

# Romania: elections in Europe's poorhouse

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Traian Basescu, chairman of the liberal-conservative Democratic Party ousted incumbent Social Democratic Party (PSD) Prime Minister Adrian Nastase in elections held in Romania December 12. The close upset saw the candidates polling 51.2 and 48.8 percent of the vote respectively.

In the first round, held two weeks earlier, Nastase with 40.9 percent was placed approximately 6 percentage points ahead of Basescu. Basescu, however, subsequently succeeded in exploiting widespread anti-government sentiment, conducting a broad campaign “against election fraud and corruption,” to win support for himself and his right-conservative Alliance for Truth and Justice (DA). According to analysts, Basescu’s victory was won largely in the cities—in the capital Bucharest, he achieved an almost two-thirds majority—whilst Nastase’s support came mainly from rural areas.

In line with Romania’s constitution, the newly elected president will form the future government, appointing a prime minister who then selects a cabinet. Basescu had already made it clear during the election campaign that he would give this task to a prime minister selected from his own party.

The attempt to forge a workable government has resulted in the administration’s first political crisis. In the parliamentary elections held two weeks earlier, at the same time as the first round of the presidential elections, Basescu’s DA received just 31.1 percent of the vote, placing it behind the ruling coalition of the Social Democratic Party (PSD) and Humanist Party (PUR), which received 36.6 percent. The Social Democratic Party has its origins in the post-World War II Communist Party led by Nicolae Ceausescu.

While the incoming president’s party holds only 161 of the 469 parliamentary seats, the former ruling coalition has 189. With neither side enjoying a clear majority, smaller parties could hold the balance of power.

Basescu is expected to seek support from the smaller partner in the former ruling coalition, the PUR, as well as from the Hungarian Association (UDMR), representing the Magyar minority. The UDMR had called for a vote for Nastase; however, a majority of voters of Hungarian

descent, particularly the wealthier ones from the northwest of the country, supported Basescu. Immediately after the election, the leadership of the UDMR announced that it would consider any alternative that would promote national stability.

The narrow electoral margin could also give the fascist Great Romania Party (PRM) led by Corneliu Vadim Tudor a place in the government. According to the media, during the campaign Basescu had “played on Vadim Tudor’s keyboard,” and also adopted his demagoguery with the slogan “corrupt politicians should be lined up against the wall.”

Tudor was a former officer in Ceausescu’s notorious secret police. Four years ago, he stood against former President Ion Iliescu in the run-off election. This time, he was eliminated in the first round with 12.6 percent of the vote. His PRM lost a quarter of its previous vote in the parliamentary election, achieving only 13 percent. Tudor has already prepared himself and his party for the possibility of taking part in the government, describing himself as “Europe-compatible” and toning down his notorious anti-Semitic tirades.

The pro-government newspaper *Jurnalul National* called for a grand coalition comprising Nastase’s Social Democrats and Basescu’s DA, in order to deny the fascists a place in the government. Politically, such a coalition would be entirely possible. Despite the mudslinging that took place between them in the election campaign—with mutual accusations of corruption and links to the mafia—the two electoral formations represent the same social layer that has enormously enriched itself since the fall of the Ceausescu regime.

Future president Traian Basescu was an officer and captain of Romania’s merchant navy in the 1970s and 1980s. In the early 1990s, he was a member of parliament representing a right-wing breakaway group from the Social Democrats. From 1991 to 1992, he was the minister of transport of the conservative-liberal government of Stolojan. Under President Constantinescu, from 1996 to 2000, he also occupied this post. In 2000, he became mayor of the capital.

Basescu’s crusade against corruption is worth considering in the light of his own political evolution. He

withdrew from ministerial office in 1992 after charges of corruption were leveled against him. He is also suspected of having worked with the state secret police for many years.

As president, Basescus intends to increase links to the West and accelerate Romania's integration into the European Union (EU). He has announced far-reaching tax cuts for business. His coalition partner, the pro-business PNL, has advocated comprehensive tax reforms in a bid to attract foreign investment.

But regardless of which parties finally make up the new government, "the way ahead is clearly defined," as the *Neue Zürcher* newspaper puts it. The EU, which Romania plans to join in two years, has provided the political and economic timetable. "The makeup of the future government is not regarded as of paramount importance." There is only one requirement demanded by European commentators: the new government must be stable enough to implement the "reforms" stipulated for Romanian entry into the EU.

Effecting the criteria for membership into the EU by the end of 2006—the starting point for parties of all political stripes in Bucharest—will mean abject poverty for the great majority of Romania's 22 million people.

Two thirds of those casting their ballots in the recent elections receive social welfare assistance or some form of national pension. According to official data, 42 percent of the population lives below the poverty line. Romania's per-capita GDP is only 23 percent of the EU average. In its poorest regions, such as Moldau, it plummets to 16 percent. In a 2000 survey, six of the ten regions in Europe with the lowest GDP were in Romania. This was the double the number recorded two years earlier, when the country accounted for three such regions.

Romania is still predominantly agricultural. In the 1990s, many unemployed people moved to the land, intending to become self-sufficient. Forty-two percent of the population is engaged in agriculture, but the sector accounts for only 13 percent of GDP. Large-scale agricultural enterprises occupy almost half of all arable land, with the remainder taken up by smallholdings, owned mostly by independent farmers. These regions have roads that are unpaved (only half of Romania's roads are paved) and households with no running water (nationally, one out of every three households lacks running water.)

Unemployment is increasing. The official unemployment rate has continued to rise in recent years, reaching 9 percent in 2003. Youth unemployment stands at approximately 20 percent. But these statistics mean little, since many of the unemployed go unrecorded, and wide regional fluctuations exist. In the northeast of the country, for example, the unemployment rate is double the rate in Bucharest. In some districts, one out of every two workers is jobless.

Under pressure from the EU, the incoming government has placed privatisation of the last remaining state-run enterprises on the agenda, even though it is widely recognised that this will result in their closure. Almost 30 percent of jobs are in this sector. Job losses through privatisations so far total 1.5 million. However, even those with work lack economic security. The average hourly wage rate in Romania is 1.50 euros, and it is not uncommon for skilled workers supporting a family to have two or more jobs.

In its last progress report, the EU gave Romania positive marks, but made clear that the government has further to go. "A functioning free-market economy presupposes liberalised prices and trade," the report stated.

Undoubtedly, the new government will overturn the last remaining legislation fixing prices for basic food items. The EU is also demanding price increases for electricity, gas, water and garbage collection. Pressure from the IMF and World Bank have led to increases in energy prices in recent years as well as hikes in the cost of other services, including bus and train travel, which many Romanians consider exorbitant.

At the same time, a tiny elite is utilising the preparation for entry into the EU to enrich itself. Recently, the Natase government issued a decree nullifying a 400 million euro debt owed by two private oil refineries in east Romania. The chief proprietor of the formerly nationalised refineries is Corneliu Iacobov, a prominent member of the PSD. Managed by Iacobov, together with other party members and business associates, the refineries were deliberately driven to the verge of ruin, denationalised and sold at far below their worth. They were then turned into shelf companies from which Iacobov stood to benefit.

Last year, Romania's European Integration Minister Hildegard Puwak was forced to resign after channeling funds earmarked for the promotion of the EU into private companies run by her husband and son. But such scandals represent merely the tip of the iceberg. According to one recent inquiry, 75 percent of Romanians consider that corruption has increased since the last years of the despised Ceausescu regime.



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