

The End of *mineriade*: Labour Relations and Romania's Transition from Socialism

by

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Abstract

The purpose of this work is to study the end of the *mineriade*. *Mineriade* is a Romanian term that describes the phenomenon by which the miners of a specific region of Romania, the Jiu Valley, marched on Bucharest and interfered with Romanian political life by expressing their opposition to democratic and market reforms and their support for their neo-communist allies. Between 1990 and 2000, the miners marched six times on Bucharest. However, no signs of miners' unrest occurred ever since. This study reviews existing theories on labour weakness and puts forward two other hypotheses to explain the end of *mineriade*. It should be noted that by understanding the *mineriade*, a phenomenon characteristic of Romania only, one understands Romania's transition from a member of the Soviet Bloc to a member of the European Union. The end of the *mineriade* marks the beginning of Romania's successful transition towards democracy and market reforms.

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List of acronyms:

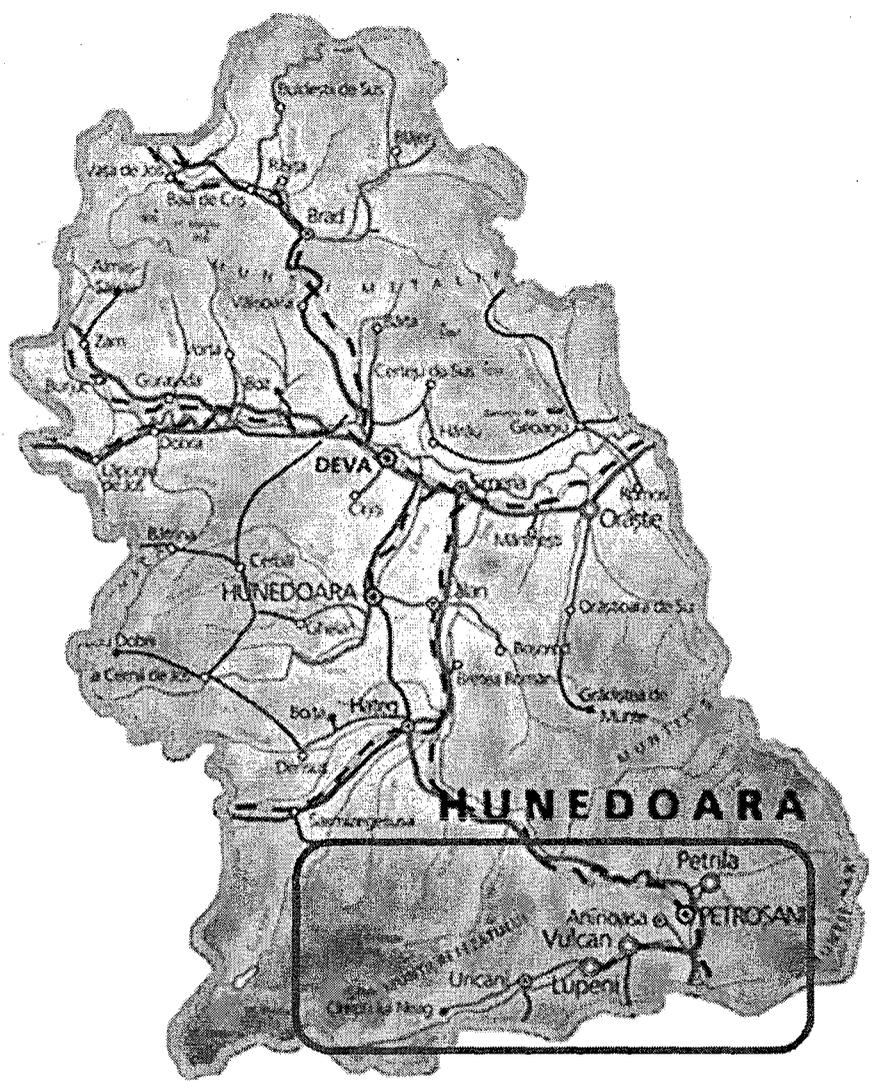
ADRV	Western Development Region Agency
CDR	Romanian Democratic Convention
CEE	Central and Eastern Europe
CPUN	Provisional Council for National Unity
EBRD	European Bank for Reconstruction and Development
ECU	European Currency Unit
FPP	Private Property Fund
FPS	State Property Fund
FSN	National Salvation Front (later PDSR, now PSD)
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
IMF	International Monetary Fund
ISPA	Instrument for Structural Policies for Pre-Accession
EU	European Union
FDI	Foreign Direct Investment
LFA	Least Favoured Areas
LSMVJ	League of Mining Unions of the Jiu Valley
MEBO	Manager-Employee Buy-Outs
NATO	North Atlantic Treaty Organization
NUTS	Nomenclature of Territorial Units for Statistics
PCR	Romanian Communist Party
PDSR	The Party of Social Democracy of Romania (former FSN, now PSD)
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
PNL	National Liberal Party
PNT-CD	National Peasants' Party – Christian and Democrat
RDV	Western Development Region
PRM	Greater Romania Party
SAPARD	Special Accession Programme for Agriculture and Rural Development
SRI	Romanian Intelligence Service
USSR	Union of Soviet Socialist Republics
VAT	Value Added Tax

