

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The top bulb is filled with a dark blue color, and the bottom bulb is filled with a light blue color. The globe is centered in the narrow neck of the hourglass.

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*Romania After the 2000 Elections: Background and Issues  
for Congress*

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# CRS Report for Congress

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## Romania After the 2000 Elections: Background and Issues for Congress

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### Summary

In parliamentary and presidential elections on November 26, 2000, the Romanian electorate restored to power the reformed communist party that it had voted out of office four years earlier; in addition, Ion Iliescu, president from 1990-1996, received a plurality of the presidential votes. During a run-off election on December 10, Iliescu defeated Vadim Tudor, an extremist nationalist candidate. Romania is one of Europe's poorest countries; successive governments have been slow to make necessary reforms to jumpstart the economy and attract needed foreign investment. There have been indications that, despite pressure from international institutions, the new government may attempt only a gradual approach to reform. With a minority mandate, Iliescu and his Party of Social Democracy in Romania will need the cooperation of other parties to privatize and restructure the economy. Romania's foreign policy, which for the past decade has emphasized integration into the EU and NATO, is not expected to change. On January 1, 2001, Romania assumed the revolving chairmanship of the OSCE.

### Introduction

In parliamentary elections on November 26, 2000, Romanians turned out a center-right coalition government, led by the Romanian Democratic Convention (CDR), and restored to power the Party of Social Democracy of Romania (PDSR)—the reformed communist party that had governed from 1990 to 1996. Not only did the CDR fail to win another plurality, it failed even to pass the minimum threshold needed for representation in parliament. In addition, foreign observers and many Romanians were alarmed by the strong show of votes for ultra-nationalist candidate Corneliu Vadim Tudor and his Greater Romanian Party (PRM).

How can this result be explained? The CDR coalition took the reins of government in 1996 amid high hopes, but its tenure was plagued by continual infighting. The political squabbling stymied the passage of necessary reforms, especially in the economic realm. Romania went through three prime ministers in as many years. The last CDR premier,

former central bank head Mugur Isarescu, did manage to introduce some reforms, but they were too little to spark a major economic revival, and too late to save the CDR.<sup>1</sup>

What kinds of policies will Iliescu redux put in place? Some observers believe that he and the PDSR have already stumbled several times. Others, however, argue that the new government, pressured by domestic nationalists from one side and by international organizations from the other, is making the best of a difficult situation.

## The Elections and Current Political Situation

On election day, Romanians chose among 20,000 parliamentary candidates representing 80 political parties, and a dozen presidential candidates. Early polls indicated that the PDSR would win the most parliamentary seats, and that former president Ion Iliescu, head of the PDSR, would place first in the presidential race, followed by center-right candidates. However, support for ultra-nationalist Vadim Tudor and his party surged in the final weeks before the election. After the votes were tallied, the PDSR had won 37%, followed by the PRM, with 20%. Three other parties—the Liberals, the Democrats, and the ethnic Hungarian party—each picked up about 7%. In the presidential contest, Iliescu received 36%, and Tudor was runner-up with 28%. Voter turnout was 57.5%—about 20% less than in 1996. Since no presidential candidate received more than 50%, a run-off election was held on December 10, and Iliescu defeated Tudor 67% to 33% .

Many Romanians and foreign observers were surprised and concerned by the rise of Tudor. Before the fall of communism, Tudor was a “court poet” who composed paeans extolling Nicolae Ceaușescu, the Stalinist dictator who ruled Romania from 1965 until his death before a firing squad in 1989. In 1990, Tudor founded the Greater Romania Party (PRM) and began publishing *Romania Mare*, a xenophobic tabloid that blames the country’s ills on Roma (gypsies), Jews, and ethnic Hungarians.<sup>2</sup> A political figure compared by some to Russia’s Zhirinovsky, Tudor has called for Romania to be ruled from the “barrel of a machine gun,” and has proposed to end corruption and crime with mass stadium trials.<sup>3</sup> In addition, many regard his use of the term “greater Romania” as an implied pledge to reacquire territories that were once part of Romania, *viz.*, Bessarabia, now in Moldova, and Bukovina, now part of Ukraine.

