Romania: Boc government resigns after no-confidence vote

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Five weeks prior to scheduled presidential elections, the Romanian government led by the liberal-conservative prime minister, Emil Boc, collapsed on October 13 following a vote of no-confidence in parliament. The no-confidence motion put forward by the opposition National Liberals and the Party of the Hungarian Minority won the support of 258 deputies, with 176 voting against.

The conflicts now taking place over the formation of a new government are symptomatic of ceaseless wheeling and dealing over power, influence and cash between the different cliques of the Romanian elite. A majority in parliament voted last week in favor of President Traian Basescu nominating the mayor of Sibiu, Klaus Johannis, to form a government. Johannis is a member of the ethnic German community in Romania. Basescu immediately turned down the proposal.

Instead, Basescu nominated the non-partisan central bank adviser Lucian Croitoru, saying he was better suited to head negotiations with the International Monetary Fund. Basescu is likely reckoning that Croitoru does not have a chance of gaining a majority in parliament and is seeking to delay the formation of a new government until after the presidential elections.

In any event, there are no principled differences between Croitoru and Johannis. Whoever takes over as prime minister of Romania will head a government of “experts” in which nominally independent ministers will determine government policy.

The fact that such a government will be only a temporary solution is apparent when one looks at the Czech Republic, where a similar government of “experts” was formed under Prime Minister Jan Fischer with a mandate to hold power for just two months. This government recently extended its mandate until the spring of 2010.

Irrespective of who heads the next Romanian government, the administration will continue the drastic attacks on the population introduced by the Boc government. Austerity measures include substantial wage cuts for public service workers as well as tax increases.

The International Monetary Fund has been exerting pressure on the political leadership in Bucharest to carry out such policies. IMF representatives are due to visit the country from October 28 to November 9 in order to evaluate the progress made towards consolidating the national budget and associated measures.

Romania has been saved from bankruptcy by billions in credits. The package financed by the IMF, the European Union and the World Bank amounts to €20 billion. Five billion were disbursed in May, and a further 2 billion in the middle of September, after the government met IMF targets. The remaining credits are to follow in stages up to May, 2011 on the proviso that Romania fulfills the conditions laid down by the IMF.

“In view of the present political development, a further mission will be necessary to conduct discussions with the new government,” said Jeffrey Franks of the IMF. His comment made clear that the IMF is not convinced that the measures introduced so far are sufficient. He demanded additional economic measures aimed at reducing the budget deficit to under 6 percent of gross domestic product. At present, the deficit is around 7.4 percent—nearly double the level of a year ago.

All of the parliamentary parties are agreed on the necessity for further economic cuts, although broad layers of the population are already suffering greatly from reductions in social spending, rising

unemployment and growing poverty resulting from the economic crisis.

The official unemployment rate has nearly doubled from 3.9 percent (September 2008) to 6.9 percent today. The IMF expects that unemployment will rise to nearly 10 percent by the end of the year.

The IMF anticipates that unemployment in 2010 will breach ten percent, i.e., one million unemployed. The official numbers are far removed from reality. Hundreds of thousands of Romanians are not included in the statistics. In the rural areas bordering Ukraine and Moldavia, up to 50 percent of the population is without work.

Those who are employed confront wage cuts and unpaid furloughs. Many companies seeking to reduce costs have simply placed their workers on unpaid vacation.

The government began such measures in August, sending its 1.4 million employees on ten days unpaid leave. The Romanian ING subsidiary followed suit with ten days unpaid vacation for all of its 1,000 employees. Now the Romanian unit of PricewaterhouseCoopers has announced 15 days leave over the coming months for its workforce of 650.

When it comes to family income, Romania trails nearly every other country in the European Union. According to Eurostat figures, the gross domestic product per inhabitant is currently around €10,700. Within the European Union, only Bulgaria, at €9,600, has a lower figure.

The average in all 27 member states is €23,700. Under these circumstances, it is not surprising that polls revealed in 2008 that only 17 percent of Romanians had confidence in the parliament.

The role of the trade unions

At the start of this month, some 800,000 public service employees went on a one-day general strike, and some days later around 15,000 officials and employees in Bucharest protested, bringing traffic in the capital to a standstill for hours. Numerous public officials organized “strike posts” in front of the headquarters of the Social Democrats (PSD) and Liberal Democrats (PD-L), who are responsible for the austerity measures.

The trade unions, which organized the strike and protest actions, had originally announced an unlimited general strike for October 28. Last week, however, the head of the public service union SNFP, Sebastian Oprescu, announced that the strike had been postponed.

Oprescu declared, “The collapse of the Boc government after the vote of no-confidence requires a responsible attitude on the part of the SNFP.” The leadership of SNFP plans to meet again on November 17 to decide on further protests.

The postponement of the general strike demonstrates the close links between the trade unions and the country’s political elite. None of the Romanian unions, irrespective of whether they emerged from the former Stalinist state trade union or are led by right-wing, pro-capitalist forces, represent the interests of their members. At the beginning of the 1990s they played a crucial role in facilitating the introduction of free market conditions. They collaborated in the privatization of former state holdings and the resulting huge loss of jobs.

The extent of union organization has shrunk dramatically in Romania from nearly 90 percent in 1990 to 70 percent in 1997, 30 percent in 2001 and around 15 percent today. Even in industries with traditionally high levels of union organization, such as the mining industry and the heavy industry sector, only a third of the workforce is organized. The union presence is weakest in the public sector.

Despite widespread disillusionment with the trade unions, the biggest strikes in 20 years have taken place in recent months. This has not only surprised, but also alarmed, the SNFP, which sees its main task as keeping the working class under control and strengthening the crisis-ridden state.