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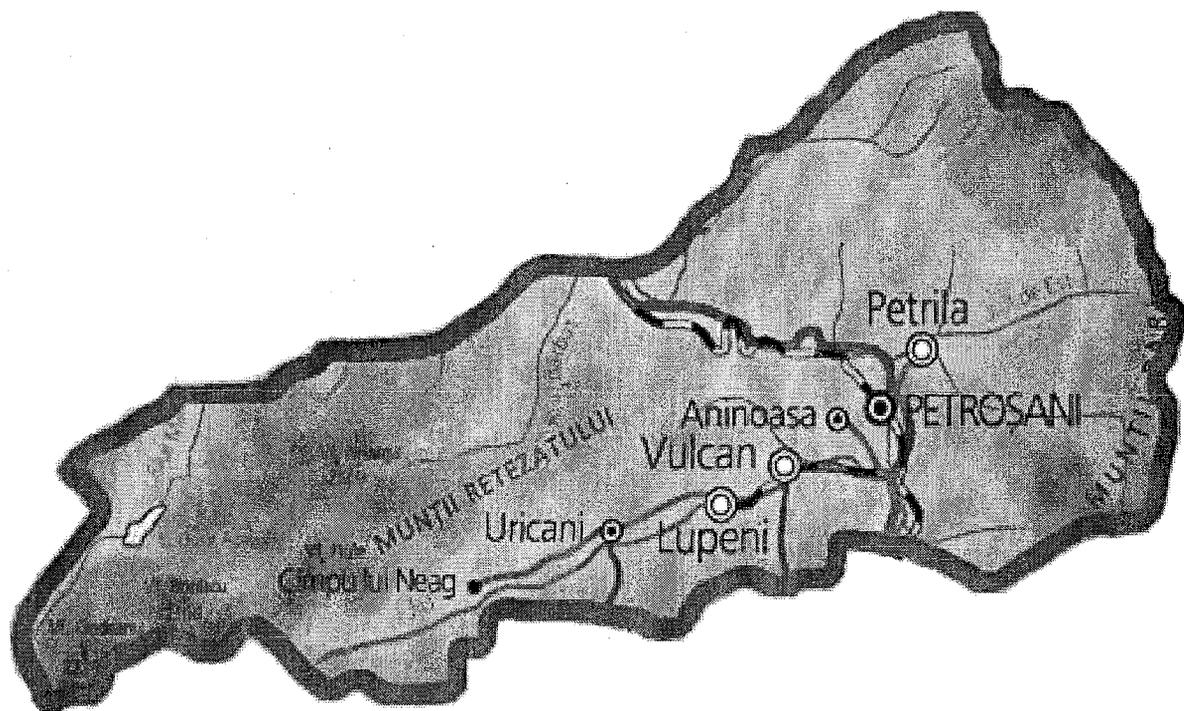
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Map 2: Hunedoara County (Romanian administrative division) with the Jiu Valley located in the south.

