foreign Ministers' Conference in September 1945 was a symptom of this deterioration in relations, and it is notable that the Conference saw repetitive and fruitless arguments between the British and Soviet delegations as to the democratic credentials of the Greek and Romanian governments. However, Britain had not abandoned the idea of establishing a post-war *modus-vivendi* with Moscow and the next few months saw efforts to re-establish an understanding on areas of influence. The Moscow Agreement of December was the result of this policy. (See Chapter 3).

In spite of the policy of accepting Soviet political predominance in Romania, the Board of Trade and other Whitehall Departments responsible for imports were eager to resume commercial links, a fact which demonstrates the weakness of the argument of Romanian historians who believe Britain entirely opted out of the Romanian theatre in October 1944. Britain had more commercial interests in Romania than in most other East European countries and was concerned to redeem the losses it had suffered when Romania was in the Axis camp during the war, and British oil companies had been expropriated. Britain was also keen to resume trade with Romania in 1944 because of the general economic problems caused by the war. As Germany and its allies
were defeated, it was an important priority to re-establish trading links in order to repair as quickly as possible the severe damage inflicted on the British economy by the six year conflict. Immediate shortages had to be dealt with, not only in Britain, but also in areas of Europe in which Britain had interests and responsibilities, such as occupied Germany. The situation became more acute at the end of the war when the US economic commitment to Europe was called into question and remained uncertain until the announcement of the Marshall Plan in 1947. There was a vital need to re-establish European trade so that shortages in one area could be remedied by purchases from another. Britain also needed to rebuild its export trade in order to earn currency for essential imports and reconstruction. Once Romania had changed sides in August 1944, many British military and civilian officials were therefore keen to see trade re-established. This view contrasted markedly with Britain's lack of interest in the political situation. Foreign Office officials showed less interest in the development of Anglo-Romanian trade than did their counterparts in the Board of Trade or the staff of the British Military Mission, failing to recognise, for instance the implications of the Soviets' fixing of artificially low prices for reparations deliveries, which enabled Moscow to secure a very high proportion of Romanian exports and thus prevent Britain from securing products which it wanted. The Foreign Office also showed a marked lack of awareness of the significance of the Soviet-Romanian economic agreement of 8 May 1945, which tied the Romanian economy closely to that of the Soviet Union, with detrimental effects for British commercial interests. However, this was natural, given that commercial issues are not primarily the
Foreign Office's responsibility and that its officials often lack expertise in economics. Moreover, it is possible that being more in touch with the political situation, Foreign Office officials were more sanguine about commercial opportunities for Western countries in post-war Romania.

As early as 29 August 1944, the Board of Trade was making clear its interest in securing a better commercial position for Britain than in the inter-war period, and in particular for British ships to be involved in Anglo-Romanian commerce. The Board insisted that the 1930 treaty on commerce and navigation should not be restored because it gave too many benefits to Romanian companies and ships. The British Military Mission was told prior to its departure for Romania in September 1944 to investigate the possibilities of securing a number of products such as oil, agricultural produce and timber, and to report on any Romanian surpluses which might be available for export. The Mission was told to ensure that British oil interests were restored. In stark contrast to much Foreign Office commentary in 1944, the directive to the British Military Mission when it was set up commented that "British interests in Roumania are large and should be safeguarded by a British Mission," while as a surplus area in food and oil Romania would be "of the utmost importance for relief and rehabilitation in Europe." Moreover, the political directive to the Mission emphasised that Britain did not want Romania to come under permanent Soviet control and that Soviet predominance was merely a wartime expedient: "There can be no question of our abdicating our claims to have an equal share in the post-war period in all political questions affecting Roumania." The British Military Mission challenged the Foreign
Office's view that the British representative on the Allied Control Commission should have the same degree of power as the Soviet representative in Italy, rejecting the parallel because "Russian interests in Italy are slight while those of Great Britain in Roumania and on the Danube are considerable." Nevertheless naivété was shown by the directive to the British element of the Allied Control Commission that Soviet interests were strategic and military while British interests were commercial: "There is no reason why these should clash."78)

Early reports of the British Military Mission in 1944 commented on the difficulties caused by Soviet maladministration and interference with British efforts to re-establish the Romanian economy and its foreign trade, for example by creating difficulties for British ships on the Danube (The Soviets tried to impede the return of British vessels to their owners either by claiming they were German, and hence war booty or by creating administrative difficulties). These were one of the earliest areas of Anglo-Soviet dispute in Romania.79) At the same time disputes arose over Soviet treatment of British oil companies. On 28 October 1944, Air Vice Marshal Stevenson received reports that the Soviet authorities in Romania were expropriating stocks which belonged to the Allied oil companies and taking them to the USSR. Stevenson complained to Vinogradov, the Soviet representative on the Allied Control Commission, who said that since the material had belonged to the Germans it was lawful booty.80) (In fact, although the equipment was German in origin, it had been paid for by the British companies before the war).81) Stevenson intervened again, saying that the loadings were impeding the Romanian war effort, and on 31 October, Le Rougetel reported that
the loadings were continuing at an increased pace, which led to the matter being taken up by Sir Archibald Clark Kerr, the British Ambassador in Moscow. They put forward at meetings of the Allied Control Commission that they were not primarily interested in putting the British companies welfare first, but in using them for the overall war effort. There was also some interest in supplying Greece with Romanian oil.

Nevertheless, in practice the Foreign Office and the British Military Mission made a distinction between the British and Romanian companies. For example when the Soviets removed equipment from the Romanian-owned Malaxa plant, in December 1944 Stevenson commented that even though this would be damaging to the war effort, the Romanians must deal with this themselves, as there were no Allied interests involved. Orme Sargent, in the Foreign Office invoked the percentages agreement: "We have recognised that Roumania is the Soviet Government's preserve. This means in practice that we can only interfere in defence of direct British interests, and that where only Roumanian interests are concerned, we must acquiesce in whatever the Russians do, even though we may think that some of their actions...are economically and politically unsound." However, protection of British oil interests was accepted as a justification in February 1945 for limited representations to the Soviets critical of their interference in Romanian internal affairs. The Foreign Office saw the likely nationalisation of the British oil companies as the main reason why it should try to prevent a communist regime being set up, and reluctantly endorsed representations by Stevenson to Vinogradov. The Ministry of
Fuel and Power went much further than the Foreign Office and in March 1945, continuing difficulties over Soviet removals of British owned oil equipment prompted that Department to suggest that Britain might consider refusing to renew the protocol under which the Soviet Union was supplied with aviation spirit. (The protocol was due to expire on 1 July). The suggestion was not taken up.87) As well as suffering from Soviet removals of equipment, the British-owned oil companies were also affected by the artificially low prices imposed on the Romanian government by the Soviet Union for oil purchases, a difficulty which prompted Stevenson to comment that Britain was effectively paying Romania's war obligations.88) Problems were also caused by the high wage increases paid to the workforce and delays in payment by the Romanian government for deliveries by the companies to the USSR.89)

In December 1944, the British Military Mission considered that the time had come to start to develop Romania's export trade, in collaboration with the Soviets, and on a barter basis. The Military Mission listed a number of items which it thought could be exported and was keen to get British ships involved in this trade as part of a strategy of reestablishing British trading rights as soon as possible.90) Although the War Office thought that private trade was unlikely, and any reopening of trade would have to be under government control, the Ministry of Supply expressed interest in buying hardwood for the UK and softwood for reconstruction in Greece and Palestine.91) These attempts at reviving trade foundered, however, partly due to inertia in the Foreign Office, where officials failed to appreciate the need for speed in re-establishing trading links before the Soviets managed
to secure a stranglehold over the Romanian economy or who were, perhaps, more alive to the realities of Soviet political domination, which made Anglo-Romanian trade problematic.92) A severe blow was dealt to the Board of Trade and the supply departments by the Soviet-Romanian economic agreement of 8 May 1945. This far reaching agreement was a significant step in the communisation of Romania, since it set the basis for a long term Soviet domination of Romania's foreign trade. The Soviet-Romanian joint companies (Sovroms), which were established under the agreement enjoyed numerous privileges, which were severely detrimental to the competitive position of Western interests, such as the British oil companies. The ability of the Soviet Union to impose this accord in spite of a clear British interest in resuming trade is a demonstration of London's impotence in the face of Moscow's power.93)

In 1953, when Churchill's memoirs were published, the British Ambassador in Washington responded to Romanian emigré reaction by stating that the percentages agreement applied only to military matters and was intended to last only three months. This is evidently not the case, as analysis of British policy towards Romania in 1944-5 proves. It was in fact the June 1944 arrangement which was given a three month time limit because of American pressure. Churchill states in his memoirs that the percentages agreement was supposed to apply during wartime. This is largely accurate, since although the British interest in Greece remained strong, the Churchill-Stalin agreement is not directly quoted as justification for British policy after May 1945. Moreover, the percentages agreement clearly had an impact on political as well as military decisions, but Churchill never claimed
otherwise, and even quotes his minute to Eden of 4 May (in which he raised the issue of whether or not Britain should acquiesce in the communisation of the Balkans) in his memoirs. As far as Romania was concerned, the most important effect of the percentages agreement was to cause the British to make fewer complaints about Soviet actions in February and March 1945 than they might otherwise have done. However, it is unlikely that political developments would have been much different if the "naughty document" had not existed. As Eden states, Britain was in no position to prevent the Soviets from imposing a government of their choice in Romania, since the country was occupied by Soviet and not British troops.

Moreover, Board of Trade papers prove that Britain certainly did not opt out entirely from Romanian affairs in October 1944. The Board’s strong interest in the development of Anglo-Romanian commercial relations to a level well beyond that of the inter-war period contrasts strongly with the traditional view of Romania being "sold" to Stalin. While the Foreign Office certainly showed less interest in the development of trade and its officials may have been more realistic as to the implications of political developments, the difference in emphasis is natural given that Department’s particular responsibility for political relations. The interest of Foreign Office officials in the protection of British companies in Romania shows that even they did not envisage Romania becoming a communist economy in which the private sector would be virtually eliminated. The position is neatly summed up by an exchange between Eden and Sargent in January 1945. The former noted that Britain could do little to prevent Soviet excesses because Britain had told Moscow it was not
interested in Romania "Not quite," the Foreign Secretary wrote. "We still have ten percent."96)

The Soviet colonisation of Eastern Europe in the 1940s proves that the percentages agreement was largely irrelevant. Not only did Stalin take full control of Romania and fail to respect British interests there, but also of countries with which Britain was much more concerned such as Yugoslavia, Hungary and Bulgaria. Stalin's unwillingness to respect the British interests set out by Churchill was beginning to become apparent by mid 1945, after the defeat of Germany. The reality of the Red Army's presence in large areas of Eastern Europe meant that the Kremlin had little incentive to respect agreements. Moreover, additional tension was growing as a result of the US's increased assertiveness, which made that country increasingly unwilling to accept a spheres of influence approach. The months after the imposition of the Groza government in March 1945 were therefore to see renewed efforts by British policy makers to try to persuade Stalin to respect British interests, while at the same time trying to restrain Washington from antagonising Moscow and thus putting those British interests in jeopardy.

REFERENCES

1) Sir L. Woodward, British Foreign Policy in the Second World War, Vol. 2, London, HMSO, 1971, 599-603; L. Gardner, Spheres of Influence: The Partition of Europe from Munich to Yalta. London, John Murray, 1993, 195. See A. Crețianu, The Lost Opportunity. London, Cape, 1957, 18, 78, 106, 108, 118, 167, 174-5, on Churchill's plans for intervention in the Balkans which were constantly thwarted by Roosevelt. Unusually for a Romanian emigré, Crețianu is positive about Churchill, considering him to have been an astute strategist whose plans would have saved Eastern Europe from communism. He argues that the "percentages agreement" was a containment exercise which was only made
necessary because Roosevelt had failed to heed Churchill's earlier counsels. See also Crețianu, op. cit. 120-22; Porter, op. cit. 93-4 on Tehran and Roosevelt's insistence on the "Unconditional Surrender" policy. M. Pearton, in his article "Puzzles About the Percentages", in School of Slavonic and East European Studies, Occasional Papers in Romanian Studies, nr. 1, 1995, 9 writes that "Romania's fate was sealed at Teheran," when Churchill's plans were rejected by Stalin and Roosevelt.

2) S. Xydis, 'The Anglo-Soviet Agreements on the Balkans of October 1944', Journal of Central European Affairs 14 (October 1955); 267-9. George Kennan, later famous for his Long Telegram on Soviet policy in 1946, was critical of the State Department's failure to define its vital interests in Eastern Europe. Kennan argued that such a clarification might have placed limits on Soviet actions. (C. E. Bohlen, Witness to History, New York, Norton and Co., 1973, 175).


4) PRO PREM 3 434/4; Record of Kremlin Meeting, 9 October 1944, 10 p.m.; Bohlen, op. cit., 163.

5) PRO PREM 3 66/7; Churchill to Stalin 11 October 1944; Churchill to Foreign Office, 12 October 1944.

6) Liddell Hart Centre for Military Archives, King's College, London; Ismay Papers VI, 8-10; Baciu, op. cit., 116-26.

7) PRO FO 800 302 (Inverchapel Papers); Record of Kremlin Meeting, 9 October 1944, 10 p.m.


11) The three PRO copies are filed under TOLSTOY (the code name for the Moscow conference). The printed versions are on PRO PREM 3 434/2 (Records of Meetings) and 434/4 (Anglo-Soviet Political Conversations); The typed version and Churchill's 11 October minute are on PRO PREM 3 434/7 (Records of Meetings).


13) Holdich, op. cit., 45.


16) Churchill Archive Centre, Colville Diaries, vol. 5, 10, 18, 22 October 1944.


19) Ibid.

20) PRO FO 371 43984, R5268, Pilot telegram Foreign Office to Washington containing Special Directive on Molotov's statement about Romania, 3 April 1944.
21) PRO PREM 3 66/7; Telegrams, Churchill to Roosevelt, 31 May 1944; Churchill to Halifax (Ambassador in Washington) 8 June 1944; Foreign Office to Moscow, 20 June 1944; War Cabinet Conclusions, 13 June 1944; Minute by Eden, 8 August 1944; Memorandum by Churchill, 12 October 1944; Churchill, W. S., Triumph and Tragedy, London, Cassell, 1954, 204.

22) PRO PREM 3 66; Minute, Churchill to Eden, 4 May 1944.


24) PRO FO 371 43984, R19704; Report by Colonel Forster of meeting of Allied Control Commission for Romania at Soviet headquarters on 30 October 1944 to discuss seizures of oil equipment.; PRO CAB 65; 117 (44) 7; Record of Cabinet meeting, 5 September 1944.

25) For example the Foreign Office felt that nothing could be done to prevent the Soviet policy of deportations of refugees from the Northern Bukovina and Bessarabia who were considered to be "Soviet citizens;" PRO FO 371 43989, R19416; Telegram, Le Rougetel to Foreign Office, 27 November 1944; R19416; Minute by MacDermott 28 November 1944; R1986; Telegram, Stevenson to War Office, 1 December 1944, and adjacent minutes. As with those from the Baltic states and areas of Poland annexed by the Soviets in 1941, Britain did not accept that persons from Bessarabia and the Northern Bukovina were Soviet citizens. It was therefore decided that they would not be liable for forcible repartition if they came into British hands. In practice, however, no such cases arose from these former Romanian territories; Documents on British Foreign Policy, London, HMSO, 1985, Series 1, Vol. 2, D76, Foreign Office to Washington, 11 February 1946.

26) BBC Written Archive, Caversham; E2 131/19; General Directives, 24, 31 August 1944. Sir John Colville's diaries illustrate the general British attitude to the Romanian coup. For 23 August he notes "an exciting day...Paris fell and Roumania capitulated." (Emphasis added). Colville otherwise says nothing about the August events. Churchill Archive Centre, Colville Diaries, vol. 5, 23 August 1944.

28) PRO FO 371 43986, R18114; Telegram, Le Rougetel to Foreign Office, 7 November 1944

29) BBC Written Archive, Caversham; E2 34/1; Memorandum on the Development of Overseas Broadcasting from Britain and the USSR, 3 October 1941.

30) PRO FO 371 47995, N12131; Foreign Office Minute, 13 September 1945; 44039, R14852; Telegram, 18 September 1944 Clark Kerr (Moscow) to Foreign Office and adjacent minutes; R14852; Undated minute by Reed; R15915; Minute by Reed, 9 October 1944; 43988, R16571, Telegram, Le Rougetel to Foreign Office, 16 October 1944 and adjacent minutes.

31) PRO PREM 3 374/13; Minutes, Churchill to Eden, 4 November 1944, 10 November 1944; I. Porter, *Operation Autonomous*. London, Chatto and Windus, 1989, 236-38. Both Le Rougetel and Stevenson were often criticised by officials in London for their pro-Romanian sentiments and for writing reports which were difficult to understand. (PRO FO 371 43989, R19801; Minute by MacDermott, 3 December 1944; 43988, R17325; Minutes by Eden, 29 October 1944; Howard 29 October 1944 and MacDermott 28 October 1944; 48560, R16653; Minute by Sargent, 1 October 1945; 44036, R17798; Minute by Clutton, 10 November 1944; 48536, R2961; Minutes by Howard, 12 February 1945 and Sargent, 12 February 1945; R3261; Minutes by Pink, 17 February 1945 and Howard, 17 February 1945). The latter file also shows that a planned reprimand to Stevenson for apparently exaggerating the seriousness of the situation in February 1945 was cancelled when London realised that the Air Vice Marshal's fears were, in fact, well founded (minutes by Sargent 20 and 23 February 1945 and Howard 22 February 1945). In the absence of a peace treaty, the military took the lead in Romania and Le Rougetel was subordinate to Stevenson. Nevertheless both Le Rougetel and Foreign Office officials in London complained that the Air Vice Marshall interfered too much in political affairs, which it was felt were a Foreign Office rather than a War Office matter. See H Hanak, "The Politics of Impotence; The British observe Romania; 6 March 1945 to 30 December 1947" in I. Agrigorolae, et. al. (eds.) *Romania in Istoria Universala*, Iasi, 1988, Vol.3 (1), 421-442. In February 1945, an attempt was made to clarify the respective
roles of the two British representatives (PRO FO 371 48536, R3261; Minute by Sargent, 20 February 1945).


33) PRO FO 371 48535, R528; Telegram, Le Rougetel to Foreign Office, 6 January 1945; R1067; Telegram, Foreign Office to Dominions, 17 January 1945.

34) PRO FO 371 48535, R563; Telegram Le Rougetel to Foreign Office, 8 January 1945; R1019; Telegram, British Military Mission to War Office, 11 January 1945.


36) PRO FO 371 48535, R766; Minute by Sargent, 12 January 1945. There is no other suggestion in the documents that the proportions for Romania were ever anything other than 90/10. The useful table in P. R. Kuniholm *The Origins of the Cold War in the Near East*, Princeton, Princeton University Press, 1980, 115 showing the changes to the figures during the negotiations after the 9 October meeting demonstrates that the Greek and Romanian percentages were the only ones to remain the same throughout. M. Kitchen's article "Winston Churchill and the Soviet Union during the Second World War" in *Historical Journal*, 1987, v.30 (2), 431 states that the Romanian percentage was revised to 80/20 in the negotiations, but this is evidently a confusion with the Bulgarian figures since Kitchen's PRO reference contains nothing to support this suggestion.

37) PRO FO 371 48535, R766; Minute by Sargent, 12 January 1945

38) PRO FO 371 48535, R158; Minute by Pink, 9 January 1945. Later, at the Yalta Conference, the British and Americans agreed that the Soviets should not be able to take unilateral action in the name of the Allied Control Commission in Romania. (Churchill Archive Centre; Winston Churchill Papers, Vol. 1 (Chartwell), 23/1; Record of Proceedings of Yalta Conference; Meeting, 1 February 1945).
39) PRO FO 371 48536, R2028; 48536, R2029; Minutes, Churchill to Eden, 18 January 1945, 19 January 1945.


41) PRO FO 371 48535, R897; Telegram, War Office to British Military Mission, 17 January 1945.

42) PRO FO 371 48535, R1552; Letter, War Office, (French) to Foreign Office Southern Department, (Howard), 26 January 1945.

43) PRO FO 371 48535, R1225; Handwritten minute by Pink in response to War Office telegram 13 January 1945.

44) PRO FO 371 48535, R1019; Handwritten minute by Sargent, 15 January 1945; R766; Minute by Sargent, 12 January 1945.

45) PRO FO 371 48249, R1575; Minutes, Churchill to Eden, 21 January 1945; Eden to Churchill 22 January 1945; R1601; Foreign Office minute on British policy to Greece, 17 January 1945.


47) PRO FO 371 48536, R2795, Letter, Le Rougetel to Sargent, 7 February 1945; Minute by Howard, 28 February 1945; R2961; Handwritten minute by Howard (undated) in response to telegram, Stevenson to War Office, 9 February 1945.

48) PRO FO 371 48536, R2961; Minute by Pink, 14 February 1945. Churchill Archive Centre: Winston Churchill Papers, Vol. 1 (Chartwell), 23/1; Record of Proceedings of Yalta Conference; Meetings, 8, 9, 19 February 1945.

49) PRO FO 371 48548, R3467; Minute by Sargent in response to telegram, Le Rougetel to Foreign Office, 18 February 1945.

50) Ibid. Xydis, op. cit., 269 argues the Yalta Declaration did not supersede the percentages agreement.

51) PRO FO 371 48537, R4061, Minute by Williams 1 March 1945, recording conversation with Sargent. Since action under the Yalta Declaration could only be taken with the agreement of all three Great Powers, British officials believed that the US démarche was
pointless, since the Soviets would never agree to its application in the Romanian case. (48536, R2961; Minute by Gladwyn Jebb, 16 February 1945).


54) PRO FO 371 48537, R4365; Eden to Churchill, 5 March 1945.

55) PRO FO 371 48537, R4365; Telegram Foreign Office to Bucharest, 5 March 1945.


57) PRO PREM 3 374/9; Telegram, Foreign Office to Moscow, 2 March 1945; Handwritten minute by Churchill, 3 March 1945; PRO CAB 65; 26 (45) 5; Confidential Annex to report of Cabinet meeting, 6 March 1945; Telegram Bucharest to Foreign Office 6 March 1945 reporting Moscow Radio broadcast of same date; Minute Churchill to Eden 7 March 1945; Handwritten minute by Eden, 8 March 1945; Telegram, Churchill to Roosevelt, 8 March 1945; Minute by Churchill, 9 March 1945; Telegram, Foreign office to Moscow 9 March 1945; Telegram, Roosevelt to Churchill, 11 March 1945. Moscow Radio's reference to "Hitlerists" probably resulted from the Avramescu affair in which an anti-Soviet coup
involving German support was planned by Romanian army officers in early 1945. The plan failed because of infiltration by Soviet intelligence and Moscow made use of the incident in its campaign to subvert the Rădescu government. See G. Klein, "Începuturile Rezistenței Antisovietice în România (23 August 1944-6 Martie 1945)" in 6 Martie 1945, Începuturile Comunizării României. (Compilation of papers given at symposium at the Nicolae Iorga Historical Institute, Bucharest, 3-5 March 1995), Bucharest, Editura Enciclopedică, 1995, 295-311.

58) BBC Written Archive, Caversham; E2 131/11; Political Warfare Executive, Central Directives for week beginning 8 March 1945.


60) PRO FO 371 48538, R4975; Minute by Williams, 14 March 1945.

61) PRO FO 371 48538, R4975; Handwritten minute by Foreign Office official (indecipherable name) dated 17 March 1945 explaining Eden’s amendments to the telegram to Washington.


63) PRO PREM 374/11; Minute Churchill to Eden, 17 March 1945.


65) PRO FO 954 11C (Private papers of Anthony Eden); Minutes, Churchill to Eden, 17, 20 March 1945.


67) PRO FO 371 48541, R7337; Telegram, Le Rougetel to Foreign Office 23 April 1945; Minute by Stewart, 25 April 1945

68) PRO FO 371 48541, R8273; Telegram, British Military Mission to War Office, 11 May 1945.

70) PRO FO 371 48558, R15527; Telegram, Le Rougetel to Foreign Office, 12 September 1945; 48558, R15566; Minute by Stewart, 14 September 1945; 48558, R15890; Telegram, British Military Mission to War Office, 15 September 1945; Minute by Stewart 19 September 1945. The decision to encourage publicity was not, however, taken lightly. Stewart's initial proposal for this course of action was rejected by McDermott and Sargent (Handwritten minutes, both 17 September 1945, 48536, R15566) Policy was only changed after receipt of the British Military Mission's telegram of 15 September 1945, which detailed the atrocious treatment to which the detainees were subjected.


73) PRO FO 371 44036, R17062; Telegram, Le Rougetel to Foreign Office, 21 October 1944 and adjacent minutes; Telegram, Foreign Office to Le Rougetel, 26 October 1944; R17062; Minute by Chalmer Bell, 25 October 1944; R17708; Letter, Board of Trade to Foreign Office, 1 November 1944; R18344; Letter, Ministry of Supply to Treasury, 13 November 1944; R18737; Telegram, Foreign Office to Bucharest, 21 November 1944; PRO BT 11 2410; Letter, Clark Kerr (Moscow) to Molotov, 23 November 1944; PRO FO 371 48594, R996; Telegram, Le Rougetel to Foreign Office, 8 January 1945; Minute by Pink, 10 January 1945; R3689; Minute by Stewart, 26 February 1945.

74) PRO BT 11 2382; Board of Trade Memorandum, 29 August 1944.

75) PRO BT 11 2410; Board of Trade Note, September 1944.

76) The directive to the British Military Mission in Hungary was worded almost identically, according to a paper given by Professor C. A. Macartney at Chatham House in 1972. (Text supplied by Professor Laszlo Peter, London University).

77) PRO BT 11 2410; Telegram, British Military Mission to War Office, 3 December 1944.
78) PRO BT 11 2410; Political Directive for Allied Control Commission, 6 September 1944.

79) PRO BT 11 2410; Telegram, British Military Mission to War Office, 7 November 1944.


81) PRO FO 371 43984, R20260; Undated Foreign Office note on Anglo-Romanian oil companies.

82) PRO FO 371 43984, R18152; Telegram, Foreign Office to Dominions, 6 November 1944, reporting Stevenson's approach to Vinogradov; Telegram, Le Rougetel to Foreign Office, 31 October 1944.

83) PRO FO 371 43984, R19704; Letter, Stevenson to Vinogradov, 1 November 1944; Report by Colonel Forster of Allied Control Commission meeting at Soviet Army Headquarters in Romania on 31 October 1944.

84) PRO FO 371 44049, R19872; Telegram, Foreign Office to Moscow, 7 December 1944.

85) PRO FO 371 48567, R80; Telegram, Stevenson to War Office, 29 December 1944; Minute by Pink, 4 January 1945; Minute by Sargent, 5 January 1945.

86) PRO FO 371 48536, R2961; Minute by Pink, 11 February 1945.

87) PRO FO 371 48567, R4129; Telegram; Ministry of Fuel and Power to Washington, 1 March 1945; Minute by Stewart, 3 March 1945. The British delegation at the Yalta Conference also mentioned the problem of Soviet removal of oilfield equipment; (Churchill Archive Centre, Winston Churchill Papers, Vol.2 (Chartwell) 23/1; Record of Proceedings of Yalta Conference; Meetings, 5,10 February 1945).

88) PRO FO 371 48574, R19449; Telegram, Stevenson to War Office, 15 November 1945, reporting meeting of Allied Control Commission on the same day. See also M. Pearton, op. cit., 268, 296.
89) PRO FO 371 48580, R8532; Telegram, Stevenson to War Office, 11 May 1945; Pearton, op. cit., 285.

90) PRO FO 371 44059, R21050; Telegram, British Military Mission to War Office, 16 December 1944.

91) PRO FO 371 48583, R527; Letter, War Office to British Military Mission, Bucharest, 29 December 1944; Letter, Ministry of Supply to Foreign Office, 4 January 1945.

92) PRO FO 371 48583, R6331; Telegram, Le Rougetel to Foreign Office, 5 April 1945. PRO FO 371 48583, R6598; Telegram, British Military Mission, Bucharest to War Office, 10 April 1945; 48584, R6939; Telegram, British Military Mission, Bucharest to War Office, 16 April 1945; R7898; Telegram, Roberts (Moscow) to Foreign Office, 3 May 1945; Minute by Williams, 6 May 1945. See also M. Pearton, op. cit., 295 on the general problems of the resumption of Anglo-Romanian trade.


94) Churchill, op. cit., 198, 63-4; PRO PREM 3 66; Minute, Churchill to Eden, 4 May 1944; Baciuc, op. cit. See also A. Resis, "Churchill-Stalin Secret 'Percentages' Agreement on the Balkans, Moscow, October 1944", in American Historical Review, April 1978, 368-87.


96) PRO FO 371 48547, R1771; Handwritten Minutes by Sargent and Eden, January 1945.
CHAPTER 3: BRITAIN AND THE GROZA GOVERNMENT. (1945-47)

After the imposition by the Soviet Union of the communist dominated Petru Groza government on 6 March 1945, British policy towards Romania remained essentially the same, the main concern still being to protect commercial interests and develop such opportunities as might exist for expanding trade. However, given that the Red Army was now in occupation of large areas of Europe it was now much more difficult for British interests in the region to be defended. British policy in 1945 was therefore to try to re-establish an understanding with Moscow on vital interests. However, London was not helped in this regard by the fact that the US was increasingly self-confident under the Truman administration, which took a much tougher line against Soviet expansionism than had Roosevelt. The US was encouraged by the defeat of Germany and especially by the dropping of the atom bombs on Japan, before the Soviet Union could become involved in that theatre. The new weapon was a clear demonstration that the US was the leading world military power. Although Britain was far less self confident, it required US support to help rebuild its tattered economy. Thus in the autumn of 1945, London had to go along with Washington's tougher line in Eastern Europe. The tension in East-West relations and the breakdown of earlier efforts to achieve an understanding with Moscow was reflected in the failure of the London Foreign Ministers' Conference in September.1) By the end of the year, Britain appeared to have reined in US assertiveness and achieved its objective of creating a renewed understanding with Moscow which reconfirmed Britain's
acceptance that the Soviet Union would have a virtually free hand politically in Romania. From January 1946 onwards, Britain therefore made no serious objection to the undemocratic behaviour of the Groza government or to its consolidation of power through fraudulent elections. However, Britain was still keen to promote commercial interests in the country and objected to communist interference in this field. Moreover, although British policy makers were aware that democracy in Romania was unlikely in the short term, they hoped that the Monarchy would be a safeguard against outright Soviet domination and the elimination of British interests. (See Chapter 5). Nevertheless, the policy of encouraging the King to make concessions in order to retain his position was over-optimistic. By the end of 1947, the Monarchy had been abolished, and British interests had come severely under threat.

Le Rougetel returned from leave a few days after the Groza government had taken office in March 1945. In a telegram dated 16 March, he set out his assessment of the new political situation. He was convinced that a programme to absorb Romania into the USSR was under way and that the Groza government was completely under communist control. There was no truth in the Soviet allegation that Radescu had been unable to keep order. Le Rougetel hoped that Britain would give the fullest possible support to the US in pressing for the re-establishment of representative government according to the Yalta principles. A day later, he sent a further telegram to say that he had discussed this assessment with Stevenson, who was entirely in agreement.2) Foreign Office officials in London disagreed with much of Le Rougetel’s analysis and were less inclined to be tough with the
new government. They did not support the US line of keeping contacts to a minimum: "Provided that the new Government behaved itself," wrote Williams, Britain "should continue to do business with it." Le Rougetel was instructed to stay in line with Burton Berry, the US political representative, but it was also stated that the British representative should "do nothing which would make the establishment of normal relations between him and the Roumanian government impossible if that should become desirable in the near future." British officials accurately predicted that Romania would not be incorporated into the Soviet Union, but that a government friendly to Moscow would be maintained. Nevertheless, concern was shown that any move to incorporation would threaten British financial and commercial assets and might also be a first step to the incorporation of Bulgaria and Yugoslavia, which would threaten the British position in the Mediterranean. Thus a distinction was made between the behaviour of the Groza government, to which Britain was largely indifferent, and any attempt by the Soviet Union to annex Romania, to which London intended to object strongly.3) In practice, Romania's retention of nominal independence made little difference until the 1960s.

Officials in London also took a far less charitable view of the Țădescu government, which had preceded that of Groza, than did Le Rougetel. They believed that while Soviet reports of pro-German intriguing by the government were exaggerated, the latter was certainly lax in its attitude to suspects who held official positions.4) Further reluctance by London to become involved in opposition to communist infiltration in Romania was demonstrated in April 1945 over the Groza government's demand that the King sign a decree amending the 1923 Constitution to allow confiscation
of property without compensation as a complementary punishment for "crimes" to be determined by new laws and the introduction of the death penalty. The King had asked for advice from the British Legation and Le Rougetel believed he should refuse to sign, in spite of the risk of a government campaign against the Monarchy. "If he signs," the British political representative wrote, "he will from that moment cease to be King in anything but name." Despite his clear views, the British representative did not advocate giving the Monarch direct advice not to sign the decree, but merely considered that the Legation should state that Britain could not tell him either to make a stand or to give way, but that he and Queen Helen would be offered sanctuary if necessary.

Nevertheless, Le Rougetel's proposal produced a negative reaction in London. Eden felt that it was relatively normal for a Romanian monarch to break the constitution and disagreed that King Michael would lose support by signing the decree. Le Rougetel's view was unsound and he should be told this, the Foreign Secretary wrote, adding that "we must never send back diplomats to head missions in countries where they served before the war." (Le Rougetel had been Head of Mission in Bucharest from January to November 1939 and again from August 1940 to February 1941). "I am to blame, but the lesson must be put on record. Old sympathies are too much engaged." Le Rougetel was instructed to tell the King that Britain could not back him if he chose to make a stand. He could only be offered sanctuary in an extreme emergency, because if refuge was given too readily, this might be interpreted as collusion with Maniu's plan for the King to dismiss the government. Nevertheless, Britain placed some hope
in the idea of sheltering behind the US, which was generally taking a stronger line in Romania. When Le Rougetel reported that the King was also being asked to sign a purge decree, which would set the stage for the elimination of the government's political opponents, Churchill wrote: "I hope the Americans will react against this. We should then support them quietly but steadfastly." Nevertheless, Britain's reluctance to intervene in internal Romanian affairs was re-emphasised by the acceptance that the wartime dictator Marshal Antonescu would have to be executed, even though Britain did not consider that he fell into the category of "war criminal."

Britain's recognition that it could do little to prevent the Soviets from maintaining an unrepresentative government in Romania was demonstrated at the Potsdam Conference of July 1945. Romania was not a major issue in the discussions, and Britain's position was that it was better for a peace treaty to be signed, which might then lead to a reduction in Soviet influence and hence to less harassment of British commercial interests. Failure to do this would, in the view of British representatives, merely lead to the entrenchment of Soviet power, and hence would be counterproductive. It was agreed at the Conference that arrangements should be made for drawing up peace treaties with Romania, Hungary and Bulgaria. A notable demonstration of Britain's priorities at Potsdam was given by the meeting on 31 July when Byrnes proposed that the Allied Control Commisions in Romania, Bulgaria and Hungary should operate on a tripartite basis now that the war was over. The Soviet delegation then circulated a paper on Greece. Bevin proposed that both papers, together with a Soviet one from the previous day concerning
conditions in the Trieste/Istria district, should be dropped. His proposal was accepted. However, Britain's efforts to normalise its relations with the Romanian government were impeded by renewed American assertiveness following the defeat of Japan. This was reflected in Washington's support for King Michael's "royal strike" from August 1945 when he tried to dismiss the Groza government and then refused to sign decrees because Groza would not resign. The more cautious British approach to the crisis reflected London's concern not to antagonise the Soviet Union and greater scepticism as to the likelihood of King Michael succeeding in ousting Groza. Representatives of the US Legation saw King Michael, Prince Stirbey and the leaders of the historic parties to express their support for the "Royal Strike" when the King refused to sign decrees, a policy which contrasted markedly with British reticence over contact with opposition forces. (See Chapter 5). Britain's far more cautious line was summed up in a minute by Sargent on 16 August: "If they are not careful, the Americans are going to involve themselves in a humiliation and the King in a disaster." As early as September, there was evidence that some British officials favoured a solution along the lines later adopted under the Moscow Agreement. It was suggested that one way out of the impasse would be for elections to be held. These would inevitably be falsified and would thus confirm Groza in office. On 27 September, Le Rougetel reported a meeting with King Michael's Private Secretary, who said that the previous day the Romanian Foreign Ministry had received a telegram from the chargé in Moscow reporting a conversation with Frank Roberts, Counsellor at the British Embassy there. According to the King's Private Secretary, Roberts had said that Britain would be satisfied
if the Groza government resigned and was then reconstituted with minor changes. It was also made clear to the Soviets that Britain did not want to restore the pre-war regime, which it regarded as "thoroughly rotten." 13)

A reflection of the increased East-West tension at this time was the breakdown of the London Foreign Ministers' Conference in September 1945. This made clear to British policy makers that the only alternative to conceding Soviet predominance in Romania and even Bulgaria would have been obstructionism from Moscow over areas which Britain perceived as vital interests such as the Mediterranean, the Straits and the Dodecanese. 14). Britain had an ally in US Foreign Secretary James Byrnes, who was generally much softer in his approach to the Soviet Union than was Truman and who believed in making concessions to the Soviets over Romania, Hungary and Bulgaria, a stance which was in direct contradiction to Washington's policy of encouraging King Michael's "royal strike." 15) Byrnes recognised that the main obstacle to agreement in London in September 1945 was the Soviet wish to have preponderance in Romania and Bulgaria.

By December, the majority of Foreign Office officials were convinced that the Groza government in Romania was firmly in power and that nothing could be done by Britain to remove it. The Foreign Office Research Department disagreed, however. They considered that Groza was weak because of his lack of genuine support and that therefore Britain should maintain a firm line or risk losing prestige. 16) Le Rougetel's views were in line with those of the Research Department. He argued that the USSR did not want to break with the UK over Romania, and there was consequently no need to appease Groza. It was not possible to have degrees of
communism according to the British representative. Either communists were in control or they were not. Consequently, British acceptance of a government with a communist majority would mean “that this position-and perhaps others with it- is being abandoned.” Le Rougetel suggested offering the Soviets a base at Galati in return for disinteresting themselves from the political complexion of the Romanian government.17) However, Le Rougetel’s views were out of touch with opinion in London. Judging by their continued strong interest in the development of Anglo-Romanian commercial relations, and their belief that King Michael could remain King, officials in London evidently did not accept Le Rougetel’s argument that Britain must either accept that Romania was to become a communist country in which the West would have little influence or that Britain should resist the activities of Groza. Officials in London still saw the most important objective of British foreign policy as maintaining faith with the Soviet Union and the failure of the London Foreign Ministers’ Conference in September 1945 made clear that the only way to achieve this was to accept Soviet political predominance in Romania and Bulgaria.

This policy was confirmed by the Moscow Agreement of December 1945, under which Britain and the US recognised the unrepresentative Romanian government. The Agreement contained face saving democratic language, stating that free elections should be held, freedom of the media should be respected and that a member of the of the National Peasant and National Liberal parties should be included in the government. However, in practice the accord conceded to Soviet wishes. The lack of real willingness by Britain to see the democratic
commitments in the Agreement enforced is demonstrated by the acceptance of the Soviet veto on the leaders of the two "historic" parties, Maniu and Brătianu, for ministerial positions. Instead, minor figures from the two parties were put forward and in practice were excluded from most government decision making. The exclusion of Maniu, who was by far the most popular Romanian politician, demonstrates the fact that the reconstituted government was hardly any more representative than the previous one, if indeed it can be regarded as a new government at all. 18) Moreover, Britain's true attitude to the Moscow discussions is clearly demonstrated by the briefing for the British delegation. This noted that the policy of insisting on the establishment of representative governments had proved unsuccessful and had merely made relations with Moscow worse without achieving results. It would, it was argued, therefore be better to accept that there was no chance of serious reorganisation of the Romanian or Bulgarian governments in the immediate term, and that policy should be to create conditions for the gradual re-emergence of democracy in the long term, the first condition for which would be the withdrawal of Soviet troops. Britain's commercial interests were stressed in the briefing and it was noted that these interests demanded the early conclusion of peace treaties. It would therefore, in the British view, be sufficient for a few new figures to be added to the Romanian and Bulgarian governments to make them appear more respectable. The annex to the briefing, setting out the way in which the British position should be presented to the Soviets suggested that the British delegation might stress that Britain had abided by the terms of the percentages agreement, but now regarded this as having been unsatisfactory because of
the difficulty of defining its meaning in practice. Moreover, the Soviets were to be told that the agreement had been superseded by the Declaration on Liberated Europe, which had caused friction between Britain and the Soviet Union. (In practice, as has already been demonstrated, Churchill did not accept that the percentages agreement was superseded by the Yalta Declaration, and by March 1945 had enforced this view on a possibly reluctant Foreign Office. See page 53). The suggested approach to the Soviets involved emphasis that Britain continued to adhere to the Yalta principles, but would accept the Soviet veto on Maniu, Brătianu and Lupu. Moreover, the concluding comments demonstrate clearly that Britain did not seriously expect the Moscow agreement to lead to representative government in Romania. The British government would propose that Britain and the US "should not oppose elections in Roumania even if they do not come up to our standards." In practice, the Moscow Agreement amounted to an abandonment by Britain of the principles of the Yalta Declaration as far as Romania was concerned.

The process of recognition of the Groza government in accordance with the Moscow Agreement was marked by lack of coordination between Britain and the US, which leaves the impression that London was much keener than Washington to recognise the reconstituted government quickly and emphasises the fact that Britain did not believe the democratic provisions to be seriously enforceable. On 27 January, British and US officials met in London to discuss the procedure for announcing recognition. The State Department's view was that recognition should take place in two stages, with the Romanian government being told initially that recognition would be considered provided
that written confirmation was given of oral assurances made by Groza on 9 January to the British and US ambassadors in Moscow on elections, the media and freedom of association in addition to the written assurances which he made on 8 January. The British officials agreed with the American suggestion. However, while the American note, which was sent to the Romanian government on 4 February, was in line with this two stage recognition policy, the British note was not, and prematurely recognised the Romanian government. The American note stated that on the basis of written and oral statements, the US was “prepared to give favourable consideration to recognising the Roumanian government,” while the British note said that on the basis of the assurances given on 8 and 9 January, the British government were “now prepared to accord recognition.” Britain agreed to the American request that publication of the notes should be delayed until 9 February so that both the notes and a satisfactory Romanian reply could be published simultaneously. However, because of the flawed text of the British note, the policy backfired. Predictably, since the British note gave recognition rather than a promise to consider recognition, the Romanian government immediately publicised it. Once this had been done, the Americans had to abandon their two stage recognition strategy, and Burton Berry, the US political representative, sent a note to the Romanian government amending the text of the original note from “the Government of the United States is prepared to give favourable consideration to recognising the Government of Roumania” to “the Government of the United States is prepared to recognise the Government of Roumania.” Although the British note also stated that it was the “understanding” of the British government
that elections would be held by May, and that the arrangements of the Moscow Agreement would remain in force until after the elections, these sections were suppressed by the Romanian government, which allowed the media only to publicise the fact that the government had been recognised.23) Although on 7 February the British Legation handed a full copy of the note to the press, and this appeared in Romanian newspapers on 8 February, in the early hours of 8 February, communist agents in lorries toured Bucharest buying up all the newspapers they could lay their hands on.24)

Once the Groza government had been recognised, the British made virtually no attempt to stop violations of the Moscow Agreement, such as the exclusion of the ministers from the "historic" parties from government decision making, or attacks on the opposition media. There was little support in London for the US idea of withdrawal of recognition or of refusing to sign a peace treaty. The only form of action which Britain took was to issue protest notes, but even this was done only belatedly, and Le Rougetel was told not to antagonise the government.25) Moreover, there was no serious attempt to prevent the Groza government from strengthening its control through fraudulent elections. Although the British delegation to the Paris Peace Conference told the Romanian representatives that if elections were not held fairly, the British would have to consider whether or not they would recognise the resultant government, this threat was merely intended as a bargaining counter to use with the Soviets "in order to secure satisfaction on some point of even greater direct interest to us."26) In fact, the British language was so weak that it was
probably counter-productive, since it actually gave the hint that Britain would recognize a fraudulently elected government.

On 22 July 1946, Adrian Holman, who had succeeded Le Rougetel in April, suggested in a despatch that Britain should put on record that in the event of fraudulent elections, it would have to give "very serious consideration" to its attitude to the resulting government. The Foreign Office Research Department agreed with Holman's proposal but was critical of his suggested language. It was felt that a Soviet-controlled country would simply interpret such oblique language as a sign of weakness, and consequently the Research Department believed that any communication to the Romanians should state clearly that if the elections were fraudulent, no peace treaty would be signed.27) In August, following the violent suppression of a National Peasant Party meeting, the Foreign Office took up Holman's idea and made representations to Romanian Foreign Minister Tătărescu, then in Paris for the Peace Conference, about the democratic implementation of the electoral law. However, the approach used the weaker Holman language rather than the version suggested by the Research Department.28)

In the same month, Holman reported increasing oppression of the opposition and Maniu's fear that without moral support from the Western powers, Romanians would be too frightened or disillusioned to vote according to their consciences in the forthcoming elections. The deteriorating situation prompted Holman to take a tougher line. He suggested that since in a few months there might no longer be any organised resistance to communist domination, the time had come to take the offensive, particularly in view of the fact that the majority of the Romanian
government was in Paris for the peace treaty negotiations. The Peace Treaty should be designed to impede anti-democratic practices and a serious attempt should be made to arrange for observers to be present during the election campaign. If this opportunity were missed “then this mission may well be placed, within a year, in a position of impotence and incongruity very similar to that in which it found itself during the autumn of 1940,” Holman wrote.29) Part of the British Head of Mission’s more active strategy was his idea that tentative contacts should be made with the younger politicians in the Peasant and Liberal parties in the hope that they could replace Maniu and Brătianu “as the political life of Roumania returns to normal.” London approved this idea.30)

Later in August, Holman voiced rather stronger doubts about British policy, under the guise of reporting a conversation with Burton Berry, his US counterpart, who was highly critical of what he saw as the State Department’s tendency to be soft on the Romanian regime. Berry was so disillusioned with US policy that he had asked to be transferred to another post. In his report, Holman commented that UK policy too seemed to be strengthening the government at the expense of the opposition, as demonstrated by recent moves towards the conclusion of a payments agreement. In a scarcely veiled criticism of British policy, he noted that “the views of Berry and myself are generally very close” and that “when we compare reports there is little or no divergence of opinion on policy.” Foreign Office officials in London had little sympathy for the criticisms of their representative: “One of the reasons why Mr Le Rougetel was so glad to be transferred to another post,” wrote Williams “was his reluctance to carry out this
policy of cooperation with the existing government, and this was explained to Mr Holman at the time.” In a telegram to the British delegation in Paris setting out London’s attitude to the Romanian government, the point was made that Britain was not prepared to make economic sacrifices for political reasons, hence its willingness to develop trade with Romania.31)

Short shrift was given in London to an idea floated by Holman in a telegram dated 5 November 1946 that following fraudulent elections, Britain and other western countries might withdraw their political representatives after the signing of the peace treaty, and postpone indefinitely the appointment of full ministers. Such a course would have created a diplomatic stalemate and yet would not have changed the policies of the Romanian government. As Foreign Secretary Ernest Bevin pointed out, it would have led nowhere. Foreign Office officials added that such a policy would be playing into Soviet hands, since the USSR wanted to reduce Romania’s contact with the West. Williams, the Assistant Head of the Southern Department, believed that British policy had to be for the UK to maintain its diplomatic representation in the Balkan countries in order to defend its commercial and political interests. This would mean that certain setbacks such as fraudulent elections or disregard of British commercial interests would have to be borne without effective retaliation. Judging by his earlier sympathy for Berry’s request to be recalled it seems that Holman’s idea of a withdrawal of Ministers may have been due at least in part to his own desire to leave Romania.32) The fatalistic British attitude to the 1946 elections is confirmed by London’s rejection of Maniu’s request for observers, on the grounds of lack of available personnel.33)
The telegram explained to Holman the Foreign Office's position that the British reaction to falsification of the elections would have to be limited to publicity and a statement, and a Reuters report (which may have been somewhat distorted) even suggested that this was Britain's public position.34) Internal Foreign Office minuting in November shows that Britain had no intention of withholding recognition from a government which was elected fraudulently, or of giving the King any advice as to whether or not to accept such a government. Britain would give the Monarch no help in the event of a constitutional crisis, and there was "no question" of the representatives of the National Peasant and Liberal parties continuing in office after the elections since Britain considered that once the poll had taken place, the Moscow Agreement would no longer be valid. Holman was told that if the King asked for advice following fraudulent elections, he should be discouraged from taking irrevocable action which might lead to his expulsion.35) There was also no question of Britain refusing to sign a peace treaty with a fraudulently elected government, nor of sending a note saying it did not consider the January 1946 assurances on free elections to have been fulfilled. Such a note would have helped the King if he refused to open Parliament. (See pages 161-3).36)

The British Head of Mission was clearly disillusioned with London's policy. In a telegram sent after the King had opened parliament, he again commented that Berry, his US colleague, was pressing to be recalled, and suggested that he too might be withdrawn from Bucharest, since he could do nothing useful.37) He accurately noted that a turning point had been reached with the elections and the opening of parliament, which marked the
end of any hope of a post-war revival of democracy in Romania. Williams, however, considered that there was no reason for Holman to be replaced following the elections and the opening of parliament. His job was to protect British interests, although his influence would be limited. London defined Holman's tasks as being to maintain contact with all important political circles, report frequently on the political situation and look for opportunities for encouraging the government socialists to show greater independence from the communists. However, he was told to be very discreet over this latter point and that he should allow the British Labour Party to take the lead in conducting these relations.

