

BULLETIN

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Political Crisis in Romania. Perspectives for a Return to Normality

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The month-long political fight between the presidential camp and the government has culminated in a referendum on the removal of the head of state and weeks of uncertainty about its results. Such turmoil causes acute damage to the country's international image and can quickly erode the painstakingly achieved relative economic stability. While Romania's Euro-Atlantic commitments remain unchanged, little easing of the domestic situation is to be expected, at least until the autumn elections.

Resumption of the Crisis. Following the April fall of the democrat-liberal (PDL) government loyal to President Traian Băsescu, the opposition alliance of the social democrat and national liberal parties (USL) formed a new government under the premiership of Victor Ponta. Local elections in June confirmed the popularity of the coalition (it received 55% of the votes against a mere 22% for PDL) as well as its prospects for a sweeping victory in the upcoming parliamentary elections in late autumn.

This success was soon overshadowed by the arrest and alleged suicide attempt of former socialist Prime Minister Adrian Năstase, who was sentenced to two years in jail for corruption, a case some charged as being highly politicised. A series of plagiarism scandals involving cabinet members and even including Prime Minister Ponta and his PhD thesis, also stirred the public mood. Simultaneously, the opposition and external players contested a sequence of arrangements by the government as being a political takeover and an attack on judicial independence. That paved the way for a swift impeachment procedure against the president on accusations he overstepped his office's constitutional powers. Suspended by a vote of the parliament on 6 July, Băsescu faced dismissal by referendum on 29 July.

Referendum, Threshold and the Question of Validity. At the EU's insistence, a 50% plus one threshold was introduced for the referendum. This enabled multiple readings of the results by blurring the dividing line between absenteeism and negative votes, even more so as the presidential camp publicly called for a boycott of the popular vote. Only 46% of registered voters participated (of which, 87% voted to remove the president), but the government questioned the validity of the vote due to the unclear number of citizens with voting rights. The ambiguity is the result of the still-unpublished final count of the October 2011 census, in which it was predicted the population would have shrunk by 3 million. However, this was known to all the political actors at the time the referendum was organised, thus placing the weeks-long postponement of the final results of the referendum in a suspicious light.

Finally, on 21 August the Constitutional Court invalidated the referendum and reinstated Băsescu as president. A cohabitation government is now expected to continue, full of animosities at least until the parliamentary elections. Then, if USL stays in power (polls show its popularity is still above 60%), another attempt to impeach the president is possible.

Behind the Crisis: Constitutional Vagueness. At the time the government changed in the spring, it could have seemed that the aggravating battle between the presidential camp and the government was one of austerity versus stimulating growth. But this conflict is older than the economic crisis and has deeper roots. It spawns from the half-heartedly adopted French model of semi-presidentialism after 1989, which carried on the power-concentrating reflexes of the decades

of communist leader Nicolae Ceaușescu, leaving at the same time the parliament with too much power. The duality of a system stuck between the conventional parliamentary and presidential ones is worsened by the absence of certain constitutional mechanisms that would clearly define the competences of the president. Hence, the constant inter-institutional tension most visible in the perpetual rivalry between the head of state and the government. Add to this the political parties' focus on power rather than society and their contribution to a deeply intoxicated atmosphere of polarisation, and it reaches the extent of highly personalised animosity. Whenever the current situation tempers, the utmost priority will be to reform the constitution.

Repercussions on the Economy. According to the latest report released on 14 August by the IMF, the European Commission and the World Bank, the success of the economic reform efforts is at risk due to the political instability. Agreement over a €20 billion rescue package in May 2009 kicked off a comprehensive reform program, and a series of austerity measures that are among the toughest in the EU (for instance, a one-quarter cut in public wages and an increase in the value-added tax to 24%). Because of that, an additional €5 billion precautionary loan was granted in March 2011. With the spring consent of the troika, the social-liberal government has started to gradually ease the strain of austerity, but the recent political developments have reduced markets' confidence in Romania and there are gloom prospects of a quick recovery. After a shaky emergence from two years of recession brought an annual growth of 2.5% GDP in 2011, the IMF revised its growth estimate for 2012 to 0.9% GDP from an initial 1.5 % GDP. Massive capital outflow has caused an exchange rate depreciation of more than 5% so far this year (compared to 2% during 2010-11). Since the Romanian economy is largely euro-dependent (both private and public debt are predominantly in euros), depreciation of the national currency, the *leu*, makes government borrowing more expensive.

Implications for External Relations. The main trajectories of European and foreign policy are not anticipated to change. Romania is still unique in having a pro-EU consensus of all the political groupings, and once the government retreats from its defensive line the dialogue will probably regain its usual tone. Among the main priorities of European policy remain improving the structural funds absorption rate that stands currently at 9.67% and gaining entry to the Schengen area, the date of which will most probably be postponed as the issue is becoming increasingly conditioned on the democratic performance of the country.

In terms of foreign policy, support for the European integration of the Republic of Moldova will remain one of the core priorities. The government is also continuing with its commitment to setting up an anti-missile defence system on its territory by 2015. Retired U.S. Gen. Wesley Clark became an advisor of Prime Minister Ponta, which is a sign of continued interest in trans-Atlantic cooperation.

Conclusions and Recommendations. In addition to the Schengen entry delay and the economic setback, probably the largest casualty of the political conflict is the external image of Romania as a result of EU criticism. While this tendency is by no means irreversible, it will take time and effort to restore external partners' confidence in Romania.

In view of the extreme sensibility of the current situation, if needed the EU should again formulate official opinions that can serve as guidelines (if need be, inviting the Venice Commission of the Council of Europe to do so on questions of democratic breaches) and can counter-balance the subjective political declarations of individual political figures. Should the continued infighting involve further measures of questionable democratic value, forms of leverage should be chosen that would target political actors or groupings in charge, rather than the entire country. Only by carefully sustaining its impartiality will the EU ensure the Euro-positive popular mood and avoid having its criticism feed the approaching electoral campaign.

Since the dispute in foreign policy is one of competences rather than content, irrespective of the final outcome of the crisis Romania will pursue a largely unchanged regional policy. Hence, Poland should refrain from taking sides and once the domestic picture is more clear should continue political and military cooperation with Romania, extend the economic dimension of the partnership (for instance by economic forums) and harmonise more positions in certain EU policies (budget, energy, climate, etc.). Having backed Romania throughout the pre-accession preparations, Poland should also be consistent in its support of finalising Schengen entry. In the event of further EU criticism, Poland could make use of its regional expertise and seek a more authentic understanding of the nature of the Romanian crisis and counter speculations about a general erosion of democracy in the newer Member States.