Romania

by Laura Stefan and Sorin Ionita

Capital: Bucharest
Population: 21.5 million
GNI/capita, PPP: US$14,540

Source: The data above was provided by The World Bank, World Development Indicators 2011.

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* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.
Romania entered the global economic crisis unprepared for its decision-making challenges. The country's previous near-decade of rapid gross domestic product (GDP) growth, especially after joining the European Union in 2007, had led to a period of financial laxity in public administration that went virtually unchecked. The long electoral period (European parliamentary elections in 2007, Romanian local and parliamentary elections in 2008, new European elections and a Romanian presidential election in 2009) further distracted policymakers from the early signs of budgetary crisis and fuelled their worst tendencies—lack of accountability in spending, clientelism at the national and local levels, and wildly unrealistic promises to the public. As a result, while the economy pumped along robustly until 2008, the spending commitments and size of the public bureaucracy grew. As the impact of the global economic crisis began to be felt in 2009, the country found itself in the middle of a financial crisis with higher deficits and larger structural imbalances than many politicians and citizens had anticipated.

An uneasy “grand coalition” government ruled in 2009, postponing any painful reforms. Rather than making progress on difficult decisions to address the crisis, the two main political parties—center-right and center-left—focused their energies on undermining each other’s actions and credibility, positioning their candidates for the presidential contest at the end of the year. The incumbent candidate, President Traian Băsescu, emerged from the elections victorious and a new parliamentary majority was formed in late 2009, awkwardly crafted from a center-right core and splinter factions. Only then did the government seriously begin to address Romania’s economic situation. The new government’s economic agenda was bold, broadly in line with EU prescriptions, and following requirements of an International Monetary Fund loan. Nevertheless, implementation of reforms in 2010 was sometimes compromised by unprofessionalism, and concessions to various economic and local interest groups. Intense political and social polarization did not reverse the rule of law reforms carried out before Romania’s EU accession and the government continued implementation of plans to devolve health and education responsibilities to local authorities. However, fierce procedural battles in parliament slowed the activity of the chamber for several months. The judiciary continued its anticorruption drive and internal modernization, albeit at a slow pace.

National Democratic Governance. Romania saw intense social and political conflict in 2010 over public spending cuts implemented by the government, although the government proved surprisingly resilient. Given the country’s increasing budget deficit and public debt, the need for structural reforms was unquestionable if
Bucharest was to receive bailout funds from the EU and IMF. But the government’s efforts to achieve political consensus on reforms were unconvincing, while the opposition was unwilling to tone down its vehement anti-austerity attitude. As a consequence, the political atmosphere remained tense, encouraging public protests organized by the (partly politicized) public sector unions. Though the popularity of the president and his party reached historic lows, the government survived three no-confidence votes in parliament during the year, proving the stability of the Romanian government, and its ability to pass difficult yet necessary austerity measures, a generally positive development compared to previous years. Since the parliamentary majority proved to be more resilient than expected and, in spite of its coordination failures, appears determined to pursue a viable agenda in very difficult economic circumstances, Romania’s national democratic governance rating improves from 4.00 to 3.75.

**Electoral process.** Apart from interim local polls in several municipalities, no elections were held in Romania in 2010. With low public interest, local elections featured no serious engagement of political ideas, and races were reduced to a competition of personalities. At the same time, the popular perception of widespread corruption among politicians remained strong. At the local level, a growing ambition among business interests to gain control over local authorities and decision-making processes, possibly contributing to vote-buying, posed a potentially serious challenge to Romania’s democratic system. Owing to the absence of significant developments, Romania’s electoral process rating remains unchanged at 2.75.

**Civil Society.** Romanian civil society suffers from a general public cynicism and funding shortages, but nevertheless succeeded in making its voice heard in 2010. Several thousand NGOs are active and some are effective watchdogs on specific issues (such as media freedom, anticorruption, or urban development), though, by and large, civil society lacks mass support. During 2010, however, trade unions brought thousands of people onto the streets to protest the severe austerity measures imposed by the government and the environmental protection movement continued to gain momentum. The end of 2010 witnessed the civic sector searching for new funding opportunities following the withdrawal of several important donors after Romania joined the EU. Romania’s civil society rating remains unchanged at 2.50.

**Independent Media.** After political scandals and polarization dominated the news during the 2009 electoral year, the tone of Romanian media coverage was more subdued in 2010. However, the concentration of ownership in the hands of a small number of tycoons remained a concern and contributed to political pressure on newsrooms and decline in the quality of reporting. This trend was compounded by the impact of the global economic crisis, which worsened the prospects and working conditions for journalists, rendering them more amenable to editorial pressures. A string of revelations exposed deals made behind the scenes between
media owners, leading journalists, and top politicians to manipulate the public agenda. Romania’s independent media rating remains unchanged at 4.00.

