

# ROMANIA AT A HISTORIC CROSSROADS

## INTRODUCTION

Like some of its neighbours, Romania's post-communist evolution remained doomed by its legacy of authoritarian rule, statism and corruption, native extremism and inter-ethnic rivalry rooted in the turmoil that has marked this country's history over centuries. But the specifics of the communist rule in Romania, and the way Ceausescu's tyranny ended in the still unclarified bloodshed of the December 1989 unfinished revolution, which still haunts Romanian society, are elements of the peculiarity of Romania in the context of Eastern Europe. Indeed, no other former communist regime was overthrown by a violent popular uprising as happened in Romania in December 1989. Or, as Vladimir Tismaneanu put it, "*...in no other country of the region did the communist government resort to ruthless forms of repression against peaceful demonstrators*".<sup>1</sup>

History-induced, and sometimes objective anxieties and national ego questions have been accentuated, in the case of Romania, by its position at the crossroads of Western, Slavic and Muslim cultures. But Romania is not only at a geo-political and cultural crossroads, Romania is at present at an historic crossroads: either democracy and economic reform will triumph in the next few years, and the country will succeed in becoming part of civilized Europe, or internal conflicts and the revival of extreme nationalism will determine the exclusion of this country from the European project for an unforeseeable period of time.

Unfortunately, the Romanians are still uncomfortable with their past, and their continuous fears of Russia's "threats" against their independence, of Hungary's "plots" to regain Transylvania, and of the Western nations' "betrayal" and, yet again, "rejection" of Romania's quest to become part of civilized Europe is not going to help a swift change in this country's fortune. Because of this schizophrenic mentality, Romania's risk is to remain on the fault line between civilizations. In the present post-communist world, the critical distinctions between people are not primarily ideological, but cultural, and "*world politics is being reconfigured along cultural lines, with new patterns of conflict and cooperation replacing those of the Cold War*".<sup>2</sup>

Bearing in mind Romania's legacy, it was not surprising that in the first years of post-communism, the country's path towards democracy and a free market economy encountered many obstacles. Indeed, the survival of the old state apparatus, and the continued exercise of power by many former members of Ceausescu's nomenklatura has conditioned the extent of political and economic innovation in Romania. However, the parliamentary and presidential November 1996 elections marked a historic turning point in Romania's political culture. This was because the Romanian electorate for the first time in the last 60 years, changed a government through democratic means, ending in the process seven years of rule by successors of the former communist regime.

In the first few months after the November 1996 elections, the new administration of President Emil Constantinescu managed to set up a majority coalition government under the premiership of Victor Ciorbea with a new programme for Romania's future development, and to initiate the remake of the country's economy, its polity and even its European values with almost a Bolshevik zeal. The new president launched a campaign to smash the communist-Mafia type links between economic and political power, to rebuild faith in the institutions, to embark on an economic and financial reform as rigorous as anything tried before in Eastern Europe. But despite the new government's first months' race to catch up with the other Central European countries, Romania's seven squandered years of post-communism make the country unable to be part of the first wave of NATO enlargement, which was decided by the 8-9 July 1997 Madrid NATO summit.

As expected by many analysts, the United States' decision not to endorse Romania's candidacy in the first round of NATO expansion unleashed not only a wave of recrimination against the West from extremist groups, but also a political and economic instability which raised a big question mark regarding Romania's future. The political and economic crisis was accentuated by the Constantinescu administration's refusal to acknowledge that Romania did not deserve to be part of the first round of NATO enlargement, because she did not fulfil the enlargement criteria at the same level as the three Central European countries accepted for membership. Indeed, on the one hand, democracy in Romania was only a few months old, and it was far from being irreversible, because of existing frictions in the coalition government, the lack of a democratic opposition and, more than that, the actual revival of extreme nationalism. On the other hand, Romania's economic reform programme was very much in its initial stage, and it was implemented only as a result of external pressure from international financial organisations rather than an internal desire for an open market economy. Therefore, the extent and consequences of Romania's economic transition, and the social pressures that will result in the immediate future are unforeseeable.

Given the complexity of Romania's political, economic and military situation and its sinuous striving to establish a post-communist identity, this essay will try to draw attention to the fact that Romania is at present at an historic crossroads. In order to do that, the essay will examine, first of all, the country's political instability and the fragility of its new democracy in the context of opposition from old communist structures, including the negative role played in the last few years by the former communist regime's security services, which are still very much at work in this country. Secondly, the essay will try to analyse to what extent Romania's economic situation represents an important factor of political and social instability, having in mind that the postponement of crucial economic and social reforms is a primary factor of this country's rejection for integration into Euro-Atlantic structures.

Thirdly, foreign affairs and national security policy, which are focused on Romania's quest for NATO and EU integration, are debated in the context of this country's political and economic instability in the so-called new "fault line" of Europe, or "security vacuum" created as a result of NATO enlargement and, at the same time, as the first line to defence of "fortress Europe". In conjunction with the general development of this country, the paper will explain why political nationalism and socio-economic bankruptcy in Romania remain the most important dangers to this

country's stability and national security, and will appreciate to what extent the question of identity of ethnic Hungarians living in Transylvania, and ethnic Romanians living in the Republic of Moldova, could affect regional security after the first wave of NATO enlargement. Finally, the essay will address the main scenarios for Romania's future, and the country's objective chances to become a part of civilised Europe.

## **ROMANIA'S POLITICAL SCENE**

### **Historical background**

The modern Romanian state originated in the 1859 unification of the Ottoman principalities of Moldova and Wallachia under Prince Alexander Ioan Cuza. The new state, which comprised only a part of the Romanian population, obtained formal independence in 1878, and being unable to govern itself because of internal party conflicts, became a kingdom three years later. Three million Romanians remained in Hungarian-ruled Transylvania, about two million in Russian-controlled Bessarabia, and smaller groups in Dobrudja, in Bulgaria. The Romanian kingdom's overriding political goal was the union of all Romanian-inhabited lands into Romania Mare (Greater Romania). This was achieved temporarily at the end of the First World War when the victorious allies endorsed Romania's acquisition of Transylvania, Bessarabia, northern Bukovina and southern Dobrudja as an anti-Soviet barrier. As a result, Romania doubled in size but failed to integrate the new regions culturally or to develop them economically.

In 1940 Romania was stripped of most of its 1918 gains by the Soviet Union, and by the German-dictated award of northern Transylvania to Hungary. King Carol II abdicated in favour of his son, Michael. Romania joined the German invasion of the Soviet Union in June 1941, but when the Red Army entered the country in August 1944, King Michael engineered the overthrow of the dictator, Ion Antonescu. The 1947 peace treaty restored Romanian control over northern Transylvania, but awarded Bessarabia and northern Bukovina (now in the Republics of Moldova and Ukraine) to the Soviet Union.<sup>3</sup>

The Soviet-backed **Romanian Communist Party (PCR)** effectively seized power in 1945, and King Michael abdicated on December 30, 1947. All opposition was ruthlessly repressed, and political and economic power concentrated in the hands of the party. A centrally planned economy was established by nationalisation of the private sector, and full agricultural collectivization was completed in 1962. The PCR gradually loosened its links with Moscow under the leadership of Gheorghiu-Dej at the end of 1950s and beginning of 1960s, but adopted all the main features of the Stalinist command economy. From 1965 Gheorghiu-Dej's successor, Nicolae Ceausescu, set about accumulating personal power, underpinned by the notorious Securitate secret police, which by the 1980s numbered tens of thousands of full-time staff and informants. After a failed dash for foreign-financed growth in the 1970s, Ceausescu embarked on a forced repayment of external debt, imposing severe privations on the majority of the population.

By the late 1980s, the PCR leadership had degenerated into a nepotistic clan, with key posts held by Ceausescu's family. Despite hardship and repression, which held back

economic and social development, there was little organized opposition. However, in December 1989, the deportation of a Lutheran pastor, Laszlo Toekas, from the western city of Timisoara triggered demonstrations against Ceausescu's rule which grew into popular revolt reaching many Romanian towns, including the capital, Bucharest. But the December 1989 revolution remained unfinished as the spontaneous popular revolt was hijacked by a section of the former elite which, in order to avoid radical political changes in Romania, organized a palace coup with the help of the army and some compartments of the Securitate. Ceausescu fled after the PCR headquarters in Bucharest were seized on December 22, 1989, but was captured within days and summarily tried and executed along with his wife.<sup>4</sup>

Under the umbrella of the **National Salvation Front (FSN)**, the coup leaders quickly reversed some of Ceausescu's most unpopular policies. The foreign travel ban was ended, food exports were curtailed, some political prisoners were amnestied, and curbs on domestic energy consumption removed. Working hours were reduced, and restrictions lifted from the press and private agriculture. Although many violent anti-FSN demonstrations occurred in Bucharest in 1990, the FSN's message that the "December Revolution" had stopped Ceausescu's excesses was generally well received. With limited agricultural reforms securing rural support, the FSN won a strong mandate at the May 1990 general election, and its candidate, Ion Iliescu, portrayed as a moderate force against the former dictator, won the presidency by a large majority. In this way, the unfinished Romanian revolution institutionalized a neo-communist form of government with still unforeseeable negative consequences for Romania's future.<sup>5</sup>

The FSN's "social democratic" appeal to a deeply traumatised population was based on promises of stability, improved social provision and gradual economic reform. The message was especially appealing to industrial workers and officials, who feared the consequences of a rapid overhaul of the old system. An attempt by the first post-communist prime minister, Petre Roman, to introduce wider-ranging market reforms in 1991 was abandoned after labour protests led by miners had been deployed, under the supervision of elements from newly "restructured" security services, to break up radical student demonstrations.

Petre Roman, dismissed by Ion Iliescu, left FSN to form the more reforme-oriented **Democratic Party (PD)**, which was later to become the main force in the centre-left **Social Democratic Union (USD)**. But with one of its former allies, Theodor Stolojan, installed as prime minister, the Democratic National Salvation Front, the dominant faction after the split of the FSN and subsequently re-named the **Party of Social Democracy in Romania (PDSR)**, remained the largest parliamentary party, winning 27% of the vote at the general election in September 1992. The **Democratic Convention of Romania (CDR)**, a centre-right coalition grouping formed on the backbone of the only "historical party" to maintain influence since its recreation after 1989, the **National Peasant-Christian Democratic Party (PNT-CD)**, performed reasonably well in many urban areas, but failed to make substantial gains into the PDSR worker-peasants voting base. After a second-round run-off, Ion Iliescu was re-elected president, albeit with a much lower share of the vote than in 1990.

A minority government was eventually formed by the former bureaucrat, Nicolae Vacaroiu, and relied on the parliamentary support of several ultra-nationalist and neo-

communist parties, which reinforced its caution over the deregulation, privatisation and subsidy withdrawal needed to achieve significant structural improvement and sustainable public finance. The government made use of Romania's low external debt levels to borrow heavily from multilateral lenders and, when these became concerned about the slowness of reform, from international capital markets. However, a burst of rapid growth in 1995 gave way to inflation, devaluation, and industrial slow-down in 1996, necessitating a return to price and currency controls. Reform measures that the Vacaroiu administration did try to adopt, in particular an ambitious 4,000-firm mass privatisation, were delayed in parliament. The perceived mishandling of a bumper crop in 1995 and inadequate support for crop failure in 1996 compromised the PDSR's previous strong rural support.<sup>6</sup>

### **The November 1996 General Elections**

Following Romania's worsening economic performance combined with recurrent corruption scandals in which the ruling PDSR leaders and their proteges were involved, the public opinion polls had predicted the demise of Ion Iliescu's regime at the November 1996 general elections. Indeed, with the PDSR discredited by repeated scandals, with inflation rising again and again despite attempts to check it by artificial means, and with living standards continually dropping, opinion polls had predicted since the beginning of 1996 that the ruling party was in danger of losing its position as the major parliamentary faction.

The first blow for the PDSR and the Vacaroiu government came in the June 1996 local elections, when the opposition forces managed, for the first time since the fall of Ceausescu to overtake the coalition government in local councils. On the other hand, since September 1996, the PDSR had been forced to rule alone after it broke with its last coalition partner, the ultra-nationalist **Party of Romanian National Unity (PUNR)**. Earlier, in March, the PDSR had formally ended its coalition alliance with the **Socialist Labour Party (PSM)**, while the extreme-nationalist **Greater Romania Party (PRM)** had already been forced out of the coalition in late 1995. As a result, by the time of the November general elections the legacy of the so-called "red-quadrangle coalition" that ruled Romania since the 1992 general elections was already a bad dream of the past.

However, by the end of the campaign the Romanian electorate was very much polarized. On the one hand, the supporters on the left of the political spectrum were inclined to vote in their majority with the ruling PDSR as all the other leftist parties suffered from a lack of vision and efforts to discredit each other. Indeed, the PSM was marked by internal struggles for power and the competition with its two rivals, the **Socialist Party (PS)** - which broke away from the PSM in late 1994 - and with a new formation, the **Socialist Workers Party**. The extreme nationalist parties, PRM and PUNR, launched an aggressive campaign against the "ethnic Hungarian danger" and "the selling-out of Romania's national interest", an old leitmotif which was already dimmed by the September 1996 signing of the Romanian-Hungarian basic treaty. In the meantime, both Corneliu Vadim Tudor's PRM and Gheorghe Funar's PUNR were beset by internal party struggles before the elections, due to their leaders' lack of credibility.

On the other hand, supporters of parties on the right, other than the CDR, feared that a vote for their formation would impede the effort to oust the PDSR from power. This

part of the electorate would eventually cast its vote for the CDR not because it had overcome its doubts regarding the main opposition grouping, but rather despite them.

However, the main loser was going to be the **National Liberal Alliance (ANL)** formed by the **Party of Civic Alliance (PAC)** and the **Liberal Party '93** shortly after the June 1996 local elections. The prospects for cooperation among the liberal parties appeared to have been badly damaged by a series of attacks on the CDR by Dinu Patriciu of the ANL. Patriciu's claims that the CDR favoured a monarchy led Emil Constantinescu to state that cooperation between the two parties in government was uncertain.<sup>7</sup>

But irrespective of these party political conflicts, the victory in the parliamentary elections of 3 November 1996 of the centre-right opposition led by the Democratic Convention of Romania, dominated by the National Peasant Party Christian Democratic in coalition with the Social Democratic Union, the Hungarian Democratic Union of Romania and other democratic formations brought about the first democratically elected, reform-oriented and resolutely pro-Western government in the last 60 years. Romania's "*return to normalcy*"<sup>8</sup> was completed on 17th November 1996 when, in the second presidential ballot, the Romanians elected to the presidential office a person who seemed to symbolize a break with the communist past, Emil Constantinescu, the candidate of the opposition.

The 1996 November general elections can be considered an electoral revolution and a radical political change, as they managed to modify Romania's political structure by getting rid of the ineffective, notoriously corrupt ruling party and by ending the neo-communists' restoration engineered by Ion Iliescu and his supporters. The Romanians' vote was both, a vote of confidence in the democratic, anti-Iliescu forces, and one of protest against the political, economic and moral failure of the former communists. In changing Iliescu's autocratic regime through democratic means, the Romanians marked, yet again, the peculiarity of their country in the context of Eastern Europe.

Indeed, the Democratic Convention of Romania performed very well at parliamentary and presidential elections in November 1996. Its 30% of the vote made it the largest parliamentary grouping, giving it a working majority in coalition with Roman's USD, which won 13%, and the Hungarian Democratic Union of Romania with 6.6%. The CDR's presidential candidate, Emil Constantinescu, won the second round run-off against Ion Iliescu by 54% to 46%. Victor Ciorbea, who had already acquired a pro-reform, anti-corruption reputation as mayor of Bucharest, was appointed prime minister.<sup>9</sup>

Parliamentary forces, November 1996

% of vote		Seats
1996	1992	1996/1992

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**Chamber of Deputies**

Democratic Convention (CDR)	30.17	20.01	122	82
Party of Social Democracy (PDSR)	21.52	27.72	91	117
Social Democratic Union (USD)	12.93	10.19	53	43
Hungarian Democratic Union (UDMR)	6.64	7.46	25	27
Greater Romania Party (PRM)	4.46	3.90	19	16
Party of National Unity (PUNR)	4.36	7.72	18	30
Others*	19.92	23	13	26
<b>Total</b>		<b>100.00</b>		<b>341</b>

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**Senate**

CDR	30.70	20.16	53	34
PDSR	21.52	28.29	41	49
USD	13.16	10.39	23	18
UDMR	6.81	7.59	11	12
PRM	4.22	3.85	8	6
PUNR	4.22	8.12	7	14
Others	17.49	21.60	0	10
<b>Total</b>		<b>100.00</b>		<b>143</b>

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\* Other parties failed to win more than 3% of the vote and therefore failed to qualify for parliamentary representation. Thirteen seats in the Chamber of Deputies are assigned to representatives of minorities which obtained at least 3,500 votes.

The new centre-right government quickly launched a radical market-oriented economic reform involving the removal of remaining price controls, a restrictive monetary and fiscal policy, and the liberalization of the foreign exchange regime. Although this ambitious programme was primarily aimed at reducing inflationary pressures and accelerating the reforms, the main objective of Ciorbea's government was to narrow the gap between Romania and the region's leading reformers, and to establish the foundation for long-term economic growth. In order to implement this programme, the new government was able to secure support and funding of some \$1bn over the next 12 months from the IMF and the World Bank, in the hope of restoring Western confidence in Romania, which had been dented by the dramatic economic reversal of 1996.

Indeed, the economic package of measures announced by Victor Ciorbea at the beginning of 1997 was more radical in its scope than any of the "shock therapy" programmes attempted by the other transition countries of Eastern Europe. The programme included the privatisation of 3600 state companies in 1997, a compensated rise in unemployment to about 8% from the current 6%, the liberalization of all prices with the exception of bread, very limited provision for subsidies in the budget, the privatisation of state-owned agricultural land and the banks, the fall in inflation to 30% by the end of the year from the current 90%. The government also made early EU and NATO entry negotiations a major foreign policy objective.<sup>10</sup>

### A government in disarray

But the first Romanian post-communist democratic government embarked, with this "shock therapy" programme, on a high-risk strategy by timing its results with an eye on the decision-making timetables in Brussels. The candidates for the first

round of NATO enlargement were expected to be announced at the Madrid summit in July, while the negotiations for the eastwards enlargement of the EU were due to begin within six months of the conclusion of the inter-governmental conference also in July 1997.

On the other hand, although the most painful aspects of the economic programme have been justified by the need to modernise and restructure the economy in order to be able to join west European structures, the support of some social strata for this programme was more difficult to obtain in an atmosphere of uncertainty about when such integration may occur. Thus, it became apparent that the more active among the forces against a radical economic reform were representatives of the old communist nomenklatura and their offspring, who managed to create parallel centres of economic and political power built up during Iliescu's regime with the support of former communist-securists.

These forces, acknowledged even by President Constantinescu when he declared that *"we are in government, but not in power"*, became a serious danger to Romania's very existence by their opposition to reform, not always visible to the public at large, but manifested both in parliament and as forms of labour unrest, particularly in heavy state-owned industry and in the traditionally militant mining industry.<sup>11</sup>

To make things even worse, tensions within the coalition surfaced over land restitution and the list of enterprises to be liquidated. At the same time, industrial workers, particularly in the heavy engineering sectors, who faced the threat of redundancy and enterprise closures, became more vocal in their opposition to the government. Meanwhile, renewed miners strikes and demonstrations in the Jiu Valley and in other mining regions across the country aroused fears of a resumption of the street violence of June 1990 and September 1991 in Bucharest, which contributed to the overthrow of the first post-communist reformist government of Petre Roman. All these "street pressures" were interpreted by the opposition parties as *"the end of the honeymoon period for the new cabinet"*, and they began to attack the government's reforms for inflicting hardship in return for little gain.<sup>12</sup>

The opposition was also unhappy with the government's anti-corruption drive and the decision to oust officials appointed by the previous administration, considered to be unenthusiastic about reform and wary of contacts with the West. But this policy proved to re-gain the credibility of the reform process and to restore popular confidence in the ruling party and in public institutions. As a result, the government continued the changes in the public administration's first echelon, replaced Virgil Magureanu, the head of the Romanian Intelligence Service (SRI) with Costin Georgescu, a PNL deputy and a presidential adviser, the PDSR appointed prosecutor-general Nicolae Cochinescu, with Sorin Moisescu, also a former presidential adviser, and purged the top management of the State Ownership Fund (FPS) and of the state television station.<sup>13</sup>

At the same time, following a spy scandal in which a Swiss citizen was involved<sup>14</sup>, the prime minister replaced, with presidential blessing, the head of the Romanian Foreign Intelligence Service (SIE), Ioan Talpes, with another presidential adviser, Catalin Harnagea, and the director of Military Intelligence, Gen. Decebal Ilina, with

Col Dumitru Bernevig.<sup>15</sup> Meanwhile, Prime Minister Victor Ciorbea, frustrated by the delaying tactics used in parliament by the opposition to any new reform bill, began to govern the country by emergency decrees.

Nevertheless, despite labour unrest, the government comfortably survived two no-confidence votes in June 1997. The first motion of no confidence was supported by the former communists, the PDSR, the PUNR and the PRM, which accused the executive of "*incompetence, irresponsibility and attachment to private interest*", and for failing to implement its manifesto promises. These parties also alleged that government policies had created economic chaos and that the more restrictive fiscal policy had created unemployment in the newly emerging private sector. In the second vote of confidence, the opposition's protests were directed at the government initiative to take direct responsibility for the reform programme, in place of parliament, which effectively allowed the government to enforce laws by decree prior to their approval by parliament.<sup>16</sup>

In this complex domestic situation, two separate decisions, one in July 1997 of NATO's Madrid summit not to extend the alliance's membership to Romania, and one of the European Commission to reject this country from the first wave of EU accession negotiations, came as a serious blow to the government with very important consequences for its future. Indeed, the exclusion of Romania from the first round of integration into the Euro-Atlantic structures brought destabilising effects both within the country and in the immediate region, because significant recent strides, in both domestic politics and foreign relations, had been undermined by the government's over-enthusiastic approach to Euro-integration, opening the way for internal political backlash and renewed tensions among its neighbours.

Even if these decisions were not unexpected at the governmental level, and in spite of renewed declarations of support for Romania as a prime candidate for future NATO membership, as well as a consolation visit to Bucharest by the US president, Bill Clinton, the government and the whole political life in Romania was in disarray. This situation came about because many of the government's reforms had been sold to the population, whose support for Euro-Atlantic integration is the highest in Eastern Europe at 90%, on the basis that they are necessary if the country is to be admitted into the NATO and EU structures.

But the time bomb did not come from the electorate, as the August 1997 opinion polls showed that popular support for the president and the government has been only mildly dented by the failure to make the NATO and EU invitation lists, and the majority of the population blamed the twin rejections and the fall in living standards on the policies of the previous PDSR government.<sup>17</sup> The bomb did explode within the coalition government, when old recriminations between the leadership of the ruling PNT-CD and Petre Roman's Democratic Party, entwined with new conflicts regarding the pace of reform, became apparent at the end of summer 1997.

The suspicion of some politicians that "*the Romanian government coalition was held together by common interests rather than by a new mentality and policy*"<sup>18</sup> proved to be right when a major dispute between the PNT-CD, the main constituent of the CDR, and Roman's Democratic Party broke out in late August over the proposed law

on rural land and property. The CD-backed bill, which allows for restitution of 50 ha of agricultural land or 30 ha of forest to pre-communist owners, was approved by the Chamber of Deputies, despite PD attempts to reduce the limit for agricultural land to 10 ha. The PNT-CD effectively prevailed, and the government took measures to reverse the slow pace of land restitution under the previous government which kept much farmland idle or poorly maintained, and prevented the creation of the clear land titles needed to establish a land market through which to integrate inefficient small plots.

Further disputes between the CD and the PD flared in August, when the head of the government's control department, Valerian Stan, demonstrated at a news conference that senior PD leaders, including Petre Roman, illegally acquired property in 1990, when still associated with the then-ruling National Salvation Front. In order to avoid an open conflict, Prime Minister Victor Ciorbea dismissed Mr Stan on the grounds that he had exceeded his authority by starting investigations into political figures and publishing personal opinions without informing the government.<sup>19</sup>

The relations between the main coalition partner and PD, already strained by the rift over restitution, as well as the job losses and welfare cuts entailed in the government's economic programme were further jeopardised when the PNT-CD leader, Ion Diaconescu, claimed on television that early elections within 1-2 years would allow his party to rule without partners. These remarks upset not only the Democratic Party, but also the other coalition partners, especially the leadership of the ethnic Hungarian Democratic Union of Romania. Major policy differences became apparent between the UDMR and the PNT-CD over draft amendments to the education law, which permits instruction in Hungarian at all levels of education. The UDMR threatened to leave the coalition if the law was not pushed through by emergency ordinance in time for the new academic year. Arguments flared up again at the end of September when UDMR condemned President Constantinescu's decision not to open a Hungarian university in Transylvania, but to entrust multicultural education at the Babes-Bolyai university to the university Senate, which has a two-thirds Romanian majority.<sup>20</sup>

In spite of all these internal conflicts, and persistent rumours of an imminent cabinet reshuffle, Prime Minister Victor Ciorbea managed to keep the cabinet together for two more months, until November 1997, losing on the way his grip on the government and the economic reform programme, as no reforming bill was able to be passed through parliament. Significantly, however, the most contentious issues, did not unite the two junior partners against the ruling PNT-CD, or command the support of opposition parties, which considerably reduced the likelihood of defections from the ruling coalition. But following the failure to integrate into Euro-Atlantic structures Romania not only became ungovernable at the parliamentary level, forcing the prime minister to take over more executive powers and to govern by emergency ordinances, but this instability generated by the frictions at a political level helped the nationalist parties to re-group and to regain popularity lost at the general elections.

