

# The beginning of the transition in Romania

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**Abstract:** This paper examines the complex transition of Romania from a command economy and dictatorial regime to a consumerist society and market economy following the end of 1989. It analyzes the initial political and economic conditions, marked by the legacy of Nicolae Ceausescu's policies, including economic austerity, political repression, and the pervasive influence of the Securitate. The study explores the emergence of new political parties, the rise of Ion Iliescu and the National Salvation Front, and the subsequent political struggles and social unrest, such as the Mineriads. Furthermore, it investigates the challenges of economic reform, including the dismantling of inherited structures, the lack of foreign investment, and the rise of "wild capitalism." The paper argues that the absence of a visionary political class and the persistence of communist-era practices hindered Romania's progress towards a stable democracy and a thriving market economy in the early post-revolution years.

**Keywords:** Romanian Transition, Post-Communism, Economic Reform, Political Instability, Ion Iliescu

The end of 1989 brought major changes in the Romanian society, starting from a command economy towards a consumerist society and a market economy. The effervescence of the changes produced in the communist bloc also included Romania, where at the end of 1989, Nicolae Ceausescu and his wife, Elena, were still trying to maintain a dictatorial regime based on the cult of personality and citizen surveillance, carried out by the Securitate. Since 1980, the economic and political situation of Romania had been continuously deteriorating. After deciding to stop international loans and repay the outstanding ones, Romanians were subject to more and more restrictions, with basic food and fuel being rationed out, while electricity and heat were only available during certain time intervals. The planned economy began to show its weaknesses: in agriculture the production of several crops decreased by almost 50%, and the livestock was reduced due to lack of food. With respect to the industrial goods sector, the focus was on the heavy industry, with large investments being made in giant plants, which did not yield any results. Most of the production from various branches of the economy was exported to the The Council for Mutual Economic Assistance (CMEA) countries, with the goal of paying off the country's external debt. This goal was fulfilled in 1989, but the costs for its fulfillment had been very high. Despite all the existing difficulties, a second economy was formed based on the system of "connections" and "relationships", which led to the introduction and circulation of certain goods on the market.

From a political point of view, Nicolae Ceausescu managed to avoid the formation of an opposition amongst members of the Romanian Communist Party. He managed to eliminate all his opponents one by one. The more frequent use of the Securitate led to the creation of a police state in which everything was reported, and

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nobody in a community knew who an informant was or not. Few in Romanian society or the Communist Party made efforts to create an alternative, aside from some individuals.

The end of 1989 also marked the establishment of the first parties, of which the most important were those with a historical tradition: the National Liberal Party and the National Peasant Party, which had been affiliated with the Christian European Democrats since 1987, and the Social Democratic Party. An important moment in the evolution of Romanian politics soon after the revolution was represented by the decision of the National Salvation Front to transform itself into a political party and participate in the May 20 elections. This decision was followed by large protests organized by opposition parties. To appear more open and inclusive, the new power agreed with the establishment of the CPUN (The Provisional Council of the National Union) on February 9. The CPUN held the role of a provisional governing body until the elections of May 20. The CPUN also meant the victory of Ion Iliescu as it was like his vision of a "national consensus"<sup>2</sup> – a term that was often used by the president-elect on May 20 and in the years that followed. The elections of May 20 represented an overwhelming victory for Ion Iliescu, who won from the first round with a percentage of 86.19%. Although the historical parties also participated in the elections, these had no voice in the political scene due to the monopolization of the official discourse by the power installed in December 1989, but also due to their weak organization, which led to their fragmentation in several smaller parties. Since the beginning, these parties faced several problems caused by intergenerational conflicts. While the survivors of interwar political life wanted a restoration by occupying the same positions as in the past, the young people attracted to these parties were supporters of a prominent position.

In the spring of 1990, the socio-political environment was marked by a surge in protests, with the most important ones taking place in the Piața Universității (University Square) and giving rise to a phenomenon with the same name. Organized by civil society, the protests attracted hundreds of young people from Bucharest and from all over the country. In line with article 8 of the Timisoara Proclamation, they demanded the exclusion from public office of those who had been part of the communist nomenclature and the Securitate. After May 20, the protests lost their intensity, with only a few people remaining in the Square in the period that followed. However, public order institutions were fast to react against them; miners from the Jiu Valley came to liberate the Square, with the so-called goal of "planting flowers". The whole world was able to watch the images with the violent actions of the miners against the young people in the Square and the students who, in the opinion of the aggressors, had a "nonconformist" look, as well as their actions of destroying the headquarters of historical political parties and several newsrooms, such as *România Liberă* [Free Romania]. These images were followed by the discourse of President Ion Iliescu, who thanked the miners for their actions against the fascist elements.