Local Democratic Governance. Two opposite trends shaped the space for local democracy in Romania in 2010. On the one hand, the shock of the budgetary crisis was fully felt during the year both at the central and local levels, with national authorities introducing spending caps and micro-management mechanisms that constrained local autonomy. On the other hand, the long-term decentralization agenda witnessed surprising progress, with substantial powers transferred to local governments in sensitive sectors such as healthcare and education. For better or for worse, locally elected mayors and County Council presidents became more powerful in their respective parties. Romania’s local democratic governance rating remains unchanged at 3.00.

Judicial Framework and Independence. In 2010, Romania adopted a new Civil Procedure Code and Criminal Procedure Code, completing passage of a series of laws aimed at laying a new foundation for the legal system. Detailed impact assessment studies for the codes are ongoing and will be published in 2011, allowing more informed conclusions of the degree to which the codes will prompt improvements in the administration of justice. Also in 2010, Romania conducted elections for the Superior Council of Magistracy (SCM). The process was plagued by a series of irregularities, some of which may lead to the invalidation of the certain candidates by the courts and a weakening of the SCM’s legitimacy in the future. Romania’s judicial framework and independence rating remains unchanged at 4.00.

Corruption. Investigations into high-level corruption cases—including against members of parliament and of parties across the political spectrum—continued in 2010, but final decisions were rare. In April, the Constitutional Court declared unconstitutional the law on the National Integrity Agency, and parliament took several months to adopt a new law and reinstate the agency. The situation provoked significant criticism from the European Commission, as well as from other international stakeholders and local NGOs. The Agency began operating again in September 2010. Despite positive developments in the criminal investigation of corruption, the timid response of the courts and the permanent threat of dismantling the National Integrity Agency eroded the overall level of transparency and accountability in the country. Owing to erosions in the authority of the National Integrity Agency (ANI), offset by corruption charges against top officials, Romania’s corruption rating stagnates at 4.00.

Outlook for 2011. If the economic crisis recedes in 2011 and pressure on national governance decreases, Romania’s political uncertainty may diminish as well. However, this will unlikely improve the atmosphere of political polarization and the internal performance of the country’s parties, which will start to position themselves for local elections to be held in mid-2012 and the national polls at the
end of the year. European monitoring of the rule of law will continue through the Mechanism for Cooperation and Verification (MCV) put in place at the time of EU accession. Romania’s immediate objective to join the Schengen area in 2011 will focus the government’s attention on legal reforms during the early part of the year, but substantial improvements in the judiciary as a result are unlikely.
Following several years of squabbling among parties and frequent changes of government, throughout 2010 Romania’s ruling coalition remained surprisingly resilient, successfully implementing unpopular and difficult economic austerity measures, despite several attempts to dissolve it with votes of no-confidence.

In recent years, Romania’s political scene has increasingly centered on the figure of President Băsescu, contributing to growing polarization. Political parties are generally aligned as either pro-Băsescu or anti-Băsescu, while most media outlets and voters split their loyalties along similar lines. Despite a 2009 electoral victory, within less than a year, the president’s popularity had significantly waned. A July 2010 survey found that 65 percent of Romanians would vote against President Băsescu’s remaining in power were a referendum on that question to take place.\(^1\) Under such circumstances, calls for impeaching the president have become a fixation and key rallying point for the opposition, a phenomenon likely to continue in 2011. Nevertheless, the democratic nature of the system itself has not come into question.

The results of Romania’s 2008 parliamentary elections conferred roughly 30 percent of seats to the Democrat-Liberal (PDL) party and the same number to the Social Democrat (PSD) party. After a year of internal strife within a PDL-PSD “grand coalition” government, the coalition broke down in October 2009, when the PSD withdrew and the remaining minority government was ousted in a no-confidence vote. A caretaker government led by Emil Boc governed the country without a majority in parliament, rendering it unable to make difficult decisions demanded by the global economic crisis. In presidential elections held in December 2009, President Băsescu emerged the victor by a narrow margin of several thousand votes. Following the elections, Parliament approved a new, minority coalition of the PDL and the Democratic Union of Hungarians in Romania (UDMR). This is the coalition that governed the country throughout 2010.

Also joining the coalition were a number of apparently opportunistic MPs from the PSD and the National Liberal Party (PNL), who splintered off as independents and then reconstituted themselves as a new political party, the National Union for the Advancement of Romania (UNPR), claiming a center-left orientation.\(^2\) The party formally gained its own parliamentary caucus at the beginning of October 2010, after Parliamentary rules were modified to allow it to register. Such machinations prompted protests from the opposition, which temporarily refused to participate in parliamentary meetings. The ability of elected representatives to
change parties and allegiances part way through their terms raised concerns that this undermined the credibility of elections.

Despite its relatively stable majority support in parliament, the new Boc cabinet faced significant challenges as it began to address the country’s economic woes. Given its marginal status in European trade, the Romanian economy was affected later than other EU member states by the global economic crisis, but pre-existing structural imbalances rendered the damage more severe. Worsening the situation was a five percent budget deficit left by the former PNL government in 2008, the country’s last year of economic growth. As a result, there was little fiscal space to implement a significant, or even modest, stimulus package. The government was therefore forced to rely on a joint loan from the International Monetary Fund (IMF), World Bank, and European Commission, which included conditions to downsize the state bureaucracy and rebalance the budget.