Arguing that the divisions among the nationalist parties are responsible for their loss of support, the leader of the Greater Romania Party, Corneliu Vadim Tudor,

proposed a coalition with rival nationalists in Gheorghe Funar's PUNR, and with the Socialist Workers' Party. His call for a "National Alliance for the Fatherland's Rebirth" was made at a rally in Cluj to celebrate the 125th anniversary of the death of Avram Iancu, the leader of the Romanian revolution in Transylvania in 1848. The rally was marked by extremes of nationalist rhetoric, including proposals to ban the ethnic Hungarian UDMR, to suspend the bilateral political treaty with Hungary, to close the Hungarian consulate in Cluj, and to assist young ethnic Hungarians to study and work abroad.<sup>21</sup>

But the main source of instability in Romania, after the 1996 November elections, remained the lack of a democratic opposition, as an alternative to the present government. For this reason, many analysts consider that democracy in Romania is not yet irreversible, as it is the case in the Central European countries accepted as NATO members in July 1997. Indeed, after a year out of office, the main opposition Party of Social Democracy (PDSR) failed to agree major programme changes at its annual convention and to renounce to the old guard of neo-communists. As a result of Ion Iliescu's refusal to give way to the leadership and to promote more moderate politicians within the party, a small but influential group of former members of the party split away. Teodor Melescanu, a former foreign affairs minister under Iliescu, having failed to purge the party of corruption or move it towards more centrist economic policies, formed his own **Alliance for Romania** (ApR) as a separate party. This move took some popular support away from the PDSR, but former president Iliescu's party remained the main party of the opposition and is likely to preserve this position until the next general elections.<sup>22</sup>

### **A society in crisis**

By the end of September 1997 it became clear that the coalition government of Prime Minister Ciorbea had seen its reform programme disrupted by departmental and ministerial infighting. This happened in a context in which, since mid-1997, the IMF and the World Bank had shown mounting concern about the pace of structural reform, especially privatisation, expressing anxiety about the slow elimination of public-utility losses and the failure to start privatizing banks. With macro-economic targets, especially those on the central bank deficit and inflation, having been overshoot in 1997, IMF chief negotiator for Romania, Poul Thomsen assessed that he was *"not satisfied with the pace of economic reforms in Romania"* and pressed for a substantial tightening of fiscal and monetary policy.<sup>23</sup>

As a result, there was growing concern, expressed within as well as outside the government, that the coalition did not have the ability to implement the structural changes needed to prepare the ground for long-term growth. But the size of the coalition's majority in both chambers of parliament, and continued opposition fragmentation mean that it should have little difficulty in pushing through an agreed legislative programme. The stalling of reform has therefore raised more fundamental doubts as to whether President Constantinescu, with his lack of political experience, and the players in the coalition government have the will and authority to achieve the faster reform for which they were elected.

Unfortunately, rifts between senior ministers grew, underpinned by policy differences between their parties. In parallel with disagreement among the three

major coalition groupings - the CDR, the ethnic UDMR and the Democratic Party - there was disharmony both among the parties that make up the CDR, as well as within its dominant party, the PNT-CD. These differences resulted in two months of semi-paralysis before Victor Ciorbea gave in to pressure for a cabinet reshuffle, announced on 2nd December.

Actually, the crises started when Foreign Minister Adrian Severin said in an interview with the daily "Azi" on 22 September, that *"two or three directors of large circulation dailies are agents of foreign countries and two leaders of political parties .... are also being financed from abroad"*. Severin added that a few people posing as *"great fighters for human beings are former informers of the Securitate."* and *"some of those combating corruption are involved in illegal dealings."* Refusing to mention names, Severin said that as a member of the government, he had had access to documents substantiating those accusations.<sup>24</sup>

As expected, the directors of the Romanian Intelligence Service and Foreign Intelligence Service, Costin Georgescu and Catalin Harnagea, respectively, responded to Severin's comments by denying having such information. As a result, an emergency meeting of the Supreme Council of National Defence was called, where President Emil Constantinescu asked Severin to substantiate his allegations. Severin promised to submit evidence in 30 days to the appropriate authorities, adding that his source of information was not the Romanian Intelligence Services. Premier Ciorbea considered Severin *"personally responsible"* for the allegations, while Democratic Party leader Petre Roman, said that Severin's allegations did not reflect the position of his party.<sup>25</sup>

In this context, President Emil Constantinescu told journalists on 24 September that corruption had depleted the country's national wealth because *"the economic power in Romania is still largely in the hands of people involved in illicit dealings"*. But instead of taking wide-ranging measures and initiating personnel changes to curb illegalities in the bureaucracy's second echelon, the president was happy only to re-launch his inefficient crusade against corruption by informing the population of already well-known aspects of the former government's breaking of the UN embargo on Yugoslavia by allowing tens of thousands of tons of fuel to be smuggled into that country. And instead of acting and taking severe measures against concrete cases of law infringement, he explained at length the former government's illegal dealings in the merchant fleet, the fertilizer industry, as well as in the petrol and refineries import-export companies.<sup>26</sup>

As a result of the political crisis in Romania, Ciorbea was forced, in frustration at the parliament's inability to work in a disciplined and efficient manner, to govern by emergency ordinances. As expected, Adrian Nastase, deputy leader of the opposition Social Democracy Party of Romania announced that his parliamentary group would no longer participate in the plenary debates on the emergency ordinances issued by the government because *"the present government has substituted itself for the parliament by assuming the legislative function in the state"*.<sup>27</sup> Meanwhile, in an open letter addressed to all Romanians, former president Iliescu asked the political forces and the civil society to unite in order to *"put an end to the catastrophic course of the current administration which brought Romania to the brink of*

*collapse*". He also asked the people to choose between *"two evils - dictatorship or early elections"*.<sup>28</sup>

The long-delayed reshuffle worsened the strains in the coalition, as independent mass-media and political commentators argued that a *"cosmetic"* reshuffle was not going to solve Romania's problems, *"marked by corruption, networks of mafia-linked control and influence of economic-political spheres, extreme-nationalism and lack of political culture which were pushing Romania to the brink of disaster"*. They considered that this *"political coma"* could only be reversed if a new prime minister and a new and capable government were appointed.<sup>29</sup>

In this context, the main partner in the coalition, PNT-CD, has shown growing disdain for the interest of the other parties within the Democratic Convention, and for the Democratic Party and the other partners in the coalition. Indeed, as PNT-CD perceived the PD and the ethnic UDMR as a brake on some of its reform plans, it has considered cutting them out of the coalition by holding a snap parliamentary election in order to strengthen the CDR so that it could rule on its own. That was not possible, however, because the government's initial popularity continued to wane, while public support for the nationalist parties and the former communists continued to rise. As a result, both Premier Ciorbea and President Emil Constantinescu favoured keeping the present arrangements intact.

But this option gave more fuel to Roman's Democratic Party, which since the November 1996 general elections had been unhappy with the ministerial positions secured for the party after more than two months of negotiation with the PNT-CD. According to the so-called *"political algorithm"*, which expects to take into consideration, when appointing ministers, the electorate vote of each party in the coalition, Roman's party was given only three important ministries and considered itself frustrated at not also obtaining an important economic ministry. Indeed, the Democratic Party was able to secure, as main portfolios, only the foreign and the defence ministries, as well as the transportation ministry. They also wanted the interior ministry and the ministry for privatisation, which would have left them in control of the main posts in the coalition government.

But in spite of the Democratic Party's pressure, the government reshuffle announced by Prime Minister Victor Ciorbea on 2nd December 1997, involving changes to one-third of the posts in the cabinet, did not satisfy Mr Roman. The changes in the cabinet were designed to end the impasse over structural reform, and mainly affected the economic portfolios, giving the cabinet a more meritocratic appearance. The novelty of the reshuffle however, was the appointment of technocrats, of Daniel Daianu to Finance, and of Ilie Serbanescu to the reform ministry, previously controlled by the PNT-CD, which was intended to appease the other coalition partners.<sup>30</sup> Contrary to the premier's expectations, the Democratic Party and the CDR's other main member, the National Liberal Party, were disappointed at not obtaining either portfolio for themselves, while the move seriously undermined the UDMR's moderate wing, which wanted to remain in the coalition.

Indeed, the reshuffle has not stopped the PD leader, Petre Roman, raising questions

about the government's ability to handle structural reform - which his party has actually opposed in parliament - and announcing that his party is reviewing its support for the government's economic programme. He also warned that the PD would take three months to assess the performance of the new government before considering what action to take. Meanwhile, the National Liberal Party leader Horia Rusu said in a press conference that PNL was "*humiliated*" by the last reshuffle because the prime minister appointed independent ministers. In these conditions, Horia Rusu added, PNL should leave the ruling Democratic Convention of Romania which had become "*a form without essence*".<sup>31</sup>

On the other hand, the Federal Coordination Council of the other coalition partner, the Hungarian Democratic Union of Romania, whose principal policy remained the promotion of ethnic Hungarians' rights without any important contribution to other political problems in the country, decided to stay in the government coalition only if the coalition partners "*firmly rejected the increasingly alarming anti-Hungarian campaign*". Other conditions included the continuation of reforms, the rejection of the PNT-CD decision concerning the compulsory Romanian-language teaching of Romanian history and geography in schools, even in those areas with strong minority representation, and the return of church property.<sup>32</sup>

However, Prime Minister Ciorbea followed up his cabinet changes, the first since he took office at the end of 1996, by announcing, yet again, "*a vigorous new reform programme*", able to meet the IMF's criticism of the slow pace of structural reform, and especially the lack of progress in privatising large and medium-scale enterprises, or any of the five state-owned banks. But although the PD retained its existing posts, including defence and foreign affairs, in the reshuffle, it almost immediately lost two following new disagreements with the main coalition partner. The Foreign Minister, Adrian Severin, was forced to resign on 23 December following his September spy allegations. After the Supreme Defence Council instructed the Romanian Intelligence Service and the Foreign Intelligence Service to investigate the claims, Severin came under pressure to step down when their inquiry failed to find any evidence to support them.<sup>33</sup>

The PD acknowledged that Severin's position had become untenable, and was allowed to nominate his successor, Andrei Plesu, who became foreign minister, after endorsement by the other coalition parties, on 29 December 1997. However, the PD leaders proved less willing to accept the dismissal of another of their members, Traian Basescu, who was forced to resign as transport minister on 29 December, after echoing Roman's criticism of the government's decision-making ability in rather stronger terms.

Indeed, Prime Minister Victor Ciorbea accepted the resignation of Traian Basescu after he refused to retract a statement published in "*Evenimentul Zilei*" in which he made serious accusations against the government, the prime minister, the country's president and the Christian Democratic National Peasants' Party, the senior coalition partner.<sup>34</sup> Premier Ciorbea's firm rejection of PD demands for the minister's reinstatement led Roman to give the prime minister what was virtually an ultimatum, to treat the PD with more respect or risk its withdrawal from the coalition.

The Democratic Party's reluctance to support the new reshuffled cabinet continued with persistent demands for Mr Ciorbea's resignation which were interpreted by independent analysts as "*political blackmail*". Indeed, the National Council of the Democratic Party decided on 14 January to withdraw its support to Premier Victor Ciorbea, saying a new government should be formed by another premier. The council also asked the party leadership to negotiate the new cabinet's reform programme. The deadline for ending those negotiations was 31 March, and the party would quit the coalition if they were not successfully concluded by then. PD leader Petre Roman criticized the major coalition National Peasant Party Christian Democratic for "*promoting the large-scale restitution of property to former owners*", and for alleged "*pro-monarchy sympathies*".<sup>35</sup>

The first attempt to force Ciorbea's resignation, in January 1998, was averted after President Constantinescu gave the prime minister his personal backing and demanded that his opponents endorse the cabinet's programme or force a vote of no confidence. The PD's poor opinion poll showings (about 8%), complemented by a burst of internal struggle for power created by divergent grouping of interest within the PD, under the leadership of former Foreign Minister Adrian Severin and former Transport Minister, Traian Basescu, have made Mr Roman reluctant to force an early election. On the other hand, PD leaders were forced by their internal animosities to blackmail Ciorbea's government, and to blame their party's loss of support on the fact that "*it was attached to a rudderless government*".<sup>36</sup>

In answering PD criticisms, the leadership of the Democratic Convention of Romania said in a statement that it was against Premier Ciorbea's dismissal, and if the Democratic Party did not change its attitude regarding the present governmental crisis, there would be early elections in Romania with all the negative implications on the economy and Romania's image abroad. Chairman Ion Diaconescu also said the PD's position amounted to "*blackmail, demagogy, and hypocrisy*".<sup>37</sup>

In the middle of this internal struggle for power within the coalition, John Hill, the IMF's representative in Bucharest, declared that the fund was postponing a planned visit to Bucharest until the present political situation was clarified; this added to the crisis in Romania. In the meantime, the conclusion of the national survey of human development in Romania, initiated by PNUD and carried out by the Romanian Academy, showed that pauperization in Romania was spreading at an alarming scale. The poverty line indicates a 90 dollars monthly spending, that is only three dollars per day. (In 1996 alone, the number of people living below the breadline was 5.3 m, one quarter of the population.) But more than that, an official CURS opinion poll indicated an increase, since the November 1996 elections, in the popularity of the nationalist parties PRM and PUNR, in the detriment of the PD-USD and PDSR.<sup>38</sup>

#### **The official CURS opinion poll 15 January 1998:**

Democratic Convention (CDR)	42%
Party of Social Democracy (PDSR)	16%

Greater Romania Party (PRM)	12%
Alliance for Romania (APR)	9%
Social Democratic Union (USD)	8%
Hungarian Democratic Union (UDMR)	5%
Party of National Unity (PUNR)	4%
Liberal Party (PL)	1%
Workers Party (PSM)	1%
Others	2%

The opinion poll also indicated that the leader of the ultra-nationalist Greater Romania Party, Corneliu Vadim Tudor, was gaining in popularity, while Petre Roman's support was fading away.

**The most popular politicians, 15 January 1998:**

Emil Constantinescu	26.3%
Victor Ciorbea	18.4%
Petre Roman	17.4%
Corneliu Vadim Tudor	14.8%
Teodor Melescanu	14.6%
Others	8.5%

Indeed, by the end of 1997, Corneliu Vadim Tudor had become a popular political figure and an alternative for many Romanians to the present social and political crisis in Romania. He was re-elected chairman of the nationalist Greater Romania Party (PRM) in early November 1997, at a congress addressed by the leader of the French Nationalist party, the Front national, Jean-Marie Le Pen, who considers himself a personal friend of CV Tudor. During the congress, Tudor committed himself to pursuing an "*enlightened nationalism*" and assured his supporters that he will lead the country to "*popular capitalism*".<sup>39</sup>

Tudor also accused President Constantinescu of being "*guilty of high treason*" because he brought about the loss of Romanian territories "*by signing the basic treaty with Ukraine*". He also held the president responsible for the coming to power of the "*separatist organizations*" representing ethnic Hungarians in Romania, and accused him of "*undermining the national economy*". However, because he insulted President Constantinescu by saying that he was a "*secret agent*" whose policies seek to reward "*those who brought him to power*", Prosecutor-General Sorin Moisescu asked the parliament, at the end of December 1997, to lift Tudor's immunity.<sup>40</sup>

Unhurt by this procedure, the PRM leader also committed himself, in an "exclusive statement", to renegotiating the 1996 bilateral political treaty with Hungary, and to maintaining support for strategic sectors of the economy. He also accused Hungarian Democratic Union of Romanian (UDMR) of pursuing "*ethnic cleansing*" in eastern Transylvania, by expelling ethnic Romanians from two counties, Harghita and Covasna, where ethnic Hungarians form a significant majority, and of planning to secede from Romania. According to Tudor, Romanians in those counties "*are in danger of losing their national identity*" as a result of the policies pursued by ethnic Hungarians, and asked for a "*national programme*" to prevent assimilation of the

Romanians living there. At the same time, Tudor asked for the immediate expulsion of ex-king Michael's family from Romania and demanded that President Constantinescu be removed from office for "*flirting*" with the monarchy.<sup>41</sup>

Taking advantage of other nationalist groups' disarray, Tudor argued that the PRM was the real "*third force*" in Romanian politics, and extended a membership invitation to Gheorghe Funar, the mayor of Cluj and a founder member of the Party of Romanian National Unity. Funar was recently expelled from the PUNR, but declined Tudor's invitation, which would have greatly strengthened the more nationalist PRM at the PUNR's expense. But although the initial PUNR was close to breaking apart, after only a few members of its national council had endorsed the leadership of Gheorghe Funar at a parallel convention in Cluj, the official party headed by Valeriu Tabara, somehow a more moderate nationalist, was strengthened during its national convention taking place in Bucharest.<sup>42</sup>

The revival of the nationalist movement in Romania appeared as part of the general pattern of fragmentation within the opposition camp. The Alliance for Romania (ApR) which broke away from PDSR in June 1997, elected Teodor Melescanu, a former foreign minister, party chairman at its first national convention in December 1997. Mircea Cosea, a former PDSR minister for economic reform, became first deputy. The party claimed to have 30,000 members, 80% of whom were described as intellectuals or professionals, and the overwhelming majority of whom were said to be young people who were not politically active before December 1989. By implication, despite its roots in the PDSR (which evolved out of the Communist Party), the new party is considered untainted by any connections with the Ceausescu regime. Melescanu set the ApR the objective of becoming a "*third force*" (yet again) in Romanian politics, capable of influencing any ruling coalition. The ApR's outlook is liberal in the areas of social and foreign policy, with a strong pro-European stance. Its economic policies are more interventionist than those of the present government, and the alleviation of poverty is a principal objective. This extends to commitments to maintain subsidies for foodstuffs and household rents, increase agricultural support, and develop policies for building up small and medium-sized enterprises.<sup>43</sup>

The cohesion of the PDSR, still the main opposition party, which came under strain as a result of the ApR break-away and growing calls for a younger leader to replace former president, Ion Iliescu, has been temporarily restored by the threat of state-backed legal action against Iliescu. Opposition parties boycotted parliament on 23 December 1997 in response to reports that the chief of the military prosecutor's office, General Dan Voinea, is investigating Mr Iliescu's role in the 1989 revolt against the Ceausescu regime, which led to his appointment as president. According to General Voinea, his office will investigate the so-called "*terrorist diversion*" which many believe was aimed at creating the impression that pro-Ceausescu forces and foreign mercenaries were attempting to restore the dictator to power. Iliescu denied any wrongdoing in the events that brought him to power, and alleged that he was being harassed for political reasons. He considered Gen Voinea's declaration as an "*abuse*" and reaffirmed that he gave "*no orders to military bodies guarding the state television to open fire against the population*" on 22 December 1989, when eight people were killed and some 200 wounded.<sup>44</sup>

While Ion Iliescu awaited possible prosecution, two former ministers in the first post-Ceausescu government were already on trial over the events that brought the National Salvation Front, of which the PDSR is the main descendant, to power in 1990. General Victor Stanculescu, who became FSN defence minister, and General Mihai Chitac, interior minister, have both been charged with "*aggravated murder*" for allegedly ordering the shooting of demonstrators during the events that overthrew Ceausescu.<sup>45</sup> Both held senior military posts in the Ceausescu administration before siding with the Iliescu's neo-communists. The prosecution came at a time of growing political and public demands for a fuller investigation into the events at the end of 1989, and the role of the army in these events, which many believe were hijacked by former Ceausescu aides and agents in order to keep core elements of the old regime in power. The ruling Democratic Convention, which has already persuaded the cabinet to authorise a "lustration" of officials' Ceausescu-era activities, is likely increasingly to favour such actions as means of further discrediting the PDSR and, implicitly, its offshoots, which include Petre Roman's Democratic Party and the ApR.

In these circumstances, growing disputes within the ruling coalition, which had paralysed political life in Romania for more than six months, culminated in the resignation of the prime minister, Victor Ciorbea, on 30 March 1998. There is no doubt that the seeds of the crisis had been sown by Roman's Democratic Party, the second largest party in the centrist coalition, which had repeatedly accused Victor Ciorbea of political incompetence and mismanagement of economic reforms. Political in-fighting came to a head when the PD withdrew its members from the cabinet on 29 January. But the final withdrawal of PD from the government was triggered neither by the forced resignation and dismissal of its two ministers from the posts of foreign and transport ministers, nor from the party's increased marginalisation within the coalition following the appointment of independent technocrats. It was triggered, at least officially, by the controversies over the 1998 budget and the IMF's reluctance to negotiate with a government which was struggling from one crisis to another.

Indeed, although the PD initially pledged continued parliamentary support for the government after January's second reshuffle, in late March Petre Roman reinforced calls for Ciorbea's resignation and refused to back the draft budget. Ciorbea's position became untenable after the National Liberal Party, a member of the Democratic Convention, also threatened to pull out of the cabinet. In this situation, and following calls by the PNL justice minister, Valeriu Stoica, for the prime minister's resignation, Victor Ciorbea presented the PNL with a public ultimatum either to support him or to withdraw its ministers from the government.<sup>46</sup>

Despite outward shows of unity, divisions also appeared within the prime minister's own party, which forced Ciorbea to rely increasingly on support from more established and conservative factions, including the new technocrat-ministers. But even this support was short, as the three independent ministers, Mr Daianu (finance), Mr Plesu (foreign affairs) and Ilie Serbanescu (reform), decided to take the unusual step of publishing a communique which was highly critical of standards of

behaviour in political and public institutions. They argued that *"reform is becoming a simple pretext for negotiating seats of power"*, and that public institutions were *"sluggish and sloppy with many discouraged by those who are stubbornly resisting change"*. Pointing out that Romania has a remarkable potential and a significant strategic position, they assessed that the country could *"miss a new historical chance to redress"*, and that it was necessary to solve *"not just a simple political crisis, but a deeper one, a society in crisis of principles, mentality and, in the end, of national identity"*.<sup>47</sup>

It was a fact that intra-coalition squabbles resulted in almost complete political paralysis in Romania, and the country became a society in crisis, which attracted criticism from western countries and multilateral financial organizations like IMF and the World Bank. Under convergent pressure, Victor Ciorbea eventually stepped down and also submitted his resignation as mayor of Bucharest. He will, however, continue to act as deputy chairman of the PNT-CD.<sup>48</sup>

Following Ciorbea's resignation and after inter-coalition negotiations, the president nominated Radu Vasile, a 55-year old former economic professor and the Secretary-general of the PNT-CD, affiliated to the non-doctrinaire wing of his party and widely respected across the political spectrum as a skilled politician, as prime minister-designate. Mr Vasile lost no time in opening negotiations with the original members of the coalition, and presented the new cabinet line-up within one week. It was approved by an overwhelming parliamentary majority on 15 April. In his inaugural speech, premier Vasile pledged to *"put Romania firmly on a road of no-return towards a market economy and democracy"*. He also indicated that the new coalition agreement would *"put an end to inefficiencies and delays"* which had plagued decision-making during the last few months.<sup>49</sup> Given that the first government reshuffle on 2 December took six weeks to negotiate, the speed with which the new government was put together seemed at the time a sign that compromise solutions were, after all, possible within the coalition.

But despite the fact that Radu Vasile's new government was generally well-received in Romania and abroad, the premier would hardly be able to cut through the atrophied bureaucracy or hammer out a compromise with all political forces within the coalition. Indeed, long-standing animosities and conflicts of interests between the two main parties will be difficult, if not impossible, to overcome, as major differences of opinion and outlook remain between the PNT-CD and PD. This is because PNT-CD, which has its origin in the pre-war Peasant Party, remains strongly anti-communist, while PD, which split away from the former Communist Party, is primarily made up of younger technocrats, many of whom are offspring of the old communist guard with closed links to the communist era bureaucracy, and the new invisible parallel economic and political power centres, created with the help of secret services, old and new.

As a result, the two main coalition partners are, sooner or later, likely to clash over questions concerning the communist legacies of the country, including land and property restitution, and the unlocking of secret Securitate files. Politically and economically Romania has been stuck since her rejection from NATO and EU membership in July 1997, and bearing in mind the existing conflicting parallel

centres of power within Romanian society, is likely to slip further, making reform even harder in the foreseeable future. Early parliamentary elections might soon be inevitable, and the revival of the nationalist forces could come to the fore. But there is no guarantee whatsoever, that early elections would produce a stronger and more able government. The contrary is more likely to happen, and for all these reasons Romania is, for the time being, a country at its historical crossroad.