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<sup>2</sup> Vladimir Pasti, *România în tranziție: căderea în viitor* [Romania in transition: the fall in the future], București, Nemira, 1995, p. 153.

These events triggered a wave of criticism on an international level and did a real disservice to Romania's image.

The attempt to annihilate the political opposition is a key element in understanding the 1990 Parliament, just as, for Ion Iliescu, the tacit support of the army and the Securitate is essential to explain why, realistically, there could be no successor from the crowd or from dissidents at the helm of the Romanian state<sup>3</sup>.

The political life was dominated by Ion Iliescu and the National Salvation Front, with a power struggle between Prime Minister Petre Roman and the President of Romania becoming more apparent since late 1990. What seemed to be an ideological struggle on how to reform the state, turned into a struggle for power. At first, there was no direct fight; over time, however, the conflict grew stronger.

The economic measures promoted by the Romanian government led to a series of social protests, culminating with the "Mineriada" of September 1991 and resulting in the dismissal of the government, announced by Alexandru Bîrlădeanu (President of the Senate). Petre Roman described his departure as a resignation, instead of admitting the fact that he was fired. Within the National Salvation Front, Petre Roman became the party's president at the congress in March 1992. After this election, a group within the organization, close to President Ion Iliescu, formed the Democratic Front of National Salvation, which participated in the elections of September 1992 and became the most important party.

After a dramatic loss in 1990, the opposition managed to regroup and formed, in 1991, the Romanian Democratic Convention, comprising the National Peasant-Christian Party and the Democratic Party. The Convention was led by Corneliu Coposu, also known as the "Senior" of Romanian politics, and a very different party leader in comparison to Ion Iliescu. Born in Transylvania and having been the personal secretary of Iuliu Maniu, Corneliu Coposu promoted another type of politics - one closer to the Christian democracy of Konrad Adenauer.

The political life became an amalgam, a mixture of neo-communists, who wanted to appear before the public as promoters of a moderate democracy, and anti-communists, who supported a much more radical development of the society, which could allow for a more rapid implementation of the Western model.

The country's leadership positions were generally not seen as having a functional role, but rather they were considered a reward, and those who had never held a public office felt even more entitled to have one<sup>4</sup>. So, belonging to a political party began to represent an opportunity in terms of employment. The trend set by the Communist Party was never abandoned, instead it was presented as a process where specialists and experts were appointed to leadership positions, provided they were party member. Alina Mungiu-Pippidi pointed out that: "belonging to a political gang/cliue, and not one's qualification, is the best indicator to determine if someone can occupy a position in Romania. The definition of partocracy is precisely the

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<sup>3</sup> Alina Mungiu-Pippidi, *Politica după comunism. Structură, cultură și psihologie politică* [Politics after communism. Structures, culture and political psychology], București, Humanitas, 2002, p. 40-41.

<sup>4</sup> Vladimir Pasti, *România în tranziție....*, p. 152.

establishment of the control of political parties over all the positions of influence in the public sphere”<sup>5</sup>. We can therefore see the connection between certain "political clique" from the communist period or from after the Revolution, and their important role on the political scene. The lack of economic results coupled with political scandals had a negative impact upon the society's trust in politicians and the institutions controlled by them (Parliament, Government, Presidency), particularly when considering the values spread in the early 1990s.

From an economic point of view, Romania's evolution was not as favorable as the economic evolution of other states which were in the same situation in December 1989. The transition of the Romanian economy from a centralized form, which meant strict planning and government control, towards a market economy was conditioned by the characteristics of the communist economy, the political actions of the new rulers, and the low interest of Western investors.

In December 1989, the Romanian economy was facing a tumultuous past and a hardly promising future: "after more than four decades of forced industrialization, the competitiveness of the economy was at its lowest level in the „communist league”; the lack of balance between different industry sectors and the penury were becoming more evident, and the suffering of the people was unimaginable. Romania was far behind its neighboring countries in terms of the necessary institutional framework for the post-communist transition, the psychological disposition of the population for dramatic changes and the social basis of to implement a market economy. In addition, the "shock therapy" of the 1980s instilled in people the hope of an immediate and substantial change of their living conditions after the leadership change [of the regime], which led to a high degree of intolerance towards new austerity measures.”<sup>6</sup> The image portrayed by Daniel Dăianu is a desolate one, with Romanians' living standards being amongst the lowest in Europe. False reports had turned economic statistics into a subdomain of fantasy literature. In agriculture, the productivity was in a constant decline, with animals dying on farms, unable to provide the food they needed to survive. In other industry sectors, state investments had given priority to the creation of giant factories, most of them being outdated in terms of technology ever since their construction.

