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Romania: Projecting the Positive

THOMAS CAROTHERS

Since 1989, Romania has lived with the reputation as the laggard of Eastern Europe. As the other countries in the region hurried ahead with economic and political reforms, Romania seemed stuck in a gray zone of stagnancy and irresolution. For many in the West, the chilling icons of Romania's initial postcommunist year—AIDS babies in nightmarish orphanages and marauding miners—remained frozen in place even as the country started to change. In the past year or two, however, a more positive image of Romania has begun to reach the West, due in part to the Romanian government's concerted public relations campaign. The theme of this new campaign is that after a slow start, Romania is now on the path to democracy, capitalism, and integration with the West, with membership in the European Union and NATO the institutional goals of this course.

The recent upturn in Romania's economic performance is an important part of this new image. A major macroeconomic stabilization program launched in late 1993 has been a success. Annual inflation dropped from 256 percent in 1993 to approximately 30 percent in 1995. The punishing economic contraction of the early 1990s has bottomed out and growth has begun, with GDP increasing 1.3 percent in 1993, 3.9 percent in 1994, and approximately 5 percent in 1995. Thousands of new businesses, primarily in the badly neglected service sector, have been opened. Agricultural land has been almost entirely privatized. A new mass privatization program, initiated in mid-1995, will result in the sale of almost half of Romania's 8,000 state-owned companies. A stock market was opened in Bucharest late last year. In cities through-

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out the country the signs of economic opening and growth are evident, from recently opened stores to new cars filling Bucharest's once nearly empty streets.

The political side of the new image is similar: after a shaky early period, postcommunist Romania has undergone a political transformation that, although slow and unsteady, has resulted in significant democratization. Romania now has the basic elements of a working democracy—a democratic constitution, diverse political parties competing freely in periodic elections, and general respect for political and civil rights. Independent labor unions operate throughout the country. The media are varied and active: private television stations have been established in most urban centers; a wide array of radio stations, many privately owned, broadcast diverse news and entertainment shows; and newspapers and magazines representing the full political spectrum publish daily and weekly. Nongovernmental organizations have sprung up, not only in Bucharest but in many provincial cities. These NGOs are active in the social services—especially health, education, and welfare—and in civil-political issues such as human rights, elections, and the environment.

Romania's president, Ion Iliescu, who has led the country since the fall of Nicolae Ceausescu in December 1989, has worked hard to promote this positive image of Romania in his frequent diplomatic journeys to Western capitals. And the new image has gained some currency in the West, both because the overall situation in Romania is clearly better than before and because the leaders of the United States and Western Europe are eager to find good news in a region still full of uncertainty. President Iliescu's case has been helped by the return to power of former communists in other countries in the region. The dominant presence of former communists in the Romanian government no longer

seems anachronistic or ominous, although Romania remains the only Eastern European country (other than Serbia perhaps) in which there has not been a sharp break between the power structures of the past and those of the present. And compared to the uncertain state of political and economic reform in some countries of the region, Romania's progress no longer looks abnormally slow or uneven.

This new version of Romanian reality is appealing and to some extent valid. The true picture is far more complex, however, and in some substantial ways, much more negative. Romania's economic and political problems are not merely the superficial side effects of a complex societal transition: they are systemic shortcomings that pose significant obstacles to further reform.

STABILIZATION BUT NOT REFORM

Romania's ongoing macroeconomic stabilization program has indeed been a success, and the economy is beginning to undergo a process of self-renovation. But macroeconomic stabilization represents only part of the economic challenge facing the country. Substantial restructuring is still required, including the closing of highly inefficient state-owned heavy industrial enterprises. The government has largely avoided this problem, fearful of the social and political consequences of such steps. The stabilization program has succeeded in controlling inflation without choking off growth because of rapid efficiency gains in small and medium-sized companies. Whether the felicitous combination of relatively low inflation and solid growth can be maintained over the long-term without the rationalization of fiscal and monetary policies remains uncertain. A growing trade imbalance, caused by the continued rapid growth of imports and a leveling off of export gains, is already exerting pressure on the stabilization program, leading to a sharp decline in the value of the Romanian leu against the dollar in late 1995.

Foreign investment in Romania is still low relative to most other countries in Eastern Europe. This low level is an economic shortcoming in itself, since foreign investment is necessary for the restructuring process. But it is also a reflection of the disturbingly high levels of government corruption, disorganization, and red tape that plague business life in Romania and put off foreign investors. And it highlights the fact that the government's overall

economic reform program—as distinguished from the more narrow stabilization program designed by the autonomous central bank—has been poorly designed and haphazardly implemented.