## **ECONOMIC POLICY AND THE ECONOMY**

### **Reform under IMF pressure**

Romania embarked upon the transition from Communism with a number of exceptionally unfavourable legacies. The Communist period left a deeper mark than elsewhere, as there was little prior experience of reform and economic contacts with the West, particularly during the 1980s, the period of debt repayment. The main legacy of the Ceausescu regime was a traumatised population, which had suffered years of physical and psychological depredations. Also, although Romania was less dependent on trade with the Council for Mutual Economic Assistance (CMEA or Comecon) than most other former communist economies, the country was hit by such major shocks as the Gulf war and sanctions against Iraq, the wars of the Yugoslav succession and the imposition of international trade sanctions against Serbia-Montenegro.

For the first seven years of post-Communist rule, economic policy steered uneasily between the demands of multilateral lenders and the new Western trade patterns for rapid privatisation, fiscal stabilisation, price and exchange liberalisation on the one hand, and the related interests of the still-powerful Communist-era bureaucracy, black-market mafia-style economy, mismanagement, and labour unions on the other. However, the need to finance current-account deficits and the desire to integrate into Euro-Atlantic structures meant that the government in power could not ignore growing pressure from the IMF and the World Bank to accelerate structural reforms and implement more restrictive monetary and fiscal policies.

As a result, under pressure from the IMF, economic policies initiated and implemented to some degree by the Iliescu administration started to bear fruit in 1994 and 1995. In May 1994 the IMF approved the third agreement for Romania since the fall of the Ceausescu regime worth up to \$720m in stand-by funds over 18 months, linked to strict conditions which included an austerity budget and fiscal reforms, the liberalisation of the foreign exchange market and foreign investment regulations, tightened monetary policy and interest rate rises. Inflation fell dramatically, with the year-end rate down from 300% at the end of 1993 to 28% in 1995. The fall in output was reversed: GDP grew by 1.3% in 1993, 3.9% in 1994 and 6.9% in 1995.<sup>50</sup> Towards the end of 1995 the beginning of mass privatisation, the adoption of long-delayed legislation such as the bankruptcy law, the opening of a stock exchange and further energy price increases paved the way to the finalisation of agreements with the IMF and the World Bank. Romania also succeeded in regaining entry to international capital markets and attracted interest from foreign lenders, although the level of foreign direct investment remained disappointing.

But the slow progress made towards macro-economic stabilisation in 1990-95 was dissipated by the expansionary macro-economic policies which were pursued against IMF advice in the run-up to the presidential and parliamentary elections in November 1996. These resulted in a rapid rise in the deficits in the trade and current accounts in 1995 and 1996, and a resurgence of inflationary pressures in the middle of 1996. The government responded to the resulting pressure on the leu by resorting to controls on the foreign exchange market, bringing it into renewed conflict with the IMF and in April 1996 causing the suspension, yet again, of another stand-by agreement with the IMF.<sup>51</sup>

After the November 1996 elections, the new centre-right government asked the IMF to evaluate exactly the Romanian economy's situation in order to discover the economic information hidden by the previous government. This measure was necessary because, as the new finance minister Mircea Ciumara put it, *"the Romanian economy is completely cut off from the international market and if reforms are not carried out it will face chaos"* and *"the Romanian government must take complex steps in order to save Romania from collapse"*.<sup>52</sup>

In these circumstances, IMF Director General Michael Camdessus held meetings with the Romanian president Emil Constantinescu and prime minister Victor Ciorbea, and decided that due to the courageous actions the government intended to take, Romania would benefit from IMF support. Negotiations between Romania and the IMF started in January 1997 and, according to Camdessus, the new agreement stipulated structural changes in Romania's economy, where inflation should be kept under 2.5%.<sup>53</sup>

The new Romanian government accepted the IMF demands and embarked on a rapid macro-stabilisation and macro-deregulation policy. Indeed, after having concluded negotiations with the IMF and the major trade unions, Prime Minister Ciorbea presented in February 1997 a "shock therapy" programme for Romania's economy. The programme included the privatisation of some 3,600 state companies in 1997, and the closure of unprofitable companies. The government expected a rise in unemployment to about 8% from the current 6%. The social programme negotiated with the IMF will compensate those most affected by the measures - some 10% of GDP will be channelled to this programme. All prices, with the exception of bread, were to be immediately liberalized and the state budget made very limited provisions for subsidies, some of which were to go to agriculture. State-owned agricultural land was also in line to be privatized, as well as the banks.

The IMF and the World Bank agreed to provide credits totalling \$1bn over the next 12 months to facilitate industrial and agricultural restructuring, to help fund the costs of social assistance and to finance investment in infrastructure. Romania's agreement with the IMF included pledges to reduce the consolidated budget deficit to 4.5% of GDP in 1997, cut the current-account deficit to 4.5% of GDP in 1997 (equivalent to approximately \$1.5bn) and cut inflation to 2% per month by the end of 1997. Prime Minister Ciorbea pledged to observe all the IMF provisions and gave assurances that *"all the measures stipulated in the IMF agreement, even the most*

*painful ones, will be adopted, so that we do not miss this historic train".<sup>54</sup>*

But the initial effect of the "shock therapy" was inevitably to worsen the stagflation.

Foreign exchange market liberalisation resulted in a substantial depreciation of the leu which along with the removal of remaining price controls on energy and foodstuffs contributed to a surge in inflation. To reduce the consolidated budget deficit to an IMF-agreed 4.5% of GDP, the government announced sweeping reductions in public expenditure, including the elimination of consumer subsidies on energy and foodstuffs, reduction in subsidies to loss-making enterprises and public utilities, and restrictions on soft loans from state-owned banks.

However, in August 1997, an IMF technical team completed a three-week review of the economic programme and although they considered that the progress towards macroeconomic stabilisation had proceeded faster than expected, they were less satisfied with the pace of structural change, believing enterprise reform must move faster. After more pressure from the IMF, the government agreed to accelerate the closure of chronic loss-making enterprises and to restructure others in financial difficulty, especially public utilities and mines. The IMF indicated its approval of the new measures by releasing the second \$86m tranche of its \$430m standby facility in the middle of September, and promised to make available the third tranche in November 1997.<sup>55</sup>

But by late October, international financial institutions, whose strong support for the new government after its election in November 1996, was initially rewarded with swift action to liberalise prices, improve foreign-investment and unify exchange rates, had become increasingly exasperated at the subsequent loss of momentum, due to Ciorbea's cabinet in-fighting. Privatisation and industrial restructuring proceeded more slowly than planned, and there was equally serious concern about the failure to hit growth, inflation and budget deficit targets in 1997. Multilateral lenders blamed this backsliding on the delayed and often, mismanaged, implementation of structural reform. Inter-party disputes between October's IMF mission and December's cabinet reshuffle contributed to a further erosion of domestic and foreign business confidence.<sup>56</sup>

Indeed, the IMF negotiators' mission to discuss the second review of the Romanian reform programme, scheduled for December, had to be postponed several times as a result of the on-going governmental crisis. The negotiators finally arrived in February 1998 but left two weeks later without a conclusive agreement on the release of the third tranche (of five) of the \$410m stand-by loan. The chief IMF negotiator, Poul Thomsen, confirmed that the disagreements were about technical details rather than principles. However, he made the passage of the 1998 budget and a clear programme to speed up large-scale restructuring and privatisation, including two banks (out of five), preconditions for the release of the \$86m tranche.<sup>57</sup>

Agreement on the draft budget, which contains the major macro-economic targets for 1998, turned out to be extremely difficult, not only within the ruling coalition but also between the Romanian government and the IMF. After five months delay, the government finally approved the draft budget in mid-March 1998, after the Democratic Party walked out of the cabinet and IMF negotiations had been suspended. But as Prime Minister Ciorbea was forced to resign at the end of

March, it was the new Premier, Radu Vasile, who pledged full commitment to an ambitious budget and a new economic programme prepared by the previous cabinet.

The budget and the programme aimed to bring down inflation from 150% in 1997 to 45% in 1998, on the assumption of 0% real GDP growth, consolidating the budget deficit to 3.6% of GDP, increasing spending on social security, and limiting wage indexation in the public sector. Special emphasis was placed on speeding up industrial restructuring and the privatisation of 1,600 companies. The programme contained the pledge to achieve targets which had been missed the previous year, notably the restructuring and privatisation of large public-sector companies (electricity, gas, telecoms), privatisation in the mining sector and closing down large state farms and agricultural companies. And although the reform programme meets IMF requirements, both the former premier Victor Ciorbea and the present premier Radu Vasile were at pains to point out that the document was "*100% Romanian*", after accusations from some sectors of the nationalist mass-media that the previous medium-term strategy had been largely drawn up by the international financial organisations.<sup>58</sup>

But immediately after he became prime minister, Radu Vasile was forced, on IMF advice, to improve Ciorbea's initial economic reform and to provide clear deadlines for individual reform measures. And, in addition to accelerated structural reforms, he was asked to commit the cabinet to continued macro-economic stabilisation, regional and local development, increased social cohesion, alleviation of the social costs of economic transition, strengthening civil society and attracting foreign investment. However, there should be no further obstacles of principle to the budget being voted through parliament, given that the coalition partners have reached a broad agreement on their programme for 1998.

However, despite the fact that parliamentary approval on 15 April of the new economic programme removed a further obstacle to the return of the IMF to Bucharest, the international financial organisation was reluctant to release the third tranche of the stand-by loan. And as a result, the possibility that the fourth Romanian-IMF agreement, which anyway expired at the end of May 1998, would not to be fulfilled was growing. The chances are, and the Romanian finance minister Daniel Daianu is supporting the idea, that a new agreement, the fifth one in eight years, will be negotiated with the IMF in June, and in this way Romania will have a new opportunity, probably the last one, to win back international confidence and satisfy the multilateral financial institutions.

But given Romania's track record of unfulfilled reform promises, many observers as well as the IMF and the World Bank, which stopped new payments for Romania, remain sceptical about the ability of Radu Vasile's coalition government to push through the announced programme. Keeping to the deadlines for restructuring and privatising state-owned utilities will require a major effort and considerable external technical support as preparations have hardly started. Confidence in the domestic banking system is going to remain weak, and finding buyers for the major state-owned banks would entail cleaning up their substantial bad debt portfolios.

### **The economic performance in 1997 and outlook for 1998**

After declining by almost 20% in real terms in the two years after 1990, real GDP began recovering in 1993, and growth accelerated to 3.6% in 1994 and 7.1% in 1995. However, this was partly achieved through a credit-financed expansion of output from traditional industries, unmatched by demand, and growth in dollar terms was also exaggerated by a progressive overvaluation of the currency. The recovery proved unsustainable, and in 1996 the combination of a domestic liquidity crisis and a devaluation slowed growth to 4.1%. The slow-down continued into 1997, when the new Ciorbea government added to industry's immediate problems with subsidy cuts, fiscal and monetary tightening and a sharp devaluation.

The reduction of inflation from annual triple-digit rates in 1991-93 to under 30% in 1995 was the main achievement of the stabilisation programme of 1993-94. The inflation rate had fallen dramatically, with the year-end rate down from 300% in 1993 to 28% in 1995. The trade deficit - \$1.1bn per year in 1991-93 - had been reduced to \$0.4bn in 1994. But the apparently successful monetary stabilisation, engineered by the National Bank of Romania (BNR), began to come apart in 1996. The expansionary macro-economic policy pursued in 1995 led to a resurgence of inflationary pressures in the middle of 1996, which resulted in year-end inflation of 60% in 1996.<sup>59</sup> More than that, a government spending spree in the run-up to the November 1996 elections resulted in a rapid rise in the trade and current-account deficits and a resurgence of inflationary pressures, raising the monthly inflation rate to a record 30.7% in March 1997, and ending the year at 151.4%.

The first bout of austerity in the early 1990s had a severe impact on already depressed living standards, which was partially alleviated by the return to growth in 1993-1996. Real wages then plunged again, by nearly 40% in the first four months after the November 1996 elections, as the removal of price controls and subsidies on staple products brought another sharp acceleration of inflation.<sup>60</sup>

The conclusion of the national survey of human development in Romania, initiated by PNUD and carried out by the Romanian Academy in 1997, provided evidence that Romania's household income and expenditure structures are those of a low-middle-income country. For 1997 as a whole, average gross real wages fell by 22.1% as consumer prices rose considerably faster than average earnings. With unemployment rising to 8.8% by the end of 1997, from an official 6.8% in December 1996, and taking into consideration the government's forecast that it will reach 11.2% by the end of 1998 and 12% in 1999, many families will continue to face severe hardship in the years to come.

In the meantime, a large-scale opinion poll conducted by the Independent Centre for Studies and Opinion Polls at the end of 1997 revealed increasing public dissatisfaction with the progress of transition after eight years of relative hardship.

Two-thirds of respondents felt that their life was no easier than it had been before the fall of communism in 1989. Nevertheless, 62% felt that the change of political system had been beneficial to the country, compared with 21.5% who considered it to be harmful. The major causes of dissatisfaction and conflict within society were given as the decline in living standards, inflation, unemployment, self-enrichment by the few at the expense of the majority, and the return of key figures from the

Ceausescu era to positions of public power.<sup>61</sup>

Indeed, a further danger to public support to the reforms imposed by the Constantinescu administration under IMF supervision was the rise of income inequality, which is likely to continue if the recovery gets under way. Wage differentials widened since the 1996 elections, with pay outpacing inflation in the highest-paid sectors (finance, energy) but falling behind in the worst-paid sectors, especially education, health and public administration, which also have the highest proportion of female employees. Poorer households have suffered disproportionately from above-average increases in the prices of food and energy, following the removal of subsidies and alignment with world market prices.

As a result of these circumstances, and in order to avoid possible conflictual situations on the streets of Bucharest during increasingly frequent strikes and protest rallies, Ciorbea's government attempted to alleviate the worst of the poverty by devoting, with support from the World Bank, 10% of GDP to welfare expenditure. Measures included improved child allowances, income support, full indexation of pensions and measures against youth unemployment. But despite these measures, the fall in average real wages accompanied by widening income differentials will continue to have an impact on domestic demand. However, a forecast 4% rise in real wages in 1999 should allow a modest recovery in private consumption.

Official figures for 1997 show, however, that the actual fall in GDP was more than twice the anticipated official figures, -6.6% instead of the government forecast of -3%. The inflation target was also considerably overshoot, with year-end inflation reaching 151.4%, significantly higher than the government's forecast of 97%. Large-scale restructuring, scheduled for the second half of 1998, combined with fiscal austerity, modest real wage growth and a lack of private investment mean the growth prospects for the next 18 months remain bleak. The expectation is, if reform does not again run off the rails, that 1999 will see a modest recovery, with real GDP growth forecast at 3%, in the context of a high productivity growth, combined with low dollar wages, which will boost exports in a more favourable international environment. Private consumption will remain stagnant in 1998 and increase moderately in 1999. Investment growth, which was negative in 1997, at -16%, will take off in 1999 after sufficient progress has been made in restructuring and privatisation.<sup>62</sup>

The 1998 draft budget, which is expected to be approved by parliament at the beginning of June, was based on an official inflation target of 45% for 1998, which has replaced the original target of 37% agreed with the IMF. Given the current consensus on continued macro-economic stabilisation and the apparent determination of the Romanian monetary authorities to combat inflationary pressures, it is quite possible that the inflation target for 1998 will be met. Inflationary pressures should ease further in 1999 as the habit of macro-economic discipline starts to affect expectations and the process of price liberalisation comes to a close. Assuming real exchange-rate stability or a modest real appreciation, inflation in 1999 is expected to fall to 21%.

Gross industrial output fell by 5.9% in 1997, but this overall figure masked the scale of the output collapse that actually took place since the second quarter of 1997. Industrial output in December 1997 was still 14.3% below the level of December 1996, and it is expected to contract further in 1998, but only by less than 1%, if the large-scale industrial restructuring takes place in the second half of the year and fixed investment remains modest. However, in 1999 industrial output is forecast at 3% as a result of increased investment activity and pick-up in domestic and export demand.<sup>63</sup>

Primary energy availability fell by 7.2% in 1997. Romania met 65% of its total energy consumption from domestic sources, while oil imports fell by 21.6%. The policy of mine closure resulted in a fall in coal production by 21% to 33.3m tonnes.

Crude oil output was reduced by 1.1% to 6.5m tonnes and natural gas production fell by 12.3% to 15.9bn cu metres. Power generation fell by 7.1% to 57bn kwh, while there was a shift in supplies from thermal power stations to hydroelectric power (+11.1% to 17.5m kwh or 30.8% of total), and nuclear power from the Cernavoda plant (from negligible supplies to 5.5m kwh or 9.5% of total). It is important to point out that the Russian Federation reduced gas deliveries to Romania by one third in December 1997, at a time when winter was at its peak, with temperatures minus 20 degrees Celsius. In order to compensate for the reduction in gas deliveries, the Romgas Company reduced the quantities of gas supplies to certain large consumers in Bucharest, east and central Moldova.<sup>64</sup>

Most observers had expected an important improvement in the current account balance for 1997, but official figures indicated a deficit of \$2.5bn, representing 7.1% of GDP, compared with \$2.57bn in 1996. The trade deficit fell from \$2.5bn in 1996 to \$2bn in 1997. The value of exports grew by 4% to \$8.4bn in 1997 while imports fell slightly to \$10.4bn, owing to lack of demand for investment and consumer goods in the depressed Romanian economy. Increased domestic demand for imported capital and intermediate goods will be compensated by improved export performance to leave the trade deficit roughly at \$1.7bn in 1998 and 1999. The narrowing of the trade deficit should allow the current account deficit to stabilise at around 4.5% of GDP. Meanwhile, inflows of foreign direct investment quadrupled in 1997, from \$263m in 1996 to \$1.2bn in 1997. In this way, cumulative foreign investment between 1989 and 1997 was \$2.4bn, representing about \$100 per capita, a figure far below the amount of investment received by the former communist countries in Central Europe. Data from the Romanian Development Agency show that the top five foreign investors, as of December 1997, are France, followed by Korea, the Netherlands, Germany and the US.<sup>65</sup>

The Romanian National Bank (BNR), however, managed to fulfil its objective of building up foreign-exchange reserves during 1997. Total reserves of foreign currency, including gold, grew from \$3.15bn at the end of 1996 to \$4.67bn at the end of 1997, of which \$2.52bn were held by the BNR, compared with only \$812m at the end of 1996. The BNR repeatedly intervened in the foreign-exchange markets at the beginning of 1998 to fight off increased selling pressure on the leu as a result of the political turmoil in the country. Total reserves fell to \$4.5bn (including \$914m gold) at the end of January 1998, while foreign-exchange reserves held by the BNR had fallen slightly to \$2.44bn by 5 March. Romania's medium and long-term debt grew from \$7.2bn at the end of 1996 to \$8.2bn at the

end of 1997. The debt to international institutions increased from \$2.7bn to \$3.3bn, while that to bilateral creditors fell slightly. The remainder of the increase is accounted for by increased borrowing from private lenders.<sup>66</sup> But despite this manageable financial situation, the decision at the end of April 1998 by international financial organizations, headed this time by the American Standard & Poor (S&P) Company, to increase Romania's economic and political risk level represents another blow to this country's quest for emancipation and European integration.<sup>67</sup>

In sum, Romania's economy, endemic problems and the political crisis which paralysed the economic reform, on one hand, and the growing dissatisfaction of Romanians with their standard of living and with the political elite's incapacity to govern the country democratically, on the other hand, represent important dangers to Romania's stability, and a prime factor for the country's inability to join Euro-Atlantic structures in the foreseeable future. The new Vasile government has very little scope for dithering and delays, and can be expected to reinforce efforts to restructure and privatise the country's large monopolistic industries and utilities, which is a precondition in continuing relations with the IMF. But the conflict between the new over-ambitious programme of reform, and the need to quickly reassure multilateral lenders and regain the confidence of international investors is very difficult to overcome. Therefore, any further dent in international confidence would threaten not only the country's ability to sustain a current-account deficit of around \$2bn and the repayment of \$1.6bn of foreign debt in 1999, but also its internal stability and future democratic reforms. Meanwhile, Romania's ambition to join the EU and NATO also puts clear external constraints on the country's reform course, and the lack of political will to pursue the economic reform and swift radical democratic changes could undermine sooner rather than later this country's future within the European project.

## **FOREIGN POLICY AND INTERNATIONAL RELATIONS**

Successive governments since 1989 have worked to develop relations with Western Europe and the US, making early entry to the EU and NATO a priority. Relations were set back by the miners' riots in Bucharest in June 1990 and September 1991, which added to international concern about the treatment of minorities, the judiciary's independence and the pace of radical structural reforms. Relations with international financial organizations also broke down after the reversion of foreign exchange and price controls in 1996, and the political-economic crises of 1997. Romania's foreign policy orientation and economic aspirations were cemented in 1993 by the signing of an EU association agreement, effective from February 1995. Romania also gained full membership of the Council of Europe and secured the reinstatement of most-favoured nation preferential trading status with the USA in 1993, made permanent in 1996, after being on annual review. It was also the first country to sign up for the NATO Partnership for Peace (PFP) programme.

Yet until 1996 the country's commitment to democratisation and openness was more formal than real. Much of the foreign suspicion of Romania's early post-Ceausescu governments was partially dispelled by the election in 1996 of parties

with more credible commitment to democracy, market reforms and international obligations. But six years of economic stagnation and failure to conform with the basic democratic standards that are the prerequisite for joining western structures did not help Romania's quest for Euro-Atlantic integration in the first wave of enlargement. Without taking this aspect into consideration, the new administration followed an energetic, and sometimes aggressive, campaign to stake its claim to membership of the Western club.

Because of this lack of vision, the announcement of Romania's exclusion from the first round of both NATO and EU eastward enlargement was received badly in Romania. The government conceded that there were grounds for a second wave of NATO membership, but accused the EU of "discrimination" in its refusal to invite Romania to be among the first countries to start negotiations. Support for NATO membership runs at over 80% according to opinion polls, and the on-going pain of economic hardship was justified not by lack of political will, mismanagement, opposition to radical reforms by parallel economic centres of power, but by the long-term goals of NATO and EU entry. The impact of the rejection was compounded by Hungary's admission to the first eastern enlargement rounds of both institutions.

However, after the exclusion of Romania from the first wave of NATO and EU admission, the new administration of President Emil Constantinescu, restated Romania's desire for integration with the West as an absolute priority of Romanian foreign policy, and it stressed that this policy will *"never be designed as an apology for internal failure, as a method for beautifying the image of those holding power"*.<sup>68</sup> According to Romania's foreign strategic policy, confirmed on 14 April 1998 by the new Foreign Affairs Minister, Andrei Plesu, integration into the EU and NATO would remain a top priority in the new government programme. Because regional cooperation in Central and Eastern Europe is part of European and Euro-Atlantic integration, the government has attached a priority importance to political and military regional cooperation, and first of all, with the neighbouring countries and the Black Sea area.

### **Relations with neighbours**

Tense relations between Romania and **Hungary** are rooted in over one thousand years of Hungarian-Romanian cohabitation in Transylvania, a region which, after the Hungarian-Romanian War in 1919 and the consequent 1920 Trianon peace treaty, was awarded to Romania. The treatment of Romania's Hungarian minority had remained the main contention between the two countries until now, and the Romanians' endemic fear that Hungary would continue to act, officially or subversively, for the return of Transylvania, as happened between 1939-1944 after the Vienna Award, has continued to affect their bilateral relations even in the post-communist period of time. However, the signing of the Romanian-Hungarian Friendship and Cooperation Treaty in Timisoara, western Romania, on 16 September 1996, marked a turning point in the two countries' bilateral relations, which are based now, according to Prime Minister Gyula Horn, *"on the pillars of historical reconciliation, mutual tolerance and cooperation"*.<sup>69</sup>

During the new Romanian President's first meeting with the Hungarian Premier, Gyula Horn, on 3 December 1996, at the OSCE summit, Constantinescu received

the necessary assurances that the Hungarian parliament would ratify, in its turn, the friendship bilateral political treaty very soon, and that Hungary would back Romania's efforts to achieve EU and NATO integration. Constantinescu said Romania had a *"historic chance to become a stabilizing factor in the region"*, and that *"all neighbours are viewed as partners and not competitors"* on the road toward integration, an answer given to mass-media speculations in the country that Hungary was acting against Romania's bid for NATO integration in the first round of enlargement.<sup>70</sup>

But after Adrian Severin, the new Romanian Foreign Minister, paid a visit to Budapest to exchange the ratification documents of the Romanian-Hungarian political treaty, and assessed that the treaty and the level of understanding between the Romanian and the Hungarian governments represented a *"new era in the Romanian-Hungarian relationship"*,<sup>71</sup> a new period of misunderstandings flared in relations as a result of difficulties in a swift implementation of the conditions stipulated in the treaty regarding the ethnic Hungarian minority in Transylvania. Indeed, the decision taken by Severin to reopen a Hungarian consulate - the first Hungarian consulate was closed down in 1988 under Nicolae Ceausescu - in Cluj, central Transylvania, and to accept bilingual place name signs in areas with a majority Hungarian population was immediately criticized by the opposition in parliament. PDSR Senator and former President Ion Iliescu, the initiator of the bilateral political treaty, took the unusual step of declaring that the re-opening of the consulates in Cluj and Debrecen was *"Romanian diplomacy's weakness and an unaccountable concession to the Hungarian authorities"*. Iliescu also considered the re-opening of the two consulates *"useless"*, as long as the two countries run a visa-free regime, and an *"imprudence"*, as long as this region's inhabitants are sensitive towards the Hungarian problem.<sup>72</sup>

But despite the set-back created by the opponents to the implementation of the bilateral treaty, a couple of months later President Emil Constantinescu met his Hungarian counterpart Arpad Goencz in Davos - Switzerland - and managed to warm up relations, even to secure an official visit from the Hungarian president to Bucharest, to allow for support of Romania's admission to NATO. Arpad Goencz's historic visit to Romania at the end of May 1997, the first of a Hungarian president in 25 years, reflected the major improvements in relations between the two countries since the Romanian elections in November 1996, which was a crucial condition for Romanian prospects for membership of NATO and the EU.

