

# Romanian government imposes sweeping austerity program

**Andrei Tudora**  
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The Romanian government has launched a sweeping program of austerity and social cuts. Sworn in on June 23 after a protracted constitutional crisis, the cabinet is composed of a broad coalition of all major “pro-European” bourgeois parties: the PSD (Social Democratic Party), PNL (National Liberal Party), and USR (Save Romania Union).

Aligning itself with the global shift of the ruling class toward militarism and attacks on the working class, the government is dismantling social and democratic rights won through generations of struggle. Across Europe, the same pattern is evident: in France, the government is planning €44 billion [\$US51 billion] in budget cuts for the coming year, while German Chancellor Merz proclaims that Germany “can no longer afford the welfare state.”

In Romania, 35 years of capitalist restoration and successive waves of EU-dictated pro-market reforms have created an economic and social wasteland. Now the government is determined to destroy what remains of workers’ social rights in order to finance the EU-wide rearmament drive.

The new austerity measures extend policies introduced by the previous government, such as hiring freezes and public sector wage caps. Tens of thousands of public service jobs will be eliminated, throwing thousands into unemployment.

On August 1, the standard VAT rose from 19 to 21 percent, while reduced rates of 5 and 9 percent on food, medicine, and other basic goods increased to 11 percent. These tax hikes followed the July removal of price caps on energy, originally imposed in 2021 after EU-driven energy market liberalization. Their elimination has triggered average increases of more than 60 percent in energy bills, with many households paying twice as much as before. Inflation soared to 7.8 percent in July.

The sharpest cuts target public health and education.

One of the most devastating measures is the removal of

dependent status for national health insurance (CNAS), which will strip more than 650,000 vulnerable people of coverage starting September 1. Romania’s universal healthcare system—dating back to the pre-capitalist era—has been steadily hollowed out over the past 35 years. A study by Bucharest’s Academy of Economic Studies (ASE) revealed that 90 percent of CT scans, more than 80 percent of radiotherapy, and 89 percent of hemodialysis are now privatized. As in the UK’s NHS, the private sector siphons off the most profitable services while public patients face long waits or exorbitant fees.

Today, over 12 percent of the population lacks CNAS coverage, typically the most exploited sections of the working class: informal workers, the long-term unemployed, and migrant laborers. With the latest cuts, an additional 4 percent of those insured—largely unemployed youth and dependent spouses—will lose coverage overnight. Moreover, groups previously exempt from contributions, including pensioners with incomes above 3,000 lei (€591), unemployment and welfare recipients, and parents on leave, will now see deductions from their benefits. Sick leave is also under attack, with reduced pay and stricter oversight.

The education system faces an equally devastating assault. Hundreds of schools are being closed or merged, class size limits abolished, and teachers’ workloads increased from 18 to 20 hours per week. Many educators are forced to commute between schools or take on even more hours to cope. Pay for overtime has been slashed, with one hour of teaching now worth just €4. Chronic understaffing means thousands of teachers—especially younger ones—face layoffs, along with hundreds of auxiliary staff.

Scholarships at all levels are also being cut. The national student fund has been slashed by 40 percent, with payments suspended during holidays. Criteria are being tightened, while several grants—including teaching master

scholarships—are eliminated or severely reduced.

These measures follow the mass teachers' strike of 2023, when hundreds of thousands walked out against education cuts and poverty wages. The strike, directed against the union bureaucracy, was sabotaged after three weeks by the main federations—FSLI, FSE “Spiru Haret,” and “Alma Mater.” Supported by pseudo-left groups like Socialist Action Group (GAS), the unions declared a false victory, leaving teachers with broken promises and frozen wages. This betrayal paved the way for today's frontal assault.

Prime Minister Bolojan admitted in a Bloomberg interview that “the risk of insolvency is indeed very high after years of large deficits” and claimed austerity was necessary to prevent “total collapse.” Romania's 2024 deficit has risen to 9.3 percent of GDP, with threats from the European Commission to cut funding and from credit agencies to downgrade the country to junk status.

Yet media and government officials blame “unsustainable handouts,” such as a modest 2024 pension law, while ignoring the real cause: skyrocketing military spending. Defense expenditures have risen to 2.5 percent of GDP this year, with plans to reach 3 percent soon. Military outlays already consume nearly 6 percent of the national budget, not including vast debt-financed procurement programs. Commitments for 2024 alone total more than 95 billion lei (€19 billion), or nearly 5 percent of GDP.

These programs were laid out years in advance in “Army 2040,” approved by the Supreme Council of National Defense in 2021, which maps a wholesale transformation of the Romanian military onto a war footing—funded through brutal austerity.

Since 2021, Romania has been governed by variations of the same grand coalition. Even during the so-called “pandemic recovery,” living standards fell as inflation eroded wages. The ruling parties postponed their frontal assault until after elections, hoping for legitimacy. But the elections proved a disaster, with all major parties losing support and the coalition barely maintaining a majority. President Dan only secured victory after repeated annulments of ballots and the barring of his main opponent.

Amid this crisis, the ruling elite is turning to fascist forces. The far-right Alliance for the Union of Romanians (AUR) remains the only parliamentary opposition, moving motions against the government while advocating its own program of Trump-style cuts. Meanwhile, the mainstream parties—led by the PSD—are adopting AUR's

xenophobic rhetoric. Recent attacks on foreign workers underscore the danger facing the entire working class.

Educators are the first to resist the new measures, but confront the same union apparatus that betrayed them in 2023. Over the summer, union leaders signed a collective labor agreement with the government without consulting the rank and file, erecting further legal barriers to strikes. “There are many who want a general strike, but the general strike has to satisfy some requirements. There are some very ugly restrictions that we have to solve,” said Anton Hadar, head of “Alma Mater.” In reality, the bureaucracy is working to block any strike.

On September 8, the first day of the school year, around 20,000 educators rallied. The unions responded by organizing a so-called “boycott,” where teachers supervise but do not teach classes. Such token actions are designed to exhaust and demoralize educators while exposing them to government pressure.

The defense of democratic and social rights—above all quality public education—is inseparable from the fight against war and capitalist rule itself. The first step is breaking the stranglehold of the union apparatus. Teachers and other workers must study the example of the International Workers Alliance of Rank-and-File Committees (IWA-RFC) and build independent committees, free from the control of the bureaucracy and its pseudo-left allies.

Above all workers and youth in Romania—as across all of Eastern Europe—need their own party: sections of the International Committee of the Fourth International. The ICFI is the only tendency which has been defending the perspective of international socialism—the only viable path forward in the fight against austerity, fascism and war—against Stalinism, Social Democracy and all forms of petty-bourgeois nationalism.



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