Holman's view that British policy changed in November 1946 after the fraudulent elections is unsustainable. In practice British policy makers had always privately considered that little could be done to prevent the Moscow Agreement being violated, as demonstrated by the briefing to the British delegation prior to the Conference. Although ostensibly a compromise, in practice the accord amounted to a face-saving exercise which allowed Britain and the US to recognise the unrepresentative Romanian government. British policy makers were keen to see the accord made, because of the desire to achieve a general post-war *modus vivendi* with the Soviet Union and also interest in resuming trade with Romania, which it was felt would be much easier if relations with the government could be normalised. London was under few illusions that the Groza government would actually abide by the terms of the accord. The origin of the Agreement lies in the failure of the London Foreign Ministers' Conference of September 1945, at which it became clear that the Soviet Union intended to impose
its will in Romania and Bulgaria and would not drop demands in other areas until this point had been conceded by the Western powers. While Britain was concerned about Soviet ambitions in Bulgaria, Romania was never a priority. Consequently, it was logical that British policy should be to keep a low profile and not to antagonise the Soviets in Romania in order to win concessions from Moscow in other areas which were of greater interest. This strategy, which in the closing months of the war had been demonstrated by the percentages agreement, was continued by the Moscow Agreement, and the failure to follow up its violations. Britain's inaction over the fraudulent elections of November 1946 was simply a logical consequence of its signature on the Moscow Agreement.

One British policy initiative aimed at promoting Western influence after the November 1946 elections, which was, however, based on an over-optimistic reading of the Romanian political situation was the idea, largely promoted by the British Labour Party and more reluctantly endorsed by the Foreign Office of encouraging the Radaceanu socialists to take a more independent line vis à vis the communists. (Lotar Radaceanu's group of left-wingers had split with the rest of the party, led by Titel Petrescu, in March 1946, and had joined the communist dominated National Democratic Front). The strong support of leading members of the Labour Party's International Section for backing Radaceanu was striking, given the fact that he had made numerous anti-British statements and that the French socialists under Leon Blum considered the Petrescu group to be the legitimate representative of the socialist movement in Romania. In November 1946, Petrescu complained of the Labour Party's failure to invite him to
their Bournemouth conference and the disadvantages which this was causing him in the already difficult election campaign.42)

The Labour Party archives emphasise the belief of leading figures in the Party's International Section that cultivating Radăceanu was the best means of preserving social democracy in Romania. These documents also provide striking evidence of the Party's distrust of the British Foreign Office and of the Romanian "historic" parties including right wing social democrats. The views of Morgan Phillips and Dennis Healey about the British Foreign Office are particularly interesting, given that most writing on British foreign policy in this period suggests that Foreign Office officials accommodated themselves well to the post 1945 Labour government and in particular to the new Foreign Secretary Ernest Bevin, who did not seek to change the traditional lines of British foreign policy. Although the Labour Party archives contain no reference to Bevin's opinions of Foreign Office officials, in August 1946, Morgan Phillips expressed frustration at their apparent support for Petrescu, believing that he was being encouraged to be intransigent. Morgan Phillips believed that the Foreign Office was not interested in "the prospects of a democratic People's movement in Rumania" but merely in attacking the Soviets, and that for Britain to have a policy "worthy of a Labour government" Labour attachés should be placed in Balkan embassies "who are capable of understanding and advising mass political movements."

The East European socialist parties had, Morgan Phillips wrote, been begging for such labour attachés to be sent out so that they could have someone in each Embassy who would understand their difficulties. Morgan Phillips was concerned at the Foreign Office's lack of seriousness over protecting social democracy: "There is a
real danger, he wrote, "in accepting at face value the evidence of 'converted' Tories- Quintin Hogg and Bob Boothby type- who pretend to see the crucial European issue as a struggle between social democracy and communism."43)

Despite complaints from Petrescu about the Labour Party's failure to support his faction by inviting him to the Bournemouth Conference, by the end of the year the British party was moving towards the policy of recognising the Răduăceanu group as the legitimate representatives of the socialist movement in Romania. When the Răduăceanu group wrote to Dennis Healey, Head of the Labour Party's International Section after the fraudulent elections of November 1946, arguing that they were no less fair than the Maniu/Brătianu elections of the inter-war period (a gross distortion since the November 1946 elections were the most corrupt in Romania's history, while Maniu, at least, is generally accepted not to have falsified elections which he was popular enough to win anyway). Healey wrote back to say that he was "very much in sympathy" and was "in continual argument with the Foreign Office over the question."44) The Labour Party's International Section did not believe the Răduăceanu group were particularly subservient to Moscow, and in December 1946 described Petrescu as "an ineffective old man whose following is small and largely composed of intellectual bourgeoisie" and contrasted him with Răduăceanu, who had "a mass following of workers and peasants." It was argued that support for Petrescu would be futile as he would remain a nonentity unless Maniu and Brătianu overthrew the government and found a place for him in what the Labour Party's International Section considered would be a "counter-revolutionary dictatorship." Although Labour's
International Section thought many of the Rădăceanu socialists lacked integrity, they were seen as "at least preferable... to the Maniu and Brătianu gang."45)

The Foreign Office had endorsed the idea of backing Rădăceanu by December 1946, but in practice did not take any concrete measures to advance the policy. On 4 April 1947, John Bennet, First Secretary at the British Legation reported a three hour discussion with Mironescu Mera, Under Secretary of State for Labour and Social Insurance and a Rădăceanu socialist, on the subject of the position of the socialists in the government and the general political situation. Mera hoped that at the forthcoming party congress, it might be possible for new, uncompromised Central Executive and Political Committees to be appointed by a secret vote and this would enable the party to follow its own line. Mera's plan also involved re-union with the Petrescu group. Mera hoped Petrescu could gain a majority on the Central Committee, the Executive Committee and the Political Committee, and could then force the uncompromised socialists in parliament to ask questions, for example about arrests. The Foreign Office cautioned its representatives in Bucharest from becoming too involved in Mera's dealings.46)

Morgan Phillips and Dennis Healey would probably have viewed the Foreign Office's reluctance to support Mera's plan as resulting from the supposed pro-Conservative bias of its officials. However, this view is unsustainable. In fact, officials were fairly well disposed towards Rădăceanu, and their reports on his activities contained none of the vehement condemnation which was reserved for Maniu and Brătianu. (See Chapter 5). Despite criticism from Romanian emigrés, officials somewhat naively
concluded that Radăceanu was trustworthy and in early 1947 took quite seriously the possibility that his group of socialists were taking a more independent line within the government.47) This was interpreted as a sign that the communist hold over the country was weakening. Radăceanu's suggestion that Britain should sign a payments agreement in order to strengthen pro-Western interests was seen in London as evidence of his sincerity, even though this was a major communist objective and Britain had refused such an agreement on the grounds of the Romanian government's treatment of the British oil companies. In the event Britain did not sign an agreement, but the reason given was not that Radăceanu could simply have been used by the communists to advance their ambitions, but rather that it was not British policy to make commercial concessions for political ends.48) In February 1947 Holman referred to the Radăceanu group's desire to maintain autonomy if a United Workers' Front was formed and their opposition to the creation of a single youth organisation, and this analysis was reinforced in March in a despatch by Roderick Sarrell, First Secretary at the British Legation.49) These favourable opinions suggest that the real reason why officials were reluctant to go further and take concrete measures to support the Radăceanu socialists was not that they were closet supporters of the Conservative Party, but rather that they were simply continuing to pursue the policy line which had been taken since 1944 of maintaining a low profile as far as internal Romanian political questions were concerned.

In June 1947, Morgan Phillips led a delegation of Labour MPs to Romania with the aim of investigating the position of the socialist parties, following numerous representations from
Petrescu for help, and complaints that the British Labour Party were not doing enough to help the group. Morgan Phillips’s reports to the Labour Party drew attention to the desperate economic situation in Romania, the sense of fear and the indiscriminate brutality of the communists. Nevertheless, he was relatively optimistic about the prospects for preserving social democracy not by support for Petrescu’s "fanatical anti-communism" but by backing Răduceanu. Morgan Phillips considered that although Petrescu was sincere, he was responsible for splitting the party, and this illustrates the Labour Party’s attitude that the Răduceanu group were the true representatives of the socialist movement in Romania. Morgan Phillips believed that the Răduceanu faction was the only one through which the Labour Party could hope to have any influence.50) Despite Dennis Healey’s doubts as to their commitment to the policy, the Foreign Office encouraged the Labour Party to cultivate the Răduceanu group, and a letter was sent to Morgan Phillips before his June 1947 visit. Following the visit of the two MPs, the Labour Party formally recognised the Răduceanu group as the official socialist movement.51)

In September 1947 a memorandum by the Labour Party on Romanian trade unions commented on how the socialists within the movement were well organised and not afraid to take the initiative, for example by setting up schools for workers. The communists, on the other hand, simply waited to be told what to do by the Soviets. Thus, the memorandum concluded, there was hope that the socialists could maintain some influence.52) The Foreign Office also hoped that the Tătărescu liberals might be encouraged to take a more independent stance in 1947. A
memorandum signed by Tatarescu, which criticised the government for economic mismanagement and mass arrests was obtained by the British Legation in May 1947 and praised in the Foreign Office as a “courageous document.” London considered that Tatarescu had issued the document because he believed the government’s position was uncertain and hoped to use it as a pretext for the resignation of his group from the government should the King decide to form a new administration after the peace treaty was signed.53) In reality, the hope that the Radaceanu socialists or the Tatarescu Liberals could threaten communist control of the government was illusory. In October 1947, in anticipation of the forthcoming congress of Radaceanu’s party, at which fusion with the communists was debated, Holman suggested publicity in the hope that this would encourage them to maintain their independence.54) The result of this suggestion was a small article in the Times, which unsurprisingly had little effect and at the Congress in November 1947, the Radaceanu socialists voted for fusion. In the same month, Tatarescu was replaced by Ana Pauker as Foreign Minister.55)

Board of Trade documents show that despite the poor political situation, in the period up to at least 1948, Whitehall departments concerned with exports and imports continued to be keen to see Anglo-Romanian trade develop, and the Soviet imposition of a left wing government in March 1945 made little difference to this view. The Board of Trade also showed some frustration with what it regarded as an excessively rigid attitude on the part of the British Military Mission, which tended to retain a wartime mentality whereby trade could only be justified on the basis of strict necessity rather than on maximising opportunities for
British exporters wherever a sale was possible. However, the Military Mission, being in Bucharest rather than London, was more aware of the difficulties caused by the Romanian government and Soviet occupation forces. These problems meant that the Board of Trade's efforts to resume Anglo-Romanian trade in the mid to late 1940s had only limited success, a point which demonstrates the difficulty of Britain's policy of trying to promote commercial interests regardless of the political context.

In March 1945, Romania showed interest in buying British tractors. However, the British economy under wartime conditions operated very much on a planned basis, and the Board of Trade was sceptical as to whether the sale was possible in view of UK needs, and more important export needs from a strategic point of view. Despite Britain's interest in importing from Romania, the plan stagnated, only being approved in January 1946.56) The Military Mission's view that Anglo-Romanian trade must in the short term be confined to essentials was demonstrated in an October 1945 paper which argued that Britain had a "moral obligation to restrict Roumania's imports to essential goods."57) The Board of Trade, however, was critical of the Military Mission for being over-restrictive. For example the military view in November 1945 that all import and export licences for Romania had to be controlled because of a lack of shipping space was seen as over-cautious in view of the likely improved availability of shipping as Anglo-Romanian trade improved.58)

Despite their caution as to the immediate prospects for Anglo-Romanian trade, the British Military Mission showed more interest in the long term potential. In October 1945, a meeting of British businessmen resident in Romania was set up by the Mission with
the aim of rebuilding Anglo-Romanian trade and to "pave the way for a much larger and more fruitful representation of British goods than before the war." However, the British Mission believed that trade should not be carried out through the Romanian government because it was too inefficient and corrupt. This view may help to explain the cautious view of the military about immediate trade prospects, since in the wartime and immediate post-war situation, the Romanian government would inevitably be expected to have considerable control over trade. Nevertheless this optimistic view that trade with private firms in Romania was likely suggests that in October 1945 the British Military Mission did not envisage Romania becoming a Stalinist economy with strong central planning. One important impetus which encouraged Britain to step up its efforts to resume trade was competition from the US, particularly for food purchases. In November 1945 the US suspended trading with the enemy legislation regarding Romania, thus making bilateral trade much easier.59)

Resumption of trade was impeded by the fact that prior to the signing of the peace treaty in February 1947, Britain and Romania were technically in a state of war, and thus all trade had to be approved by the Trading with the Enemy Department of the Board of Trade. The Board of Trade view in late 1945 was that a payments agreement was an essential precondition to a resumption of large scale trade, since this would guarantee that Britain would be able to import from Romania the essential goods which it required, rather than allowing Romania to build up debts. A further problem was Romania's debts to British holders of pre-war bonds. Britain was anxious to see a payments agreement include a provision for 25% of Romania's sterling earnings from its
exports to the UK to be set aside as payment of these debts. Despite strong interest by the Ministry of Supply and the Ministry of Works in buying Romanian timber and glass, the Payments Agreement was delayed and in January 1946, both the Ministry of Supply and AVM Stevenson complained that efforts to secure compensation for pre-war bondholders were delaying the conclusion of a payments agreement, and hence impeding trade.60)

Differences of emphasis between the Board of Trade and the British Military Mission were demonstrated by their exchanges in January 1946, shortly before the tractor project was finally authorised. Colonel Forster, the economic specialist attached to the Military Mission, commented that tractors would be of little use in Romanian agriculture because farms were too small. The Military Mission complained that the local representative of Ford was "pushy" and that 50% of tractors already existing in Romania were not being used because of the chaotic administration of the land reform. The Military Mission complained that the Ford representative was "interested only in promoting sales without regard to the ultimate use of his tractors." The Board of Trade reaction was that the Military Mission was being "not entirely helpful" and in a letter to the Trading with the Enemy Department commented that the Military Mission's arguments were irrelevant, since Britain wanted to develop its export trade and there was therefore no reason to enquire as to the ultimate use of exports.61) Evidently the military still saw short term trade in terms of maximising Britain's strategic interests, while Board of Trade officials now thought that Britain should simply maximise its export earnings. Nevertheless, the Military Mission's reports,
which argued that tractors could only be used on large farms, suggest that the Romanian government's real motive in purchasing tractors was to use them on large collective farms. Thus by exporting this equipment to Romania, Britain might indirectly have enhanced the communisation of Romanian agriculture.62)

In spite of the Board of Trade's continued optimism, Soviet domination of the Romanian economy became increasingly apparent during 1945, particularly after the signing of the far reaching Soviet-Romanian economic agreement of 8 May. (See page 63). Soviet domination of Romanian trade was appreciated more by the British Military Mission in Bucharest than by the Board of Trade in London, a fact which might explain the relative caution of the military over trade prospects. The Military Mission was much preoccupied during 1945 with Soviet discrimination against British commercial interests, and representations at the Potsdam Conference in July and the London Foreign Ministers' Conference in September proved futile.63) In July, the Mission reported that several good sources were saying that the Soviets were openly stating that they intended to eliminate all Anglo-American economic interests: "Nothing that has happened in recent weeks tends to disprove these reports," the Mission reported to London. The Soviets were painting out owners' identification marks on boats and cars belonging to the British and Allied companies, continuing to expropriate the assets of Allied oil companies and the British-Hungarian Bank, which was 60% British-owned.64) In comparison to the British oil companies, the Soviet-Romanian joint company Sovrompetrol received numerous privileges, such as exemption from Romanian protectionist laws
restricting foreign investors, tax privileges and compensation for low prices paid for reparations deliveries to the Soviet Union. There was ongoing controversy during 1945 over Soviet expropriation of British shipping which the Soviets often claimed was German, and thus subject to confiscation. The Military Mission found itself limited in its ability to intervene over this question because of lack of information from London as to whether or not the Soviets had the right to retain all enemy vessels which they captured, or whether they should be divided between the Allies and whether or not compensation was due on lost or damaged British Danube vessels. (The Soviets claimed that all German assets covered under Article 8 of the Peace Treaty were exclusively Soviet property and could not be denied to them even by the Peace Treaty). The Military Mission questioned London as to whether a protest should be made at the formation of the Sovrom navigation company and Air Vice Marshall Stevenson asked for "more information upon matters occurring outside Romania which affect work of my mission."66)

In 1946, the British were particularly concerned to secure protection for their oil interests as an element in the Peace Treaty. In July, the UK delegation in Paris proposed that the United Nations petroleum interests should be fully restored and compensation for losses paid in convertible currency, while taxes levied against the companies for the prosecution of the war should be reimbursed. However, the US, as well as the USSR was against including a specific reference to the oil companies in the Treaty and the proposal fell. Nevertheless, the Peace Treaty contained a clause confirming Romania would honour all pre-war debts.67)
In 1947, British opinion fluctuated over the possibilities for an increase in trade with Romania, while Britain continued to try to secure its interests in a climate of increasing hostility between Moscow and the West. In December 1946, the Commercial Secretariat of the British Legation had written a despatch which was relatively optimistic about trade prospects and which noted that while there had been a recent campaign in Bulgaria against the British export drive, there had been no such problems in Romania. While Scânteia gave prominence to any news which was unfavourable to Britain, it did not specifically single out trade for attack as was the case in Bulgaria. In April 1947, however, Holman gave a bleak picture. The leu was likely to remain non-convertible for years to come, and if Britain increased its exports to Romania, it would not be able to use up all the lei which it would acquire. In September, however, Holman reported that because of surpluses of maize and sunflower seed, Romania’s ability to earn foreign currency had increased. It was trying to raise oil production and had increased internal prices following the currency reform in order to discourage consumption, so leaving a greater surplus available for export. The 1947 harvest in Romania had been exceptional, and the British recognised that this created opportunities for renewed Anglo-Romanian trade. However, in order to increase oil production, Romania would have to import equipment from the West using the currency it had earned through the agricultural exports. This fact made Holman more optimistic about the future of the British oil companies, since he believed that Romania’s desire to buy equipment from the West could be used as leverage. He did
not believe that nationalisation was the Romanian government’s immediate policy.73)

In September 1947, a representative from the Ministry of Food visited Romania in the hope of buying agricultural products. Britain hoped to obtain a greater share of Romania’s export trade than it had had before the war according to the official.74) Despite concern in the Board of Trade that Britain would not be able to export the capital equipment which Romania wanted in exchange for exports of food, by November, the Ministry of Food was arguing that all possible steps should be taken to secure foodstocks from Romania and Yugoslavia in view of UK shortages. The Ministry argued that the need for food imports was so great that in order to supply Romania and Yugoslavia with the industrial products they required in return, it might be necessary to sacrifice other export programmes yielding less vital goods.75) However, although Britain was prepared to offer tractors, it proved impossible to make food purchases from Romania because of the high prices demanded by the Romanians, who turned out to be prepared to offer only limited amounts of food products in exchange for a high proportion of scarce British goods. A further problem was the Romanian demand for oilfield equipment as part of the deal at a time when British oil companies were suffering from the Romanian government’s policy of discrimination in favour of Sovrompetrol.76) Any new oilfield equipment would have been supplied to the Soviet/Romanian company and thus reinforced its advantageous position. The collapse of these efforts to make food purchases coincided with the ousting of the Liberal Teișescu from the Romanian Foreign Ministry and his replacement by the communist Ana Pauker, even though at a
meeting with Holman in November, Pauker had said that she was in favour of trade between East and West, and that Romania wanted to export food in return for industrial commodities. One detrimental factor was US purchases of Romanian grain at a high price in November 1947.

Britain's food shortages in the late 1940s are an important factor behind London's lack of interest in Romanian political developments. In view of Britain's poor economic situation, shortage of sterling and uncertainty as to the US commitment, any opportunity for procuring vital imports had to be taken, particularly from a soft currency source. This fact explains why Britain had so little interest in protesting about the fraudulent elections of November 1946 or in discouraging the King from opening Parliament. British concessions to Romania in this period were therefore the result of economic necessity, as well as impotence in the face of Soviet power. Nevertheless, in view of the communists later policies which involved the subjugation of Britain's economic interests and domination by the Soviet Union of Romania's foreign trade, British efforts to separate economics and politics were naive, especially since the British Military Mission's reports had made clear the Soviets' hostile attitude to Western economic interests by this time.

At the same time as these attempts were being made to develop trade, harassment of UK oil companies was continuing. The companies suffered in a variety of ways. For example, the provisions of a 1942 law discriminating against foreign oil companies in Romania were still enforced for the Western companies but not for Sovrompetrol. Also, the British companies were discriminated against in allocations of equipment and in the
conditions applied to the quality of the oil they produced.79) In July 1947, various possibilities for retaliation were considered, for example use of a proposed £5m credit to Romania and Romanian assets abroad as pressure if a Romanian delegation came to London to discuss aspects of the Peace Treaty as proposed by Richard Franasovici, the Romanian Minister in London. It was, however, accepted in London that the companies had no long-term future and that the Romanian government was unlikely to allow Western control to continue. British officials considered that the companies should stay in Romania, resist attempts to oust them and give no hint that they were abandoning their position. They should wait for the Romanian government to suggest a buyout, but then would be wise to agree to this and accept a low figure.80) Nevertheless, the policy of encouraging the companies to stay in Romania in the short term was problematic since the employees of the companies were being harassed by the Romanian and Soviet authorities and Britain could provide little in the way of consular assistance.81) In August 1947, Shell announced its intention to withdraw its staff from Romania, although in September it agreed to keep them there, making clear that they placed the onus of responsibility on the British government for their well-being.82) In the same month, the Treasury stated that there were no sanctions which could be used in retaliation for the treatment of the oil companies. It would be legally difficult to use blocked Romanian assets abroad as a bargaining lever, and besides, Britain needed to buy Romanian timber, grain and possibly even oil. The Treasury suggested that the companies should sell out, if possible to the Soviets rather than the Romanians because this would mean that they would
probably get a better price, and also the Soviets had surplus sterling to use up.83) The Foreign Office took the same line as the Treasury that nothing could be done against harassment by the Romanian government of the oil companies or against Soviet seizures of oil equipment short of stopping reparations deliveries to the USSR from the Western zones of Germany. Since the German reparations agreement was about to collapse anyway, there was no sanction at all which Britain could employ.84) Nevertheless, the Foreign Office remained adamant that British companies should not withdraw their foreign staff from Romania. Holman considered that this would be disastrous for British interests and in August, he finally made a protest to Tătărescu about harassment.85) In September, the British firm J. P. Coats was advised to keep its staff on in Romania until the Peace Treaty came into force.86) Officials in London were slightly more cautious than Holman, and in November, in a letter to the Legation in Bucharest, the Foreign Office reiterated that Britain had little leverage to exert in defence of the oil companies.87) From the autumn of 1947, harassment of the British and American-owned oil companies by means of Trade Union pressure, and a press campaign against the supposed crimes of the management was stepped up. In March 1948, following the ousting of its management under pressure from communists in the workforce, the British majority-owned company Astra Romana was declared to be in a state of forcible dissolution by its shareholders. The culmination of the Romanian government's campaign was the nationalisation without compensation of all oil companies except Sovrompetrol (the Romanian-Soviet "joint venture") in June 1948.88) This action and the efforts of the shareholders to gain compensation were to have great significance
in Britain's trading relations with the Romanian "People's" Republic.

After the end of the war in Europe in May 1945 Britain showed more willingness to criticise the behaviour of the Romanian communists and the Churchill-Stalin percentages agreement was no longer quoted as a reason for restraint. Britain accepted, albeit reluctantly, the US policy of support for King Michael's "royal strike" from August 1945. Nevertheless, the reason for this change in tone lies not in any greater British interest in the Romanian political situation, but in the wider context of East-West relations. The end of the war against Germany made close cooperation between the three allies less essential, at least as far as the US was concerned, and Britain's economic dependence on Washington meant that President Truman's views could not be ignored. The US at this time was particularly confident of its military and political strength and keen to assert itself on the world stage. This meant upholding the principles of the Yalta Declaration on liberated Europe and resisting Soviet expansionism. However, Britain was in a much weaker position than the US in late 1945, and with its economic problems and overstretched military commitments, had no desire to antagonise the Soviet Union. Thus British policy was to try to restrain the US and to build on Anglo-Soviet wartime collaboration. Britain was helped in this respect by US Foreign Secretary James Byrnes who accepted that the Soviet Union would have to be allowed predominant influence in Romania and Bulgaria. The Moscow Agreement which ended the "royal strike" marked the return to the sort of relations with Moscow which Britain wanted and an end to any ideas of enforcing the Yalta
principles. Although couched in democratic language, in practice the Agreement involved the acceptance of Soviet political predominance in Romania and paved the way for Britain to accept the consolidation of the Groza government's power through fraudulent elections.

Nevertheless, Britain was still very keen to secure certain direct interests. The Board of Trade as well as Departments concerned with satisfying Britain's import requirements showed strong interest in resuming Anglo-Romanian commercial exchanges. This proves that these Departments at least did not envisage the complete subjugation of the Romanian economy to Soviet interests. Although the British Military Mission, which was directly confronted by Soviet interference with British commercial interests, was more sanguine about the prospects of trade in the short term, even they seem to have envisaged enhancement of Anglo-Romanian trade in the long term to a level beyond that of the inter-war period. This suggests that they regarded the Soviet domination of the Romanian economy to be a temporary phenomenon existing only as in the immediate aftermath of the war. Documents concerning Anglo-Romanian commercial relations in the late 1940s thus indicate that while Britain accepted that Romania would have a government which maintained close links with Moscow, it would also have strong commercial ties with the West. The view was partly a result of British attitudes in the late 1940s which did not envisage a confrontational relationship developing with Moscow. However, by the end of 1947 when King Michael had been forced to abdicate and East-West divisions had hardened, these ideas had been proved far too optimistic, and there was no question of the existence of a semi-independent
Romania with trading links to the West. Romania was now a loyal satellite of Moscow and policy had to take account of that fact.

REFERENCES

1) G. Ross, The Foreign Office and the Kremlin, Cambridge, Cambridge University Press, 1984, 251-2. Colville's diaries show that Anglo-Soviet tension increased from April 1945, when Stalin accused Britain of negotiating with Germany. On 2 May he expressed the fear that the Soviet Union would dominate Europe east of a line from the North Cape to Trieste, and later commented on the threat to Denmark if Soviet forces arrived there first. After VE Day on 8 May, the Soviet threat loomed large in Churchill and Colville's thinking, in particular over Poland. The breakdown of whatever understanding existed in October 1944 is illustrated by an entry in Colville's diary for 31 May. He writes that "the great problem is Russia, whose intentions we cannot very certainly fathom and whose more sinister designs seem to be crystallised in the Polish question." Despite the deterioration in relations, Colville noted that Churchill was still susceptible to flattery from Stalin. The Prime Minister was apparently fascinated by a telegram in April which praised him. Colville "felt both irritated and slightly disgusted by this exhibition of susceptibility to flattery" noting that he was "glad that UJ [Stalin] does not know what effect a few kind words after so many harsh ones might have on our policy towards Russia." (Churchill Archive Centre; Colville Diaries, vol.5, 26 April 1945, 2, 4, 14, 17, 31 May 1945).

2) PRO FO 371 48539, R5734; Telegrams, Le Rougetel to Foreign Office 16 and 17 March 1945.

3) PRO FO 371 48539, R5734, Minute by Williams, 18 March 1945.

4) PRO FO 371 48539, R5734, Minute by Williams, 18 March 1945; Undated handwritten minute by Sargent; 48540, R6958; Minute by Howard, 2 April 1945. The allegations that the Radescu government had not done enough to suppress pro-German influences probably resulted from the Avramescu affair. (Chapter 2 note 57).

5) PRO FO 371 48539, R6112; Telegram, Le Rougetel to Foreign Office, 3 April 1945.
6) PRO FO 371 48539, R6112; Telegram, Foreign Office to Le Rougetel, 10 April 1945; Minute by Eden, 4 April 1945: Minute by Stewart, 4 April 1945.

7) PRO FO 371 48540, R6212; Telegram, Le Rougetel to Foreign Office, 4 April 1945; Minute by Churchill, 6 April 1945.

8) PRO FO 371 48540, R6760; Telegram, Bucharest to Foreign Office, 14 April 1945; Minute by Stewart 15 April 1945; Telegram, Foreign Office to Bucharest, 17 April 1945; 48560, R17047; Telegram, Le Rougetel to Foreign Office 5 October 1945; Minute by Stewart, 10 October 1945.


11) Documents on British Policy Overseas, London, HMSO, 1985, Vol. 6, D6; Stevenson to Foreign Office, 20 August 1945; PRO FO 371 48557, R13745; Telegram, Le Rougetel to Foreign Office, 15 August 1945; Minute by Stewart, 16 August 1945; Telegram Foreign Office to Le Rougetel, 18 August 1945; R14734; Message from King Michael to British Government (undated, forwarded to London by British Legation, 23 August 1945); R14799; Minute by Stewart 3 September 1945; R14930, Telegram, Washington to Foreign Office, 3 September 1945; Minute by Stewart, 4 September 1945; R15238; Telegram, Washington to Foreign Office, 7 September 1945; Minute by Hayter, 10 September 1945; R15270; Telegram, Roberts (Moscow) to Foreign Office, 9 September 1945; R13745; Minute by Sargent, 16 August 1945; PRO FO 371 48558, R15621; Minute by Stewart, 19 September 1945.

12) PRO FO 371 48558, R15621; Minute by Stewart, 19 September 1945. This attitude might have influenced the British to make the erroneous assumption during 1946 that the Romanian historic parties wanted early elections. See pages 154-56.

13) PRO FO 371 48607, R16525; Telegram, Le Rougetel to Foreign Office, 27 September 1945; Documents on British Policy Overseas, London, HMSO, 1985, Series 1, Vol. 6, D37; Foreign Office to
Bucharest, 10 October 1945; D56, Bucharest to Foreign office, 16 November 1945.

14) Ross, op. cit., 251-2.


16) PRO FO 371 48564, R20373; Minute by Hudson, 7 December 1945; Minute by Chalmer Bell, 14 December 1945.

17) PRO FO 371 48607, R13250; Telegram, Le Rougetel to Foreign Office 7 August 1945; R20250; Despatch, Le Rougetel to Foreign Office, 22 November 1945; R21534; Despatch, Le Rougetel to Foreign Office, 28 December 1945.


20) PRO FO 371 59130, R1614; Minute by Williams, 27 January 1946; Telegram, Foreign Office to Bucharest, 28 January 1946.

21) PRO FO 371 59131, R2596; US press release, 5 February 1946; R2618; British note to Romanian government, 5 February 1946; R1804; Minute by Hayter, 5 February 1946.

22) PRO FO 371 59131, R1804; Minute by Hayter, 5 February 1946; Amended text of US note to Romanian government, publicised 6 February 1946.

23) PRO FO 371 59131, R2618; British note to Romanian Government, 5 February 1946; Despatch, Le Rougetel to Foreign Office, 7 February 1946; R1884; Telegram, Le Rougetel to Foreign Office, 5 February 1946.

24) PRO FO 371 59131, R1983; Telegram, Le Rougetel to Foreign Office, 7 February 1946; R2057; Telegram, Le Rougetel to Foreign Office, 8 February 1946.
25) PRO FO 371 59097, R3989; Despatch, Le Rougetel to Foreign Office 28 February 1946; R3975; Telegram, Stevenson to Foreign Office 12 March 1946; R4057; Telegram, Stevenson to Foreign Office, 14 March 1946; R4057, Minute by Williams, 15 March 1946; R4057; Telegram, Foreign Office to Bucharest, 18 March 1946; 59098, R4147; Telegram, Foreign Office to Bucharest, 20 March 1946; R4761; Telegram, Holman (Bucharest) to Foreign Office, 25 March 1946; R5332; Telegram, Holman to Foreign Office, 3 April 1946; Minute by Turner; 8 April 1946; 59133, R7130; Telegram, Holman to Foreign Office, 10 May 1946.

26) PRO FO 371 59133, R7144; Minute by Warner, 14 May 1946; Despatch Foreign Office to Lord Hood, UK Delegation to the Paris Peace Conference, 16 May 1946.

27) PRO FO 371 59101, R11181; Despatch, Holman to Foreign Office, 22 July 1946; Minute by Chalmer Bell, 10 September 1946.

28) PRO FO 371 59101, R11941; Telegrams, Holman to Foreign Office, 13 August 1946 and Foreign Office to UK Delegation to Paris Peace Conference, 16 August 1946.

29) PRO FO 371 59134, R12170; Telegram, Holman to Foreign Office, 17 August 1946.

30) PRO FO 371 59101, R11181; Despatch, Holman to Foreign Office, 22 July 1946; Telegram, Foreign Office to Holman, 3 September 1946.

31) PRO FO 371 59134, R12675; Telegram, Holman to Foreign Office, 27 August 1946; Minute by Williams, 30 August 1946; Telegram, Foreign Office to UK Delegation to Paris Peace Conference, 30 August 1946.

32) PRO FO 371 59135, R16146; Telegram, Holman to Foreign Office, 5 November 1946 and adjacent minutes; Despatch, UK Delegation to Foreign Ministers' Conference in New York to Foreign Office, 7 November 1946; Telegram, Foreign Office to Bucharest, 12 November 1946.

33) Archivele Statului României; Fond Iuliu Maniu, nr. 9; Dreptatea extracts 29, 30 January 1947.

34) PRO FO 371 59135, R16146; Telegram, Foreign Office to Bucharest, 12 November 1946; 59136, R16220; Telegrams, Holman to Foreign Office, 7 November 1946; Foreign Office to
Holman, 12 November 1946; 59136, R16305; Telegram, Holman to Foreign Office 8 November 1946.


36) PRO FO 371 59102, R13383; Minute, Warner to Dixon, 4 September 1946; 59106, R16999; Telegram, Holman to Foreign Office, 23 November 1946; R17000; Telegram, Holman to Foreign Office 23 November 1946; R17036; Telegram, Holman to Foreign Office, 25 November 1946; H. Hanak, "The Politics of Impotence; The British observe Romania; 6 March 1945 to 30 December 1947" in I. Agrigoroaei, et. al. (eds.) *România în Istoria Universală*, Iași, 1988, Vol.3 (1), 421-442; PRO FO 371 59106, R17046; Telegrams, Holman to Foreign Office, 25 November 1946; Foreign Office to Holman 26 November 1946; R17420; Telegram, Holman to Foreign Office 2 December 1946; 59107, R17683; Telegram, Holman to Foreign Office, 5 December 1946.

37) PRO FO 371 59136, R17522; Telegram, Holman to Foreign Office, 29 November 1946. This was the third time the British Head of Mission had hinted that he wanted to be recalled.

38) Ibid. See also Hanak op. cit., 31.

39) PRO FO 371 59107, R17683; Minutes by Williams, 11 December 1946 and Warner, 13 December 1946.


41) PRO FO 371 59136, R17358; Letter, Dennis Healey to Chris Mayhew, 28 November 1946; Minute by Williams, 5 December 1946; R16262; Telegram, Holman to Foreign Office, 6 November 1946 detailing article written in *Libertatea* by Lotar Răducceanu, which criticised Britain and the US; 67238, R9582; Despatch, Holman to Foreign office, 23 June 1947; 67233, R3978; Telegram, Sarrell to Foreign Office, 22 March 1947.
42) PRO FO 371 59165, R17321; Intelligence summary by British Legation, Bucharest, 15 November 1946.


46) PRO FO 371 59107, R17683; Minute by Warner, 13 December 1946; 67234, R5158; Memorandum by Bennet (Bucharest) 4 April 1947; Despatch, Foreign Office to Holman, 28 April 1947; Labour Party Archive, Manchester: Report by Morgan Phillips, A. Greenwood and R.T Windle, 23 December 1946.

47) PRO FO 371 67249, R1313; Minute by Colville, 25 January 1947.

48) PRO FO 371 67233, R120; Record of conversation between John Bennet, First Secretary and Press Attaché at British Legation, and Lotar Raducanu, 19 December 1946; Minute by Colville, 7 January 1947 and adjacent handwritten minutes.

49) PRO FO 371 67233, R2812; Telegram, Holman to Foreign Office 28 February 1947; R4148; Despatch, Sarrell to Foreign Office 20 March 1947.


51) PRO FO 371 67238, R9582; Despatch 23 June 1947, Holman to Foreign Office.


53) PRO FO 371 67236, R7315; Telegram, Holman to Foreign Office, 31 May 1947; Minute by Williams, 5 June 1947.

54) PRO FO 371 67241, R13340; Telegram, Holman to Foreign Office, 1 October 1947.
55) PRO FO 371 67241, R13340; Minute by Campbell, 3 October 1947; *The Times*, 9 October 1947; G. Ionescu, op. cit., 149-51.

56) PRO BT 11 2432; Board of Trade Minute, 5 March 1945; Letter Board of Trade (Trading with the Enemy Department) to Ford, 16 January 1946.

57) PRO BT 11 2432; Memorandum by British Military Mission, Bucharest, October 1945.

58) PRO BT 11 2432; Letter, Board of Trade to Ministry of Production, 8 November 1945.

59) PRO BT 11 2432; British Military Mission Economic report, October 1945.

60) PRO BT 11 2432; Board of Trade Minutes, 13, 20 November 1945, 6 December 1945, 8 January 1946; Letters, Ministry of Supply to Board of Trade, 15 January 1946, Foreign Office to Treasury, 14 January 1946.

61) PRO BT 11 2432; Telegram, British Military Mission to War Office, 4 January 1946; Board of Trade Minutes, 9, 10 January 1946; Letter, Board of Trade to Ministry of Agriculture, 12 January 1946.

62) PRO BT 11 2432; Letter, Board of Trade to Ministry of Agriculture, 12 January 1946.


64) PRO BT 11 2410; Telegrams, British Military Mission to War Office, 11 July 1945, 18 August 1945.

65) PRO BT 11 2410; Telegrams, British Military Mission to War Office, 15 September 1945, 7, 15 October 1945.

66) PRO BT 11 2410; Telegram, British Military Mission to War Office, 15 September 1945.

68) PRO FO 371 67233, R172; Despatch, Commercial Secretariat, British Legation, Bucharest to Foreign Office, 6 December 1946.

69) PRO FO 371 67224, R6216; Despatch, Holman to Foreign Office, 24 April 1947.

70) PRO FO 371 67241, R12999; Despatch, Holman to Foreign Office, 13 September 1947.

71) PRO FO 371 67243, R14659; Despatch, Holman to Foreign Office, 28 October 1947.

72) PRO FO 371 67241, R12999; Despatch, Holman to Foreign Office, 13 September 1947.

73) Ibid.

74) PRO FO 371 67227, R12787; Telegram, Holman to Foreign Office, 18 September 1947; R14187; Letter, Board of Trade to Ministry of Food, 20 October 1947; PRO CAB 128; 84 (47) 2; Record of Cabinet meeting, 3 November 1947.

75) PRO BT 11 3155; Record of Interdepartmental meeting, Ministry of Food, 1 November 1947.

76) PRO BT 11 3155; Record of Interdepartmental Meeting, Ministry of Food, 4 December 1947; Board of Trade Minute, December 1947; BT 11 2622; Memorandum by Ministry of Fuel and Power, 30 June 1947; Minute by Tannahill, 29 October 1947.

77) PRO FO 371 67245, R15265; Telegram, Holman to Foreign Office, 15 November 1947.


79) PRO BT 11 2622; Memorandum by Ministry of Fuel and Power, 30 June 1947; Minute by Tannahill, 29 October 1947.

80) PRO FO 371 67238, R9692; Memorandum prepared by British oil companies in Romania for Ministry of Fuel and Power on
discrimination, 30 June 1947; Despatch, Foreign Office to Holman, 20 August 1947 and adjacent Foreign Office and Treasury minutes; Telegram, Foreign Office to Holman, 28 August 1947.

81) PRO FO 371 67238, R9119; Telegram, Holman to Foreign Office, 2 July 1947 and adjacent Foreign Office minutes; 67230, R17073; Telegram, Foreign Office to Bucharest, 16 January 1947.

82) PRO FO 371 67241, R13344; Telegram, Foreign Office to Bucharest, 4 October 1947.

83) PRO FO 371 67240, R11837; Letter, Treasury to Foreign Office 27 August 1947.

84) PRO FO 371 67229, R9581; Minute by Johnstone, 2 August 1947.

85) PRO FO 371 67230, R12037; Telegram, Holman to Foreign Office, 1 September 1947; 67230, R12049; Letter, Holman to Tătărescu, 22 August 1947.

86) PRO FO 371 67240, R12511; Letter, Foreign Office to J. P. Coats, 15 September 1947.

87) PRO FO 371 67230, R14541; Letter, Foreign Office to Bucharest Chancery, 19 November 1947.


Since the Treaty of Trianon of 1920, under which the Western Allies made peace with Hungary after the First World War, a strong body of opinion in Britain and the US had considered the territorial settlement between Hungary and Romania to be unfair. The end of the Second World War, therefore seemed to present an opportunity to correct this perceived injustice, since both countries had fought on the German side, and hence a new peace treaty was required. For British policy makers, whose political interest in both countries was minimal, the question of the frontier was not important. However, more general interests, namely the desire to achieve free navigation on the Danube and to maintain good relations with Washington, caused Britain to accept the US policy of arguing for a modest change in the frontier in Hungary's favour. Little was gained for Britain or the US by pursuing this line, since, from March 1945, the Soviet Union supported the restoration of the Trianon frontier, and was in a position to impose its will. The policy was all the more surprising, since at no point did Britain adopt a policy of trying to win influence in Hungary by supporting that country's revisionist claims. Britain and the US lost considerable credit in Romania as a result of their stance, and the Soviet Union's ability to dominate the country both politically and economically was thereby strengthened. By failing to support the retention by Romania of its 1920 boundary with Hungary, Britain thus weakened the position of the commercial interests which it was trying to protect.
From immediately after the August 1944 coup, the Western attitude to the Romanian territorial settlement was ambiguous. The armistice itself stated that “Transylvania (or the greater part thereof)” would be returned and the qualification was included partly at the instigation of the British. 1) The statement was further qualified by the condition that the return of territory was subject to the decisions of the Peace Conference. 2) In September 1944, in response to a memorandum from Otto von Habsburg suggesting that the ideal solution would be a “union” involving Hungary, Transylvania and the rest of Romania as member states, the Foreign Office reply involved merely a statement that a final conclusion on these issues could not be reached until the peace settlement. 3) After the coup, the BBC was told to avoid discussing Transylvania and to avoid anti-Hungarian polemics. 4) Statements by Romanian politicians assuming that the Trianon frontier would be restored were treated coldly by Foreign Office officials. For instance, in September 1944, Foreign Minister Grigore Niculescu Buzesți made a statement justifying the undeclared war on Hungary for the recovery of Northern Transylvania and commented that the armistice terms recognised that it would be returned to Romania. This prompted John Reed in the Foreign Office to note that “it is to be hoped that Mr Niculescu has not forgotten the provision in the armistice terms that Transylvania— or the greater part thereof—shall be given back to Romania subject to the decisions taken at the Peace Conference.” (Emphasis in original). 5) Maniu’s statements on Transylvania at the National Peasant Party rally on 29 October prompted George Clutton, another Foreign Office official to write that “these lands have not
yet been restored to Roumania. This event, *if it occurs at all* waits for the Peace Conference." (Emphasis added).6)

Initially, Soviet policy on the Hungarian-Romanian frontier was very unclear. According to reporting from the British Embassy in Moscow, when the Soviet and Romanian troops moved into Northern Transylvania in 1944, a local Romanian civil administration independent of Bucharest was set up. However, by January 1945 the Soviets had reintroduced Hungarian administrative units and the Hungarian currency. Public notices, which had been restored to the Romanian language in 1944 had been returned to Hungarian by January 1945. Romanian army units had been moved out of the area and the Romanian University of Cluj, which had returned to the city after the Hungarians had been driven out in 1944, had by January 1945 been sent back to Sibiu by the Soviets. Ostensibly, the Soviet motives for these actions had been complaints from Transylvanian Hungarians that the reintroduced Romanian administration was inefficient and oppressive.7) However, such complaints were inevitable at a time when the majority of Northern Transylvania's Hungarians bitterly resented the reimposition of Romanian rule. It is probable that Hungarian ill-feeling was simply used by the Soviets to justify their policy, of sowing uncertainty as to the future status of the region. This was a convenient tool for blackmailing the Romanian authorities and in particular King Michael into cooperation with Soviet policy in Romania. The threat was undoubtedly a factor in persuading King Michael to appoint the communist dominated Petru Groza government under heavy Soviet pressure on 6 March 1945 and the link between the two issues is graphically demonstrated by the fact that Romanian
administration of Northern Transylvania was restored by the Soviet occupiers on 9 March 1945, three days after the imposition of the Groza government. Nevertheless at least one British official commended the Soviet policy "as uncertainty over who is to have Northern Transylvania is a good way of keeping both Hungary and Roumania in order."9)

From March 1945, however, Soviet policy was to support the restoration of the 1920 Trianon frontier, while the US continued to favour revision and Britain reserved judgement but did not reject the US proposal. Although the exact delineation of the frontier according to the US proposal is not given in British or Romanian documents, the British papers suggest that the plan would have entailed half a million Magyars returning to Hungarian rule, while Romanian documents refer to Hungary gaining 24000 square kilometres of territory.10) The Groza government was able to extract considerable propaganda advantage from the fact that only Moscow supported the full restoration of the Trianon frontier. This led Ian Le Rougetel, Head of the British Political Mission in Romania from 1944-6, to criticise strongly London's position and argue that Britain should unequivocally back the return of the Trianon frontier.

