Romania 2010: A year filled with social unrest and unprecedented cuts

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The year 2010 was marked by drastic social cuts and government decisions that have affected all segments of the Romanian population. It was filled with social unrest, protests and demonstrations against the government of Emil Boc and its “laws of misery”.

The beginning of January saw protests in the capital, Bucharest. A few hundred protested for a week in front of the Finance Ministry demanding the government extend support to the unemployed. At the beginning of February, workers from the education sector demonstrated in front of the Ministry of Education, Research, Youth and Sport in Bucharest. The protest was aimed at blocking a budget ordinance issued by the government, which meant the slashing of about 15,000 jobs in education by the end of the year.

The protests continued in March with teachers from Buzau declaring a strike for three weeks, closing the region's schools. Soon after, the teachers were joined by pensioners demanding free medical treatment, access to places of treatment and recuperation, and the maintenance of the current retirement age. The images of elderly people fighting for their rights with police shocked the whole nation.

In April, Bucharest was paralyzed by a spontaneous strike of 4,500 employees in public transport.

Facing pressure from the IMF, President Traian Basescu announced on May 6 that the program of massive spending cuts would have to enter a new, even more drastic stage starting July 1.

After the mass street protests in Bucharest on May 22, a general strike in most fields of activity hit the country on May 31. The all-out strike involved the education sector and public administration. Solidarity strike action was also taken by employees from other public sectors.

The protests continued in several major cities over the following days and renewed demonstrations took place in June against the announced cuts. In the event, the motion of censure against the government was rejected and salaries were reduced by 25 percent and VAT increased by 5 percent to a total of 25 percent starting July 1.

The measures undertaken by the government affected, directly or indirectly, the entire population of Romania. In many areas, low wages and living standards will have long-term repercussions.

The World Bank released a report on the number of Romanians who have emigrated this year, which is approximately 2.77 million people or more than 13 percent of the population. In late September of this year, the registered unemployment rate nationwide was 7.35 percent. According to data from the National Employment Agency (NEA), at the end of September over 22,000 school graduates were receiving unemployment payments from the state.

The end of the year brings more cuts for the population and changes to laws which in the past have offered a degree of stability to public employees. At the end of November the Ministry of Labour began discussions regarding amendments to the Labour Code and other laws on trade unions, employees and collective work contracts.

The new rules regarding the labour market will have to be approved by the government and submitted to parliament by the end of the year. A more flexible labour market is the main argument of the government to justify amending the existing Labour Code. Proposed measures include extending probationary periods for those beginning work and shortening holidays and periods of leave.

In addition, employment contracts can be terminated without notice during the probationary period and annual leave reduced from 15 to 10 days. Also, the period during which work can be offset by additional paid time-off will be extended from 30 to 60 days, according to the draft amendment to the Labour Code.

Most affected by the new law will be mothers who can be dismissed during maternity leave. The same threat confronts employees taking medical leave.

The government is also seeking to ensure that pensioners receiving more than 740 lei (less than $350) monthly pay a 5.5 percent contribution towards their health care. Prime Minister Boc told party colleagues of the National Bureau of PDL that the government intends to take this measure because the health insurance budget deficit is too high. While the paltry level of pensions is to be reduced even more, the Court of Appeals decided at the beginning of December that former Stalinist “Securitate” and Intelligence Service pensioners who sued the government should retain their high military pensions.

The medical system is also about to face new problems. As a result of the introduction of the co-payment system, medical emergency services will be overloaded with patients being forced to wait a long time for their medical problems to be addressed, said independent deputy and member of the Chamber of Deputies Health Commission Tudor Ciuhodaru.

The already difficult situation in emergency rooms—struggling due to a lack of doctors, nurses and medicine, with old or defective medical equipment—will only worsen, forcing those who cannot afford the new government tax to wait long periods for treatment at polyclinic medical centres.

Health Minister Cseke Attila explained that the introduction of such a co-payment system was a commitment made by the Romanian government to the IMF and the World Bank in 2009. If the state budget for 2011 is approved, then the Ministry of Health will be most affected. Its budget will be reduced by almost 40 percent.

The IMF is reckoning with the imminent bankruptcy of the Romanian state, as happened to Argentina in 2001. IMF head Dominique Strauss-Kahn told the Swiss television station TSR: “What is dramatic—and I talk about countries such as Greece, Ireland, Latvia, Hungary, Romania, countries in which the situation must be rectified—we cannot continue as before because an inability to repay debts is imminent.”

Romania’s external debt is almost €90 billion (70 percent of GDP), €17.6 billion of which was borrowed short-term. The government boasts on paper that it has met all the conditions imposed by the IMF. In reality, the Finance Ministry resorts to all sorts of technical tricks to hide its debts and indicate it is on target with its plan to cut the budget deficit.

In 2011, we will sign “a new agreement with the IMF”, President Basescu told parliament. He said that because of “deficits and the lack of structural reforms, no one is giving long-term loans to Romania”. He added that keeping its deal with the IMF was linked to the country's credibility in international financial markets and foreign investors.

The widespread protests and opposition to government policies has lacked any form of expression within the established political system. All of the country's parties declare the necessity for cuts in one form or another. This standpoint is shared by the trade unions, which have organised many of the protests during the past year.

In fact, the trade unions are intent on keeping the protests isolated and small, thereby creating conditions where the bureaucracy can reach a deal with the government. The leaders of the trade unions enjoy close links to the leaderships of the country's main political parties and go to great lengths to ensure that political slogans are not raised in the protests they organize.