

# Border scandal exposes Romanian union corruption

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The crisis of the Romanian government, as it faces deep economic difficulties and political pressure from leading European Union (EU) countries, has exposed the corruption of the Romanian state bureaucracy—and, in particular, of the unions.

At the beginning of February, a large wave of raids took place at Romanian border checkpoints. They were precipitated by opposition from France, Germany, Holland, and other EU countries to Romania's integration into the customs-free Schengen treaty zone in Europe. These countries had complained of corruption and lack of security on Romania's borders.

The investigations concluded that smuggling operations, largely run by customs officials and police, had given rise to huge criminal enterprises within the political and state hierarchy. The regime of President Traian Basescu tried to quickly put a lid on the scandal. He declared, "Romania struggles constantly against corruption on its borders," boasting that over the past five years, 51 tax collectors and more than 120 border police had been indicted or arrested.

Basescu made such comments in no small part to distract from the consequences of the devastating and unpopular IMF austerity measures imposed on the country after the outbreak of the global economic crisis. There have been mass layoffs, 25 percent salary cuts and elimination of bonuses, and pension freezes. A wave of privatizations is also planned, at state energy companies including Hidroelectrica, Nuclearelectrica, Romgaz, and Trangaz.

Also, around 8,000 people demonstrated on March 16 in Bucharest when a motion of censure was presented by the opposition against the new Labor Code. The law adds even more pressure on workers in line with the requests of the IMF and of multinational companies. The motion of censure was rejected and the new Labor

Code adopted. Thus, it will come into force later this year.

Nonetheless, the results of the investigations provide a devastating insight into the character of the Romanian union bureaucracy.

The scandal led to a fierce war of words among the major political parties and trade unions.

Pro Lex (National Union of Police and Customs Officers) union leader Vasile Lincu openly attacked the ruling PD-L after his house was searched. He claimed during a news conference that Pd-L General Secretary and former Interior Minister Vasile Blaga was involved in the case of bribery at the customs and that the bribery scheme had a network of beneficiaries.

Blaga rejected "the association of the PD-L with any act of corruption at customs." He added, "We were the only party which had no problems with the Court of Auditors," and denounced "all those liars who claim that the party was funded from illegal sources."

To draw attention away from the party's activities, the public's eyes were directed towards trade union leaders. For the first time in 20 years, they were obliged to declare their wealth and income, following the adoption last year by the parliament of a new law relating to the work of the National Integrity Agency (ANI), created in 2007.

Despite parliamentary opposition, the ANI launched an investigation into the fortunes of the major union leaders. The ANI is still checking the wealth of 15 trade union leaders who have not filed their statements of assets and have failed to account for their estates and earnings. This list includes Liviu Luca, Marius Petcu, Bogdan Hossu, Vasile Marica and Dumitru Costin.

The corruption of the Romanian unions emerges from the historical circumstances of the restoration of capitalist rule in Eastern Europe. Large quantities of

former state property were privatized in Romania following the overthrow of the Stalinist regime in 1989 and the restoration of capitalism. A key objective of the union leaders was to take possession of the property owned by the unions during the Stalinist Ceaușescu regime.

Union confederations have claimed ownership of the properties belonging prior to 1989 to the General Union of Trade Unions of Romania (UGSR). Among them are more than 21,000 buildings, including youth houses, sports centers and hotels.

Since then, Romanian society has polarized into a super-rich minority and an impoverished majority belonging mostly to the working class.

If the trade unions have not offered any opposition to the impoverishment of the workers, moving instead to block any struggle that might challenge the government, it is because they were rapidly joining the privileged minority—as these revelations make clear. The union leaders have been transformed over the past 20 years into multi-millionaire executives of various businesses. They are heading businesses worth hundreds of millions of euros, generally operating at the fringes of the law.

After dismantling large state companies, many union leaders shifted to politics. All of the major union confederations are linked to political parties. Their constant juggling of political, personal and private business interests, and their complete contempt for the interests of union members, have deprived them of credibility.

The unions' control of votes in election campaigns is a powerful tool. Union leaders influence political appointments, cabinet nominations and business contracts. To this end, they are prepared to criticize some of the social evils plaguing the country and organize the occasional demonstration or strike. However, they are fundamentally opposed to any struggle against the deeper social inequality afflicting society, on which their privileges rest.

The most striking political affiliation is between the opposition PSD—the Social Democratic Party—and the CNSLR-Fratia, agreed in 2008. The Social Democrats agreed to support laws in parliament initiated by the union confederation and offer union leaders key positions in the political system.

Speaking at a PSD conference in October 2010,

Dumitru Costin, president of the National Trade Union Bloc (BNS), said his invitation to the congress of the PSD was a sign that the party “will continue to modernize” and open itself to “natural partners,” i.e., the trade unions. Also attending the congress was the president of the CNSRL-Fratia, Marius Petcu.

In the course of the investigation, the vice president of the CNSRL-Fratia trade union, Liviu Luca, was declared the richest union leader. Luca is the right-hand man of the businessman Sorin Ovidiu Vântu, a controversial figure and the owner of Realitatea Television.

Luca is a shareholder and chairman of the board of Realitatea TV and controls the PSV Company (formerly Petrom, a Romanian Oil Company), as well as Delta Insurance, Best Media Pres, Petro Trust and Forseco. The latter two companies work in petroleum-related services.

Compared to Luca, Marius Petcu has more a more “modest” fortune. He has the highest income from union activity, about \$10,000 per month. Besides owning five strips of land, three houses and several bank accounts, he is a shareholder in five companies.

Almost all of the buildings, real estate and cars he owns have been purchased since 2000, the year he became president of the CNSLR-Fratia. More recently, his family acquired a villa in Predeal (Brașov), which prosecutors from the ANI believe to have been bought with a bribe received at the beginning of 2011. The villa is estimated to be worth around 200,000 euros. In contrast, a worker's house often costs around 25,000 euros or less.

The National Union Federation, “Cartel Alfa,” is run by Bogdan Hossu. The trade union is a shareholder in 11 companies and has invested workers' subscriptions in the insurance business, pension funds and travel vouchers. Cartel Alfa leaders are members of the boards of these companies, and some hold shares.



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