After six years, for example, the government has yet to carry out effective banking reform, thus limiting the credit available to private businesses. Draft legislation for a bank privatization program is seemingly lost in parliament. After much delay, a bankruptcy law was finally enacted in mid-1995, but the law has few teeth and is unlikely to do much to move the restructuring process forward. Much of the agricultural land has been privatized, but in small, commercially unsustainable plots.

In short, although the economy is improving, more reforms are needed. Credit for the country's economic growth should go as much to the Romanian people as to the government: for their willingness to tolerate the economy's free fall in the early 1990s and for the entrepreneurial drive they have

shown in recent years. It is the expansion of thousands of small, private businesses, most thriving in spite of rather than as a result of the government's policies and practices, that is moving the economy forward.

Although the recent economic progress is genuine, many Romanians are worse off than before. And even those who are better off tend to find that the modest improvements in their living standards fall far short of their high expectations—expectations fueled by the messages of Western wealth and

consumerism in the Romanian media. Serious economic fears also haunt many Romanians, especially the fear of rapidly rising prices and the specter of increased unemployment.

DEMOCRATIC DEFICITS

Although the basic forms of a democratic system are in place in Romania, significant democratic deficits exist. Critics have focused on specific, high-visibility issues that raise questions about President Iliescu's democratic intentions. During the past year, for example, these issues have included: government insistence on maintaining a dominant influence in the State Audiovisual Council, which oversees the state television stations; government-proposed legislation that would criminally sanction journalists for insult or slander of public officials; and the formal coalition (now partially disrupted) between Iliescu's Party of Social Democracy in

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Romania and the three nationalist parties in the parliament, the Greater Romania Party, the Socialist Labor Party, and the Party of Romanian National Unity.

These issues are important and signal the inconsistency of Iliescu's adherence to democratic norms. But they do not get at the deeper, more structural elements of Romania's democratic deficit, such as the incomplete transformation of the Romanian state, the poor performance of the government, the nondemocratic evolution of Iliescu's party, and the weak development of the opposition parties.

During the more than 40 years of communist rule, the Romanian state apparatus, which was already relatively centralized before the communist takeover, grew into a deadeningly bureaucratic, thoroughly politicized structure. Since 1989, the state apparatus has been only partially transformed in a democratic direction. Some ministries have been reduced in size and some, such as the Ministry of Finance, have replaced old personnel with new, more technically capable staff. In general, however, the transformation has not been far-reaching. The Romanian state remains a largely unresponsive bureaucracy that acts less like a servant of the public and more like a self-sustaining organism primarily concerned with its own preservation and enrichment.

In the first two years after the fall of Ceausescu, there appeared to be some hope for a serious shake-up. Two successive reformist governments tried to open up the state apparatus and harness parts of it for technocratic ends. Since the 1992 national elections and the formation of the current government led by Prime Minister Nicolae Vacaroiu, a quiet reconsolidation of the old state apparatus has occurred. Mediocre, self-interested bureaucrats have regained the upper hand in many ministries and Iliescu's party has increasingly used the state bureaucracy as a patronage park for party hacks.

At the same time, the Vacaroiu government has demonstrated little initiative or capability for reform. Largely by following the dictates of the International Monetary Fund and the skilled policy direction set by the Romanian central bank, the government has managed to oversee an improving economy. But in many areas where the government has major responsibilities, such as health care, justice, education, public works, minority problems, customs, and regional and local administration, the government has done little more than cling to an unsatisfactory status quo.

Many basic features of the government's meth-

ods of operation are troubling. Corruption is widespread. Outside a few key economic areas, the government's technical capabilities are low. Even when reform initiatives are pursued, they are often not well designed or well implemented. And the government sometimes evinces a troubling intolerance of opposition forces; in late 1994 and early 1995, for example, it forced out of office opposition party mayors around the country.

THE ENTRENCHED POLITICAL MACHINE

The evolution, or nonevolution, of the main political parties in Romania constitutes another major democratic deficit. Iliescu's Party of Social Democracy in Romania continues to dominate Romanian political life without representing any clear ideology. It remains a vague political entity, a party in name, but not really one in the Western sense of the term. Rather, it is an assemblage of heterogeneous political actors and power brokers united only by their mutual interest in maintaining power, Iliescu's leadership, and their ties to the old power structure.