In October 1945, Le Rougetel forwarded to London a copy of a letter from Alexandru Negreu, a lawyer, to Maniu. Negreu claimed to have had an audience with Groza, in which the Prime Minister said that he was presiding over the government in order that Romania could benefit from the Soviet promise on the return of Transylvania. According to Negreu, Groza offered to resign in Maniu's favour if the British and Americans would give Maniu an official assurance on the Transylvanian boundaries.11) While
Groza's alleged promise was dubious, it proved that he was able to gain considerable political capital out of the failure of Britain and the US to state their position clearly. Although he was sure Groza was bluffing about resignation, Le Rougetel nevertheless felt that the bluff should be called, and urged the Foreign Office to drop ideas of revising the Trianon frontier: “We have everything to lose and nothing to gain by flogging this dead horse,” he later wrote.12)

Duggald Stewart, a Southern Department official noted, however, that “we clearly can't call Groza's bluff and even if this could be done “the net gain would only be to give Maniu a debating point against Groza.” (Stewart's indifference as to the outcome of the political struggle between Maniu, by far the most popular Romanian politician, and Groza, a Moscow appointed stooge, is a striking illustration of Britain's lack of involvement in Romanian politics and distrust of the "historic" parties). While he acknowledged that Groza was making considerable political capital out of the failure of the Western powers to guarantee their support for a return to the Trianon frontier, Stewart noted that “if we lose anything.... in Roumania, at least we do not lose it in what is now the much more promising field of Hungary.”13) Stewart probably believed that Britain had a better chance of cultivating influence in Hungary in view of the position taken by the Soviets at the London Foreign Ministers' conference the previous September, and the attitude of US Foreign Secretary James Byrnes that concessions should be made to Moscow over Romania and Bulgaria. However, there is no evidence that any Foreign Office officials other than the pro-Hungarian C. A. Macartney, the Habsburg scholar seconded to the Foreign Office Research
Department during the war and immediately afterwards, shared this view. Britain had more commercial assets in Romania, and Orme Sargent's July 1945 paper *Stocktaking after VE Day* argued that Britain would have to acquiesce in Soviet domination of Romania and Hungary in order to prevent the subjugation of Bulgaria which was of greater strategic importance to Britain because of its proximity to Greece. In the face of a determined Soviet stance in favour of the Trianon frontier, there was little Britain could do to effect a revision, particularly since its policy at this time was to reach an accommodation with Moscow, and thus the policy was futile. The uncertainty continued to damage Western interests. On 10 November 1945, Le Rougetel drew London's attention to discussions which had taken place between Romanian Foreign Minister Tatarescu and representatives of the National Bank at the end of October at which the Foreign Minister had said that because of British and American opposition to the return of the whole of Transylvania to Romania, Credit Minier had been sacrificed to the Sovrom Bank in order to encourage Soviet support over Transylvania.

In January 1946, Le Rougetel reported that the King's principal advisors, in a conversation with James Marjoribanks, First Secretary at the British Legation, on 14 January, had said that one of the reasons why Groza wanted to delay the elections was to capitalise on the diminishing popularity of the British and American governments as a result of their support for adjustment of the Trianon frontier in favour of Hungary. In the same month he reported that all the Romanian political parties were making a strong stand over Transylvania. In February 1946, Le Rougetel had a conversation with Savel Rădulescu, King Michael's chief
political adviser, who repeated the point that the government was trying to postpone the elections in order to exploit popular reaction to British and US revisionism. The British political representative strongly favoured statements by Britain and the US that they did not intend to raise the frontier issue. On 26 February, at a lunch with Le Rougetel and other members of the British Legation, King Michael asked if Britain would come out in favour of maintaining the Trianon border and pointed out that the government was making considerable capital out of the frontier issue. This prompted the Foreign Office to question its policy. William Hayter, the Head of the Southern Department, noted that although he thought there were arguments in favour of revision, it was unlikely to take place and so the idea should be dropped.

There was, in fact, some debate about policy on this question within the Foreign Office in January and February 1946. James Marjoribanks, who had served with Le Rougetel in Bucharest (as Consul) and who by 1946 was a senior Foreign Office official in London working on peace treaties, wrote a memorandum on 30 January questioning the British policy of supporting US proposals for revision of the frontier. He took issue with Washington's argument that such a change would make the frontier fairer. It was generally accepted both by advocates and by opponents of revision that the railway which ran from Oradea to Satu Mare should be in the territory of one power or the other, since partition would create serious local economic difficulties. (The railway had also been a factor behind the fixing of the original Trianon frontier). Marjoribanks argued that if the railway were to be given to Hungary, more Romanians would be transferred to Hungarian rule than Magyars, and the most homogeneous Magyar
group in Transylvania (in the east of the province) would still be under Romanian rule. Marjoribanks further argued that the Soviet Union was solving the problem already, by encouraging the Groza government to give substantial autonomy to the Magyars of Transylvania and to develop the closest possible relations with Hungary. (Petru Groza, who spoke Hungarian, went so far as to advocate a customs and currency union). Marjoribanks was well aware of Soviet motives for encouraging close relations between Romania and Hungary. Since Romania was already very much under Moscow's control, the policies advocated by Groza would also have helped enhance Soviet influence in Hungary. However, he recognised that despite Moscow's cynical aims, the policies were good ones for resolving the Hungarian-Romanian conflict. Just as Le Rougetel was arguing at the same time, Marjoribanks emphasised how damaging British and US policy on the frontier issue was to Western influence in Romania, and the deep concern of pro-British circles from the King downwards. Marjoribanks concluded that while it would have been difficult for Britain to go back on its agreement with the US that revision should be considered, the US delegation should be strongly dissuaded from raising the matter at the peace conference.20)

However, Marjoribanks's views were strongly opposed by C.A. Macartney. A month after Marjoribanks's memorandum, Macartney expressed "the strongest dissent" from its conclusions and the "strongest hope" that the British government would not go back on the policy elaborated in 1940 by Lord Halifax, who was then Foreign Secretary. Halifax had said that the British Government would "use all its influence" to obtain a settlement "so just and equitable as to give hopes of its durability," a statement
which Macartney interpreted as meaning that the British government had pledged itself to support the revision of the Trianon frontier in Hungary's favour. Macartney's argument, based mainly on Hungarian and Transylvanian Magyar sources, was that the Groza policy was a facade and that ill-treatment of Romania's Magyars was continuing. He said that large numbers of Szeklers wanted to move into Hungary and some had applied for admission into the Soviet Union in preference to living under Romanian rule. (Macartney was naive to take this at face value since it is difficult to believe that significant numbers of people would have volunteered for citizenship of the Soviet Union in the 1940s. It is probable that if such statements had been expressed by Szeklers, they were arranged by the Soviets prior to March 1945 as a means of putting pressure on Romania to accept the Soviet choice of government). Macartney suggested population transfers, and believed that if the Szeklers moved, one of the great difficulties in the way of a settlement would be eliminated. He appeared to advocate a frontier along the line of the Bihar mountains, and to consider that an equitable solution would involve equal numbers of Magyars and Romanians living outside Hungary and Romania respectively. This argument ignored the fact that the Hungarian population of Transylvania is, with the exception of the Szekler counties in the east, far more dispersed than the Romanian and such a settlement would have involved large areas in which Romanians form a majority being annexed to Hungary. Unlike Marjoribanks, Macartney believed Britain stood a better chance of cultivating political influence in Hungary than in Romania and that this was a further motive for supporting Hungary's claims.21)
Macartney's private papers show that his views on population transfers had changed considerably from the beginning of the war. In 1940 in a memorandum prepared for the Foreign Office, Macartney had been highly critical of the idea and in handwritten notes not included in the final draft he wrote that the popularity of the idea resulted from "the notable tendency for the control of important international transactions to pass into the hands of those of mediocre intelligence and imperfect education."

Macartney's private papers also reinforce the fact that he was a strong advocate of revision of the Trianon frontier in Hungary's favour. In 1943, for instance, he argued that "if Roumania recovers any substantial part of Transylvania, she will recover it with a large, socially highly differentiated and organised Magyar minority, which will not assimilate and which oppression will only embitter." Macartney was also keen to point out what he regarded as the adverse economic effects of the Trianon Treaty. In March 1946 at a Chatham House presentation following his first visit to Hungary since 1940, Macartney described the situation in Transylvania as a "complete racket."

Macartney resigned from the Foreign Office in May 1946, in a move which pro-Hungarian sources interpreted as resulting from his differences with its officials over the Hungarian frontier question. There is, however, no evidence in Foreign Office documents or in Macartney's private papers to support this suggestion. It seems that by 1946 he was due to return to Oxford anyway, since his wartime secondment to the Foreign Office was at an end. However private papers from later in Macartney's life indicate the extent to which he and the Foreign Office differed over eastern European frontiers. In correspondence from 1954, he
argued that the best solution for remedying Hungarian grievances would be a federation of Czechoslovakia, Hungary, Romania and possibly Yugoslavia, with a special regime for Transylvania, thus, in effect, a virtual revival of the Habsburg Monarchy without Austria.25) In a paper presented to Chatham House in 1972, Macartney describes how after the Second Vienna Award when Northern Transylvania was ceded to Hungary, he made efforts to ensure that Britain, while rejecting the imposition of a solution by Hitler, did not commit itself irrevocably to restoration of the Trianon frontier. Macartney's efforts may have contributed to Halifax's 1940 statement. He said that during the war the BBC had been markedly pro-Romanian and that only after a "fight" and an appeal to the Foreign Office, was Macartney able to quote Lord Halifax's statement. Macartney also criticised severely the lack of interest by Foreign Office officials in Hungarian peace feelers. (What he did not point out was that Foreign Office officials showed equal distrust of pro-Allied Romanians).26)

Therefore Macartney's views on the frontier did not represent the general Foreign Office line in the post-war period. Orme Sargent decided that the US should make the running on the border question, and that the British representatives at the peace conference, if they had to say anything at all should state that the question needed examination, but that the UK was not yet convinced that the case for a change in the Trianon frontier had been made.27) Thus the British line was midway between the position set out by Marjoribanks and that of Macartney. There was little enthusiasm among top officials for Macartney's pro-Hungarian views but the failure of Britain to come out openly in support of the Trianon frontier, as Marjoribanks and Le Rougetel
wanted, meant that the Groza government in Romania was able to continue to make propaganda gains in the run-up to the November 1946 elections. The fact that Britain wanted US support for a new arrangement for the Danube was given as justification for the failure to adopt a more openly pro-Trianon policy. 28)

Le Rougetel and Marjoribanks clearly understood the importance which a statement that Britain supported the Trianon frontier (as King Michael had requested) would have had in the promotion of Western influence in Romania. However, neither Michael Williams, the Assistant Head of the Foreign Office Northern Department, nor Adrian Holman, who succeeded Le Rougetel in March 1946 as the British political representative in Bucharest, saw any pressing need for the British position to be clarified, in spite of the fact that the uncertainty was so damaging to Britain's position in the country. A minute by Williams summed up the Foreign Office's uncertain attitude: "We propose to agree with the Americans that this frontier question needs examination, but not to press for any changes, unless the course of the negotiations [at the Peace Conference] seems to warrant this." 29) Holman, who had admittedly arrived only recently in Bucharest, appeared rather lost on the Transylvanian issue. He reported a conversation with his Turkish colleague on 1 April, who said that the story was constantly being put about that while the USSR supported the return of all of Transylvania to Romania, the UK and US favoured some sort of partition. Holman reported that he had "heard the same story from other sources." He clearly did not realise that the "story" had a strong element of truth, and suggested that a statement should be made to the effect that Britain stood by the terms of the Armistice with regard to
Transylvania. However, such a statement would not have clarified the British position, since the Armistice itself was vague on this question, as Williams recognised. He said that no statement could be made, although "there would... be no harm in telling the King that we are well aware of Romanian views and they will be given full weight." One justification for Britain's uncertain position advanced by officials in London was a technicality—Britain could not commit itself publicly on one clause of the Peace Treaty before any statement was made on the progress of the Treaty as a whole, and all of Romania's post-war frontiers should be agreed at the same time. (There was still some doubt as to the exact delineation of the Soviet-Romanian frontier.)

In a despatch sent from the Foreign Office to the British Legation in Bucharest on 17 April 1946, Holman was advised that he could tell the King for his own information that Transylvania was being discussed at the Council of Foreign Ministers and that Britain did not intend to suggest any change to the Trianon frontier, although would recognise any change agreed by Romania and Hungary themselves. The suggestion that negotiations might take place between Romania and Hungary was a recurring idea in British thinking during 1946 until August when it seems to have been abandoned. In practice British support for such talks amounted to a rejection of the Trianon frontier and support for an adjustment in favour of Hungary. Romania vehemently opposed the idea of talks because it regarded the Trianon frontier as non-negotiable. Moreover, the King was told that Britain could not make a public statement. Thus Holman's elaboration of the British position to the King, which was intended to be reassuring,
had the opposite effect, and merely fueled the propaganda machine of the Groza government. The British failure to make a public statement was seized upon by the Romanian government and the Soviet Union. On 13 April, Holman reported a noticeable increase in propaganda to the effect that only the Soviet Union favoured the return of all of Transylvania to Romania. "Less informed public therefore assumes," he wrote in a telegram to London, "that the Americans and ourselves are the stumbling block...The position has therefore become more embarrassing for us."  

Britain's failure to make its position clear over the frontier question allowed the Soviet Union to make propaganda in Hungary as well as in Romania. In June 1946, Hungarian communist leader Matyas Rakosi made a speech at the Forum Club in Budapest in which he commented that Britain was supporting the restoration of the Trianon frontier, and thereby in his view selling out Hungarian interests and justice, because of its interest in Romanian oil. Later in the same month, a Hungarian government delegation visited London, and a junior Foreign Office Minister stated that the frontier question had been considered at length but that Ernest Bevin, the British Foreign Secretary, had "felt it would be useless to raise the matter again" because of "Soviet intransigence on this subject." Prime Minister Attlee said that although the frontier had been settled by the four powers, "the best hope would be for Hungary to have discussions with Romania and Czechoslovakia with a view to getting a permanent settlement of the boundaries." Attlee believed this was necessary to prevent repeated conflict over the territories and stated that any move towards "stabilisation" would have the
support of the British government. (The Romanians, of course, were not prepared to negotiate over the Trianon frontier and Attlee's formula of encouraging the two countries to negotiate for themselves was rejected by the Peace conference in August, on the grounds that it would provoke the very conflicts which Attlee hoped could be prevented). 36) British officials formed a favourable view of the Hungarian delegation, which contrasted with their often negative view of Romanian politicians. A record of the discussion sent to the British delegation at the Paris Peace Conference reported that the Hungarian Prime Minister hoped that the frontier question would be raised "by another great power" (meaning the US) and that Britain would allow the discussion to take its course and not oppose the US initiative. 37) At the Paris peace conference British Foreign Secretary Ernest Bevin echoed Attlee's view. He told a Hungarian government delegation that he had originally supported the US proposal for an adjustment of the Trianon frontier, but had decided it was pointless to press the issue in view of the Soviet position. However, he hoped that an adjustment could be arranged after the Peace Treaty had been signed and the Romanian elections had taken place. The British Foreign Secretary said that if the frontier question came on the agenda, Britain would be sympathetic to adjustments. 38)

The wording of the reference to Transylvania in the Peace treaty was contentious. The final version read simply "the decision of the Vienna Award of August 30 1940 is declared null and void. The frontier existing between Hungary and Romania on January 1st 1938 is hereby restored." 39) However, earlier drafts contained additions to this. In a version which the US objected to, the
sentence continued "the whole of Transylvania thus being included in the territory of Roumania." An American proposal for an additional sentence; "nevertheless the Allied and Associated powers would be prepared to recognise any rectification of the Roumanian-Hungarian frontier that may subsequently be mutually agreed between the parties directly concerned and which would substantially reduce the number of persons living under alien rule" was rejected by the Soviets. The British objected to the concluding part of the sentence; "and which would substantially reduce the number of persons living under alien rule." An earlier American draft to which the British objected, (despite the formula having been endorsed by Attlee the previous June) on the grounds that it would provoke perpetual disputes read: "The decisions of the Vienna Award of 30 August 1940 are declared null and void without prejudice, however, to direct negotiations between the Governments of Rumania and Hungary looking toward an adjustment of the frontier, which would substantially reduce the number of persons living under alien rule."40) Nevertheless in 1947, the British Foreign Office had still not entirely ruled out the idea of negotiations between the two countries. London was willing to authorise its representative in Bucharest to inform the Romanian government that Britain welcomed the Hungarian initiative to open negotiations. However, the qualification which in practice killed the idea was that the Foreign Office was only prepared to take this step if the US and Soviet representatives in Bucharest made similar statements to the Romanian government.41)

Romanian documents in the Foreign Ministry Archive in Bucharest emphasise the effect which the British and American
attitude to Transylvania had in pushing the Romanian Foreign Ministry, under the control of Gheorghe Tătărescu, closer to the Soviet Union. On April 1 1946, Richard Franasovici, the Romanian chargé in London, reported a lunch with the US expert on South East Europe at the Foreign Ministers’ meeting. Franasovici correctly deduced from this conversation that the Americans definitely favoured a change in the Trianon frontier, however did not attach great importance to achieving this. He also assumed that the British position was the same as the American. Franasovici referred to information supplied by the Soviet Ambassador in London, which helped him to deduce the Anglo-American position. On 10 April, Franasovici reported that the Soviet Ambassador told him that Transylvania had not been discussed at the Foreign Ministers’ Conference the previous day. In earlier telegrams, the Romanian chargé had reported being treated with great distrust by the British—Bevin would not see him—and on 30 March, he had reported that in view of the delay in being received by Bevin, he unofficially visited the Soviet Ambassador: “I was received extremely cordially,” wrote Franasovici, “and he offered me all his help.”

On 11 April, Franasovici reported a conversation with Orme Sargent, which demonstrates the uncertainty of the British position on Transylvania. Sargent began by saying he hoped for a revival of commercial relations “to which,” wrote the Romanian chargé, “they [the British] attach great importance.” Sargent added that the Romanian treaty “did not present great difficulties” which prompted Franasovici to deduce that in fact Britain was not thinking in terms of a change in the Transylvanian frontier. “In general, it was a more cordial meeting than that with Hayter, the
head of the South East European section,” wrote Franasovici. (Hayter had been an advocate of supporting the American line on Transylvania). Franasovici went on, however, to refer to the difficulties which he was having in doing his job because Bevin, and other members of the British government would not see him, and on 17 April reported on the “cold attitude which England has towards us, an attitude which I feel in every moment.”

On 12 April, the Romanian Ambassador in Moscow reported that the Soviet Foreign Ministry had informed him of the requests of the Hungarian delegation which was then visiting Moscow for the cession of 24000 square kilometres of territory. A senior official in the Soviet Foreign Ministry, assured the Romanian Ambassador that the Soviet Union would not change its position and would continue to support the Romanian viewpoint. On 15 April, in response to information, the source of which is not made clear, that the British and Americans also supported the cession of 24000 square kilometres to Hungary, Romanian Foreign Minister Tatarescu asked Franasovici to find out more about the boundaries of this territory and other conditions which would apply to the cession “through our friend.” Although the telegram does not make clear who “our friend” is, it almost certainly refers to the Soviet Ambassador in London. On 16 April, the Romanian charge in London reported that he had the impression that the Americans would drop their position on Transylvania “in the face of a decisive Soviet resistance” in return for other concessions. However, on 17 April, he noted that the Hungarian head of mission in London had been received relatively quickly, more quickly than, for example, his Finnish counterpart. Even in August 1946, after the decision on Transylvania had been taken
at the Peace Conference, the British and American equivocation over the issue was still influencing the attitude of Romanian diplomats. On 4 August, the Romanian Ambassador in the Hague reported a meeting with his Soviet counterpart at which the Romanian requested and received an assurance that no change would be made to the decisions taken in May regarding Transylvania.46)

The close contact between the Romanian Legation in London and the Soviet Embassy is significant, given that at this stage the Romanian diplomatic service was by no means staffed entirely by communists. Although a purge took place on 6 March 1946, it was only after Ana Pauker took over from Tătărescu as Foreign Minister in November 1947 that the communists established firm control of the service and ousted those not deemed to be fully loyal to the new administration. Prior to this, many high ranking Romanian diplomats belonged to the Tătărescu clique, many of whom had links with ex-King Carol.47) While most of the Tătărescu clique were unprincipled they were opportunistic rather than communist, as demonstrated by the readiness of Romanian diplomats in London to criticise the anti-Western stance of local communists.48) It is therefore not unreasonable to speculate that had the British and Americans supported the restoration of the Trianon frontier from the outset, Romanian diplomats might have been less inclined to cultivate such a close and even dependent relationship with their Soviet counterparts. The wisdom of the British attitude to the Romanian Legation in London is also questionable. While it obviously represented a government which Britain disapproved of, (although by 1946 it had been recognised under the Moscow Agreement), it might have
been more subtle to recognise the difference between Romanian diplomats, most of whom owed their allegiance to Tatarescu, and the communists, who were behind the activities of the Romanian government. While the British Foreign Office was right to be under no illusions about the personal integrity of these people, there were nevertheless good reasons, based on self interest, for Tatarescu's diplomats to oppose the complete Sovietisation of Romania. There were large scale resignations among Romanian diplomats abroad following the replacement of Tatarescu by Pauker in November 1947 and after the forced abdication of King Michael on 30 December 1947.

The British authorities failed to appreciate fully the emotiveness of the Transylvanian issue for Romanians and London's vague promises to take Romanian views into account were not enough to satisfy the strong feelings on the subject. The issue was a particularly important one for Romanians at this time, since their armies had suffered heavy casualties in Transylvania's reconquest. The possibility of cultivating influence in Hungary, which appeared less likely to fall under Soviet control may have been one argument in favour of a policy of supporting revision. However, such an approach would have been out of line with the general Western policy at this time of trying to reach an accommodation with the Soviet Union. Once the Groza government had been imposed in March 1945, Moscow was in favour of restoring the Trianon frontier with Hungary and was not prepared to compromise. Ultimately neither Britain nor the US were prepared for a dispute with the Soviet Union over the issue, and, as William Hayter, the Assistant Head of the Foreign Office Southern Department eventually recognised, it would therefore
have been better for the idea of revision of the Trianon frontier to have been dropped. Moreover, Britain did not regard Hungary as a priority for the cultivation of Western influence any more than Romania. The main motive for Britain's equivocal position over the Romanian-Hungarian frontier was maintaining faith with Washington both because of the need for general political and economic support in the post-war period and also more specifically in order to secure US support for the protection of the Danube as an international waterway. As far as the latter was concerned, however, the trade-off was counterproductive. The uncertain Western position over the frontier issue pushed Romania closer to the Soviet Union and once the Sovietisation of Romania had taken place the Danube came under the control of the communist Bloc. By 1949, Hungary too had been lost to the Western world, in spite of US support for revisionism and Britain's equivocal stance on the issue.

The case for changing the frontier in Hungary's favour, as set out by C. A. Macartney, rested on a misguided belief that this in itself would create greater stability in the region. In practice, a change would at best have done nothing to improve inter-ethnic relations and at worst have generated considerable hardship and possibly tension, particularly if Macartney's drastic idea of moving the centuries-old Szekler community into Hungary had been put into effect. In practice, the only long term solution would have been close political and economic cooperation between the two countries, which would have made the frontier less relevant. While the Groza government supported Hungarian-Romanian cooperation purely to serve the interests of its masters in the Kremlin, it was unfortunate that more British and particularly US
officials did not recognise that the policy in itself was meritorious, in spite of the cynical motives of those who advocated it. Had Britain and the US concentrated on promoting genuine Hungarian-Romanian reconciliation, rather than on the inevitably divisive issue of the border, Western influence in both Hungary and Romania might have been preserved for longer. However, Britain's lack of strong interest in re-establishment of Romania's pre-war frontier with Hungary emphasises the fact that London's definition of its interests in Romania was a narrow one, which attempted to isolate commercial issues from the general political situation. This approach was further demonstrated by the very distant attitude taken by Britain to the aspirations of the leaders of the "historic" Romanian political parties.

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CHAPTER 5. BRITAIN, THE ROMANIAN "HISTORIC" PARTIES AND THE MONARCHY. (1944-47)

For the leadership of the National Peasant Party and the National Liberal Party, the two main "historic" Romanian political parties, which between them had the bulk of the support of Romanian population, the main purpose of the coup of 23 August 1944 was to extricate Romania from the German camp in time to prevent the country from coming under Soviet domination. Despite the fact that Romania was now fighting on the same side as the Soviet Union, the latter country continued to be regarded by most members of the "historic" political parties as the greatest threat to their country's independence. The party leaders therefore believed that Britain and the US, having encouraged their efforts to end the alliance with Germany, now had a moral obligation to protect Romania from Soviet domination. British aims, however, were quite different and most policy makers regarded the leaders of the "historic" parties, with some justification, as naive. Britain saw the August 1944 coup simply as a step towards the defeat of Germany which helped the Soviet Union's military campaign in the East, and had no intention of intervening in Romanian politics in conflict with its Soviet ally. The main British concern in Romania was to safeguard commercial interests, and the preservation of democracy was not a major priority, especially since it was noted that Romania was not a country with a strong democratic tradition anyway. Moreover, by the end of 1945, British observers had come to the conclusion that there was little they could do to prevent the Soviet Union maintaining an unrepresentative government in
Bucharest, and consequently it was pointless to create unnecessary antagonism with Moscow over this question. Furthermore, British policy makers became increasingly frustrated by what they saw as the unrealistic expectations of the "historic" party leaders. The general view in London was that Maniu and Brătianu were inept, and this made Britain even less willing to intervene on their behalf.

King Michael was viewed somewhat differently. Most British observers regarded him favourably, and as the prospects for democracy in Romania in the short term became increasingly bleak, the Monarch began to be seen as the best hope for the protection of Romania from Soviet domination and in the long term for the reintroduction of democracy. Thus British policy was to discourage the King from risking his position by defending the historic parties from communist attack. Nevertheless, the idea that by maintaining a low profile the King could remain on the throne was over-optimistic and, in reality, by accepting the Soviet measures against the Romanian democratic politicians the Monarch was paving the way for his own removal at the end of 1947.

British officials had been distrustful of Iuliu Maniu, the leader of the National Peasant Party for some time before the August coup and critical of his failure to take political action earlier to bring Romania out of the German camp. (This was largely the result of the National Peasant leader's unhappiness over Britain's insistence that Romania should surrender unconditionally to the Soviet Union). 1) While Maniu showed naivété in expecting Britain to come to Romania's aid and disregard wider considerations of Anglo-Soviet relations, British officials showed an equally narrow view by expecting Romanian politicians to carry out pro-Allied
activity without any guarantees that this would help to safeguard their country's future independence or territorial integrity. The general British view is illustrated by notes in the private correspondence of C.A. Macartney, of the Foreign Office Research Department. In comments written in August 1944, shortly before the Romanian coup, Macartney criticised the Romanian tendency "to believe that Great Britain can be depended upon to act out of pure friendliness apart from any such considerations as her commercial or political interests" while Maniu, in his opinion was "unable to realise that his country is at war with Great Britain as well as with Russia."2) The first issue over which the British and the Romanian historic parties clashed after the 23 August 1944 coup was Maniu's refusal to participate in the government in November 1944, following the fall of the Săvătescu administration, a move which Ghita Ionescu interprets as an effort by the leadership of the historic parties to avoid giving to much support to a government which might not enjoy full sovereignty and which had not been elected. However, Douglas Howard, the Head of the Foreign Office Southern Department, criticised Maniu's behaviour as weak.3) Even Le Rougetel, who was generally more sympathetic to Romanian politicians from the historic parties than were officials in London, believed during the political crisis prior to the fall of the first Săvătescu government on 2 November 1944 that if the uncertainty dragged on, the Soviets would be justified in imposing a military government.4) In late November 1944, reports that Maniu was about to withdraw members of his party from the government on the grounds that cooperation with the communists was impossible provoked an exasperated reaction from Le Rougetel and from officials in London, who considered that the
National Peasant leader was too attached to an outdated style of political manoeuvring. Maniu was “behaving stupidly and should be left to suffer the consequences,” wrote Howard. Le Rougetel was instructed to have nothing to do with his activities. The British political representative voiced similar criticism of the Peasant leader in December, in a round-up of the political situation: “The trouble with Maniu is that he is still living in the atmosphere of ‘nationality’ politics in the Vienna of 1910. He is a nice old boy, but a provincial.”

Nevertheless, Le Rougetel tended to take a more charitable view of Maniu than did officials in London. On 27 November, he reported a long conversation with the Peasant leader, in which Maniu complained that the government was unworkable because of Soviet-backed communist agitation against ministers from the historic parties. Maniu complained that he had agreed to the Cairo negotiations on the understanding that Romania’s sovereignty and territorial integrity would not be jeopardised by the change to the Allied side and now felt he had been misled. Le Rougetel had some sympathy for Maniu’s complaints. There was “much force” in what the Peasant leader said and he “spoke with evident sincerity.” He accepted the view that the historic parties could not prevent the communisation of Romania without the support of Britain and the US, and urged representations to the Soviets to try to persuade them to change their plans. London, however, took a different view. Geoffrey MacDermott, an official in the Southern Department, noted that the reports “again show Maniu as unreliable and devoted to old-fashioned intrigue” and “also suggest that Mr Le Rougetel still pays more attention to his views than he should,” while Douglas Howard, the Head of the Southern
Department expressed concern that the British Mission was interfering too much in Romanian affairs. They would be "better advised to concentrate on questions in which there is a direct British interest", he considered. Further criticism of Maniu was voiced in December, when he expressed fears of a Soviet sponsored communist coup. One Foreign Office official commented that "at a time when the Russians are supporting a reasonably representative government," namely the one led by Rădescu, "it would be more sensible for Maniu... to try and see some good in them." British officials paid little attention to the numerous memoranda sent to the Legation by the Romanian historic parties after the imposition by the Soviet Union of the communist dominated Groza government on 6 March 1945. They were reluctant to support King Michael's "royal strike" from August and raised no strong objection to the Soviet insistence that Maniu and Brătianu be excluded from the reconstituted government set up under the Moscow Agreement of December 1945. In late December, the British learned of pressure by the National Peasant and Brătianu Liberal parties on the King to reorganise the government on much wider lines than those envisaged in the Moscow discussions (the plan would have required the King to appoint new ministers of War, Foreign Affairs and the Interior) and gave this idea very short shrift. James Marjoribanks, First Secretary at the British Legation, (of whom the Foreign Office approved more than Le Rougetel) sounded a note of extreme caution to King Michael's Private Secretary. The King would get no sympathy from Britain or the US for government reorganisation unless it followed on from advice from the Allied
Control Commission. Marjoribanks went on to hint at the Foreign Office’s displeasure with the King’s refusal to work with the Groza government: “Any display of independent action similar to that of last August,” he wrote, “would only endanger his position as head of the State and might compromise him finally in the eyes of the three Great Powers.” This line was fully approved by London.10)

This statement by Marjoribanks was significant, because this line formed the basis of the British attitude to the King in the next two years until the abdication. The British believed that the King should avoid confrontation with the government in order to hold on to his throne, and thus remain a check on unchallenged communist rule. The British efforts to prevent ex-King Carol from returning to Romania should be understood in the context of this policy.11) The Foreign Office’s attitude to King Michael had changed compared to the previous summer. In June 1945, Le Rougetel had warned that Groza would soon be replaced by an entirely communist government with the justification that Romania was not meeting the terms of the armistice. At the same time, the British representative thought that the communists would arrange the replacement of King Michael by Carol, which would discredit the Monarchy, so making its abolition easier. Le Rougetel had favoured action by Britain to attempt to stop Carol getting back to Europe from South America. Hayter, the Head of the Foreign Office Southern Department, disagreed. He did not think it likely that the Soviets would play the Carol card in order to remove the Monarchy and noted that if Michael were replaced by Carol “it would not make matters one jot worse from our point of view.” Officials in London thought that a Soviet-sponsored
return of Carol would discredit Moscow's policy rather than enhance it. 12)

In practice, this new British policy towards the King, which dates from the time of the Moscow Agreement, meant that Michael was encouraged to make concessions to the Romanian government and in spite of the steady erosion of his powers, Britain never expressed support for any sort of resistance by the Monarch to the government's activities. By the time of the abdication he had become an impotent figurehead. In early January 1946, Britain instructed its representatives in Bucharest to encourage the King to work to persuade the Opposition parties to accept the Moscow Agreement and appoint representatives to the government. 13) However unpalatable it might be, the King should be told that the British considered concessions to be in his long term best interests. The instructions from London to the British representatives in Bucharest noted that "the promise of free elections is the most important section of the Moscow decisions." 14)

An illustration of the lack of communication between the British and the Romanian historic parties was the confusion in London over the attitude of the Romanian opposition parties to the timing of the elections. The British position following the signing of the Moscow Agreement had been to favour early elections and to assume that this is what the opposition parties wanted. However, on 4 June, the Foreign Office obtained a copy of a report by Otto Stern, the former General Manager of the Astra Romana oil company, who had recently been in Romania and who had sent some observations on the political situation to the Ministry of Fuel. Stern's report made clear that the opposition
wanted the elections to be delayed until after the Soviet troops had left the country. However internal Foreign Office minuting shows that officials in London were opposed to the postponement of the elections. On 28 June, the Foreign Office sent a telegram to Holman asking him to clarify the attitude of the opposition parties to the election question, although he was also given a strong steer in the direction of persuading the historic parties to agree with the British policy of promoting early elections. However, Holman’s response, dated 1 July, made clear that the opposition parties were strongly in favour of delaying the elections, as Stern had reported. They considered that elections held in the present conditions would be corrupt and violent, and were surprised that Britain was pressing for them to be held in the autumn, given this situation. Holman commented that Britain could not, however, change its attitude, since it had always taken the line that elections must be held as soon as possible. Recently, a note had been sent to the Romanian government asking them to set a date for the elections, and any change of policy now would be chaotic. The British representative went on effectively to concede that fraudulent elections would take place. He noted that if the poll were delayed on the basis that it would be held after the Soviet troops had left, this might prolong the occupation. The troops would be more likely to leave once a pro-Soviet government had been elected. The surprising lack of knowledge by the British of the opinions of the opposition parties on the subject of the elections is evidence of the distance at which the National Peasants and Liberals were kept by the UK political representatives in Bucharest. The omission clearly contributed to the Groza government’s ability to obtain a “mandate” through a
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falsified poll and one official noted that it would have been better if London had been given more accurate information. In his annual review for 1946, Holman questioned the wisdom of the British belief in encouraging early elections. This section was removed by officials in London before the final draft was printed.

Holman's telegram of 1 July showed a lack of understanding of the likely position of opposition forces in Romania following fraudulent elections. He advanced the idea of a two-stage return to normality on the basis that the moment was "bound to come" when the King would be in a strong enough position to dissolve an unrepresentative parliament and move to new and freer elections. (He appeared to regard elections, even if they were fraudulent, as a step forward, since they would at least give the opposition some representation in parliament, which would be a better platform than the fettered press). Williams, in the Foreign Office, agreed with Holman's assessment. In a minute dated 5 July, he argued that the opposition parties should be discouraged from boycotting the elections, which Holman's telegram had suggested they might do. (Although no official actually pointed it out, such a boycott would, of course, have been highly embarrassing for Britain which had pressed for the elections to take place). Williams noted that whereas in other countries where the communists were powerful, it was largely pointless for the opposition to gain representation in parliament, since deputies' immunity could easily be lifted, so allowing them to be prosecuted on trumped-up charges, in Romania the situation was different because of the position of the King. "As Mr Holman points out," the Assistant Head of the Southern Department wrote, the King "will retain the right of
dissolving Parliament and he will be likely to use it rather than agree to any elimination of the constitutional opposition."20)

However, the King’s right to dissolve Parliament after the elections was very much in doubt. According to the draft electoral law published in Universal on 30 May 1946, which reached the Foreign Office on 17 June, the Assembly was to be elected for four years, and earlier dissolution could only happen if the proposal obtained a majority vote in the Chamber.21) Later, in a telegram dated 27 June, Holman reported that Tatarescu considered that the bill might be modified, one modification being to give the King the right to dissolve Parliament. Surprisingly, on 1 July, the same day as Holman sent his telegram setting out the opposition’s views on elections and saying that the King could later dissolve an unrepresentative parliament, he repeated that the main point on which the opposition regarded the electoral bill as unconstitutional was that it would transfer the right to dissolve parliament to the parliament itself and remove this right from the King. 22) On 5 July, Holman repeated his view that the moment was “bound to come” when the King “may be able to dissolve any unrepresentative parliament” (emphasis added), as the second stage in the return to normality.23) Neither Holman nor officials in London appear fully to have appreciated quite how fundamental the question was as to whether or not the King would have the right to dissolve parliament.

On 12 July, Holman reported a “long and tedious” conversation with Maniu about the electoral bill. The Peasant leader said it was undemocratic and unconstitutional and pointed out that the King would not have the right to dissolve Parliament. Britain and the US should stand firm, he said, in order to prevent the Soviet Union
from encouraging the Romanian government. If the King signed the bill, he would have agreed to an illegal modification of the constitution and would be paving the way for his own disappearance within a year. Maniu’s predictions were to prove largely accurate, but Holman had little sympathy. He expressed exasperation that the Peasant leader would not agree to accept any illegal modification of the constitution and questioned his political judgement: “it was like butting my head against a stone wall trying to make Maniu display some political sense and suppleness of mind.” Later, Holman commented that the encouragement of the King by Maniu and Brătianu to delay signing the electoral bill (on the grounds that it violated the constitution and the January assurances) pending advice from the Western missions was evidence that the leaders of the historic parties were not assets in the effort to preserve democracy.24) The opposition leaders clearly thought that since the British and Americans had negotiated the Moscow Agreement, they should take responsibility for its proper implementation. On 13 July, Holman reported that the King was under considerable pressure from the Soviets to sign the electoral bill. Maniu now took the view that the King should sign a modified bill under which it would be more difficult for the government to falsify the elections without provoking peasant violence, and suggested that the British representative should advise the Monarch to refuse to sign until these amendments had been included. Holman persisted in his view that King Michael should merely sign the bill and showed no interest in the Peasant leader’s proposals. Despite the reticence of the British political representative, on 14 July the King signed the bill with certain modifications arising out of proposals from
Maniu. One of these modifications was the retention of the Monarch's right to dissolve Parliament.25)

In September, Maniu wrote to Colonel Gardyne de Chastelain, who had served with SOE in Romania during the war, and who had considerable experience of Romanian affairs. The Colonel complained to the Foreign Office about Britain's failure to give stronger support to Maniu, who had taken risks on Britain's behalf in 1940-44.26) However, the Foreign Office's reply to De Chastelain stressed that Holman was accredited to the Romanian government and there were limits to the extent to which he could help the opposition. The internal reaction to de Chastelain's letter was more vehement and Frederick Warner, a Southern Department official, complained that Maniu was "a tiresome, perhaps at times even a silly old man."27) British policy was by now moving towards favouring the younger elements in the Peasant and Liberal parties rather than the leadership. In a despatch in September 1946 in which he attempted to define British policy in Romania, Holman wrote that there was a need for new blood in the leadership of the historic parties and considered that Britain should not identify itself too closely with the old leaders, as this would be inherently dangerous to its long term interests in Romania.28) However, in October, many of the young opposition figures in whom he was interested fled abroad and others were arrested. Holman may have been right to say that the regime had arrested these people because it was frightened of them, but noted that further attempts to make contact could put their lives in danger, a view shared by officials in London.29) Holman did not abandon the initiative, however, and merely noted that it should be "postponed until such time as the present regime
of terror may have passed.”30) The British Head of Mission still cited support for the younger members of the National Peasant Party as an element of British policy in a despatch in April 1947.31). Holman’s initiative demonstrates his over-optimistic view of the Romanian situation. He clearly still thought that the country had a good chance of returning to democracy. Officials in London, although they did nothing to dissuade their Head of Mission from pursuing this policy, were more sanguine about Romania’s future. It is this difference of interpretation between Holman and the Foreign Office which explains why there was often tension between them over policy. In particular it explains the disagreement which was to occur between Holman and the Foreign Office in December 1946 over the question of whether or not the King should open Parliament after the fraudulent elections. (See pages 161-63).

Maniu’s secret police file, now in the State Archive in Bucharest suggests that the Peasant leader was in possession of direct evidence of the government’s plans to falsify the November 1946 elections. (The Peasant leader was under careful surveillance even in 1946, and all his visits to the British Legation and his conversations with Western diplomats were recorded. The source of the information is not stated but circumstantial evidence suggests that it may have come from an informant within the Peasant Party). According to the file, in October 1946, Maniu supplied the British Legation with orders which had come into his possession from the Inspector General of the Police and of the Prefecture of Salaj county to ensure that the government won the elections, for instance by keeping two separate registers of electors, one for all those eligible to vote and one for those who
could be expected to vote for the government. According to another note on the file Maniu and Petrescu suggested that in view of the government's plans, the elections should be postponed, and Holman said he thought this was a very good idea. Ten days later Holman is reported to have encouraged Maniu not to abandon the electoral struggle because this would make an Allied démarche against the Groza government easier, and on 18 October, Maniu's observers noted that they thought the Western powers were about to issue a protest note about the conduct of the election campaign, on the basis of information they had received from sources in the National Peasant Party. The Peasant Party was to coordinate its own protests with those of the Western powers. On 15 November, Maniu's observers believed that a memorandum recently presented to the Allies was intended as a forewarning to diplomatic circles of action which the Peasant leader hoped to take against the Groza government. However, four days later, it was noted that many Peasant Party members found Maniu's recent declaration to the foreign press to be too weak, while foreign journalists were not impressed by his political presence. However, there is no record of this exchange in British documents. The Romanian documents suggest that those close to the Groza government assumed incorrectly that relations between the British Legation and the "historic" parties were close.32)

Once the fraudulent elections had taken place, London was similarly unwilling to support ideas of the King's Private Secretary and of Romniceanu that the Monarch should refuse to open parliament after the November 1946 elections. On 25 November, Holman reported that the King intended to refuse to open parliament and would ask for a statement from the three Great
Powers as to whether or not they considered the January 1946 assurances on the holding of free elections to have been fulfilled. An alternative to this would be for the King to open parliament, but with the backing of notes from Britain and the US making clear that he was doing so under Soviet duress. Despite encouragement from Holman, the Foreign Office would make no such statement and would give no advice to the King beyond that already given, namely that he should not allow himself to be provoked. The supposed danger to the King's life was advanced as one justification for London's position.33)

A statement by Britain and the US that the terms of the Moscow agreement had been violated was an essential precondition to any attempt by the King to refuse to deal with the post-election government. In the absence of such a statement, he therefore had no alternative but to open parliament. The opposition parties did not attend. In a conversation with Holman on 5 December, the King made clear that he had expected Britain and the US to send notes to the Romanian government, which would have enabled him to raise the question of the Moscow Agreement, and the absence of such notes was the direct cause of his decision to go ahead and open parliament. Although Holman complained that the King had "failed to display his usual strength and courage on this occasion" both he and Burton Berry, his US counterpart, were unhappy about the British and US decision not to send notes and in his annual review for 1946, Holman was highly critical of this lack of action. It was, he wrote, "no easy task for the British and American representatives....to explain....the reasons, which had prompted His Majesty's Government, with little or no warning, to modify their policy at this critical
juncture." London had no time for Holman's criticisms, and the passage was removed from the final version of the review, printed in London. One Foreign Office official referred to Holman's "local bias."37) Officials in London were equally dismissive of the "historic" parties' complaints about the elections.34)

During 1947, the British attitude to the Romanian opposition continued to be indifferent and increasingly cold. There was a predictably hostile reaction to comments made by Maniu in March 1947 about the possibility of resistance, for which he claimed to have the support of the King, even though he couched it in the language of self-defence, pointing out that the opposition had been forced into a position where some sort of self-assertion was necessary in order to ensure survival.35) The Romanian secret police observing Maniu's movements believed that the US intended to give political support to the "historic" parties. By 24 March, however, it seems that whatever US initiative Maniu had been hoping for had been vetoed by Foreign Secretary Byrnes. In a conversation with Berry, Maniu expressed his disappointment with Byrnes's attitude, but Berry reassured him that the US took a strong interest in Romanian affairs. Berry suggested that the political situation in Romania would be "resolved" by October. However, Britain continued to refuse to give any kind of advice to the opposition parties.36) In May, Grigore Constantinescu, formerly an official of the Romanian Legation in London and now in exile in Britain, visited the Foreign Office and expressed concern at rumours that the British government was no longer interested in the Romanian opposition. He considered that this belief had prompted the Groza government to step up its campaign of political arrests.37) At a National Peasant Party press conference
in April, Maniu criticised the Great Powers for failing to do more to promote a change of government, a statement which Holman regarded (with some justification) as playing into communist hands.38) In a conversation with Holman in May, Maniu complained that the British and Americans seemed completely to have forgotten the Romanian opposition and the Brătianu Liberals were equally critical of British policy. However, H. Chalmer Bell, the official responsible for Romania in the Foreign Office Research Department was unsympathetic, complaining that "the whole of the Rumanian politician class are under the suspicion of loving their country a little bit less than themselves and they prefer to live abroad on the profits of their former offices."39) In July, there was again no support for the King, when he vetoed the government's war criminals bill on the grounds that it was likely to be used against the communists' political opponents. Had the King persisted in refusing to sign the bill, a constitutional crisis would have ensued and the British were anxious to prevent this. London maintained its view that the Monarch should play for time and lie low in order to protect his position.40)

The generally negative British attitude towards the Romanian opposition was demonstrated after the arrest of Maniu and the National Peasant Party leadership in the summer of 1947, and during the subsequent trial in November. One of the accusations made against Maniu was that he had helped to arrange the failed escape attempt of leading National Peasant Party members in July.41) Holman showed a surprising lack of sympathy for the desire of these politicians to escape. (A similar attitude was demonstrated by Britain's refusal to state that successful escapees who reached British territory would not be sent back.) 42) Holman
took the view that it was "not a particularly attractive prospect" to protest at the dissolution of the National Peasant Party, since the leadership had broken the law by trying to escape.43) In October, Cornel Bianu, a Romanian émigré in London, wrote to the Foreign Office suggesting that Britain should make a strong protest to the Romanian and Soviet governments at the opening of the Maniu trial, should request visas for witnesses from the UK to go to Romania, and should send correspondents to the trial.44) There is no record of any reply to this communication. Bianu also suggested that the British should give Maniu an honour in order to emphasise his pro-Allied role in the war, an idea which does not appear to have been given serious consideration by the Foreign Office.45)

Holman advised against a British protest before the trial arguing that there was some justification for the arrests and pressure from Romanian émigrés in London for action under the human rights clause of the Peace Treaty was treated coldly. Once the trial began, Holman took evident pleasure in the fact that the bulk of the anti-Western accusations were directed against the US mission rather than at his own.46) He was so critical of the Peasant Party leadership that even Foreign Office officials in London, who were hardly great supporters of the Romanian "historic" parties, had to warn their representative in Bucharest that the trial was about the suppression of the opposition and thus similar to the Petkov trial in Bulgaria.47) Subsequent telegrams from Holman, however, continued his previous line. He considered that the evidence against the Peasant leaders was "extremely strong" and that the defendants could be found guilty in an English court.48) He commented on the lack of evidence that the
prisoners had been tortured and suggested that this was because
the factual evidence was strong enough to compel them to
confess.49) Holman doubted if there was much similarity with the
Petkov trial, and believed Britain should avoid becoming
associated with US protests because the US Legation was so
“deeply involved” in plotting with Maniu.50)

On 12 November, Holman reported the sentencing of the
National Peasant leaders the previous day. "Every defendant," he
wrote, was, I think justifiably found guilty legally on one or more
of the charges." On the same day, he sent a message to the King
saying that it would be very dangerous for him to have any
contact with emigrés when he was out of Romania to attend the
wedding of Princess Elizabeth in London.51) (In fact the Foreign
Office was reluctant about the idea of the King leaving Romania at
all, particularly in view of Carol’s return to Lisbon).52) Despite a
second approach to Holman by London in December encouraging
him to take a tougher attitude over the Maniu trial, Britain
eventually decided against making a protest, resisting pressure
from the US Embassy in London to do so.53) Although the Foreign
Office appeared to take a different attitude from its
representative in Bucharest, it still preferred to keep a low profile
and allow the US to take the lead.

