Romanian government announces new round of austerity measures

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One month after winning the general elections, the Romanian government headed by Social Democrat Victor Ponta has unveiled plans for a new round of austerity measures.

Having won an absolute majority in the new parliament based on a broad rejection of the austerity programme imposed by the conservatives, the Social Democratic Party (PSD) and their coalition partners, the National Liberals (PNL), are now set to continue and deepen austerity measures in line with the demands of the country's international creditors.

No respite is to be allowed for working people, who have borne the full impact of the financial crisis since the country's main bourgeois parties agreed to a €20 billion (US$26.6 billion) loan with the International Monetary Fund (IMF) and the European Union (EU) in 2009. Four years of relentless cuts and budget reductions, overseen by regular visits by EU and IMF officials, have laid waste to whatever was left of the welfare state and social infrastructure of the former Eastern Bloc country.

The previous government slashed wages, pensions and social provisions, sending millions into poverty and creating the basis for countless human tragedies. Tens of thousands of young people were left without a high school diploma by the government's policies against teachers. Chronically ill patients had to be moved many kilometres when the government decided to close almost half the country's hospitals in 2011, and hundreds of thousands of public sector workers lost their jobs as a result of mass layoffs.

Eurostat figures show that 41 percent of Romanians were at risk of poverty or social exclusion in 2010, up from 23 percent in 2008, and that one in two children in Romania are affected by poverty. One quarter of young people are unemployed and, according to Eurostat figures, two thirds of the population is employed in activities that do not require a specific qualification.

Speaking at a press conference on January 10, Prime Minister Ponta described the austerity programme that produced such devastating social consequences as a "necessary adjustment because of the large budget deficit". He cynically referred to his own government as "duty bound to apply budgetary fiscal discipline".

Ponta has already proven capable of safeguarding the interests of the financial markets, when he formed a transitional government after mass protests forced the conservative government of Emil Boc to resign. Over a period of seven months, he made sure that the agreement with the IMF remained intact and began preparations for massive privatisations.

Although the current agreement with the IMF, the European Commission (EC) and the World Bank is set to end in March, the new government is determined to sign a new agreement, as Ponta made clear during his inauguration speech. The new accord is likely to include the privatisation of state-owned companies, which both the conservatives and the Social Democrats were reluctant to do in 2012, before the elections in December.

The Romanian government meeting on the 2013 budget was classified, with Ponta declaring that it would only be made public after negotiations with a "troika" delegation (the EC, the IMF and the European Central Bank) set for January 14 to 29.

However, Ponta has already singled out measures that will be taken in order to further reduce the budget deficit from 2.2 percent in 2012 to 1.7 percent. These include a complete freeze of public sector wages, the elimination of meal tickets and remaining bonuses and incentives for public sector workers. The prime minister also announced that the government would resume mass layoffs in central administration. Ponta urged local administrations to increase taxes for house and car owners by 16 percent, threatening that the government will withhold financing to those local administrations that fail to comply.

Ponta has said that "the most difficult point in the discussion with the IMF delegation will be what to do with the state-owned energy companies…that produce losses we all have to bear". In reality, the fate of these companies is sealed and many are already under private management and

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subjected to a vicious process of restructuring. The only thing that remains to be discussed with the IMF is the exact timetable for layoffs and ultimately private takeover or shutdown.

Under the terms agreed with the troika, the energy sector has been reorganised into two companies ready for privatisation, the Energy Complex Oltenia and the Energy Complex Hunedoara, and a third company, appropriately called the National Society for Mine Closures. Its aim is to close the Petrila, Paroseni and Uricani mines by 2018.

This reorganisation has led to the cancelation of thousands of collective bargaining agreements, with workers left unsure about their wages and even whether they will have jobs. Trade unions have scrambled to the defence of the government and taken up the task of policing the workers and containing any resistance to these attacks.

At the Lupeni mine, now part of the Hunedoara Energy Complex, the salary budget was already reduced for December, ostensibly due to an unmet production plan. Thirty-four workers protested the salary cuts and remained underground for eight hours. As miners from other shifts expressed their solidarity and threatened to join the protest, representatives of the Free Union Lupeni worked closely with the mine management to isolate the protest and prevent a wider discussion of the conditions facing all miners, as well as the government's policies.

Thousands of workers are threatened with losing their jobs because of the restructuring imposed by the government. Not only are the trade unions not lifting a finger to defend jobs, they are directly involved in imposing the cuts, with unions being part of the management of state-owned enterprises or running their own companies in the industry. Two companies owned and managed by the mining and energy unions will lay off more than 200 workers in February and send hundreds more on unpaid leave.

On January 16, a spontaneous wildcat strike erupted amongst railway workers, who stopped 137 trains across the country. The unions intervened promptly to diffuse the strike and isolate workers. They quickly agreed with government officials to allot the funds necessary for overdue salaries and prevented any discussion on the wider issues. Employees at the CFR (National Railway Company) are confronted with the same attacks as other workers in Romania and around Europe and face private takeover, falling living standards and the loss of jobs at the hands of the Romanian government and the EU.

As Romanian workers increasingly come into conflict with the unions, a host of fake-left groups are seeking to block the development of an independent movement of the working class by covering up and promoting these bankrupt organisations as the only solution to austerity measures.

During the mass protests that erupted against the policies of the conservative administration in early 2012, the unions opposed any form of industrial action and lined up behind the Social Democrat and Liberal opposition. The pseudo-left (Lambertist) Association for the Emancipation of Workers called for "a national conference with interested unions to establish concrete forms of action".

The CriticAtac website, a mouthpiece for various pseudo-lefts, radical NGOs and academics who function in the orbit of the Social Democratic Party, ran a series of articles in September 2012 in which the authors lashed out at workers who rebelled against the leadership of the Free Union Olthchim.

In a piece by Iulia Popovici and Victoria Stoiciu, readers are told that "amidst the tension, a section of workers began protest actions against [Mihai] Diculoiu, leader of the Free Oltchim Union. However, there does not seem to be any significant difference between the demands of the union and those of the rebelling workers.... The difference is one of tone and style of negotiation, not of content: unsatisfied workers believe that by resorting to protests they increase their chances of receiving the compensatory pay by asking for assurances and reassurances from different officials".

In fact, workers at Oltchim were fighting for their jobs and livelihoods in the face of the imminent privatisation of the plant, and faced union officials who for years had participated in management to run down the factory, enriching themselves and their families in the process.

These self-satisfied petty bourgeois layers are hostile to the working class and see their material interests directly connected to the fortunes of the union bureaucracy and their masters in big business parties such as the Social Democratic Party.

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