In his 1996 presidential bid, Tudor won less than 5% of the vote; four years later, one-third of the voters cast their ballots for him. Analysts attribute this shift in support to several factors. First of all, by voting for Tudor and the PRM, Romanians were signaling their deep discontent with parties of both the left and the right; each had had a chance to bring order and prosperity to Romania, and each had failed. Secondly, Tudor’s message

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<sup>1</sup> For a discussion of the CDR government at mid-term, see CRS Report 98-685, *Romania: Background and Issues For Congress*. By Carl Ek. August 17, 1998.

<sup>2</sup> For more background on Tudor, see: Radical Continuity in Romania: The Greater Romania Party. By Michael Safir. *RFE/RL East European Perspectives*. Vol. 2, No. 16. August 16, 2000. [<http://www.rferl.org/eepreport/>]

<sup>3</sup> Romania’s Tudor Vows To Hold Trials In Stadiums, Dissolve “Hostile Parliament.” *România Liberă*. FBIS. December 6, 2000.

was clear and consistent; he offered simplistic solutions to complicated issues, and did not stress the need for more economic sacrifice. Third, he played upon Romanians' fear of general lawlessness, and blamed crime on a spurious, ethnically external source—the “gypsy mafia;” he furthered this us-against-them mentality with sharp attacks against Jews and ethnic Hungarians. Finally, his campaign capitalized on less affluent Romanians' resentment of the economic elites, their dismay at the country's failure to be invited to join NATO and the European Union (EU), and their disgust with pervasive public and private sector corruption.

With 155 of the 341 seats in the Chamber of Deputies (the lower house of parliament), and 65 of the 140 Senate seats, the PDSR spurned Tudor's offer to form a coalition, and chose instead to form a minority government. There is no effective opposition. The main party of the former ruling CDR coalition, the National Peasant Party/Christian Democratic (PNTCD), is no longer represented in parliament; two of its leaders (former prime ministers Viktor Ciorbea and Radu Vasile) bolted the party to join other political groups, although there are indications that Ciorbea may be returning to the fold. The PNTCD has reorganized itself under new leadership, but many regard it as a spent force for the time being. In the meantime, the Liberals (PNL) and the party of ethnic Hungarians (UDMR) have stopped short of joining in coalition with the PDSR, but have agreed to support the government in an effort to thwart the influence of the PRM, which has about 25% of the seats in the legislature.

Now that he is president once again, how will Ilescu govern? In one view, this may be the last chance for Ilescu and the PDSR; they can leave a legacy of what may be seen as continued corruption and foot-dragging on reforms, or they can consolidate and accelerate the economic changes launched recently by former Prime Minister Isarescu. If they choose the first path, and Romania is no better off when the next elections are held in 4 years, then even more voters may be sufficiently frustrated to cast their votes for Tudor and the PRM. The February 2001 election of a communist government in neighboring Moldova reinforces this possibility.<sup>4</sup>

It is possible that the CDR failed because it was hobbled by a lack of experience in governance; former President Constantinescu had been a university rector, and the three CDR prime ministers also were relative newcomers to politics. This is not the case with Ilescu. In addition, the new prime minister, Adrian Nastase, is head of the PDSR, and, having served in the early 1990s as foreign minister and chairman of the chamber of deputies, brings considerable political experience to the office. Several members of the cabinet also served in the previous PDSR administration.

Ilescu's critics contend he has started off on the wrong foot; they point to controversial appointments in Romania's intelligence establishment, to legislative proposals that, they maintain, would inhibit human rights, and to questionable media policies.<sup>5</sup> More optimistic observers assert that the new government has already consulted with international organizations and has been responsive to their recommendations. They

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<sup>4</sup> Romanian Politicians Dissatisfied With Communists' Victory in Moldovan Elections. *București Ziua*. FBIS. February 27, 2001.

<sup>5</sup> RFE/RL NEWSLINE Vol. 5, No. 47, Part II, March 8, 2001.

also note that PDSR policies will likely be tempered by the need for the support of the more centrist PNL and UDMR. Supporters also point out that the new cabinet is not composed entirely of retreads from the last PDSR administration, but includes five women—noteworthy because women have not yet been as successfully integrated into leadership roles in Romania as they have in west Europe—and young, non-political technocrats.