In May 2010, the president announced a harsh austerity plan: public servant wages and other social benefits would be cut by 25 percent and pensions by 15 percent. The measures would apply through to the end of the year. In addition, the government committed to a series of layoffs in the public sector, insisting that such measures were necessary in order to reach a budget deficit of 6.8 percent of Gross Domestic Product (GDP), a condition for receiving subsequent tranches of the international loan.3

The austerity measures were said to meet IMF requirements and were chosen as an alternative to a tax increase. Large-scale protests immediately followed the announced measures and spread across the country. Anti-Băsescu media outlets blamed the president for the economic crisis and opposition parties took a populist stance, promising to repeal all cuts if they gained power. They initiated a vote of no-confidence in June 2010 under a campaign slogan of “Stop the social genocide.” The government survived by only eight votes. In an attempt to respond to the public outcry, Boc reshuffled the cabinet in early September, with six PDL ministers leaving office. Not satisfied, the opposition referred to it as a “velvet reshuffle,” claiming that it marked no major change in policy. A second vote of no-confidence was called in October 2010, and this time the cabinet survived by a slightly larger margin of 17 votes. A third no-confidence vote was initiated in December 2010 and rejected by an even larger percentage.

In June, the Constitutional Court ruled that measures to decrease public pensions by 15 percent were unconstitutional. The government was thus forced to increase the value-added tax (VAT) by 5 points to 24 percent, making it one of the highest rates in the European Union. In another reform effort, in August, Parliament amended the Fiscal Code to enlarge the tax base and introduced social security contributions. The new law required independent journalists, artists, and other freelancers to line up each month at three different agencies (pension, healthcare, and unemployment offices) in order to pay their social contributions. Protests and flash mobs were organized to demand a simpler form of payment, perhaps online. However, according to Eurostat data,4 Romania ranks last in the EU for e-governance, with only 6 percent of Romanians using the internet for
interaction with public authorities. As a result, in September, the government backtracked, reducing the administrative burden on individuals but maintaining the obligation to pay.

### Electoral Process

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Apart from interim local elections in a few municipalities, no elections were held in Romania in 2010. With low public interest, local elections featured no real engagement of political ideas, and races were reduced to a competition of personalities. In addition, a growing ambition among business interests to gain control over local authorities and decision-making processes posed a potentially serious challenge to Romania’s democratic system.

The last national poll in Romania was the 2009 presidential election, conducted in two rounds in November and December. Following constitutional amendments adopted in 2003, this was the first time the country held a presidential election separate from parliamentary polls. A referendum initiated by President Băsescu was held concurrent with the first round of the election and was overwhelmingly endorsed by voters. The referendum addressed the question of whether to shift to a unicameral parliament (by abolishing the Senate) and limit the number of legislators to 300. Although the referendum passed, the constitutional revision necessary for implementing such reforms had yet to be approved by the end of 2010.

The campaign for the 2009 presidential elections was considered one of the most turbulent in the 20-year history of free elections in Romania and culminated in a very close race. Following a first round of elections, incumbent President Băsescu won a runoff round in December 2009 against challenger Mircea Geoană by a narrow margin of 50.3 percent to 49.66 percent. In response to a complaint lodged by the defeated PSD candidate and after a recount of annulled ballots, the Constitutional Court upheld the election results. President Băsescu thus became the first president since the 1989 revolution to win a consecutive second mandate, his last allowed under the constitution.

An observer mission of the Organization for Security and Cooperation in Europe (OSCE) found that the two rounds of voting were conducted in “compliance with OSCE commitments and other international standards for democratic elections, the respect for fundamental political freedoms, the competitive campaign environment, and the efficient administration of the election.” The OSCE also reported that “authorities took steps to remedy some shortcomings noted during the first round of voting and to investigate allegations of irregularities.”

However, both the OSCE and other observers, such as the Pro Democracy Association (which sent 1,400 domestic election monitors), raised concerns over conditions that created the potential for fraud. As in past elections, a key concern
was the use of special polling stations. Established under a government emergency ordinance, such stations are intended to serve travellers and people working or studying in a district other than the one in which they are registered to vote. Such voters are allowed to cast a ballot at voting stations in any district, entering their names on a special voting list. Observers criticized the unusually high number of special polling stations (approximately 3,300) throughout the country, and noted that the procedures in place to prevent multiple voting at these sites were inadequate. Observers also noted that locations that could especially benefit from special voting stations, such as transport hubs and university districts, were underserved. Most of the special stations were instead located in the countryside. This contributed to suspicions that the system encouraged “electoral tourism,” a phenomenon of one individual voting multiple times in different districts, which had been the subject of previous fraud allegations.

