

CRS Issue Brief

Romanian Political Developments and U.S.- Romanian Relations

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by
Sergiu Verona
Foreign Affairs and National Defense Division



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Romanian Political Developments and U.S.-Romanian Relations

SUMMARY

Like other formerly Soviet-dominated East European countries, Romania is undergoing a political and economic transformation. The fall of the dictatorial Ceausescu regime opened the prospects of advancing towards democracy, a market economy, and reintegration with the rest of Europe. On Sept. 27, 1992, Romania held Parliamentary and Presidential elections.

The major parties that took part in the election were the National Salvation Front (NSF); the Democratic National Salvation Front (DNSF) incorporating the supporters of President Iliescu who left the NSF; and the Democratic Convention (DC), the main centrist opposition force created in November 1991 and consisting of 18 different groups, acting to restore the rule of law and a market economy. Many experts refer to the existence of a "Nationalist Bloc" of parties, which incorporates extremist political parties, with declared nationalist and totalitarian ideologies. These are the Romanian National Unity Party (PUNR), the Greater Romanian Party (GRP), and the Socialist Party of Labor, which is the former Communist Party.

The Presidential elections took place in two rounds -- on Sept. 27 and Oct. 11, 1992. In the second round Ion Iliescu was elected President with 61.27% of the vote. The Parliamentary elections ended on Sept. 27, 1992. Contrary to all opinion polls, the left-wing Democratic National Salvation Front won the plurality of the seats in the parliament -- 117 in the Chamber and 49 in the Senate. The Democratic Convention came in second.

On Nov. 4, 1992, Iliescu announced that following deliberation within the DNSF, as well as after talks with all parties

in the parliament, Nicolae Vacaroiu, a Romanian economist, was to be named Prime Minister.

On July 9-10, 1993, during its congress, the DNSF decided to rename itself the "Social Democracy Party of Romania." Adrian Nastase was elected executive chairman. Previously, the DNSF had concluded a pact with the communist and ultra-nationalist parties to counter the growing strength of centrist opposition

On Oct. 4, 1993, the permanent representatives of the Council of Europe unanimously approved Romania's application. Romania became the 32nd member of the Council of Europe.

On July 2, 1993, President Clinton sent to Congress Proclamation 6577 in support of the ratification of the U.S.-Romanian Trade Agreement. On Oct. 12, 1993, the House and on Oct. 21, 1993, the Senate passed H.J.Res. 228 providing the most-favored-nation status for Romania.

Romanian Foreign Minister Theodor Melescanu visited the United States December 15-17. Between June 14-17, 1994, Romanian National Defense Minister Gheorghe Tinca visited Washington and on July 18, U.S. Defense Secretary William Perry arrived in Bucharest as part of a visit to several Balkan and southern European nations.

During his meetings with President Iliescu, Foreign Minister Melescanu, and Defense Minister Tinca, Secretary Perry stated that Romania had a special place in future European security arrangements.

MOST RECENT DEVELOPMENTS

On Mar. 6, 1994 a new government reshuffle occurred in Romania. Four new ministers -- justice, national defense, interior, and transportation, were appointed. On June 10, the National Peasant Party, the core of the centrist opposition, announced that it would start impeachment proceedings in Parliament against President Iliescu because he had allegedly violated the constitution by trying to block court rulings on returning property nationalized by the Communists four decades ago. The actions of the opposition coincided with anti-government protests in Bucharest launched by a march of about 10,000 workers from the major trade unions. Many political observers feel that this represents a more aggressive posture by the Romanian opposition's strategy. Between June 14-17, 1994, Romanian National Defense Minister Gheorghe Tinca visited Washington and on July 18, U.S. Defense Secretary William Perry arrived in Bucharest as part of a visit to several Balkan and southern European nations.

BACKGROUND AND ANALYSIS

General Trends

Romanian Revolution

The Romanian revolution of December 1989 led to the overthrow of President Ceausescu's dictatorship. Nicolae and Elena Ceausescu were captured on December 24 and executed on December 25. With the fall of Ceausescu, Ion Iliescu was named to head a provisional government as President of the newly established "National Salvation Front (NSF)." Iliescu had been a leading Communist Party official prior to his dismissal by Ceausescu in 1971. The new government promised the introduction of democracy and a free market economy.

Romania held its first multiparty elections on May 20, 1990. The National Salvation Front won a sweeping victory. The main opposition came from the Peasant Party, the National Liberal Party, the Social Democrats, and the Hungarian Democratic Union. In what was perceived as a blow to the democratization process in Romania, the government called miners into Bucharest to "save the revolution" against demonstrators on June 13, 1991. The miners attacked protesters in bloody street clashes.