During the visit, President Goencz told a joint session of the two chambers of the Romanian parliament that Hungary supported Romanian integration into Euro-Atlantic structures. The two presidents also confirmed their commitment to measures to promote economic cooperation between the two countries and indicated their support for proposals to improve transport infrastructure, including the construction of a motorway between Bucharest and Budapest, and improvements to the railway network linking the two countries as well as improvements to the facilities for river traffic on the Danube. They also confirmed their support for measures to reduce bureaucratic obstacles to trade and for joint efforts to combat organised crime and to make the forint and the leu convertible with each other.<sup>73</sup>

But after Romania's rejection for membership in the first wave of enlargement of both NATO and the EU, and the increased nationalist rhetoric from Romanian extreme nationalist parties against Hungary, political relations between the two countries became once again more prudent. In order to keep bilateral relations in harmony, Prime Minister Victor Ciorbea invited his Hungarian counterpart Gyula Horn to visit Sfântu Gheorghe (central Romania) in Transylvania, and to analyse the situation of the majority ethnic Hungarians in the area where the minority Romanian population considered themselves marginalised. In a rally organised during the visit, Gyula Horn told a crowd of ethnic Hungarians that both countries must act together against the "*evils of extreme nationalism*" that marred the history of bilateral relations.<sup>74</sup>

In spite of this blunt warning, extreme nationalist stances by ethnic Hungarians and Romanians were on the increase. In Bucharest, the main coalition partner, PNT-CD, remained opposed to the establishment of separate educational facilities for the Hungarian minority, a requirement guaranteed in the basic treaty between Romania and Hungary. Meanwhile, the obstacle to agreeing the use of Hungarian language in schools and universities came also from PNT-CD, many of whose members view the possible inability of ethnic minorities to speak Romanian as a threat to Romanian sovereignty.

In Transylvania, the ethnic UDMR members in the government coalition became further embattled when opposition and nationalist parties accused it of pursuing "*ethnic cleansing*" in eastern Transylvania, by expelling ethnic Romanians from two counties where ethnic Hungarians form a significant majority. The opposition has also accused Hungarian activists in the region of planning to secede from Romania. The government used its majority in the Chamber of Deputies (lower house) to vote down these allegations, but anti-Hungarian sentiment has been on the increase within its own ranks. Twelve branches of the PNT-CD in Transylvania issued a manifesto on 1st December 1997 accusing minorities of actively opposing the unity and sovereignty of the Romanian state, and failing to integrate with it, segregating themselves in enclaves where Romanian is not spoken, and making divisive and unconstitutional demands.

In these circumstances, President Constantinescu participated in a military parade in Alba Iulia, central Transylvania, to mark Romania's National Day on 1st December. The first military parade since the fall of communism in the middle of Transylvania was very badly received by the Hungarian minority and some political circles in Budapest. Nevertheless, despite these new tensions, or probably because of them, Hungarian President Arpad Goencz received his Romanian counterpart in Budapest in January 1998, the first visit to Hungary of a Romanian president in the last 50 years, and told him and the mass-media that "*Romania's integration into NATO is vital for Hungary.*"<sup>75</sup>

Thus, although relations between Romania and Hungary are settled satisfactorily at the level of central government, the issue of ethnic Hungarians in Romania is still a problem. This is because the Romanian politicians are excessively nationalist and anti-Hungarian, while the ethnic Hungarian minority, which has been represented

in the government since the November 1996 elections, are unwilling to cooperate in building Romanian national institutions, and are determined to remain as separate, and as distinct a national entity, as possible.

Relations between Romania and **Ukraine** remain complicated, despite the signing of an over-postponed bilateral political treaty. These strained relations are rooted in the history of Romania, Russia and Ukraine, and were exacerbated by the Stalinist administration's annexation in 1940, following the Ribbentrop-Molotov pact, of 40% of the territory of Bessarabia and Northern Bukovina, which currently belong to Ukraine. Part of southern Bessarabia now constitutes the southern extension of Odessa oblast, making Ukraine riparian to the Danube. The most northerly part of Bessarabia, northern Bukovina, and Romania's Hertza province were amalgamated to form Chernovtsy oblast, now also part of Ukraine. The relations between the two countries were also strained because of the disputed Serpent Island, a small, but strategically important, rocky island close to the mouth of the Danube which is surrounded by oil and gas deposits. Despite this historical reality, the Romanians still consider Northern Bukovina and southern Bessarabia as "*sacred Romanian lands*", while for the Ukrainians, they remain "*ancient Ukrainian territories*" that Ukraine helped to "*liberate from foreign rule*".<sup>76</sup>

The situation of the Romanian minority in Ukraine, which is subjected to considerable pressure to be assimilated, together with the Romanian territorial claims against Kiev, represented the most important factors which affected the two countries in the post-communist period, and the reason for the postponement for more than seven years of settling their differences through a bilateral political treaty. It is true that after 1992 Romania and Ukraine were in close negotiation to try to sort out their disputes, but because of Romania's insistence on the inclusion in the treaty of a clause condemning the Ribbentrop-Molotov Pact, the conclusion of a treaty was impossible to reach.

But once the new Constantinescu administration came to power after the November 1996 elections, the negotiations for the political treaty were resumed, and Romania, under pressure to be part of the first wave of NATO enlargement, was forced to find ways around the disputed condemnation clause, because settling contentions with all neighbours was a pre-condition for NATO integration. Indeed, in January 1997, negotiations between the two countries resumed in Bucharest, and Romanian Foreign Minister, Adrian Severin, said that Romania would propose a "*compromise package*" to settle unresolved issues, including guarantees for the ethnic Romanian minority living in Ukraine. He also added that in negotiation for the Ukrainian/Romanian basic treaty, the "Pandora's box" of the Molotov-Ribbentrop pact should be avoided, but pointed out that Romania was interested in including in the treaty Council of Europe Recommendation 1201 to ensure the protection of the rights of the Romanian minority in Ukraine.<sup>77</sup>

But immediately after a meeting between Romanian President Emil Constantinescu and his Ukrainian counterpart, Leonid Kuchma, at the world economic forum in Davos - Switzerland - relations between the two countries became strained once again, although the Romanian president acknowledged during the meeting that "*Romania is faced with the option either to remain linked with past history or to take*

*into consideration its present and future security".* That was because President Kuchma declared in a BBC interview after the meeting with Constantinescu that Romania should not be allowed to join NATO before the signing of the basic Ukrainian/Romanian political treaty.<sup>78</sup>

Only a few days later, during the special meeting of the foreign ministers of the member countries of the Black Sea Economic Cooperation held in Istanbul, the Romanian Foreign Minister Adrian Severin met Ukrainian deputy Foreign Minister Borys Hudyma in order to clear up *"a number of misconceptions"*. After the meeting, Severin declared that the so-called *"strained ties"* between Romania and Ukraine were not real, and the two officials were determined to finalize the basic treaty between their countries *"as quickly as possible"*. The two ministers also discussed the development of cooperation between Romania and Ukraine, including the cooperation with the Central European Initiative, the Central European Free Trade Agreement and the creation in the future of a free trade area in the region of the Black Sea. On the same line, Foreign Minister Adrian Severin came up with the idea of forming a *"triangular association"* between Poland, Ukraine, and Romania, which Hungary might eventually join.<sup>79</sup>

As a result of this meeting, relations between the two countries seemed to return to the right track. This situation was confirmed by a statement made to BBC World Service by Dumitru Ciausiu, state secretary in the Romanian Foreign Ministry and chief negotiator of the political basic treaty with Ukraine, who assessed that the negotiations with Ukraine were *"satisfactory"*, and the draft treaty was practically finalized with the exception of some minor details. Ciausiu also mentioned that the two parties has discussed the possibility of including in the text the necessity of ensuring the rights of the ethnic Romanians living in Ukraine based on Recommendation 1201 of the Council of Europe. According to Ciausiu, the new Romanian administration made *"historic sacrifices"* by renouncing a clause of condemning of the Ribbentrop-Molotov pact of 1939.<sup>80</sup>

But following this declaration, several Romanian newspapers reported that leaflets denouncing the government's position on the treaty were found in Bucharest and other cities. The leaflets also attacked the government's decision to allow foreign investors to buy land in Romania and called for military rule of the country. Police launched an investigation to trace the authors of the leaflets. To put things right, a press release from the Romanian Foreign Ministry vowed on 6 March to pursue efforts to sign a basic treaty with Ukraine, which was regarded as boosting Romania's chances of admission to NATO. The communique warned against the *"negative furore"* stirred up over the signing of the treaty, saying it was fuelled by *"circles alien to Romania's interests, which want the country to stay out of European and Euro-Atlantic structures"*, and called the drive *"unpatriotic"*.<sup>81</sup>

However, as a result of domestic pressure from the nationalist parties, Romanian negotiators made new formulations for the document additional to the bilateral basic treaty during a new round of talks between Romanian and Ukrainian officials which took place in Bucharest in mid-March 1997. The Ukrainian foreign minister reacted very quickly to this new development and criticized, in Brussels, Romania's allegedly non-constructive position on the basic Romanian-Ukrainian political

treaty negotiations. At the same time, the Ukrainian Ministry of Defence issued a statement which, expressing its concerns regarding the movement down the Danube of a detachment of warship from the Romanian navy's Danube flotilla, acknowledged that Ukrainian marines were put on alert.<sup>82</sup>

But at the end of April 1997 after more behind the scenes negotiations, Foreign Minister Adrian Severin announced that Romania had reached "*a compromise treaty*" with Ukraine and the accord would be initialled during his visit to Kiev, at the beginning of May. He revealed that President Constantinescu and Ukrainian President, Leonid Kuchma, had met in Istanbul, where they attended a three-day Black Sea Economic Cooperation (BSEC) conference, and struck a deal regarding the conclusion of the political bilateral treaty. Constantinescu also agreed with Kuchma and his Moldovan counterpart, Petru Lucinschi, to set up two "Euro-Regions" in areas where their borders converge. The construction of new road links in the "Euro-Regions" will allow intensified economic cooperation and cultural contacts. The regions will be also mentioned in the bilateral treaty with Ukraine.

And indeed, a Romanian-Ukrainian basic political treaty was initialled in Kiev by the two countries' foreign ministers, following two more rounds of intensive negotiations. The treaty proclaims the current borders between the two countries "*inviolable*". Romania thereby renounces any claim to territory that was seized by the Soviet Union in 1940 and is now in Ukraine. Following the agreement, the Romanian Foreign Minister Adrian Severin rejected criticism that Romania had made an "*historic sacrifice*". But back in the Romanian parliament, former Foreign Minister Teodor Melescanu, deputy chairman of the opposition Party of Social Democracy in Romania assessed that the treaty was "*too hastily concluded*" in a bid to influence NATO's decision on enlargement at the July summit in Madrid. Corneliu Vadim Tudor, the chairman of the ultra-nationalist Greater Romania Party, called the treaty "*the most serious act of national treason in Romania's modern history*". Valeriu Tabara, the leader of the Party of Romanian National Unity said that his party was opposed to the treaty because it did not include a denunciation of the 1939 Ribbentrop-Molotov pact, and did not satisfactorily clarify the issue of Serpent Island and the continental shelf around it.<sup>83</sup>

President Constantinescu and the president of Ukraine, Leonid Kuchma, signed the political bilateral treaty in the Black Sea resort of Neptun on 2 June 1997. The treaty, which was subsequently ratified by the Romanian parliament, will last for ten years and will be automatically extended for a further five years unless either party gives one year's notice of its intention to suspend the agreement. Discussions on the demarcation of the Black Sea shelf and the status of Serpent Island, which are critical for exploration and drilling rights in the Black Sea, will start within three months of the treaty taking effect and, in the event of failure to conclude an agreement within three years, will be referred to the UN International Court of Justice. The treaty also makes provision for the protection of national minorities, which covers the rights of some 200,000 ethnic Romanians in Ukraine and a similar number of ethnic Ukrainians in Romania. It also makes specific provisions for regional cooperation, the expansion of bilateral links and measures to combat organised crime.<sup>84</sup>

Following the successful negotiation and ratification of the Romanian-Ukrainian treaty, the Romanian government began to initiate trilateral cooperation agreements with its neighbours, placing a great importance on relations with **Poland**, a country neglected by Romanian foreign policy in the last 25 years as a result of its progressive democratic development, which was against Ceausescu's dictatorial policy and the intentions of Iliescu's post-communist administration. This is why President Constantinescu decided to make his first official trip abroad since his election in November 1996 to Warsaw to meet his Polish counterpart Aleksander Kwasniewski, where they agreed that their two countries should boost economic and political relations and cooperate in their efforts to join the EU and NATO.

During the visit, Constantinescu agreed to settle a US\$7.5 m debt which Romania had owed to Poland since the communist days and Kwasniewski accepted the setting up of a commission of experts from both countries to work out concrete cooperation measures, including a motorway between Poland and northern Romania. The Polish president promised that Poland would back Romania's efforts to join the Central European Free Trade Agreement and both presidents assessed that Ukraine had a special role in their foreign policies. Foreign Minister Adrian Severin said that "*...the new relations with Hungary, the re-launch of relations with Ukraine and the recent visit to Poland represent a new political strategy for Romania*".<sup>85</sup>

But although economic relations between Romania and Poland did not improve spectacularly, their political links continued to grow and at the former communist states' summit in Vilnius, President Constantinescu met his Polish and Ukrainian counterparts and decided to announce the setting up of a Romania-Poland-Ukraine trilateral cooperation programme aiming at creating a strategic stability zone. The programme stipulates cooperation in economic areas as well as on combatting terrorism, organized crime, money laundering and drug trafficking, and was signed in Bucharest at the end of 1997 by the presidents of Romania, Ukraine and Poland.<sup>86</sup>

Romania's relations with the **Republic of Moldova** should be analysed in their historical dynamics, including the fact that following the Hitler-Stalin understanding, the Ribbentrop-Molotov pact of 1939, and the subsequent Soviet annexation in 1940 of the "sacred" Romanian territories of Bessarabia and northern Bukovina, the frontier between Romania and Soviet Moldova remained sealed for 50 years. But in spite of the special historic relationship between Romania and the new Republic of Moldova, their post-communist development was undermined by tensions, regional and international, objective and subjective, which did not permit even the conclusion of a bilateral political treaty. However, Constantinescu's administration was, from the very beginning, more constructive and open-minded to specific Moldovan problems, linked with the existence of the former 14th Russian Army in Transdnestria, where the Russian separatists have used the "reunification danger" as an argument for promoting Tiraspol's independence and also with the Republic's economic dependence on Moscow, mainly but not solely, in energy.

Immediately after the November 1996 elections, President Emil Constantinescu met

in Bucharest Nina Ilascu, the wife of Romanian patriot Ilie Ilascu, arrested by Russian separatists in Dnestr (Republic of Moldova) and detained in jail in Tiraspol since 1992. Constantinescu assured Mrs Ilascu of Romania's support for her family and for Ilie Ilascu's liberation, and said that *"the release of Ilie Ilascu from prison is only a question of time"*. Constantinescu insisted that *"unfortunately, the matter has become a political one, used for negotiations and pressure by some forces in Dnestr in order to gain a more favourable status"*.<sup>87</sup> Although Constantinescu's invitation was very much criticized in Chisinau by pro-Russian mass-media, which considered the meeting with Nina Ilascu an interference in the Republic of Moldova's internal affairs, the new administration in Bucharest continued to be very active in persuading Moldovan President, Petru Lucinschi, a former Soviet apparatchik, to enforce efforts for the conclusion of a special political treaty with the Republic.

Indeed, Romanian Foreign Minister Adrian Severin and Moldova's deputy prime minister Ion Gutu met in Bucharest, where they discussed the creation of free-exchange zones in the south and the north of the Republic of Moldova, as well as the creation of "Euro-regions", possibly with the participation of Ukraine. Severin also mentioned the intention for direct convertibility between the national currencies of Romania and the Republic of Moldova, and the intensification of cooperation in infrastructure and power production. The idea was followed up by President Constantinescu during his meetings in Istanbul, at the Black Sea Cooperation Agreement conference, with the Republic of Moldova's President Petru Lucinschi, and with Ukrainian President Leonid Kuchma, where they decided to set up two Euro-regions in areas where their three borders converge. And indeed, in July 1997, when the three presidents met again in Izmail (southwestern Ukraine) they decided to officially kick-start the trilateral collaboration mechanism. Following their talks, the three presidents signed a trilateral cooperation agreement which stated the means of cooperation at political, economic and cross-border levels.<sup>88</sup>

This agreement was complemented by new bilateral negotiations between Romania and the Republic of Moldova. After the two countries' interior ministers, Gavrila Dejeu and Mihai Plamadeala signed an agreement of cooperation between the two ministries in order to coordinate joint actions involving fighting crime in general, and organized crime in particular, the Republic of Moldova's Prime Minister, Ion Ciubuc, paid a two-day official visit to Bucharest in mid-May 1997, where he held talks with his Romanian counterpart, Victor Ciorbea, on developing economic and cultural ties between the two countries.

But bilateral relations were still held back by the lack of progress in finding a mutually acceptable solution regarding the future developments between the two Romanian nations. The main disputed problem, from the Romanian point of view, was the necessity to implement within such a political treaty the idea of reunification, an ideal not shared by Petru Lucinschi's pro-Russian government, and obviously rejected by Moscow and other European capitals. However, after a visit to the Russian Federation, Ion Diaconescu, the chairman of the Chamber of Deputies, told journalists in Bucharest that State Duma deputies with whom he recently met in Moscow would not necessarily oppose a possible reunification of

Romania and Moldova in certain conditions (withdrawal of the 14th Army, and not incorporating Transdnister without a referendum). But he added that Russian Foreign Minister Yevgeniy Primakov made it clear that Moscow supports the territorial integrity of Moldova. According to Diaconescu, reunification between Romania and Moldova will be possible only when Romania is an "*economically attractive alternative*" for the Moldovans.<sup>89</sup>

However, the Romanian foreign policy determination seemed to be successful when Adrian Severin, the Foreign Minister, paid an official visit to Chisinau in November 1997 and agreed with his Moldovan counterpart, Nicolae Tabacaru, the resumption of negotiations for a basic political treaty between the two countries. Assessing the relations between Romania and Republic of Moldova as having a "*special character*", Severin asked the negotiators to produce a treaty "*less rhetoric and more pragmatic*". Obviously, Severin's statement was interpreted by analysts as showing that Bucharest no longer insisted on including a denunciation of the Ribbentrop-Molotov pact in the treaty, as Moldova viewed that demand as subverting its independence.<sup>90</sup>

This flexible approach was reinforced during President Emil Constantinescu's meeting in December 1997 with his Moldovan counterpart, Petru Lucinschi, at a ceremony in Iasi (eastern Romania) marking the opening of a fibre optic telecommunications line linking the two countries. Lucinschi told reporters after discussions with Constantinescu that it is "*more logical*" for Moldova to press for EU membership than to pursue reunification with Romania.<sup>91</sup>

During the two presidents' next meeting in February 1998 in Galati, eastern Romania, where they discussed plans for cooperation with Ukraine on the construction of a pipe-line through the so-called "Euro-regions", Petru Lucinschi acknowledged that his country "*cannot afford*" to participate in the financing of a second reactor at the Cernavoda nuclear plant in Romania. Regarding the bilateral treaty, it became clear from the Romanian Foreign Minister, Andrei Plesu, that the pending treaty between the two countries must be "*mutually acceptable*" not only for the two countries' governments, but also to "*public opinion in Moldova and Romania*", which can be interpreted as an allusion to the increased influence of nationalism in Romania as a result of continuing political and economic crisis.<sup>92</sup>

Only one month later, just before the March parliamentary elections in the Republic of Moldova, Andrei Plesu made a more detailed assessment of the present difficulties by saying that in the negotiations for the pending basic treaty Romania is insisting on formulations emphasizing the "*special ties*" between them, while Chisinau wants a "*classic treaty of good neighbourly relations*", a clear hint that Bucharest was exercising pressure on Chisinau to accept a formulation emphasising the countries' common history.<sup>93</sup> It is quite possible that the new Romanian foreign policy approach has taken into consideration the March 1998 election results in the Republic of Moldova, and the possibility that the newly formed centre-right government may have a more pro-Romanian attitude, as the pro-Russian communists have become the new opposition in Chisinau. If this assessment proves correct, we can see a conclusion of the bilateral treaty by the end of the year, on the lines wanted by Bucharest, which could include more

cultural links between the two communities in order to facilitate a future possible reunification.

Romania's relations with the **Russian Federation** remained sour for most of the post-communist period, as the conflict over the break-away Transdnestr region of Moldova, the continuous presence of the former 14th Russian Army at a striking distance from Bucharest and Romania's quest for integration into NATO remained important obstacles in concluding a political treaty between the two countries. Negotiations for a bilateral treaty were also stalled because of Romania's insistence that Russia explicitly accept a clause stating the need to "overcome the consequences of the Ribbentrop-Molotov pact" under which the Romanian territories of Bessarabia and Northern Bukovina were given to the USSR in 1940. Following the successful negotiation of a Romania-Ukraine treaty from which the same clause disappeared, Bucharest was prepared not to insist on the inclusion of this clause in a future treaty with Russia, in exchange for the Romanian treasure, worth some \$2bn, deposited in Kremlin in 1917 for safe-keeping by the then Romanian government.

After the 1996 elections, Russian Duma chairman Gennadiy Seleznev paid an official a visit to Bucharest and insisted that although Russia cannot forbid NATO membership, Romania does not need to join NATO, which is an "*archaic*" and "*very expensive*" organization. Seleznev even hinted in a diplomatic way that if Romania opted for joining NATO, this political option "*should not influence in any way the bilateral relations, knowing that a great part of the gas consumed by the Romanian economy comes from the Russian Federation*". Following these comments, independent mass-media in Romania were quick to consider that the Russian Federation still has an imperial attitude because "*Russian officials tried to influence the Romanian parliament to abandon the country's claim to NATO membership, and to forget the Romanian treasure given to Russia's government in 1917 for safe-keeping*".<sup>94</sup>

Because of the existing tensions between Bucharest and Moscow, President Constantinescu was unable to secure a visit from President Yel'tsin, who refused to come to Romania without the conclusion of the bilateral treaty. However, in September 1997, President Emil Constantinescu met Russian Prime Minister Viktor Chernomyrdin in Vilnius, at the former communist states' summit, and decided together to release Romanian-Russians relation from inertia by resuming the negotiations on the bilateral basic political treaty. Following a couple of rounds of negotiations, Romanian Foreign Minister Andrei Plesu announced in March 1998 that the treaty with Russia would not include a condemnation of the Ribbentrop-Molotov pact, because "*the Russian Federation and the Soviet Union are two different states*", and because Romania had not insisted on such an inclusion when it concluded a treaty with Germany. Plesu also pointed out that the dispute over the World War I Romanian state treasure held in Moscow will not be resolved by the treaty as a joint commission of experts will attempt to "*trace the fate*" of the treasury.<sup>95</sup>

But despite the foreign minister's cautious optimism for finding a way out in Romania's relations with the Russian Federation, the complexity of their present

misunderstandings, and even conflicts of interest, is not going to help a swift conclusion of a bilateral political treaty. On the other hand neither Romania nor Russia are under any pressure to conclude such a treaty, as Romania's bid for NATO integration does not imply a good-neighbouring treaty with Russia, because the two countries no longer have a common border. Meanwhile the pressure of more economic relations is there, as Russian companies are more and more interested in investing in Romania.

The case of the Russian oil giant Lukoil, which bought a 51% stake in the state-owned Petrotel refinery, paying some \$300m for the conclusion of the deal, could be followed by other companies. And if economic relations are going to improve, Romania will be more interested in increasing its gas imports from Russia. But the increase in energy-resources dependency on Russia would obviously worsen Romania's stance at the negotiation table for a new bilateral political treaty in the absence of full NATO membership. Thus, bearing in mind all these aspects, it is possible that the political improvement in the two countries' relations will wait until a more democratic Russia emerges in the near future, and until the increase in economic relations forces the political elites in Russia and Romania to act for the elevation of their relations to the same level.