In this phase, the inherited structures were dismantled, which led to a considerable increase of conflicts in the system and the consumption of energy (resources) important to achieve the transformation<sup>7</sup>. We cannot talk about a common and coherent vision of the political class regarding the reform of the communist economy and its evolution towards a market economy.

One of the aspects that requires our increased attention is the fact that political factors enabled the economic decline, both by omission and by intention. By

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<sup>5</sup> Alina Mungiu, *România după '89. Istoria unei neînțelegeri* [Romania after 1989. The history of a misunderstanding], București, Humanitas, 1995, p. 45.

<sup>6</sup> *Ibidem*, p. 106.

<sup>7</sup> Christof Rühl, Daniel Dăianu (coord.), *Tranziția economică în România. Trecut, prezent și viitor*, [The economic transition in Romania. Past, present and future] București, Arta grafică, 1999, p. 12-13.

intention, because they succumbed to mass pressures and were influenced by the prospect of the May 1990 elections. These were followed by an increase in salaries and the establishment of a five-day work week, despite a decrease in economic production while trying to control prices, and an overvalued exchange rate. By omission, because there were no real attempts to address macroeconomic imbalances before November 1990<sup>8</sup>. In the 1990 election campaign, the FSN suggested that if anything was to be shared – and by this meaning privatization – then the FSN was the party of those who argued that everyone should be given a part<sup>9</sup>. The country missed the start of economic reforms as the ideological struggle between the two wings of the FSN became more apparent. The group who supported Petre Roman promoted the idea of an accelerated economic reform, with a focus on the liberalization of prices, whereas the supporting Ion Iliescu wanted to impose a policy of "timing" the reforms to avoid putting pressure on the population.

The private sector in Romania developed in an environment marked by confusing economic policies pursued by the state and the absence of regulations to ensure a coherent development. The "sui generis" entrepreneurs took advantage of the new "free market" of consumer products, which offered them the possibility to conduct their business in an open manner and expand their economic activities. The new situation was so natural that the free will of every person had become a certainty without limits. They were operating in a market with no regulations, and if there were any regulations, no one was taking them into account. The dissolution of the communist state led to a fierce struggle for the takeover of the state patrimony and especially the patrimony of the party<sup>10</sup>. This struggle is described by Silviu Brucan as part of the "wild capitalism"<sup>11</sup> – a stage in which a prey economy was born along with the primitive accumulation of capital and the formation of new economic and political elites, with many members from party activists' groups or the Securitate<sup>12</sup>.

Another problem of the Romanian economy was the lack of foreign investments, which can be explained by the lack of political measures meant to attract capital. The policy promoted by the FSN and expressed in the '90s election campaign had a well-determined trajectory ruled by the slogan: "we do not sell our country". The latter was directed against Ion Ratiu and his program of openness to the West. Communist isolation was continued after 1990. On the other hand, Western investors were not attracted to Romania in those years. One explanation for this attitude could be the lack of information about our country, which was known more from Bram Stoker's stories.

In the first years after the Revolution, Romania went through a transition from communism to democracy. The transformations targeted all levels of society,

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<sup>8</sup> *Ibidem*, p. 15.

<sup>9</sup> Vladimir Pasti, *România în tranziție...*, p. 200.

<sup>10</sup> Vladimir Pasti, *Noul capitalism românesc*, [The new Romanian capitalism] Iași, Polirom, 2006, p. 309.

<sup>11</sup> Silviu Brucan, *Stâlpii noii puteri în România*, [The pillars of the new ruling power in Romania] București, Nemira, 1996, p. 61-128.

<sup>12</sup> Silviu Brucan, *Stâlpii noii puteri...*, p. 61-128 and Vladimir Pasti, *Noul capitalism...*, pp. 307-498.

from politics to economy. At the political level, during this period we cannot talk about the emergence of a visionary political class with a vision for Romania, which could propose and support the necessary measures for Romania's transformation. A reason for this was the non-existence of a dissident political elite, which could have been the basis for a renewal of the political class. The historical parties could not promote themselves enough to be known by the big masses, while the FSN, the heir party of the PCR, managed to win the elections of 1990-1992 (in 1992 in the formula FDSN), an unprecedented event in other countries such as Hungary, Poland, Czechoslovakia, where the opposition parties had managed to impose themselves.

From an economic point of view, the delay in implementing viable reforms, which could have reduced the losses caused by the Romanian economy, led to high inflation rates and unemployment becoming a real threat to every worker. A hard struggle began in the process of taking over the patrimony of the state and the one owned by the party, an action often disguised as a privatization process, carried out with the knowledge and protection of politicians. Foreign investments were at a low level due to the lack of economic and fiscal measures and the lack of trust in the Romanian justice and political system.

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