

# BULLETIN

No. 50 (383) • May 14, 2012 • © PISM

Editors: Marcin Zaborowski (Editor-in-Chief), Katarzyna Staniewska (Executive Editor),  
Jarosław Ćwiek-Karpowicz, Beata Górka-Winter, Artur Gradziuk, Beata Wojna

---

## A New Romanian Government Six Months Before the Parliamentary Elections

Anita Sobják

*Less than three months after its appointment, the cabinet of Mihai Răzvan Ungureanu fell in a vote of no-confidence. The new social-liberal government headed by opposition leader Victor Ponta has six months to strike a balance between its populist promises to reverse austerity measures and the requirements of the IMF, before the parliamentary elections in November. Domestic political instability, a partial change of priorities in external affairs, and the predicted confrontation between the president and the foreign minister over conducting foreign policy are all factors with potentially negative implications for the Romanian position in the EU and for bilateral cooperation with Poland.*

**Circumstances of the Change of Government.** Politics in Romania has of late been revolving around the struggle for power between two political camps: the Democratic Liberal Party (PDL), and the Social-Liberal Union (USL) - an alliance of the social-democrats and the national liberals formed in January 2011. The instability of this line-up together with economic frustration came to the surface in January, with weeks of public unrest. Protesters denounced not only the severe anti-crisis measures but also the incompetence, corruption, and general lack of responsibility to the people of the entire political elite.

In response to the January demonstrations, the liberal democratic government led by Emil Boc resigned. Soon after, on 27 April, the next cabinet, headed by Mihai Răzvan Ungureanu was toppled by a vote of no confidence, after merely 78 days in office. Such a turn of events was totally unexpected, because the Boc government (which actually introduced the savings programmes in 2010) had survived around ten such tests of confidence. Moreover, the technocrat Ungureanu enjoyed increasing public confidence. The IMF had also acknowledged progress in the stabilization of the Romanian economy, and its representatives were in Bucharest to negotiate terms of easing the strain of austerity measures just as the government fell. Nevertheless, the independent Ungureanu had to rely on a fragile parliamentary majority. The accelerated decrease of popularity of the ruling coalition also gave way to internal conflicts. As such, after last-minute defections to the opposition, the motion of no confidence was passed with 235 votes (4 more than needed). It can be concluded that the Ungureanu government fell victim on one hand to the previously degraded public image of the Boc government, and on the other hand to political opportunism. The new cabinet under the premiership of Victor Ponta, joint leader of the social-liberal alliance, was voted in by parliament on 7 May.

**Challenges for the Ponta Government.** Political instability will be prolonged further, as the crisis came just ahead of two elections: local in June and parliamentary in November. Hence, the main challenge for the social-liberals will be electoral pressure. Even if they currently enjoy the support of 56% of the public, their persistent criticism of all actions of the previous governments created unrealistically high expectations among the population. To preserve their electoral base, the social liberals would need to act in line with their earlier populist rhetoric. This means reversing several reforms and redressing austerity measures. Bringing economic reforms to a halt will affect relations with the IMF, which granted Romania a bail-out of €20 billion in 2009 in exchange for a 25% cut in public sector wages, a VAT rate rise from 19% to 24%, and the liquidation of certain social and pension outlays. In March 2011, a new agreement was signed, opening a line of credit worth about €5 billion (so far untapped), based on commitments to further reforms. Relaxing the savings

measures beyond the limits agreed with the IMF will delay reducing the budget deficit and could erode the international credibility of the country.

A further challenge is cooperation with President Traian Băsescu. His popularity is flagging—support for him is about 10%—and the social liberals will certainly seek to suspend and remove him via referendum. The president might well choose to resign on his own initiative, as he offered to do in April in exchange for an overhaul of parliament according to the results of a 2009 referendum. But if Băsescu stays in power, fierce conflict is to be expected as Ponta will try with all his might to marginalise the role of the head of state, while the president will attempt to discredit the alliance by the time of the elections.

**Changes in Foreign Policy.** If Romanian foreign policy has in the past few years been seen as an instrument in the hands of the president to raise internal political capital, from now on it could easily fall prey to domestic political rivalry. The new foreign minister, Andrei Marga (though a former minister of education and president of a public university, he has never held any formal foreign affairs post), has views that diverge greatly from those of Băsescu and a reputation for constant confrontation with him.

While the main priority will remain accession to the Schengen zone, a new trajectory has been announced in terms of bilateral relations. Special attention will be paid to strategic partnerships with emerging economies, in particular the BRIC countries (Brazil, Russia, India and China), which are considered promising new markets for Romanian exports. It is feared that this would be to the detriment of relations with the United States, and to Romania's engagement in NATO. In his controversial parliamentary audition, Marga expressed his admiration for Russia's Vladimir Putin, while questioning the *de facto* benefits for Romania of membership in NATO.

A slowdown in the dynamics of relations with the Republic of Moldova can be predicted. Normalisation started when Băsescu came to office in 2004, after strained years under the previous social-democrat government (2000-2004). When the Alliance for European Integration came to power in Moldova in 2009, it brought about a real reinvigoration of relations well exemplified by the eight collaboration treaties signed in March. While the Ponta government will continue to present itself to the voters as a supporter of Moldavian interests, that will only materialise practically in the building of energy and infrastructure interconnectors. Backing for Moldova's European integration may fade due to a reluctance to irritate Russia. With Romania planning to host a U.S. missile shield, Moldova also fears becoming a buffer-state between NATO and Russia.

**Cooperation with Poland.** The lasting political instability in Romania threatens the prospects of deepening cooperation with Poland, in spite of numerous shared interests such as the EU budget, energy policy, European Neighbourhood Policy, regional security, and NATO reform and missions. Also, Romanian engagement in the Eastern Partnership might abate, for at least two reasons. Firstly, this could be a consequence of the new orientation of foreign policy, which places powerful emerging economies ahead of immediate neighbours. Secondly, Romanian potential as a player on the regional stage might be greatly dispersed by a lack of common voice in foreign policy.

The chances of mutual support at the European negotiating table could also face a setback if the Romanian position in the EU weakens due to internal instability. The image of Romania could be eroded further if international financial authorities and credit-rating agencies' assessments of the economic policies of the Ponta government are negative. The primary target of a Polish–Romanian duo would be the negotiation of the Multiannual Financial Framework (MFF) 2014–2020. However, while both countries advocate a future increase in the community budget, Poland places more stress on cohesion policy, while Romania's emphasis is on common agricultural policy. Romanian arguments for the former would in any case lack weight, with the current absorption rate of funds available for 2007–2013 at 7.4%.

Although in light of its initially short term in office the Ponta government is unlikely to introduce major changes in Romanian foreign policy, Poland should not underestimate the high chance of victory for the social-liberals in the November elections. Therefore, even if the next six months lack concrete actions on the Romanian side, Poland should identify opportunities for and obstacles to cooperation with the centre-left alliance. It is recommendable to start liaising with those members of the governing elite whose stances seem most compatible with that of Poland.