King Michael left Romania, despite the British preference
that he should not, for the wedding of Princess Elizabeth in
London in November 1947. He returned on 21 December, nine
days before he was forced to abdicate.54) The abdication appears
to have taken the British absolutely by surprise. It was simply
reported on 30 December and there is no evidence of any
suppressed documents retained by the Foreign Office dealing with
any correspondence on the question of abdication prior to this.55) No advice was given to the King as to what he should do in the event of his being given an ultimatum to abdicate. Holman, who by this stage was thoroughly disillusioned with the Romanian situation and felt he could achieve little, was on leave in Britain.56) The King had been a key element in British policy. He had been encouraged to give way to the communists in times of crisis in order to preserve his position. The lack of communication between him and the British Legation in the nine days before the abdication and the lack of any real interest by officials in London in his fate by this point is evidence of the fatalistic attitude which both Holman and the Foreign Office took to the Romanian situation by this time. The abdication dealt the final blow to any hopes which might have been entertained by British officials of a return to democracy.

Britain's extreme distrust of the leaders of the Romanian historic parties was the result of its very different attitude to Romania's future compared with the anti-communist political forces. While Britain did not actively promote the communist takeover, it certainly did not regard the preservation of democracy in Romania as a foreign policy priority. Britain saw Maniu and Brătianu rather as obstacles to their efforts to achieve a working relationship with Moscow. The two leaders showed a lack of judgement in expecting Britain to come to their defence, but equally British officials should have shown greater realism than to expect Romanian politicians to fit in with what Britain wanted. The clear divergence between the aims of the British on the one hand and the anti-communist political forces in Romania on the other made it inevitable that their approaches would
conflict. As far the King was concerned, the abdication marked the failure of British attempts to retain some influence in post-war Romania. There was now no hope of Romania retaining even limited independence and the collapse of the vestiges of Western political influence was quickly followed by the ousting of non-Soviet commercial interests too. The task of British policy makers was now to come to terms with the Sovietisation of Romania and to work out how best to revive British interests in the country within that framework.

REFERENCES


2) Bodleian Library, Oxford; Private Papers of Professor C.A. Macartney, C3288, Doc 30; 26 August 1944.

3) PRO FO 371 43989, R19307; Minute by Howard, 27 November 1944; G. Ionescu, *Communism in Rumania*, Oxford University Press, 1964, 96.

4) PRO FO 371 43988, R18368; Despatch, Le Rougetel to Sargent, 27 October 1944.

5) PRO FO 371 43989, R19307; Despatch Le Rougetel to Foreign Office, 25 November 1944 and adjacent minutes.

6) PRO FO 371 48535, R201; Despatch, Le Rougetel to Sargent, 10 December 1944.

7) PRO FO 371 43989, R19567; Telegrams, Le Rougetel to Foreign Office, 27 and 28 November 1944 and adjacent minutes.

8) PRO FO 371 43989, R21710; Telegram, Le Rougetel to Foreign Office, 23 December 1944; Minute by Pink, 26 December 1944.

9) PRO FO 371 48557, R13745; Telegram, Le Rougetel to Foreign Office, 15 August 1945; Minutes by Stewart, 16 August 1945;
There was a strong possibility, at least in the early stages of the communist takeover in Romania that the Soviets might try to restore ex-King Carol to the throne as a means of discrediting the Monarchy and making its abolition easier. The former Monarch had been intriguing with the Soviet Embassy in Mexico, where he had been in exile, since before the August 1944 coup, and Soviet troops had spread pro-Carol propaganda in the areas of Moldavia which they had occupied. The idea of a restoration still appeared to have been on the agenda in May 1946, when Ana Pauker went to Paris with the probable aim of persuading the French government (which then contained a high proportion of communists) to allow the ex-King to enter France. British policy was to try to prevent a Carol comeback, and London persuaded Portugal and Spain to refuse him a visa in order to forestall his return to Europe. For details of the links between Carol and the Soviets, see papers on PRO FO 371 43991, 48597, 48598, 59140, 67263.

In a despatch of 3 July 1945, Le Rougetel voiced his conviction that the ex-King was part of Soviet plans, and drew attention to the large number of former Carol adherents such as Tatarescu and Malaxa who were on the ascendancy in post-August 1944 Romania. Sargent considered Le Rougetel's assessment to be far-fetched. (48597, R12025).

13) Ionescu, op. cit., 120-1.

14) PRO FO 371 48564, R21632; Telegram, 1 January 1946, Foreign Office to Bucharest.
15) PRO FO 371 59100, R8747; Report by Otto Stern (Shell), 11 June 1946.

16) PRO FO 371 59100, R8747; Telegram, Foreign Office to Bucharest, 28 June 1946 and adjacent minutes.

17) PRO FO 371 59100, R9816; Telegram, Holman to Foreign Office, 1 July 1946.

18) PRO FO 371 59100, R9816; Minute by Warner, 4 July 1946.

19) PRO FO 371 67233, R4150; Holman's Annual Report on Romania for 1946, dated 27 March 1947; File contains the version written by Holman, handwritten alterations made by officials in London and the final printed report. See also M. Percival, "British Attitudes Towards the Romanian Historic Parties and the Monarchy, 1944-47," in School of Slavonic and East European Studies Occasional Papers in Romanian Studies, nr. 1, 1995, 19-20. Despite the British Legation's negative view of Maniu, the Romanian secret police noted that Liviu Nasta, a locally engaged employee of the Legation was a personal friend of the Peasant leader. Nasta later died in prison in December 1956. (Archivele Statului României, Fond Iuliu Maniu 10, Note, 27 June 1946).

20) PRO FO 371 59100, R9816; Telegram, Holman to Foreign Office, 1 July 1946; Minute by Williams, 5 July 1946.

21) PRO FO 371 59100, R9816; Universal, 30 May 1946

22) PRO FO 371 59100, R9586, Telegram, 27 June 1946, Holman to Foreign Office; R9833; Telegram, Holman to Foreign Office, 1 July 1946.

23) PRO FO 371 59100, R9863; Telegram, Holman to Foreign Office, 5 July 1946.

24) PRO FO 371 59101, R10405; Telegram, Holman to Foreign Office, 12 July 1946; 59134, R10558; Telegram, Holman to Foreign Office 16 July 1946.

25) PRO FO 371 59101, R10436; Telegram, Holman to Foreign Office, 13 July 1946; R10415; Telegram, Holman to Foreign Office 14 July 1946.
26) PRO FO 371 59135, R13889; Letter de Chastelain to Sargent, 13 September 1946 covering letter Maniu to de Chastelain 18 August 1945;

27) PRO FO 371 59135, R13889; Minute by Warner, 27 September 1946; Letter, Sargent to de Chastelain, 4 October 1946.

28) PRO FO 371 59102, R14725; Despatch, Holman to Foreign Office, 25 September 1946.

29) PRO FO 371 59103, R15502; Telegram, Holman to Foreign Office, 21 October 1946; Minute by Warner, 26 October 1946; Minute by Williams, 29 October 1946.

30) PRO FO 371 59103, R15502; Telegram, Holman to Foreign Office, 21 October 1946.

31) PRO FO 371 67234, R5718; Despatch, Holman to Foreign Office, 18 April 1947.

32) Archivele Statului României, Fond Iuliu Maniu, Nr. 9, Notes, 1, 2, 4 October 1946, 15, 19 November 1946.


34) PRO FO 371 59106, R17420; Telegram, Holman to Foreign Office 2 December 1946; 59107, R17683; Telegram, Holman to Foreign Office, 5 December 1946; 59108, R18327; Minute by Chalmer Bell, 20 January 1947; 67233, R4150; Holman's Annual Report on Romania for 1946, dated 27 March 1947; Minute by Hay 1 April 1947

35) PRO FO 371 67233, R3823; Maniu raised the question of resistance with Burton Berry, the US Head of Mission in Bucharest. Berry communicated this to the State Department, which then informed the British Embassy in Washington; Telegrams, Washington to Foreign Office 20 March 1947; Foreign Office to Bucharest, 24 March 1947.
36) Archivele Statului României, Fond Iuliu Maniu, nr.9; Notes 14, 21, 22, 24 March 1947; PRO FO 371 67234, R4151; Telegram, Sarrell (Bucharest) to Foreign Office 26 March 1947; 67234, R5718; Telegram, 19 May 1947, Foreign Office to Bucharest.

37) PRO FO 371 67235, R6657; Minute by Colville, 8 May 1947.

38) PRO FO 371 67234, R4927; Telegram, Holman to Foreign Office 10 April 1947, reporting National Peasant Party Press Conference on 4 April.

39) PRO FO 371 67235, R6873; Telegram, Holman to Foreign Office, 20 May 1947, reporting conversation with Maniu on 19 May; R7209; Despatch, Holman to Foreign Office, 20 May 1947 enclosing memorandum presented to British Legation by National Liberal Party; Minute by Chalmer Bell, 6 May 1947. Maniu always refused to leave Romania and both he and Brătianu died in unpleasant conditions in communist prisons.

40) PRO FO 371 67238, R9120; Telegram, Holman to Foreign Office, 2 July 1947; Minute by Campbell, 8 July 1947; Telegram, Foreign Office to Bucharest, 9 July 1947.


42) PRO FO 371 59100, R8474; Telegrams, Holman to Foreign Office, 5 June 1946; Foreign Office to Holman, 11 June 1946; 67239, R10193; Telegram, Holman to Foreign Office, 24 July 1947; R10376; Telegram, Holman to Foreign Office 28 July 1947; Telegram, Foreign Office to Bucharest, 4 August 1947.

43) PRO FO 371 67239, R10376; Telegram, Holman to Foreign Office, 28 July 1947;

44) PRO FO 371 67241, R13472; Letter, Cornel Bianu to Foreign Office, 3 October 1947.

45) PRO FO 371 67242, R13617; Cornel Bianu to Foreign Office, 1 October 1947.
46) PRO FO 371 67242, R14291; Telegram, Holman to Foreign Office, 25 October 1947; 67242, R14343; Minute by Foreign Office official (signature indecipherable) 21 October 1947; 67243, R14554; Telegram, Holman to Foreign Office, 31 October 1947; R14613, Telegram, Holman to Foreign Office, 1 November 1947.

47) PRO FO 371 67243, R14622; Telegrams, Holman to Foreign Office, 1 November 1947; Foreign Office to Holman, 1 November 1947 and 6 November 1947.

48) PRO FO 371 67244, R14894; Telegram, Holman to Foreign Office, 7 November 1947.

49) PRO FO 371 67244, R15013, Telegram, Holman to Foreign Office, 10 November 1947.

50) PRO FO 371 67244, R15107; Telegram, Holman to Foreign Office 7 November 1947; R14907; Telegram, Holman to Foreign Office, 8 November 1947. Holman's attitude to the US Legation at this time was partly influenced by his dislike of Rudolph Schoenfeld, the new Head of Mission, who had replaced Burton Berry in October. Holman was particularly critical of Schoenfeld's failure to communicate. The new US Head of Mission had a bad reputation both among British officials who had encountered him and State Department staff, but Holman was cautioned by London for contributing to ill feeling between the two missions by his excessive glee about anti-US allegations at the Maniu trial. (67247, R15979; Despatches, Holman to Foreign Office, 19 November 1947; Foreign Office to Washington, 1 December 1947; Foreign Office to Holman, 1 December 1947).

51) PRO FO 371 67244, R15107; Telegram, Holman to Foreign Office 12 November 1947; R15066; Telegram, Holman to Foreign Office 12 November 1947.

52) PRO FO 371 67242, R14117; Telegram, Foreign Office to Lisbon, 3 November 1947.

53) PRO FO 371 67245, R15335; Despatch Foreign Office to Bucharest, 11 December 1947; 67247, R15827; Letter, Foreign Office to US Embassy, 6 December 1947.

54) PRO FO 371 67248, R16836; Telegram, Sarrell (Bucharest) to Foreign Office, 21 December 1947.
55) PRO FO 371 67248, R17019; Telegram, Sarrell to Foreign Office, 30 December 1947.

56) PRO FO 371 67248, R16406; Telegram, Foreign Office to Holman, 13 December 1947. This was the second time since 1944 that a British Head of Mission in Bucharest had been absent while important events were taking place. Le Rougetel had been in the UK during the February/March 1945 political crisis.
CHAPTER 6: THE MOST SUBSERVIENT SATELLITE. BRITAIN'S VAIN ATTEMPT TO REASSERT ITS INTERESTS. (1948-56)

The year 1948 marks the real start of the Cold War and the end of any serious hope by the Western powers of achieving a *modus vivendi* with the Soviet Union. The extent of Soviet control in Eastern Europe and the ruthlessness of their methods was graphically demonstrated by the communist coup in Czechoslovakia in February. In Eastern Europe generally Soviet control was strengthened and the vestiges of the opposition eliminated, while Western economic interests were expropriated without effective compensation. The rigidity of Stalin's control over Eastern Europe was demonstrated by the Tito-Stalin split, (which resulted from Stalin's belief that the Yugoslav leader was showing too much independence) and subsequent anti-"Titoist" purges in the satellites, such as the Rajk trial in Hungary in 1949.

Soviet aggressive intentions towards the West were indicated by the effort to secure control of the Western occupation zones in Berlin, and general support for Western European communist parties. The strength of these parties in, for example, Italy and France posed a real danger that Stalin would not only dominate in the East but in Western Europe as well. It seemed that Moscow had returned to the policy of promoting world revolution. Western efforts to prevent the spread of communism, demonstrated by the Marshall Plan and the Berlin Air Lift (which began in 1948) reinforced Europe's divisions. Soviet acquisition of the atomic bomb in 1949 heightened the atmosphere of tension as did the outbreak of the Korean War in 1950, which was widely
perceived as a prelude to an attack on Western Europe. Inside the Kremlin, Stalin's increasingly oppressive rule was reflected in mass arrests and the fabricated "Doctors' Plot." In such circumstances the prospects for development of British relations with Eastern European countries were very limited and remained so until well after Stalin's death in 1953. It was only by the mid-1950s, when Khrushchev had consolidated his power that Moscow moved to greater pragmatism in its dealings with the West.2)

In terms of British-Romanian relations, the consolidation of the Soviet Bloc meant that the period 1948 to 1965, from the proclamation of the "People's" Republic to the death of Gheorghiu Dej, was a far less eventful one than the preceding four years, which had seen Romania's change of sides in the war, the military campaign against Hungary and Germany, the imposition of a communist dominated government, the suppression of the democratic opposition, the attack on Western commercial interests and finally the ousting of the Monarchy. By contrast, this later period was a much more stable one, in which Romania was firmly under the rule of the communist party and, until the early 1960s, a subservient satellite of Moscow. There were, therefore, at least until the 1960s, few significant political developments for British officials to react to, and the emphasis of British-Romanian relations became overwhelmingly commercial.

Nevertheless, Orme Sargent's 1944 definition of British policy towards Romania as being merely to protect direct British interests (page 61) still held good. Just as in 1944-8, British policy makers realised that it was futile to try to influence the political situation in the face of overwhelming Soviet power. Such a policy would have been doomed to failure from the outset, and would
merely have made relations with Moscow even worse, without producing any results. Therefore, despite the antagonistic nature of East-West relations, Britain was quick to distance itself from the activities of emigré groups who worked for the liberation of Romania from communist rule. London took exactly the same attitude as it had to the "historic" parties prior to their suppression in 1947, namely that Romanian emigrés were generally unrealistic, with an exaggerated idea of the ability of the Western powers to improve the Romanian political situation and of their interest in doing so. Instead, Britain recognised that the best policy which it could adopt was to try to minimise friction with the new government in the hope that it could be prevailed upon to be a little more pragmatic and thus recognise the possibilities for a mutually beneficial trading relationship. Thus despite the tensions of the Cold War, there was never any question of Britain trying to overthrow the Romanian government, just as there had never been any serious prospect of Britain resisting the imposition of the Groza government in March 1945, or the consolidation of communist rule between then and 1948.

However, in the short term these efforts at developing an understanding with the new Romanian regime failed because of the heavy anti-Western bias of the communist authorities, who placed ideology before rational economic planning. The low point was the expropriation without compensation of British oil companies in June 1948, and the question of how to react to this was one of the first problems which confronted British officials after the Romanian "People's" Republic was set up. Efforts to secure reimbursement for this loss, together with wartime debts became a key, if not dominant element in British policy over the
next few years and the main obstacle in Anglo-Romanian relations was this commercial problem, rather than the wider issues of East-West tension. However, while the regime showed extreme antagonism to Western commercial interests, Britain was caught by the needs of its crippled post-war economy to make purchases from Romania. Economic sanctions were therefore ruled out. Nevertheless some means had to be found for indicating displeasure over the Romanian regime's behaviour. Thus Britain refused to sign any trade agreement which the Romanians wanted and was able to use this as leverage to try to persuade the Romanians to be more forthcoming on the compensation issue. Nevertheless, throughout the period, the Romanian regime remained tied to ideology and despite negotiations taking place on a trade agreement they took no steps to address British concerns about compensation. Hence by 1956, when the trade and debt negotiations were broken off, a settlement was no nearer than it had been in 1948, despite the marginally better atmosphere of East-West relations. Although even this period saw some successes in British-Romanian commercial relations, officials were generally pessimistic by the mid 1950s over any prospects for the reassertion of British interests in Romania.

The British Legation accurately noted that the forced abdication of King Michael on 30 December 1947 marked a turning point in the history of Romania and the beginning of a new stage in the Sovietisation of the country. Nevertheless, there was no change to the policy pursued since 1943 of non-involvement in internal Romanian politics and the country was not a focus of East-West political tension. Britain accepted the establishment of the "People's Republic" as a fait accompli and
avoided giving any encouragement to the political activities of King Michael or emigré groups. Britain maintained a strong interest in food and timber purchases from Romania to satisfy acute post-war shortages both at home and in its occupation zone in Germany, while Romania had an interest in British industrial products. Agreement was reached in early 1948 on Romanian sale of timber to the sterling area and in April, Adrian Holman, the British political representative in Bucharest, reported that the Romanian Director of Foreign Trade seemed fairly well disposed towards an increase in commercial exchanges. The Board of Trade were optimistic as to the possibilities of a trade agreement and considered the Romanian offer of commodities generous in comparison to modest requests for products from the UK.

However, the situation changed significantly during the course of the year. The extent of Soviet hostility to the West and determination to set up a planned economy was demonstrated by the nationalisation without compensation of the British owned oil companies in June. From this point onwards the issue of compensation for the oil companies, as well as for the holders of pre-war Romanian bonds frozen while the country was fighting on the German side in the war and for individuals who had suffered losses under the Antonescu regime, became an important determiner of Britain's commercial relations with Romania. The details of Britain's claims against Romania and of London's attempts to secure reimbursement were detailed succinctly in a 1965 paper, drawn up jointly by Whitehall departments (in preparation for the 1966 talks on debts). It explains how British capital played a substantial part in Romanian industry in the inter-war period. In the oil industry 85% of capital was foreign
and of this 49% was British. Britain's holdings were mainly in the Astra Romana (76.4%), Steaua Romana (24%), Unirea and Dacia Romana oil companies. (No figures are given for the proportion of British ownership in the latter two and the document oversimplifies the ownership of Astra Romana, which was Dutch owned until it was sold to Shell for £1 in 1940 to prevent it from falling under German ownership when the Netherlands were occupied). The British firm J. P. Coats owned the most modern textile mill in Eastern Europe, and another mill was owned by Coddington and Lamb. Ford of Dagenham had a Romanian subsidiary and a number of other firms had smaller interests. Britain was involved too in Romanian banking, mainly the Chrissoveloni Bank. Many individuals held sterling and other bonds floated by the Romanian government. The paper cited Britain's total interests in Romania in 1939 as being probably more than £150m. Romania's debts to Britain resulted from the war when Romanian industry was largely taken over by German nominees. Debts were left unpaid, the servicing of bonds was halted, and industry suffered war damage. There were also claims, known as Personal Prejudice Claims, filed by individuals against the Romanian government after the war because of ill-treatment by the Romanian authorities or the Iron Guard.

Although Article 13 of the 1947 Peace Treaty between Britain and Romania provided for restitution of British property and Article 24 for the payment of compensation in lei for two thirds of the replacement value of property which could not be restored, in practice these clauses were worthless because of the subjugation of the Romanian economy to that of the Soviet Union after 23 August 1944, and the policy of the Romanian/Soviet state of
nationalising all private industry including that in which Britain had an interest. Representatives of British (and US) firms in Romania who had wanted to return in 1944 were prevented from doing so until mid-1945 by the Soviet element in the Allied Control Commission. During this period, the Soviets stripped many of the assets of the British-owned companies (see chapter 4). During the next three years, private companies in Romania were forced into bankruptcy by the state fixing artificially low prices for compulsory deliveries. The oil companies in particular suffered from having to support deliveries which Romania was obliged to make to the Soviet Union under the Armistice regime at around half the world price. These losses gave rise to the Fair Prices Claims later advanced by the British oil companies. The oil companies were nationalised by the Romanian state without effective compensation in June 1948. The 1965 paper estimated that Britain was owed £100m for nationalisation and expropriation of British property including the oil companies, £25m for claims under Article 24 of the Peace Treaty, £38,083,294 for bonded debt, £4.16m for Fair Prices Claims, £20,000 for Personal Prejudice Claims and £10m for miscellaneous pre-war debts including money owed to the ECGD. These figures quoted in the 1965 paper should be treated as approximate, since there are slight variations between them and the figures used by British officials when preparing for the first series of negotiations with the Romanians on trade and debts in 1955. A 1954 paper also estimated that Britain was owed £41m for debts arising from the First World War, but noted that by this point the British authorities had decided to disregard these.
As well as the claims problem, the international situation also had a direct bearing on British-Romanian commercial relations. The announcement of the Marshall Plan made Western European countries like Britain economically more secure and less in need of purchasing from politically difficult markets like Romania. Moreover the consolidation of a Western Bloc created political barriers to trade both by making the West more wary of building up the economies and military potential of the Eastern Bloc and also by making the Eastern Bloc countries more wary of trading with the "class enemy" in the West. A manifestation of the hostile East-West climate was the introduction of COCOM controls on the export to the Eastern Bloc of items of potential military value in 1949.

There was, therefore, a marked contrast between the views of the Board of Trade on prospects for commercial exchanges with Romania in 1948 compared with 1947. In January, officials noted that the large scale resignations which had taken place among Romanian diplomats abroad following the forced abdication of King Michael meant that previous agreements could not be expected to be kept and that the new officials would be much more difficult to work with. In March, intensified harassment of British oil companies led officials in London to conclude that oil equipment should not be sold to Romania, since it would be used by Sovrompetrol to enhance its commercial advantage. Moreover, the parlous state of the Romanian economy meant that there was little prospect for the consumer goods exports in which Britain had shown some interest in previous months.8) As the Soviet Union consolidated its hold over the Romanian economy, the country became less willing to buy from Britain anyway. A
possible deal to supply Romania with police motorcycles involving the London firm Associated Motorcycles Ltd fell through because of a lack of Romanian interest. Although the British Legation believed Romania had some interest in resuming trade, in practice Romanian officials told British representatives that they were more interested in supplying their "friends" (i.e. the Soviet Union) first.9)

Britain's attitude had changed so radically by the second half of 1948 that consideration was even given to stopping all Anglo-Romanian trade as a protest at the treatment of the oil companies. This seems to have been mainly a Foreign Office idea, because that Department was the most interested in securing a compensation deal, since Foreign Office ministers would have to face any questions in Parliament which might arise on this subject. However, other Whitehall departments were vigorously opposed to the idea. Britain still hoped to buy wheat, oil and timber from Romania, and Romania needed to build up a sterling balance if it was to pay compensation. Difficulties of enforcement were a further reason why the idea of stopping trade was ultimately ruled out. As one Board of Trade official put it, "economic sanctions are not only harmful but a waste of time." The Board of Trade was highly critical of the Foreign Office for its continued attachment to the idea of sanctions during the latter half of 1948, believing the latter Department to be behaving in an underhand way by trying to evade agreements on policy made by Whitehall departments as a whole. One Board of Trade official urged that "this obnoxious and silly proposal" be "firmly knocked down" and that the Foreign Office should take the initiative in drafting a
telegram to the British Legation in Bucharest to make the position clear.10)

Although Britain refused to contemplate signing a trade agreement with Romania without compensation being paid for British losses, in 1948, Britain still managed to export to Romania, with sales including tractors, tractor spare parts, telephone equipment, steels, machine tools and wool. Had it not been for the failure of the Romanian authorities to pay compensation for the expropriation of the oil companies, Britain would willingly have given credit to help Romania with its shortage of sterling. With credits, the Romanians estimated that their purchases from the UK could have increased by £1.5m.11) Thus in 1948 the only impediment to normal trading relations was the compensation problem and the wider political context had no relevance to Anglo-Romanian economic relations. East-West trade was regarded as an integral part of the US-backed European Recovery Programme, which was essential for Britain's post-war rehabilitation.12) The willingness of some representatives of the Romanian government to be positive about trade with Britain while at the same time the regime was busy expropriating British-owned oil companies and thus inflicting severe damage on the trading relationship demonstrates a lack of coherence in Romania on trade policy.

In 1949, in spite of arrests of local representatives of British firms, a number of visitors from the UK came to Romania in the hope of promoting trade, among them representatives of a Belfast firm which made spinning machinery, of a Manchester firm producing paper making machinery and of ICI.13) The Board of Trade still showed some interest in expanding Anglo-Romanian
commercial relations. Following an offer of purchases by the Romanian Commercial Counsellor in London, the Board of Trade suggested that there might be a case for concluding a trade agreement with Romania without a compensation agreement. The idea was dropped after strong protests from the Foreign Office, Bank of England and Treasury, the departments most interested in securing compensation.14) Surprisingly, given the myth put forward in Romanian propaganda that the Soviet Union supplied all the country's needs, the Communist Party newspaper Scânteia referred in June to the government's desire to develop trade with the West. It reported that Romania was making great efforts to obtain machinery and machine tools from the West when it could not secure these from Soviet Bloc countries.15) (Again this definite contradiction of the official communist line demonstrates a lack of unity in the Romanian leadership at this time). There was a continuing interest by both countries in food supplies from Romania to Britain, although prospects were hampered by the lack of a trade agreement, since the Romanians were reluctant to build up a sterling balance in the absence of promises of deliveries from Britain. Without such promises, the Romanians asked prohibitively high prices for their agricultural exports to Britain. In March, Romania cancelled a number of orders which it had intended to place in the UK and the sterling area, on the grounds of lack of currency.16) However, at the end of June a representative of a British firm of foodstuffs importers visited Bucharest to explore the possibilities of purchases of food from Romania and considered that the Romanian authorities were keen to sell.17) In 1949, Romania also showed interest in exporting timber to the UK,
but exports were severely limited by the high prices demanded by the Romanian side.\footnote{18}

In 1950, British trade with Romania increased. An April memorandum on foreign trade prepared by the British Legation noted that in spite of the absence of a trade agreement, and the very poor political relations, Anglo-Romanian trade was roughly back to its 1938 level. Britain was Romania's largest non-communist trading partner. However, the overall trade figures disguised the fact that compared with 1938, British exports to Romania had increased dramatically, while imports had fallen.\footnote{19}

The composition of trade had also changed to reflect the decimation wreaked on the Romanian economy by the war and its aftermath, as well as the monopolisation of many of Romania's exports by the Soviet Union. While in 1938, Romania had exported petroleum and agricultural products in large quantities, by 1949 exports to the UK were almost entirely timber (worth £1.7m).\footnote{20}

The country was still very dependent on the capitalist world for raw materials and industrial equipment and a *Scânteia* article in June 1950 obliquely suggested (just as the paper had done the previous year) that Romania was anxious to increase its trade with Western countries.\footnote{21} In October, British representatives believed Romania was becoming increasingly conscious of the importance of this trade and saw the decision to pay compensation for Swiss interests nationalised in 1948 as evidence of the leadership's concern "not to burn all their economic boats with the West."\footnote{22} On a wider level, this proved that the Soviet Union, despite its anti-Western rhetoric was not opposed to the development of trade, since Romania could not have taken this action without Moscow's approval.\footnote{23} However Romania's imports
from the West were far greater than its exports and although the British Ministry of Food held talks with the Romanians over possible purchases of maize and other products and the Board of Trade discussed timber, the high prices asked for by the Romanians continued to be an insurmountable problem and by the end of the year negotiations on the supply of foodstuffs to Britain had come to nothing.24)

Romania retained a low position in the general picture of British trade with Eastern Europe. By 1950, trade agreements had been signed with Poland, Yugoslavia and Czechoslovakia, but there remained little prospect of a similar agreement with Romania. Partly this was the result of Romania's unique position as an ex-enemy country in which there had been considerable British commercial assets in the inter-war period. These interests had suffered both from wartime exploitation when Romania was on the German side and then later from communist exploitation. Because Britain had more assets in Romania than in the other East European countries, this meant that it had greater claims against that country than against others. Thus the compensation problem was a major obstacle which impeded the revival of Anglo-Romanian trade. In February 1950, the Board of Trade carried out a review of trade with Eastern Europe to establish whether any improvements could be made to the trading position. Despite the Marshall Plan, the Board of Trade was still concerned about the UK's dollar shortage and saw trade with Eastern Europe as a useful way of saving dollars, although the Board of Trade was clear that it did not want to build up the strength of the satellite economies.25) The low expectations for Anglo-Romanian trade are reflected in the fact that there is virtually no correspondence on
Romania connected with this Board of Trade exercise. By 1950 Britain's need to import food and raw materials was less pressing than it had been two years previously. Consequently, it was now Romania which had much more interest than Britain in bilateral trade.

One idea, which British officials had for securing compensation for the nationalisation and Peace Treaty claims was for the Romanians to be manipulated into a position whereby they would need a trade agreement in order to earn sterling to make essential purchases from Britain. A prior condition of such an agreement would have been compensation. However, by July the Board of Trade had concluded that efforts to keep the Romanians short of sterling to encourage them to sign an agreement were not really working. The strategy failed to take account of the fact that it was easy for one Soviet Bloc country to import goods or earn currency and then transfer them to another. In view of Romania's trade deficit with the UK, the country obviously obtained sterling via other countries in the Bloc. (The Bank of England calculated that Romania was financing around half its sterling purchases in this way). Thus by the second half of 1950, British policy was to trade with Romania on an ad. hoc. basis without formal interstate agreements. It was keen to take advantage of export opportunities to Romania when these were available but had no particular interest in imports. By this stage it had also become evident to British policy makers that payment of compensation for nationalised assets and wartime losses was unlikely in the short term. London also came to recognise that Romania did not have the money to pay a realistic compensation figure even if it had
wanted to.28) This position was to characterise British-Romanian trading relations for much of the 1950s.

Because of the UK's particular concern to promote exports in order to revive its post-war economy, it was less inclined than the US to restrict exports to the Soviet Bloc for political reasons. No objections were raised by the British authorities to a proposed deal in September 1950 involving the export of capital equipment to Romania, including mobile workshops and commercial lorries, by the firm Lancastria International, even though it was recognised that the US would not have allowed the sale of such goods.29). Britain's stance on exports to Romania was part of its more pragmatic approach to foreign policy, which placed strong emphasis on developing opportunities for British commerce.30) Among the significant British exports to Romania at this time were cars and car spare parts and also machinery for a cotton spinning mill at Iaşi supplied by Platt Brothers of Manchester.31) The firm appeared to be particularly concerned to secure the business, and the British Legation was highly critical of the way in which it sent British fitters to work in poor conditions alongside Romanian workers in a zone normally prohibited to foreigners because of its proximity to the Soviet frontier, and cut off from British consular assistance.32)

In 1951, the decline in Romanian exports to Britain was reversed by a sale of wheat and oil. The oil deal, in which the Anglo-Iranian Oil Company had bought 200 000 tons of Romanian furnace oil was regarded as unusual by British observers who had assumed that the Soviet Union wanted to maintain a monopoly of Romanian oil exports for itself and its satellites. William Sullivan, the British Head of Mission in Bucharest speculated that the
implication of the sale was that the Soviet Union was unable to achieve its rearmament programme and at the same time to meet Romania's capital equipment requirements. It was therefore willing to allow Romania to sell to the West in order to earn currency to pay for capital equipment imports. Some criticism of the deal was made by the US State Department, which was concerned that such transactions might indirectly be contributing to Soviet war potential. Washington's concern should be seen in the context of the tense international situation following North Korea's attack on the South, seen by many as the prelude to a Soviet attack on Western Europe. Nevertheless, Britain was always more sceptical about restricting East-West trade, which arguably contributed to a lessening of tension.33)

Although Britain did not sign a trade agreement with Romania in the early 1950s because of the difficulties over compensation for expropriated assets, this did not appear significantly to restrict trade. Other countries which signed agreements often found them to be less than satisfactory. In March 1951, a representative of the Italian mission in Bucharest reported that the Italian-Romanian trade agreement was not working. Italian importers who wanted to buy timber, meat and animals had encountered difficulties over prices and availability in much the same way that the British had, despite the theoretical advantage which the trade agreement should have given. Like Britain, Italy had a heavy trade surplus with Romania, and Rome decided to cut back on export licences because of concern over Romania's creditworthiness.34) A blow was dealt to prospects for a trade agreement in February 1951 when the Treasury published directives for the distribution of Romanian assets held in the UK,
since no compensation payments had been received for British claims. The Romanians contested the decision, but legally Britain had a right to take this action under the Peace Treaty in the absence of compensation. In fact the Treasury had been under pressure from the Council of Foreign Bondholders, (whose annual reports show increasing frustration with the failure of the Whitehall machine to satisfy their grievances) since 1947.35) When commercial representatives of the Western missions met in Bucharest in May 1952, they agreed that Britain was performing best: "they seemed to be jealous admirers of our success" the British Legation's report to London noted. At the same meeting, the Belgian chargé mentioned that Belgium was considering renouncing its commercial agreement with Romania because of its lack of success in securing compensation for industries nationalised by the communists and the failure of the Romanians to meet Belgium's import requirements.36)

In 1953, despite the fact that there was no chance of a trade agreement being signed, the British Legation in Bucharest was optimistic about trade prospects. The Commercial Secretary considered that Romania was keen to increase trade and that Britain had a large number of products to offer.37) This was optimistic since Romania's shortage of sterling was still a major problem. In 1952, for example, Romania had placed an order for cables with the British company Enfield Cables, but difficulties over repayments had ensued and these were only solved by private sale of maize at a high price.38) In September 1953, Romania cancelled a planned contract for rock drilling equipment because of lack of sterling.39) Similar problems with other Eastern European countries prompted the Board of Trade to review its
commercial exchanges with the Bloc and to conclude that lack of sterling holdings by these countries was a serious impediment to Britain's export trade to the region. However, in the Romanian case there was little that London could do to remedy the situation and the problems continued throughout the communist period.40)

Another characteristic of Anglo-Romanian trading relations at this time was the attempt by Romania, together with other communist countries, to drive a wedge between Western Europe and the US over restrictions on the export of strategic items to the Soviet Bloc, having recognised that Washington was more uncompromising on this issue. In February 1954, the Romanian communist party newspaper Scânteia published an article by its London correspondent suggesting that British commercial circles could not put up indefinitely with the "discriminatory" measures imposed by the US and in April there were further press reports in this vein 41) The attempt to divide Britain and the US by suggesting that the former suffered as a result of the US led embargo on the export of strategic items to the Eastern Bloc was a long standing Soviet strategy.42)

However, despite the Romanians' apparent interest in increasing trade with Britain, they were unable to take the necessary steps to achieve this. In March 1954, they proposed opening negotiations for a trade agreement, but gave no indications as to how they planned to resolve the compensation issue.43) William Sullivan, the British Head of Mission in Bucharest, was sceptical as to the seriousness of the Romanian initiative, noting that UK property claims against Romania were significant and there was no indication of adequate compensation being offered. Sullivan saw Romania's interest in negotiating
trade agreements as part of the Soviet propaganda initiative designed to show its supposedly peaceful intentions and hence to undermine the Western alliance. Some Legation officials calculated that in practice Romania would not have been able to export enough to satisfy the commercial agreements it had already made, and an agreement with Britain would therefore have been pointless. Sullivan suggested that if negotiations took place, Britain could not only argue for a compensation settlement, but also for the resolution of certain human rights cases and an end to jamming of the BBC. However, he saw these non-commercial issues as merely an excuse to break off talks if they stagnated. Sullivan saw that a favourable resolution of these problems was unlikely, but did not see much benefit for Britain in signing a trade agreement.

However the Foreign Office in London was more optimistic about trade. In March 1954, Henry Hohler, the Head of the Northern Department, rejected Sullivan's idea of pressing political demands on the grounds that Britain was keen to develop commercial relations with Romania and to press for a debt settlement. Moreover, Hohler argued, public opinion would be critical of any attempt to discourage East-West trade at a time of general anxiety about the international situation. The Board of Trade was particularly keen that trade negotiations should not be complicated by political demands and even suggested that in view of the likely difficulties in reaching a debt settlement, the ban on Romanian oil imports should be lifted in return merely for Bucharest's acceptance of the principle of compensation. This view was shared by the Treasury. (The oil companies' claims were about £100m and at this stage would probably not have accepted
less than £25m paid over five years which the Romanians could not afford). However, the Foreign Office and the Ministry of Fuel and Power wanted Romanian agreement in principle to pay compensation to lead merely to British acceptance in principle that it could import Romanian oil.48) By September 1954, the differences between government departments had still not been resolved, and it was not until December that the Romanians were invited to send a trade delegation to London. By this time the Treasury and the Board of Trade had been forced to back down.49) The principle was established that if the Romanians did not settle the oil claims, the British ban on imports of Romanian oil would continue. Despite subsequent disputes in Whitehall over the principle of linkage, this remained the British position until an oil settlement was eventually reached in 1976.50) In practice this decision meant that no agreement could be reached with Romania on any claims until 1960.

Once the Romanians had agreed to the invitation to come to London for negotiations, the British began to refine their negotiating position. The Legation in Bucharest continued to believe that non-economic grievances, as previously set out by Sullivan, should be raised, even though they had not been made a condition for the talks. London was again more sceptical and noted that such a stance had not been taken in the recent negotiations with the Poles, Czechoslovaks and Hungarians. The talks began in February 1955, and from the outset it was clear that the Romanians were not serious about reaching a settlement on compensation, thus suggesting that the main object of the exercise from the Romanian point of view was propaganda for the Soviet Bloc. By March, the British claims had been discussed at length,
but the Romanians had merely used delaying tactics to avoid reaching a compensation figure, while at the same time pressing Britain to sign a trade agreement. Moreover, they criticised Britain’s decision to distribute Romania’s UK assets in 1949, even though this was legally permissible since Bucharest had failed to honour its financial obligations under the 1947 Peace Treaty. The Romanian negotiators also refused to talk directly with the oil companies about compensation, which was partly a reflection of the communist view that international transactions should be handled by governments, but also a delaying tactic.51)

At the same time as the compensation talks stagnated, the Romanians were vigorously pressing their demands in the parallel trade negotiations. The chief Romanian negotiator suggested that his country wanted to sell as much to Britain as it had done in the inter-war period, and to do this it needed a trade agreement. Romania could, he argued, double its grain exports to Britain and also supply £5m p.a. of oil and in return would buy textiles, chemicals, pharmaceuticals and mechanical vehicles from the UK for its industrialisation programme. Somewhat unrealistically, the Romanian side suggested that eventually bilateral trade should multiply tenfold.52)

Between April and June, efforts were made by the British side to find some solution to the compensation problem which would allow a limited trade agreement. Peter Thorneycroft, President of the Board of Trade pressed for a complete end to the principle of linkage of trade and debt, and this led to the idea of a settlement which would exclude the claims of the oil companies and the Council of Foreign Bondholders. The government had less freedom of movement over these substantial private claims, which formed
the bulk of Romania's debts to Britain, since it could not come to a settlement unilaterally but only after agreement with these bodies. By shelving them, it was hoped that a settlement of the lesser claims would be easier. Under this proposal for a limited claims settlement, a trade agreement would be signed but the oil embargo would be maintained. This was the solution eventually adopted in 1960, but at this stage the Romanian side were prepared to go no further than to offer £2m for all claims excluding those of the oil companies in return for a twenty year moratorium on these latter claims. This was clearly unacceptable to the British government, which calculated the non-oil claims at £60m and which saw no chance of persuading the Council of Foreign Bondholders to accept such a settlement anyway. Consequently, on the initiative of the British side, the negotiations were adjourned in June for six months.\textsuperscript{53} The leading British negotiator, Henry Hohler, told the Romanians that although their country's capacity to pay had been taken into account by the British side during the negotiations, the UK had also to remember its need for a realistic settlement with other East European countries and other trading partners, and hinted that more publicity would be given to human rights cases if the Romanians continued to be uncooperative. However, the Romanians merely complained about Britain's decision to continue the distribution of their assets.\textsuperscript{54}

In return for acceptance by the rest of Whitehall that a trade agreement might be signed in exchange for merely a limited debt settlement, Peter Thorneycroft agreed in June 1955 to a nine month extension of the principle of linkage. However, by the end of the year the Board of Trade was beginning to believe that even
this policy was unsuccessful and was merely restricting trade without bringing a debt settlement any closer. Although in the second half of 1955, agreements on trade and debt had been made with Bulgaria and Poland, the Board of Trade regarded Czechoslovakia, Hungary and Romania as different. In January 1956, Thorneycroft specifically mentioned Romania as an example of a case in which the linkage of trade and debt was not producing results.55) In March, the Board of Trade re-considered the question of linkage and accepted that it should be retained for Romania, but only on the grounds that the benefits of a trade agreement with that country would be fairly limited. Moreover, officials believed that if the negotiations ran into difficulties, the question of dropping the link might be reconsidered. The Board of Trade had already persuaded the rest of Whitehall to abandon linkage in the Hungarian case on the grounds that trade had all but stopped after the arrest of a British businessman and Hungary had to build up its trade again before it could contemplate paying debts.56)

Resumption of the Romanian negotiations was delayed until April 1956 to allow similar talks to take place with Czechoslovakia, which were viewed more optimistically by the British side.57) In March, a Treasury memorandum set out the British position prior to the opening of the Romanian talks. Britain remained prepared to sign a trade agreement without a settlement on bonded debt and oil (if an overall settlement could not be reached) provided the Romanians accepted the validity of all claims. However, the Board of Trade's arguments for the complete abandonment of the principle of linkage if necessary were overruled by other Whitehall departments. Britain was
prepared to accept £2m as a settlement for the remaining claims, to be paid as a percentage of exports to the UK, but with a minimum annual payment of £250 000.58)

However, Britain was willing to give considerable ground on the oil companies claims. Officials privately suggested that they should accept £35m instead of their real claim of £112m. Some officials suggested that oil should be taken as payment, but this idea was abandoned under US pressure.59) American oil companies were unhappy about any acceptance of a low settlement because of the precedent this would set for future negotiations by foreign governments.60) This again is a demonstration of differing British and US views of dealing with the Eastern Bloc. The British, because of their weaker economy and less ideological approach, were always more willing to make concessions to secure short term commercial advantage.

When the negotiations resumed in April 1956, the Romanians conceded that they would now meet with the oil companies and the Council of Foreign Bondholders. However, despite the revision downwards of the oil claim to £65m, there was little progress.61) There was also similar stagnation over the foreign bonded debt, and the Romanians insisted on going into detail about individual claims, while Britain regarded this as pointless given that there was no hope of a full payment being made. Instead, Britain wanted speedy agreement on a global settlement. During the course of the negotiations, the Romanians were told unofficially that while the oil companies claimed £65m, the British government would consider £35m acceptable. In fact the real bottom line was much lower. A Foreign Office minute in May 1956 noted that "as a last resort" the British Government might
persuade the oil companies to accept £20m. However it was clear that there was no chance of securing even this figure from the Romanians. At the same time, the leading Romanian negotiator again complained about having to negotiate with the oil companies and the Council of Foreign Bondholders rather than the British government. The Romanians stuck rigidly to the line that they wanted a settlement on all debt, but came up with no new offer to the oil companies or on bonded debt. They proposed adjournment for four months on the understanding that a trade agreement would then be made including Romanian oil exports to Britain. Compensation would be paid out of a blocked account in London into which Romania would pay four percent of the proceeds of its exports. Once a settlement was reached on the claims, they could then be paid out of this account. This suggestion, which would have involved a trade agreement being made allowing Romania to export oil to the UK without a figure being agreed for any of the claims, was clearly unacceptable to the British side. The British counter-proposal was for a settlement to be agreed for the individual claims, with payment as a proportion of Romanian exports, but for the oil ban to remain in the absence of a settlement on oil. This was unacceptable to the Romanians and consequently the talks broke down.

In June, Thomas Brimelow, the Head of the Foreign Office Northern Department, noted that Britain did not want a trade agreement unless its claims were settled and also pointed out that France had signed a trade and compensation agreement which was proving unsatisfactory.

The very low level of Anglo-Romanian political relations in this period was reflected by the extremely limited nature of bilateral exchanges between the two countries. British policy at this time
was to maintain a greater distance from the communist regimes of Eastern Europe than from the Soviet Union. Eastern European governments were rightly seen as having little more independence than the leadership of a Soviet republic. Consequently, there was little point in cultivating relations with them both because it was more logical to deal directly with Moscow and also because of a reluctance to have dealings with governments which were so blatantly unrepresentative. Yugoslavia was a special case because of the limited role played by the Soviet Union in the communist takeover there and Tito's self confidence which contributed to the break with Moscow in 1948. British analysts had no expectation in the early 1950s that any other satellite would follow the same path, and the political clampdown by Moscow after the break with Tito, which was exemplified by political trials such as that of Laszlo Rajk in Hungary in 1949, re-emphasised the degree of Soviet control which existed over the satellites until Stalin's death in 1953. Moreover, the difficulties over Romanian debts and expropriation of British assets created an added reason for Britain to maintain a particular distance from the Romanian regime.

Consequently the only British politicians who had any contact with the Romanian leadership in this period were communist sympathisers and left wing members of the Labour Party such as John Platts Mills MP, who visited Romania in March 1948, and Denis Pritt MP, (President of the Anglo-Soviet Association) who travelled to the country in May of the same year.66) The Labour Party archives in Manchester contain no material on these visits. This suggests that they may have happened without the knowledge of the Party. (It is also possible that the Labour Party
finds these exchanges embarrassing). The Foreign Office showed some interest in cultural exchanges with the Eastern Bloc in this period, but concluded that efforts in this field should mainly be directed towards the Soviet Union. This can be seen as part of the general Anglo-Soviet rapprochement which took place after Stalin's death, and which was exemplified by Prime Minister Harold Macmillan's visit to Moscow in 1955. Romania was not seen as a strong candidate for cultural exchanges. Nevertheless, visits by British artists to Romania took place, albeit without the sanction of the British authorities. Many of the British artists who visited Romania at this time held left-wing views. In September 1955, a delegation of left-wing British clergymen, including Rev. Byan Thomas, Vice Chairman of the British-Romanian Friendship Association and a communist sympathiser, visited Romania. Consideration was given by the Church of England Council on Foreign Relations to an exchange of Romanian and British theological students and a meeting between a representative of the Anglican Church and Patriarch Justinian but this was ruled out after warnings from the British Legation about the extent to which the Romanian Orthodox Church hierarchy and in particular the Patriarch had been compromised by the regime.