What is most troubling from the standpoint of democratization is that the party increasingly operates like a well-consolidated political machine, especially in the areas of the country where it is strongest, such as the northeast and the south. It uses extensive patronage networks to buy loyalty; it abuses the deeply corrupted state for its own purposes; and it profits from illicit economic transactions made possible by the high degree of state control of the economy.

While the party is often discussed in terms of how much it is tied to the old communist structures, the crucial issue is not its past but its future intentions. The danger for Romania is not a re-creation of communist rule but the possible movement toward a Mexican-style quasi democracy—one characterized by a dominant and entrenched party with lucrative ties to state companies, a tolerated but weak opposition, and regular elections but no actual alternation of power.

Six years after the end of communist rule, the opposition is still struggling to establish itself as a significant political force. Opposition parties tend to blame their weak condition on the government, especially the government's control of national television, and on what opposition activists like to call the lack of "political consciousness" exhibited by ordinary Romanians—which, translated into practical terms, often just means the failure of average people to find opposition leaders compelling or

trustworthy figures. Opposition parties were seriously harassed during the campaign leading up to the 1990 elections, and faced significant disadvantages in the 1992 elections, including unequal access to media and lack of funding. These issues persist but many of the opposition's major problems are of its own making.

Opposition leaders have yet to come up with a clear, simple political message that distinguishes them from the government and appeals to a majority of Romanians. Although they have received extensive technical assistance and training from Western political parties, the opposition parties remain organizations that revolve around a small, ingrown set of leaders in Bucharest and have only sparse networks in most parts of the country outside of Bucharest and Transylvania.

Despite much searching, the opposition has been unable to come up with a single interesting, broadly attractive candidate for the presidential elections this fall. Moreover, the opposition parties have been chronically unable to maintain unity; opposition leaders, generally intellectuals with a poor feel for electoral politics and little public appeal, spend inordinate amounts of time and energy fighting with each other.

The implications of the death last November of Corneliu Coposu, the president of the country's largest opposition party, the National Peasant Party—Christian and Democratic, are still unclear. Coposu, a political prisoner for 17 years during the initial decades of communism in Romania, was the spiritual guardian of the moralistic, no-compromise, anticommunist line within the opposition camp. This approach has not been a successful political strategy for the opposition, and has been increasingly challenged in recent years by younger, more technocratic opposition politicians who understand that merely being adamantly anti-communist will not get them into office. Coposu's death will likely weaken the already slipping Peasant Party though it may hasten a long-overdue generational shift of power within the party away from the pre-World War II generation.

THE LIMITS TO CIVIL SOCIETY

Compared to the problematic evolution of the state and the major political parties, the growth of civil society in Romania is more promising. However, many of the organizations that make up

Romanian civil society are dependent on foreign donors or the government. And the overall capacity of the emergent civil society to engage large numbers of citizens and influence the political system remains fairly limited. A look at three areas—the media, NGOs, and labor unions—highlights this situation.

The media picture is especially ambiguous. Private television stations have been established in Bucharest and many provincial cities. Cable television service has seen explosive growth; approximately 40 percent of Romanian households subscribe to a cable service through which they have access to local private stations and a large selection of Western European stations. Although private television is growing, it does not necessarily provide a diversity of domestic political viewpoints. Many private stations are owned by

powerful businessmen who are friendly to the government and are reluctant to oversee stations that take a highly independent line. The cable services provide a variety of foreign news but little Romanian news. The single national television station, a state-run channel over which the government exercises significant influence, remains the dominant source of national news for most Romanians. Radio is also an important source of news and entertainment and is fairly diverse. State-run stations remain the main source of radio news broadcasting, however, and the government has

recently pressured some private stations to stop carrying the BBC's Romanian-language news service.

Newspapers and magazines are numerous, and some are frequently critical of the government. The issue of press freedom was much debated last year because of a case brought by the government against journalists working for *Ziua*, a daily newspaper, after they had written stories accusing President Iliescu of having worked for the KGB when he was a student in Moscow in the early 1950s. In the aftermath of the *Ziua* articles about Iliescu, the government proposed amending the penal code to add a specific criminal sanction against journalists who insult or slander public officials. The proposal triggered domestic and international criticism and was eventually defeated in parliament by an unusual coalition of nationalist and opposition parties.

Public interest nongovernmental organizations are another area of civil society that has grown rapidly in recent years. Nonprofit NGOs devoted to

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environmental advocacy, human rights, civic education, child welfare, public health, and other issues are now more numerous and have become more sophisticated in their work and their ability to influence government policy. Many of the organizations have moved away from their early partisan, pro-opposition outlook to a much more independent approach; they are willing to work with the government when necessary to further their aims, and they too can be critical of the opposition. For its part, the government maintains a skeptical, often defensive attitude toward NGOs, resenting the establishment of centers of power, no matter how modest, beyond its control.