After the signing of the bilateral political treaty in 1995, Romania's relations with **Bulgaria** remained good, as their territorial dispute regarding southern Dobrudja, an area acquired by Romania in 1913 and returned to Bulgaria after the World War II, was solved by the treaty stating that Romania has no territorial claims on Bulgaria. However, after the signing, relations between the two countries are still marked by unsolved problems, mainly regarding the pollution on both banks of the Danube, and the postponement of a decision to build another bridge on the river, able to facilitate the traffic to Greece and the Middle East.

But during Constantinescu's official visit to Sofia in May 1997, Bulgarian President Petur Stoyanov confirmed that the two presidents decided to build two more bridges over the Danube, in addition to the existing one between Giurgiu and Ruse. Indeed, after 7 years of negotiations, Romania and Bulgaria signed a protocol stipulating the necessity of building a second bridge over Danube. The two locations agreed are between the port of Vidin and Calafat city (the Bulgarian option) and between the Bulgarian Belene city and Cioara (the Romanian option). Romania and Bulgaria will use the services of the Alexander Gibbs Company, a British consulting company, in order to make the final decision with regard to the bridge location. The estimated price of the new bridge construction is more than 400 million dollars. It is important, however, to point out that Romania and Bulgaria have not so far reached an agreement on the location of the second bridge over the Danube because of strategic military and economic reasons. Bulgaria is against the building of a bridge between Belene and Cioara, and of a motorway which will connect Bucharest and Sofia, the Bulgarian capital, within a couple of hours. Romania is against a bridge in the western part of the Danube, between Vidin and Calafat, beneficiary for European traffic towards Greece and Turkey, but uneconomic for Romania's main industry concentrated in and around Bucharest.<sup>96</sup>

Following Romania's policy of creating multilateral cooperation agreements with all its neighbours, President Constantinescu announced the beginning of negotiations

for a Romania-Bulgaria-Turkey, as well as a Romanian-Bulgarian-Greece trilateral cooperation programme. In order to fulfil this policy, Constantinescu met in Varna (Bulgaria) his counterparts from Bulgaria and Turkey, Petur Stoyanov and Suleyman Demirel, where they signed a declaration of trilateral cooperation on organized crime, drugs, emigration and terrorism.<sup>97</sup>

An important place in the present Romanian foreign policy is played by relations with **Turkey**, a traditional trade partner and a supporter of Romanian accession to NATO. Indeed, President Constantinescu paid an official visit to Ankara in April 1997 at the invitation of Turkish President Demirel, where a free trade agreement between Romania and Turkey was discussed. Returning his visit in November 1997, Demirel addressed a joint session of the Romanian parliament's two chambers. The two countries pledged to support each other's bid for EU membership, while Demirel said Turkey backs Romania's quest to join NATO. Bilateral trade was expected to grow from US\$ 800 million to US\$ 1 bn next year, while the two presidents decided to implement new measures within the newly created trilateral cooperation in order to make a common front against terrorism and organised crime.<sup>98</sup> And following the positive trend of their relations, the presidents of Turkey, Romania and Bulgaria met in April 1998 in the Turkish resort of Antalya, where they discussed regional security and agreed to gradually to set up a free trade zone between their countries.

Romania's relations with **Yugoslavia** also continue to develop, giving Romania an increasingly high diplomatic profile in the Balkans, where Bucharest hopes to play a pivotal role following the end of the Yugoslav conflict. After the two countries managed to secure a bilateral friendship and cooperation agreement in 1996, Yugoslav Foreign Minister Milan Milutinovic and his Romanian counterpart Adrian Severin concluded in May 1997, in Vrsac (Yugoslavia), a protocol on cooperation and exchanged ratification documents relating to the basic bilateral political treaty already signed. Meanwhile, an intergovernmental agreement on military cooperation was signed in Bucharest between Yugoslav defence Minister Pavle Bulatovic and his Romanian counterpart, Victor Babiuc, which demonstrated that between the two countries there are not only good political relations but military ones as well.<sup>99</sup>

But the relations between the two countries received a set-back after revelations made in March 1998 by Virgil Magureanu, the former director of the Romanian Intelligence Service. He declared publicly that Romania broke the UN embargo on former Yugoslavia by sending 8,000 tonnes of petrol and almost 40,000 tonnes of diesel fuel to Serbia between 1992-1994. He also claimed that this measure was in the national interest of Romania, and was approved by the Supreme Defence Council headed at the time by the former president Ion Iliescu. Magureanu also pointed out that the transactions were made for a *"specific purpose"* as a result of a *"specific request from the international authorities, including the UN"*.<sup>100</sup>

An important development in Romania's foreign policy in the last couple of years was its increased interest in the Black Sea Economic Cooperation (BSEC), which implicitly presupposes closer relations with the Caucasian states. Following former President Ion Iliescu's visit to Azerbaijan, Armenia and Georgia at the end of March

1996, Romania began to stress its potential as a bridge between European markets and the energy-rich Caucasian and Central Asian Republics. The Romanian proposal is to use the Danube-Black Sea canal, built at fantastic cost during Ceausescu's regime, and which is greatly under-utilised as a transit route to the Danube and Western Europe.

The importance of Romania's implication in the transportation of oil from Transcaucasian states was officially presented by the Industry and Commerce Minister, Calin Popescu-Tariceanu, who declared at the Helsinki Pan-European Conference on Transport in June 1997 that *"after NATO integration, the most important political and economic aim is to become a bridge in the oil and gas transport from Transcaucasia to Western Europe"*. The Romanian initiative was supported by an extensive market study produced by Bechtel-UK, which concluded that *"the use of the Black Sea-Danube canal in conjunction with the Ruhr-Main and North Sea route, as well as Romania-Pancevo (Yugoslavia) pipelines to the Adria oleaduct, which connects Mediterranean countries to Central and Western Europe, could represent the break-through in the present search for a safe transport of Caucasian oil resources"*.<sup>101</sup>

Romania's interests in developing its political-economic relations in the Black Sea and Caspian region were pursued during Georgian President Eduard Shevardnadze's visit to Bucharest in December 1997, where the discussions were focused on the so-called Tracheka project, the transportation of the energy resources from the Transcaucasian region to Central and Western Europe. A few months later, the same interest was also acknowledged in March 1998 during President Constantinescu's visit to the fourth summit of the 11 countries participating in the BSEC. In his speech to the conference, the president stated that Romania, as one of the initiators of this group, supported the extension of the cooperation between the BSEC forum states and those of the Caspian region, the Central European Initiative, Baltic States' Council and the Mediterranean Forum in upgrading transport infrastructure, as well as in other fields like communications, energy, environmental protection and tourism. He considered that such cooperation would represent *"a recognition of the fact that the Black Sea subregional cooperation structure is a fundamental component of - rather than an alternative to, or substitute for - the European integration process"*. In a declaration signed by the heads of states and governments of the participating countries the necessity was stipulated of transforming the group into a regional economic organization. The document stated that one of the priority tasks at the present time was to reinforce the institutional and legal basis of BSEC. The declaration also refers to the need to ensure stability in the region, and in this respect they attribute *"particular importance to the adoption of urgent and specific action to combat organized crime, violence, terrorism, the illegal trade of narcotics, arms and radioactive materials and illegal migration"*.<sup>102</sup>

### **Relations with Western Europe for NATO integration**

Based on the fact that the overwhelming majority of the Romanian population, as many as 94% in some opinion polls, want their country to strengthen its pro-Western orientation and to be integrated into the Euro-Atlantic structures, Constantinescu's administration continued a bold campaign of persuading Western chancelleries that Romania deserved to be part of the first wave of enlargement

because of its geopolitical and strategic position, and the fulfilment of the enlargement conditions. It is a reality that in the last few years Romania was extremely successful in changing its image from the status of a pariah to that of a potential NATO partnership, thanks to intensive diplomacy and an active role in NATO's Partnership for Peace programme. Indeed, Romania's foreign diplomacy has focused its attention in cementing closer ties with western countries, and first of all with the USA.

Immediately after the November 1996 elections, Walter Slocombe, the US Defence Undersecretary for Policy, was invited to Bucharest, where he assessed on 9 January 1997 that Romania's chances of early admission into NATO had significantly increased following the elections and improved relations with neighbours. Although Slocombe stressed that his visit to the Romanian capital should not be interpreted as indicating which countries would be nominated to join the alliance first, he mentioned that NATO doors were open for all newly formed democracies in Central Europe, including Romania. President Emil Constantinescu and Premier Victor Ciorbea both argued for the country's integration into NATO, stressing again that Romania had no alternative but to join NATO. Following this visit, the US State Department spokesman Nicholas Burns said that the US administration was *"impressed by the progress Romania has made politically and economically"* and added that Romania should not be ruled out as a potential member of NATO. The same day, US Senator Tom Lantos said in Bucharest that he would support Romania's bid to join NATO at the same time as other Central European states.<sup>103</sup>

The US administration's impetus towards Romania was taken up by Great Britain, whose Foreign Secretary, Malcolm Rifkind, paid a visit to Bucharest in January 1997, the first visit of a UK Foreign Secretary in the last 15 years. In Bucharest, Rifkind was told by his Romanian counterpart that in order to boost Romania's chances of early admission into NATO, Romania had put improved ties with Ukraine at the top of its foreign-policy agenda and was also seeking a new partnership with Hungary and Poland. Severin said that Romania had a *"strategic interest in the consolidation of Ukraine's independence and statehood"* and that a *"strategic partnership with Poland and Hungary must be implemented very quickly"*, noting that it signalled *"a different tune in our foreign policy"*. After talks with Adrian Severin, Rifkind said he was *"extremely impressed by the changes in Romania in the last few months"*. He also said that the new government's commitment to reform and improved relations with neighbouring Hungary and Ukraine had boosted its chances of admission to NATO. But he stopped short of backing Romania's entry in the first wave and said that *"Romania's integration into NATO should happen in the context of a natural enlargement of the Atlantic alliance, with one of the criteria being the contribution of each country to strengthening the collective security system in the region"*.<sup>104</sup>

A more positive message was presented to Bucharest by the French European Affairs Minister Michel Barnier who said on 21 January 1997 at a Press conference at Cotroceni (the presidential palace), after his meeting with President Constantinescu, that France supported Romania's bid to join NATO in the first wave of enlargement. The French official was in Romania in order to prepare

President Jacques Chirac's visit to Bucharest at the end of February. Chirac was to be the first Western leader to visit Romania after the change of power in November 1996. Barnier said he was impressed by the determined and responsible attitude of the new Romanian government toward the issue of NATO and EU integration. He expressed his belief that Romania "*will be prepared to meet NATO requirements*" for prospective members.<sup>105</sup>

The same positive message came from President Chirac, who told a joint session of Romania's parliament that France would like Romania to join NATO as soon as possible, possibly as early as 1999. In this respect, France would be Romania's "*friendly advocate*" in both NATO and the EU. Chirac also said that efforts should be made to put economic relations between France and Romania on a par with their excellent political and economic relations. And in order to keep up the momentum, President Emil Constantinescu argued in February 1997 at a meeting in Brussels with the NATO countries' ambassadors to the alliance, that Romania had achieved "*political maturity*" and was now ready for NATO membership. In his welcoming address, NATO Secretary-General Javier Solana praised Romania for its recent changes, but noted the country's present economic problems and hinted that Romania's increased involvement in NATO may come as a member of an enhanced Partnership for Peace Programme rather than as a full member of the alliance.

Solana's cautious approach to Romania's accession to NATO in the first round of enlargement came as a cold shower for the Romanian diplomacy. Under increased domestic pressure Foreign Minister, Adrian Severin, a member of the Democratic Party, was forced despite his unwillingness, to take some measures to revitalise and renew the activity and personnel of the Romanian embassies abroad, after the recall of ambassadors from the main European capitals at the end of 1996. But the fact that the Romanian Foreign Ministry was unable to replace the ambassadors and staff in key European capitals with radical new people, was considered by analysts as a negative aspect, a continuation of former communist dominance in Romania's diplomacy through the Foreign Intelligence Service (SIE).

Furthermore, the insistence of the new Foreign Minister, Adrian Severin, to send staff and ambassadors from the old guard of career diplomats, linked with the Securitate and Ceausescu's regime was considered a drama for Romanian diplomacy. This manipulation of the Foreign Ministry by the old structures of the Foreign Intelligence Service was even more manifest when, after President Emil Constantinescu asked the Foreign Minister to replace former ambassadors with young people, recruited from cultural and scientific background, Adrian Severin still tried to impose people selected by SIE. Because this clash of interests between presidency and Foreign Ministry has not been solved, it was interpreted in the West that the power in Romania was still in the hands of the old securists' club, who want to keep Romania's diplomacy linked with the past and with their personal interests.<sup>106</sup>

More than that, an article published by the *Washington Times* on "*NATO eastward expansion and the Romanian blackmail*" signed by Michel Ledeen and Ion Mihai Pacepa, a former general in SIE who defected in 1988 to the USA, was very much attacked in Romania, instead of being analysed by factors of decision in

Constantinescu's administration in order to take the necessary positive conclusions. In a communique of the press bureau of the Romanian Intelligence Service regarding this article, translated in the daily Jurnalul National of 19/20 April 1997, the authors of the article were criticized for trying to "*manipulate the public mind*". SRI's communique also considered that the article represented an "*ample diversion campaign*" and was published in order to express the opinion of some "*petty interest groups, backed by special foreign services*". Nevertheless, the terms of the communique and the direct attack against Pacepa were considered by the independent mass-media in Romania as reminiscent of the terminology used by Ceausescu's Securitate, and this media campaign forced SRI's director Virgil Magureanu to submit his resignation.<sup>107</sup>

But irrespective of Romanian diplomacy's domestic problems, the campaign for NATO enlargement continued in a sustained manner. Former King Michael of Romania was persuaded by some advisers within his entourage to take up Romania's interest of joining NATO and the EU, and to present its case in Western European capitals. In his speech to the Royal Institute for Strategic Studies in London,<sup>108</sup> former King Mihai of Romania considered that Romania meets all NATO membership criteria, and warned that excluding it from the alliance's first expansion could provoke problems throughout Eastern Europe. The former monarch also assessed that admitting Hungary while leaving out Romania could lead to the deterioration of ties between the two countries and jeopardize Bucharest's efforts to conclude with Ukraine the basic political treaty. As the former King's predictions didn't materialise, his ambassadorial role on behalf of Constantinescu's administration didn't help to increase his popularity in the country.<sup>109</sup>

However, by the end of April 1997, it became clear even for the Romanian authorities that their diplomatic efforts to join NATO in the first round of enlargement were not going to be successful because the Western countries' perception remained that the diplomatic campaign was not matched by radical structural political and economic reform. In this context, despite the fact that Romano Prodi, the Italian Prime Minister, was invited to Bucharest, the first visit of an Italian prime minister in 20 years, and acknowledged that Italy "*irrevocably supports*" for Romania's bid to join NATO and the EU, the dice were already thrown.

Indeed, in May 1997, Klaus Kinkel, the German Foreign Minister, paid a two-day official visit to Bucharest and declared in the Romanian parliament that Bucharest's bid to join NATO was still being examined by Germany, but irrespective of the decision, the alliance would remain open for partners who were not invited to join in July. In order to be more persuasive towards Germany's final decision, Foreign Minister Adrian Severin expressed, during Kinkel's visit, Romania's "*deep regret, together with apologies for what had happened*" to ethnic German inhabitants deported to the Soviet Union after the Second World War.<sup>110</sup> And feeling that Germany was still undecided, President Emil Constantinescu made a short "working visit" to Bonn at the end of June, and discussed with Helmut Kohl Romania's bid to be admitted to the enlarged NATO. After the meeting, a spokesman for the German government said that Germany supported Romania's

desire for early NATO membership, but "*the decision should be made by consensus of the 16 NATO partners in Madrid*", which in diplomatic jargon meant that the US's decision to have only the three Central European countries within NATO by 1999 could not be overruled.<sup>111</sup>

However, after the final decision that only the Czech Republic, Hungary and Poland were to be accepted into the first round of enlargement, President Emil Constantinescu declared to the inaugural session of NATO's Euro-Atlantic Partnership Council on 9 July in Madrid that Romania had the "*irrevocable desire*" to participate in deciding Europe's "*security architecture*" and to join NATO as soon as possible. Emphasising that "*the decision could have been worse*", President Constantinescu said that Romania must continue to accomplish its economic reform, and to maintain a high standard of democratization.

But as expected, political leaders in Romania accepted with disappointment the decision of the NATO summit. Ion Iliescu, the leader of the main opposition party, the Social Democracy Party of Romania, complained of an "*act of discrimination*" against Romania, and blamed the government for the failure, while the leader of the nationalist Greater Romania Party, Corneliu Vadim Tudor, warned that admitting Hungary but not Romania could destabilize southern Europe. Adrian Paunescu, first deputy chairman of the Socialist Workers' Party, demanded that Romania's foreign policy should be reoriented away from NATO, the military doctrine should be revised and the domestic arms production should be directed to backing a new defence policy.<sup>112</sup>

Understanding that Romania's rejection could exacerbate anti-European and anti-American feelings within the country, President Clinton decided to make a short conciliatory visit to Bucharest. He addressed an estimated crowd of some 100,000 in Bucharest's University Square on 11 July, and urged Romanians to "*stay the course*" in implementing economic reforms and democratization, as their country would be one of the "*strongest candidates*" to join NATO in the near future if they did so. At the same event, President Emil Constantinescu told the crowd that Romania wanted to build together with the US a "*solid strategic partnership, based on the joint values of liberty, prosperity, free initiative and tolerance*". And indeed, the same day Secretary of State Madeleine Albright and her Romanian counterpart, Adrian Severin, discussed the envisaged US-Romania strategic partnership, the new American initiative meant to keep Romania on the path to reform and democracy.<sup>113</sup>

But Romania's rejection from the first wave of NATO and, later in July, EU enlargements, represented a terrible blow for Constantinescu's presidency which has been confronted since by one political-economic crisis after another. However, as the blame for the twin rejections was transferred on to the policies of the seven years of Iliescu's post-communist administration, popular support for the president and the continuation of the same foreign policy towards NATO and EU enlargement was only partially dented. In fact, the continuation of pro-European policies by Romania was very much encouraged by western chancelleries, as a means of preventing a swift political destabilisation in the country. More than that, NATO Secretary-General Javier Solana, participating at the North Atlantic Assembly held

in Bucharest in October 1997, gave his assurances to President Constantinescu that the states invited at the Madrid Summit to join NATO would not be the last ones.<sup>114</sup>

The same message came across during President Emil Constantinescu's three-day visit to Germany in December 1997, when his German counterpart, Roman Herzog, and Chancellor Helmut Kohl declared that Germany's *"official policy"* is that Romania should join the EU *"as rapidly as possible"*, assessing that Romania could expect to become a NATO member by 2001, and to join the EU by 2005.<sup>115</sup>

Following the resignation of Premier Victor Ciorbea, and the appointment of a new government headed by Radu Vasile, the new Foreign Affairs Minister, Andrei Plesu confirmed on 14 April 1998 that integration into NATO would remain a top priority in the new government programme. Despite the fact that Romania has not been put on the "fast track" for NATO membership, the Alliance has reassured the country that the doors will stay open and second-tier entry at 1999 Washington NATO summit remains a possibility. More than that, NATO has singled out Romania as one of the prime candidates to join the defence organisation after the first wave of enlargement. During a visit to Romania in early April 1998 the NATO Secretary-general, Javier Solana, praised Romania's positive role in supporting a peaceful solution to the crisis in former Yugoslavia and played down the importance of the domestic political crisis for long-term progress in reforms.

### **The quest for EU integration**

Along with efforts to become a full member of NATO, the new Constantinescu administration focused its activity on Romania's quest for EU integration. As it was clear for the new administration that the victory of democracy in Romania in November 1996 will not be enough to unlock the door to EU membership, President Constantinescu and the government followed a dynamic foreign policy orientated, on the one hand, on Romania's participation in regional and European cooperation, and on the other, on persuading international organisations and individual member states that Romania was ready to take part in the first round of negotiation for EU enlargement. Unfortunately, the most important part of the equation, domestic radical reform in economy, legislation and administration was neglected, with serious consequences because, at the end of the day, EU membership was not to be determined by negotiations behind closed doors but by pure economic realities.

It is fair, however, to point out that in the first half of 1997, Romania enjoyed special attention and support from Western countries and international organisations. For instance, the EU commissioner in charge of relations with Central and Eastern European countries, Hans van den Broek, met President Constantinescu in March 1997 in an attempt to boost cooperation between the EU and Romania. He offered the EU's full support for the new government's economic reform programme, as well as a \$80.5 million loan to facilitate the implementation of reform. At the same time, a Council of Europe delegation headed by Gunnar Jansson was investigating in Bucharest the possibility of removing special monitoring of Romania's implementation of the commitments it took upon joining the organization. Jansson assessed that the monitoring might end very soon, and indeed, the Council of Europe General Assembly decided to stop the monitoring on

25 April 1997.<sup>116</sup> At the same time, Romania became the sixth member of CEFTA, after Romanian Minister of Trade and Industry, Calin Popescu Turiceanu, signed the agreement in the presence of trade ministers from the five current member states: Hungary, the Czech Republic, Poland, Slovakia and Slovenia. Emil Constantinescu and premier Victor Ciorbea assessed CEFTA membership as a step towards European integration.

But in spite of some external successes, including also the creation of sub-regional cooperation agreements with Ukraine, Poland, Republic of Moldova and Bulgaria, the European Union decided that Romania was not yet ready to join the organisation. Indeed, the opinion of the European Commission on the readiness of Romania to start accession negotiations published on 15 July 1997 was far from positive. Acknowledging that Romania was "*on its way to satisfying the political criteria*" for membership, the European Commission highlighted as deficiencies the independence of the judiciary, the protection of individuals from the police and the secret services, and pervasive corruption. Reservations were also expressed about the observance of fundamental rights, for example those of children and of the Roma minority. On the economic criteria, the European Commission assessed that although Romania had made "considerable progress" in creating a market economy, and the administration's reorientation of economic policy was seen as positive, land property rights, a fragile legal system and a history of incoherent policy-making and macro-economic imbalances were cause for concern. Research and development as well as skill levels were also considered inadequate. All these negative aspects led to the conclusion that Romania would "*face serious difficulties*" coping with competitive pressure and market forces within the EU in the medium term.

But the area in which the Commission had the most reservations was related to the EU's *acquis communautaire*, (the body of law, or the capacity to take on the obligations of membership). Romania was already obliged to take on parts of the *acquis* under its association agreement. To make progress towards accession negotiations, it was also expected to implement EU law on the internal market, and gradually to transpose other parts of the *acquis*. There remain many areas in which Romania has not fully transposed these, or lacks the administrative structure to do so. The restructuring of the financial sector was regarded as a priority. Concern was also expressed about the weakness of public administration. The main conclusion was that Romania needed to overhaul its administrative and legal system in order to apply Community law effectively.<sup>117</sup>

Romania's rejection in July 1997 from the first wave of EU accession negotiation was a serious blow to the government, as many of the unpopular economic reforms had been sold to the electorate on the principle that they represent a necessary condition for EU integration. Therefore, in a concentric effort to reverse this decision, Romanian diplomacy began a campaign to reject the European Commission's opinion and to defend Romania's achievements on economic reform. These actions gained some ground as Hans van den Broek assessed, during his talks with Romanian Prime Minister Victor Ciorbea in October 1997, that "*Romania's process of integration into the European Union is irreversible*". During this official visit, the European Commissioner also gave assurances to Foreign Minister Adrian Severin, that the visa regime for Romanians visiting EU countries, another

problem taken up by Romania's diplomacy, would improve in 1998.<sup>118</sup>

By the end of November 1997, it became apparent that Romania could have some chances, at the December 1997 Luxembourg EU summit, to be accepted to start negotiations for EU integration at the same time as other East-Central European countries. In a televised interview, Alexandru Herlea, Minister for European integration, declared that Romania had already adopted some 50% of the European legislation and had a good chance to be invited to the EU negotiation table. And indeed, Foreign Minister Adrian Severin participating at the EU Luxembourg summit welcomed the decision to enlarge the union by 11 new members, including Romania, a decision considered to be the biggest success of Romania's diplomacy in 1997.<sup>119</sup>

But Romania's diplomatic campaign for integration into the European structures proved to be only at the beginning, as many other problems were in line to be resolved. During the European Conference in London, in March 1998, President Emil Constantinescu assessed that Romania was now on the way to European and Euro-Atlantic integration, despite the fact that some EU leaders were pessimistic that the 1999 Washington NATO Conference would approve a second wave of the organization's enlargement. Constantinescu also asked the EU to take Romania out of the "*black list*" of countries whose citizens are asked to apply for a visa in order to visit EU countries.<sup>120</sup>

Nevertheless, after April 1998's change of government, Foreign Minister Andrei Plesu announced that the new cabinet would reinforce political and diplomatic efforts to speed up the EU accession process, in parallel with new economic measures to prepare Romania for EU integration. But as in the case of NATO enlargement, Romania's quest for EU integration was postponed not only by the seven years of Iliescu's post-communist administration, but also by the failure of the Constantinescu administration to act vigorously for the implementation of radical political, economic and administrative changes, the necessary condition to reverse Romania's future.