Indeed, during and after the election, numerous allegations of vote fraud emerged, including over 500 cases of multiple voting. According to the Ministry of Administration and the Interior (MAI), police received 1,435 reports of election-related incidents on the first round’s election day; after investigation, the police confirmed that 724 of these incidents had indeed taken place. Police were also notified of 159 cases of suspected criminal offenses, including cases of multiple voting involving 312 individuals. Based on incidents occurring on the second round’s election day, fines were imposed for minor offenses in 269 cases; 200 reported criminal offenses were investigated, of which 78 involved allegations of vote buying; and 279 people suspected of having committed multiple voting were identified.

According to the OSCE’s Final Report, the Romanian electoral legal framework could benefit from a consolidated election code that would regulate all types of elections, including referendums. The OSCE also recommended that any amendments to electoral legislation be enacted by parliament well ahead of elections and that “the practice of amending electoral legislation by government Emergency Ordinances should be avoided.” The OSCE also recommended that the government address the issue of absentee voting in the context of its new e-government initiative. This could help avoid suspicions of fraud or situations of overcrowded or under-used polling stations abroad, particularly in countries with a large Romanian diaspora, such as Italy and Spain.

Romania is home to a number of ethnic minorities, including Hungarians (6.6 percent), and Roma (2.5 percent). Each group is entitled to at least one representative in the Chamber of Deputies, even if the minority’s political party cannot pass the 5 percent vote threshold. Ethnic Hungarians were the only minority group to win parliamentary representation by passing the electoral threshold, and in 2010 Roma were represented by only one member of parliament.

From the election results, it appeared that support for nationalist, xenophobic, and anti-Semitic parties is on the decline in Romania, in contrast to neighboring Hungary. Of the 2009 presidential candidates, only one held strong nationalist and xenophobic views, Corneliu Vadim Tudor of the Greater Romania Party (PRM).
During the first round, Tudor won only 5.56 percent of the vote. Compared to the 2004 elections, when PRM received 13 percent of the vote, many observers viewed this as a significant improvement. However, the PRM did win a seat in the 2009 European Parliament elections by joining with the New Generation Party, another party known for racist and xenophobic rhetoric.

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Romania’s civic sector took advantage of numerous opportunities to make its voice heard in 2010. Trade unions brought thousands of people onto the streets to protest the severe austerity measures imposed by the government and the environmental protection movement continued to gain momentum. A study by the Foundation for Civil Society Development (FDSC) found 62,000 not-for-profit organizations were registered in Romania in 2010. Nevertheless, civic mobilization for public campaigns and petitions remains underdeveloped and some groups have encountered funding challenges due to the economic crisis and reduced help from certain donors since the country’s accession to the European Union. The FDSC study listed education as the leading field of activity for Romanian non-governmental organizations (NGOs), with private university foundations owning the most assets.

Romania’s trade unions lead protests against the austerity measures in May, June, September, and October. Although thousands joined the demonstrations, participation was much lower than it has been in other countries facing similar difficulties, indicating that the unions’ social penetration remains comparatively modest. Moreover, some national trade union leaders have been exposed as having political connections or conflicts of interest, including business connections with controversial companies and media groups. Such revelations have reduced the legitimacy and effectiveness of the unions as credible social dialogue partners.

In another example of economy-related activism, individual citizens and civic groups mobilized in response to Emergency Ordinance 50, issued by the government in June 2010. The ordinance obliged Romania’s banks to adjust the terms of eight million loan contracts such that many customers expected interest rates to drop. As implementation began and allegations emerged of non-compliance and incorrect application of the rules by certain banks, ad hoc demonstrations broke out in response. In addition, citizens came together to lobby Romanian legislators to reject amendments to the ordinance proposed by bank representatives. Several thousand people joined the protests and advocacy campaigns, with some subsequently forming associations in order to use tort law to protect themselves against creditors. This series of events was one of the first instances of a vigorous civil society campaign in Romania targeting the private sector.
A substantial proportion of NGOs in Romania (14.8 percent) work on environmental protection issues. In 2010, this fledgling movement gained further momentum with a series of public awareness and advocacy campaigns. During the year, a grassroots network of civic activists effectively monitored the decisions of the Bucharest Municipal Council, pressing for historic conservation and green-space protection. Similar success was achieved in fighting a large and controversial gold mining project in Roșia Montană, one promoted as a foreign investment by a Canadian company. By voicing concerns over the destruction of historical patrimony and the proposed use of cyanide in the project, activists, both in Roșia Montană and at the national level, played an instrumental role in blocking the deal via the courts.

Union membership rates among journalists are low, but a small number of prominent NGOs—such as the Center for Independent Journalism (CIJ), Romanian Helsinki Committee, and the Media Monitoring Agency—monitor media freedoms and act as liaisons with international NGOs and other observers to alert them to potential threats to free expression.

During 2010, civil society participation was evident in elections for a new Superior Council of Magistracy (SCM), a body responsible for upholding judicial independence and discipline. Civil society organizations hold a formal role in SCM appointments, as two council members must be proposed by NGOs and then approved by the Senate. In December 2010, the two civil society representatives to the SCM were elected, but both proved controversial. Corina Dumitrescu, wife of a prominent social democrat legislator, lacks a public profile on judicial issues, raising questions of what criteria contributed to her selection. Meanwhile, Victor Alistar, the second appointee, is a high-profile member of civil society and head of Transparency International (TI) Romania, but has been accused of a conflict of interest. Alistar was investigated in 2009 by the National Integrity Agency for simultaneously serving as TI’s executive director and as a public servant. A complaint questioning his suitability for the SCM was pending before the Constitutional Court at year’s end.