Lambeth Palace's archive does not contain any reference to church exchanges with Romania before 1957. However, Dr Hewlett Johnson, Dean of Canterbury, was heavily involved in efforts to establish closer links between the Church of England and the Romanian Orthodox Church, from the early 1950s. Johnson was a controversial figure within the Church of England and was well known for his left wing views and sympathy for the communist regimes of Eastern Europe and the Soviet Union. He was popularly
known as the "Red Dean." Johnson's 1955 book on Eastern Europe is a fascinating example of his acceptance of Soviet propaganda at face value. For instance he includes a map of "Poland's regained territories" after World War Two without mentioning territorial losses to the Soviet Union, criticises Yugoslavia for breaking with Moscow and expresses his admiration for socialist realist art. Johnson praised Romanian Patriarch Justinian for "voluntarily" accepting nationalisation of Church lands, a development which, he believed, proved that the "moral leadership of the Orthodox Church and friendly relations with the state were secured." In 1952, at the height of Stalinist repression in Romania, Johnson and his wife visited the country, met Justinian and attended the 23 August national day parade. Johnson concluded from his visit that there was lively religious activity and toleration in Eastern Europe and that Church-State cooperation was flourishing in Orthodox Romania.

However, excepting Hewlett Johnson, most British commentators were pessimistic by the mid-1950s about prospects for Anglo-Romanian relations. This pessimism was demonstrated in a despatch written in January 1954 by William Sullivan, the British Head of Mission in Bucharest. This despatch attempted a definition of what Britain and the free world aimed to achieve in Romania, prior to the forthcoming Geneva negotiations with the Soviet Union. The British Legation concluded that Romania had virtually no importance within the framework of the negotiations, and set out the interest in Romania of the Western powers and the Soviet Union respectively. The first goal of the Western world in Romania, according to the despatch, was a change in the country's position from being under the Soviet thumb, either by reversion
to parliamentary democracy or a change to a communist regime like that of Yugoslavia, the second the improvement of trade relations, the third to secure compensation for property losses and the fourth to renew cultural relations and social contact between Romania and the West. 72) The Soviet Union's aims in Romania were defined as maintaining economic and political control over the Carpathians as an integral part of the general defence of the Eastern Bloc, the exploitation of Romania's natural resources, and the preservation of communist rule for reasons of prestige. Sullivan commented that the interests of the Soviet Union were considerably greater than those of the free world and continued: "If those interests were, even as only a wartime improvisation, conceded at Moscow in October 1944 to be 90% against 10% for the rest, the Soviet Union has since then made them in effect a long-term 99.9% interest." 73) The paper speculated on whether any development of British-Romanian relations could contribute to lessening East-West tension and was generally pessimistic. One possibility was that the free world might offer to improve its trading relations with Romania in return for Soviet concessions to general Western objectives. However this idea was seen as only having limited scope because of the ban on Western export of strategic goods to the Bloc countries and the difficulties of Romanian inefficiency. It was also unlikely, the report considered, that the Soviet Union would use Romania as a bargaining counter in policy to the West. Although it might allow certain limited concessions on contact between individual Romanians and the West, serious political concessions could be almost entirely ruled out. Withdrawal of Soviet troops would theoretically take place after the conclusion of an Austrian treaty, but Sullivan believed
that in practice Moscow would not pull out until it was confident that the Romanian army was dependable, and would expect something in return, such as withdrawals of NATO contingents from Western Europe or recognition by the West of the prevailing Soviet interest in Romania: "The consecration of the October 1944 formula" and an end to talk in the West of "liberation." The Soviet Union, Sullivan continued, "might even demand that a 'Sovcarno' guarantee should cover Roumania on the analogy of the relations subsisting between, say, the United Kingdom and Belgium." In a passage which echoed the percentages agreement of October 1944, the British Head of Mission argued that as far as Romania was concerned, the UK was "likely to lose rather than gain in the process of any substantial settlement with the Soviet Union" but added "this is not to say that the loss may not be worth incurring for the sake of the overall achievement." Romania, Sullivan concluded, should not be considered in isolation but in the context of East-West relations as a whole. Another indication of Britain's unwillingness to engage in dispute with the Soviet Union over Romania was the failure to criticise the fact that Soviet troops stayed in Romania and Hungary after the Austria Treaty had been signed in 1955, for fear of embarrassment over the presence of British troops in West Germany and Berlin. Prior to this the Soviets had justified the presence of their troops by arguing that they had to maintain lines of communication with their occupation zone in Austria.74)

Sullivan's assessment was part of the general reappraisal of East-West relations which took place after the death of Stalin in 1953. Just as in the 1940s, the possibility existed of a move towards accommodation with the Soviet Bloc and an end to the
very tense relations which had characterised the early 1950s, when reports from Romania often reflected the fear that the Soviet Bloc was preparing for war with the West. Once again the possibility of reaching an understanding led the British to the conclusion that Romania was not a priority and should be used as a bargaining counter in order to secure gains in areas which were considered more important. An accommodation was, as always, in Britain's best interests since it helped to reduce the defence burden and expanded opportunities for exports which were constrained when poor political relations caused restrictions to be placed on commercial activity, as demonstrated, for example, by the embargo on the export of strategic items to the Eastern Bloc.

Nevertheless, the key difference between Sullivan's 1954 despatch and Churchill's 1944 percentages agreement was the loss of the British ten percent. By this time, hopes of developing commercial relations had been all but dashed by the antagonistic behaviour of the Romanian government and its Soviet masters. There could be no hope of an improvement until the compensation issue was settled, and Romania's attitude to the debt and trade negotiations showed that there was little chance of this. The Cold War had divided Europe and made any division of influence, even at a proportion of ninety percent to ten, impossible. Thus the situation was very different from that in 1944 when the Soviet Union had been an ally against Germany. Political links with Romania were even more problematic than with other Eastern Bloc countries, both because its regime was the most subservient of all the satellite governments to Moscow, and because of the compensation difficulties. There seemed little point in having a separate policy towards Romania distinct from that towards
Moscow. Sullivan's despatch demonstrates British acceptance by the mid-1950s of the reality of virtually one hundred percent Soviet control in Romania.

Thus the period 1948-56 was a particularly unpromising one in British-Romanian relations. Politically they were dominated by the tense atmosphere of the Cold War and Romania's subservience to Moscow. Although there were possibilities for commercial exchanges these were made virtually impossible by the Romanian communist regime's ideological difficulties about trading with the West and lack of respect for Western interests. The failed trade talks are an illustration of Bucharest's attachment to ideology over rational economic interest. Nevertheless, the change of leadership in Moscow created prospects for a more pragmatic East-West relationship based on mutual acceptance of interests. Once the tensions of 1956 had calmed, the new atmosphere seemed to promise renewed opportunities for better relations between Britain and Romania too.

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3) PRO FO 371 72427, R535; Despatch, Sarrell to Foreign Office 8 January 1948.
4) PRO FO 371 72427, R1053; Minute by Marjoribanks, 21 January 1948 and adjacent handwritten Foreign Office minutes. Intervention was made, however, with the Vatican in support of King Michael's marriage plans to Anne of Bourbon Parma. The plans were problematic because of Michael's religion. (PRO FO 800; Private Papers of Sir Orme Sargent; Letters, 10 March 1948, Bevin to Vatican; 15 March 1948, Vatican to Sargent); PRO FO 371 72433, R7303; Memorandum by Constantinescu, (former Counsellor at Romanian Legation in London before defecting to Britain) 6 June 1948; Telegram, Foreign Office to Washington, 19 June 1948; R7935; Despatch, Foreign Office to Washington, 16 July 1948; R8070 Foreign Office memorandum, 9 July 1948. Britain's reticent attitude towards opponents of the Romanian regime was demonstrated by the repatriation of some Romanian escapees who had stowed away on ships. (PRO FO 371 72429, R16; Note Verbale, British Legation, Bucharest to Romanian Foreign Ministry, 22 December 1947; R9348; Letter, Home Office Aliens Department to Foreign Office, 9 August 1948; R10832; Despatch, Chancery Bucharest to Foreign Office, 11 September 1948). For a thorough exposition of the British policy of forcible repatriation to the Soviet Union after World War Two see N. Bethell, The Last Secret: Forcible Repatriation to Russia, 1944-7, London, Deutsch, 1974.

5) For details of post-war Europe's economic difficulties see D. W. Urwin, Western Europe since 1945, a Political History, London and New York, Longman, 1989 (Fourth Edition), 25-42. See D. C. Watt, Britain looks to Germany, London, Oswald Wolff, 1965, 68-71, 84-5 on the dire food shortage in the British occupied zone of Germany and the consequent need for food to be provided, despite the shortages in the UK; PRO FO 371 72428, R1623; Telegram, Sarrell (Bucharest) to Foreign Office, 4 February 1948; 72446, R2298; Telegram, Foreign Office to Bucharest, 11 March 1948; R1371, Ministry of Food minute, 15 January 1948; R2298; Telegram, Sarrell to Foreign Office, 18 February 1948.

6) PRO FO 371 72446, R3805; Telegram, Holman to Foreign Office, 23 March 1948; R4234; Telegram, Holman to Foreign Office, 3 April 1948; 72447, R9563; Letter, Board of Trade to Foreign Office, 13 August 1948.

7) PRO FO 371 182722, NR1481/53; Undated Whitehall paper on Romanian debts (1965); 111641, NR1151/41; Submission by officials to the Economic Secretary to the Treasury, 25 November 1954.
8) PRO BT 11 3806; Minute by Stacy, 8 March 1948; Letter, Board of Trade to British Legation, Bucharest, 30 April 1948.

9) PRO BT 11 3806; Board of Trade note, 3 February 1948.

10) PRO BT 11 3866; Board of Trade Minutes, 9, 11, 18 August 1948.

11) PRO BT 11 3806; Despatch, Board of Trade to British Legation, Bucharest, 30 April 1948; PRO FO 371 72457, R7032; Economic Report by British Legation, Bucharest, for May 1948, dated 1 June 1948; R12810; Economic Report, by British Legation, Bucharest, for October 1948, dated 9 November 1948; R14194; Economic Report, by British Legation, Bucharest, for November 1948, dated 14 December 1948; 72447, R9563, Letter, Board of Trade to Foreign Office, 13 August 1948 and adjacent Foreign office minutes.

12) PRO FO 371 72447, R9563; Minute by Jackling, 5 September 1948.


14) PRO BT 11 3901; Board of Trade record of interdepartmental meeting 13 April 1949.

15) PRO FO 371 78610, R6905, Scânteia, 15 June 1949.


19) PRO FO 371 88062, R1121/5; Memorandum by May, British Legation, Bucharest on foreign trade, 1 April 1950. In 1938, British exports to Romania were worth £1 406 000 and imports £3 838 000, while in 1949 exports were £2 367 000 and imports £1 961 000. The report showed that only the Soviet Union, Poland and Czechoslovakia had a higher volume of trade with Romania in 1950 than Britain did, while Hungary had more or less the same.
It did not, however, take into account inflation, a factor which puts into perspective Britain's apparent success in exporting more to Romania.

20) PRO FO 371 88062, R1121/5; Memorandum by May, British Legation, Bucharest on foreign trade, 1 April 1950.

21) PRO FO 371 88062, R1121/5; Memorandum by May, British Legation, Bucharest on foreign trade, 1 April 1950; 78610, R6905, Scânteia, 15 June 1949; 88062, RR1121/7; Despatch, Chancery Bucharest to Foreign Office, 15 June 1950 enclosing translation of Scânteia editorial.

22) PRO FO 371 88062, R1121/10; Despatch, Bucharest to Foreign Office, 26 October 1950.

23) Ibid.

24) PRO FO 371 88071, R1151/1; Foreign Office paper on trade policy with Romania, 19 January 1950; R1151/2, Letter, Supply Secretariat to Foreign Office, 2 March 1950; R1151/3; Letter, Supply Secretariat to Foreign Office, 20 March 1950; R1151/4; Record of meeting of British and Romanian officials at Romanian Legation, London, 27 March 1950.

25) PRO BT 11 4411; Board of Trade note, 23 February 1950.

26) PRO FO 371 88071, R1151/7; R1151/1; Foreign Office papers on trade with Romania, 19, 29 January 1950; R1151/11; Letter, Board of Trade to Treasury, 26 July 1950. The idea of encouraging Romania to build up a sterling balance, which Britain could then use to force compensation payments was first advanced in 1948. (72428, R8245, undated minute by Trevelyn; 72447, R8296; Minute by Porter, 15 July 1948; 72428, R1821; Minute by Trevelyn, 5 February 1948). However, at that stage Romania had a trade surplus with Britain. By 1950, it had a large deficit and therefore the idea would not have been viable even if the problem of transfers of sterling from other Eastern Bloc countries had not existed.

27) PRO FO 371 88071, R1151/13; Letter, Treasury to Board of Trade, 13 October 1950.

28) PRO FO 371 88100, R14618/2; Minutes by Brash, 11 October 1950, and Deakin, 16 October 1950; R14618/5; Despatch, Foreign Office to Bucharest, 25 November 1950.
29) PRO FO 371 88071, R1151/2; Letter, Lancastria International to Board of Trade, 26 September 1950 and adjacent Foreign Office minutes.


31) PRO FO 371 88062, R1121/10; Despatch, Bucharest to Foreign Office, 26 October 1950; 88055, RR1101/7; Bucharest Legation Economic Report for May 1950, dated 12 June 1950.

32) PRO FO 371 88047 (Entire file contains correspondence about the British fitters); 88048, RR1058/25; Telegram, Bucharest to Foreign Office, 13 October 1950.

33) PRO FO 371 95325, RR1019/10; Despatch, Sullivan to Foreign Office, 30 October 1951; Sir C. Keeble, Britain and the Soviet Union, 1917-89, London, Macmillan, 1990, 230. The oil deal is surprising in view of Britain's subsequent refusal to buy Romanian oil because of the nationalisation without compensation of the British owned oil companies in 1948. The British Legation in Bucharest only found out about the deal after hearing a report on the BBC.

34) PRO FO 371 95348, RR1121/2; Despatch, Bucharest to Foreign Office, 22 March 1951.


36) PRO FO 371 100756, NR1121/2; Despatch, Bucharest to Foreign Office, 6 June 1952. The Western commercial representatives also noted that Romania's trade with the West showed a considerable increase in 1951 compared to 1950, thus discounting Moscow's propaganda to the effect that trade with the West was being reduced.
37) PRO FO 371 106467, NR1151/1; Despatch, British Legation, Bucharest to Foreign Office, 11 June 1953.

38) PRO FO 371 106467, NR1151/2; Despatch, Whitworth (Board of Trade) to Whitfield, (Second Secretary [Commercial], Bucharest), 13 July 1953.

39) PRO FO 371 106467, NR1151/4; Despatch, Bucharest to Foreign Office, 23 September 1953.

40) PRO FO 371 106467, NR1151/2; Despatch, Whitworth (Board of Trade) to Whitfield, (Second Secretary [Commercial], Bucharest), 13 July 1953. For details of later problems caused by Romania's shortage of sterling, see M. Percival, "Britain's Political Romance with Romania in the 1970s" in Contemporary European History, March 1995, 74-8.

41) PRO FO 371 111622, NR1013/4; Bucharest Legation Intelligence Summary for 26 January to 8 February 1954, dated 9 February 1954.

42) See Northedge and Wells, op. cit., 224-5 on the setting up, in 1949, of the Co-ordinating Committee for Multilateral Export Controls (Cocom) which initiated the Western embargo of exporting goods with military potential to the Soviet Bloc, and on Anglo-US differences over the parameters of the ban.

43) PRO FO 371 111622; NR1013/6; Intelligence Report by British Legation, Bucharest, 10 March 1954.

44) PRO FO 371 111623, NR1016/12; Sullivan's Valedictory Despatch, 15 March 1954.

45) PRO FO 371 111640, NR 1151/4; Despatch, Sullivan to Foreign Office, 25 February 1954; NR1151/5; Despatch, Sullivan to Foreign Office; 2 March 1954. The BBC's internal reports concluded that jamming in Bucharest, Budapest and Warsaw was fairly ineffective anyway. (BBC Written Archive, Caversham; E2 33; Memorandum on jamming, 16 July 1954).

46) PRO FO 371 111640, NR1151/5; Letter, Foreign Office to Board of Trade, 12 March 1954; NR1151/6; Minute by Hohler, 8 March 1954.
47) PRO FO 371 111640, NR1151/6; Despatch, Hohler to Sullivan (Bucharest), 13 March 1954; D. Childs, *Britain since 1945*, London, Ernest Benn, 1979, 119.

48) PRO FO 371 111640, NR1151/7; Letter, Board of Trade to Foreign Office, 16 March 1954; NR1151/13; Minute by Spearman, 6 May 1954; NR 1151/15; Minute by Spearman, 16 July 1954; Letter, Whitworth (Board of Trade) to Mathews (Foreign Office), 9 July 1954; Letter, Ministry of Fuel and Power to Foreign Office 17 July 1954; Letter, Treasury to Foreign Office 14 August 1954.

49) PRO FO 371 111641, NR1151/28; Treasury Minute, 4 October 1954; NR1151/43; Telegram, Foreign Office to Bucharest, 21 December 1954; 116598, NR1151/1; Letter, A. R. Low to Martin Lindsey MP, 23 December 1954.

50) PRO FO 371 111641, NR1151/25; Joint paper by Foreign Office, Treasury, Board of Trade and Ministry of Fuel and Power, 15 September 1954; Percival, op. cit., 70.

51) PRO FO 371 111640, NR 1151/4; Despatch, Sullivan to Foreign Office, 25 February 1954.; 116598, NR1151/8, Despatch, MacDermott (Bucharest) to Foreign Office, 27 January 1955; Minute by Brown, 2 February 1955; Telegram, Foreign Office to Bucharest, 7 February 1955; NR1151/8; Minute by Brown, 8 February 1955; 116599, NR1151/25; Minute by Spearman, 18 March 1955; 116601, NR1151/35; Letter, Smith (Foreign Office) to Wilson (Treasury), 5 April 1955.

52) PRO FO 371 116601, NR1151/36; Letter, Cyril Osborne, MP, to Lord Hope, 1 April 1955; Ionescu, op. cit., 190-5; NR1151/40; Letter, Board of Trade to Foreign Office, 6 April 1955.

53) PRO FO 371 116601, NR1151/49; Minute by Wilson, 23 April 1955; 116602, NR1151/51; Letter, Board of Trade to Treasury, 30 April 1955; NR1151/59; Undated Minute on Anglo-Romanian trade talks; NR1151/60; Telegram, Foreign Office to Bucharest, 3 June 1955; NR1151/66; Minute by Spearman, 9 June 1955; NR 1151/67; Minute by Spearman, 8 June 1955; NR1151/68; Foreign Office Minute, 7 June 1955; NR1151/71; Telegram, Foreign Office to Bucharest, 17 June 1955; Despatch, Hohler to MacDermott, 17 June 1955; 116603, NR1151/79; Despatch, Hohler to MacDermott, 24 June 1955.

54) PRO FO 371 116603, NR1151/83; Despatch, Hohler to MacDermott, 28 June 1955; NR1151/85; Minute by Storey, 30
June 1955; NR1151/87; Minute by Weston, 1 July 1955. The distribution of seized Romanian assets to British holders of Romanian bonds was, nevertheless, slow. Although the Treasury published directives for the distribution of the assets in 1951, payment was delayed and a first tranche was not disbursed until July 1955. The second and final payment was due in 1956, but delayed until 1957. (Guildhall Library, London; Annual Reports of the Council of Foreign Bondholders, 1947 (45), 1951 (70-3), 1952 (24-5), 1953 (79-80), 1954 (117), 1955 (88-9), 1956 (70-1), 1957 (53). The payment to the bondholders took up the majority of Romania's seized assets and part of the problem was controversy over the bondholders' claim that they should have priority. However, the delay may also have resulted from a reluctance by the Treasury to prejudice a successful outcome of the negotiations with the Romanians, in spite of Britain's legal right under the Peace treaty to distribute the assets.

55) PRO BT 241 300; Board of Trade minutes, 21 December 1955, 4, 28 January 1956.

56) PRO BT 241 300; Board of Trade Minutes, 23 March 1956, 10 April 1946, 27 July 1956; PRO FO 371 95348, RR1121/2; Despatch, Bucharest to Foreign Office, 22 March 1951.

57) PRO FO 371 116603, NR1151/97; Letter, Treasury to Board of Trade, 22 November 1955; 122729, NR1151/1; Despatch, Bucharest to Foreign Office, 5 January 1956; Foreign Office minute (signature indecipherable), 20 January 1956; NR1151/5; Telegram, Bucharest to Foreign Office, 6 March 1956.

58) PRO FO 371 122729, NR1151/6; Treasury Memorandum, March 1956.

59) PRO FO 371 122729, NR1151/14; Telegram, Foreign Office to Washington, 19 April 1956; 122730, NR1151/22; Telegram, Washington to Foreign Office, 30 April 1956; NR1151/22; Telegram, Foreign Office to Washington, 4 May 1956.

60) PRO FO 371 122729, NR1151/14; Telegram, Foreign Office to Washington, 19 April 1956.

61) PRO FO 371 122730, NR1151/29; Undated Foreign Office memorandum.

62) PRO FO 371 122731, NR1151/34; Minute by Given, 25 May 1956.
63) PRO FO 371 122731, NR1151/35; Minute by Hohler, 10 May 1956.

64) PRO FO 371 122731, NR1151/38; Minute by Young, 26 June 1956; BT 241 300; Board of Trade Minute 27 July 1956; PRO FO 371 122731, NR1151/45; Treasury memorandum, July 1956; NR1151/55, Minute by Tippets (Board of Trade) 30 November 1956.

65) PRO FO 371 128915, NR1051/3; Minute by Brimelow, 12 June 1956. Brimelow recently died, and efforts by this author to trace any of his private papers which might exist proved fruitless. Transcripts of two interviews which he gave in 1982 on British policy in the 1940s exist at the Churchill Archive Centre, Churchill College, Cambridge. These are, however, unquotable for legal reasons. Enquiries to the House of Lords produced a family telephone number, but repeated calls led to no reply.

66) PRO FO 371 72431, R3113; Despatch, Holman to Foreign Office, 2 March 1948; R3111; Despatch, Bucharest to Foreign Office, 2 March 1948; 72463, R6746; Despatch, Bucharest to Foreign Office, 22 May 1948. In the late 1940s, there were a disproportionately high number of MPs with communist or far left sympathies because of the large Labour election victory in 1945.

67) PRO FO 371 116615, NR1751/3; Despatch, Bucharest to Foreign Office, 10 February 1955; NR1751/3; Minute by Brown, 21 February 1955.

68) PRO FO 371 116615, NR1751/3; Agerpress, 28 March 1955; Minute by Mostyn, 15 April 1955; NR1751/7; Agerpress, 29 September 1951.

69) PRO FO 371 116615, NR1751/8; Despatch, Bucharest to Foreign Office, 9 November 1955; NR1751/8; Despatch, Bucharest to Foreign Office, 9 November 1955 enclosing letter, MacDermott to Satterthwaite, 9 November 1955.


72) PRO FO 371 111623, NR1016/4; Despatch, Bucharest to Foreign Office, 5 January 1954.

73) Ibid.


75) For example, PRO FO 371 100740, NR1016/42; Despatch, Sullivan to Foreign Office, 12 June 1952.
CHAPTER 7: THE KHRUSHCHEV THAW. POSSIBILITIES FOR NORMALISATION OF RELATIONS. (1956-60).

By 1956, a significant change had taken place in East-West relations. The Kremlin had moved from the confrontational approach of Stalin to greater pragmatism under Khrushchev, who had by this point consolidated his power base and was therefore in a position to adopt new policies. Peace in Korea in 1953 had removed one of the flashpoints of East-West conflict, while the Geneva Conference of 1954 on Korea and Indochina seemed to mark the beginning of a less antagonistic East-West relationship. Khrushchev's visit to Yugoslavia in 1955, in which he accepted Tito's right to pursue an independent course, had stabilised international relations in Eastern Europe and ended the numerous border incidents between that country and its neighbours. The most striking demonstration of a break with the past was Khrushchev's secret speech at the Twentieth Party Congress in February 1956, at which the Soviet leader criticised many aspects of Stalin's rule thus setting in motion the gradual demythologising of the wartime leader. The death of Stalin in 1953 led to popular challenges to the regimes in Eastern Europe, the first example being the June 1953 East Berlin disturbances. Although these protests were suppressed, the period after Stalin's death was one of greater tolerance by Moscow of change in the satellites as demonstrated by the reforms carried out by the Nagy government in Hungary from 1953, and the reform movement in Poland in 1956 which led to the establishment of a regime with a degree of independence from Soviet control unthinkable in Stalin's time.
Nevertheless, the Soviet Union could not tolerate any threat to the supremacy of the communist party in a satellite, nor to any defections from the Warsaw Pact, which had been set up in 1955 and this explains the Soviet intervention in Hungary in October and November 1956.

In practice, Khrushchev's policies amounted to a consolidation of Soviet power within the Bloc and the toning down of aggressive ambitions outside. The purpose of allowing greater independence for satellite governments and more liberal internal systems was to prevent instability such as that of 1953 in Berlin and thus maintain the cohesion of the Bloc. The setting up of the Warsaw Pact was a demonstration of Khrushchev's determination to maintain the network of satellites, as was the suppression of the Hungarian Uprising. However, although the brutal Soviet action in Hungary created some unpleasantness in East-West relations, in practice 1956 saw a clearer definition of the dividing lines between East and West and a mutual understanding on non-interference in the opposite camp. The lack of western intervention in Hungary is an indication of this, as is the possibility that Soviet threats prevented Britain from overthrowing Nasser in the Suez operation in the same year. Clearer acceptance by West and East of the interests of the other created a climate for improved relations under Khrushchev's slogan of "peaceful coexistence."1)

The improved climate of East-West relations presented an opportunity for better British-Romanian relations too, in spite of the Bucharest regime's reluctance about Khrushchev's policies. (Although it claimed it did not need to reform because destalination had already taken place with the ousting of Ana
Pauker and Vasile Luca in 1952, the Romanian communists' true colours were demonstrated by the fact that Stalin statues were not removed from Bucharest until 1962). Nevertheless, the regime wished to intensify its industrialisation programme (later a source of conflict with Khrushchev) and so was quick to take advantage of better East-West relations to make purchases in the West, when Moscow could not satisfy its requirements. Although Romanian officials continued to show a stalinist mentality and took a long time to deal seriously with British concerns, they ultimately recognised that a face-saving formula was needed over compensation. Britain, for its part, having recognised the predominance of Soviet influence, was pleased at the re-emergence of trading opportunities and was thus willing to give considerable ground on a compensation figure. The gap between the two sides had thus narrowed, and hence limited agreement on trade and debts could be reached in 1960. Politically, the improved East-West climate and the greater possibilities for commercial exchanges meant that bilateral contacts were seen by Britain as more beneficial, hence the increase in visits over the Stalinist period. Nevertheless, the particularly rigid nature of the Romanian regime both economically and politically imposed limits on the development of relations.

In spite of the failure of the 1956 trade talks and lack of progress in subsequent meetings of officials, in 1957 Romania increased the staffing at its Legation in London, with a strong emphasis on the commercial side of its operations. The new Romanian Minister Petre Șalăceanu, appointed in November 1957, also had an economic background.2) Although generally uncommunicative, he emphasised an interest in the purchase of
UK industrial equipment in conversation with Alan Dudley, the British Head of Mission prior to his posting. 3) In early 1958, the Romanians began to show tentative signs that they might be interested in resuming the trade and debt negotiations and modifying their position. In January, a meeting took place between Balaceanu and Treasury officials at the Romanian Minister's request. Balaceanu said he wanted to clarify the counter-offer made by the UK side in the trade and compensation negotiations in 1956.4) (See page 199) Despite the lack of an agreement during 1958, prospects for the development of commercial relations were generally good. In July, a commercial delegation from Romania visited Britain and was led by Mihai Florescu, Minister for the Oil and Chemical Industries. The main interest of the party was to look at petrol distillation plant. The Romanians presented the situation in such a way as to suggest it was a buyer's market. They complained that British manufacturers of this plant had US licences, which made it difficult for them to supply Romania. Similar equipment was made in the FRG, and the manufacturer made no such difficulties over licences. However, the Romanians wanted to place orders in the UK, because the UK had longer experience in the production of this type of installation, and in July the Board of Trade advised a British company interested in supplying a chemical plant to go ahead, in spite of the COCOM ban. 5) The delegation had also discussed the purchase of a tyre factory from Rustyfa Corporation, a polythene plant from ICI and a number of other purchases. When questioned as to how Romania could afford to pay for these projects without being able to export oil to the UK and when Romania was still apparently determined to trade only bilaterally,
Florescu replied that in this case deutschmarks were to be converted to sterling.6) Florescu also discussed a £5m tyre factory project involving the UK firm Crompton Parkinson. Although there was possible competition from US, Italian, French and West German firms, the Romanians appeared to favour the British offer.7)

However, problems occurred over the question of credit for the project, which caused the British to become reluctant. Although the Romanians offered to pay cash, credit was later offered by the British company, largely to enhance the British bid in the face of West German competition. Rustyfa, the British company, then sought backing from the ECGD.8) In November, the Treasury questioned whether Romania had the necessary sterling to pay. Although it was considered that the project would have been sanctioned by the Soviet Union as part of an integrated Bloc economic policy, Romania was more problematic than other countries because of the oil embargo, and the fear that the country might build up debts to Britain and then threaten to default as a means of blackmailing the UK into buying Romanian oil.9) It was certainly suspicious that Romania was suddenly showing an interest in a large number of capital purchases from the UK. The Bank of England considered that there was little prospect of Romania honouring its commitment to repay unless there was a guarantee from the Moscow Narodny Bank in London, while the Foreign Office was concerned at the problems which would be presented by the presence in a forbidden zone of a relatively large number of British technicians for some time, so making consular assistance difficult.10)
There seems to have been some misunderstanding as to whether or not ECGD cover would be given for the tyre factory project and this led to the Romanians being offered credit sooner than they should have been. The British Legation were not told until December that there was a problem about cover. In a despatch to London on 16 December, Dudley pointed out that if the Romanians had been told at the outset that no credit was available, they would have paid cash, since the British contract was what they wanted, but that now credit had been offered they would insist on it.11) Considerable discussion ensued in Whitehall, with the Foreign Office generally in favour of credit being given and concerned about possible accusations of incompetence by the Romanians if an offer was to be made and then withdrawn, while the Board of Trade stressed the benefits which the contract would give of continuity of employment for 2500 workers in south east Lancashire. The Treasury and the Bank of England, however, presented stark figures demonstrating that Romania could not afford to pay. The final decision taken in Whitehall was that the Romanians should be asked how they proposed to pay and told that the only means of saving the project was to gain a Moscow Narodny Bank guarantee.12)

The tyre factory project was handled poorly by the British authorities, and by Rustyfa, which was too ready to assume credit would be given. The damaging situation whereby credit was offered and then withdrawn arose because up until 1958, Anglo-Romanian trade had been too low for credit to have been a problem. It is, nevertheless, surprising that clear limits on Romania's credit were not laid down. Furthermore, the suggestion that a guarantee should be given from the Moscow Narodny Bank
was politically unwise. Given that the Romanian regime tried to maintain the fiction that the country was independent and not a satellite of the Soviet Union, it was unlikely to respond favourably to this idea. The ECGD's policy of asking for a guarantee from the Moscow Narodny Bank for contracts in Romania was continued, however, and, in March 1959, the same condition was placed on cover for a £4.5m paper mill contract involving the British firm Lyddon's.

However, in April 1959, the Romanians refused to give a Moscow Narodny Bank guarantee for the Lyddon's contract. They complained that their sterling earnings had been underestimated, that a large amount of their trade with the UK was in other currencies and that they could, if necessary, use other foreign exchange earnings and convert to sterling. Romania claimed to be able to transfer deutschmarks to sterling, but in fact ran a deutschmark deficit. At the beginning of May, Lyddon's went ahead and signed the deal without ECGD cover, but they also made clear that they were taking most of the work to France, where credit terms were more favourable, largely because Romania could export oil to France, so giving it greater opportunity to earn francs and hence to achieve a better credit rating. In the same month Vulcan Foundry were refused ECGD cover for a £4.5m contract for the supply of steam locomotives, unless they could secure a Moscow Narodny Bank guarantee.

The difficulties over credit for British companies wanting to secure contracts in Romania prompted the ECGD to approach the Treasury to question what it saw as excessive caution. They considered that the same Romanian pride which had caused them to refuse to give a Moscow Narodny Bank guarantee would also
prevent them taking on more than they could handle. Furthermore it was argued by the ECGD that the Eastern Bloc showed solidarity on economic as well as political issues and would not let Romania default. 18) This was recognised as optimistic, given the possibility that Soviet Bloc might be trying to build up debts as a way to force its products on the West, and could therefore allow a satellite to default.19)

Despite the problems over credit, there was a considerable expansion of trade during 1959. By the middle of the year, a number of large contracts were pending, the most important of which was a £10m deal with ICI for the supply of patents. In July, a Romanian trade mission led by Alexandru Bărlădeanu, a Deputy Prime Minister, came to Britain and visited a number of firms, with the declared purpose of increasing Anglo-Romanian trade. The delegation described their activities as "window shopping."20) Since Romania was proposing to increase its spending on capital projects it needed to increase its sterling earnings at the same time. The situation in 1959 therefore made the securing of a trade agreement much more important to the Romanians. Whereas in 1955-6, the exercise had largely been about propaganda for the Soviet Bloc, and hence the Romanians had not taken the negotiations seriously, by 1959 they were much more constructive. They not only needed to earn more sterling to pay for their purchases, but also needed to convince the British that they would have a guarantee of adequate supplies of sterling in order to obtain easier credit. On the British side too there was much greater interest in signing a trade agreement in 1959 than there had been in 1955-6. In 1958, Romania had begun to place substantial and worthwhile orders in Britain. It became
advantageous to Britain to facilitate more of these contracts and an important element was clearly Romania's ability to earn sterling. Moreover, France signed a trade agreement with Romania in 1959, thus demonstrating the general increased interest in East-West trade and also the fact that Britain was facing competition, and so had an added incentive to come to terms with the Romanians quickly. It is this considerably greater interest of both Britain and Romania in the signing of a trade agreement which explains why, despite the apparent state of deadlock after the failed negotiations of 1955 and 1956, both sides were favourable towards a resumption of talks in 1959.

The Bârlădeanu trade mission, as well as visiting firms, held informal discussions with the Economic Secretary to the Treasury and the President of the Board of Trade. The Romanians immediately showed that they were willing to modify their 1956 position by indicating that while they would prefer a global settlement on claims, they would agree to discuss a partial one excluding the oil and bonded debt claims. (In the absence of compensation for the oil companies, however, Britain would continue to boycott Romanian oil). There were still difficulties, however, over Bârlădeanu's insistence on a ten year moratorium before discussion of the other claims, and the suggested figure of £1m for claims which were to be settled. Britain wanted to hold out for £1.5m. In return for a settlement, Romania expected to be given a trade agreement involving quotas of £3-4m., and Bârlădeanu said he thought Romania could increase its total annual trade to between £8m and £10m, which was over optimistic. Bârlădeanu recognised that no quota could be given for oil. In July, in response to the Bârlădeanu visit, Britain proposed
the resumption of talks and in October the Romanians accepted and suggested Bucharest as a venue. In the same year, Romania held negotiations on trade with a number of other Western countries such as the US and Denmark.22)

However, negotiations which were due to start in November were delayed and did not begin until April 1960. Commercial relations between Britain and Romania in 1959 continued to be restricted by the problem of credit. Bârlădeanu would not say whether his visit would lead to more orders for British goods, nor did he say how the Romanians proposed to pay. At the same time, he protested about the requirement for a Moscow Narodny Bank guarantee for the Rustyfa contract (for which Romania would have been charged £200 000), and threatened to break off the deal if this condition was not dropped.23) However both the Lyddon's and the Rustyfa contracts eventually went through with the MNB guarantees and ECGD cover. It appeared that the Romanian objections were largely a facade because of the political imperative of maintaining the fiction that Romania was not subordinate to Moscow. In practice, the Romanians wanted the deals to go through and had no alternative to accepting the MNB guarantee. In 1959, the ECGD was adamant about not exceeding a limit of £0.5m for annual repayments on credits to Romania and it was made clear to Bârlădeanu that one of the major difficulties over granting credit was Romania's secrecy over its economy, which made assessments of creditworthiness difficult. The difficult credit situation caused the ECGD to question the merits of encouraging any more commercial exchanges.24) These fears seemed well founded since Romania ran deficits of around £0.5m with the sterling area in 1958 and £1.2m in 1959 and availability
of other convertible currency to finance sterling purchases was uncertain. Moreover, since most of Romania’s sterling earnings came from agriculture, which is dependent on harvests, there was no guarantee of a fixed sum.25).

In early 1960, preparations began for the trade and debt negotiations. The British side conceded that they could take place in Bucharest, but the Romanians were told that the British negotiators could not stay for longer than a week and that if no agreement was reached, the delegation would return and the talks would resume later, probably in London. The UK delegation was led by an Assistant Secretary in the Treasury, reflecting the British priority of achieving a compensation settlement.26) When the British objectives were drawn up prior to the departure of the delegation for Bucharest the starting figure for the financial settlement excluding the oil and bonded debt claims was set at £1.3m plus £20000 for personal prejudice claims, but the negotiators were authorised to accept a total payment of £1.25m, which was £0.75m lower than that set in 1956. Another major objective of the British delegation was to make sure that the moratorium on the other claims was kept short and that Romanian suggestions that it should be ten or fifteen years should be resisted. Britain expected Romania to make annual payments of ten to fifteen percent of trade with a five year deadline for complete payment. Nevertheless, British officials were keen to reach a settlement since the claimants had been waiting up to fifteen years, and there seemed little hope of achieving a better deal later.27)

Prior to the departure of the UK negotiating team, however, there were difficulties in Whitehall over reaching a common
position, with the Ministry of Agriculture Fisheries and Food (MAFF) resisting increased quotas for Romanian agricultural imports into the UK for fear of antagonising UK domestic producers. This difficulty of agricultural quotas was an ongoing problem in British-Romanian relations right up to the 1970s and 1980s. The Foreign Office wanted increased quotas in order to allow Romania to earn more sterling, which could then be used on a compensation settlement. Its officials realised that the settlement was likely to be low, and public criticism would ensue, hence their concern to achieve the best possible figure in order to minimise the embarrassment to their own ministers. The Board of Trade was less concerned about the claims settlement but wanted Romania to earn more sterling which it would then spend on contracts with British firms. The different Whitehall departments were therefore engaged in a struggle in which each sought to protect their own minister from parliamentary criticism. Although the departments which favoured increased quotas argued that Romania was being discriminated against compared with other satellites, in particular Bulgaria, and that increased quotas would fit in with the general improvement in Anglo-Romanian relations, the MAFF was adamant in opposing the suggested increases.

The British failure to offer Romanian significant quota increases was the major obstacle to a successful resolution of the Bucharest negotiations. On 16 April, the delegation reported back to London that in the early stages the financial talks had proceeded well. The Romanians had agreed to pay compensation with a first instalment due in March 1963, with payment to be completed by 1965 or 1966. The figure would depend on the overall trade picture. However, this favourable start was entirely changed when
the Romanians looked at the British offer on agricultural quotas. When they realised that the levels were much lower than they had expected, they firstly expressed unwillingness to conclude a trade/financial agreement unless the UK could satisfy them on agricultural items, and then tried to change the basis of the agreement by suggesting that the financial settlement should comprise a percentage payment on the value of goods exported to the UK under specific import licences rather than as a percentage of total exports. In other words, the higher the British made their quotas, the quicker Romania would pay compensation. The British delegation rejected this idea but pressed London for further concessions on agriculture to allow the Romanians to save face. London agreed to further minor changes on quotas, but these proved insufficient and the talks broke down. Once the British delegation had returned to London, however, Foreign Office and Board of Trade officials continued to stress the importance of the agricultural question in the eyes of the Romanians. They argued that quotas which would satisfy them would be so small that there would be only a marginal effect on UK domestic producers. They believed the Romanians were unwilling to sign a trade agreement which refused them quotas which had been given to other East European countries and had chosen to make a stand on this point. The British delegation concluded that a satisfactory claims settlement was unlikely to be reached without some change of position on quotas.

Following the failure of the Bucharest talks, Whitehall attempted to resolve the quotas issue and bring together some sort of offer which would be acceptable to the Romanians. There was considerable pressure from the Foreign Office on the MAFF,
because of the recognition that without a trade agreement, there could be no hope of any financial settlement. The Board of Trade supported the Foreign Office and in May the issue went to Ministers.35) The Chancellor of the Exchequer, Derick Heathcoat Amory wrote to the Minister of Agriculture, John Hare, suggesting that improved offers be made to the Romanians with support from the Foreign Secretary, Selwyn Lloyd, and the Permanent Secretary at the Board of Trade, Sir Richard Powell. Heathcote Amory stressed that the quotas offered to Romania compared unfavourably with those for other East European countries. Hare's response offered concessions on certain items but resisted concessions on areas which the Romanians considered particularly important. His reluctance to increase Romanian quotas was supported by Earl Home, Secretary of State for Commonwealth Relations, who was concerned about the potential damage to Britain's trading relations with New Zealand, a traditional supplier of agricultural products to Britain.36) The Ministry of Agriculture argued that Britain should refuse to grant a trade agreement until Romania had agreed to a debt settlement. This was unrealistic, since Britain now had just as much interest in securing a trade agreement as Romania, in view of the substantial Romanian orders for British industrial products which were pending. Treasury and Board of Trade officials thought that if no settlement were reached, there would be little hope of ever getting compensation payments, and that the concessions offered by the Ministry of Agriculture were insufficient. They believed that it would be difficult to resist for much longer pressure from British exporters for a trade agreement without a financial settlement. The three items for which the MAFF were refusing a quota—butter, fresh
tomatoes, and strawberry and raspberry pulp held an importance in the eyes of the Romanians which was far in excess of their value. They might even be satisfied with token quotas, whereas a flat refusal could mean an agreement would never be reached. This would not only mean that there would be no settlement of the financial claims but also agreement to negotiate on the oil claims and the bonded debt after a certain period would be indefinitely postponed. Romania resented being treated differently from other East European countries. Board of Trade and Foreign Office officials realised that compensation payments would be small enough anyway and criticism was inevitable. This would be even stronger if no settlement at all was obtained.37) Renewed pressure was put on the Ministry of Agriculture and following the failure of direct approaches, the question went to cabinet with Foreign Office, Board of Trade and Treasury ministers ranged against the Minister of Agriculture. Pressure from the Board of Trade forced the pace, since representatives of British industry interested in securing contracts in Romania were reluctant to see a trade agreement being put off indefinitely. This led to agreement that Romania could be granted a 300 ton butter quota, which still fell well short of what was expected by the Romanians.38) The British position on Romanian compensation payments was also modified following the failure of the Bucharest talks. In April, British officials agreed to drop the previous requirement of a minimum annual payment by the Romanians. Instead, Bucharest would merely be required to pay half the total by the end of the third year. This was an important concession, because it allowed the Romanians to take advantage of the expected gradual increase in bilateral trade which would follow
the signing of an agreement.39) By the time of resumption of negotiations in November, Britain had also accepted the Romanian proposal that payment should be based on a percentage of the value of goods sold to the UK on specific import licences (in other words those which were subject to quotas because of their greater sensitivity) rather than as a proportion of total exports.40)

While attempts were being made in Whitehall to resolve the conflicting interests, problems over credits for Romania continued. Difficulties of British companies in obtaining ECGD cover increased pressure on the government. By July 1960, there were two large potential contracts, a foundry plant worth £1.2m and a polystyrene plant worth £800 000. Both British firms involved wanted ECGD cover. The Board of Trade considered this to be good business and wanted cover extended despite the fact that Romania's credit had been used up. The Eastern Bloc countries were seen as very reliable repayers and there were fears that Britain was losing to competitors in Romania because of their more generous credit terms.41) Recently, West Germany had sold a $30m rolling mill and the US was negotiating the supply of a pulp plant. Both of these projects were probably sold on credit. Robert Heath-Mason, the Head of the Foreign Office Northern Department, was concerned at Britain's rigidity over credit: "I deplore the argument that our exporters must always be at a disadvantage compared with their competitors," he wrote.42) The Treasury and the Foreign Office were nevertheless reluctant over the extension of ECGD cover, believing that there was insufficient information about Romania to justify an increase. Officials also pointed to the lack of any change in the country's position since the existing limit on credit to the country had been set in
The problem of credits enhanced the desirability from Britain's point of view of securing a trade arrangement, which would allow Romania to earn more sterling, thus making it more creditworthy. Moreover, an agreement even only in principle by Romania to negotiate a settlement of the oil companies' claims at a later date would reduce Britain's fear of blackmail in which Romania might threaten to default on its repayment of credits unless Britain agreed to buy oil.

Negotiations on trade and finance began again in October in London, after some initial attempts by the Romanians to stage them in Bucharest. The Romanian note accepting the British invitation to resume talks agreed to the British proposal of payment of compensation as a proportion of trade, but with 50% of the total to be paid after three years and the rest after five. Romania offered £1.2m as a settlement of claims, excluding oil and bonded debt. Romania's offer provoked some debate in Whitehall prior to the negotiations. Britain had previously established £1.3m as its minimum acceptable for the compensation payments. The Treasury had ministerial authority to go to £1.25m, but the Foreign Office did not. The Foreign Office position was the same as in 1956, when Lord Reading, a Foreign Office minister, had said that fresh ministerial authority should be sought before acceptance of less than £1.5m. During the previous round of negotiations, Britain had told the Romanians it would accept £1.3m and this offer had therefore been made in violation of a decision by a Foreign Office minister. Prior to the London talks in October 1960, the Foreign Office still tried to hold out for £1.3m and £20000 for personal prejudice claims, while the Treasury and Board of Trade were willing to settle for £1.2 or
£1.25m and threatened to negotiate a trade agreement without a financial settlement if the financial talks broke down. The difference reflects the fact that the Foreign Office was the department most interested in securing a claims settlement.46)

On 10 November 1960 agreement was reached on trade and payments. The financial settlement was £1.25m with £20000 paid outside the agreement for personal prejudice claims. Romania would pay over five years and would guarantee payment of 50% after three. The trade arrangement (this term was preferred in London to “agreement”) involved quotas worth £3.75m for Romanian exports to the UK. This compared with Romanian requests for £5.25m and of the difference nearly £900 000 represented Romanian requests for meat quotas which had been denied on health grounds. The trade arrangement also included quotas for UK exports to Romania, although these were often cosmetic since in practice when it came to industrial products, Romania was often willing to allow Britain to exceed its quotas. However, Britain also gained some consumer goods quotas, which it had been keen to get in order to diversify the pattern of trade and make some UK manufactured items available to the Romanian public. The percentage of trade to be used for compensation payments was disputed, with the Romanians insisting on 8% and a compromise was reached of 9% in the first three years and 8% thereafter with provision for half the total to be paid after three years and the rest after six. The payments were to be a percentage of quota exports rather than total exports, which was viewed by the Romanians as a way of encouraging Britain to be generous on quotas. The financial settlement covered claims arising out of Article 24 of the Peace Treaty (wartime property
losses) and out of nationalisation, but not the oil companies' claims. Romania agreed to enter negotiations over the oil and bonded debt claims in 1966.47)

The agreement was a good one for the Romanians as far as the claims settlement was concerned. In the period since the failed negotiations of 1955-6, Britain had not only lowered its figure, but had also conceded most of Romania's wishes over the terms of payment. The requirement for a minimum annual payment had been dropped and, most significantly, payments were to be a percentage of exports which were subject to British quotas rather than of total exports. This gave Britain an incentive to be generous in the granting of quotas. Nevertheless, the trade side of the agreement was of only limited benefit to both sides. The rigid position taken by the British Ministry of Agriculture, which refused to make substantive concessions on agricultural imports, left the Romanians disappointed. Moreover, the restriction of Romanian exports to Britain reduced the country's opportunity to earn sterling, which could have been used to buy British industrial products. This and the continued ban on imports of Romanian oil into Britain meant that the problems which existed in Anglo-Romanian trade in the late 1950s were not resolved by the trade arrangement of November 1960.