## **POLICY ON NATIONAL SECURITY AND MILITARY REFORM**

The end of the East-West conflict has not resulted in the creation of viable and effective regional security cooperation arrangements in post-bipolar East Central Europe. Although there are numerous regional frameworks for multilateral cooperation of which Romania is a member (like the Central European Free Trade Agreement, the Central European Initiative, the Black Sea Cooperation Council, trilateral cooperation, etc), none of them has taken on a clear security dimension, and they continue to be limited to specific areas of economic and political cooperation. Virtually all East Central European countries, and Romania is not an exception, give priority to membership of Western European security organisations, as the prerequisite of regional stability and security.

As a result, existing subregional cooperation agreements in which Romania has participated since the fall of communism, are exposed to a number of problems. Although subregional security arrangements cannot provide a viable security guarantee to the countries involved, they can help to improve the military capabilities of those countries, aid the process of overcoming the legacy of membership of the Warsaw Treaty Organisation, and achieve military compatibility with NATO. They provide a basis for settling issues of ethnic minorities, and demonstrate their ability and willingness to cooperate within the framework of Western multilateral organizations. But rivalry and low-key cooperation within East Central Europe have been consequences of Euro-Atlantic organizations' failure to satisfy these countries' demands and needs on security matters after the fall of communism. And following the decision to extend NATO enlargement only to Poland, Czech Republic and Hungary, other former communist countries in the area, and especially Romania, felt that they were left in a "no man's land" or a "security vacuum", at the discretion of their former master, which although it had a new name, the Russian Federation, was still obsessed by its old "near abroad" interests.

Romania is not alone in believing that, dealing with security issues means taking into account the problem of perception, or rather misperception, as Raymond Aron reminds us that *"mankind has always lived dangerously"*.<sup>121</sup> As to achieve absolute security is utopian, the best one can hope for is relative security. This is even more valid as the old bi-polar "enemy" has been replaced by security "threats", or "dangers", which are manifold and encompass military, political, economic, socio-cultural and ecological aspects. And in an era of mounting complex interdependence, the diversity of security threats increases. These observations have led to a substantial reformulation of the complex concept of security by taking up non-military aspects of security.

Indeed, the impact of the economic, environmental, societal and military dimensions of international security upon political security, which is defined as *"the organisational stability of states, systems of government and the ideologies that give them legitimacy"*<sup>122</sup>, could determine a conflict of interests as a result of the unsolved contradictions and dilemmas of the post-Cold War period. In the case of Romania, the clash, even after the 1996 November elections, is between the organisational instability of the state, still based on the former communist bureaucracy, as a result of lack of radical reforms, and the liberal democracy ideology of the new governmental coalition's main political party, PNTCD.

But the problem is to what extent has post-Cold War Romania managed to adapt to the new dilemmas and contradictions of these newly defined, security threats? And if Romania fails in its attempt to become a full NATO member in the second wave of enlargement, which it still hopes will take place at the 1999 NATO 50th anniversary, will this politically and economically unstable country be able to survive many more years in the security vacuum which emerged after the fall of communism and, at the same time, as the first line of defence against immigration, organised crime and drugs, directed towards "fortress Europe"?

## **Policy on National Security**

Romania was a member of the Warsaw Pact until its dissolution in July 1991, but did not participate as the other Central and Eastern European former communist states did, in the Pact's manoeuvres or military actions. But it was Ceausescu's Stalinist-style dictatorship that held back economic and social development in the country which proved to be the most difficult hurdle to overcome in the revolutionary year of 1989. The "domino principle" of democratic changes in the former communist countries of Central Europe stopped for a few months at Romania's border. And when it became inevitable, the public revolt against Ceausescu's tyranny in December 1989 was transformed into bloodshed and a coup d'etat by a section of the former elite. As a result, the unfinished revolution has haunted the country and its political-economic development since then, putting a particular imprint on Romania's policy on national security.

The Romanians' natural orientation towards the West and their desire to join western institutions formed, however, a central commitment in Ion Iliescu's administration after he took the power in December 1989. Indeed, the new government of President Iliescu expressed openness towards the West, applying for membership of the Council of Europe, and signing an association agreement with the then-European Community in 1993. In 1994, Romania became the first country to join the Partnership for Peace, taking part in training exercises with NATO troops and providing some engineer troops for IFOR in the former Yugoslavia.

Yet until 1996, the country's commitment to democratisation and openness to Europe was more formal than real. As widely recommended by the protagonists of NATO expansion, a desire for integration in western institutions must come hand in hand with commitment to a system of values and principles shared by the major western political and security organisations. As Germany's President Roman Herzog stated in March 1996: *"It is essential that new member states be consolidated democracies that have left behind the nationalist heritage and have rediscovered the principles of an open society, free economy and humanist culture"*.<sup>123</sup> In reality, the Romanian regime after 1990, and especially during 1992-1996, rejected these values, blocked reform and encouraged corruption.

After the 1996 November elections, the newly elected President Emil Constantinescu declared Romania's national security a top priority of his administration, and promised to take all the necessary measures to obtain the country's integration into European and Euro-Atlantic structures. As Romania's membership of NATO in the first round of enlargement became the main goal of military diplomacy, the new Defence Minister, Victor Babiuc, declared his commitment to the fulfilment of accession conditions, and first of all, to the improvement of the country's defence capability and the acceleration of interoperability with NATO and the Western European Union (WEU). Meanwhile, he declared his determination to carry on with the reform process in the Romanian Army, in order to meet NATO organisational, civilian control and training standards, and to take special measures to protect the army from the negative effects of the transition. Babiuc also expressed his hope that in order to achieve the reform of the Armed Forces, a budget of 2.5 billion dollars yearly would be allocated to the National Defence Ministry by the end of his mandate, in the year 2000.<sup>124</sup>

The decision of the Madrid NATO summit in July 1997 not to invite Romania in the first round of enlargement, although not unexpected by Bucharest following the "*unjust decision*" - as Defence Minister Babiuc put it - taken in June by Clinton administration not to support Romania's candidacy, represented a serious set-back for the Constantinescu administration, which began to tumble from one political crisis to another. Looking back, the main cause of this situation was not only the postponement after the 1996 elections of radical economic-political changes which were not in any case expected to happen overnight, but the irrationality of Romania's foreign policy and military diplomacy in betting everything on one double card, accession to NATO and the EU in the first wave of enlargement, in the context of seven years of disregard for the implementation of reforms during the Iliescu regime and the first year of Constantinescu's administration. That's why many western analysts predicted that Romania was not betting on a trump card, and argued the country was not yet ready to join the Euro-Atlantic club.

Indeed, instead of pursuing a moderate, step by step policy towards reforms and the fulfilment of criteria for NATO and EU integration, and preparing the population to accept that Romania could not hope in only one year to transform fundamentally its economy, the force behind the change of mentality in any country and any military organisation, the new administration in Bucharest remained stuck in the old lack of vision and complacency about the country's level of development, while trying to cover up its unsolved problems by presenting its image abroad in too bright colours.

In this general context, scandals in some sections of the media that haunted Iliescu's regime regarding the Romanian Army's involvement in the repression of the mass revolt in December 1989, became once again the newspapers' favourite topic after Romania's failure to be selected for the first wave of enlargement, putting into question the Army's degree of democratisation and political control. Mass-media revelations of the role played by the Army forced the reopening of files regarding Army officers involved in the killing of innocent people in 1989 and the debate developed to such an extent that Defence Minister Babiuc was obliged to react and to wrongly consider the allegations as being "*not only false, but also an insult to the Romanian Army*".<sup>125</sup>

Soon after this statement, at the beginning of January 1998, the Prosecutor General's Office charged Gen Mihai Chitac, interior minister under Iliescu, and Gen Victor Stanculescu, a deputy defence minister under Ceausescu and defence minister under Iliescu until 1992, and since then one of the richest businessmen in Romania, with having ordered troops to fire on demonstrators in Timisoara in December 1989. Meanwhile, the Prosecutor General's Office started new investigations into media allegations, which determined the Chief of the General Staff, Gen Constantin Degeratu, to order the staff of the Defence Ministry not to talk without approval to military justice investigators regarding the December 1989 events.<sup>126</sup>

In an open letter to the Romanian president, Academia Civica Foundation sent a powerful message of protest against Gen Degeratu's attitude, while some articles in the Romanian press mentioned his name linked with the shooting of demonstrators

in Cluj during 22/23 December 1989. However, immediately after being appointed interim Defence Minister, following the Democratic Party's temporarily withdrawal from the coalition at the beginning of April 1998, Constantin Dudu Ionescu, the only civilian in the leadership of the Defence Ministry since the general elections, considered the media's allegations against Gen Degeratu as "*insinuations*". He also used an official visit to the Romanian IV Army "Transylvania" to call a press conference and to declare his support for a plan to pardon army officers who suppressed pro-democracy demonstrations that led to the deaths of more than 1000 people in the clashes between the army and the population in December 1989. The defence minister argued that the troops followed orders and that their actions were thus legal.<sup>127</sup>

The media were quick to argue that many army officers involved in the repression of demonstrators are now part of the old guard of generals still active in the Defence Ministry and in Romania's flourishing black market economy, and that they are using their influence to obtain an amnesty for their crimes. Following new revelations, top officials in the Army began to complain about the media's "*mean attacks*", and to consider, wrongly, that these attacks were directed against the Romanian Army as an institution, and not against individual cases. But in spite of the official position of the Defence Ministry, seven former officials and military commanders in Cluj have been charged for their role in the repression of demonstrators during the December 1989 uprising. Among them was Gen. Iulian Topliceanu, the former commander of the IV Army "Transylvania", who was accused of having ordered the opening of fire on demonstrators.

The debate, nevertheless, forced President Constantinescu, who pledged after his election that all criminals would be put behind bars irrespective of their position in society, to come clean. In an elaborate and "*ambiguous*" - as it was later labelled - press statement, Constantinescu asked parliament to consider legislation pardoning some of the officers involved in the suppression of the anti-communist revolt. He said that such a law could help reveal the truth about the events, as some witnesses were afraid of testifying for fear of prosecution. And he noted that even in the case of an amnesty, he was sure that "*military honour will force the officers involved to ask for a full investigation*".<sup>128</sup>

Irrespective of these declarations, the fight against corruption and organized crime was the second most important goal of President Constantinescu administration's national security policy. As part of this new policy, the first government of Victor Ciorbea placed corruption and the black economy, which was reaching some 40% of GDP, top of its short-term programme of action, and considered them to be among the main dangers to Romania's national security. Soon afterwards, the president and the premier launched a "*total war*" against corruption and mafia-like networks, while the security services, the Army and the judiciary were asked to focus their activities on the fight against organized crime.

But as happens to almost everything in Romania, after a few months of "noisy" organisational measures taken against corruption and the black economy, followed by some changes of personnel at ministerial level in the army and security services, corroborated by a few arrests of corrupt businessmen, the fight stopped. This was,

on the one hand, because the new parliamentary opposition around PDSR, led by the former President Ion Iliescu, decided to fight back, to argue that the changes were "*politically motivated*", and to address statements to the European Parliament in Strasbourg in which they "*expressed concern and protests against the way of action of the new power, which has committed itself to a treacherous process of political purge at the level of state institutions*".<sup>129</sup> On the other hand, the fight against corruption, organised crime and the old communist guard at the top level of bureaucracy, including the army, the security services, and the main economic ministers remained inefficient because of political unwillingness in a divided coalition government, in the context of a lack of determination from a politically inexperienced president and prime minister.

In the case of the Romanian Intelligence Service (SRI), for instance, Virgil Magureanu, the director, was forced to resign on 30 April 1997, after presenting a report on the organisation's activities to the combined chambers of parliament. Nicolae Ionescu-Galbeni, head of the parliamentary commission investigating the SRI, acknowledged that the service had been involved in illegal activities, including phone-tapping, presenting selective information to the government, exaggerating threats to national security resulting from the operation of Western firms in Romania, and failing to provide adequate information concerning controversial domestic issues, including labour unrest and financial scandals. Protection of individual rights against the secret service, an issue raised by the European Commission, was also put forward in discussions with SRI's director. As expected, Magureanu denied the allegations, in particular denying that the SRI had a "Sovietized" structure and an "anti-Western" orientation.

This was a reference to an article published by the *Washington Times*, co-authored by Ion Pacepa, a former senior official in Romania's Foreign Intelligence Department, who went into exile during the Ceausescu era. He accused Mr Magureanu, and Ioan Talpes, the director of the new Foreign Intelligence Service (SIE) of heading Sovietised institutions, as at the top level of management were the same former officers who had run secret operations in the West during Ceausescu's dictatorship. He also asked the Clinton administration not to invite Romania into NATO as long as a defector like himself was still under heavy sentence. This demonstrates that the mentality of many sections of the political elite in the new, "democratic" Romania had not changed very much since the fall of Ceausescu.<sup>130</sup>

However, after President Constantinescu replaced Magureanu with the 55-year-old Costin Georgescu, a deputy in the National Liberal Party, and a presidential adviser, Romania waited for structural reforms in the service, including the retirement of the old guard and the beginning of an openness process in a secret service which was considered to be have been extremely politicised during Ceausescu regime. But the change of leadership in SRI, as well as in SIE, whence Ioan Talpes was sent as ambassador to Bulgaria and replaced by Catalin Harnagea, a 39-year-old engineer without party affiliation and a political adviser of President Constantinescu, was not followed by radical internal reforms in these two secret services. This is one of the main reasons why Romania's credentials abroad are still so low.

And it was not a surprise when, after the new director of the Foreign Intelligence

Service, Catalin Harnagea, had taken the oath at a ceremony at the Cotroceni presidential Palace, President Constantinescu explained that SIE, using specific means at its disposal, was *"duty-bound to support Romania's integration into European and Euro-Atlantic organizations"*, and to obtain *"consistent intelligence concerning every external element that could affect the process"*. Constantinescu also asked SIE to obtain reliable intelligence regarding *"the seriousness and solvency of foreign firms, banks and other economic companies interested in participating in the Romanian privatisation process"*.<sup>131</sup>

The tasks given to SIE are not only politically incorrect, as they are referring to threats and dangers coming mainly from the West, but they also represent a duplication of official foreign affairs and trade activities. As a result, it is to be expected that the Foreign Affairs Ministry, the Foreign Trade Ministry, as well as Romanian embassies abroad will once again be staffed with undercover intelligence officers, with negative consequences for the country's image abroad. And indeed, a recent scandal involving forged passports issued by corrupt undercover officers at the Romanian embassy in Bonn could set back Romania's hopes of being exempted from EU visa requirements. Following the appointment of the new SIE director, and Mr Constantinescu's plea at the EU's London summit in March 1998 for an easing of EU visa requirements for Romanian citizens, German authorities accused Romanian consulate staff in Bonn of having accepting bribes from suspected Romanian criminals in return for forged passports. The widely publicised scandal revolved around a gang suspected of forcing Romanian orphans into pick-pocketing and street crime in German cities, under the control of some segments of the security service. As a result of this scandal, all the staff at the Romanian embassy in Bonn were changed, and a widespread inquiry into the activity of the Romanian consulates abroad was ordered and is now underway.<sup>132</sup>

While all these dismissals of officials were described by some independent newspapers as *"cosmetic"*, bearing in mind the extent of corruption and organized crime in Romanian society, institutionalised in parallel centres of economic and political power coordinated by former communists, the Constantinescu administration's new goals on national security received another blow as a result of recent revelations regarding unprecedented failures in the fight against corruption and organized crime not only in the country and in Romanian embassies, but within the armed forces and security services themselves.

This time, the new political-mafia-linked scandal erupted in the courtyard of President Constantinescu himself. On 25 April 1998 some segments of the press were anonymously informed about a secret transport of arms in exchange for smuggled cigarettes. The so-called "cigarette-smuggling affair" or "Otopeni-gate" was organized on 23/24 March from Otopeni military airport, with a Bulgarian-chartered (the Romanian ambassador in Bulgaria was Ioan Talpes, the former director of SIE) Ukrainian aeroplane, under the supervision of Col Trutulescu, deputy director of operation of the special Guard and Protection Service (SPP), the "praetorian" guard of President Constantinescu. When the plane returned to Otopeni military airport from Africa, via Athens, 3000 boxes of Atoss cigarettes were unloaded - under the discreet video-camera surveillance of the Romanian Intelligence Service (SRI) - and transported by SPP's masked officers under

Trutulescu's command to a safe deposit, after the guard at Constantinescu's summer palace in Scrovistea refused the entry of the three lorries transporting the cigarettes.

The Supreme National Defence Council (CSAT), a quasi-democratic body under direct presidential control, met on the same day in emergency session, and at the end of the meeting, President Constantinescu told the press that the "*cigarette-smuggling affair*" resulted from a "*trap*" set up by those "*responsible for the struggle against corruption*". Constantinescu also said the trap was a result of "*long investigations*" by SRI, and the Prosecutor-General's Office was now investigating several high-ranking officers in the security services and in the Army, who later were indeed arrested. Presidential advisers also were quick to deny that the "*leak*" to the press (obviously by SRI) had nothing to do with the well-known jealousy between SRI and SPP, and had no connection whatsoever with the same day's debate in parliament on a new law on SPP's tasks, including the demands of the "*praetorian guard*" to have direct access to telephone tapping and not through the SRI as before.<sup>133</sup>

However, in order to calm down the media and the revolt in the country, following new press allegations that this smuggling affair was the 22nd operation this year through Otopeni military airport, presidential adviser Zoe Petre pointed out in a press conference the next day that although the conspirators wanted to compromise President Constantinescu, he was not going to become involved in the inquiry into the affair. She also asked the Prosecutor-General's Office to launch criminal proceedings against Senator Corneliu Vadim Tudor in connection with his remarks presented in a letter addressed to several Euro-Atlantic organizations about the Otopeni affair. In this letter, Tudor claimed that Romania was led by "*mafia-style organizations*", and that the president, his son, and other officials were involved in the cigarette-smuggling affair and other organised criminal activities. Tudor also claimed that President Constantinescu had received a \$2 million bribe for his involvement in this and other affairs, and that the money would be used to finance his presidential campaign in the year 2000.<sup>134</sup>

Following this scandal, the arrest of some businessmen and medium-ranking officers, including the commander and deputy commander of Otopeni military airport, and the dismissal of SPP's director Gen Nicu Anghel, the president took the initiative. He asked the CSAT and the parliament to investigate all parallel security services created after 1990 within the political parties, including CV Tudor's ultra-nationalist party. After an emergency CSAT meeting on 8 May, it was revealed that smuggling activities in Romania in the past seven years had acquired such a scope that they could undermine the country's economy and jeopardize the state's security. CSAT also discussed on this occasion a report submitted by the SRI in which it was revealed that various private security firms are currently involved in intelligence gathering, surveillance, investigations, wiretapping, secret video-recording and debt collecting operations, by aggressive means and blackmail. CSAT considered that all these activities run counter to the law on national security, as former state intelligence officers were working for these firms, including former employees of Ceausescu's Securitate, as well as officers of the Ministry of Interior, SRI, SIE, the Ministry of Defence and the Guard and Protection Service.<sup>135</sup>

A few days later, after another emergency meeting of the Supreme Defence Council on 22 May 1998 chaired by President Constantinescu in which the consequences of the cigarette smuggling affair were again discussed, it was announced that the staff of the Service for Protection and Guard would be reduced by 25% under a new director, Gen. Anghel Andreescu. President Constantinescu also decided to dismantle the counter-intelligence service of the Interior Ministry, known as Military Unit 0215, because it *"included officers who were members of the former communist political service"*. The CSAT also noted that 22% of the staff of the Romanian Intelligence Service were employees of the former Securitate who are now engaged in *"strictly technical activities"*. The Foreign Intelligence Service is 41% composed of former Securitate employees who, according to the council, were not engaged in *"political police activities"* before 1989 - as if the Foreign Intelligence Department under Ceausescu was not a secret and militarized political service!<sup>136</sup> Once again, it should be pointed out that CSAT and the president missed another opportunity to make a distinction between the former communist regime's security services and the present ones, and to take urgent measures for their demilitarisation, in parallel with an increase of parliamentary control.

Nevertheless, the parliamentary commission in charge of overseeing the security services also analysed the activity of the internal and external secret services in connection with the cigarette-smuggling affair. Following reports from Costin Georgescu, SRI's director, and Gen. Cornel Grigoras, the director of the Counter-Intelligence Department of SIE - and a former deputy director of Ceausescu's counter-intelligence unit UM 0195, which before 1989 worked mainly against Western countries - the two secret services received *"white balls"* of good conduct. The same luck did not strike the two intelligence services within the Ministry of Defence, the Directorate of Military Intelligence and the Counter-Intelligence Department, which received *"black balls"*, and had their directors, Gen. Mihai Stan and Gen Ion Dohotaru, respectively, dismissed within days.<sup>137</sup>

However, for analysts of Romania's political scene it was evident that the "cigarette-smuggling affair" was a continuation of the secret special operations initiated in the 1970s and 1980s by segments of Ceausescu's foreign security services, to which Gen Grigoras, Gen Stan and Gen Dohotaru, for instance, belonged, called "AVS" or "special operations for hard currency". These operations, old and new, were meant to obtain hard currency, through mafia-style operations, including trade in special industrial products, arms, drugs and even prostitution. But this time, the money obtained in these kinds of operations were obviously directed not towards Ceausescu's secret funds, but into the personal accounts of the persons involved, and who are now part of Romania's parallel centres of political and economic power which are not interested in the implementation of structural reforms in the country.

It is thus clear that the military and security forces in Romania are still far from meeting the NATO enlargement criteria. The lack of political will to open up Securitate files, and the on-going corruption scandals in the context of the repressive role played by elements in the Army and secret services in the 1989 popular revolt against tyranny and communism proved to be a "Pandora's box" not

only for these organisation, but also for the new Romanian administration. This is because as long as the truth about what happened during the so-called "Romanian revolution" remains hidden by a cover-up operation, and as long as the military and security establishment in Romania remains in the hands of the old communist-securist guard, Romania's image and democratic credentials abroad will continue to suffer, together with the country's hopes for European and NATO integration.

### **Military reform**

But the problem with the Romanian Army and security services was not only the elite's inability to come clean with their old or more recent past. An even bigger problem was the post-communist governments' inability to change the mentality of officers and conscripts, to explain the role of armed forces and security services in a democracy to people who had suffered from state organs (including armed forces and security services) for decades, and to debate the obstacles to the establishment of a democratic, parliamentary and civil control of these forces. Therefore, objective analyses, some of them in the independent mass-media in Romania, show that in spite of some efforts in the last couple of years to modernize and reform the Romanian Army, its present situation is far from satisfactory.

Although the implementation of a coherent policy on national security is a necessary condition for Romania's accession to NATO, so far not fully achieved, the reform of the armed forces was also necessary. This complex task should be separated into three very distinct, though interrelated, areas: democratic control, civil-military relations, and defence reform. And bearing in mind the Romanian armed forces' inheritance, to replace the highly questionable control of the Communist Party over the military, and to change the mentality of an army still haunted by its role in the repression of demonstrators in December 1989, a true democratic, civilian and parliamentary control has to be introduced. Such a control - in both meanings of the word: oversight, in the "Eastern" sense of the word, and direction, in the "Western" sense - requires civil servants, parliamentarians, journalists, academics who are capable of discussing security and defence matters.

This is because it makes no sense to charge a defence and a budget committee to give their opinion on the draft budget if they do not know whether security will be improved more by one hundred highly expensive and sophisticated Cobra attack helicopters, for instance, or by the purchase of several thousand cheap Kalashnikovs. Therefore, to achieve a true democratic control of the armed forces, reform must concentrate on the transfer of security and defence expertise to those groups and government officials which are to exercise the direction and oversight. The promulgation of legal provisions, the establishment of training instruments and the process of "learning by doing" will bear fruit and are not too difficult to implement.

Given Romania's budgetary constraints, the first post-Cold War Romanian government divided the Army's reform process into two distinct phases. The first phase took place between 1990 and 1992, and focused on the theoretical underpinnings of specific reform measures. The second phase on military reform (1993-1996) resulted in the transfer of the border guards to the Interior Ministry,

the creation of Territorial Forces, tasked to secure specific territorial objectives; the disbandment of the old counter-intelligence service and of patriotic guard forces; the reorganization of the Academy for High Military Studies, the Military Technical Academy and the "Mircea the Old" Naval Academy; the reopening of the Military Medical Institute; and the change of status of the officers' military schools to senior education institutions. The bulk of the second phase, however, concerned the armed forces' reorganization, their increased mobility and responsiveness to emergencies, and their modernization. The new command structure consists of the minister of national defence assisted by the chief of the General Staff (who is appointed by the president at the proposal of the minister), as well as by two secretaries of state (one civilian, responsible for policy analysis and international relations, information and public relation, military education and culture, and the other one, a military man, responsible for logistics, medical assistance, investment and construction) and an armed forces' inspector general.