Renewed miners' riots in Bucharest in September 1991 brought the resignation of Prime Minister Roman and negotiations to form a coalition government. The new government, which was formed on Oct. 19, 1991, under Prime Minister Theodor Stolojan, continued to be dominated by the NSF. The National Liberal Party (NLP), a former "historical party," became part of the government for the first time in 45 years.

Constitution

In July 1991, the draft of a new Constitution was submitted to the Romanian Parliament. The Constitution was adopted by the Parliament on Nov. 21, 1991 and entered into force pursuant to its approval by a national referendum on Dec. 8, 1991. According to official data, the Constitution was approved by 53.5% of the eligible voters, 14.1% voted against, and approximately 31% abstained.

The Constitution describes the Parliament, the President, and the Government as the three branches of power. The Constitution gives the President broad powers in both the domestic and international spheres, including powers over the judiciary; the power to designate the Prime Minister; to dismiss and appoint ministers on the proposal of the Prime Minister; and to be the Commander-in-Chief of the Armed Forces and President of the Supreme Council of National Defense.

Political Parties

Immediately after World War II and the Soviet occupation of Romania, during the fraudulently manipulated elections of 1946, the Communist Party was brought to power and remained the only legally functioning political party until the December 1989 revolution.

After the Revolution, a decree was issued permitting the reestablishment of political parties. The new parties were required to provide their program, and have at least 251 members. Later, according to the 1991 Constitution, this provision was reiterated, maintaining that "political parties may be constituted and pursue their activities in accordance with the law" and that "pluralism in Romanian society is a condition and safeguard of Constitutional democracy." (Article 8.)

By Jan. 19, 1990, fourteen political parties had already been formed. At the end of July 1992, the total increased to 151 registered parties. The rapid growth and expansion of Romanian political parties is similar to that in other East European countries after the fall of communism, and may be considered a natural reaction to a half-century of the one-party system. Most experts on Romanian affairs agree that only a small number of the registered parties and ethnic unions and associations are politically significant.

The major political parties are as follows.

Social Democracy Party of Romania (PSDR) formerly Democratic National Salvation Front (DNSF). During its congress in March 1992, in preparation for the general elections, the Romanian ruling party (the National Salvation Front) split. Supporters of President Iliescu left the NSF and a new party was launched, considered to be its conservative wing. The new party initially renamed itself the Democratic National Salvation Front. According to observers, the new party favors a slower pace of reform. The DNSF is backed by elderly and rural voters. After its July 10, 1993 conference, the party's name was changed to the Social Democracy Party of Romania (PSDR).

National Salvation Front (NSF). The Front took power in the December 1989 revolution and later in was reconfirmed in government after May 1990 elections. Before the September 1992 elections, the NSF was the major partner in the coalition cabinet led by the former Prime Minister Theodor Stolojan. In May 1993, NSF merge with the Democratic Party and the party resulting from the fusion was named the Democratic Party-NSF.

Democratic Convention (DC). The main centrist opposition force, the DC was created in November 1991 by major opposition parties which joined forces to fight the March 1992 local elections. The DC, consisting of 18 different groups, is acting against

"communism, primitive nationalism, extremism and chauvinism," to restore the rule of law and a market economy. The leading parties in the Democratic Convention are the National Peasant Party (NPP), the Civic Alliance Party (CAP), and the Hungarian Democratic Union of Romania (HDUR). Other parties are the Romanian Ecological Party, the National Liberal Party (Young Wing), and the Social Democratic Party. The Democratic Convention's cohesion was weakened after the local elections, when the National Liberal Party split from the bloc. After May 1992, the NLP split in several groups -- Young Liberal Party, New Liberal Party, and National Liberal Party-Democratic Convention.

Hungarian Democratic Union of Romania (HDUR). This party, which is also a member of the Democratic Convention, was created in January 1990 and represents the interests of more than 1.6 million ethnic Hungarian minority (the HDUR estimation is between 1.7 and 2 million). The HDUR was competing for the parliament in its own right.

Romanian National Unity Party (PUNR). The party was formed by the Romanian nationalists in Transylvania. The PUNR declared itself the champion of Romania's unity and integrity, which, according to its program, is threatened by Hungary. The leader of PUNR, Gheorghe Funar, one of the candidates for the presidency, was previously elected mayor of Cluj, one of the important cities in Transylvania.

