

IMF, European Union increase pressure on Romania

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Austerity measures are set to continue in Romania with the axing of 74,000 more public sector jobs by the end of the year. This was the message left delivered by an International Monetary Fund (IMF)-European Commission (EC) evaluation team dispatched to the Eastern European country. The conclusion of the nine-day IMF-EC mission last Wednesday will allow the Romanian government to access the sixth outlay of a joint IMF-European Union (EU) loan package.

Speaking at a press conference on Wednesday, Jeffrey Franks, the head of the IMF team, praised the Romanian government of Prime Minister Emil Boc (Democratic Liberal Party, PD-L) for its effort to sack 30,000 public employees, and added that he expects the next target of restructuring to be the country's education system. Franks also applauded the Boc government's quick reaction to the Supreme Court's rejection of the scheduled pension cuts, by increasing the VAT tax 5 percent, to 24 percent.

The IMF representative avoided addressing the real number of planned layoffs, speaking instead about a "continuous restructuring by the end of the year", and hinting that the "government anticipates thousands of personnel cuts over and above the 70,000 posts". Seventy thousand is the number discussed in the initial accord, intended to create a more "supple public sector" and "create space" for a "gradual increase of salaries".

Speaking on public radio, Prime Minister Boc envisaged a 10 percent salary increase—after a 25 percent cut has already been implemented and combined with the elimination of an extra month's salary for public sector workers. The supplementary letter to the IMF, drafted by the government and the IMF delegation, states that 74,000 more jobs will be destroyed, in addition to the 30,000 already cut by the

government. Moreover, it states that only the sacking of 15,000 more workers would "leave the room" for any "modest increase of salaries in the public sector". The IMF representative did, however, make clear that he "advises against" any salary increase.

The targeting of the education sector marks a new attack on teachers, who have been in conflict with the government since it took office in early 2009. Boc, then leader of a Social Democratic (PDS)-PD-L coalition government, refused to grant teachers a pay increase, despite the increase being voted on by parliament and confirmed in a court decision.

Teachers have also opposed the new salary law, which reduced salaries and eliminated several bonuses, and the government's education reform. Growing tension between teachers and the government was then eased by trade union bosses, who struck a deal with their old acquaintance, the Social Democrats' Education Minister Ecaterina Andronescu.

Protests resumed in 2010, as the Democratic Liberals, having ousted the Social Democrats from government and with a new majority in parliament, attempted to push through the IMF-imposed pay cuts and a new education law. The new law opens the education sector to deregulation and competition by pitting public schools against each other for funds, and allowing the private sector to compete with the public schools for government finance.

The conflict between teachers and the new education minister, Daniel Funeriu, reached a peak in May, when teachers refused to participate in baccalaureate exams. The government, faced with a wave of strikes and protests over the IMF-backed austerity program, decided to take a defiant stand and go ahead with exams regardless of the teachers' boycott. The changes to the exam's methodology required by the new

education law, as well as the chaos of the government's strike-breaking operation, resulted in a staggering 40 percent of high-school students failing to pass the exam, a number which government officials were quick to use as proof that teachers were incompetent and that the system was in need of "reform".

The idea of a small, "supple" public sector, providing only a minimum of social services, has been a recurring ambition of the new Romanian ruling class since the fall of the Stalinist dictatorship 20 years ago. After rapidly dismantling the country's factories and industrial platforms, successive administrations have brought the health care and education sectors to the brink of collapse. As a precondition for Romania's joining the European Union in 2007, these sectors had to undergo a series of "reforms" aimed at decentralization and opening them up to private investors, leaving schools and hospitals starved of funds and lacking in basic equipment.

But government officials have been repeatedly confronted with workers' resistance. During the past two decades teachers have mounted determined opposition to the attacks, staging week-long strikes in 2000 and 2005, and managing to obtain some concessions on salaries and working conditions.

The accord signed with the IMF in 2009 to reassure the country's foreign creditors in the face of the economic crisis and the savage set of austerity measures that followed mean that the conditions for such concessions no longer exist. As in other countries throughout Europe, workers now face a concentrated assault on their livelihoods. The austerity plan has been accompanied by a media frenzy portraying teachers, health care workers and clerks as corrupt, incompetent and living an unsustainable lifestyle on the back of the private sector.

The government's resolve to deal with popular opposition has been greatly aided by the trade union leaders, who have dissipated and limited strikes, dragging on for months with one-day protests and half-measures.

Nevertheless the current political set-up is showing signs of strain, with the ruling Democratic Liberal Party's popularity plummeting to 12 percent in the opinion polls, barely two years after the election. The cabinet is increasingly seen by the bourgeois establishment as unsuited for tackling working class

resistance to the austerity plan, and its members, flaunting considerable personal wealth, have been criticized for corruption and a failure to convincingly communicate their policies.

The disarray of the political elite and its contempt for the broad masses of the population was exemplified by President Traian Basescu, a champion of the harsh economic measures, who made a cruel joke at the expense of the country's flood victims. When questioned about the wealth of cabinet members, he replied that: "Even when we have water in our mouths we still want to make politics".

The Social Democrats, with their ties to the union bureaucracy, are currently viewed as a more reliable political vehicle, having already shown their commitment to the austerity program. Their main criticism of the government is its inefficiency in applying the economic reforms. Some form of government reshuffle is expected in September, but it is doubtful whether the Democratic Liberals will be able to maintain their slim majority in Parliament.

Regardless of its political make-up, the next cabinet will have to confront growing popular opposition. Workers received their first cut paychecks for July and face a further decline in real income, with inflation set to rise to 7.8 percent in 2010 due to the VAT increase. The IMF has set the target for the public deficit at 4.4 percent of GDP for 2011, which makes another round of attacks inevitable next year.



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