The Chief of the General Staff exercises command of all operational units with the help of the Army Staff, the Air and Air Defence Staff, and the Navy Staff. The army has undergone the process of reducing its combined arms armies from four to three, while divisions and regiments were transformed into corps and brigades, with the brigade and battalion forming the army's main combat elements. The territorial forces were subordinated to operational echelons while the Air Force and Air Defence were amalgamated into one service, with the units restructured. The modernization of the Air Force was of great importance for the Romanian government after more than 20 Mig-21 and Mig-23 fighters were lost in training in 1995. The Defence Commission reported in 1995 on the terrible state of the service: only 15% of combat aircraft could be equipped with anti-tank missiles; 45% were more than 20 years old, half the air-to-air missiles were obsolete, and the force had no modern air-to-surface missiles or any guided bombs. The navy, however, was very little affected, retaining its Naval Fleet and Danube Fleet structures and missions. Following the second stage of reform, the Romanian armed forces totalled, according to Military Balance 1997-98 at the end of 1995 some 10% of the population, or 225,000 troops, including 125,000 conscripts, a reduction of only 35,000 troops since the end of the Cold War.

Nevertheless, from the very beginning, Romania considered Partnership for Peace an important step towards NATO membership and full European integration. For this reason Romania was the first nation to enter the programme and the second to sign the PFP Framework Document, on 26 January 1994. After NATO accepted Romania's Individual Partnership Programme (IPP) on 14 September 1995, which officially signalled Romania's involvement in and contribution to PFP, Romania established its Partnership Liaison Office, manned by two officers, in the Partnership Coordination Cell at Mons, Belgium.

After years of neglect of its air forces, the Romanian Army's priority became the reorganization of its air defence infrastructure and operational procedures, language training for officers, and guidance in air defence and interoperability issues. Romanian military installations, units and equipment began also to be modernized in order to support NATO's peacekeeping activities. These included one peacekeeping battalion, one underwater demolition team, air traffic services, two

offshore mine-sweepers, one river mine-sweeper, one tender ship and one transport vessel for combat equipment and tugboats.<sup>138</sup>

Since January 1994 Romania has been one of PFP's most active members, participating in virtually every PFP activity. Indeed, during 1994, Romanian armed forces took part in over 80 peacekeeping exercises together with NATO and other PFP countries in Romania and abroad. During 1995 Romania spent some \$22m for its participation in over 200 military cooperation activities, including talks, workshops, seminars, tours, exchange visits, meetings, training courses and exercises. Also in 1995 Romania began its financial effort to obtain military equipment required to meet interoperability standards with NATO nations, mainly in communications, air traffic management and logistics. During 1996 some 35 Romanian military officers attended NATO training courses in Oberammergau, Germany and Rome, Italy, while over 49 Romanian officers attended peacekeeping-related courses in a variety of partner nations.

In parallel with military training with NATO countries, Romania began the modernisation of its military equipment by contracting for important technological products from NATO and elsewhere. For instance, a successful modernisation program of the Romanian aviation fleet of MIG-21 and Mig-23 in cooperation with a specialised company from Israel was initiated and is now underway. Some steps were also taken to adapt the army's infrastructure and communication systems to NATO equipments. In May 1996, a credit agreement was signed in Bucharest with Citybank to finance the delivery of five Lockheed Martin 3-D radars. These were intended to contribute to the creation of a military and civilian security space and to allow interoperability with NATO and Central European countries.<sup>139</sup>

In the meantime, the Navy managed to purchase seven INMARSAT satellite communication systems of the Saturn-B 24 GPS class for its combat vessels in order to establish their geographic position by satellite means and 50 Motorola Navy-type mobile phones. The Army was also involved in technological cooperation with NATO countries, the most important being with Turkey for a new type of armoured amphibious carrier for infantry units, named RN-94 APC. Its prototype, produced in Romania, was tested over six months and they are evaluating now the number of sales to be expected in the two countries and in other NATO countries.<sup>140</sup>

After the November 1996 elections, and after the new Constantinescu administration came to power, a "thorough review" of the armed forces was undertaken. The parliamentary commission for defence, public order and national security assessed at the beginning of 1997 the situation in the Romanian Army as positive, and analysed with the new Chief of General Staff, General Constantin Degeratu, and with chief of the Department for the Army Procurement and Logistics, Division General Dan Zaharia, Romania's chances of admission to NATO in the first wave of enlargement, the implementation of Army interoperability with NATO structures, army equipment projects, orders for products for the defence industry and the modification of the combat technology. It was confirmed on this occasion that military service would remain at 12 months in the army and air force, and 18 months in the navy, while the armed forces totalled 210,000 at the end of 1996, including some 100,000 conscripts.

Drawing the conclusion of the assessment, Ioan Mircea Pascu, president of the commission and Parliamentary deputy of the former ruling Party of Social Democracy, said that the procedures for the approval of projects for the modernization of military technology would be changed and that the 1997 defence budget would be 3% of GDP. It was also decided that in the first stage of a new Defence Ministry restructuring strategy the number in the Romanian Army was to be reduced by 20,000 by the end of 2000, and in a second stage, by another 20,000 by 2005. The project was to be discussed by the Supreme Council of National Defence by the end of 1998.<sup>141</sup>

Meanwhile, in an extensive interview in the press, the new Defence Minister Victor Babiuc announced that in accordance with the approval of Romania's Supreme Defence Council, the Ministry of National Defence would establish on 1st March 1997 a rapid reaction force to participate in fulfilling of strategic objectives of national defence and in humanitarian actions. The rapid reaction force was also intended to be used together with the forces of NATO's member states and partners to prevent conflicts, in the management of crises and in international missions for peacekeeping. The rapid reaction force would be made up of large mechanized units, characterized by modern structures at NATO standards, with a high mobility, able to integrate with multinational groups. The establishment of the rapid reaction force would take place in stages over three years. In the first stage, a unit of some 5,000 soldiers became operational in the last quarter of 1997.<sup>142</sup>

But because of economic hardship the Minister of Finance, Mircea Ciumara, decided to allocate only 720 million dollars (2.2% of GDP) for defence in 1997. The crash in civilian-military relations became apparent when the decision was criticized by the Chief of the General Staff, Gen Constantin Degeratu, who said that the minimum amount required to continue preparations for NATO integration, and to gain NATO credibility, was 980 million dollars (some 3% of GDP). At the same time, the Romanian Defence Minister, Victor Babiuc, announced the beginning of reform in the military-industrial complex, by deciding to change public corporations and construction sectors subordinate to the defence ministry into commercial companies for privatization.<sup>143</sup>

Irrespective of lack of funds, the new leadership at the helm of the Defence Ministry continued to be preoccupied by the necessity to modernise the army to NATO standards, and invited to Bucharest the German company Krauss-Maffei specializing in defence production. The German company presented three projects to modernize the Romanian tank TR-125, and the experts of the army procurement and logistics department, together with Krauss-Maffei specialists, announced that the new tank, probably to be named TR-2000, would have characteristics similar to the TR-125 and Leopard 2 tanks, but that the performance of the TR-2000 was expected to be much better. The final decision regarding the Romanian government's option was given quite quickly. Mass production of the new tank in Romania with the help of the German partner is expected to begin in the year 2000, although there are still financing problems to be solved.<sup>144</sup>

In the meantime, by the end of May 1997, another important defence deal was struck. Bell Helicopters Textron of the USA concluded an agreement to acquire 70%

of the stake in the Brasov-based IAR aircraft factory, worth over a billion dollars. The agreement required approval by the US State Department, as would involve the transfer of sensitive military technology. According to the contract, Bell Helicopters will supply 96 Cobra-type helicopters to the Romanian Ministry of Defence between 1999 and 2005. Constantin Dudu Ionescu, the civilian minister of state at the defence ministry, stated that the programme to purchase Cobra helicopters would go ahead whether or not Romania was excluded from the first round of NATO enlargement. It has also been reported that the deal would be financed by Merrill Lynch. Cobra helicopters are advanced attack helicopters used by the US Marine Corps, and will help the Romanian army to meet equipment standards required for eventual membership of NATO. Engines for the helicopters are to be produced under licence from the General Electric Company (GEC) consortium at the Turbomechanica plant in Bucharest, and the avionics will be supplied by Elbit of Israel.<sup>145</sup>

But following Romania's failure to be invited in the first wave of NATO enlargement the defence budget was reduced, in August 1997, by 750 bn lei (some US\$ 100 million), a decision that would negatively affect a range of the Romanian Defence Ministry's objectives. The Minister of Defence, Victor Babiuc, warned that the defence cuts, introduced as part of the attempt to meet budget deficit targets imposed by the IMF, could prevent Romania from fulfilling the international obligations needed to keep it in contention for the second round of NATO enlargement. Mr Babiuc argued that the cuts represented a reduction of the Defence Ministry's budget from 2.68% to 2.36% of GNP, and considered that the Army's restructuring programme and investment in modern technology, including the contract with Bell Helicopters for producing attack helicopters in Romania, were under threat. He also announced that the reduction of the military budget would require a 40% cut in army procurement, leaving the country unable to honour existing purchase contracts. This would make it difficult to ensure equipment compatibility with NATO requirements before 1999, when Romania's suitability for NATO entry will be reassessed. The cuts determined the government to take the decision to withdraw the Romanian humanitarian unit in Angola, to recall the peacekeeping force from Albania and to reorganize the Romanian battalion in Bosnia-Herzegovina.<sup>146</sup>

Under pressure from the military establishment, President Constantinescu recommended, during an extraordinary meeting of the Supreme Defence Council of the Country in September 1997, an increase in funds for the Defence Ministry and the Ministry of Interior, in order to cover *"the costs of soldiers' food and equipment, winter supply, and staff and recruits' training"*. Defence Minister Victor Babiuc said after the meeting that the Army would receive a supplementary budget of some 250 bn lei (some US\$ 30 million). The Finance Minister also announced that his minister was still waiting for an offer of US\$ 1.5bn from foreign investors, to implement the Defence Ministry's contract with Bell Helicopters. If such an offer from the private sector did not materialize, Romania would be forced to withdraw from the contract because the IMF was against Romania's armament programme and would not allow an increase in the country's debt limit.<sup>147</sup>

Thus, the present Romanian defence budget cannot fund military modernization

significantly and the operative word in the army is "maintenance" rather than "replacement". But as the Romanian army has achieved some structural stability in 1997, it is hoped that more money, including from arms sales - hopefully not from mafia-style operations - will be directed towards modernization and improved training programmes.

The lower defence spending target announced in August 1997 also forced a more rapid reduction in personnel working in the defence industry. Indeed, Nicolae Staiculeascu, secretary of state in the Industry and Commerce Ministry, announced that as many as 7,000 people would be sacked because of the restructuring process in the national military corporation, ARMIL. He said that a new national military company ARMITEC would be established, covering 15 commercial subsidiary companies and one independent company.<sup>148</sup>

But however many important objectives were reached by Romania in reforming and modernizing its armed forces in the span of only a couple of years, the country's defence industry is far from being restructured, as result of a lack of political will to implement the strategies approved, and a lack of funds to revive the quite extensive capacities of Romania's military industrial complex. At the same time, discontent is loudly heard within the ranks and in political circles. The High Command is often considered to be still connected with the old guard, and slow to adapt to the newly established democratic principles. The armed forces are badly equipped and demoralized. The new peacekeeping duties have attracted a certain number of volunteers, but they are unlikely to revitalize the bulk of the forces, which comprise mostly uneducated and badly-trained conscripts, prone to all kinds of accidents. In only one accident in 1997, for instance, 15 military personnel died at a military airfield in Craiova, southern Romania, when "*an experimental bomb*" produced in the country exploded while being loaded into a plane. A Defence Ministry statement said that the explosion caused a chain reaction and detonated other bombs in the YAR-93 aircraft.<sup>149</sup>

The constant reduction in military funds had also a serious negative socio-moral impact on the Romanian Army's staff, whose standard of living has decreased considerably in the last years. According to some press reports, the officers blame Romania's participation in PFP programmes for the present situation. As a result, the Defence Ministry is under pressure to find a solution sooner rather than later, especially in housing the young officers. And while solutions are still awaited, the government adopted an emergency ordinance regarding social protection for some 12,700 officers and civilian staff who are going to be made redundant in 1998 as a result of restructuring in the Defence Ministry.<sup>150</sup>

As expected, in these circumstances it was the nationalist political parties which obtained the necessary ammunition to attack. A statement signed by the Romanian National Unity Party (PUNR) chairman, Valeriu Tabara, said that the administration's decision to make army personnel redundant "*does nothing but destroy the Romanian Army and harms the national defence system*". The statement also pointed out the PUNR belief that the measures the executive had taken in the national defence sector brought "*almost complete dismantling*" of Romania's military industry and undermined the Romanian Army's "*defence abilities*".<sup>151</sup>

From all these examples it is apparent that progress is being made in Romania in creating the right environment for a healthy relationship between civil and military society. Issues such as the welfare and quality of life of officers and conscripts are beginning to be addressed, although lack of funds, an over-manned army, and postponement of radical reforms are going to create problems in the future. As the Army's popularity is one of the highest in East Central Europe, there may still be a degree of reluctance to accept that the Army's past and present popularity may not necessarily be taken for granted in the future.

The relationship between the media and the military is developing, although the shortage of serious defence commentators, and the lack of an independent military press which is not self-congratulating and uncritical, as is now the case with "*Observatorul Militar*" - the main newspaper of the Army - but open to debate and to challenge the many problems within the military, is a great disadvantage. Therefore, it is critically important for the specialised Romanian press to uncover the deficiencies which need to be addressed in order to further the country's chances in NATO and any external comments in this area must be welcomed. There is also a need for more effort to inform the public about NATO. Although NATO is popular in Romania, the uninformed population is vulnerable to sudden changes in opinion under nationalist parties' manipulation. Progress is, however, being made in educational fields both internally and jointly with other interested parties which is providing good training for the officer corps, parliamentarians and journalists. But even in this area more should be done, as large-scale retraining of officers on Western lines, including English-language training in Romania would be better and cheaper than sending officers abroad.

But the main problem apart from lack of funds and delayed reform, remains the democratic control of the military, paramilitary and internal security forces, as well as of intelligence services and the police, which still represent an element of instability and insecurity. Although the Romanian Defence Ministry has asked for help in this field from the British MOD, it will take a long time to achieve full democratic control of the military, given the Romanian Army's inheritance and the well-known postulate that the armed forces always lag behind economic reform. As long as the implementation of the existing legal provisions are postponed, and as long as the armed forces, the security and intelligence services do not have clearly defined roles and missions, and do not act only within the constitutional framework, the hopes of the Romanian people to be accepted into NATO and the EU will have to be put on hold.

That is why, given the problems regarding the democratic control of the military, and in spite of obvious positive intentions, it is too early to assess the effectiveness of this process because, to date, the Romanian government - in marked contrast to the rest of Central Europe - has exerted relatively little pressure on the military to cut its force structure. As a result, when Romania finally implements the necessary economic reform and cuts Romania's forces as severely as the armed forces have been in Central Europe - to roughly 50% of the 1990 force levels - significant civilian-military friction will develop. An assessment of the capability of Romanian civilian control over the military will have to wait until then.

However, it is an undeniable truth that the active participation of Romanian troops in the PFP programme as well as in Bosnia and Albania were very successful, and as a result, very well received by NATO. It is also true that Romania's military diplomacy has been very active in developing good relations with all the neighbouring armed forces, and in strengthening military cooperation with NATO countries, especially with the USA within the strategic partnership, and with the UK within special programmes for implementation of democratic control of the armed forces.

### **International military relations**

Romania's international military relations and diplomacy are based on the country's relevance to Southeastern Europe, although more recently it has been portraying itself as a Central European country rather than a Balkan one. It is true that in geographical and geopolitical terms Romania is not a Balkan country but a Central European one. However, its traditions, religion, interests, influence and responsibilities are linked with Southeastern Europe, and this country could easily be considered a connecting point between Central Europe, the Balkans and Middle East. Romania's strategic significance results both from the fact that it is the largest country in the region in population, territory and military potential, as well as from its "hub" position. Consequently, Romania's position at the crossroads of geographic axes of strategic importance could be a great asset to NATO, and its balanced and responsible policy towards all the neighbouring states has been praised by the Alliance on many occasions.

Nevertheless, because of its geopolitical importance, following the Madrid summit, Romania was acknowledged as a *"leading candidate"* for the next phase of NATO expansion, *"if the country remains on the course of reform, democratisation and market economy"*. This appreciation should be assessed as a result of Romania's relevance for strengthening NATO's Southern Flank, taking into consideration the potential for political instability in the region, including the situation on the Kosovo-Albanian border and in the former Yugoslav area, the rise of Islamic fundamentalism, and possible conflicts due to the Kurdish issue. An important role in this positive assessment was due, nevertheless, to Romania's military diplomacy and public relations, which has been reassuringly mature in the last couple of years, and successful in raising Romania's status in Europe.

More than that, as recently as April 1998, during a visit to Bucharest, the NATO Secretary-General Javier Solana praised Romania's positive role in supporting a peaceful solution to the crisis in former Yugoslavia and played down the importance of the domestic political crisis for long-term progress in reform. On the same occasion, Foreign Minister Andrei Plesu, and Defence Minister Victor Babiuc confirmed that the new Romanian government of Premier Radu Vasile would reinforce political and diplomatic efforts to speed up reform in the country, as well as NATO and EU accession processes.

As a consequence of Romania's relevance for American interests in the region, and as a compensation for not being invited to the first round of enlargement, the Clinton administration was quick to react after Madrid by extending to the Romanian government the possibility of developing a Romanian-American strategic

partnership. As expected, the idea was very well received by Bucharest which considered this privileged relationship as *"the recognition of Romania's pivotal role for Central and South Eastern Europe, the Black Sea area and the neighbouring regions"*. According to the former Romanian Foreign Minister, Adrian Severin, the Romanian-American strategic partnership is also based on *"our common commitment to the values and institutions of democracy, to the objectives of security, stability, democratic and economic development in the Central and South-East European region"*.<sup>152</sup>

Although there is a suspicion that the US interest in Romania is short-lived and is mainly based on possible lucrative defence contracts in helicopters, avionics and telecommunications, the USA-Romania strategic partnership could have an important impact for Romania in several directions, including military interoperability with NATO but also a more democratic approach to the restructuring of Romania's military and security establishments. However, it should be pointed out that in the last couple of years the US has made a great effort to develop its policy in Romania, while the new Constantinescu administration is considering its military relations with Washington as being more important than having France as an ally for getting into NATO structures.

Nevertheless, the American-Romanian strategic partnership is focused on coordination, consultation and concerted actions in political, military, security, economic, human and other spheres of activity. It is important, however, to note that Romania's military diplomacy changed its tactics, after the Madrid summit and advice from the West regarding the issue of NATO enlargement, by taking it away from the public eye. It is also important that the new administration in Bucharest understands the US-Romanian strategic partnership not as a substitute for NATO membership, and not as a form of financial, economic or military assistance. It is now understood, and confirmed once again during President Constantinescu's visit to Washington at the beginning of June 1998, as a form of help in making Romania a stronger candidate for future NATO membership, in transforming its armed forces to become compatible and interoperable with those of the Alliance. It is, therefore, up to the Constantinescu administration to implement the too-long postponed structural democratic reform in the country, and especially in the military establishment, if Romania really wants to be part of modern West European civilisation.

After the Madrid summit, however, Southeastern Europe became even more convincingly Romanian military diplomacy's first area of interest, while strengthening the bilateral and multilateral relations in the region was promoted as a strategic priority. Indeed, Romania's military relations with Bulgaria, the country with whom Romania has the longest border and common interests on the Danube and the Black Sea, continued to develop. During the visit to Bucharest in January 1998 of the Bulgarian Defence Minister, Georgi Ananiev, at the invitation of his Romanian counterpart, Victor Babiuc, it was decided that the two armies would exchange delegations at all levels, in a more permanent way, to increase their cooperation in military topography and transport, air defence and the air forces, and to take steps for mutual safeguarding of classified information. The two ministers also agreed on setting up a multinational peacekeeping unit in the Balkans, to which other countries in the region would be invited to join.<sup>153</sup>

Thanks to Romania's military diplomacy, there are also very good traditional relations with both Greece and Turkey, and recent initiatives to create trilateral cooperation agreements on fighting illegal immigration, organised crime, drug trafficking and laundering money, with Bulgaria and Greece on the one hand, and Bulgaria and Turkey on the other, could enhance Bucharest's mediation capability in the region, and reinforce the Southern Flank of NATO.

As Romania's participation in three peacekeeping operations in the region, in Bosnia and Albania, were highly appreciated by NATO; American officials encouraged the creation of a multinational peacekeeping force in Southern Europe (MPF), an initiative dear to Romania's military diplomacy. Unfortunately for Romania, recent political and economic instability in the country have determined NATO to be more reluctant in establishing the headquarters of MPF - which also includes Bulgaria, Greece, Albania, and Turkey - at Constanta, on the Romanian coast of the Black Sea. And if the multinational peacekeeping force's HQ is instead established at Plovdiv in Bulgaria, as Turkey is insisting, that could be a sign that Bulgaria, in light of its successful radical democratic reform undergone in the last year, is considered by NATO a better candidate than Romania for Alliance membership in the second round of enlargement.

Another very important strategic area of interest is the Black Sea region. Here, military diplomacy has been going hand in hand with political diplomacy in order to safeguard Turkey's support for NATO membership, and to secure economic responsibility in the new oil transport routes from Transcaucasia to the West. Indeed, Romanian Defence Minister Victor Babiuc announced in December 1997, after discussions with his Turkish counterpart, that not only would Turkey continue to support Romania's candidacy to NATO, but also that the Turkish government was interested in exchanging F-16 planes from Turkey for Cobra helicopters, to be built in Romania as well as the modernised Romanian tank which will be built with the German company Krauss-Maffei, and the armoured personnel carrier developed with the help of Turkish specialists.<sup>154</sup>

Meanwhile, based on Romania's strategic interest of becoming part of the new link to the important energy resources and emerging markets of the Caspian Sea and Central Asia, the new government of Premier Radu Vasile seems to be committed to the continuation of a policy taken up after the November 1996 elections of paying special attention to the Black Sea area. Support for Romania's bid to become a full member of NATO was reinforced as recently as the end of May 1998 by the Turkish Premier Mesut Yilmaz, during Vasile's visit to Istanbul, where he took part in the international meeting on energy in the Black Sea-Caspian Sea region. During the same occasion, Bucharest's desire to become a key player in the Black Sea area was also boosted when the Turkish President, Suleyman Demirel, acknowledged in Istanbul that *"the Turkish straits can no longer be regarded as an economic, stable and secure energy transport route between Central Asia and the West"*, and added that *"it was essential to find a safe and economically rational alternative route through Romania and Bulgaria because the straits faced great dangers in terms of environmental pollution and security with the expected increase in the volume of shipping"*.<sup>155</sup>

Romania's military relations with the Republic of Moldova and Ukraine can also be seen as reinforcing its position in the Black Sea region. In spite of the fact that political relations between Romania and Moldova are marked by difficulty in finalising their bilateral cooperation treaty, military relations are considered to be positive by the two countries. During his visit to Bucharest in July 1997, Victor Pasat, Republic of Moldova's Defence Minister, signed with his Romanian counterpart, Victor Babiuc, a protocol of cooperation on military transport, an agreement for the setting-up of a Romanian-Republic of Moldova peacekeeping force, and another agreement which will allow 22 officers from the Republic of Moldova to study in Romania. The two countries are also developing "Euro-regions" in the area, which are forms of bilateral and trilateral cooperation - together with Ukraine - in both economic matters linked with other Black Sea countries, and military-security issues on organised crime, drug trafficking and illegal immigration.<sup>156</sup>

Based on the principle of mutual support for NATO integration, Romania has initiated the establishment of a Romanian-Poland-Ukrainian common military unit to be used as an intervention force in international peace operations. Besides the proposed joint force, other pragmatic military projects are under discussion with Ukraine, as a means of institutional cooperation in order to face the new risks and challenges in the region. Seen as a valuable approach to "anchor" Ukraine to the virtual space of Euro-Atlantic democracy and market economy, these military projects could have an important impact on the security and stability of Eastern Europe.

But among its neighbours, Romania's most important military relations are not surprisingly, with Hungary. After the fall of communism it was assessed that Bucharest's military relations with Budapest were much better than the two countries' political relations. This situation continues to this day, although a bilateral political treaty was finally concluded in 1996, and presidential visits were exchanged during 1997. The situation remains the same even in the light of the new Hungarian Premier Viktor Orban's pre-electoral declarations concerning the necessity to re-negotiate the bilateral treaty with Romania, which has once again inflamed the tensions between the ethnic Hungarian minority in Transylvania and the majority of the Romanian population.