Many experts refer to the existence of a bloc of extremist and nationalist "Bloc" which incorporates parties, with declared nationalist (anti-Hungarian, anti-semitic, anti-Gypsy) as well as totalitarian ideologies. In addition to PUNR, it include the Greater Romanian Party (PRM), and the Socialist Party of Labor (PSU), the former Communist Party, created in 1990. Until the last reshuffle of the Romanian government (March 6, 1994) these parties were part of the governing coalition due to their support in the Parliament. Their political conduct in the future it is not yet known.

Local, Parliamentary and Presidential Elections

The first democratic local elections since World War II were held in February 1992. The NSF won 31.1% of the votes for mayor, mainly in small towns and villages. The main opposition, the Democratic Convention (CD), won 23.1% of the mayoral votes, including those in major cities. The Democratic Convention's candidates for mayor won in Bucharest and other major cities. The NSF retained power mainly in rural areas.

The Presidential elections took place in two rounds -- on Sept. 27 and Oct. 11, 1992. The Parliamentary elections ended on September 27 and their official results were published on Oct. 7, 1992. A total of 83 parties fielded candidates. According to the official results, the competing parties received the following percentages and seats in the new parliament.~

Chamber of Deputies

PSDR	27.71% of the votes	117 seats
DC	20.01%	82 seats
NSF	10.18%	43 seats
PUNR	7.70%	30 seats
HDUR	7.45%	27 seats
PRM	3.89%	16 seats
PSU	3.03%	12 seats

Thirteen national minorities organizations got one seat each.

Senate

PSDR	28.29%	49 seats
DC	20.16%	34 seats
NSF	10.38%	18 seats
PUNR	8.12%	14 seats
HDUR	7.58%	12 seats
PRM	3.85%	6 seats
PSU	3.18%	5 seats
Dem. Ag. Party	3.30%	5 seats

On Oct. 11, 1992, after a second round, Ion Iliescu was elected President with 61.27%; Emil Constantinescu, the candidate of the opposition, received 38.73%.

The Government

After being reelected, President Iliescu tried to negotiate a coalition government. According to Iliescu's own statement made after consultations with the leaders of various Romanian political parties, "representatives of many parties preferred to adopt a policy of reticence toward participating in the government." President Iliescu stated that a new formula could be the creation of a minority DNSF government.

The Romanian government confirmed by the parliament on Nov. 19, 1992, included 22 ministers. Nicolae Vacaroiu, a Romanian economist, was appointed to be the new Prime Minister. Vacaroiu, a graduate in finance and credits of the Bucharest Academy of Economic Studies, was deputy economy minister in the post-1989 government of premier Petre Roman.

On June 25, the DNSF formally announced a pact with the communist and ultra-nationalist parties to counter the growing strength of the centrist opposition. Thus, the DNSF and its associates (the SLP, the PRM, the PUNR, and the Democratic Agrarian Party) gained control of 53% of the seats in Parliament, giving the regime in power the political initiative. Any action initiated by the opposition, or even by the government, could be blocked in Parliament.

In a Party Congress on July 9-10, the DNSF decided to change its name to one reflecting a leftist orientation, the Social Democracy Party of Romania (PSDR). Adrian Nastase was elected as its new executive chairman. Former party chairman Oliviu Gherman was reconfirmed by the National Council. The Congress agreed along lines

avored by conservatives and on continuing close relations with the nationalist and extremist parties.

Political Changes

The Governing left-wing and nationalist parties, as well as centrist opposition groups, have been undergoing important changes over the past year. Splits and corresponding mergers of parties may significantly alter the political scene. In May 1993, the National Salvation Front (FSN), headed by former Prime Minister Petre Roman, decided to merge with the Democratic party, a political organization not represented in Parliament. The new combined party was named the Democratic Party-FSN. On June 17, the Democratic Convention signed a Protocol with the Democratic Party-FSN, an alliance which, according to the media, could potentially unite 47% of the Parliament. Under the protocol, the opposition parties affirmed their agreement to govern jointly within. This represented an important change in the opposition's political strategy. The Democratic Convention expressed its readiness to move in the direction of forming a coalition government with the PSDR.

On Nov. 17, 1993, leaders of the opposition parties -- the Civic Alliance Party, the Democratic Party, the Romanian Ecological Party, the Liberal Party '93, the National Liberal Party-Democratic Convention, the Christian Democratic National Peasant Party, the Romanian Social Democratic Party and the Hungarian Democratic Union of Romania signed a declaration emphasizing that "the way out of the crisis lies in the political solution of changing the government." The document signaled that the parties of democratic opposition are ready to set up a new government, hoping to achieve social peace and stability on the basis of a new national pact to be concluded with the trade unions.