The better atmosphere of East-West relations and improved possibilities for commercial exchanges led Britain to take a greater interest in political contacts with the Romanian regime. The Soviet Bloc too was more interested in political contacts as part of Khrushchev's "peaceful coexistence" policy. Although the Foreign Office was initially reluctant about promoting such contacts with the Romanian regime because of the debt problem and the fact
that Romania was still seen as the most subservient satellite, it later came to regard them as beneficial. As far as relations with Romania were concerned, the main aim in encouraging political visits was to promote Britain's economic objectives. Politically they were only relevant in the promotion of wider policy to the Bloc.

In May 1956, Sir William Wavell Wakefield, MP visited Romania in his capacity as President of the Harlequins Rugby Club along with his team, which played in the country. Although his visit was disguised as a non-political event, it was the first post-war visit by a British MP who was neither a communist sympathiser nor the promoter of the interests of a particular firm. The British MP met the Romanian Foreign Minister, the Minister for the Chemical Industry, a Deputy Minister of Foreign Trade, a Deputy Minister of Agriculture, the General Director of Foreign Trade and the Chief Scientific Adviser to the Government, as well as the Minister of Sport. In talks at Sinaia with the Romanian Foreign Minister and representatives of the Ministry of Foreign Trade the Romanians urged that the trade talks be brought to a successful conclusion and suggested an exchange of scientists and Anglican clergy. The advantage of visits by back-bench MPs like Wavell Wakefield was that British views could be promoted and grievances aired without any implication of a closening of official relations between the two governments. However their drawback was that MPs often avoided raising delicate subjects for fear of jeopardising the red carpet treatment offered by their communist hosts. For instance, Wavell Wakefield failed to mention exit permit problems for British nationals or the arrest of Romanian employees of the British Legation, even though
the Foreign Office had asked him to. Instead he gave fulsome praise to his hosts, who supposedly arranged visits to factories in "any industry we wanted to see."50) After his visit, the MP suggested that the Romanian Foreign Minister, Grigore Preoteasa, who was also Chairman of the Romanian Rugby Football Federation should be invited to Britain in September when a Romanian rugby team was due to play in Britain. Although envisaged as a non-political visit, the Foreign Office rejected Wavell Wakefield's idea. Given Romania's subservience to Moscow and the problem of debts, the country was hardly the best candidate for the first ministerial visit from the Eastern Bloc, whatever the pretext.51) The Harlequins' visit was one of the first sporting contacts with the Eastern Bloc since the start of the Cold War. Although it may have been of little political benefit, the visit did give ordinary Romanians the chance to meet Westerners. The Club's report of the visit refers to the players attracting large crowds during their sightseeing tour of Bucharest.52)

Wavell Wakefield made contact with Patriarch Justinian and representatives of the Romanian Orthodox Church and in August the Anglican Bishop of Gibraltar proposed a visit to Romania and other countries in South East Europe.53) The Bishop was responsible for overseeing the Anglican Church in Bucharest. He was advised against such a visit by the Foreign Office, which cautioned that the regime would use it to try to demonstrate that the Church of England recognised the compromised Romanian Church hierarchy and this would demoralise those who were working for genuine religious freedom. When John Ward, the Deputy Under Secretary responsible for the Northern Department, wrote to the Bishop he suggested that if a visit was made to
Patriarch Justinian, there should also be a call on one of the Protestant leaders. This nevertheless amounted to a softening of the position of two years before when the Foreign Office had opposed any contact with the Patriarch.54) In August 1956, the Romanian authorities invited the mayors and deputy mayors of Birmingham, Leeds, Bradford and Kensington to visit. The Foreign Office, although favourable to the idea of sending such visitors to the Soviet Union on the grounds that Soviet mayors were influential and hence worth cultivating, was not happy about it in the case of Romania. Officials argued that as the country was so subjugated to the USSR, there would be nothing to gain and that such exchanges would only give respectability to puppet regimes. However it was decided that the proposed Romanian visits could not be publicly opposed since this would lead to criticism and so guarded approval was given. The visit took place in September 1956, and was the first by British mayors to a Soviet satellite.55) Officials of the British Legation in Bucharest thought that the Romanians wanted to use the mayors in order to pressurise the British government to negotiate a trade agreement, following the breakdown of talks in June (see page 199) and that they had misunderstood the role of British mayors since in Romania, mayors had considerable responsibility for local industry.56) The initiative also fitted in with Moscow's "peaceful coexistence" propaganda offensive.

In 1957, there was an increase in visits over previous years, and hints that the British line on government to government contacts might be softening. In August, a British Parliamentary Delegation visited Romania for the first time. The visit was arranged by the British group of the Inter-Parliamentary Union.
Initially the Foreign Office was unhappy about the visit and Thomas Brimelow, the Head of the Northern Department, made clear that if he had known that such a large delegation involving ten MPs was going to Romania, he would have advised against it, since Romania's political situation was bad, and British claims had not been settled. Moreover, any parliamentary delegation, which met members of the Romanian Grand National Assembly, lent credibility to the regime's claim that the latter was a "parliament." 57)

However, the visit was quite successful from Britain's point of view. Apart from the Labour left-winger, Konni Zilliacus, it was composed of well-balanced parliamentarians, who did not allow the Romanians to secure too many propaganda points at their expense. Lord St Oswald of Maitland in particular went out of his way to depart from the programme arranged by the Romanians, and publicly demonstrated his distance from his hosts by laying a wreath on the monument to liberty at Blaj. At an interview with President Groza, Lord St Oswald raised the subject of political prisoners, while the delegation as a whole made clear to the Romanians that the resolution of outstanding personal cases such as exit permits and the release of imprisoned employees of the Legation would be a condition for the establishment of an Anglo-Romanian Parliamentary Group. Sir Herbert Butcher, another member of the delegation, mentioned harassment of the British Legation by the Romanian authorities. Arthur Wilton, First Secretary at the British Legation was generally pleased with the way the visit went.58) It was clearly more successful than that of Wavell Wakefield, since the delegation was not afraid to raise sensitive subjects. However, the regime was still working hard to
secure propaganda successes in the late 1950s as demonstrated by the intensification of visits by left wing MPs, (such as the Marxist, John Baird, who was nevertheless critical of the authorities and attended a service at the Anglican Church in Bucharest), communist sympathisers and left-wingers such as Dora Russell, who arrived in Bucharest with her "peace caravan" and set about helping the regime in its propaganda campaign against British and US policy in the Middle East.59) The Foreign Office continued to treat Romanian initiatives for increased Church contacts coldly and remained reluctant to encourage sporting and cultural links.60)

In 1957, Dr Hewlett Johnson, the "Red Dean" of Canterbury, suggested to Archbishop Fisher that Patriarch Justinian should be invited to the Lambeth Conference since "in addition to being an extremely handsome man, he is very much alive and beloved by his people and his clergy." Although Fisher was not able to fit Justinian into his guest list for 1957, he was quite positive about the Patriarch, who he had been in touch with via William Wavell Wakefield MP.61) The Patriarch was invited to the Lambeth Conference in 1958 and introduced personally by Archbishop Fisher, who expressed his "great pleasure in asking the Metropolitan Justinian to speak." The Church of England's attitude to the Romanian Patriarch was naive, considering that there was ample evidence in its possession of Justinian's subservience to the Romanian communists and the Soviet Union which is currently in Lambeth Palace's archive. In the 1940s and 1950s, the Church of England received numerous memoranda from religious groups and individuals who had fled from communist Romania and who detailed the religious repression which was taking place in the
country. One of these referred to a statement made by Justinian at Christmas 1948 that "Christ is a new man. The new man is Soviet man. Therefore Christ is a Soviet man," and to the Patriarch's attacks on the Church of England after the Bishop of Gibraltar had urged him to take a tougher line against Soviet oppression. However, the Church of England and the British Council of Churches did not always take the representations of emigré churchmen seriously, regarding them as "bitter" about communism and their national churches.62)

Although Romania was still considered to be loyal to Moscow, the possibility of the country moving to greater independence began to have some impact on British policy. In September 1958, a despatch written by Alan Dudley, the British Head of Mission in Bucharest developed the theme of Romania's "Western" orientation and considered the possibilities of the country displaying greater independence of Moscow. Dudley thought that some of the communist leaders were "genuine nationalists and patriots in their own twisted way" and argued that Britain should support any moves by the Romanian leadership to distance themselves from Moscow.63) The despatch met with mixed reactions in London. John Wearing, a Foreign Office official, considered that it was "an interesting letter" and that Dudley was right to emphasise Romania's natural orientation towards the West. However, there was "no evidence to support his belief.... that some of the Roumanian leaders have a genuine streak of nationalism."64)

Since policy in general towards the satellites was under review Dudley advocated an upgrade of the BBC's services to Romania. He called for a change in emphasis in broadcasts which were "too
influenced by émigré thought and not sufficiently guided by an understanding of the nature of the relations between Western and Eastern Europe," and, as far as was possible for the BBC, for British government policy to be elucidated in broadcasts. The implication behind this suggestion was that criticism of the Romanian regime by the BBC should be toned down. Dudley also believed that British visitors should be encouraged to go to Romania "especially if they can come as interested and enquiring individuals" rather than as delegates. 65)

Dudley defined British aims in Romania and what Britain sought to avoid. An end to Soviet control would only come about as a result of events outside Romania, he concluded. Britain's aim was that in these circumstances, Romania should be on Britain's side, or at least not an asset to the Soviet Union. While recognising that it was in Britain's interests to prevent the Romanian population from becoming permanently reconciled to communism, Dudley believed that Romanians should not be encouraged to mount violent resistance to the regime since this would be suicidal. The brutal suppression of the Hungarian Uprising in 1956 probably influenced the British Head of Mission's thinking. He considered that policy should maintain a balance between encouraging the anti-regime feelings of the Romanians and avoiding the provocation of unrest. To facilitate this objective, Dudley believed it was important that the West should not give the impression that it regarded the communist regime as permanent.66) Nevertheless the emphasis on Britain distancing itself from émigré thought and not encouraging the population to engage in resistance fits in with Sullivan's 1954 despatch which echoed the percentages agreement. Once again, Britain was accepting the
predominance of Soviet influence in Romania and the fact that 
British policy did not aim fundamentally to change the political 
situation. Nevertheless the improved East-West political climate 
and the increased opportunities for trade meant that by 1958, 
Britain was in a stronger position to gain some influence in 
Romania in the commercial field, albeit not to the level which 
politicians and diplomats had been hoping for in the 1940s.

In 1959, the mayors of Bucharest, Cluj and Ploesti were invited 
to Britain as a return visit for that of the mayors of Leeds, 
Kensington and Birmingham in 1956. (The return visit had been 
delayed by the Hungarian events of 1956). The Foreign Office 
showed more favour towards this visit than it had done to the 
British mayors' journey to Romania, considering that there was no 
political objection and that it fitted into the general effort to 
create a favourable atmosphere in bilateral relations as a prelude 
to the trade negotiations which were about to take place. The visit 
took place in October.67) In December, plans began to be laid for a 
further visit by British MPs, organised by John Tilney MP, 
Chairman of the British Group of the Inter Parliamentary Union. 
The Foreign Office was more favourable to the idea this time than 
it had been in 1957. Although there was still concern about the 
propaganda opportunities which the visit would give to the 
regime, it was seen as generally advantageous because of the 
slight improvement in the atmosphere of Anglo-Romanian 
relations and because it might help with personal cases. However, 
Tilney was encouraged to try to persuade the Romanians to send a 
delegation to the UK, since British MPs had visited Romania in 
1957. Brimelow considered that this would give the Romanians 
less scope for propaganda. The British Legation also said it was
essential for the group to contain some sensible MPs, who would not allow the Romanians to use the whole exercise for their own purposes.68) Cultural relations remained problematic for financial reasons, but a number of academic exchanges took place.69) In September, Henry Jakober, a London businessman who bought foodstuffs from Romania, tried to persuade the MAFF to invite a Romanian Deputy Agriculture Minister to visit at Jakober’s expense, but this suggestion was turned down.70)

In 1960, an Anglo-Romanian Parliamentary Group, with Wavell Wakefield as President, was set up. The Foreign Office was initially unhappy about this development, but later came to see the benefits of the existence of the group as a channel for dealing with personal cases. However MPs still tended to praise their hosts and avoid raising contentious issues.71). British business visitors were not immune either from giving fulsome praise to the Romanian authorities. In October 1960, Paul Chambers, Chairman of ICI, visited Romania, at the invitation of the Romanian government, as a follow-up to the visits to Britain led by Mihai Florescu in 1958 and Alexandru Bârlădeanu in 1959. Chambers met Bârlădeanu, the Chairman of the Planning Commission, the Minister of Commerce, the Minister of the Oil and Chemical Industries and others. Chambers described how people he saw were well dressed and the children seemed happy and cleaner than those from industrial areas of Britain. However, it was clear from his description that he stayed in the Herastrau district which was largely set aside for the nomenklatura thus making the comparison with industrial areas of Britain disingenuous.72)

By 1960, British-Romanian relations had improved markedly compared with even five years previously. The East-West climate
was now relatively stable and based on mutual acceptance of the status quo. While Khrushchev's "peaceful coexistence" policies contained a strong element of propaganda, by 1960 they had led to a genuine increase in East-West exchanges and at least to a toning down of the notion of the West as the "class enemy." The new climate led to much closer Anglo-Romanian political relations, but the main motive for these links was commercial. Romania's industrialisation plans created opportunities for British exports, and consequently led British officials to be more willing to compromise on the compensation question, which had previously restricted bilateral trade. The Romanians too were much keener to come to terms with Britain because of their strong interest in buying British industrial products now that ideological objections from Moscow were less of a problem. The signing of the 1960 Anglo-Romanian trade arrangement and compensation agreement appeared to mark a turning point after which commercial exchanges would greatly increase. However, relations were constrained by the rigidity of the Romanian regime and its failure fully to appreciate British concerns. The lack of a settlement on the oil companies claims was a serious flaw in the 1960 accord, which prevented Romania from exporting a product which Britain was genuinely interested in buying. Moreover, the Romanian communists' primitive approach to trade, in which they expected to have a favourable trade balance with each individual country rather than simply in trade as a whole created a major obstacle to the expansion of commercial exchanges. The 1960 accord in practice marked the period of greatest optimism in British-Romanian relations in the period 1944 to 1965 after which greater disillusionment set in. While British officials may have
hoped that the 1960 accord marked the beginning of a period of greater involvement in Romanian affairs, in practice this hope was to founder because of the rigidities of Romania's communist system, in spite of the important political developments of the early 1960s.

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4) PRO FO 371 135187, NR1152/1; Minute by Weston (Treasury), 7 January 1958.

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6) PRO FO 371 135186, NR1151/3; Letter, Brimelow to Tippets (Board of Trade) 2 July 1958.

7) PRO FO 371 135186, NR1151/3; Letter, Ward to Hancox (Board of Trade) 25 July 1958; NR1151/8; Despatch, Dudley to Brimelow, 20 November 1958. In November 1958, the Board of Trade issued a booklet on Romania in the *Hints to Business Men* series for the first time, a fact which reflects the increase in commercial exchanges in the late 1950s. (Board of Trade Journal, 21 November 1958, 1108).

8) PRO FO 371 135186, NR1151/8; Despatch, Dudley to Brimelow, 20 November 1958; NR1151/12; Despatch, Dudley to Brimelow, 16 December 1958.

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15) PRO FO 371 143354, NR1151/11; Despatch, Chancery Bucharest to Foreign Office, 20 April 1959; NR1151/5; Despatch, Chancery Bucharest to Northern Department, 4 February 1959. The likelihood of Romania increasing its deutschmark earnings was remote, since West Germany had imposed economic sanctions, in view of Romania's treatment of its ethnic Germans. (PRO FO 371

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23) PRO FO 371 143355, NR1151/40; Despatch, Foreign Office to Bucharest, 30 July 1959; NR1151/45; Letter, Glaves Stewart (Treasury) to Percival (ECGD), 14 August 1959.

24) PRO FO 371 143355, NR1151/40; Despatch, Foreign Office to Bucharest, 30 July 1959; Letter, Garrity (ECGD) to McAlpine (Foreign Office), 23 September 1959; Letter, Wigfull (Treasury) to Reeve (Foreign Office) 29 September 1959. In November, however, the ECGD granted credits totalling £0.6m for annual payments on the grounds that the £0.5m figure should not be interpreted too rigidly. (Letter, Rawlings [ECGD] to Glaves Smith [Treasury], 19 November 1959).

26) PRO FO 371 151869, NR1152/3; Letter, McAlpine to Scott Foxe, 18 February 1960.

27) PRO FO 371 151871, NR1152/29; Minute by Brooks, 29 March 1958; Treasury briefing for Anglo-Romanian trade and debt negotiations, dated 18 March 1960; Letter, Foreign Office to Treasury, 31 March 1960; Minute by Brooks, 29 March 1960.

28) PRO FO 371 151871, NR1152/21; Minute by Mason, 5 April 1960; NR1152/21; Letter Godber, (MAFF) to Erroll (Board of Trade), 7 April 1960. On the difficulties over agricultural quotas in the 1970s see M. Percival, "Britain's Political Romance with Romania in the 1970s" in Contemporary European History (March 1995), 74-8.

29) PRO FO 371 151871, NR1152/21; Letter, Erroll (Board of Trade) to Godber (MAFF), 28 March 1960; Minute by Mason, 5 April 1960; NR1152/29; Treasury briefing for Anglo-Romanian trade and debt negotiations, dated 18 March 1960.

30) PRO FO 371 151871, NR1152/21; Telegram, Bucharest to Foreign Office, 16 April 1960.

31) PRO FO 371 151872, NR1152/32; Telegram, Bucharest to Foreign Office, 19 April 1960.

32) PRO FO 371 151872, NR1152/32; Telegram, Bucharest to Foreign Office, 20 April 1960; Telegram, Board of Trade to Bucharest, 21 April 1960; NR1152/40; Despatch, Bucharest to Foreign Office, 23 April 1960.

33) PRO FO 371 151872, NR1152/40; Despatch, Wilton (Bucharest) to Foreign Office, 23 April 1960.

34) PRO FO 371 151872, NR1152/40; Despatch, Wilton (Bucharest) to Foreign Office, 23 April 1960.

35) PRO FO 371 151873, NR1152/50; Minute by Heath Mason, 13 May 1960.

36) PRO FO 371 151873, NR1152/50; Letter, Derick Heathcote Amory (Chancellor of the Exchequer) to John Hare (Minister of Agriculture), 13 May 1960; Letter, Sir Richard Powell (Permanent Secretary, Board of Trade) to Sir John Winnifrith (Permanent Secretary, MAFF); Letter, Lord Home, (Secretary of State for
Commonwealth Relations) to Heathcote Amory, 23 May 1960; Submission by McAlpine, 14 June 1960.

37) PRO FO 371 151873, NR1152/50 Meeting of Treasury, Bank of England, Board of Trade and Foreign Office officials, 31 May 1960; Submission by McAlpine, 14 June 1960.

38) PRO FO 371 151873, NR1152/50; Submission by McAlpine, 14 June 1960; Minutes by O'Neill, 14 June 1960, Gore Booth, 15 June 1960, Heath Mason, 4 July 1960.

39) PRO FO 371 151872, NR1152/39; Record of meeting of Treasury, Foreign Office, Board of Trade and Bank of England officials, 26 April 1960.

40) PRO FO 371 151877, NR1152/76; Despatch, Foreign Office to Bucharest, 17 November 1960.

41) PRO FO 371 151874, NR1152/53; Letters, Rawlings (ECGD) to Mitchell (Treasury), 22 June 1960, 24 August 1960; Bendall (Foreign Office) to Rawlings, 6 October 1960; NR1152/55; Minutes by Reeve, 8 July 1960; McAlpine, 26 July 1960; Letters, Rawlings (ECGD) to Mitchell (Treasury), 30 June 1960; Slater (Treasury) to Whitehorn (Board of Trade), 19 July 1960; Bendall to Slater, 28 July 1960; NR1152/58; Treasury memorandum, 7 July 1960.

42) PRO FO 371 151874, NR1152/58; Treasury memorandum, 7 July 1960; NR1152/60; Minute by Heath Mason, 29 July 1960.

43) PRO FO 371 151874, NR1152/55; Minute by Reeve, 8 July 1960; NR1152/60; Letter, Anthony Barber (Economic Secretary to the Treasury) to F.J. Erroll, MP; Treasury memorandum on UK-Romanian trade 1957-59, 10 May 1960.

44) PRO FO 371 151874, NR1152/62; Letter, Romanian Minister of Commerce to British Legation, 5 September 1960.

45) Ibid.

46) PRO FO 371 151876, NR1152/70; Handwritten minute by McAlpine, 21 October 1960; Minute by Reeve, 20 October 1960; Letters, Parker (Board of Trade) to Weston (Treasury), 28 October 1960; Weston (Treasury) to McAlpine (Foreign Office), 1 November 1960.

48) An example of a commercially orientated visit was that of Martin Lindsey MP, who travelled to Romania in January 1956 in connection with the business interests of the UK firm R. E. Frank Ltd., which wanted to sell Land Rovers and chemicals. (PRO FO 371 122740, NR1631/1; Despatch, Bucharest to Foreign Office, 19 January 1956).

49) PRO FO 371 122709, NR1052/2; Report by Wavell Wakefield MP, on visit to Romania, July 1956.

50) PRO FO 371 122750, NR1801/11; Despatch, McDermott, (Bucharest) to Foreign Office, 19 April 1956; NR1801/12; Despatch, Foreign Office to McDermott, 4 May 1956; NR1801/13; Despatch, Bucharest to Foreign Office, 13 May 1956; The New Statesman, 19 May 1956; NR1801/14; Despatch, Bucharest to Foreign Office, 17 May 1956; NR1801/15; Minute by Hohler, 24 May 1956.

51) PRO FO 371 122709, NR1052/2; Minute by Given, 16 July 1956; Minute by Ward, 16 July 1956.


53) PRO FO 371 122709, NR1052/2; Minute by Given, 16 July 1956; Minute by Ward, 16 July 1956.

54) PRO FO 371 122748, NR1783/1; Letter, Bishop of Gibraltar to Dudley (Bucharest), 21 August 1956; Letter, Dudley to Bishop of Gibraltar, 30 August 1956; Despatch, Foreign Office to Dudley, 13 September 1956; Letter, Ward (Foreign Office) to Bishop of Gibraltar, 26 October 1956; Lambeth Palace Archive: Fisher Papers, vol. 184, f 159; Letter, Fisher to Johnson, 9 March 1957.

Church relations with the Eastern Bloc were complicated by the fact that although Justinian was the most subservient of all the Orthodox patriarchs, in 1935 the Romanian Orthodox Church had recognised Anglican orders, whereas the Bulgarian, Serbian and Russian Orthodox Churches had not. Also in 1948, at the Moscow Church Congress, the Romanian delegate had defended the
Anglican Church. (PRO FO 371 122748, NR1783/3; Despatch, Foreign Office to Dudley, 31 December 1956).

55) PRO FO 371 122710, NR1053/1; Minute by Brimelow, 23 August 1956; NR1053/4; Telegram, Foreign Office to Bucharest, 6 September 1956; NR1053/8; Despatch, Bucharest to Foreign Office, 27 September 1956.

56) PRO FO 371 122710, 1053/8; Despatch, Bucharest to Foreign Office, 27 September 1956.

57) PRO FO 371 128945, NR1632/2; Despatch, Foreign Office to Bucharest, 1 August 1957; NR1632/4; Letter, Dudley to Brimelow, 8 August 1957.

58) PRO FO 371 128945, NR1632/10; Despatch, Wilton (Bucharest) to Brimelow (Foreign Office), 3 October 1957.

59) PRO FO 371 128944, NR1632/2; Despatch, Willan (Bucharest) to Joy (Foreign Office), 27 August 1957; NR1631/4; Despatch, Bucharest to Foreign Office, 27 August 1957; 128955, NR1791/1; Letter, Boucher (Ministry of Health) to Given (Foreign Office), 8 March 1957; 128951, NR1751/7; Despatch, Chancery Bucharest to Foreign Office, 5 November 1957; 135222, NR1961/6; Despatch, Wilton to Foreign Office, 28 August 1958; 135172, NR1051/6; Despatch, Bucharest to Foreign Office, 24 July 1958. Dora Russell's papers on the "peace caravan" tour of Eastern Europe are located at the Feminist Archive, Trinity Road Library, Bristol. This author was, however, unable to gain access since the Feminist Archive is open to female researchers only (J. Foster and J. Sheppard, Guide to British Archives, (Third edition), London, Macmillan, 1995, 60).

60) PRO FO 371 128954, NR1782/1; Minute by Brimelow, 8 April 1957; NR1782/2; Minute by Goodinson, 2 July 1957; 128956, NR1801/5; Despatch, Dudley to Foreign Office, 6 June 1957; 135172, NR1051/1; Despatch, Dudley to Brimelow, 12 February 1958.


62) Lambeth Palace Archive: Lambeth Conference Papers, vol. 196, f244; 1958 Conference reports; f29 Signed photograph presented by Justinian to Fisher; Bell Papers; f289-93, 304-10;
Various letters and memoranda on religious oppression in Romania, 1948-51.

63) PRO FO 371 135156, NR1016/46; Despatch, Dudley to Foreign Office, 18 September 1958.

64) PRO FO 371 135156, NR1016/46; Minute by Wearing, 9 October 1958.

65) PRO FO 371 135172, NR1051/1; Despatch, Dudley to Brimelow, 12 February 1958.

66) Ibid.

67) PRO FO 371 143334, NR1051/5; Despatches, Scott Foxe (Bucharest) to Brimelow, 21 May 1959, Brimelow to Scott Foxe, 25 June 1959; Handwritten minute by Reeve, 24 June 1959; NR1051/9; Minute by McAlpine, 13 October 1959.

68) PRO FO 371 143334, NR1051/7; Telegrams, Bucharest to Foreign Office, 20 August 1959, Foreign Office to Bucharest, 26 August 1959.

69) PRO FO 371 143378, NR1751/2; Minute by Carr, 12 August 1959; 143379, NR1761/1; Despatch, Wilton (Bucharest) to Foreign Office, 11 May 1959; Despatch, Foreign Office to Bucharest, 18 June 1959; 143382, NR1791/1; Despatch, Bucharest to Foreign Office, 11 November 1959; Handwritten minute by Reeve, 13 November 1959; 143381, NR1782/1; Telegram, Foreign Office to Bucharest, 12 February 1959.

70) PRO FO 371 143385, NR1871/1; Letter, Locke (MAFF) to Michell (Foreign Office), 11 September 1959. Jakober was a middle man in deals whereby money was paid in the West to buy Romanians out of prison and out of the country. He was involved in the release of jailed Romanian employees of the British Legation. According to Ion Pacepa, Head of Romania's Foreign Intelligence Service (DIE) until his defection to the US in 1978, Jakober was a DIE agent. (I. Pacepa, Red Horizons, London, Heinemann, 1989, 73-5, Second Edition).

71) PRO FO 371 151851, NR1051/2; Despatch, Chancery Bucharest to Foreign Office, 9 April 1960; NR1051/5; Despatch, Scott Foxe to Heath Mason, 3 October 1960; 151851, NR1051/6; Despatch, Scott Foxe to Heath Mason, 8 October 1960.
72) PRO FO 371 151890, NR1631/1; Report by Chambers dated 29 October 1960 on his visit to Romania from 12 to 16 October 1960.
CHAPTER 8: POLITICAL DEVELOPMENT AND ECONOMIC DISAPPOINTMENT. (1961-62)

The early 1960s saw important developments in East-West relations. The vital interests of the two Blocs in Europe had been more clearly defined and the communist regimes of Eastern Europe were largely secure. Britain reacted to these developments by changing its policy towards the satellites. More secure regimes were more confident about developing relations with the West, hence East European countries were no longer treated as stooges of Moscow, but as countries in their own right, albeit still part of the communist system. The beginning of Romania's emergence from Soviet tutelage made that country a strong candidate for this sort of political cultivation. However, while certain political gestures, such as invitations to Romanian government ministers to visit Britain, were made as part of this policy, British-Romanian relations remained within the parameters defined by Orme Sargent in 1944, namely that Britain confined itself to the promotion of its direct interests only. In practice this meant concentration on commercial objectives, with no question of using trade concessions to promote political change in Romania.

The apparent increase in East-West tension, which occurred with the Soviet isolation of East Berlin on 13 August 1961, and also with the Cuban Missile Crisis of 1962 in practice demonstrated the Soviet Union's interest in preserving the status quo rather than in engaging in aggressive anti-Western activity. The building of the Berlin Wall was intended to consolidate the position of the East German regime, but amounted to an effective Soviet abandonment of any designs on West Berlin. Moreover,
although the Cuban Missile Crisis is generally seen as the most dangerous point in the Cold War, in practice the Soviet climbdown showed that Moscow was not prepared to risk world war for the sake of its Cuban protégé. Thus by the end of 1962, the limits of Soviet ambition were clearer than two years previously. Moreover the cohesiveness of the communist Bloc was weakened by the Sino-Soviet split and by the beginnings of Romania's independent economic and foreign policy. Although it was really only in 1963 with the COMECON dispute that Romania's dissent became a significant factor within the Soviet Bloc, the signs of greater independent-mindedness on the part of the leadership were noted by British observers and were considered sufficiently important to influence policy, albeit in the political but not the economic field.

The signs of weakness within the Soviet Bloc created opportunities for Western countries to try to exploit these tensions in order to weaken Moscow's hold over the communist world, while recognising that the communist regimes themselves were secure and thus unlikely to be replaced. Thus a notable change took place in British policy towards Eastern Europe. Up to this point, Britain had maintained higher level relations with the Soviet Union than with the Eastern European countries on the grounds that the satellite governments were unrepresentative and politically irrelevant because of their subservience to Moscow. In 1961, this policy was reversed. Britain now took the view that although there was no question of risking global war to liberate the satellites from communist rule, any political trends towards greater independence should be encouraged. The rationale behind this policy was that under Khrushchev the Eastern European
governments were allowed a greater degree of independence. Moreover, because the East European regimes were more secure by the 1960s, their leaders would be bolder and hence more open to overtures from the West. The concrete measures which Britain decided to take in 1961 included the encouragement of ministerial visits to all the satellites except Hungary (the Kadar government still being regarded as a pariah because it had been imposed by the Soviets after the suppression of the 1956 Uprising). Previously only Poland had been considered a suitable candidate for such exchanges because of its special position under a communist regime which had had limited autonomy from Moscow since 1956. Also visits to the UK were to be encouraged. UK missions in satellite countries were urged to make greater efforts to establish relations with those in or close to the Party hierarchy and more attention was to be given to the London satellite missions for example by greater ministerial attendance at parties. The question of upgrading the status of the British missions in Bucharest and Sofia from Legation to Embassy status was reviewed. (Bucharest was eventually upgraded in December 1963). The budget for cultural exchanges was substantially increased. British policy was intended to be coordinated with the rest of Nato, but the policy paper suggests that it was Britain which took the lead in encouraging this change of policy towards the satellites.1) The BBC also produced a policy paper in 1961 on broadcasting to the satellites. As with the Foreign Office document, the BBC paper stressed that the East European regimes were stable and that there was no prospect of Britain trying to overthrow them. Broadcasting therefore had a role to play in the improvement of East-West relations. Consequently, the paper directed that
although satire could be useful, personal abuse of representatives of Eastern European governments should be avoided and broadcasters should be careful not to adopt "an emigré tone."2)

From 1961, British observers came to note moves by Romania towards greater independence. For example Scott Foxe's valedictory despatch written in June 1961 commented on the country's tentative steps towards a foreign policy based on its own initiative rather than on Moscow's diktat. The British representative saw Bucharest's suggestions for a Balkan disarmament scheme as part of this trend, although he was quick to stress that Romania's ideas always had the sanction of the rest of the Bloc. Scott Foxe believed that the Romanian regime would reinforce its position of greater independence as the leadership came to recognise the benefits to their own power and status, and that Britain should support this development. His successor, James Dalton Murray, who took over in June 1961, showed a particular enthusiasm for developments in Romania, but often confused domestic and foreign policy in these early stages. For example in December 1961, he reported that the Romanian communists were "seeking greater freedom of action at home by observing rigidly the Soviet line abroad."3) In reality, Romania began to demonstrate an independent line in foreign affairs at this time, while maintaining strict internal control.

Thus when the new policy of cultivating the satellites was set out in 1961, Romania was seen as the best hope after Poland, in spite of the hard line nature of the regime. 4) There was, therefore, a notable increase in political contacts. In September 1962, Mihai Suder, Romanian Minister of Forest Economy was the first Romanian minister to visit the UK since the communists took
power. The visit was sponsored by the British Forestry Commission. 5) A number of parliamentary exchanges took place and the Foreign Office was far more favourable to these than it had been the previous decade, particularly since they were seen as useful in countering the effects of visits to Eastern Europe by Labour left-wingers such as Konni Zilliacus MP, and Sidney Silverman MP, who were invited to Romania by the government in August 1962, and gave the usual sycophantic praise to the regime. 6) British observers continued to differ during 1962 as to the degree of Romania's independence, with Murray being generally more enthusiastic than Foreign Office officials in London. For instance when a new Party history was published, which played up the role of those who had spent the war in prison in Romania rather than in Moscow, Murray interpreted it as a demonstration of independence, while officials in London regarded it as a more cynical exercise designed to build up Gheorghiu-Dej's leadership. 7) However, Murray continued to report enthusiastically about Romanian developments. In his Annual Review for 1962, he commented that Romania had intensified the cultivation of uncommitted countries, and despite following Moscow's line on major foreign policy questions, it had been reluctant to get involved in disputes. For instance, the Romanians had been "aghast" at the possible consequences of Soviet action over Cuba, he wrote. 8)

It might therefore appear that there were numerous opportunities for an expansion of British-Romanian relations building on the 1960 trade arrangement and payments agreement. However, in practice, the scope for manoeuvre was limited by Britain's unwillingness to make economic concessions
for political reasons. Crucially, the 1961 policy paper commented that although the new approach to the satellites should include encouraging British firms to take an interest in these countries, promoting trade fairs and persuading satellite countries to buy British consumer goods and make them available to the local population, overall opportunities for expanding East-West trade were limited. However, the only real basis for an improvement in British-Romanian relations was through a breakthrough on the commercial front. Romania's major objective in its relations with Britain was to increase exports to earn sterling to buy British industrial products. Without concrete concessions by Britain on import quotas and the oil embargo, political gestures were of limited interest to the Romanian regime. The period after 1960 was therefore a disappointing one in British-Romanian relations in spite of the more hopeful political outlook.

After the trade arrangement was signed in November 1960, there was a significant increase in commercial exchanges. British firms benefited considerably from the increased opportunities for exports to Romania, which in the first quarter of 1961 were six times greater than in the previous year. Romania's industrialisation programme was seen as a good opportunity for British firms to win contracts. Romania was also exporting more and making efforts to improve the quality of its products, which gave it more opportunities to buy British goods and made the granting of credits easier. In early 1961, the Foreign Office and Board of Trade were optimistic about possibilities for British exports to Romania. Romania's Six Year Plan, which began in 1961, envisaged foreign trade doubling by 1965 compared with 1959. Romanian statistics showed that trade with non-Eastern
Bloc countries rose by a third in 1960. It was therefore clear that Romania was interested in buying from the West. Romania's balance of payments with Western countries was seen as satisfactory, and the country was consequently seen as deserving of increased credit. However, problems re-emerged very soon after this honeymoon period. Romania's trade remained constrained by the state planning system. Planning was written into Romanian law and this meant that contracts were inflexible and had many conditions attached. Decision-making on imports was centralised and this reinforced the communist preference for bilateral over multilateral trade, thus making it important for Romania to export to Britain, rather than simply to the West as a whole, if British firms were to secure contracts. Although British exports to Romania increased considerably in 1961, imports rose by far less, thus causing Romania to have a large trade deficit with the UK. This was a reflection of the very limited concessions which Britain had made on agricultural imports from Romania in the trade arrangement. According to British figures Romanian imports from Britain in 1961 were worth £13.6m compared to £3.0m in 1960, while exports only rose from £3.9m to £6.0m.

Despite the fact that Romania ran a trade deficit with most Western countries, others showed more interest than Britain in the promotion of their exports. In 1961, France, which subsidised its exports substantially, staged a trade exhibition regardless of the uncertainty over Romania's currency position, and in spite of the fact that the market for Romanian goods in France had already reached saturation point, which meant there was little opportunity for Romania to earn more francs. In 1961, there were also exhibitions of Austrian and Italian equipment even though
both countries had large trade surpluses with Romania.13) Other
Western countries were also willing to grant more favourable
credit terms than the UK, which meant Romania often looked
elsewhere. For example, in April 1961 Lyddon Black Clawson
Group, which was negotiating a £5.5m contract for a paper mill
made clear that they would arrange for the equipment to be made
in France rather than the UK if Britain failed to grant ECGD cover.
Limits on credit were increased in May, but Britain remained
ambivalent on the issue, while other countries were much
bolder.14) In October, the ECGD refused a number of applications
for credit for large contracts in Romania.15) Britain's continued
ban on imports of Romanian oil, which restricted Romania's
sterling earning capacity, was a further factor which put the UK at
a disadvantage compared to its Western competitors. There was
also concern in late 1961, following arrests of senior officials in
state trading organisations for failing to award contracts to the
lowest bidder, that this policy would rebound on British firms
which tended not to make price a selling point. Late in 1961, the
Foreign Office, Board of Trade and Treasury continued to press the
Ministry of Agriculture to agree to higher quotas for meat and
fruit pulp to enable Romania to earn more sterling.16)

Britain's concern over Romania's sterling earning capacity and
consequent reluctance to grant credit continued to be a dominant
issue in 1962. At the beginning of the year, the ECGD faced
pressure over two industrial contracts worth nearly £1m in total,
but which could not be accommodated within existing credit
limits. One of these contracts was subsequently cancelled.17) In
late January, a British industrialist representing a firm producing
a foundry plant discussed the trade situation with James Dalton
Murray, the British Head of Mission in Bucharest, and said that Romania often bought from West Germany or elsewhere rather than from the UK, because of the difficulty of obtaining credit. Murray was generally supportive of increased credits. He sympathised with the British industrialist's concern that credit for British exporters to Czechoslovakia was available at half the cost of credit to Romania, and considered that credit should be given at less disadvantageous rates if not on the same terms as for Czechoslovakia. Murray considered that while not enough business had yet been done with communist Romania for the country entirely to live down its pre-war reputation as a bad payer, nevertheless the existing regime's reputation for prompt payment ought to be taken into account, and also the fact that, in Murray's view, "state traders cannot afford to default."18) This view was naive and typical of Murray's general tendency to take Romanian officials at face value and to show insufficient understanding of the deficiencies of the communist system. Officials in London pointed out that Czechoslovakia exported a wide range of products, while Romania still depended largely on agricultural exports which were difficult to dispose of.19) These products were problematic because of the concerns of British domestic producers. The ECGD wrote to Murray with words of caution, pointing out the differences between the Czechoslovak and Romanian economies and the possibility that although Romania might not default on its debts, it could use them as blackmail to force through higher quotas for exports to Britain.20) The ultimate blackmail which the Romanians might have used would have been to insist that the UK must buy oil if there were to be no default on debts, and this fear was an additional reason why many British government officials
considered it prudent to keep Romania's credit low. Nevertheless, ECGD cover for Romania was increased in 1962 from £4.5m to £7m.21)

During 1962, there were the first signs of the UK relaxing its attitude to Romanian oil imports as a response to the difficulties over sterling earnings, and part of the impetus for this came from Shell, the company with the largest outstanding claims. Shell started to show an interest in exporting to Romania, having previously insisted on at least a token compensation payment before trade could take place.22) Board of Trade officials believed that if Shell sold to Romania this weakened the case for the embargo, which as they understood it, assumed that the British oil companies would not trade at all.23) In early April, a Board of Trade official noted that Romania's agreement to begin negotiations on compensation for the oil companies in 1966 made their position more respectable and hence made the oil ban less justifiable, particularly since the UK had agreed to defer the negotiations until then. The official went on to comment that "if.... Shell think they will derive some commercial advantage from lifting the ban, and the ban is now hurting Shell as much as, if not more than the Romanians, then there is even less point in continuing it." It seemed that officials in the Foreign Office and Board of Trade considered that the ban should be lifted and seized on facts which appeared to back up their case. In reality, although Shell's proposal to resume exports to Romania may have amounted to a weakening of the previous position, there was nothing illogical about maintaining the ban on Britain importing Romanian oil. The reason for the ban on buying oil was that it was regarded as "stolen" because it was processed by the companies
which had been forcibly nationalised. Selling to Romania did not compromise this principle. In fact, Shell continued to stress the importance of maintaining the ban and did not regard the embargo as "hurting" them at all. Moreover the interest in selling to Romania was the result of new commercial opportunities which presented themselves in the early 1960s (mainly Romania's need for lubricants for its new factories) rather than any decision by Shell to soften its stance on the embargo.24)

On 13 April 1962, in a conversation with Sir Patrick Reilly (a Deputy Under Secretary at the Foreign Office), Alexandru Lazăreanu, the Romanian Minister in London, stated that if the UK took only 2% of its oil requirements from Romania, this would earn the country £10m p.a., which could lead to a substantial expansion in Romanian purchases from Britain. The Romanian Minister argued that there was no advantage for the oil companies in maintaining their ban, since any settlement would be the same now or later, and he was particularly active in promoting this view with a number of other British government officials during April 1962.25) The Romanians realised that there was now a much better chance of persuading Britain to relax its previously rigid line on oil, in view of the difficulties which it presented for British exporters. The fact that opportunities for British firms to export to Romania were now far greater than they had been in the early 1950s, when the ban had been imposed, made the embargo far more difficult to justify. If the oil ban had been lifted, this would have solved the problem of Romanian sterling earnings and removed the interdepartmental difficulties over agricultural quotas. It would have placed Britain at a level position with its Western competitors, who were not hindered by similar bans and
were hence able to be more generous in their credit terms. Not only did the oil ban severely restrict Romania's capacity to earn sterling, it also made granting of credit less secure because of the fear of blackmail.

In June, the first signs appeared of a modification of the British attitude. There was an attempt at a more liberal definition of what constituted "oil products" when the Romanian Ministry of Foreign Trade asked if Britain could reconsider the ban on benzene, toluene and xylene. The Romanians argued that the petrochemicals they wanted to sell did not come from the refineries which had been nationalised, but from a new refinery and Murray believed the Romanian request should be considered. However, there is no evidence that Murray or the Romanians considered whether a market existed for Romanian petrochemicals in Britain. He was supported by the Board of Trade which believed concessions should be made enabling Romania to earn more sterling in view of the substantial capital equipment purchases from Britain which were in the pipeline. However, the Ministry of Power, which argued the case for the British oil companies, did not accept the Romanian argument that the chemicals could not be classified as oil products and did not want to become involved in attempts to distinguish one petrol product from another. The attempt at greater flexibility was therefore quashed more by the hard line taken by the Ministry of Power than by pressure from the oil companies.

Although there was a general consensus in British government departments that the ban on oil imports from Romania had to stay in place until a compensation settlement was negotiated, the idea emerged of Romania using oil exports to the UK as a means of
payment in such a settlement, and this again represented a softening of the previous position that payment must precede the lifting of the embargo. In 1962, both the Foreign Office Northern Department and the Board of Trade also considered it advantageous to open talks with Romania on oil before 1966, the date agreed in the 1960 trade arrangement. An early settlement would have allowed Britain to buy Romanian oil sooner and this seemed to be have considerable advantages from Britain's point of view. In June 1962, a Foreign Office official pointed out that West Germany was importing Soviet crude oil at $12.54/ton while the free world cost was $18.50.30) (Although British papers do not go into details about this arrangement, it is very likely that West Germany agreed to supply certain products in exchange). Moreover, the Romanian Six Year Plan was due to end in 1965 and discussion of projects for the new Plan would begin around a year before the old one ended. Without an oil quota there was little hope of an increase in Romania's sterling earnings, and this could discourage the country from placing orders in the UK for the new Plan. Thus, if the oil embargo was to be lifted at all, it made sense for it to be lifted early, so that British exporters could maximise the benefits of the industrial orders to be made under the new Plan.31) It was also seen as advantageous to begin negotiations before a lifting of the general embargo on Soviet Bloc oil, because quotas would seem more valuable when it was still in place, and also Romania might come under pressure from the Soviet Union to be flexible, since the USSR would be keen to see the embargo breached.32) A further argument in favour of lifting the embargo on Romanian oil was its quality. In September 1962, a British oil broker, H.M. Pratt of Lambert and Bendall Ltd., who was in
Romania to negotiate the sale of oil to West Germany, approached the British Legation in Bucharest asking about the possibilities for exports of Romanian oil to Britain and said that the low sulphur content made the oil particularly valuable for certain industrial users such as the steel industry.33)

However, the Ministry of Power resisted concessions both on the Romanian and on the general Soviet bloc oil embargoes because it wanted to protect UK oil companies from Romanian imports, for the same reasons as the Ministry of Agriculture resisted liberalisation of meat quotas. A Whitehall working party came down on the side of the Ministry of Power on the grounds that Britain was a net supplier of oil rather than a consumer, and it was therefore decided that negotiations with Romania on oil could not begin before 1966.34) The British attitude to Romanian oil imports was also coloured by other, more important British foreign policy priorities. One consideration against lifting the embargo was the effect this would have on Britain's relations with Middle Eastern countries. There was a glut of oil at this time and development programmes in Iran and Iraq depended on oil reserves and presupposed increasingly large incomes from oil. Both countries would be unhappy if Britain bought oil from Romania and this might have rebounded against British oil companies which had investments in the region. Political considerations also influenced British thinking. A Foreign Office official who dealt with Middle Eastern affairs argued against the idea of lifting the ban on the grounds that Iran, in particular, was "a highly sensitive and important ally... and with the Middle Eastern political situation as tricky as it is we do not want to make a gesture which countries there would interpret as a deliberately
unfriendly one with clear cut practical effect."

Middle Eastern political considerations, and their implications for British commerce, were of far greater importance in determining British policy than any question affecting Romania, where, in comparison to the general picture, any potential political or economic gain was marginal.

Nevertheless, Foreign Office and Board of Trade officials, who dealt with Romania were still keen to resolve the oil issue, particularly after the success of an Anglo-French consortium in supplying rolling mills for the Galați iron and steel complex. The £15m contract was signed in November 1962, but the crucial commercial factor was the parallel agreement by the French authorities to increase imports of certain Romanian products, mainly oil and cellulose. The Managing Director of the British firm involved, Davy United, considered that the British side had "ridden on the backs" of the French. The contract was the largest ever placed by Romania in the West and at the celebratory dinner to mark the signature the Romanian Minister of Foreign Trade said that Britain should buy more Romanian products and contrasted the "helpful" French attitude with the reserve shown by Britain. He confirmed that the contract had only been given because part of the group involved was French, and France had agreed to buy Romanian oil.

This situation led British officials to reconsider the idea of inviting Romania to enter negotiations on oil claims earlier than 1966. James Dalton Murray, the British Head of Mission in Bucharest, also suggested London should look more closely at petroleum products and should make a distinction between those products which were produced by the former British oil
companies, and other products from installations built by the Romanians since the war. (Murray failed to recognise that such a distinction could not be made because the British oil installations had been thoroughly scrambled by this time). Murray believed British importers should be allowed to buy petrochemicals even if the ban on oil had to stay. He drew London's attention to a deal under which the Portland Cement Company had imported Soviet oil on a barter basis and considered British suppliers of industrial equipment should be allowed to make barter deals involving the supply of Romanian oil to UK consumers. This would have represented a substantial climbdown from the previous British position on oil. Although Murray emphasised that he was not suggesting quotas for Romanian oil, his suggested policy would have meant the virtual end of the embargo. He considered that such barter deals should be allowed where they were necessary to clinch a deal for large Romanian purchases: "the equipment for a whole new factory, for instance, and transactions of that order." In practice the distinction between allowing a quota for oil, or allowing barter deals under which Romanian oil would reach Britain outside the quota system was a fine one. Had Murray's policy been adopted the Romanians would increasingly have insisted on a purchase of oil as an essential element to any deal involving UK firms.