The end of 2010 witnessed the civic sector searching for new funding opportunities following the withdrawal of several important donors (e.g., USAID, the German Marshall Fund, etc.) after Romania joined the European Union. As in other new-member states, the small amount of support that existed for watchdog and prodemocracy activities prior to accession has been disappearing. As a result, pressure on non-profit organizations to move into less “controversial” areas of activity, such as consultancy or direct provision of services, has increased. Meanwhile, corporate donations in the context Corporate Social Responsibility (CSR) remain only a minor source of revenue for civic groups. A survey conducted among NGO leaders revealed that only 23 percent of organizations had developed projects in partnership with companies over the past two years. Even when present, CSR remains an attribute of multinationals focused on particular areas (e.g., environmental, education, or social issues).
Media freedom is protected under Romanian law and generally respected in practice. However, the rise of media groups controlled by powerful tycoons with vested political and commercial interests, mostly aligned with the opposition, has undermined the credibility of the media and sparked efforts by politicians to increase regulation of the sector. As thousands of media workers have been laid off since 2008, investigative journalism has suffered a severe blow, while sensationalistic coverage or media campaigns aimed at undermining the reputations of certain officials have gained prominence instead.

Press freedom is protected by the Romanian constitution, though the media are regulated in large part by a law passed during the Communist era. Despite some efforts to replace it, Law No. 3/1974 remains in effect. In August 2006, Romania dropped libel from its penal code in the run-up to its EU accession. However, within days of Romania joining the EU in 2007, the Constitutional Court overturned the amendment. The Romanian parliament revisited the issue in 2009, and in 2010 Romania made a “breakthrough” when it decriminalized defamation, as noted by Miklós Haraszti, the former OSCE rapporteur on freedom of expression.14

In a less promising development, in recent years, several Romanian politicians have advocated for greater government regulation of the media, as a large proportion of domestic outlets have become concentrated in the hands of three media groups with controversial commercial, political, and ethical practices. Ioan Ghişe, a PNL senator, initiated steps in September 2010 to amend existing legislation by proposing a Bill for Journalists in the Senate. The bill introduced the vaguely worded term “press offenses,” stipulated nonsuspensive prison sentences for journalists, and introduced requirements for professional re-accreditation every three years and a mandatory mental check-up every year. The bill was widely criticized by press freedom groups and Ghişe’s own party tried to distance itself from the bill. In 2008, Ghişe succeeded in getting an amendment to the Law on Broadcasting passed, compelling television and radio stations to ensure that half of their news coverage consists of “positive news,” a law that was subsequently ruled unconstitutional by Romania’s Constitutional Court. Parliamentarian Silviu Prigoană of the ruling PDL also attempted in the fall of 2010 to introduce an amendment enabling the withdrawal of licences for print and online newspapers. His initiative did not pass the parliamentary Culture and Media Committee, however.

Dominating the media landscape in Romania are three prominent public figures, all with large fortunes and facing some form of criminal charges in 2010. Dan Voiculescu is the founder of the Intact media group, which controls three television channels, two dailies, one weekly, and one radio station, all with national reach. During the year, Voiculescu also served as Deputy Speaker of the Senate, nominated by the main opposition coalition. The second man is Dinu Patriciu,
owner of the Adevărul media group, which owns the three dailies with the country's highest circulation, one weekly, four magazines and, since the fall of 2010, a license for a new television channel with one national and 40 local stations. Patriciu is a leading member of the opposition PNL and its main financial backer. Sorin Ovidiu Vântu, the third tycoon, owns Realitatea-Caţavencu media group, which has two television channels, three radio stations, one weekly, one news agency, and several newspapers currently moving online due to the company's dire financial situation. Vântu is a political power broker who backed the PSD candidate for the 2009 presidential elections. Both Vântu and Voiculescu have been exposed as informers for the former Communist secret police (Securitate). They were also facing prosecution in 2010: Vântu for money laundering and abetting a convicted criminal, and Voiculescu for influence peddling and money laundering. Patriciu was facing charges of money laundering and setting up a criminal gang.

In recent years, all three tycoons have made abundant use of the media outlets they control in attempts to secure immunity in the above pending criminal cases and to influence the country's political direction. For example, prosecutor investigations revealed in mid-October that Vântu had giving senior editors explicit orders to endorse the PSD presidential candidate and present a favourable view of him, including through the deployment of political propaganda and manipulation. As media jobs have become scarce in Romania amidst the economic downturn, such pressure on employees has proven quite effective. In addition to these private outlets, public radio and television are widely perceived as politicized. Their administrative boards generally reflect the party breakdown in parliament as stipulated by law, and the ruling party is able to replace the directors of state media outlets almost at will.