The NGO sector nonetheless faces distinct limitations. NGOs are concentrated in the major cities and are thus still more a symptom of than a solution to the deep urban-rural divide that afflicts Romanian sociopolitical culture. In addition, Romanian public interest NGOs are financially dependent on foreign donors. Most have not found a way to sustain themselves financially and will continue to exist only as long as they receive support from Western aid organizations and foundations. Their dependence on foreign funding bolsters the negative view of many Romanian officials that the NGOs are inauthentic implants imposed on Romanian society by foreigners pursuing their own agendas in Romania.

With regard to trade unions, a major sector of civil society in most established democracies, the Romanian situation is complex. The monolithic communist union structure of old has given way to an array of new unions, union federations, and confederations, some of which are relatively independent of the government. The several major union confederations, while following divergent political paths, have tried to work together in recent years to present a united front to the government. They have generally not succeeded, however, and have not seen their power grow substantially since the early 1990s.

Infighting between union leaders, over both the large union patrimony from the communist years and political and personal ambitions, has hurt the quest for unity. The government has successfully pursued a divide and co-opt strategy toward the unions, cutting special deals at key junctures to undermine common fronts and playing union leaders against one another. The atmosphere of secrecy and corruption surrounding the government's dealings with the unions strengthens its divisive strategy. And the fact that a large percentage of unionized workers are state employees (the emerg-

ing private sector consisting primarily of nonunionized small-to-medium businesses) keeps many unions in a relationship of at least partial dependence on the state.

MORE OF THE SAME?

The positive picture of Romania's development that has been gaining circulation is too optimistic. Romania's economy is improving but major restructuring still lies ahead. The institutional architecture of democracy is in place but political life suffers from a concentration of power in the central government structures and a too intimate symbiosis between the governing party and the state. The centers of power that exist outside the central state are weak and vulnerable to co-optation. Among the general population, a nascent democratic civic consciousness is overshadowed by a slowly fading tradition of psychological dependence on the state.

The local and national elections that are to be held this year are unlikely to change Romania's course. Just as Romania has historically borrowed political structures and cultural aspirations from France, it now seems prepared to indulge in the French habit of recycling presidential elections.

What is striking about the upcoming presidential election is how similar it promises to be to the last presidential election in late 1992. The lineup of candidates will be largely the same: the incumbent, President Iliescu, will be challenged by an array of candidates who also ran in 1992: Emil Constantinescu of the National Peasant Party and the Democratic Convention of Romania; Petre Roman of the Democratic Party (who has migrated since 1992 from the government side to the opposition); Gheorghe Funar of the Party of Romanian National Unity; and a few other repeats. The Democratic Convention will be a narrower coalition this time, the result of numerous defections from the Convention in 1995 that included the Civic Alliance Party, the Hungarian Democratic Union of Romania, and the Liberal Party-1993. These parties, along with some of the small Liberal Party offshoots, may form a new opposition coalition with Roman's Democratic Party if the rival leaders can put aside their personal ambitions and work together.

The results of the next presidential elections are also likely to be similar. Romanians of all political stripes generally believe President Iliescu will be reelected. Many Romanians are unhappy with what they perceive as pervasive government corruption and inefficiency, and are worried about rising prices and unemployment. Yet Iliescu maintains a high

level of support among peasants, industrial workers, public sector employees, and others attracted by his central political message that a slow approach to economic reform best reconciles the goals of modernization and minimal social dislocation. The opposition parties have many supporters among urban professionals and young people, and in cities in general. But they have little support in the sectors constituting the majority of Romania's electorate and no candidate or political message is likely to build such support in the months ahead.

There is uncertainty about the outcome of the upcoming parliamentary elections. Iliescu's party seems likely to repeat its performance of 1992 in which it won a plurality (28 percent) but not a majority. This would leave open the important

question of whether Iliescu would be able to form a coalition with some of the opposition parties rather than with the three nationalist parties that have served in that role since 1992. If a second opposition coalition does form around Roman's Democratic Party as an alternative to the ailing Democratic Convention, and if it does reasonably well in the elections, it could end up as a coalition partner with Iliescu's party, provided Iliescu can overcome his intense dislike of Roman. This would bring some parts of the opposition into the government and perhaps start to break down the ritualized and polarized state of postcommunist Romanian politics—a potentially important, though not necessarily decisive, step toward greater democratic development. ■