New Government Reshuffle

President Ion Iliescu, in an interview for CRS, elaborated on a possible governmental formula for the future. He emphasized that the break with the Great Romania Party was a beneficial move because it weakened PUNR efforts to enter the government. Iliescu said that PUNR understood that an even larger coalition government, with other parties supportive of the Vacaroiu government, was inconceivable. Under these conditions, the only possible governing formula would be a minority PDSR government. Iliescu said that it was his understanding that the opposition would accept and support it.

Iliescu explained the change of attitude among the opposition parties and their willingness to support a minority government by the fact that the democratic opposition will not have to share political responsibility with PDSR. At the same time, Iliescu insisted that nobody, including the opposition parties, wants early elections, and no party is interested in the fall of the government and a resulting political crisis. (On Mar. 12, 1994 at a meeting of the Democratic Party Steering Collegium, Petre Roman, chairman of the PD, said that "in the PD's view, early elections would lead to disaster, since the electorate, betrayed during the last electoral campaign, had lost confidence in everyone and everything." FBIS-EEU-94-049, Mar. 14, 1994, p. 37.)

Iliescu said that he disagrees with those opposition parties, experts, and media, who argue that a coalition government between the PDSR and the Democratic Convention would be the most suitable solution for implementing democratization of Romania. Iliescu stated further that a coalition government with the opposition would not be helpful at present, because of the weaknesses of most of the parties. He added that, in his opinion, the National Peasant Party-Christian Democratic (PNT-CD), is the only reliable party in the Democratic Convention at present. However, the PNT-CD has stated that it will not enter government without being given full control of the elements of power. Without such conditions, they prefer to wait, hoping that the government will be discredited economically.

After more than three months of speculation, negotiation, denial, and accusation between the political parties supporting the PDSR party and the opposition, a government reshuffle occurred on Mar. 6, 1994. The reshuffle seems unrelated to any attempt to build a new government coalition. Four new ministers -- justice, national defense, interior, and transportation -- were appointed to the Vacaroiu cabinet. President Iliescu said the new appointments were made in the interest of efficient government. There were mixed reactions from the political parties, but in general, all the political representatives (except those from extremist parties) stated that the reshuffle had little value. As Corneliu Coposu, pointed out, the reshuffle has neither contributed to the consolidation of the government, nor has it ensured its stability at home and abroad. For Dinu Patriciu, deputy of the Liberal Party 93 (PL'93), this was "a minimal solution, again without respect for the Constitution."

The replacement of the Defense Minister, Dumitru Spiroiu, was carried out according to the government in line with recommendations made by the Council of Europe to establish civilian control over the military. Within the political spectrum, some observers contended that taking into consideration the accusations brought against the Defense Minister by Vadim Tudor (Greater Romania Mare Party leader), the ruling party should have waited and not given Tudor such satisfaction. Other political leaders, including Corneliu Coposu said that the appointment of a civilian at the helm of the Army was inopportune and that General Nicolae Spiroiu's replacement would exert a negative effect.

On Mar. 17, 1994, the opposition parties demanded a probe into media reports that the new Defense Minister had ties with the secret police of the late dictator Nicolae Ceausescu. On Mar. 18, 1994, Romania's presidency rejected the opposition calls. However, the opposition Democratic Party urged Parliament's Commissions on Defense and Security to investigate the report.

The Opposition

A second public opinion poll conducted in Romania from Mar. 24-Apr. 2, 1994, shows that the Democratic Convention of Romania holds the largest share of public support with 24%, followed by the ruling PSDR party, with 21%. According to the poll, the major problems are seen as inflation, corruption, unemployment, and low salaries. The majority of the population feels that living standards, law and order, and people's faith in the future have deteriorated.

The results of the poll show that people give priority to solving the following problems immediately: inflation should be curbed; jobs created; property title deeds

issued; the process of reforms hastened, and social protection assured. Thirty-five of those interviewed said early elections were necessary, while 42% pronounced themselves against such elections.

Observers suggest that recent opposition activity has been more effective. The CD has again made public a document addressing the crucial problems of Romania. Entitled "A Manifesto for Romania's Salvation," the document suggests several "simple and efficient" measures to boost Romania's recovery from the crisis caused by "an incompetent and corrupt" government.

