

# 900 miners sacked in Romania

**Diana Toma****15 November 2011**

The latest sacking of 900 miners in Romania is the beginning of a new offensive by the right-wing government led by Premier Emil Boc. It is to be accompanied by mass redundancies in public services and drastic reductions in wages and working conditions.

In the early 1990s, following the re-introduction of capitalism by the Stalinist regime, successive Romanian governments maintained large state-owned companies—even those operating at loss—in order to avoid mass redundancies and social unrest. Over the last three years of global economic crisis, many of these companies have doubled their debt.

The government now wants to liquidate these debts by radically restructuring the companies. With the help of the National Agency of Fiscal Administration (ANAF), it is shuffling around profitable assets in preparation for privatization while slashing jobs in so-called unprofitable sectors. Currently in line for this process is the National Coal Company (CNH)—the country's most indebted company—but international investors are also looking at the transportation sector and the post office.

The daily *Ziarul Financiar* claimed that 15 of the 18 state-owned companies monitored by the IMF, including the National Coal Company, Termoelectrica, the Romanian Post and the Railway Company, have increased their debt by 132% between the end of 2008 and mid 2011. At the onset of the crisis in late 2008, these state companies had debts of just over 4 billion lei (1.09 billion euro). By July 30, 2011 this figure had soared to 9.3 billion lei (about 2.2 billion euro).

In early 2011 the IMF proposed the government separate the viable mines from the unproductive ones and minimise the losses of the latter. According to Jeffrey Franks, head of the IMF mission in Romania: “this is a Europe-wide process of closing unproductive mines in the course of years, probably until 2018.” The

government, together with representatives from the IMF and the European Commission, decided to carry out the restructuring of the National Coal Company beginning with the closure of three of the country's seven mines by 2018.

As it was the case recently with the trade unions at the Nokia plant, the Romanian mining union plays a key role in government decision-making. In a meeting with the management and the CNH miners union Economy Minister Ion Ariton declared he was “waiting for a proposal from them” (i.e. the unions) for restructuring the mines.

Prime Minister Emil Boc told the press at the beginning of February that “the restructuring of the mining sector will continue until 2018, according to EU norms, but during this period no mine will be closed.”

Despite his promise 900 miners working in the Jui Valley were sacked on October 1. Under the collective labour agreement and the legal norms now in force, the 900 dismissed miners were told they will receive severance pay, unemployment benefits and an income supplement.

However by the end of October, the CNH-dismissed employees had not yet received any of the redundancy payments provided under the labor contract. The miners responded with protests and the picketing of the Hunedoara county prefecture. Scared by the prospect of possible protests, the government sought to dissipate opposition by setting up talks led by the CNH management with Prime Minister Emil Boc, the Minister of Economy, the chairman of the Democratic Liberal Party and the chairman from Hunedoara county.

The mining industry, which was once very profitable, has been decimated by every government since capitalism was restored in 1989. The daily *Romania Libera* reported that between 1990 and 2006 the state has spent around \$6.3 billion to support the mining sector (coal, ore and non-metal). The money was

divided into product subsidies, subsidies for social protection and capital allowances for investment.

At the same time the mines in Romania continued to take their toll of lives. The history of mine accidents in Romania is long and tragic. Statistics after 1990 show that one third of all industrial accidents occurred in the mining industry, and about 60 percent of all mining accidents took place in the pits in the Jiu Valley.

Statistics published by Mediafax in February this year show that almost 100 miners died in between 1995 and 2011 and hundreds more were injured. The worst accidents happened in August 2001 (14 dead, 1 injured), May 2002 (10 dead, 4 injured) and 2008 (13 dead, 12 injured).

The restructuring of the mines that has been carried out has already left thousands of people unemployed. According to official statistics, nearly 60,000 miners—mostly from the Jiu Valley and Oltenia—were made redundant in September 1997 after the first and the biggest series of collective redundancies in Romania. Mining was considered too expensive, according to the government led by Victor Ciorbea from the Democratic Convention.

The government borrowed money from the World Bank to compensate for the loss of employment and invited the Jiu Valley miners to voluntarily join the dismissal program. Because of this the social effects of collective redundancies were cushioned to some extent. Lacking information on their future status and unaware of the extent of social provision from the state, the miners accepted the money offered by the government and signed up for their own dismissal. The document they signed explicitly stated they could never be re-employed by the CNH.

Unemployment in the region exploded to over 50 percent and the miners began a long series of protests that brought thousands into the streets in Petro?ani, Lupeni and Petri?la. Miners demanded new jobs or their reinstatement to their former jobs. The trade unions played the key role in enabling the government to restore control following violent protests, including cases of self-immolation and hunger strikes.

A group of Romanian and foreign sociologists conducted a study in 2005 and discovered that 28 percent of households survived below the subsistence level and had no money for food and utilities. This situation was exacerbated by a lack of legislation

regarding unemployment and welfare. Six years later, a new round of collective redundancies has now added almost 1,000 miners to the list of the thousands who are struggling to survive in the devastated region.

The region has the highest jobless rate in the country and communities built up around the mines are now ghost towns. The October 2011 census confirms that the Jiu Valley is full of abandoned houses and apartments where no one has lived for years. There are also thousands of people in the Jiu Valley missing from the statistics suggesting they have left the country to look for work abroad.

Unemployment and poverty are not restricted to Romania's mining regions, however. According to a recent study conducted by the Research Institute for Quality of Life (ICCV), Romania is the poorest state in the EU. Six of the 20 poorest regions in Europe are to be found in Romania. The six regions cover nearly all of the country with the exception of the region around the country's capital city Bucharest.

At the same time the latest estimates from the European Bank for Reconstruction and Development (EBRD) predict a worsening of the economic situation in Romania in the coming months. In July of this year the EBRD said Romania's GDP would grow by 3.8 percent in 2012. In its latest report it has slashed Romania's growth forecasts by 2.7 percentage points to 1.1 percent. The main reason for the downgrade, according to the EBRD, was that Romania, along with other southeastern European countries such as Albania and Serbia, has a high exposure to the Greek economy.



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