

# The consequences of privatization for the Romanian working class

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11 March 2011

A national survey conducted at the end of last year by the Institute for the Investigation of Communist Crimes and the Memory of Romanian Exiles entitled, “Attitudes and opinions about the Communist regime in Romania”, found that 20 years after the collapse of Nicolae Ceaușescu’s despotic regime, 45 percent of respondents felt that life was better prior to 1989 than it is today. The study is an indictment of the social and economic conditions created in the country with the restoration of capitalism. While the population has been granted greater freedom of expression, Romania’s productive base has collapsed and living standards have fallen sharply.

The privatization of state enterprises has been a central feature of market reform in Romania since 1989. During the past 20 years, almost all major industries—factories, research centers, coalmines—have been closed down. Beginning in the mid-1990s, factory sales were a profitable business, and privatizations were carried out for modest sums. Those who bought the factories and promised to maintain production capacity soon drove them into bankruptcy and then sold them off in parts. To give just one example, out of the 14 steel mills existing in 1989, only 1 is still functional today.

The coal industry has suffered a similar fate. Just 21,000 people are still working in the coalmines today, compared to 130,000 miners in 1997; in 1990 there were 350,000 employed directly in mining and another 700,000 indirectly. The collapse of production has come alongside a sharp rise in accidents. Since December 1989 there have been over 50 serious mining disasters, the worst took place in August 2001 at the Vulcan Mine, resulting in 14 dead and 4 wounded, and in November 2008, at the Petrita Mine, where 13 miners and rescuers were killed and 17 others injured.

In the Jiu Valley, restructuring of the mining industry has wiped out the only source of income for thousands. This process is now to be extended nationwide. Starting in January 2011, half of Romania’s existing mines will be subject to a closure plan intended to bring the country in line with recently approved European Commission goals to close loss-making mines in the EU before October 2014. If the regulation is approved by parliament in its current form many of the nearly 8,800 employees still working for the National Coal Company (CNH) will join the growing army of jobless.

When it comes to agriculture, Romania is a country of paradoxes. The country’s arable land covers 39.5 percent of its total territory. Romania was one of the leading world suppliers of grain. In 1990 grain exports almost completely collapsed. Since then, they have slightly recovered, but living conditions in the countryside are extremely backward. Only 33 percent of people living in rural areas are connected to water; 10 percent are connected to a sewage system; and just 10 percent of the roads are of adequate quality.

The main indicator of the bankruptcy of Romanian agriculture is the level of agricultural imports. Despite a 35 percent increase in agricultural exports in 2010, whose value reached to €2.8 million, imports were still considerably higher, amounting to €3.5 million.

In the area of public services, the International Monetary Fund has forced through the privatization of a series of former state monopolies such as electricity, gas distribution, water supply and fixed telephones, resulting in higher prices for consumers. Candidates for privatization in the near future are the CEC Bank, Tarom (the national airline), and the Romanian postal service. The public health care system is in the process of being restructured.

The Ministry of Health is currently preparing to

reorganize and consolidate dozens of hospitals; out of the current national total of 435 hospitals, 111 will be merged and 71 will be turned into nursing homes. The prime minister also wants to disband the only ear, nose and throat institute in Bucharest, insisting that the facility must be cut to provide rehabilitation services for children with speech and hearing disabilities.

After years of defective management, corruption and much underfunding, some layers of the population are convinced that the privatization of the hospitals is the only way to save them from extinction. At the same time, a series of protests have taken place to oppose the restructuring effort.

Demonstrations have occurred in Babadag, a small town with 45,000 inhabitants, where the municipal hospital is slated to become a nursing home. In ?&nd&;rei (eastern Romania), 300 protested in front of city hall asking the Ministry of Health to reverse its decision on restructuring. In Iasi, dozens of people demonstrated in front of the Emergency Hospital, angry that the medical unit there will be merged with another institution. Hundreds took to the streets in Agnita (Sibiu County) as well, where the closing of the hospital leaves 30,000 inhabitants with no medical care. For some residents the nearest facility will now be 70-90 kilometers away.

In the press release announcing its decision, the Ministry of Health claimed that the restructuring of the country's hospitals "was carried out in collaboration with public health departments and local authorities for several months". In reality, the assessment was hastily conducted over two weeks by three teams that evaluated a staggering 10 hospitals a day. Local authorities were not consulted in any way.

Even as public services are being gutted, labor laws are being rewritten to ramp up labor productivity and strip workers of their rights. A new labor code enacted on March 8 at the behest of the IMF and multinational companies with operations in Romania allows employers to extend the work day from 8 to 12 hours if there are orders or projects that need to be completed. Vacation time has been reduced from 15 to 10 consecutive days, and employers are allowed to eliminate holidays if they feel an employee has taken too much sick leave. Workers with health problems have also been stripped of legal protections. Businesses are currently seeking the right to sack workers if they

go on strike.

In the counties of Galati, Arges, Gorj, Covasna, Sibiu and Bistrita, several thousand people took to the streets earlier this year to protest against this "return to slavery".



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