In fact the Portland contract, which violated the oil embargo which also existed against the Soviet Union, was the result of an error in Whitehall and could not be taken as a precedent for Anglo-Romanian deals. Foreign Office officials in London were far less enthusiastic than Murray about making concessions on the oil embargo against Romania, considering it to be an important
weapon in securing a compensation settlement. However, there were hints of greater flexibility over petrochemicals and a general consensus that it would be desirable for the negotiations on compensation for the oil companies to begin before 1966.40) Just as at the time of the negotiations on a trade agreement and financial settlement, there was now pressure from British exporters to Romania to end the policy of using restrictions on trade as a weapon to secure compensation and this time it was the oil embargo which was being called into question.

Two weeks later, Murray again pressed for a change in the British attitude to oil. He noted that Romania was cutting back on certain types of purchase, in particular wool where Britain had sold only one tenth of the 1961 figure in the first eight months of 1962.41) Murray's pressure for concessions on oil was taking place at the same time as Romania was encouraging Britain to grant a beef quota, and the negative attitude in London to this request, and to trade in general with Romania contrasted sharply with Murray's optimism. In February 1963, three months after Murray's despatch, the Foreign Office wrote back to say that although his suggestion that the definition of petrochemicals should be based on what the British oil companies had produced before the war was "interesting," it would be difficult to implement in practice since the distinction between different petroleum products would be too complicated. Furthermore, in a confirmation of the position taken by British government departments in summer 1962, prior to the signing of the Galății contract, Murray was told that there was no prospect of negotiations on oil before 1966 unless the general ban on Soviet Bloc oil was lifted. The Soviet ban was under review because of
possibilities of purchases of UK products, but nevertheless its lifting would have to precede the lifting of the Romanian ban, which was in place for two reasons; firstly the general embargo on Soviet Bloc oil products and secondly the specific bar on Romanian oil because of the nationalisation of the oil companies without compensation in 1948. The Foreign Office and Board of Trade had failed to moderate the hard line taken by the Ministry of Power in spite of the lessons of the Galați contract.42)

The background to the moves to end the oil embargo was continuing difficulty over raising Romania's quotas for agricultural exports to Britain, which would have been another way for the country to earn more sterling. Although new quotas were supposed to be set every year under the terms of the 1960 trade arrangement, discussions on setting the 1961-2 levels broke down because Britain was unable to grant Romania the increases it wanted. The 1960-1 quotas were simply extended on a pro rata basis.43) In January 1962, British government ministers decided that Romania could not be granted quotas for beef or fruit pulps which were sensitive with domestic producers, and warned that the existing quota for butter might not be able to continue indefinitely, even though this had been a major factor in securing the 1960 trade and debts agreement.44) In April, the Romanian Minister in London again pressurised for a meat quota and in May, Ion Sandulescu, Economic Secretary at the Romanian Legation, also raised the general question of quotas.45) However, Britain turned down virtually all Romania's requests for quota increases and in July 1962, Constantin Rădulescu, the Romanian First Secretary (Commercial) in London complained about the British attitude that Romania should concentrate on using up its
quotas for non-sensitive goods. This he considered unrealistic since the "non-sensitive" goods were not in great demand in Britain.46)

In August 1962, preparations were made for the annual trade negotiations with Romania, due to begin in London on 27 August, at which quotas were set for the forthcoming year. The Foreign Office and Board of Trade made efforts to persuade the MAFF to improve quotas, using the 1961 policy paper on improving relations with the satellites as a justification for their arguments. Romania's difficulty in earning sterling was stressed as was the point that British exports to Romania stood to fall considerably, as they had started to already in 1962 compared with the previous year, if quotas for Romanian goods could not be increased. Despite the signing of a number of contracts early in the year, British officials had become increasingly sceptical over prospects for increased trade with Romania by this time. As early as January, it had been noted that Romania would not be able to finance large scale further imports from Western Europe, and the failure to grant a quota either for oil or beef made the picture more difficult.47) In February, the Bucharest Legation had reported the possibility that Romania might place an order for a large glass factory with British firms, which prompted officials in London to question where the money would be found to pay for this.48) By August, it was noted that, compared with 1961, Romania had placed far fewer contracts in the UK, and that this situation would continue until Romania was given some means of increasing its sterling earnings.49) Romania was increasingly turning to other Western suppliers because of its difficulties in earning sterling. France and West Germany were not only more accommodating
over oil, but they were also much more willing to take other Romanian imports than Britain. The Foreign Office and Board of Trade considered that in the interests of UK exporters, Romania should be given improved facilities to export items which would really make a difference to their sterling earnings. They viewed the beef quota which Romania had asked for as trivial when compared with total UK beef consumption, and also believed Romanian beef was of a lower quality than British beef, and hence would be in competition with other imports rather than with the domestic market.\(^\text{50}\) However, other foreign policy considerations complicated the picture. As with oil, one of the problems about liberalising Romania's agricultural imports was that this would affect imports from other countries which in terms of overall British policy were considered to be economically and politically more important. For example, a significant element in British foreign policy at this time was the desire to maintain good relations with Commonwealth countries such as New Zealand, a traditional supplier of agricultural products. Other countries outside the Commonwealth, but with a longer tradition of trading links with Britain, were also seen as more important than Romania, for example Argentina. A further consideration was Britain's bid to enter the European Community, which would mean having to take more produce from Community countries such as France, and less from outside. In September 1962, the MAFF objected to a Board of Trade proposal to grant Romania a 5000t beef quota on the grounds that this would be embarrassing for the UK in its EEC entry negotiations.\(^\text{51}\) The Foreign Office was less concerned about the EEC argument. Most officials considered that as long as the Romanians understood that any quota was to be for
one year only, ending in September 1963, and could then be substantially reduced or abolished entirely, there was no problem. Roger Jackling, Assistant Under Secretary responsible for the European Economic Organisations Department, went further. He said that the UK should not be too concerned about the clarity of any understanding, provided the Romanians realised that the Common Agricultural Policy would affect Britain’s import patterns and the quota was for a year. "I would not myself mind," he wrote, "telling Rumanians we shall hope to be able to go on doing it!"52) (Emphasis in original). A draft Foreign Office note argued that if quotas were to be given, it should be before Britain entered the EEC. Charles Thompson, Assistant Head of the East European and Scandinavian Section of the Northern Department, considered that the CAP problem should not be got out of proportion since it was unrealistic to assume that Britain would be applying it by mid-1963 and that other EEC countries allowed Romanian imports in the same way as Britain and therefore there should be no difficulty. The Foreign Office paper also argued that the granting of a quota would be an important part of Britain's overall policy to the Eastern Bloc, which was to try to reduce the dependence of the satellites on the Soviet Union.53) There were thus political as well as economic motives for granting a quota.

The MAFF, however, continued to disagree with the Foreign Office and the Board of Trade. They could not accept a 5000t beef quota, and argued that it would have a significant effect on UK domestic producers. Italy and West Germany, they said, took a much smaller proportion of agricultural produce from Romania than the UK did.54) The MAFF considered that Romania should try to make better use of its existing quotas, and any concessions
would set an unwelcome precedent which might be seized upon by other East European countries, notably Poland.55) This position was criticised as protectionist by the Foreign Office and the Board of Trade, and contrary to the general drift of policy to the Bloc. It also contravened a directive from the Prime Minister, Harold Macmillan, that increasing exports was a priority for Britain and it might therefore be necessary to accept imports which caused domestic problems.56) The suggestion of Sir Frank Roberts, then Ambassador in Moscow, that Anglo-Soviet trade might be boosted if British firms acted as brokers in three way barter deals involving Soviet purchases from Britain and the sale of Soviet goods to third markets was also seen as relevant for Anglo-Romanian trade, thus giving a further demonstration of the Foreign Office's interest in the development of these commercial relations.57)

In October 1962, Whitehall departments met to discuss the meat quota issue, with the Foreign Office and Board of Trade continuing to insist that an increase in quotas for Romania would have an effect on British exports which would be out of all proportion to the effect of a small quota on domestic agriculture. They considered the psychological effect of a concession would be enough to persuade the Romanians to make large purchases of capital goods from Britain. The issue went to a meeting of government ministers at which the Chancellor of the Exchequer, Reginald Maudling, showed sympathy for granting a quota provided the Romanians could be prevailed upon to respect the British market situation when making deliveries, as Britain's other suppliers usually did.58) In other words, there should be an understanding that Romania would avoid selling agricultural
products at dumped prices. A further concession to MAFF sensibilities was made when the Board of Trade suggested the inclusion of Hungary in the 5000t proposed meat quota. This was a way to get around the problem of a precedent being set by giving a quota to Romania, which other East European countries would then seize upon. In practice, Hungary did not want to export large quantities of agricultural items to Britain, and would be content with 500t, leaving the Romanians 4500.59) However, in November, ministers decided that no quota could be granted to Romania, mainly on the grounds of the difficulties which would ensue if Britain lost the cooperation of its traditional suppliers, who would be unhappy about Romania impinging on their market. This was considered to outweigh the value of exports to Romania which might be gained by the granting of a quota.60) Furthermore, there was also concern that although exports to Romania might rise if a beef quota was granted, exports to traditional trading partners might fall if they were less sure as to their opportunities to earn sterling.61)

Once again the point was demonstrated that Britain was more interested in cultivating economic relations with traditional partners and that Romania was a low priority. A Foreign Office official pointed out that a number of by-elections were about to take place and all were in agricultural constituencies. It was therefore extremely unlikely that any concessions would be made to the Romanians on quotas before these had taken place. It was in response to this impasse that Murray made his suggestion for a reconsideration of his earlier proposal for a more liberal definition of oil products, an idea which was nevertheless turned down by London. (See pages 268-69) 62) Given the problems in British-
Romanian trade, it was something of a misnomer that in October 1962, the first British trade fair since the war visited Bucharest, (although such events are planned two years in advance and trade prospects in 1960 were much better than in 1962). The fair involved representatives of seventy-six British manufacturers, who displayed foundry equipment, textile machinery, machine tools, electronic and medical instruments, plastics machinery, mining equipment, agricultural and printing machinery, handling equipment, motor vehicles and chemicals. The Fair was opened by Lord Kilmarnock, President of the London Chamber of Commerce, the sponsoring body. Although it took place in the middle of the Cuban Missile Crisis there was no lack of cordiality and a Party and Government delegation visited it in spite of the international situation. The Romanian authorities considered the British trade fair was the best which had been held in the country to date.63) Nevertheless, although Romania was undoubtedly still interested in what UK industrial suppliers had to offer, it was optimistic, given the difficulties over trade, for British firms to give time and effort to the exhibition. In 1962, British exports to Romania fell to £8.5m compared to a record £13.6m in 1961.64) The two years which followed the signing of the trade arrangement and payments agreement proved that it was of limited benefit in improving opportunities for British-Romanian trade. It produced short term results, but in the long term did not solve the problem that Romania was unable to export enough to Britain to earn the necessary sterling to pay for British products. Romania's adherence to bilateralist trade (the expectation that it should have a favourable trade balance with each individual country rather than simply balance its trade as a whole) might
have made some sense within the Eastern Bloc where currencies were not convertible. It was, however, an absurd restriction to place on trade with the West, since hard currency earnings from Romanian exports to one Western country could easily be exchanged to make purchases from another. The Romanian approach to trade demonstrated the rigid mentality of the regime which could not think beyond the constraints of communism. British observers might have done better to recognise that fact and the limits which it imposed on opportunities for trade.

British-Romanian relations in this period also demonstrate the fact that despite an improved political interest and apparently greater possibilities for trade, other domestic and foreign policy concerns proved more important than improving relations with Romania. Thus British domestic farming interests, oil interests in Britain and abroad, other areas of greater political importance and relations with traditional trading partners all came before Romania in importance. The political difficulty of harming these other interests prevented the sort of concrete concessions to Bucharest which could have led to a substantive improvement in political and commercial relations. These constraints were to impose limits on the development of British-Romanian relations, even when major political developments from 1963 gave Bucharest a unique position within the Soviet Bloc.

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By 1963, the political tensions within the Soviet Bloc which had been apparent since the beginning of the decade became more pronounced. The Sino-Soviet split continued as the most important rupture within the communist camp, but in Eastern Europe too, there were increasing signs that the communist regimes felt secure, with less need for support from Moscow. Even the Hungarian regime, which had been imposed by Moscow after the 1956 Uprising was, by 1963, beginning to develop its own unique brand of communism and move away from the extreme repression of the past, as demonstrated by the 1963 amnesty for many of those jailed for their part in the events of 1956 and Kadar's statement in 1961, that "whoever is not against us is with us," a reversal of one of Stalin's celebrated slogans. Kadar's statement could be applied not just to Hungary, but to many countries in the Bloc, which had moved to a more pragmatic relationship with their populations. (Romania and the GDR were notable exceptions).1)

The most significant developments in Eastern Europe, however, were in Romania. The country's hard line rulers' attachment to strict Marxist doctrine of rapid industrialisation caused them to resist bitterly Khrushchev's plans for integration of Bloc economies with the Balkan countries concentrating primarily on agriculture. Thus CMEA plans were successfully resisted in 1963, and Romania's new independence was confirmed in April 1964 with the so called "Declaration of Independence" in which Romania's communists insisted on the right of each individual communist party to pursue its own economic policies.2) However,
Britain continued its policy of limited involvement in political questions affecting Romania and had no interest in making economic gestures to support Bucharest's political stance. Although gestures were made, such as the encouragement of more ministerial and other political visits to and from Romania, these were of limited appeal to the Bucharest regime and regarded as a poor substitute for the liberalisation of British import policy, which is what the Romanians really wanted. Moreover, Romania's more independent stance within the Soviet Bloc did not involve its leadership taking a more liberal attitude to economic policy, and consequently the regime's attachment to communist trading patterns continued to restrict opportunities for British-Romanian commerce. The death of Gheorghiu-Dej in March 1965 and his replacement by Nicolae Ceauşescu made no difference to Romania's foreign trade policy. Consequently, the period 1963-5 was a disappointing one, in which it was recognised that there were definite limits to the opportunities for the development of Britain's relations with communist Romania.

British observers noted the significant developments in Romania in 1963, and the country's successful resistance to Khrushchev's plans for economic integration in which Romania would have been relegated to being an agricultural country. Murray's annual review for that year described the evolution of the dispute from the CMEA Executive Council meeting in February, at which the idea had been advanced. He noted that the Romanian government's unusual decision to approve in a public communiqué the statement made by the Romanian delegate to the meeting was followed by an ostensibly secret briefing to government and Party officials, the results of which quickly
became known in garbled form throughout the country. This generated a patriotic fervour which gave the Romanian government ammunition in its battle, and consequently, by July the CMEA Council endorsed Romania's development plans. Murray also noted the evolution of Romanian diplomacy, most notably the flirtation with China, which reached its peak just before the July CMEA meeting "when it looked as if the Russian Bear might swipe out angrily to discourage further baiting by the daring Rumanian Gypsy." Nevertheless, Romania's criticism of China's opposition to the Test Ban Treaty, signed in 1963, was noted as a positive sign that Bucharest did not endorse Peking's violently anti-Western posturing. Murray also noted that Romania re-established diplomatic relations with Albania in 1963, a further gesture of independence.

During 1963, British observers commented on the considerable thaw which took place in Romanian-Yugoslav relations. In October, the Romanian press and officials began referring to Yugoslavia as a "socialist" country for the first time, and in November, Gheorghiu-Dej made a state visit to Belgrade. The ostensible motive for the visit was to sign the long delayed agreement on the Iron Gates hydroelectric power project. This had initially been conceived after the Khrushchev-Tito rapprochement in 1955, and is first referred to in British documents in 1956. An Agence France Press report from the time of Gheorghiu-Dej's state visit suggests that Moscow was opposed to the project. British officials traced the various meetings which took place between Romanian and Yugoslav representatives to discuss the project between 1956 and 1963. However they did not comment on the possibility that, in view of possible Soviet opposition to the
plan, the fact that it finally went ahead in 1963 may be a further indication of Romania's increasingly independent stand in that year.5)

The British Legation in Bucharest reported on the enthusiastic treatment by the Romanian press of Gheorghiu-Dej's visit, which took priority over reporting of the Kennedy assassination. The British view from Belgrade, however, was a little more sanguine about the rapprochement. Sir Michael Cresswell, the British Ambassador, focused on the delays in agreement to the Iron Gates project and believed that the eventual agreement was more the result of Romania and Yugoslavia having more money to pay for it by 1963, than of increased defiance of the Soviet Union. In reality, both factors were probably significant. The plan could only take place when the two countries could afford to pay for it, but still demonstrated a step towards closer cooperation.6)

The British Legation in Bucharest emphasised the significance of the Romanian "Declaration of Independence" of 26 April 1964, in which the Romanian communists stated the right of each communist party to decide its own economic policy. The Declaration was an affirmation by the Romanian leadership of their defiance of the Kremlin over COMECON integration plans the previous year. As James McGhie, First Secretary and Head of Chancery pointed out, Moscow was now powerless to reimpose discipline short of the use of force, something which the Romanians had calculated Khrushchev would not dare to do. Instead, Moscow would have to live "according to the new rule book published in Bucharest on April 26 1964." McGhie concluded that it would be a mistake for Western countries to try to force the pace of change in Romania as this could make the regime feel
threatened and lead to a backlash, but that Britain should be willing to "talk politics and not just trade." In practice, McGhie missed the point, since expanding trade was Romania's main priority in its relations with Britain. Britain's efforts to make political gestures were seen as a poor substitute to the economic concessions which would really have made a difference to bilateral relations. Thus, despite enthusiastic reporting of the "Declaration of Independence" it did not make any substantial difference to British policy. Moreover the Legation continued to make over-optimistic assumptions that the independent line in foreign policy would be followed by internal liberalisation. In his valedictory despatch in March 1965, Murray said he thought that liberalisation would "snowball" and that Romania would become more democratic and less repressive, "under Communism, perhaps, but with the 'police state' aspect so reduced as to permit freedom of expression and of criticism and to establish freedom from fear." In the same month Gheorghiu-Dej died and was succeeded by Ceauşescu. The reality of repression under the latter's rule (apart from a limited thaw before 1971 when he was consolidating his power base) is well documented.

However, although British officials were aware of the significance of these developments, there was a limit to what they could do to support Romanian moves to distance itself from Moscow. There was no possibility of significant concessions on the commercial front, and thus the most that the Foreign Office could do was to continue to encourage political contacts in line with the 1961 policy paper. Romania's independent stance continued to be stressed by Murray in his efforts to secure better treatment for Romanian imports, but the developments in 1963 and 1964 were
not directly quoted as arguments for a more positive Romanian policy. Moreover, not all Foreign Office officials were as excited as Murray about Romanian developments. In July 1963, in response to a suggestion by Murray that Romania would need economic support from the West in the event of a clear break with Moscow, Thompson, the Head of the Northern Department, minuted that "the prospect of a rescue operation for a second Yugoslavia is horrifying." 9)

Thus British policy was limited to political gestures which had limited impact. In December 1963, the British Legation in Bucharest was raised to Embassy status, a move for which Murray had been pressing for some time. (Sir Roderick Braithwaite, who served in the Northern Department in the 1960s, made the point in a recent interview with this author that Heads of Mission in East European posts at this time were all keen to see their missions upgraded because Ambassadors received knighthoods). 10) Britain also continued its policy of encouraging political visits to and from Romania. However, these were problematic because of the lack of any real agenda to discuss. The Romanians' first concern was to try to persuade Britain to liberalise its import quotas, and Britain's failure to do this meant that dialogue had limited value.

By February 1963, after it had become clear that there would be no rapid change to Britain's position on meat and oil, Foreign Office officials had become sceptical as to the prospects of increased trade between the UK and Romania. Even if an oil quota were to be granted, they concluded that much of the sterling earned would go on compensation payments. Robert Heath Mason, the Head of the Northern Department, noted that "we should now
speak fairly frankly to the Romanians when we are asked how we see the future of trade relations." Nevertheless, further efforts were made by the Foreign Office and the Board of Trade to secure higher quotas for Romanian agricultural imports to the UK, largely as a result of concern over payments made under the financial agreement of 1960. According to the terms of this, Romania was due to pay half of the £1.25m agreed compensation payment by 31 January 1964, but up to this point paid merely a percentage of earnings from exports to the UK. Because of their low level, only around £100 000 had been paid by January 1963. The Bank of England feared that the Romanians might try to haggle over the sum to be paid in January 1964, and there was general concern that Romania might use the argument that it was unable to pay in full because Britain had been inflexible over quotas.12) There was, therefore, some very slight movement from Britain over agricultural quotas in early 1963. In February, agreement was given to an increase in the canned vegetable quota to £13000. However, Constantin Radulescu, the Romanian First Secretary (Commercial) in London, was told that this had been very difficult to concede and that it was being granted solely on the understanding that there would be no public announcement.13) In the same month, the hopes of British firms of expanding their exports to Romania were dashed by the sudden statement by the Romanians that they did not intend to place any further orders in the UK for factory installations until the trade deficit had been eliminated. The announcement was made unexpectedly at a dinner party at a country house near Bucharest, hosted by Mircea Malita, a Deputy Foreign Minister, who complained that Romania had not been able to earn enough sterling and that the ultimate
factor which had provoked the decision to suspend orders had been the negative answer to the question in Parliament by Frank Allaun, MP, about beef. This question was probably prompted by the Romanians. Murray reacted to this by suggesting that Britain should make concessions on oil, since it was very unlikely that a meat quota would be politically possible. "We are sitting with an ace in our hands," he commented "without using it either to get a settlement of the oil claims or to get export orders." The Romanians were continuing to raise the subject of oil in conversations and this was clearly part of their overall effort to secure more favourable terms of trade. Murray urged an early visit by a British government minister for trade talks, but the suggestion was treated coldly in London. The Head of Mission seemed to be unaware of the degree of scepticism which now existed in London about Anglo-Romanian trade.

Malita's statement later turned out to be a bluff, and many Foreign Office officials did not take it seriously. However they saw the Romanian threat as an asset in their campaign to win better quotas from the MAFF. They argued that trade was a useful weapon to use to encourage greater independence of Eastern European countries from the Soviet Union and that Romania was making efforts to resist too much integration in CMEA by looking for assistance from the West in building up its industry. The Foreign Office also considered that Britain's failure to join the EEC following de Gaulle's veto should allow a rethink over the granting of a 2500t beef quota. However, the efforts of the Foreign Office and Board of Trade to push a quota through were dealt a blow by a campaign by British domestic producers against cheap beef imports from Argentina and Yugoslavia. Had Romania been
added to the list of suppliers, severe political problems might have ensued for government ministers.19) Nevertheless, James Dalton Murray in Bucharest continued to press strongly for a change, and in March 1963 complained that "nobody in London seems to take Roumania or my representations seriously." He urged a rethink over beef and oil and criticised what he saw as a negative approach by the Board of Trade's Romanian desk officer, Desirée Stevens, to enquiries by firms interested in trade with Romania. Murray urged consideration to be given to the advantages to the domestic UK economy (for instance reduction of unemployment) and the government's popularity of boosting the opportunities for British firms to trade with Romania. Murray was frustrated at Whitehall's apparent inertia, particularly in view of de Gaulle's EEC veto, which removed some of the uncertainty which had existed over trade planning in 1962. "Is it really the case," he wrote, "that no interdepartmental working party or other machinery at a suitably high level has been established to consider the latest position on East-West trade country by country and make recommendations to Ministers?" Murray had the impression that "nobody in Whitehall cares whether British manufacturers of plant and equipment are enabled by positive action on the part of Her Majesty's Government to sell more to Roumania or not."20)

In practice, Murray had little chance of winning his argument with London because he was looking at problems solely from the point of view of British trade with Romania without giving enough attention to wider British domestic and foreign policy interests and more significantly to wider questions of principle concerning Britain's foreign trade policy. Moreover, although Murray rightly
drew attention to the potential for generating employment in the industrial sector if Britain could sell more to Romania, he failed to acknowledge the negative impact on British agriculture which increased imports from Romania might have had. It was not true that nobody in Whitehall cared about Anglo-Romanian trade, but simply that other commercial relations were seen as more important. By 1963, it was the Foreign Office and above all Murray who were the keenest advocates of a liberalisation of quotas for imports from Romania. The Board of Trade had become much less interested, probably because its officials realised that significant concessions to Romania were politically impossible. It is likely that political considerations played a part in encouraging Murray and the Foreign Office in their persistence. As well as the general interest in increasing East-West trade, with the aim of trying to loosen the economic stranglehold of the Soviet Union over East European countries, there was, in the case of Romania, the added motive of encouraging the country's move to distance itself from Moscow. The dispute between the Romanian communists and the Kremlin in the early 1960s was about economic policy and Romania's resistance to greater integration within CMEA. Hence the promotion of Anglo-Romanian trade was seen as the best way for Britain to encourage this development.

However, there could be no change to Britain's trade position with Romania without a fundamental rethink of trade policy and even of the government's whole economic policy. As long as protectionism remained a dominant element, it was inevitable that opening up to imports from new markets would be problematic. The only way the trade problems with Romania could have been solved would have been by either a change in policy
involving a reduction in the amount of protectionism or by a reassessment of where Britain should import its agricultural produce from within a protectionist system. Britain's trading policy at this time was stagnant and favoured traditional suppliers. Had it been more flexible, it might also have been possible for political considerations, such as those which concerned Romania, to have played more of a part. To argue for improved quotas for Romania in isolation, without a fundamental review of trade policy and a coordinated global strategy was an approach doomed to failure. A manifestation of the lack of a coordinated trade policy was the attitude of the Cabinet, when they met in February 1963 to discuss trade with the Eastern Bloc, that a decision in principle in favour of increasing imports from these countries could not be taken and that instead each case would have to be judged on its merits.21) A more systematic approach would have involved an overall decision as to whether or not Britain was prepared to increase imports from the Bloc and whether or not it was prepared to use trade policy for the promotion of its political goals in the region.

Murray argued that potential for sales to Romania would increase once the country had clarified its new relationship with CMEA, and even went so far as to suggest that Romania might withdraw from the organisation.22) However, from a strictly economic perspective, Romania's more distant relationship with the Soviet Bloc made it a less viable country to invest in, particularly as far as credit was concerned. The major problem about Romania was its difficulties in earning sterling. The country was interested in making purchases from the UK, but could not afford to pay for them. In the 1950s, those parts of Whitehall
which were keen to see Anglo-Romanian trade increase had tried to use Romania's subjugation to the Soviet Bloc as a justification for granting credit on the grounds that the USSR would bale Romania out rather than allow it to default. The clearest example of this policy was the attempt to secure a guarantee from the Moscow Narodny Bank, for many projects for which ECGD guarantees were sought. (See pages 220-22, 225). However, Romania's stance in the 1960s made this problematic because CMEA was less likely to bale out a dissident member than a loyal one. Moreover, if Romania was more independent of Bloc economic plans, it was also less likely to construct large installations representing investments for and by the Bloc as a whole. Thus, in strictly economic terms, a more independent Romania was a less viable proposition for potential suppliers than one which retained its close ties to the Bloc. Hence the main arguments for British investment in Romania became political, and this explains the reversal of the position at the time of the trade arrangement negotiations in 1960, with the Foreign Office being in 1963 the leading advocate of closer links, while the Board of Trade was more sceptical. Yet there seems to have been little debate in Whitehall as to how far economic sacrifices should be made or risks taken to promote political goals in Romania.

In May, Romania formally announced that a contract for chemical plants, for which the British firm Power Gas had been bidding, had been awarded to a West German firm.23) It seemed that the surest way for a British firm to secure a contract was through a barter deal. For instance in February 1963, Millpaugh Wimpey was bidding for a contract for the construction of paper and pulp mills in Romania, and made clear to the Romanians that
if the project went through, a British associate firm, Bulkley Dalton, would buy part of the products of the plants. This sort of barter contract was to form an important element of Anglo-Romanian trade in the subsequent decade.24) Despite the loss of the Power Gas contract, in May 1963 a delegation from the Romanian Grand National Assembly visited Britain at the invitation of the British Parliament. Given the Foreign Office's opposition to such visits in the previous decade on the grounds that they gave credence to communist claims that their Assemblies were representative, the support for such exchanges by 1963 is an example of the sort of political gesture which Britain made in the absence of economic concessions. The Romanian delegation was led by Dr Roman Moldovan, an economist and one of the architects of the Six-Year Plan, who was rumoured to be close to Gheorghiu-Dej. The other delegates were mainly involved with economic issues. The visit produced favourable coverage in the *Times*. On the initiative of the Foreign Office, the delegation was received by the Minister of Education, Sir Edward Boyle, who appears to have been the only minister available. Murray considered the visit to have been a notable success and a demonstration of Romanian goodwill which he optimistically thought should be reciprocated by concessions from the MAFF on quotas.25)

There was considerable uncertainty in London about the merits or otherwise of contributing to Romania's economic development, with some officials still arguing that the country was a potential enemy and that it would therefore be imprudent to give it support.26) However, Murray continued to be a strong advocate of improved trade links mainly for political reasons, and
considered that recent Romanian efforts to improve bilateral relations, such as the lifting of most travel restrictions on British diplomats without similar steps being taken for other missions, demonstrated a strong interest in persuading the UK to be more flexible over trade. A high level parliamentary delegation had been sent to the UK, and its leader had written an enthusiastic article in *Scânteia* on his return. Murray thought Romania was making a subtle effort to win British support in its dispute with Moscow and that by selling more goods to Britain, Romania hoped to become less dependent on intra-Bloc trading. The British Head of Mission advocated a careful examination of the entirety of Romania's quotas, in order to decide what could be offered in the way of serious increases, and thought the issue should go to Ministers "before the interdepartmental dickering at the official level gets stuck at a point where our eventual quota offers will be regarded here as derisory." Murray's suggestion was not taken up, and his despatch was considered at an interdepartmental meeting. It would have been better if the Foreign Office had done a better job in keeping Murray informed of the degree of scepticism in London about economic concessions to Romania, and thus dampened his tendency to be over-enthusiastic. However, Murray was guilty of the traditional pitfall of diplomats in foreign posts of looking at British relations with Romania in isolation without giving enough attention to wider British foreign policy objectives. Rather than argue simply for a high level examination of quota lists for Romania, Murray would have done better to ask for discussion to define more clearly Britain's policy towards the Soviet Bloc in order to resolve anomalies and conflicting interests. In July, Murray advocated a ministerial visit to Romania for the
signature of an expanded trade arrangement, but London considered this would be pointless because trade was not likely to increase.29) In August, the British Head of Mission again wrote a long despatch criticising the Foreign Office for its failure to push strongly enough for improved trade with Romania, which Murray regarded as a special case because of the CMEA dispute. However, Northern Department officials did not accept the view that Romania should be treated differently from the other satellites.30) Britain's continuing policy of making political gestures was demonstrated by the fact that when Gheorghe Macovescu, a Romanian Deputy Foreign Minister visited London in August 1963 to sign the Test Ban Treaty he was received by a Foreign Office minister.31)

The reaction of Charles Thompson, the Assistant Head of the East European and Scandinavian section of the Northern Department, to Murray's criticism is indicative of some of the problems preventing Britain from developing a coordinated trade and foreign policy. Thompson considered it was "out of the question" for the Foreign Office to get involved in the detailed bargaining on quotas which took place between the MAFF and the Board of Trade. The procedure had to be for the MAFF and Board of Trade to come forward with proposals which the Foreign Office would then have the chance to comment on. "It is just not 'on' for a Foreign Office Minister (or indeed official) to intervene earlier," Thompson wrote.32) It is exactly this lack of coordination between the Foreign Office and other Whitehall departments which created the contradictions and conflicts of interest which made the formulation of an effective policy towards Romania so difficult. If the Foreign Office had been involved at an earlier
stage in the discussions, its arguments for concessions on quotas for political reasons might have carried more weight.

In August 1963, prior to the annual quota negotiations, there were further differences over the question of whether Romania's "trade arrangement" should be changed to an "agreement," which implied that its terms would be more permanent. Thompson supported the idea, even though when the Poles had asked for a change of status for their trade arrangement in June this had been turned down, in spite of the fact that Polish trade with the UK was nearly five times as much as Romanian. Thompson argued for the change in Romania's case for political reasons because of the country's "independent" stance and because the stronger wording might help to mask the lack of any real concessions on quotas. However, the Board of Trade opposed this and also the proposal that it should last five years.33)

Predictably, in the run up to the negotiations there were disagreements with the MAFF, which was concerned about relations with traditional suppliers, for example Argentina and the Netherlands, and also oversupply in the domestic market. The MAFF argued that they were constrained by government policy on home agriculture and horticulture. The MAFF were worried about traditional suppliers becoming antagonised by a Romanian quota and thus playing havoc with the market because they would no longer be willing to follow the understandings over quantities which formed the basis of Britain's trading relations with these countries and would only accept an increase in quotas for Romania if there was a corresponding decrease in quotas from other East European countries.34) Despite pressure from the Foreign Office largely following on from Murray's despatches for the meat quota
issue to be discussed by Ministers, the Foreign Secretary and Minister of Agriculture decided against a Romanian quota on the grounds that maintaining agreement with major existing suppliers was a priority. It was thought that without the existing arrangements the market would be flooded, thus necessitating an unacceptable increase in government subsidy to domestic producers. The Argentine government had already made clear that if any new countries were allowed to increase their share of the UK market, Argentina would not continue to restrain supplies.35) McGhie's despatch on the negotiations which took place in Bucharest emphasised the Romanians' disappointment at the low British offers and expectation that some gesture should be made within the subsequent few months if goodwill was to be maintained. The Foreign Office and Board of Trade were sceptical as to whether this could be done.36)

At the end of 1963, Murray again sent a long despatch urging a more liberal approach to Romanian imports. The country was now pressing ahead with its industrial programme having successfully resisted CMEA pressure, he argued, and British industry had benefited from this, even though other western countries were in a stronger position because of their willingness to buy Romanian oil. Romania was disappointed about the beef situation because it saw itself as discriminated against compared with other Eastern countries, but was still optimistic after ministerial statements in favour of Britain increasing trade with the Soviet Union and Eastern Europe. Murray reiterated the political argument that Romania's mood of "independent" mindedness was "an accepted and familiar fact," but feared that Britain's rigid attitude to trade was causing it to lose out to its
European Community competitors. The British Head of Mission said he was pressing the point again because of potential contracts for British firms worth more than £20m. The Romanian planning timetable required an early decision on these. Murray also claimed that there were further potential industrial orders worth £70m in the pipeline, and believed that a most important change should be for Romania to lose the idea that it was being discriminated against, and that once this had happened, it would probably spend far more than its sterling earnings on industrial equipment from Britain. In other words, Murray considered that Romania had progressed from its strictly bilateral approach to trade to greater multilateralism.37)

Again Murray's despatch led to efforts in London to change the position of the MAFF. Lord Carrington, a Minister without portfolio and Edward Heath, President of the Board of Trade both pressed unsuccessfully for a token beef quota of 500t. In a letter to Sir Patrick Reilly, a Deputy Under Secretary in the Foreign Office, on the same day as he sent his despatch Murray suggested that a beef quota would be worth up to ten times its face value in terms of orders for UK equipment. He also pointed out that the US was now much more involved in East-West trade, and hence was another potential competitor for contracts.38) Murray questioned the rationale of Britain's attachment to its "traditional suppliers" of agricultural products, which did not buy from the UK to anything approaching the level at which the UK bought from them. Rigid bilateralism along the lines of Eastern Bloc trade would never be espoused by Britain and Murray was careful to make clear that this was not what he was advocating, but there was strength to his argument that Britain should perhaps have
been more willing to question the favourable trading position which certain countries enjoyed with the UK largely for historical reasons.39)

Murray also questioned whether Britain might not be too protectionist. He questioned the basis of UK import policy, which involved defining the amount which could be imported in order to maintain an internal price. He argued that UK domestic market considerations should not automatically be given priority, and that from time to time it might be necessary for these to be subordinated to other political and economic goals. This despatch was probably Murray's best during his time in Bucharest. It amounted to a broad and far sighted critique of Britain's approach to foreign policy and its domestic economic strategy. He recognised two clear difficulties, firstly Britain's failure to adapt its foreign policy to changed circumstances and secondly the subjugation of wider considerations to the narrow interests of one particular group, in this case the agricultural lobby. Once again the problem had been demonstrated of the failure of British domestic and foreign policy makers to attempt to reach a coordinated policy giving appropriate weight to the conflicting interest groups involved.40)

During 1963 the question of the ban on imports of Romanian oil came on to the agenda again. The oddities of the situation were demonstrated in February when, in spite of the ban, a firm of London merchants brokered a deal involving Romania's purchase of 100 000t of US coking coal (worth around $1.25m) in return for oil, which was eventually shipped to Japan.41) There continued to be some pressure on the British government from firms interested in selling to Romania for the lifting of the oil ban and in February,
Murray hinted that it might be to the overall advantage of Britain to buy some Romanian oil, if this would lead to improved opportunities for UK exporters.42) In March, a British firm, Lambert and Bendall, which wanted to arrange the sale of coking coal to Romania in exchange for oil suggested that Romanian oil might be held in bond in bunkers on the Thames and then re-exported.43)

By November 1963, Murray had moved from hinting that the oil ban might be reconsidered to a much clearer belief that the embargo was counter-productive. He saw a need for Britain to make moves to break the impasse, for example by a statement to the Romanians that the oil companies' claims were an impediment to the British purchase of Romanian oil, but that if the Romanians wanted progress, discussions could begin immediately. Although Murray did not mention this, such a statement would have amounted to a weakening of the British position, since by giving the strong hint that it was interested in a quick resolution of the oil problem, Britain would have made it more difficult to hold out for a satisfactory settlement of the claims. As Murray rightly pointed out, Britain would have to buy Romanian oil as part of a compensation deal, since otherwise Bucharest would not have anywhere near enough sterling to pay a satisfactory settlement for claims which, on paper at least, were around £70m. It was unlikely the oil companies would benefit by waiting, Murray argued, and in a further questioning of some of the fundamental assumptions underlying British policy, he suggested that Britain might be worrying too much about the interests of one industry at the expense of the national interest.44) Murray's despatch did not receive a reply until February 1964, a fact which he interpreted
as meaning that London did not take his representations seriously, but which in reality may simply have reflected the complexity of the issues in question. Thompson was much more sceptical about the oil question. For the first time, practical problems about the presentation of the claims were cited as a reason why the negotiations could not be started earlier than 1966. More documentation was needed to substantiate the claims, and there was a major problem about oil in the ground, which the oil companies were claiming as theirs, as was normal Western practice, but which the Romanians could not accept. Moreover, Thompson considered that the Foreign Office should work in Whitehall step by step for a more forthcoming attitude towards Romania and that the beef question should be dealt with before any approach being made on oil. Such an approach would allow the benefits of granting a beef quota to be assessed before any decision was taken on oil. However, a more coordinated policy would have involved consideration of the oil and the beef questions in parallel rather than separately, in order to determine whether Britain should take more Romanian imports in general, and if so which would be least damaging to domestic interests. Britain again attempted to remedy the negative atmosphere caused by the stagnation on economic issues with a political gesture. In December 1963, Gheorghe Gaston Marin, Vice President and Chairman of the Economic Planning Commission visited London on the way back from the funeral of US President Kennedy, and was received by Rab Butler, the Foreign Secretary.

In early 1964, all the Eastern European countries were offered liberalisation of trade involving the lifting of certain quotas in
return for agreement by the supplying countries to charge realistic prices and not to dump goods on the British market. The main purpose of this exercise seems to have been to persuade Eastern European governments to buy British consumer goods and make them available to the population. The idea was to give Britain a higher profile in the satellites and consequently the exercise was politically motivated, and part of the general opening to the satellites which followed the 1961 policy paper. Also the measure should be seen in the context of the Kennedy Round of the GATT talks on trade liberalisation and agreement among the EFTA countries to end import tariffs on industrial goods. However, the liberalisation primarily affected industrial goods and so was of much greater interest to more developed countries like Czechoslovakia than to Romania. A further problem for the Romanians was Britain's insistence on the right to ban imports at any time. Nevertheless, in February 1964, the Board of Trade asked the MAFF to make concessions as a sweetener to the Romanians to accept British proposals for a liberalisation of trade.48)

In March 1964, British government ministers decided to grant Romania a 1000t beef quota for the forthcoming livestock year. The Romanians did not receive the news well, in view of their request the previous year for a 10 000t quota and their claim that France was able to supply the UK freely, an allegation which the British denied. Foreign Office officials complained that they had not been consulted.49) However, given their earlier reluctance to become involved in discussions of quotas it is perhaps not surprising that they were left out. Murray was predictably critical of the failure of London to come up with anything better and
described how Vasile Pungan, Director of the Anglo-American section of the Romanian Foreign Ministry, openly laughed at the 10t increase which Britain gave in the butter quota. At the same time, Britain refused to export a nuclear power station to Romania on security grounds. In practice this idea was impractical, since the project would have cost around £30m and although the US might have been prevailed upon to allow the nuclear plant past COCOM controls, Romania did not have enough sterling and would not be given credit.

Again Murray took a more dynamic approach to the promotion of Anglo-Romanian trade than did officials in London. In March, there was a possibility of contracts for British firms to supply railway locomotives and telecommunications equipment. Realising that Romania's difficulties in earning sterling presented a problem from the point of view of credit, which would preclude the promise of credit for all the projects which Romania was interested in, he believed that the position should be made clear to the Romanian Legation in London, so that they would know that credit would be given up to a defined limit. Such an approach would remove the uncertainty which would be generated by a reluctance by the ECGD to approve credit for more projects than Romania's balance of trade merited. Murray's approach would have allowed the Romanians to set their own priorities, and by knowing exactly how much credit they would obtain they would be in a better position to be more ambitious about their purchases. Foreign Office officials in London, however, believed that Romania should set its priorities before the UK stated how much credit would be available. Nevertheless, Murray's approach was obviously more likely to win contracts for the UK, since a
financial guarantee was a clear incentive to the buyer and without this the Romanians would be more likely to look to alternative suppliers.51)

As usual, in 1964 the annual negotiations on quotas led to disillusionment from the Romanian side and disputes within Whitehall. In June, when the Romanian delegation visited London, the Board of Trade considered that they were ill-informed and were not taking the talks seriously.52) The whole exercise of the annual trade talks served little purpose since a stalemate had been reached. The Romanians tried to persuade the British to give them special treatment because of their stance within the Soviet Bloc, and the Romanian Minister in London, Alexandru Lăzăreanu, referred to the country’s "special position." However, Foreign Office officials were by now sceptical of winning support in Whitehall for economic concessions to Romania for political reasons.53) Political contacts continued, however, and in June 1964, Patrick Gordon Walker, Opposition (Labour) Spokesman on Foreign Affairs visited Romania and met Ion Gheorghe Maurer, President of the Council of Ministers. Howard Smith, the Head of the Northern Department, was struck by Maurer's frankness, noting that his comments seemed to contain "a good deal more Romanian nationalism than loyal communism." After the 1964 British election, Gordon Walker became Foreign Secretary.54)

Nevertheless, the Board of Trade continued to argue with the MAFF over quotas prior to the 1964 trade talks and used the political argument to back up its case. The MAFF thought they had been generous over the liberalisation of certain quotas, but the Board of Trade regarded them as being excessively cautious, particularly over beef. In practice, a UK beef shortage had led to
Romania being allowed to export as much beef as it wanted to Britain until the end of 1964.55) The Board of Trade was frustrated that if in practice Romania was allowed to export more than its quota, it would be better for a higher and more realistic allowance to be set, which would allow Romania to build up sterling. For a planned economy, fixed quotas which guaranteed certain earnings were far preferable to ad hoc suspension of quotas. However, there was no substantial movement on quotas on the British side in the June 1964 talks, the only concession being the extension of the free beef imports to 31 March 1965. Even this was only secure after what one Board of Trade official described as a "battle" with the MAFF.56)

Murray recognised the futility of Britain continuing to talk to Romania about trade without changing its position on oil or agricultural quotas. In July, prior to a visit by Edward du Cann, Minister of State at the Board of Trade, he set out his familiar views on British policy and pointed out that the Romanians expected the visit to produce new developments in Anglo-Romanian trade. Du Cann's visit to Romania, Czechoslovakia, Bulgaria and Hungary in July 1964 took place as a result of the liberalisation proposal. Murray urged London to make sure that du Cann came with more than just a defensive brief explaining why Romania could not have access to the UK market for the produce it wanted to export.57) He argued that concessions could easily be made, for instance on butter, since in practice Romania had been allowed to exceed the quota in the first half of 1964, and that a 200t quota for petrochemicals could be justified on both economic and political grounds.58)
London's reaction to Murray's despatch was guarded. Murray was told that du Cann's visit should fit into the general context of British policy towards Romania, which was to welcome the country's move to greater independence but to show restraint. It was considered unwise for Britain to become too involved in competing with other Western countries for trade with Romania or to be openly seen to be exploiting Soviet-Romanian differences or favouring Romania over other East European countries. Commercial relations had to tie in with Britain's general commercial policy. Consequently, Britain would not use economic policy to promote political goals. It was logical that the Foreign Office should try to dampen Murray's enthusiasm for Romania's "independence" by pointing out that it did not go as far as he thought, but it is surprising that such concern should have been taken about antagonising the Soviet Union or competing for trade with other Western countries.59)

Nevertheless, small concessions were made on bacon and beef while the Foreign Office and the Board of Trade put pressure on the Ministry of Power to change its attitude to petrochemical imports. Rab Butler, the Foreign Secretary, used political arguments to back up his case for liberalisation, quoting the 1961 paper on policy towards the satellites as justification. Butler argued that the new policy had been proved right by events such as the Romanian "Declaration of Independence" and that it would therefore make sense to lift the ban on oil derivatives. Edward Heath, President of the Board of Trade, argued that in view of the limited benefit to the Romanians of the liberalisation proposals, and because Romania had shown interest in a number of contracts involving British firms, the ban on petrochemicals should be lifted.
However, like the MAFF, the Ministry of Power preferred to maintain a tough line on Romanian imports, arguing that it would set a bad precedent to provide a market for products of British expropriated assets. In the event, the formula adopted for the Du Cann visit was that lifting the ban could not be contemplated unless "solid progress" was made in the compensation negotiations.60)

Despite the lack of any real change in the UK's position prior to the du Cann visit, it was seen as largely successful, and produced better understanding on both sides. In a reversal of their position in early 1963, the Romanians said they hoped to place substantial orders in the UK and although critical of Britain's position on imports did not become antagonistic. Press coverage in Romania was cordial.61) Although Du Cann was irritated by Romanian government ministers' persistence in pressing their point of view, he was generally positive about the visit, in which he had covered four countries in seven and a half days. Du Cann believed trade was a way of improving East-West understanding, even though no dramatic developments could be expected in the political field. Since 1958, British trade with Eastern Europe had doubled. Du Cann met the Romanian Minister of Foreign Trade, who said that Romania wanted to balance its trade with Britain, a desire which was frequently expressed in subsequent years and which demonstrates Romania's primitive bilateralist approach to trade, which was a severe impediment to an increase in its trade with the West.62) The Romanians commented that a number of industrial projects were under discussion for the 1966-70 Five Year Plan which could involve British firms if Britain were more liberal about Romanian exports to the UK, and that a recent
fertiliser plant contract had gone to West Germany rather than to a British firm because of Romania's lack of sterling. Du Cann urged Romania to be less bilateralist and also to try to develop non-sensitive exports to the UK. Given the state of the Romanian economy, which was predominantly agricultural, this was unrealistic. Few Romanian items other than agricultural products were marketable in the West. At the press conference at the Chartered Insurance Institutes Hall on 5 August 1964, du Cann, while stressing the benefits of East-West trade for détente, also pointed out the limits of Anglo-Romanian trade as long as Romania remained attached to bilateralism. For example, a Romanian proposal to buy a nuclear reactor was seen as unrealistic in view of Romania's lack of sterling.63) The strained relations between Romania and Moscow in 1964 were reflected by Khrushchev's negative commentary on du Cann's visit. The Soviet leader accused the West of "seduction" of Eastern European countries by trade concessions. Although he did not single out Romania for criticism, du Cann was in Romania at the time Khrushchev said this.64)

Despite du Cann's relatively optimistic prognosis over trade with the Eastern Bloc, there were numerous problems caused by the attachment of these countries to bilateralist trade. In August 1964, G.W. Abbott, a leading representative of the firm Gilbert McCaul and company, which handled imports from the Eastern Bloc, complained to the Board of Trade about the difficulties of this business. Abbott said that a number of British firms had been attracted by the import business, which they regarded as highly profitable, but that consequently the Eastern Bloc countries played one firm off against another. The countries insisted on working
with these UK firms on an annual basis only, which caused severe difficulties, given the expenditure which the UK firms had to incur in building up a market. Abbott said that in view of these problems, McCaul's wanted to get out of the Eastern Bloc import business, but was under considerable pressure from UK exporters who wanted firms like McCaul's to handle imports from the Eastern Bloc so that these countries did build up sterling which they could then use on British exports. Earlier, the Chairman of the Romanian section of the London Chamber of Commerce had commented that Romania was the most difficult of the East European countries to trade with, because of its attachment to bilateralism. This view contrasted, however, with those of British exporters to Romania, who were optimistic. British Oxygen, for instance, which was negotiating to supply a large oxygen plant for the Galaţi steelworks, regarded Romania as the most promising Eastern European market.65)

In October, further efforts were made by the Romanians to get round the problem of sterling earnings. Gheorghe Gaston Marin, the chief Romanian planner and Deputy Prime Minister, suggested that British firms should set up plants in Romania, for example to produce pulp and paper, textiles, timber products, furniture, glass and china, chemicals and agricultural products, and send an agreed proportion of the produce to Britain.66) In fact, this was merely a variation of barter trade, and did not really get round the problem of the perceived danger to the UK domestic market. The only difference between this suggestion and a barter deal was that the installations in Romania would be British owned and not Romanian. If products were exported to Britain this would still involve additional supply in the UK market which would be
resisted by domestic producers. However, Murray was interested in the idea and suggested that Britain might send a mission of industrialists to Romania to explore the possibilities. The London Chamber of Commerce might also become involved, he thought. Murray argued that the UK should respond enthusiastically to the Romanian initiative or risk losing out in the new Six Year Plan which was being drawn up. The Foreign Office was again sceptical about Murray's ideas and was concerned that Romania's £15m credit limit, which could potentially be used on a single contract, meant that a visit by industrialists would be fruitless. It would be just as advantageous politically for Gaston Marin to be invited to London. As far as the idea of British owned installations being set up in Romania was concerned, it was doubted whether this would be beneficial except in the cases of certain industries such as timber where there was a specific import need. "It would be difficult to avoid the impression," one official wrote, that this scheme would involve "investing in the Romanian economy at the expense of our own." Nevertheless there was some progress on quotas, with Romania being given beef and bacon quotas for the first time.