The opposition parties are calling for tough but equitable justice in order to stop corruption; allotment to the local administration of at least 18% of the taxes paid by the population; cancellation of farm taxes; deeding of private property title; creation of jobs through investments and privatization; protection of the young, unemployed, and underprivileged; increasing of funds for education, health and culture; strengthening the defense capacity and the Armed Forces and their integration into Euro-Atlantic structures. CD leaders, say that the program offers solutions in stages to be completed over the next 18 months, the amount of time considered necessary for a new government to begin its activity.

The CD also published a document entitled "Romania 1989-1994" with the Romanian Foundation for Democracy. The document uses official data supplied by the National Statistics Commission to present charts on unemployment, inflation, production, and trade.

Opposition's leaders feel that support for the CD has grown because of changing opinions of the workers, while the Democratic Convention continues to hold into its traditional electoral base. As CD President, Professor Emil Constantinescu, said in December, the Convention "accepted the trade unions' proposal to establish a real social pact that should be guaranteed by a coalition government set up by the major political forces in the country."

Recent Developments

Several events in June illustrate that the political confrontation between the ruling party and the opposition, including the trade-unions, had become genuine political turmoil. On June 10, the National Peasant Party, the core of the centrist opposition, announced that it would start impeachment proceedings in Parliament against President Ilescu because he had allegedly violated the constitution by trying to block court rulings on returning property nationalized by the Communists four decades ago. (The opposition complaint concerned remarks Ilescu had made on a visit to Satu Mare in northern Romania where he urged local authorities not to implement court rulings favorable to the original owners of nationalized houses.) According to official data, more than 200,000 buildings, from palaces to apartments, and about 1.5 million citizens, are currently tied up in related property disputes.

A few days later, according to a communique from the Democratic Convention (CD) and the Democratic Party (PD), the parties representing the entire opposition in Parliament, after having discussed the current political situation, including certain statements and actions of President Ilescu, agreed to hear his explanations before a joint session of Parliament before the end of the current session.

Iliescu rejected the opposition's charges. An official communique from the Presidency said that "the President has nothing to retract from what he said at the meeting in Satu Mare."

The actions of the opposition coincided with anti-government protests in Bucharest launched by a march of about 10,000 workers from the major trade unions. They have been protesting triple-digit inflation, plunging living standards, poverty, slow economic reforms, lack of retirement rights, and job protection.

The strike -- considered by observers to be the biggest labor challenge in Romania since the Ceausescu regime -- ended after negotiations between representatives of the workers and the Vacaroiu government. The government agreed to wage hikes of 8.3%, to be reviewed quarterly.

The end of the strike, however, did not represent the end of the challenge to Iliescu and the government. The opposition initiated a no-confidence motion against Prime Minister Vacaroiu, and continued impeachment proceedings against President Iliescu. Many political observers feel that this represents a more aggressive posture by the Romanian opposition's strategy. According to Reuters, the opposition had better ratings revealed in a confidential opinion poll, which shows the Democratic Convention would win early elections now. (Reuters, June 21, 1994).

However, the Parliament rejected both actions -- the no-confidence motion against the government and the impeachment proceedings against President Iliescu.

Inter-ethnic Tensions

In Cluj, 250 miles north of Bucharest, inter-ethnic tensions have grown. In the past few weeks, between the Romanian and Hungarian because of a controversial archeological excavations around the statue of the medieval Hungarian king Mathias, in the city center. According to Reuters, on July 8, Hungarians surrounded the statue to protect it, and forced suspension of the project.

The party Hungarian Democratic Union of Romania (HDUR), accused Romanian nationalists, who head the local government, of deliberately provoking trouble. The HDUR has appealed for international support to prevent the excavations, which are taking place to search for the ruins of Napoca, an ancient Roman settlement. International media report that Hungary's new government has also complained that the Mathias statue is threatened by the excavation.

At the same time, Romanian historians stress that the political passion and distrust, fueled by centuries of Hungarian rule over the Transylvania region before World War I, have prevented archaeologists from doing their job.

On July 21, 1994, Romanian authorities endorsed the excavations. The Ministry of Culture stated that no monument in the city would be disturbed.

A few days earlier, the political actions of HDUR have been criticized by President Iliescu. HDUR had announced that it was planning a campaign of civil disobedience

and protests over a new education law which it said disrespected minorities. A special statement issued by the presidency stated that "the Romanian President asks HDUR representatives not to escalate existing tensions, not to devise sources of conflict, and to abstain from launching appeals that can lead to a crisis in inter-ethnic relations."

Economy

On Mar. 4, 1993 the Government presented a "Report on Economic and Social Reform Strategy of the Government Program" to the Parliament. This 29-page document reviews wide-ranging issues related to the development of the Romanian economy.