A difficult economic environment for media has further reinforced such political pressures on journalists. Advertising revenue in Romania fell 40 percent in 2009 and an additional 15 percent in 2010.\textsuperscript{15} According to a recent report by the Romanian journalists federation MediaSind, some 6,000 journalists and other media employees have lost their jobs or suffered severe wage cuts since 2008. Many have been forced to accept work as freelancers to save their employers from having to pay taxes and social contributions. Taken together, these circumstances have contributed to a decline in the quality of Romanian investigative journalism and the rise of more sensational tabloid-style coverage.

Political bias by privately owned media during the year at times triggered awkward reactions from the president and ruling party. For about a month in mid-2010, the cabinet adopted an ill-advised policy of refusing to speak with reporters from private television channels. More seriously, the latest review of the national defense strategy commissioned by President Băsescu and approved by the Supreme Council for National Defense in June 2010 identified the media as “a point of vulnerability for national security.” This controversial draft strategy was adopted by parliamentary committees and its submission for a vote by the full parliament was expected in early 2011. If approved, the country's new national defense strategy would formally pinpoint the media as one of Romania's vulnerabilities, citing “orchestrated media campaigns aimed at slandering state institutions through the
The existence of such threats was seemingly confirmed only a few months later when, in October, prosecutors released recordings of telephone conversations of Vântu with leading members of the opposition and senior journalists. In the conversations, Vântu spoke in military-like terms about his use of his media empire to influence public opinion in advance of the 2009 elections. The leaking of the recordings was hotly debated because they did not appear to have any direct connection with the money laundering investigation against Vântu. Some observers suspected that the recordings were leaked in order to justify listing the media as a threat to national security.

Romania’s minorities, most notably the Roma and ethnic Hungarian populations, continue to struggle for fair representation and equal access to the media. For example, a 2009 Romanian government study found that Roma are “systematically excluded from public broadcasting” and that “two-thirds of news coverage [of Roma] is negative and stereotypical.”

There is, however, a small bright spot in the Romanian independent media landscape. HotNews.ro, an online news source, was founded in 1999 and initially served as an aggregator of other outlets’ top stories. In 2005, however, it began conducting and publishing its own investigative reporting. By 2008, there were roughly 50 journalists working for HotNews.ro, some doing original reporting and others engaging in interactive projects with readers. After receiving an EU grant in 2009, HotNews.ro continued in 2010 to grow and provide an online alternative to the major media outlets, though some allegations of plagiarism also surfaced. By early 2011, it was ranked within the top 25 most popular websites in the country.

As of 2010, Romania’s internet penetration rate was only 35.5 percent, one of the lowest usage rates in the region, although it is growing quickly. To date, there have been no reports of significant internet censorship or punishment of bloggers. However, in August 2010, PSD Senator Olguţa Vasilescu proposed a bill that would allow Romania’s National Council of Broadcasting (CNA) to monitor internet communications for profanity or other “obscene content” posted by users. Many, including Reporters Without Borders, argued that the bill would endanger freedom of speech and the freedom of websites to self-regulate content. As of the end of 2010, the bill seemed unlikely to pass.

### Local Democratic Governance

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The dominant priority at Romania’s local level in 2010 was the need to cope with the effects of the economic crisis, particularly funding, staff cuts and other austerity measures cascading down from the center. After almost a decade of rapid
expansion of the country’s economy and public budgets, local decision makers had to quickly adapt to a very different reality. The crisis occurred at a moment when a new wave of decentralization was being considered in critical sectors like education, healthcare, and law enforcement. While the government had planned to implement these changes against a backdrop of abundant resources, the crisis altered the picture completely: reforms had to be executed with less, not more money. Such dynamics were evident among many new EU member states, but were especially notable in Romania. Given the severity of the shock and the previously entrenched expectation that public budgets would continue to grow, the government’s response to the crisis was somewhat hesitant in its early stages (periods dominated in 2008 and 2009 by electoral campaigns).

Despite the challenging circumstances, the new cabinet taking office in December 2009 kept decentralization on its agenda and implemented two major changes. In healthcare, de facto control of 373 out of Romania’s 435 hospitals was passed from the Health Ministry to local authorities, mainly County Councils. In addition to ownership and maintenance costs at the hospitals, the powers devolved included day-to-day management and human resources. Secondly, a new Education Law was introduced and at year’s end was in the final stages of approval. Once adopted, the law will completely change the governance of pre-university education. The aim is to increase transparency in the sector and to create incentives for rationalizing the school system. School directors and university rectors will no longer be allowed to serve as members of political parties and a newly created School Board with local stakeholder participation will have expanded competences in hiring principals and teaching staff. At the level of higher education, the Minister of Education will possess the right to dismiss rectors of state universities, a feature of the law that provoked criticism.