The new government has a full agenda. Not only does the economy urgently need to be restructured, a host of other issues must be addressed as well. For example, several chemical spills have demonstrated the need for more stringent environmental regulation; the worst such incident occurred on January 30, 2000, when cyanide from a Romanian gold mine polluted the Tisza and Danube rivers. In addition, the condition of Romania's institutionalized children continues to receive international attention. Finally, corruption remains a major problem—one that the government will need to tackle. Each year, Transparency International, a German-based non-governmental organization, collates several polls of international public officials and draws up a Corrupt Perceptions Index. The most recent index (September 13, 2000) rated Romania 68<sup>th</sup> out of 90 nations.<sup>6</sup>

## The Economy

Romania's continuing poverty made the economy the major issue of the election. The country has suffered a decade of economic decline and stagnation, while the economies of many of its neighbors have taken off. According to *The Wall Street Journal*, Romania "is the one country in Central and Eastern Europe where conditions have actually worsened in the past decade."<sup>7</sup> Although Romania is rich in natural resources, most observers agree that it cannot prosper until the government relinquishes control over key sectors of the economy, permits the growth of private financial institutions, and eases barriers to foreign investors.

Romania's economy, which had been devastated by decades of mismanagement under Ceaușescu, was showing signs of improvement by the mid-1990s, but began to experience serious difficulties in 1996. The CDR coalition government's economic reforms, to the extent they were implemented, had a harsh impact on the economy. GDP, which had risen by a healthy 7.1% and 3.9% in 1995 and 1996, respectively; it fell 6.9% in 1997, 5.4% in 1998, and 3.2% in 1999, before rising by 1.6% in 2000.<sup>8</sup> Unemployment, though still relatively low (around 11%), may rise, particularly in sectors slated for privatization. Inflation, which fell from 300% in 1993 to 30% in 1995, rose to 150% in 1997, and then dropped to the 40-45% range in 1998-2000. Finally, higher prices—particularly for fuel and other basics—resulted in a sharp reduction in real incomes; the national average income is less than \$100 per month.<sup>9</sup>

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<sup>6</sup> [<http://www.transparency.de/documents/cpi/2000/cpi2000.html>].

<sup>7</sup> Romanian Vote Signals Return To the Past. By Matthew Karnitschnig. *Wall Street Journal*. November 28, 2000. p. A23.

<sup>8</sup> Economic data are from Dow Jones reports, Reuters, and the Economist Intelligence Unit.

<sup>9</sup> On October 17, 2000 Reuters, citing the Romanian National Statistics Board, reported that "nearly 40 percent of Romania's 22 million population lives under the poverty threshold, officially put at a monthly income of less than \$30."

Romania has applied to become a member of the EU, and hopes to join by 2007. But many observers believe that entry by that date would be impractical and unlikely, given the current fragility and weakness of the economy. In its November 2000 economic progress report on the twelve accession candidates, the European Union ranked Romania last, and concluded that the country “cannot be regarded as a functioning market economy and is not able to cope with competitive pressure and market forces within the Union in the medium term. It has not substantially improved its future economic prospects.”<sup>10</sup> In January 25, 2001, EU enlargement chief Guenter Verheugen cautioned Romania that “[w]e want to see clear results. Promises, written papers are not sufficient.”<sup>11</sup>

Iliescu campaigned from the nationalist left, declaring that Romania would not be “ordered around by the IMF, the World Bank or the European Union;”<sup>12</sup> instead, he pledged to pursue “a dignified entry to NATO and the EU.”<sup>13</sup> Some observers believe that this was said mainly for domestic consumption, as it resonates with Romanians, many of whom are fatigued by frequent exhortations for sacrifices in order to join the two organizations. The main reforms called for by international organizations—privatization and economic restructuring—have not been carried out, but that fact may be unapparent to Romanians who have seen their living standards slide year after year. Political analyst Stelian Tanase summarized the new government’s predicament as one of being “trapped between the demands of voters and the demands of the EU.”<sup>14</sup> Public support for association with the EU remains strong; September 2000 polls showed that 89% of Romanians favored membership.<sup>15</sup> This enthusiasm, however, may be based in part on unrealistic expectations; one analyst noted that some Romanians believe that “EU integration substitutes for reform ... .”<sup>16</sup>

Both Iliescu and Prime Minister Nastase realize they must institute reforms. Although Iliescu may have implied during the campaign that he would adopt a go-slow approach, Nastase has already announced market-oriented initiatives in several areas, including taxation, investment, and privatization. However, Nastase also hopes to avert worker protests by maintaining a wide social safety net to ease economic adjustment. The government must show results, and soon. As the new foreign minister (and former ambassador to the United States) Mircea Geoana declared, “[t]he honeymoon will be shorter than ever.”<sup>17</sup>

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<sup>10</sup> 2000 Regular Report from the Commission on Romania’s Progress Towards Accession. November 8, 2000. p. 87. [<http://europa.eu.int/comm/enlargement/romania/index.htm>].