In December there was further discussion of Romania's credit position. While Murray continued to press for increased credit, arguing that it would be unfortunate if a low credit limit meant that success by certain British firms in exporting to Romania would automatically lead to failure by others, Whitehall was again more sceptical. Murray's attitude was somewhat irresponsible, since he seemed almost to be suggesting that there should be no limit on Romania's credit. As one Foreign Office official pointed out "anybody can give exports away," and Romania should only be
given the credit it deserved. Thompson believed that political considerations should be taken into account and consequently thought that Romania's credit limit should be raised from its current level. However, he recognised that this was unlikely to happen since the Board of Trade and the Treasury were opposed. Murray's idea that any project which was in the Plan could receive credit on the grounds that funds would automatically have been earmarked was rightly criticised as "a complete abdication of responsibility on our part."69) Thus while by the end of 1964, the Foreign Office favoured giving Anglo-Romanian trade a boost for political reasons, their proposals still met with the resistance of other Whitehall departments. Further problems were caused by an "emergency" 15% import surcharge imposed by the new Labour government, which was generally more protectionist than its Conservative predecessor.70)

One positive development in 1964, however, was an agreement on cooperation between the BBC and Romanian Radio and Television. Romanian jamming of the BBC (which had been fairly ineffective) ended in 1963, and in December 1964, Silviu Brucan, Vice President of Romanian TV and Radio, (and later dissident in the 1980s) visited Britain to sign the agreement, and was received by Tony Benn, then Postmaster General.71) The agreement involved provision of studio and ancillary facilities to visiting correspondents, exchanges of programmes and musical recordings and the setting up of accounting arrangements to facilitate these exchanges. The papers on Brucan's visit, vetted by the BBC for this author and not previously researched, indicate that Brucan established quite a rapport with representatives of the BBC. For example, S.W. Skempton, Senior Assistant of the TV Liaison
section of the BBC described Brucan as "a most agreeable and stimulating companion." Brucan told BBC representatives that they could send journalists freely throughout Romania, no censorship would be applied and they could take out undeveloped film.72) Brucan's promises emphasise his credentials as one of the progressive elements within the Romanian establishment, and the BBC noted with some regret his replacement in 1966, which probably resulted from the new Ceauşescu regime's dislike of his penchant for Western TV programmes such as The Saint and Robin Hood.73) It is possible that part of the BBC's motive for signing the agreement was political, since representatives of the Romanian media had been pressing since 1962 for an exchange agreement with the BBC, but at that stage Bush House had concluded that such an arrangement would be too one-sided, since there was no real demand for Romanian programmes in the UK.74)

However, in 1965, prospects for the development of British-Romanian trade remained limited. The death of Gheorghiu-Dej on 19 March of that year and his replacement by Ceauşescu did not produce any change in the Romanian regime's rigid attachment to the communist pattern of bilateralist trade, a development which might have led to improved opportunities for commercial exchanges. The Federation of British Industry were sceptical as to whether the Romanians would grant enough concessions on security of investment, participation of British managers and remission of profits for the joint venture idea to be viable.75) Greater willingness by other Western countries to accept Romanian imports meant that Britain was at a disadvantage in competing for contracts.76) There was also concern about
Romania's large trade deficit with the non-communist world, and pessimism as to whether the country could significantly increase exports to Western markets. The usual pressure for liberalisation of quotas came from the Romanian Legation in London and Romanian officials in Bucharest.

In September 1965, Leslie Glass, the new British Ambassador in Bucharest, made a comprehensive analysis of the prospects for future trade between the two countries. He considered that although British companies made a good showing in securing contracts in Romania, and produced exactly the sort of equipment required by that country's Five Year Plan, Germany and Italy were likely to stay ahead of Britain because of their willingness to import oil from Romania and to negotiate longer term trade agreements than Britain, whose looser trade arrangement involved annual fixing of quotas. The longer term approach fitted in better with the Romanian planning system. The picture was unlikely to change dramatically, Glass concluded, because Romania was still largely committed to bilateralism as a means of trade, in spite of signs the previous year that this might be changing. Britain was reluctant to import Romanian oil even if a settlement could have been reached on compensation leading to a lifting of the embargo. Romania was only interested in exporting refined oil, and British policy by this time was to import only crude oil, which could then be refined by the British oil industry in order to save foreign exchange.

Nevertheless political contacts continued. In October 1965, George Thomson, a Junior Foreign Office Minister visited Romania, the first visit by a Foreign Office Minister to the country since the war. This fitted in with the general pattern of British policy to
the Bloc, since the Foreign Secretary, Michael Stewart, had visited other East European countries. The lack of a visit by the Foreign Secretary himself to Romania was surprising in view of the British policy of encouraging the country's apparent move out of Moscow's orbit and provoked complaints from the Romanian Ambassador in London. It is possible that by this time British officials had come to recognise that political contacts were not producing any substantial results. However, attempts were made to remedy Romanian disappointment with a promise of an invitation to a senior Romanian government figure to visit Britain. In December 1964, Murray had discussions with Romanian officials about possible candidates for visits to Britain, and said it was up to the Romanians to suggest a senior member of the hierarchy "such as, for instance, Ceaușescu....not for any particular reason but because his name happened to come into my head." In the event, Deputy Prime Minister Alexandru Bărădeanu visited in February 1966.81) The Church of England's policy of cultivating links with the Romanian Orthodox Church, initiated in the late 1950s under the influence of the "Red Dean," was also re-emphasised in June 1965 when the Archbishop of Canterbury visited Romania and met Patriarch Justinian.82)

During 1965, British officials started refining their position prior to the negotiations which were due to start in 1966 to resolve the remaining debts not settled in 1960. It was assumed that a settlement of the oil companies debts would lead to an ending of the embargo on Romanian oil. However, there was some disagreement as to the stage at which Britain would concede this point. During the visit by Edward du Cann to Romania in July 1964 the formula given to the Romanians was that if "solid progress"
were made in the negotiations, Britain would look again at the question of oil imports. By 1965 some Foreign Office officials believed that a definite promise of a quota should be given in return for "solid progress," particularly in view of the likely contracts which Britain might win under the forthcoming Five Year Plan, then being drawn up.83) (Some consideration was also given to giving higher quotas to countries which gave more opportunities for UK exports rather than even percentage increases. However, the suggestion on oil was not accepted by the Ministry of Power and the original formula remained.84) In August, Glass commented on the likely reluctance of Shell and BP to cooperate in large scale purchases of Romanian oil beyond the deliveries which would form part of a compensation settlement. (It was generally accepted by the oil companies and by British officials that Romania would not be able to pay adequate compensation other than through oil deliveries). He thought that in these circumstances Britain should consider an oil quota, which would be handled by companies other than Shell or BP.85)

However, London pointed out that British energy policy was to be self sufficient in refining capacity, and only to import crude oil. Romania only exported refined oil. Even if Romania were prepared to sell crude oil, London was concerned about upsetting its Middle Eastern oil suppliers. Thus it was considered that a quota could not be justified, and the only circumstances under which Britain should import Romanian oil outside the compensation settlement would be if this were necessary to secure a major export contract to Romania, or a smaller contract which would establish a British presence in a particular area of the Romanian market, or a deal which would be of special importance in relieving unemployment
in a deprived area of the UK. (In these specific cases, Britain would accept crude or refined oil).86) In September, at a meeting with Glass, Gheorghe Cioara, the newly appointed Romanian Minister of Foreign Trade confirmed that his country was only interested in exporting refined oil. Further problems which contributed to the failure to secure a settlement for the oil companies' claims in 1966 were the depression in world oil prices as a result of a general surplus, which would lower the value of any Romanian oil exports to Britain and Shell's insistence on receiving some cash in any settlement rather than solely oil. As one Ministry of Power official put it, the company wanted to avoid "the appearance of being robbed of the shop and then taking compensation wholly in the form of the stolen groceries."87)

There was evidence of negativity on the Romanian side too. Shell officials were convinced the Romanians were not interested in a settlement and were only going through the motions. This was despite the fact that, at least according to the impression formed by the Foreign Office, the company were now willing to settle for £15m or even less, when their original claim had been in excess of £100m.88) In October, the Romanian Ambassador in London, Alexandru Lăzăreanu, on a visit back to Bucharest, commented to Robert Brash, First Secretary and Head of Chancery of the British Embassy that it was not practicable to make trade dependent on a compensation agreement and that it could progress quite well without one. Contacts with officials of the Romanian Embassy in London appeared to confirm that Romania was not serious about reaching a settlement. The Romanians also rejected the British idea of exploratory talks on compensation prior to the opening of the main negotiations in 1966.89) In response to these negative
signals, consideration was given by British officials to making limited concessions. The possibility of Britain dropping the ban on Romanian benzene, toluene and xylene was re-examined by the Ministry of Power as was the idea that Britain might agree to accept compensation payments in oil at the outset of the negotiations rather than only after "solid progress," which was the previous formula. The Foreign Office thought agreement to accept payment in oil might be used as a fallback position if the negotiations were on the point of breakdown. Nevertheless, by the end of 1965, it appeared that the compensation issue had diminished in importance in the view of Foreign Office officials and possibly of Shell. In December, the company appointed Maurice Pearton, who had been involved for some years in the Eastern European side of its operations, as its full time East European representative based in Budapest. Shell was interested in supplying a number of items to Romania including an aldrin mixing plant, lubrication for the steel mill at Galați, marine lubricants and aviation fuels. The British Embassy concluded that the company's growing interest in exporting to Romania might lead to it taking a softer line over compensation. Later in the same month, one Foreign Office official minuted that he did not consider that the failure of the compensation talks with Romania would have many disadvantages from Britain's point of view. The main difficulty would be that an eventual compensation settlement would be lower, he thought. However, domestic criticism of a low settlement would probably be about the same as of no settlement at all. The official concluded that Britain should be prepared to accept quite a low figure, but should break off the negotiations if the Romanian offer was derisory.
In spite of the important political developments in Romania in 1963 and 1964, there was no change to the difficulties which restricted commercial exchanges. Britain continued to restrict imports of Romanian agricultural products and maintained its ban on Romanian oil which had not been included in the 1960 compensation settlement. Consequently Romania's sterling earnings capacity was constrained and, since the country preferred to trade bilaterally, British companies were often at a disadvantage when competing for contracts. Despite the efforts of the British Head of Mission in Bucharest and, to a lesser extent, the Foreign Office in London to promote a change of attitude, particularly as political arguments in favour of increasing trade with Romania emerged in addition to economic ones, Britain continued to make the protection of domestic agricultural interests and the maintenance of good relations with its traditional trading partners a priority. While imports of Romanian oil would have remedied the situation, Britain's attitude to such purchases had hardened by 1965. Even if a compensation settlement could have been reached leading to an ending of the formal embargo on Romanian oil imports, there now appeared to be little prospect of Britain taking more oil than was necessary for the compensation payments. Just as with agricultural imports, Britain was worried about antagonising its traditional suppliers by taking Romanian oil and also wanted to save sterling by not importing refined oil, when Bucharest was not interested in supplying crude. Consequently, there was little chance of Romania increasing its sterling earnings even by selling oil. As long as Britain maintained this careful control over imports, the opening up of new export markets in countries like Romania remained
problematic. It would have been necessary, if British exporters were to have had any more success in selling to Romania, for a fundamental rethink of the whole of Britain's approach to trade and foreign policy to have taken place. In the absence of such a change it was predictable that the Romanians did not consider it worthwhile to make an acceptable offer of compensation to the British oil companies in 1966.93)

Britain's inability to make any significant gesture in support of Romania's efforts to distance itself from Moscow is an indication of London's diminished political status within the world. It indicates that by the 1960s, economics had become a most important determinant of British foreign policy. Britain was simply too weak to make economic sacrifices in order to play a leading political role in the Cold War, and was too preoccupied with other domestic and foreign policy concerns. British-Romanian relations therefore give an important illustration of the realities of political power within the Western world. Thus while the US was strong enough to make concrete economic concessions political reasons, such as signing a trade agreement in May 1964, a month after the "Declaration of Independence," Britain was never in a position to do this, and had to confine its policy to political gestures which were of limited value.94) There was, however, a certain logic behind the development of British-Romanian relations in this period. Churchill recognised in 1944 that Britain could not play a major political role in Romania and by the 1960s, Britain's diminished post-war status was much clearer. As in the 1940s and 1950s, Britain still wanted to develop its relations with Romania, but the realities of global politics dictated that this share of interest was strictly commercial. Given the constraints of the Romanian
communist system, when purely economic arguments were considered, expansion of British-Romanian trade was not a very viable proposition.

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3) PRO FO 371 177614, NR1011/1; Murray's Annual Review for 1963, dated 13 January 1964.

4) PRO FO 371 122708, NR10392/2; Despatch, Bucharest to Foreign Office, 24 April 1956; 171888, NR103192/1; Despatch, McGhie to Foreign Office, 31 October 1963; NR103192/2; Despatch, McGhie to Foreign Office, 28 November 1963; NR103192/3; Despatch, McGhie to Foreign Office, 5 December 1963.

5) PRO FO 371 128932, NR11392/9; Despatch, Bucharest to Foreign Office, 15 October 1957; 151867, NR11392; Despatch, Bucharest to Foreign Office, 25 April 1960; 171888, NR103192/1; Despatch, Bucharest to Foreign Office, enclosing Agence France Press report.

6) PRO FO 371 171888, NR103192/3; Despatch, Bucharest to Foreign Office, 5 December 1963; NR103192/4; Despatch, Belgrade to Foreign Office, 11 December 1963.

7) PRO FO 371 177616 NR1015/24; Despatch, McGhie to Foreign Office 4 August 1964; Floyd, op. cit., Ionescu, op. cit.

8) PRO FO 371 182699, NR1015/18; Murray's Valedictory Despatch, 15 March 1965.

9) PRO FO 371 171886, NR103138/6; Minute by Thompson, 19 July 1963.

10) Author Interview with Sir Roderick Braithwaite, 26 November 1996.
11) PRO FO 371 166190, NR1151/69; Minute by Heath Mason, 1 February 1963.

12) PRO FO 371 171903, NR1151/7; Letter, Connell (Bank of England) to Annand (Treasury), 28 February 1963.

13) PRO FO 371 171903, NR1151/8; Letter, Stevens (Board of Trade) to Rădulescu (Romanian Legation, London), 13 February 1963.

14) PRO FO 371 171903, NR1151/11; Telegram, Bucharest to Foreign Office, 27 February 1963 and adjacent minutes, Hansard, (Commons) 12 February 1963; NR1151/8; Letter, Stevens to Squire, 11 March 1963. Allaun asked three questions in Parliament about Romanian beef between December 1962 and March 1963. (Hansard, [Commons] 20 December 1962, 12 February 1963, 14 March 1963). He had a definite sympathy for the Romanian government and was willing to be used to promote Bucharest's view. He was one of the founder members of CND. (D. Childs, Britain since 1945, London, Ernest Benn, 1979, 119).

15) PRO FO 371 171903, NR1151/14; Letter, Murray to Wilson, 28 February 1963.

16) PRO FO 371 171903, NR1151/14; Letter, Murray to Wilson, 28 February 1963; NR1151/12; Letter, Thompson to McGhie, 15 March 1963.

17) PRO FO 371 171903, NR1161/14; Despatch, Murray to Foreign Office, 6 March 1963; Handwritten minute by Rothwell, 14 March 1963.

18) PRO FO 371 171903, NR1151/19; Draft of proposed letter, Foreign Office to MAFF (undated).

19) PRO FO 371 171903, NR1151/19; Despatch, Heath Mason to Murray, 25 March 1963.

20) PRO FO 371 171904, NR1151/22; Telegram, Bucharest to Foreign Office, 21 March 1963; Despatch, Bucharest to Foreign Office, 21 March 1963.

21) PRO FO 371 171904, NR1151/26; Foreign Office memorandum, 27 March 1963.
22) PRO FO 371 171904, NR1151/33; Despatch, Murray to Foreign Office, 20 April 1963; NR1151/35; Letter, Murray to Tennant, Federation of British Industry, 24 April 1963. In practice, the possibility of a Romanian withdrawal from CMEA was remote, in spite of the country's differences with Moscow over economic policy.


25) PRO FO 371 171889, NR1051/5; Despatch, Murray to Heath Mason, 16 May 1963; The Times, 14, 17, 18, 20, 22, 24 May 1963; NR1051/5; Despatch, Heath Mason to Murray, 26 June 1963; NR1051/6; Minute by Heath Mason, 21 May 1963. In a despatch dated 30 May 1963 (171889, NR1051/5), Murray criticised the Times's profile of Mrs Rigani, one of the Romanian delegates on 20 May for its fulsome praise.

26) PRO FO 371 171905, NR1151/42; Minute by Braithewaite, 10 June 1963.

27) PRO FO 371 171905, NR1151/47; Despatch, Murray to Sir Patrick Reilly, 13 June 1963.

28) PRO FO 371 171905, NR1151/50; Despatch, Thompson to Murray, 31 July 1963.

29) PRO FO 371 171905, NR1151/48; Despatch, McGhie to Halls (Board of Trade), 4 July 1963; Minute by Rothwell, 10 July 1963.

30) PRO FO 371 171905, NR1151/54, Despatch, Murray to Thompson, 14 August 1963; Minute by Braithewaite 20 August 1963.

31) PRO FO 371 171889, NR1051/7; Minute by Henderson, 7 August 1963; Despatch, Foreign Office to Murray, 12 August 1963.

32) PRO FO 371 171905, NR1151/54; Minute by Thompson, 22 August 1963.
33) PRO FO 371 171905, NR1151/58; Minutes by Thompson, 28 August 1963, 30 August 1963.

34) PRO FO 371 171905, NR1151/59; Undated Foreign Office memorandum on Anglo-Romanian trade negotiations; 171906, NR1151/62; Letter, Nield (MAFF) to Halls (Board of Trade) 6 September 1963.

35) PRO FO 371 171906, NR1151/64; Telegram, Foreign Office to Bucharest, 26 September 1963.

36) PRO FO 371 171906, NR1151/66; Despatch, McGhie to Foreign Office, 3 October 1963; Minute by Thompson, 9 October 1963; Letter, Reilly to Hughes (Board of Trade), 23 October 1963; In a more detailed report on the negotiations, also dated 3 October 1963 (171907, NR1151/81) McGhie described how at a dinner party given for the British delegation on 24 September, the Romanians made dry comparisons between Molotov-"Mr Nyet"-and Halls, the leader of the British delegation, who they christened "Mr I Regret."

37) PRO FO 371 171907, NR1151/87; Despatch, Murray to Foreign Office, 28 November 1963. Murray's suggestion that Romania was moving away from bilateralism was not, however, borne out by events in the following decade. See M. Percival, op. cit.


39) PRO FO 371 171907, NR1151/89; Despatch, Murray to Sir Patrick Reilly (Foreign Office), 28 November 1963.

40) Ibid. Edward Heath, President of the Board of Trade, was a strong advocate of changing Britain's agricultural policy to end what he saw as the undue attention which domestic producers received, and argued strongly in Cabinet against Lord Soames, the Minister of Agriculture. (171907, NR1151/9; Handwritten minute by Lamb, 18 December 1963). Heath declined to be interviewed by this author. (Edward Heath, Correspondence, 28 February 1997).
41) PRO FO 371 171914, NR1531/2; Despatch, Squire to Stevens, 30 January 1963; Despatch, Murray to Stevens, 28 February 1963.

42) PRO FO 371 171914, NR1531/4; Despatch, Murray to Wilson, 21 February 1963; NR1531/2; Despatch, Stevens to Murray, 8 March 1963.

43) PRO FO 371 171914, NR1531/5; Despatch, Stevens to Squire, 11 March 1963.

44) PRO FO 371 171914, NR1531/13; Despatch, Murray to Marjoribanks, 21 November 1963. Murray also repeated his earlier suggestion that Britain should lift its ban on the import of certain Romanian petrochemicals on the grounds that no facilities existed for their manufacture when the oil companies were nationalised in 1948, and hence they could not be regarded as "stolen" in the same way as oil.

45) PRO FO 371 171914, NR1531/13, Despatch, Thompson to Murray, 14 February 1964.

46) Ibid.

47) PRO FO 371 171889, NR1051/18; Despatch, Foreign Office to Murray, 10 December 1963; NR1015/15; Minute by Thompson, 3 December 1963; Foreign Office briefing for call by Gaston Marin, Chairman of the Romanian Economic Planning Commission, 6 December 1963.

48) PRO BT 11 6197; Letter, Board of Trade to Ministry of Agriculture, 19 February 1964; BT 11 6227 Board of Trade letter, 18 December 1964; BT 11 6226; Letter, Edward Heath (President, Board of Trade) to Frederick Erroll MP, 29 June 1964; Minute by Halls, 17 July 1964; BT 11 6324; Reuter East-West Trade News, 8 October 1964.

49) PRO FO 371 177634, NR1151/16; Telegram, Board of Trade to Bucharest, 4 March 1964.

50) PRO FO 371 177634, NR1151/18; Despatch, Murray to Foreign Office, 19 March 1964.

51) PRO FO 371 177634, NR1151/19; Despatch, McGhie to Foreign Office, 25 March 1964; Minute by Thomas, 10 April 1964.
52) PRO BT 11 6324; Anglo-Romanian trade negotiations in 1964; PRO FO 371 177634, NR1151/55, Minute by Smith, 16 June 1964.

53) PRO FO 371 177634, NR1151/55, Minute by Smith, 16 June 1964; PRO BT 11 6226; Minute by Halls, 18 June 1964. In June 1964, Board of Trade and Foreign Office officials again advocated dropping the ban on Romanian petrochemicals and suggested that Britain should grant a £450000 quota for benzene, toluene and xylene. (177641, NR1531/4; Minute by Smith, 26 June 1964). However, the suggestion was not taken up because of objections from the Ministry of Power and Shell. (177641, NR1531/4; Letter, Parliamentary Secretary, Ministry of Power to Edward Heath, President of the Board of Trade, 13 July 1964; NR1531/5; Minute by Thompson, 10 July 1964).

54) PRO FO 371 177627, NR1051/3; Despatch, Murray to Foreign Office, 11 June 1964; Minute by Smith, 26 June 1964; NR1051/10; Despatch, Murray to Foreign Office, 19 November 1964.

55) PRO BT 11 6226; Letter, Rab Butler to Frederick Erroll MP, 2 July 1964; Board of Trade Minutes, 29 May 1964, 18 June 1964; BT 11 6197; Board of Trade Minutes 11, 14, 21 May 1964.

56) PRO BT 11 6226; Board of Trade Minutes 18, 29 June 1964; 1, 17 July 1964; BT 11 6227; Letter, MAFF to Board of Trade, 15 June 1964.

57) PRO BT 11 6291; Record of Press Conference hosted by Edward du Cann, 5 August 1964; PRO FO 371 177634, NR1151/59; Telegram, Murray to Foreign Office, 4 July 1964. Board of Trade Journal, 14 August 1964.

58) PRO FO 371 177634, NR1151/59; Telegram, Murray to Foreign Office, 4 July 1964.

59) PRO FO 371 177634, NR1151/59; Telegram, Bucharest to Foreign Office, 8 July 1964.

60) PRO BT 11 9291; Telegram, Foreign Office to Bucharest, 8 July 1964; BT 11 6226; Letters, Rab Butler to Frederick Erroll MP, 2 July 1964; Edward Heath to Parliamentary Secretary, Ministry of Power, 21 July 1964; Parliamentary Secretary, Ministry of Power to Edward Heath, July 1964; BT 11 6290; Report on visit by Edward du Cann to Eastern European Countries, 20-28 July 1964.
61) PRO FO 371 177634, NR1151/65; Telegram, Murray to Foreign Office, 23 July 1964.

62) PRO BT 11 6290; Report on visit by Edward du Cann to Eastern European Countries, 20-28 July 1964; Foreign Office Minute, July 1964.


64) Daily Telegraph, 23 July 1964.

65) PRO BT 11 6291; Record of call by Chairman, London Chamber of Commerce on Edward du Cann, 14 July 1964; Board of Trade Minutes, 17 July 1964, 12 August 1964.

66) PRO FO 371 177634, NR1151/98; Despatch, Murray to Foreign Office, 19 October 1964.

67) Ibid.

68) PRO FO 371 177634, NR1151/100; Minute by Thomas, 19 December 1964; PRO BT 11 6324; Reuter, East-West Trade News, 8 October 1964.

69) PRO FO 371 177634, NR1151/105; Telegram, Murray to Foreign Office, 28 November 1964; Minute by West, 4 December 1964.

70) D. Childs, Britain since 1939, London, Macmillan, 1995, 141; PRO BT 11 6324; Board of Trade Minute, 11 December 1964.

71) Tony Benn Diaries: Uncut version supplied personally to this author; Entry for 30 November 1964.

72) PRO FO 371 177614, NR1011/1; Murray's Annual Review for 1963, dated 13 January 1964; BBC Written Archive, Caversham, E1 2309, Agreement between BBC and Romanian Radio/TV, 9 December 1964; Note by Skempton, 4 December 1964. Despite Brucan's title of Vice President, he was solely responsible for Romanian TV and radio.
73) BBC Written Archive, Caversham; E1 2312/1; Notes by BBC Head of East European Services, 21 December 1965, 28 January 1966; Letter, Romanian TV/Radio to BBC, 31 January 1966.

74) BBC Written Archive, Caversham; E1 2312/1; BBC notes, 14 February 1962, 30 April 1962; Letters, Romanian TV/Radio to BBC, 31 October 1962, 8 November 1962.

75) PRO FO 371 182717, NR1151/2; Letter, Halls (Board of Trade) to Smith (Foreign Office), 20 January 1965.

76) PRO FO 371 182717, NR1151/6; Despatch, Murray to Foreign Office, 28 January 1965.

77) PRO FO 371 182717, NR1151/7; Despatch, Board of Trade to Bucharest, 6 July 1965.

78) PRO FO 371 182717, NR1151/20; Minute by Brooks, 13 May 1965.

79) PRO FO 371 182717, NR1151/29; Despatch, Glass to Foreign Office, 10 September 1965; 182723, NR1531/9; Despatch, Foreign Office to Bucharest, 27 August 1965.

80) PRO FO 371 182722, NR1481/39; Briefing dated 10 September 1965 for Thomson's visit to Romania.

81) PRO FO 371 177627, NR1051/12; Despatch, Murray to Foreign Office, 16 December 1964;182712, NR1022/11; Despatch, Bucharest to Foreign Office, 31 August 1965; The Times, 5, 9, 10 February 1966. British Foreign Secretary Michael Stewart did, however, meet Romanian Foreign Minister Manescu at the Carlyle Hotel in New York on 6 October 1965, in the margins of a UN meeting. (182712, NR1051/16). A small example of the improved political climate between Britain and Romania was the appointment of the scientist Archibald Hill, to be a member of the Romanian Academy in 1965. (Churchill Archive Centre; Hill Papers, AVHL 1, 4/19).

83) PRO FO 371 182723, NR1531/6; Minutes by Smith (31 March 1965), Greenhill (1 April 1965), and Williams, 1 April 1965; Guildhall Library, London: Annual Report of the Council of Foreign Bondholders, 1965, 62-3.

84) PRO FO 371 182723, NR1531/7; Letter, Beckett (Ministry of Power) to Sir Charles Johnston (Foreign Office), 13 April 1965; BT 11 6539; Letter, Board of Trade to MAFF, 23 November 1965.

85) PRO FO 371 182723, NR1531/9; Despatch, Glass to Foreign Office, 13 August 1965.

86) PRO FO 371 182723, NR1531/9; Despatch, Foreign Office to Bucharest, 27 August 1965.

87) PRO FO 371 182723, NR1531/40; Despatch, Glass to Foreign Office, 16 September 1965; NR1531/11; Ministry of Power paper on Romanian oil, September 1965.

88) PRO FO 371 182722, NR1481/48; Minute by Crowe, 25 October 1965, recording meeting with John Cooper, Gerald Tedder and Maurice Pearton of Shell.

89) PRO FO 371 182722, NR1481/50; Minute by Crowe, 22 October 1965; NR1481/49; Despatch, Brash (Bucharest) to Foreign Office, 29 October 1965; Despatch, Foreign Office to Bucharest, 22 November 1965.

90) PRO FO 371 182722; NR1481/52; Minute by Burns, 19 November 1965; NR1481/53; Letter, Smith to Annand (Treasury), 26 November 1965

91) PRO FO 371 182722; NR1481/55; Despatch, Bucharest to Foreign Office, 2 December 1965.

92) PRO FO 371 182722; NR1481/58; Minute by Burns, 17 December 1965.

93) Negotiations took place in London in March and April and in Bucharest in November and December and then broke down. It was only in 1976 that a settlement was reached. (Guildhall Library, London: Annual report of the Council of Foreign Bondholders, 1966, 28; Financial Times, 25 March 1966, Times, 4 November 1966, Daily Telegraph, 10 December 1966; Percival, op. cit., 70.
British-Romanian relations between 1944 and 1965 were governed by both general factors which determined British foreign policy as a whole and by specific ones pertaining to Anglo-Romanian and Anglo-Soviet relations. British policy generally was non-ideological and placed strong emphasis on the promotion of exports. While the maintenance of political influence in certain areas was still important to Britain in the late 1940s, Romania was not one of them and hence there was no need for dispute with Moscow over the political situation in that country. However, Britain was unable to cultivate a successful trading relationship with communist Romania, particularly during the Stalinist period, because the Soviet Union's foreign and domestic policies were heavily ideological, and thus did not accord with British ideas of development of mutually beneficial trading relations based on minimal interest in the domestic political system in a foreign country. Even after the death of Stalin, when the Soviet Union moved closer to Britain's pragmatic approach, the constraints of the communist economic system (in particular its emphasis on bilateralist trade) placed limits on the development of commercial relations. Moreover, Britain was unwilling to sacrifice other domestic and foreign policy interests to any significant degree in order to boost exports to Romania, and its non-ideological approach dictated that there should be no economic concessions for political reasons in the 1960s. Although some effort was made to boost political contacts as an alternative to economic concessions, relations ultimately remained constrained by Romania's rigid adherence to the communist system.
British-Romanian relations in this period should be seen in the context of a non-ideological approach to foreign policy, which contrasted with that of the US and the Soviet Union. While both Moscow and Washington favoured particular political systems, and considered it advantageous if other countries shared their own system, this was not the case as far as Britain was concerned. Britain’s approach to foreign policy was to promote its specific interests, irrespective of the political system which existed in a foreign country. British interests could be clearly defined, and provided that a foreign government did not threaten those interests, and was amenable to their furtherance, there was no reason for Britain to show any concern at the internal political situation. While a certain type of regime might threaten British interests, for example the communist regime in Romania, which nationalised the British oil companies, or the Nasser regime in Egypt, which nationalised the Suez Canal, it was against the whole drift of British thinking to try to overthrow a foreign government. Even with regimes which threatened British interests, the approach would be to negotiate and, if necessary, put pressure on the foreign government, in order to encourage it to change its position, rather than to precipitate its fall. Thus the Suez mission in 1956 did not, at least primarily, aim to overthrow Nasser, but merely to make him reverse his position over the Suez Canal. Suez can be contrasted with the US-backed Bay of Pigs emigre operation against Castro’s Cuba, which was ideologically motivated, its direct objective being the overthrow of Castro. Britain’s position fitted in with the spheres of influence approach of clearly stating one’s vital interests. British interests were concrete and not ideological. Therefore, Britain could quickly
accept the establishment of communism in Romania as a fait accompli and set about trying to find ways to work with the new regime. There was little support in London for Truman-style rhetoric about the "liberation" of Eastern Europe, which Britain considered not only naive but also contrary to the ground rules of its policy.1)

The non-ideological approach to foreign policy inevitably meant that Britain placed a strong emphasis on opportunities for the promotion of its exports, and was far less constrained by political considerations than the US or the Soviet Union. Hence, Britain was keener to re-establish reasonably normal trading relations with the Eastern Bloc in the 1950s, and even in the late 1940s, despite poor political relations. In contrast, the US was far more willing to restrict trade for political reasons. It is notable that Britain continued to make efforts to promote its trade in spite of the many petty obstacles and inconveniences which Eastern Bloc countries placed on British diplomats and other British citizens. British policy makers pragmatically observed that the Romanian industrialisation programme presented opportunities for British companies and were determined that political differences, and even harassment of British diplomats by the secret police (a factor which impinged more directly on cordial relations than high politics) should not interfere with these opportunities.2) The emphasis placed by British foreign policy makers on the promotion of exports fitted in well with the economic difficulties which the country faced in the post-war period, when it was faced with the military commitments of a great power, but a weak economy, sustained through the war by US support, which was cut off as soon as the war had been won. In
1945-7, Britain's subordination to the US was made clear by the crisis of sterling and the need for US support to prevent Britain falling even deeper into austerity. The US commitment was in doubt until at least 1947, when the Marshall Plan was announced, and even after this, it was by no means the case that the US would continue to give unquestioning support to Britain, a point illustrated by the economic pressure placed on Britain by Washington during the Suez crisis in 1956.3) The economic difficulties caused by Britain's efforts to maintain its overstretched military commitments were an important factor behind Britain's position as a status quo power, disinclined to provoke international tension and this accords with its approach to the Soviet Union in 1944-47, which was based on efforts to reach an accommodation rather than become embroiled in disputes over countries like Romania.

As well as these general considerations, British-Romanian relations between 1944 and 1965 were specifically conditioned by the fact that since 1941, Romania had never been seen by London as a major foreign policy interest in its own right. British policy to Romania was merely an appendage of that towards the Soviet Union, and was dominated by the fact that Romania was an enemy and the Soviet Union an important ally. It was entirely logical that at an early stage Britain should concede to Moscow's territorial ambitions at Romania's expense and should avoid conflict with its ally over Romanian affairs while the war was in progress. Moreover, Britain also had to take into account the views of its other main ally, the United States, which in 1943 at the Teheran Conference vetoed Churchill's plan for a Balkan offensive by the Western powers.4) This decision confirmed the Soviet Union's
military dominance of the Balkans. The situation led British policy makers to adopt a strategy of containment in which Romania could be no more than a bargaining counter to facilitate the achievement of foreign policy objectives in other areas. The most obvious manifestation of this strategy was the Churchill-Stalin percentages agreement of October 1944 which confirmed the *de facto* situation and influenced British policy until the end of the war in Europe in May 1945. Moreover, during the war, Churchill and Foreign Office officials believed that, in contrast to Allied countries threatened by Soviet domination, such as Poland, Romania deserved little sympathy because it had sided with Hitler. While this view was simplistic and failed to take account of Romania's dilemma in 1940-41, when Germany was the dominant player in the region, Romanian historians who condemn Britain for "abandoning" their country to the Soviets in 1944 show an equally narrow view of the overall situation. It is naive to expect that Britain should have risked damaging relations with a large ally for the sake of a small one, which until 23 August 1944 had been an enemy.

Britain's concern to maintain the wartime alliance with the Soviet Union and at the same time to safeguard its Mediterranean interests was transformed in the immediate post-war period into a desire to achieve a post-war *modus vivendi* with Moscow and a mutual acceptance of respective zones of influence. Thus while the Percentages Agreement had ceased to influence policy by September 1945 when the London Foreign Ministers' conference ended without agreement, the idea of an accommodation was quickly revived with the Moscow Agreement of December 1945, which directly followed from the failure in London. Moscow's
hints in September that it might encroach on Britain's Mediterranean interests, such as the Dodecanese, if Soviet predominance in Romania and Bulgaria was not recognised quickly led Britain and the US to accept the presence of communist dominated governments in those countries.

Britain's impotence in the face of the Soviet takeover of Romania is also an illustration of the general failure of the Western powers to prevent the communisation of Eastern Europe. Britain had significant interests in some of the countries which later fell to communism, and did not accept Soviet predominance in these as readily as it did in Romania, as reflected in the very different figures for each country in the Churchill-Stalin percentages agreement. Yugoslavia, in which Britain insisted on having a fifty percent stake, was of clear strategic importance because of its Adriatic coastline, while Britain's interest in Bulgaria, important because of its proximity to Greece and potential for irredentism at the latter country's expense, was reflected in the long debate between Eden and Molotov in Moscow regarding the percentages for that country. Initially, Britain expressed an interest in Hungary too, and Churchill asked for fifty percent influence there, although this was soon modified to twenty percent. In practice, however, Britain's impotence was demonstrated by the fact that the percentages proved meaningless in the long term. The presence of the Red Army in Eastern Europe gave the Soviet Union one hundred percent control not only of Romania, in which Britain had little interest, but also of those countries regarded by Britain as more important, such as Bulgaria, and also Poland, which had not featured in the percentages agreement at all, but which Churchill had shown great
concern for. In their fixation with the Churchill-Stalin agreement Romanian historians fail to recognise that Soviet military power was of much more importance in Moscow's takeover of Eastern Europe than the October 1944 understanding.

Britain's only direct interest in Romania after the coup of 23 August 1944 was commercial. This was demonstrated by London's efforts to regain control of oil installations which had been expropriated while Romania was fighting on the German side in the war and to protect them from Soviet plundering. It was this issue which presented the earliest problems in Anglo-Soviet relations in Romania. However, British officials failed to recognise the wider disadvantages of Soviet economic policy in Romania from the point of view of Britain's commercial interests. Soviet expropriation and demands for deliveries at artificially low prices left little room for other players and consequently Britain did not have much success in arranging the raw materials deliveries which it wanted from Romania for post-war reconstruction. Ultimately, British hopes in the 1940s for a revival of trade were unrealistic, given London's inability to resist Soviet political domination. The Soviet Union's control of Romania's foreign trade illustrates the fact that the percentages agreement in practice counted for little.

It Britain's inability to penetrate the Soviet Union's economic control proved that the British "ten percent" was a fiction, and the nationalisation without effective compensation of the British-owned oil companies in June 1948 underlined Moscow's one hundred percent control of Romania.

From 1948 until the early 1960s, Romania effectively ceased to exist as an independent state. There was little difference between its political status and that of a republic of the Soviet
Union, the country only retaining its formal independence because Moscow deemed this to be advantageous since, for example, it gave the Bloc more power in the UN. Consequently, there was little scope for Britain to have any policy towards Romania in isolation from general policy to the Soviet Bloc as a whole. The only areas where there was any room for initiative were trade and cultural exchanges both of which were severely constrained by Romania's membership of the Bloc. Although the shortfalls of the Soviet economic system allowed Britain to gain some success in exporting industrial equipment to Romania in the late 1940s and early 1950s, Soviet ideological objections to trade with the West, particularly by satellites, prevented any serious long term development, in spite of the fact that the two countries seemed particularly well suited to a bilateral programme of commercial exchanges, which would have fitted the uncertain situation of post-war Europe. Romania offered the advantage of being a soft currency source of materials needed for reconstruction as well as food, while Britain could have supplied Romania with industrial products. However, such practical considerations were of little interest to Romania's communist rulers, who had to toe Moscow's violently anti-Western ideological line. Romania's failure to pay compensation for nationalised British assets or to the holders of pre-war bonds led Britain to place an embargo on Romanian oil (which lasted until 1976) and to refuse to sign a trade agreement. These measures restricted Romania's ability to export to Britain and thus to earn sterling, and since Bloc countries preferred to trade bilaterally, Britain's ability to export to Romania was also limited.9)
Political contacts in the early communist period were likewise highly restricted and mirrored the state of East-West relations at the time. The only political visits to Romania were by representatives of the far left, such as John Mack MP. The strict control exercised by Moscow over Eastern Europe at this time made the pursuance of a separate policy towards the satellites pointless and British officials recognised that relations with the Bloc were best conducted through Moscow. The idea of trying to distance the satellites from the Soviet Union was seen as unrealistic. Moreover, there were particularly strong reasons for keeping political and cultural relations with Romania at an especially low level. Not only was Romania generally regarded as the most servile satellite, but also it owed Britain large sums for nationalisation and other claims.

The death of Stalin in 1953 led to a slight change in the atmosphere of British-Romanian relations, as the Soviet Union moved to a less confrontational approach to the West as defined by Khrushchev's "peaceful coexistence" policy. The change was reflected in Romania's willingness to discuss British claims in return for talks on trade. However, British-Romanian relations in this period illustrate the fact that Khrushchev's "peaceful coexistence" policy placed heavy emphasis on propaganda designed to suggest that the Soviet Bloc was taking the initiative to promote better East-West relations. In practice, there was little effort seriously to address practical obstacles to a better atmosphere, and this was reflected by the fact that the 1954-6 Anglo-Romanian trade and debt talks failed, because the Romanian side made only a derisory offer on compensation. Moreover, at this time Britain had insufficient interest in trading
It was Romania's industrialisation programme, which intensified in the late 1950s, which provided the basis for an improvement in British-Romanian relations, in line with the generally more stable climate of East-West relations. Romania needed to buy more industrial products from Britain and because of its attachment to bilateralism needed a trade agreement to do this. Consequently, it had to make a serious effort to address the problem of compensation. At the same time, Britain saw the opportunities for its exports which Romania's industrialisation programme offered and therefore had a greater incentive to give ground on the sum which it was prepared to accept as a debt settlement. The 1960 trade arrangement and payments agreement involved Britain accepting a token payment, well below the actual figure which Romania owed to settle all claims except those of the oil companies. However, Britain's willingness to sacrifice other interests to support exports to Romania was limited. The failure of the 1960 accord to include a settlement of the oil companies claims meant that the British embargo of Romanian oil products continued, thus restricting one option for Romania to have earned more sterling. Moreover, fears that Romanian agricultural imports could harm domestic producers and damage longer established trading relations meant that significant constraints were placed on Romania's ability to export to Britain and hence to earn the necessary sterling to buy British goods. This explains the fact that there was only a marginal long term increase in trade after the 1960 accord. Although Britain made vigorous efforts to promote exports to Romania, as
demonstrated by the fact that a British trade fair was in Bucharest during the Cuban Missile Crisis in October 1962, (the fair was the first from Britain to take place in Romania since the war, and there seems to have been no question of the international situation provoking a change of plans) these floundered because of Romania's rigid adherence to bilateralist trade.10) Moreover, there was little support in Whitehall for the ideas of James Dalton Murray, British Head of Mission in Bucharest in the early 1960s, who advocated the relaxation of British trade barriers to allow an expansion of trade with Romania, not only because he believed such a policy would be commercially beneficial to Britain but also because he believed it would enhance Romania's "independent" stand within the Soviet Bloc. Britain's failure significantly to upgrade its commercial relations with Romania in the 1960s, in spite of the apparent economic and political benefits serves to re-emphasise Romania's low priority in British thinking.

The increase in political contacts in the late 1950s can be seen as part of the generally improved climate of East-West relations under Khrushchev as well as running parallel to the improved possibilities for Anglo-Romanian commercial exchanges.11) However, as it became clear that the scope for an increase in trade was limited, political relations increasingly became a substitute for economic concessions as London tried to find a way to respond to Romania's dispute with Moscow over economic policy in the 1960s and to encourage Romania to continue to place orders in the UK in spite of Britain's reluctance to relax import controls. The culmination of this policy was Ceaușescu's State Visit to London in 1978, a desperate attempt to use a political gesture to persuade the Romanians to sign contracts
with British firms at a time when Romanian imports were still controversial.12)

The restricted scope of British-Romanian relations between 1944 and 1965 is an indication of the limits of British power in the post-war period. London failed to retain the degree of influence which it wanted in order to secure its commercial objectives, largely because of its impotence in the face of political developments. Hopes that the Khrushchev thaw in East-West relations and Romania's interest in purchases from the West might give a chance for Britain to regain greater involvement in Romanian affairs were undermined by the rigid nature of communist trading policy which severely restricted opportunities for the expansion of commercial relations. Moreover the weakness of Britain's domestic economy, which led to the adoption of protectionist measures, together with attachment to traditional trading partners contributed to Britain's failure to cultivate a new economic relationship with communist Romania. In the 1960s, Britain's weakness was demonstrated by its inability to make economic gestures for political reasons in support of Romania's stance within the Soviet Bloc. British officials were well aware of the significance of Romanian developments in the 1960s, but in the absence of economic concessions remained little more than observers, just as they had been in the 1940s when the communists were consolidating their rule. Britain's interest remained strictly commercial, and the absence of liberalisation of Romania's trading policy, despite the country's independent stance, meant that even in the 1960s, Britain's involvement in Romania remained limited.
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**ENDDNOTE**

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