At the same time as the government attempted to implement the decentralization process, a second stream of policies was introduced that ran counter to this agenda: top-down controls exerted over local affairs to contain public expenditures. The list of such measures included lowering the ceiling for municipal borrowing, tightening Treasury rules for cash management, and capping various categories of local expenditure. Thus, the overall picture in 2010 was mixed: on the one hand, the long-term agenda of decentralization was not abandoned, as the central authorities devolved real decision-making power in sensitive social sectors. In addition, new financing mechanisms proposed for these areas are likely to generate greater standardization, transparency, and accountability. On the other hand, concerns about aggregate public deficits and spending in the short term triggered a drive in the opposite direction, with central micro-management of local affairs reducing local autonomy.

Local governments retaliated in 2009 and early 2010. They lobbied for favorable treatment in national policy and tried to block measures that would curtail their decision-making autonomy, such as staff and spending ceilings. They were rather unsuccessful in their efforts and such measures were implemented anyway. Nevertheless, they managed to use their influence in parliament and
other central government institutions to initiate legislation that would simplify the process of public procurement. For example, they proposed that the threshold for direct procurement be raised from €15,000 to €50,000 (US$71,000); and they lobbied for a new Public Private Partnerships Law that would bypass normal procurement procedures, allowing contracting authorities to practically handpick their partners and sign contracts without going through a competitive selection process. Parliament approved the proposal despite strong negative signals sent by the EU Commission.

The past year also confirmed the growing stature of directly elected local leaders, such as mayors and County Council presidents, within their respective parties. Dubbed “local barons” for the manner in which some run local affairs and manage public resources, many County Council presidents control the local political machinery with an iron fist. On a national level, the government reshuffle in the fall of 2010 was considered a success for the strongest PDL county-level organizations, which managed to install second-rank individuals at the top of important ministries. In the ruling PDL, as well as in other parties, the local party base has become captive to powerful bosses, some of whom have been investigated, or even convicted, by the National Anticorruption Prosecutor office (DNA) yet who manage to get re-elected in spite of their travails in court.

The important political role of counties became clear during the economic crisis. Traditionally, the Romanian intermediary tiers of governance (counties—judets) are weaker in terms of competences and revenue streams, compared to the first-tier units (municipalities), and rely mostly on shared taxes and budget transfers. However, such assumptions underestimate their real political weight because, in practice, they function as important gatekeepers, especially in deciding the distribution of investment grants, EU-funded projects, and other transfers to lower tiers. Their power has grown considerably since the onset of the economic crisis as central transfers have become a vital source of revenue for local budgets. The new competences in healthcare and education that devolved in 2010 represent a welcome formal strengthening of the system of local governance. They may, however, also prove problematic in the future if the new powers are used to politicize the management and provision of services.

### Judicial Framework and Independence

<table>
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In July 2010, parliament adopted a new Civil Procedure Code and Criminal Procedure Code. Along with a Civil Code and Criminal Code adopted in 2009, these lay a new foundation for the Romanian legal system and judiciary. The two procedural codes were widely debated in parliament but lacked *ex ante* impact assessments analyzing their expected efficiency and implications for human
resource management. After the adoption of the procedural codes and with a loan from the World Bank, the government instituted impact assessment studies, whose publication was scheduled for April 2011. The plan envisioned is that any deficiencies in the procedural codes will be addressed following the review, and only then will the codes enter into effect (envisaged for October 2011).

In preparation for enactment of the new procedural codes, parliament adopted a “small reform law” to simplify and accelerate court procedures, including subpoena, enforcement, and divorce procedures. The new provisions envisage the creation of specialized panels of 25 judges and include clear deadlines within which decisions must be issued. The “small reform law” also introduced the opportunity principle at the criminal investigation stage. This allows prosecutors more flexibility to decide whether to investigate all complaints or to focus resources on more serious cases. The law also eliminated an appeal mechanism, allowing first-instance court decisions to be challenged only once to the Appeal Courts.

In another development, after over a year of interim management, the president appointed a new management team for the High Court of Cassation and Justice, the highest court of the country. Also in 2010, three members of the Constitutional Court were appointed: one by the President, one by the Chamber of Deputies, and one by the Senate. Despite civil society calls for a transparent appointment process subject to public oversight, only the Chamber of Deputies opened its hearing on candidates to the public. The candidates that emerged successful from parliamentary hearings were those supported by the PDL, while the president reconfirmed for a full mandate a judge appointed previously for a fraction of a mandate. Therefore, in the new composition of the Constitutional Court, the balance of power appears to have shifted somewhat in favor of the ruling coalition.

Elections for members of the Superior Council of Magistracy (SCM) were also held in 2010. The annual progress report of the European Commission called for close compliance with procedural rules for these elections, in particular the eligibility criteria for candidates. The EU also criticized the judicial disciplinary system, citing lenient sanctions and the paucity of cases opened. Despite these warnings, three of the individuals who had replaced other members midway through their terms refused to leave the council, claiming that the six-year term was not an institutional one (applying to all members at the same time) but an individual one, thus allowing each member of the council to enjoy a full 6-year term. Four other council members decided to run again despite a clear legal provision prohibiting magistrates from continuing for more than one term on the council. Three were reelected. In December, the Senate selected two civil society representatives to serve as members of the council, although one of them, Victor Alistar, had been found to be ineligible by the National Integrity Agency. The law states that individuals found to be ineligible may not be appointed to public positions for three years after the date of the ruling. In spite of this, the Senate approved the list of new members, including Alistar, for the Council, a move the ruling party was challenging before the Constitutional Court at year’s end.
Corruption remains a substantial governance challenge in Romania and the country has struggled to meet EU anticorruption requirements, despite efforts by civil society and a few key institutions to expose, investigate, and punish high-level corruption.