On Nov. 22, 1993, after one year in office, Prime Minister Vacaroiu admitted at a press conference that the government had failed to cut the yearly inflation rate to 70-80%, in keeping with a pledge made in the Program. In an interview with Reuters, Vacaroiu added that the Romanian government's plans to privatize communist-era industry and weed out loss-making state sector enterprises had suffered setbacks. However, according to Vacaroiu, the government had succeeded in stopping the decline of industrial output and the country would soon return to economic growth.

A Report published by PlanEcon on February 1994, pointed out that according to Romanian official data, the country's GDP increased by 1.0% in 1993, a fact which is supported by increases in industrial and construction sector output last year. However, the article continued, "we must remain skeptical about preliminary Romanian claims regarding recovery and await more solid evidence on what has actually occurred."

It is estimated also that Romania is the only Eastern European country that experienced significant acceleration of inflation in 1993. However, data on 1994 show that, due to firmer government steps in the fiscal sector, in line with an IMF loan accord, the inflation figures slowed from an annual rate of almost 300% in December 1993 to 180% in May 1994. According to Romanian economists, the inflation rate is expected to drop further to a monthly 3 or 4% in the second half of the year, to put 12-month inflation at around 75% by December 1994.

Romanian and Western economic experts have estimated that the recovery in Romanian economy could begin in 1994. However, given the current low levels of production, the Romanian economy is not expected to reach 1987 levels until the end of 1996 even with relatively high growth rates.

According to Romanian sources, the Romanian government has recently approved the 1994 program for public investments. Its financing requires 3,500 to 4,000 billion lei, approximately \$2-2.4 billion. The sectors targeted for public investments are energy, transport, communications, environmental protection, and public utilities. Similarly, new investments have been planned in the export-oriented industries, the banking system, private farming, food industry, trade, tourism, and services.

However, foreign investment still remains at relatively reduced levels. According to Reuters, foreign investment which stood at \$217.2 million last year, has reached \$172 million in the first six months of 1994. Analysts consider that Romania needs an

annual \$1.5 billion from foreign investors to step up moves toward the free market. (Reuters, July 25, 1994).

Relations with the International Monetary Fund (IMF) and European Institutions

In June 1992, the International Monetary Fund (IMF) granted \$440 million to Romania to support the economic reform program. Concurrently, the World Bank granted a structural adjustment loan of \$400 million. However, the IMF assessments published in 1993, showed dissatisfaction concerning the economic situation in Romania. The 1993 IMF annual report noted that the results of the attempts to achieve economic and financial stability have been below expectation. The IMF director stressed the need for a restrictive fiscal policy. As *Reuters* pointed out, the International Monetary Fund and World Bank have withheld new financing since July 1993.

There were contradictory assessments of the September negotiations in Washington between the Romanian delegation and the IMF. The IMF still did not sign the stand-by-agreement with Romania for the first \$500 million credit. According to the Governor of Romania's National Bank, the Romanian side must finalize a letter of intent to the IMF. Mircea Cosea, Romania's new minister of economic reform, said after returning from September's negotiations in Washington, that he will resign if the agreement with the IMF "is not signed because of Romania. Reforms cannot be carried out without an agreement with the IMF."

On Dec. 9, 1993, Romanian officials signed a letter with the IMF for \$696 million in loans contingent on parliamentary acceptance of a financial and economic reform plan. IMF officials said that the reform plans chief objectives were to reduce inflation and to restore Romanian confidence in its currency. The Romanian parliament passed a Memorandum on IMF.

On May 11, 1994, The IMF approved credits for Romania totaling approximately \$454 million to support the Government's 1994-95 economic program. The IMF document announcing the credits approval stated that "the Romanian economic program for 1994-95 represents a comprehensive effort to stabilize the economy and promote sustainable growth over the medium-term."

Romania has made important progress in its relationship with European institutions. Romania was the first Eastern European country to initial a Free Trade Agreement with the European Free Trade Association. In addition, Romania has initialed an associate membership with the European Community. Romania's long-term objective is to obtain full EC membership. On May 9, 1994, the European Parliament adopted four reports recommending increased medium-term aid to several Eastern European countries, including a complementary financial aid for Romania.

Foreign Policy

Recently Romanian foreign policy has focused on the construction of a comprehensive theoretical foundation to improve the image of the country in the eyes of the United States and the West in light of the process of disintegration in Eastern Europe and the former Soviet Union.