But irrespective of the real content of their political relations, it is important to point out that between the Romanian and the Hungarian armies there are very strong cooperation links. In 1997 alone some 89 joint military activities were organized, of which 44 took place in Romania and 45 in Hungary. Indeed, Gyoergy Keleti, the Hungarian Defence Minister assessed, during one of his many visits to Romania in 1997, that Hungarian-Romanian military relations are "*excellent*" and dismissed allegations published in some nationalist Romanian press that Hungary is against Romania's integration into NATO. During the visit, Keleti laid wreaths at a Hungarian memorial, and to the surprise of many Romanian politicians, at the memorial of World War II Romanian heroes.<sup>157</sup>

Moreover, Romanian Defence Minister Victor Babiuc and his Hungarian counterpart, Gyoergy Keleti, signed a military agreement in December 1997 in

Oradea, western Romania, which provided for transporting troops and military equipment across their two countries and regulated the responsibilities of the armies in case of conflict or natural disasters. They also pledged to sign further agreements on air defence and on exchanging military archives. On this occasion, the two ministers decided to postpone the setting up of a Romanian-Hungarian peace-keeping battalion until spring 1998. And indeed, during Victor Babiuc's visit to Budapest in March, the two defence ministers signed an agreement for a joint peacekeeping force stationed in Arad, western Romania, close to the Hungarian border, in which each side will provide 500 troops. The joint battalion with alternating command will become operational by the end of the year, and the language of communication will be English in order to develop the troops' compatibility with NATO standards.<sup>158</sup>

In spite of its regional successes, Romanian military diplomacy has not been able to solve a priority problem: the Russian Federation's approval for Romania's accession to NATO. Indeed, Russian diplomacy is making a great effort to dissuade Romania from becoming a member, and the postponement of the conclusion of a Romanian-Russian Federation political treaty could be interpreted as a method of forcing Bucharest to think again before signing any membership agreement with the Alliance. However, Romania believes that the best way to obtain Russia's cooperation for its accession to NATO is to become a full member of NATO as soon as possible, and to force Russia to accept the situation, as its former masters' present political disarray cannot halt the enlargement process.

## **POSSIBLE SCENARIOS OF ROMANIA'S SECURITY RISKS**

According to its military doctrine, Romania defends and observes the norms and principles of international law in its pursuit of national security and its relations with other countries. As Romania considers that it has no declared enemies and, for this reason, is not going to join in wars outside its borders, the government will act primarily by political, diplomatic, economic and cultural means to promote its own security interests. The military option will constitute, according to the doctrine, a method of last resort and will be used only for the purpose of defending the country against aggression.

Military service is compulsory for men over 20 years of age, except where stipulated by law. Conscripts serve for one year in the Army and Air Force, and 18 months in the Navy. Troop training is focused primarily on developing skills for combat operations and consists of 4 months of "basic training" and 8 months of training in the soldier's assigned unit. A long-term and very important objective of the armed forces is that of achieving a fully-professional force. For the time being, Armed Forces training is designed to meet interoperability requirements with developed countries' forces, especially with NATO and Western European Union states.

While Romania does not recognise at present any direct threat to its security, the country must take into consideration its internal instabilities as well as its historic legacy which could, at least theoretically, develop into dangers to national security

if not carefully monitored and controlled. And while the internal situation is far from stable, in order to manage its potential external threats, Romania has initiated and concluded political and military cooperation treaties with Hungary, Ukraine and Moldova, among other bilateral and trilateral cooperation agreements with the neighbouring countries in the region. These cooperation treaties are even more important for Romania if she is not going to be accepted as a full member of the Alliance in the second wave of enlargement, and remains doomed to languish for years in a buffer zone between Russia and NATO, and on a fault line between two civilisations. And as the global politics are being reconfigured these days along cultural lines, Romania should be aware of Professor Huntington's views that *"...people and countries with similar cultures are coming together. People and countries with different cultures are coming apart. Alignments defined by ideology and superpower relations are giving way to alignments defined by culture and civilization. Political boundaries increasingly are redrawn to coincide with cultural ones: ethnic, religious, and civilizational. Cultural communities are replacing Cold War blocs, and the fault lines between civilizations are becoming the central lines of conflict in global politics".*<sup>159</sup>

But what are Romania's possible future options on the new fault line of civilisation in Europe, and in view of a probable exacerbation of its present internal threats as a result of the on-going domestic political and economic instability? And what foreseeable external risks could Romania encounter if she is not be accepted into NATO in the second round of enlargement, which is expected to take place, if ever, after a full reassessment of the organisation - in order to accommodate the three new Central European countries already accepted at the 1999 Washington NATO summit? And what is going to happen in Romania if there is no second wave at all, since Moscow is still reluctant to accept the first one, and consequently will use all means to block further NATO expansion?

### **Romania's options due to possible internal developments**

First of all, the most positive scenario for Romania will obviously be its **Europeanization** or, in other words, its acceptance to the European family of civilised countries, members of NATO and the European Union. Although, in general terms, Romania is on the right track to the process of Europeanization, especially after the 1996 November elections, there are still many problems to be solved before the country can meet the terms and conditions for integration into both NATO and the EU. Indeed, for Romania to be confident that by 2002 she will be a full member of NATO and by 2005 to be accepted into the EU, the political elite in Bucharest must end their disputes within the coalition government, and very rapidly must take steps for implementation of the agreed structural and democratic reform programme in the economy and administration, in the judicial system and in the armed and security forces. If the present momentum is lost once again, Romania is in real danger of not only remaining outside the European project well beyond 2010, of being faced with new internal and external threats even against its own sovereignty. This is why Romania is now at an historic crossroads: either the government transforms very soon its words into deeds, and we witness Romania's Europeanization process, or the present regime will continue to be unable to change the country in a radical manner, and we will see a return to post-communism, and

more turmoil not only in the country, but in the region as well.

If Romania lacks the political will to change the system, there are at least three possible domestic scenarios which could be used to assess the country's future:

#### **a) Socio-economic bankruptcy and return to post-communism**

Given Romania's present economic problems, there is more than a theoretical possibility that the country could collapse economically. For the moment, the new government of Premier Radu Vasile is trying very hard to avoid an economic blockage of the economy, a situation in which, due to the lack of production and revenues, the majority of the state owned enterprises are finding it impossible to pay back salaries and expenses, like electricity, gas, raw materials, etc. As this phenomenon has become a vicious circle which affects the whole economy, solutions for redressing the situation are difficult to find in the context of growing political unwillingness for radical privatisation and a free market economy.

After Radu Vasile came to the helm of the new government at the end of April 1998, and understood first hand the state of the economy he said that he was ready to change the name of Victoria Square, the place where the government has its headquarters, to the name of any person in the world able to redress the Romanian economy.<sup>160</sup> But to recognise the problem is only part of the solution, and the present situation in Romania could very well deteriorate as a result of both political instability within the coalition government, and of social-economic bankruptcy in the country.

And if the economic situation becomes worse, we could witness a new struggle for power followed by early elections in the spring of 1999, and the return of the former communists to the government in a coalition with the nationalist parties, which have gained in popularity in the last couple of years. This will demonstrate that, for the time being, democracy is not irreversible in Romania, as the social-economic and political turmoil could determine a complete return to authoritarianism, a situation which would obviously reduce Romania's chances for Europeanization, and would increase the country's instability, as well as the risks and dangers to its national security.

#### **b) Political instability and the monarchy**

By accepting the Victor Ciorbea government's resignation and by appointing Radu Vasile as the new Prime Minister, President Constantinescu managed to avoid a split in the coalition government and a real political crisis in the country. But after the first few weeks of the new government, it became apparent that the coalition was as divided as before on the main aspects of Romania's problems regarding the implementation of radical structural reforms in the country. Therefore, there is a strong possibility that more political instability could be expected in Romania, associated with social unrest and even with a new mass-revolt, as an attempt to carry through the unfinished revolution of December 1989.

In these conditions, a return to monarchy in Romania is not only a theoretical

option, bearing in mind the pro-monarchy views of many politicians in the ruling political party, PNTCD, as well as of President Constantinescu. And if the president and influential members of the ruling party asked ex-King Mihai to return to Bucharest as a monarch, this initiative should not be treated as a surprise, because a similar situation has happened before in Romania's history. Indeed, in 1877, after the 1859 unification of Moldova with Wallachia, the political elite in the then Romania realised that it was not able to govern the country, and decided to change the constitution to a monarchy and to invite a foreign monarch, Carol of Hohenzollern, to be their king. Obviously, the situation is different nowadays, but it is true that, on the one hand, the present political elite is unable to govern the country, and on the other, as many as 30% of the population are still pro-monarchy despite over 50 years of communism and post-communism's attacks against King Mihai and the monarchy. Whether a monarchy would solve all their problems is another matter.

### **c) Authoritarian regime and the military**

If the political instability and economic bankruptcy in Romania deteriorate to such an extent that early elections need to be organised in the spring of 1999, it is a real possibility that following these elections, a more authoritarian rule, linked with the nationalist parties, the existing parallel centres of political and economic power, and the old guard in the military and security establishment, will be instituted in the country. As the authoritarian inter-war rule of Marshal Ion Antonescu is still present in many nationalists' memories and publications, the emergence of a new military figure, able to take the power in Romania in order to suppress possible new street demonstrations, and to preserve the country's "sovereignty and independence", is not an option that should be ruled out completely.

This scenario could also take place in conjunction with a case in which Romania would be threatened by external dangers, either in Transylvania or on the Moldovan-Ukrainian border. In such a case military rule could force the redrawing of Romania's borders, as happened under Marshal Antonescu at the beginning of the Second World War, when Bessarabia and Bukovina were incorporated into a Greater Romania, following the success of German-Romanian offensive against Soviet Union on the eastern front. Although this scenario is probably unrealistic given the present positive developments on the continent, there are still conflictual situations due to possible internal and external pressures which could force Romania to act in a more authoritarian and militarised way against its neighbours.

## **Romania's future scenarios as a result of possible external risks**

### **a) Civil War in Transylvania?**

A full political and military cooperation agreement with its north-west neighbour, Hungary, was extremely important to Romania, bearing in mind that the Romanians still fear that Hungary might one day attempt to annex the north-west part of the country - Transylvania - a region that was part of Hungary before World War I, and currently hosts a large Hungarian minority population of over 1.6 million. While

Hungary has openly voiced concern for the rights of the Hungarians living in Transylvania, for whom they are asking some kind of territorial autonomy, the political elite in Budapest has consistently denied, including in the bilateral basic political agreement with Romania, that it maintains territorial ambitions in Romania.

But despite the "historical reconciliation with Hungary" and the signing in September 1996 of the bilateral political agreement that addressed Hungary's concern for minority rights and Romania's paranoia about the inviolability of its own borders, the present Romanian government and the ultra-nationalist parties in Romania are still afraid of a possible political change of borders in Hungary's favour. Even after the political changes since 1996 November general elections and the participation, for the first time in the country's history, of an ethnic Hungarian party in a government coalition, Romania's new-found democracy has faced problems, as a result of powerful ultra-nationalist forces in the country, and especially in Transylvania.

On the other hand, the attitude in Hungary towards Transylvania could change after Viktor Orbán came to power in May 1998, following the general elections. Indeed, a whiff of nationalism surrounding the ruling party Fidesz, and other parties on which the government in Budapest may depend, is raising doubts about the new regime's policies abroad as well as at home. And as Fidesz did not win outright, the fear of liberals left behind by Orbán's shift of his party to the right is that he may become prey to the kind of hot-button Magyar chauvinism preached by some figures in the Smallholders Party, a coalition partner, as well as the more openly xenophobic Justice and Life Party.

By analysing the facts resulting from the existing relations between Romania and Hungary, and bearing in mind possible political developments in the two countries, it is possible to extrapolate the future of those relations in case Romania is not accepted as a full member of NATO in the second round of enlargement in 1999. At least three possible scenarios could develop in the relations between the two countries:

i) Romania, led by President Constantinescu and by a more coherent and efficient democratic government, elected in Romania's general elections of 2000, will concentrate on structural economic reforms, political and military changes, including a firm restructuring of the Army. In this approach, the old guard of generals will be completely changed and a new breed of officers, recently educated in NATO countries, will be promoted. The Defence Ministry's leadership, under stricter democratic control will be asked to implement the necessary measures in order to increase the compatibility of Romania's Army with NATO, as this remains the single most important objective of Romania.

Relations with Hungary, now a full member of NATO, will continue to be based on the September 1996 bilateral political treaty and military agreements. Cooperation between the two countries could be expected to increase, first of all in order to protect the common frontier, as the Romanian border with Hungary will become the first line of defence against drug trafficking, illegal immigration, and terrorist

actions directed against the West. The two armies will cooperate closely after the withdrawal of the IV Romanian Army from Transylvania, while the ethnic Hungarian minority in Romania will enjoy agreed individual and cultural rights, which will remain short of collective rights and territorial autonomy. Romania's positive attitude will increase its chances of becoming, along with Slovenia, Slovakia, Bulgaria and the Baltic states, a full member of NATO and the EU by the year 2005.

ii) While Romania under a new communist-nationalist administration formed as a result of early elections in the spring of 1999 will remain outside the Euro-Atlantic structures, the newly elected president will promote the same national objectives, integration into the EU and NATO structures. But the ultra-nationalist parties will use their participation in the coalition government to create diversions in Transylvania, including the refusal to accept the implementation of individual and cultural rights for ethnic Hungarian minorities. Tensions and even conflicts in Transylvania between the Romanian nationalists and the Hungarian revisionists could degenerate to such an extent that the Army and troops of the Interior Ministry would be asked to intervene. Hungary, on the other hand, could blame Romania for lack of interest in implementing the September 1996 treaty on human rights for ethnic Hungarians. Possible ETA/IRA-type insurrection in Transylvania, covertly encouraged by Budapest, could escalate into a guerrilla war, with Romanian troops in "hot pursuit" into Hungary in order to destroy guerilla bases and their training camps.

In these conditions, Hungary could ask officially for NATO countries' support in obtaining the control of northern Transylvania by peaceful agreement, as was the case with the Vienna Award of 1938. It will be difficult to believe that, given the existence of a democratically-elected government in Bucharest, such a demand will be followed. As a result, the relations between the two countries will become even more strained, while their mutual mistrust, misunderstandings and recriminations will stop short of an open conflict. This situation could be changed, for better or worse, after the 2004 general elections in Romania. Indeed, it could end either in scenario i) with still good chances of becoming a full member of NATO and EU by the end of the first decade of the 21st century, or in the new sphere of Russia's "near abroad" politics and in scenario iii).

iii) If following early elections in spring 1999 and general elections in 2004 the same coalition of ultra-nationalist and neo-communist parties remains in power in the context of Romania's continued exclusion from European structures, a more conflictual scenario could very well develop. Indeed, the fears of Romanians could become reality and Romania could remain for an unforeseeable period of time in a buffer zone between West and East, without the necessary military and political protection to develop its dying economy. Although the main political and military objective will remain official integration into the Euro-Atlantic institutions at a later date, the frustration of being relegated to a second-tier group of countries would become apparent in relations with the West in general, and with Hungary in particular.

Obviously, Romania will complain to NATO countries that its financial sacrifices in participating in PFP programmes and in modernizing its armed forces did not gain them accession to the Alliance. As a result, in the new geopolitical situation

Romania could take into consideration, more than before, Russia's interests in the region. On the other hand, in order to consider herself secure against Hungary's "revisionism", Romania would be prepared to cement a politico-military alliance with Serbia and Slovakia. The three-B Axis (Bucharest-Belgrade-Bratislava), a revival of the inter-war Little Entente, would be directed first of all against Hungary, but it could end as a forward arm of Russia against NATO, in the context of Russia's return to authoritarianism and militarism. And in order to convince Romania to do just that, Russia would be able to play not only the economic card, taking into consideration that Romania will become more dependent on Russia's energy resources by 2005, but also a political and military card, with the use of Moldova and the Russian former 14th Army stationed in Tiraspol, which could be revitalised and reorganised to represent "Russia's first defensive line against a potential aggression from NATO".

In order to keep up with Hungary's military development and modernisation realised with NATO support, Romania will undoubtedly be interested in improving its arsenal with the help of Russia and China, which could lead to an escalation of the arms race in the region. On the other hand, Romania's attitude towards ethnic Hungarians in Transylvania could change, and the lack of implementation of the September 1996 political treaty and military agreements with Budapest could determine Hungary's new right-wing government to consider them null and void. In this context, an open conflict could develop in Transylvania, where the ethnic Hungarians, unhappy with their treatment by the Romanian government, could decide to indulge in more violent activities, including demonstrations and riots. Obviously, the Romanian government would not tolerate the situation and would respond accordingly. In time, this situation could degenerate into a civil war in Transylvania, with ethnic Hungarians asking for their autonomy and ultimately their annexation to Hungary.

From this moment on the situation could evolve into a classical scenario as seen in the former Yugoslavia, and more recently in Kosovo, where after international condemnation of Romania's actions against Hungarian minorities, the northwestern part of Transylvania could be returned by peaceful agreement to Hungary. And while a similar situation could occur in Slovakia, once the Hungarian troops cross the borders to take over the newly-gained territories, a full-scale war between Romania-Serbia-Slovakia, with Russia's support and approval, on the one hand, and Hungary and NATO, on the other, could erupt.

#### **b) A Forceful Unification with Moldova?**

Romania's security concerns for its north-east border are based on the historic legacy of the region, and on Romanian nationalists' claim that Bessarabia and Northern Bukovina, an area encompassing present-day Moldova and a part of southwestern Ukraine, still rightfully belong to Romania, as they were annexed by Stalin, after the signing of the Ribbentrop-Molotov Pact, at the beginning of World War II. While Romania is in no position to demand the return of these territories, still inhabited by ethnic Romanians, some fear that the territorial claim on Bessarabia could appear again should external instabilities surface in the area.

It is true that the present Romanian government officially maintains no territorial claim on any other state and has discounted any possibility of Romania ever annexing the "lost" territories by means of force. It is also true that Romania was the first country to recognize the newly independent Republic of Moldova and fully respects Moldova's sovereignty. But Bucharest is still seeking for a diplomatic condemnation of the Ribbentrop-Molotov Pact, and its secret annexes, from the governments of the Republic of Moldova and the Russian Federation, despite the fact that Romania renounced a clause to this effect in the political bilateral treaty signed with Ukraine in 1997. This attitude has made impossible for the time being the conclusion of bilateral political treaties with Moldova and the Russian Federation, and could exacerbate Romania's relations with its eastern neighbours, should the instability of the region become apparent.

The most contentious aspect of Ukraine-Romania relationship is, however, not Bessarabia and northern Bukovina, but the disputed Serpent Island in the Black Sea, an island which is of no economic value at present, although it is believed to have significant oil and natural gas reserves. Romania claims Serpent Island was unjustly turned over to the former Soviet Union by Romania's communist authorities in 1948. Ukrainian officials have dismissed Romania's claim on the island and have emphasised that it is not willing to consider any territorial concessions to Romania. However, despite the conclusion of their bilateral political treaty and new initiatives for bilateral and multilateral cooperation in the region, the problem of Serpent Island remains unsolved, and as a result, relations between the two countries remain sour, amid speculation that the Romanian minority in Ukraine continue to be subjected to considerable pressure to be assimilated. Meanwhile, despite the fact that the present regime in Kiev considers that Ukraine's neutrality as the only option in the current European climate, and it has nothing against integration of Romania or other former communist countries into NATO, some Romanian politicians are happy to remind the public opinion that the Helsinki Treaty forbids the violent change of borders, but not the peaceful change of frontiers.<sup>161</sup>

Romania's relations with Moldova, on the other hand, became more restrained after 1996, when Petru Lucinschi replaced President Mircea Snegur, who had a more positive approach to Moldova's relations with Romania. However, after the April 1998 parliamentary elections in Chisinau, and after a new centre-right coalition government came to power a relaunch of negotiations for the bilateral political treaty was expected; to date it has not materialized. Given that the new coalition government in the Republic of Moldova is considered to be more pro-Romanian than the former pro-Russian government, it is possible that discussions about a peaceful re-unification between the two countries will surface again in Bucharest, although the 60% ethnic Romanians in Moldova continue to be more interested in their economic problems rather than the issue of unification. In any case as long as the former 14th Russian Army is not withdrawal from Tiraspol and Moldova remains dependent on Russia for energy, talks of peaceful re-unification between Romania and Moldova cannot take place, as only a democratic, economically successful Romania could persuade Moldova into such a re-unification.

But what will happen if Romania becomes more aggressive in its demands for unification and annexation of its former territories, now part of Ukraine and the

Republic of Moldova? As in the case of Transylvania, there are at least three possible scenarios:

i) A democratic and prosperous Romania, integrated into the EU and Atlantic structures could become a model for Moldova after 2005. Ukraine and Russia, in a difficult economic situation but politically stable and democratic, would accept the initiative of the pro-Romanian government in Chisinau to declare peaceful reunification with Romania. The majority Romanian population in northern Bessarabia and Hertza county, territories belonging now to Ukraine, could also ask for unification with Romania. Ukraine, interested in becoming itself part of Europe, would accept the unification and in this way, Romania would recreate the Greater Romania of 1918.

ii) Romania, despite still being part of a buffer zone between West and East, is economically more prosperous and with a reformed and modernized Armed Forces, as a result of its efforts to integrate into NATO structures. Moldova is still a member of the CIS and in Russia's economic and political zone of influence, but without the danger of the former 14th Army, withdrawn for financial reasons by Russia. In these conditions there is no doubt that a strong pro-Romanian movement will develop in Moldova, supported by all the nationalist forces in Romania. Given Russia's political and economic instability, a referendum on peaceful unification with Romania could give to the ethnic Romanian population the opportunity to win the majority of the votes.

As happened in 1918, Romania will be more than pleased to send its army to protect Moldova after such a decision. Ukraine, although to economic turmoil and political instability, could consider Romania's action as aggression and, with Moscow's approval, could send its troops into Moldova to defend the country. But Romania, well equipped and trained, and with the quiet acceptance of the West, would be able to defend Moldova's frontiers and even to occupy the "lost" territories of northern Bessarabia and Hertza, and in this way remake the borders of Greater Romania.

iii) Romania, without any hopes of being integrated into the Euro-Atlantic structures, is now part of Russia's sphere of influence and a member of the CIS. Russia, under the leadership of an ultra-nationalist leader, would decide to occupy the "untruthful" Romania. In order to develop a strong first line of protection against NATO influence, Russia decides to allow the unification of the former Greater Romania as a new CIS republic, under complete control from Moscow.

Obviously, these are sketchy, theoretical scenarios which are not going to develop from beginning to end on the same pattern. The conclusion of these scenarios is, however, that irrespective of future developments, Romania is going to play an important role in the geopolitical evolution of the region and of Europe as a whole. Indeed, if Romania is relegated to a buffer zone at the outskirts of "Europe", its political, economic and social situation will not improve in the years to come. On the other hand, there is still time for the present administration to change Romania's destiny in the new millenium, and to determine a turning point in the country's history by making the necessary radical reforms.

## CONCLUSION

Despite some political and diplomatic successes, Romania remains a facade democracy with little chance of being accepted, in the present stage of its transition, into NATO and EU structures. Indeed, a still corrupt politico-economic system, supported by still powerful secret services which control the whole country as before, the lack of deep democratic reforms in the economy, in the administration and the judiciary system, as well as in the security and armed forces, in the context of continuous criticism regarding the respect for human and minorities rights, determined the West not to accept Romania in the first round of enlargement.

The November 1996 general elections, however, marked a turning point in the modern history of Romania. But despite the fact that the new administration of President Constantinescu managed to change Romania's image abroad and to make some strides in improving its eligibility for European organisations, much further work needs to be done before this country can be admitted as a NATO and an EU member. But because Romania is on the right track, it is necessary to keep incentives "alive" and keep Romania engaged in PFP and further economic and military reform. By raising NATO's umbrella over Romania, it can be encouraged to pursue the necessary democratic reform. Otherwise, the economic hardship suffered in the name of NATO enlargement combined with the revival of ultra-nationalism and revisionism towards Ukraine and the Republic of Moldova, in the context of a fragile and still not irreversible democracy could create many problems not only for Romania, but for the region and Europe as a whole.

There is no doubt that Romania's place is in Europe, in the EU and NATO, but it depends on the Romanian people's political maturity and on the democratic forces in the country choosing between implementation of structural reforms and democracy, on the one hand, and the return to post-communism and a place on the outskirts of Europe on the other. And if the present political elite in Bucharest is not going to solve Romania's problems in a pragmatic way in the next year or so, Romania runs the risk of being relegated to the countries outside European civilisation, and on the fault line of conflict between two civilisations. That is why Romania is now at a crossroad in its post-Cold War history. The way in which the Constantinescu administration understands the need to transform its programmes sooner rather than later into deeds will affect not only the present generation but the future inclusion or exclusion of Romania in and from civilized Europe.

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