The DNA, already widely recognized for taking a proactive approach, continued to investigate high-level corruption cases during 2010. One of the most important cases involved Cătălin Voicu, a PSD senator and Florin Costiniu, head of the commercial section in the HCCJ, as well as Costel Cășuneanu and Marius Locic, two important businessmen. Voicu allegedly acted as an intermediary in an influence peddling scheme aimed at obtaining favorable court decisions for Cășuneanu with the help of Costiniu, and he also intervened in police investigations to help Locic. The four were indicted in May 2010 and Voicu was placed in pretrial detention.

Investigations were initiated during the year against current and former top officials, including those from the ruling coalition. In May, prosecutors charged former prime minister Adrian Năstase with taking bribes during his time in office after parliament waived his immunity (an action they had previously refused to take). In October, the DNA submitted a request for the arrest of PDL legislator Dan Păsat to the Minister of Justice, who then forwarded it to parliament; it was still awaiting discussion in the Chamber of Deputies at year’s end. Despite these promising cases, the reluctance of the entire political class to let justice run its course without impediment remained apparent and entrenched across the political spectrum. For example, another DNA request for a criminal investigation of Monica Iacob Ridzi, a PDL deputy and former Minister of Youth and Sport, was rejected by the plenum of the Chamber of Deputies.

In addition to political resistance, final court decisions in high-level corruption cases remain rare in Romania, and various tactics are used by defendants to delay court proceedings in an effort to propel the end of trials because of their expiration under statute of limitation rules. In order to limit the possibility for unjustified delays, in September 2010, parliament amended the law on the Constitutional Court, eliminating the automatic suspension of trials when a constitutionality challenge is raised.

The National Integrity Agency (ANI), another corruption watchdog institution, was created at the EU’s request in 2007 to vet public officials’ asset declarations and identify potential conflicts of interest or suspicious income. Throughout 2009 and the first months of 2010, the European Commission and civil society praised the ANI’s “encouraging track record,” recognizing the agency as an important partner to the DNA and judiciary in combating corruption. However, in April 2010, the Constitutional Court, which had seven of its nine judges under investigation by the
ANI, ruled that the most significant chapters of the Law on the National Integrity Agency governing the ANI were unconstitutional, eliciting condemnation from Romanian NGOs and politicians alike. The Court argued that the ANI had assumed the character of a “quasi-judicial institution,” which violated Romania’s constitution; that investigation and publication of assets constituted a violation of the right to privacy; and that confiscation of assets breached the presumption of innocence.

In response to the Court’s ruling, a new draft law was passed that limited the effectiveness of the ANI’s investigations and introduced less transparent and comprehensive asset declarations, rendering the agency essentially toothless. The new law provoked significant criticism from Romanian civil society and EU officials, and a coalition of influential NGOs and think tanks publicly asked the president not to promulgate the revised law. The president refused to sign the law and asked parliament to reconsider it. In the second reading, parliament adopted a similar version, which the president then challenged before the Constitutional Court on procedural issues. The Court then found the revised law to be unconstitutional. After a highly critical report by the European Commission in July urging Romania to remember the commitments it had made upon accession, parliament again discussed the law and agreed upon a version that went into force on September 6. The revised version restored ANI’s key tasks—monitoring of unjustified wealth, determination of conflicts of interest, and decisions on official incompatibility—after a four-month hiatus. Though ANI generally survived the assault on its mandate, in December, its budget was significantly reduced amidst the government’s broader spending cuts; the effect of the funding cut remains to be seen in 2011, however.

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Laura Stefan and Sorin Ionita are analysts associated with the Romanian Academic Society and the think-tank Expert Forum (EFOR). Cristian Ghinea and Sabina Fati contributed valuable research to the preparation of this report.


2 Cristian Diaconescu, “Sper sa reusesc impreuna cu colegii independenti sa punem pe picioare un partid de centru-stanga” [I hope to succeed together with my independent colleagues to build a center-left party], HotNews.ro, 9 March 2010, http://www.hotnews.ro/stiri-politic-


7 OSCE, Romania Presidential Election...Observation Mission Final Report.

8 Others include ethnic Germans, Ukrainians, Serbs, Croats, Russians, and Turks, all numbering less than 0.5 percent. See U.S. Department of State, “Background Note: Romania,” Bureau of European and Eurasian Affairs, updated 6 April 2011. http://www.state.gov/r/pa/ei/bgn/35722.htm#people.

9 Ibid.


15 Ibid., 19.


17 Ellen Hume, Caught in the Middle, 14.

18 Ibid., 63.


Ellen Hume, Caught in the Middle, 60.


Ibid., 5.