This model emphasizes that Europe is witnessing the breakup of various countries, among them Yugoslavia, the Soviet Union, and Czechoslovakia. In contrast, Romanians emphasize that their country remains united, and this geopolitical integrity provides justification for being recognized as one of the most important countries in the region. In addition, Romanian officials note their country's demographic weight (more than 23 million) and underscore Romania's human capacity and skills, its traditions, and its level of development. They point out that Romania is one of the few countries in the area rich in resources -- oil, iron, and gold.

Finally, Romania's geostrategic importance is emphasized as a crossroads between the large continental powers, with proximity to the former Soviet Union and to the areas of conflict to the south: the Middle East and the Gulf, as well to the west Balkan area. "From all this, it is obvious that today we are actually one of the great outposts of Western Europe vis-a-vis the Balkan countries, Eastern Europe, and the former Soviet Union. This is our geopolitical role." (*TINERETUL LIBER* in Romanian, Dec. 11, 1992, p. 1, 7. Quoted also by FBIS-EEU-92-241, Dec. 15, 1992, p. 37-38).

Europe

Romanian officials place emphasis on accelerating the process of Romania joining European institutions. They devote special attention to its relationship with the CSCE, emphasizing at the same time the objective of strengthening bilateral relations with various countries.

On Oct. 4, 1993, the Council of Europe approved Romania's membership application. Romania became the 32nd member of the Council of Europe. On May 9, 1994, the Western European Union (WEU) defense group admitted nine former communist states, including Romania, as "associate partners" in the group. Under the agreement, the East European states will have access to regular meetings and military liaison and the option of taking part in joint operations such as peacekeeping with the nine nations of the WEU. However, according to the decision, the new associate partners will not have security guarantees.

In March 1994, Council of Europe envoys Friedrich Koenig (Austria) and Gunnar Jansson (Finland) visited Romania to assess democratic progress and to publish a report, which was distributed in Strasbourg at the end of May. After Romania's acceptance into the Council of Europe, other members had urged her to bring policies on ethnic, religious, and sexual minorities up to European standards. The May report indicates that "the list of unsolved issues is still long and the ruling majority in Parliament is slowing reform." This list includes issues such as the rights of Romania's large ethnic Hungarian minority, the amendment of the law which makes homosexuality a crime punishable by a jail term of up to five years, limited land distribution, and restoration of property seized by the communist regime. The report recommended that the Council should keep Romania under close scrutiny until it "honors all its pledges."

The Romanian Foreign Ministry replies to the Koenig-Jansson report in a special memorandum distributed at the Council of Europe. The Romanian document underscored certain "outdated pieces of information which have been addressed by recent evolutions in Romanian," as well as "some inaccurate or distorted pieces of information." (FBIS-EEU-94-107, June 3, 1994, p.15. The document contains some

additional clarifications, and assures the Council of Europe that Romania's government will make all necessary efforts to accomplish, as soon as possible, all pledges made at the time of the country's membership.

On June 20, 1994, in Strasbourg, Romania deposited the instrument of ratification of the European Convention on Human Rights and Fundamental Freedoms and of its additional protocols. The ratification was joined by specific recognition of the right of individual petition to the European Commission on Human Rights and the acceptance of the compulsory jurisdiction of the European Court of Human Rights, which will enable individuals or other legal persons subjected to the jurisdictions of Romania to find an ultimate recourse on the international plane.

Romania and NATO

Romanian officials have been outspoken on NATO and the "Partnership for Peace." High-ranking Romanian governmental officials have expressed on several occasions Romania's intense desire to join NATO. "Romania's rightful place is in NATO," said President Ion Iliescu in a letter to NATO Secretary General Manfred Woerner and the heads of state of 16 NATO member states. Romania has expressed the view that all former Warsaw Pact countries should be accepted into NATO simultaneously.

Foreign Minister Melescanu expressed his hope that "after the Brussels summit, it would be possible to conclude the necessary agreements with NATO allowing us to benefit from security guarantees offered by the partnership for peace." Poland, the Czech Republic, Hungary, Romania, Albania, Bulgaria and Slovakia had accepted the "Partnership for Peace" offer, which will provide for joint training and exercises for peacekeeping and other missions. On Jan. 26, 1994, Romania was the first East European country to sign the "framework agreement" concerning the Partnership for Peace proposal.

Romanian observers consider that Romania's geopolitical position as well as its military power represent an attractive asset for NATO. Romania has a 200,000-strong military, with 161,000 in the army, 20,000 in the air force and 19,000 in the navy. Reserves number 593,000, according the International Institute for Strategic Studies.