<sup>11</sup> RFE/RL Newswire. Vol. 5, No. 18, Part II, January 26, 2001.

<sup>12</sup> Romania Vote Front-Runner Iliescu warns On Reforms. Reuters. November 6, 2000.

<sup>13</sup> Battered Romanian Voters Look Set To Give Ex-communists A Chance. By Alison Mutler. Associated Press. November 22, 2000.

<sup>14</sup> Romania Under Pressure From Poverty, EU. By Alister Doyle. Reuters. December 19, 2000.

<sup>15</sup> Support for Joining NATO and the EU Remains Solid Among Romanians. *Opinion Analysis*. U.S. Department of State. Office of Research. M-182-00. October 24, 2000.

<sup>16</sup> Romania: Better Late than Never. By Elizabeth Pond. *The Washington Quarterly*. Vol. 42, No. 2. Spring 2001. pp. 40-41.

<sup>17</sup> Interview—Romania Aims Shake Off Laggard Label In EU. Reuters. December 17, 2000.

## Foreign Policy and Relations with the United States

The strong election showing for Vadim Tudor and the PRM awakened international interest. On December 7, French President Chirac stated that the EU would “pay attention to the situation in Romania as a candidate country ... to any tendencies which could be condemned ... within our borders of today or of tomorrow.”<sup>18</sup> In neighboring Hungary, a leading newspaper questioned “not only how Tudor could get so far, but also why the Romanian political class failed to come up with a viable alternative?”<sup>19</sup> And in the United States, a State Department spokesperson reportedly indicated in late November that the tenor of future relations would hinge upon Romania’s commitment to democracy and minority rights.<sup>20</sup> Both the *New York Times* and the *Washington Post* ran pre-election editorials critical of Tudor; *Adevărul*, a leading Bucharest daily, translated and published the *Times* piece immediately before the run-off vote.

Romania’s foreign policy, which for the past decade has aimed at integration into the EU and NATO, is not expected to change significantly during Iliescu’s new term—although the emphasis may. U.S. defense analysts believe that Romania’s troubled economy, its limited track record of real reform, and its ill-equipped armed forces scuttled its chances for entry into NATO during the first round of enlargement, and that membership in the near future is unlikely.<sup>21</sup> Perhaps realizing this, the government appears to have shifted its sights more toward EU membership, which Foreign Minister Geoana has characterized as “[Romania’s] biggest domestic policy objective. It’s the big project for our society, the overarching goal.”<sup>22</sup>

U.S.-Romanian relations, though problematic in the early 1990s, have been increasingly cordial over the past 6 years. In 1996, for example, the United States granted permanent Most-Favored Nation (now referred to as Normal Trade Relations) status. In addition, Romania has cooperated with the United States in a number of international initiatives; it was supportive of the U.S. position in both the Gulf War and in subsequent actions aimed at maintaining U.N. access for inspections for weapons of mass destruction in Iraq. More recently, Romania strongly backed the NATO-led military action in Yugoslavia; Romania lent diplomatic support and granted NATO aircraft unrestricted flyover rights. Romania has provided troops to the NATO-led stabilization forces in both Bosnia (SFOR) and Kosovo (KFOR). Finally, the United States supported Romania’s bid for the revolving chairmanship of the Organization for Cooperation in Europe, which it assumed on January 1.

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<sup>18</sup> Iliescu Tipped For Easy Win Over Far-Righter In Romanian Poll. AFP. December 7, 2000.

<sup>19</sup> Romania After Elections. By Zoltan Tibor Szabo. *Népszabadsag*. FBIS. December 12, 2000.

<sup>20</sup> US Signals Concern At Romanian Rightist’s Support. By Elaine Monaghan. Reuters. November 29, 2000.

<sup>21</sup> For more on Romania’s NATO candidacy, see: *NATO Applicant States: A Status Report*. By Steven Woehrel, Julie Kim, and Carl Ek. CRS Rpt. No. RL30168. Updated February 2, 2001. Also see: *NATO Enlargement, 2000-2015: Determinants and Implications For Defense Planning and Shaping*. By Thomas S. Szayna. RAND. 2001.

<sup>22</sup> US Signals Concern At Romanian Rightist’s Support. By Elaine Monaghan. Reuters. November 29, 2000.