At an inter-parliamentary seminar "Regional Security and Cooperation in Central Europe" held in Romania (July 14-15, 1994), Melescanu stressed that Romania's integration in the European and Euro-Atlantic structures is not a goal "per se" but an option of foreign policy. He also emphasized that "the United States' presence in Europe is a necessity for the peace of our continent."

U.S. Policy Toward Romania

Since the December 1989 anti-Ceausescu revolution, U.S.-Romanian relations have been dominated by the same issues: human rights (from the U.S. perspective) and most-favored-nation status (from the Romanian viewpoint). Romania was the last Soviet bloc country to receive MFN status. (Albania received MFN status in July 1992). On every possible occasion, the Romanian government underscores the importance of MFN status for Romania's democratization process, the transition to a market economy, as well as for its relationship with the United States.

After the February 1992 local elections, the State Department welcomed the progress made by Romania toward a market economy and toward democratic pluralism. In light of these developments, a new trade agreement was signed on Apr. 3, 1992 in Bucharest.

On July 2, 1993, President Clinton transmitted to Congress the U.S.-Romania Trade Agreement of Apr. 2, 1992, and his Proclamation 6577 to implement it. The agreement included reciprocal granting of MFN trade status. H.J.Res. 228, which approved MFN status for Romania, was passed by the House of Representatives on Oct. 12, 1993, and by the Senate on Oct. 21, 1993. Portions of several critical reports from leading human rights organizations were included in the Record at the time of passage.

In recommending approval by the House, the report of the Committee on Ways and Means emphasized that the renewal of MFN status would send a strong signal of support for the economic reforms that have been taking place in Romania. The report also stressed that "normalized trade relations will provide an improved climate for U.S. export sales to Romania in competition with goods from Western Europe and Asia. The U.S.-Romania bilateral trade agreement will improve the climate for U.S. investors, facilitate business operations in Romania, and lead to strengthened intellectual property right protection."

During the examination of the issue, a debate took place in both the House and Senate. Several Members in both bodies shared the view of Senator Lautenberg that under no circumstances should the approval of MFN be construed as "a blanket endorsement of Romania's record on human rights. In the upcoming months, the Congress will be carefully examining developments in Romania. We will be looking to ensure that Romania complies with its commitments and continues to make progress." Congressman Tom Lantos said: "I shall be watching with great care, whether the pattern of governmentally supported anti-ethnic policies will finally come to an end."

Many legislators expressed concern about the present evolution of Romanian political life and the process of democratization in Romania.

Issues in Recent U.S. - Romanian Relations

Between June 14-17, 1994, Romanian National Defense Minister Gheorghe Tinca visited Washington at the invitation of his U.S. counterpart, Defense Secretary William Perry. According to Romanian News Agency ROMPRESS, the Romanian minister and U.S. Under Secretary of Defense, John M. Leutch, signed a Memorandum on Cooperation in the Field of Defense and on Military Ties, "a first of its kind ever signed between the two countries." ROMPRESS also emphasized that during the talks, the two defense ministers reviewed the security issues confronting Romania and the area in which it is located.

The Romanian minister presented the state of reform in the Romanian Army, stressing "the role of civil society's control over it" and insisting that an extremely important aspect of the military reform in Romania, having as its main objective the country's integration within Euro-Atlantic military structures, is to make Romania's army compatible with armies in the NATO states.

On July 7, 1994, foreign ministers from nine Eastern European states, including Romania will meet U.S. Secretary of State Warren Christopher in Warsaw to discuss security issues. According to a statement issued in Warsaw by the Polish Foreign Ministry, "the most important issues of the meeting will be the question of security in the (eastern European) region, the Partnership for Peace (PFP) project, and the relations between the PFP-members and NATO." The ministers are also due to discuss a U.S. initiative to support trade, investments and social security in the region. (Reuters, June 22, 1994).

On July 18, U.S. Defense Secretary William Perry arrived in Bucharest as part of a visit to several Balkan and southern European nations. During his meetings with President Ilescu, Foreign Minister Melescanu, and Defense Minister Tinca, Secretary Perry stated that Romania had a special place in future European security arrangements, having been the first former Soviet bloc country to sign up for NATO's Partnership for Peace scheme. He also said that the United States looked forward to closer defense cooperation with Romania and other former Soviet bloc states. Secretary Perry and the ministers also discussed future joint military manoeuvres, exchanges of military officers, and ways to help Romania reform and modernize its armed forces.

According to Defense Minister Tinca, statements, Romania is prepared to participate in peacekeeping, humanitarian, and research operations. By Aug. 1, 1994, Romania will have an infantry battalion for these operations and two more battalions will be ready by the end of 1995.