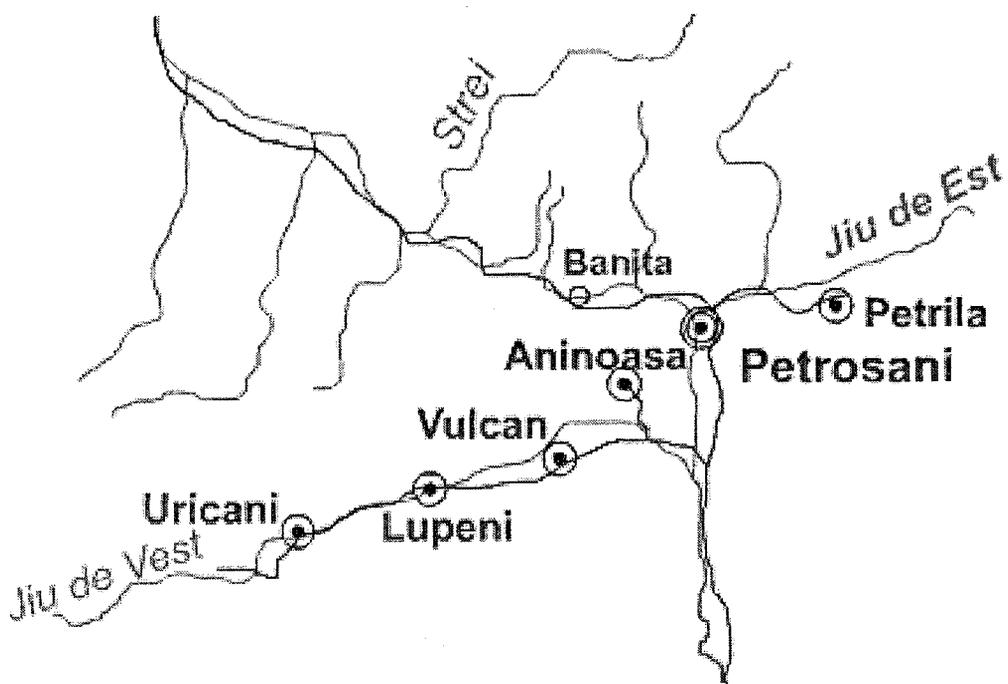
Source: http://www.adrvest.ro/attach_files/Harti/judetul_hunedoara.jpg.

The Jiu Valley is located in the southern part of the County. Notice the cities of Petrosani, Petrila, Aninoasa, Vulcan, Lupeni, and Uricani.



Map 3: The Jiu Valley

Source: ANDZM, *Raport Valea Jiului* (Bucuresti, 2005).



Map 4: Cities and towns of the Jiu Valley

Source: <http://www.jiuvalley.com/romana/orase/index.asp>.

Introduction

1989 was a year of fundamental change for the Central and East European (CEE) states, a change that proved not always to be smooth, as was the case of Romania where the Ceausescu regime ended in violence and turmoil. In the aftermath of the December 1989 events in Romania, the FSN (National Salvation Front) emerged as the unique political force, easily expanding in the vacuum of power that accompanied Ceausescu's fall. The FSN was not a political party. It perceived itself as a provisional ruling committee with the aim of achieving political stability and organizing democratic elections (in which it vowed not to run as a united political party), albeit it had a monopoly on power as the only organization in control of the state. Its membership was varied, ranging from intellectuals and dissidents to former second rank communist officials. The leader of the movement was Ion Iliescu, a former second rank communist official. Contrary to expectations, the FSN did not proceed with the dismantling of the communist institutions. Although the name of those institutions changed, high officials were replaced with lower rank ones. The bureaucracy remained virtually intact. The same happened with the notorious *Securitate*, the secret police.

Iliescu's grip on power and his neo-socialist political moves triggered constant protests in the capital and Timisoara, a city in Western Romania, from those demanding a genuine democratic change. It is in this confusing environment that the *mineriade* first occurred. *Mineriade* is a Romanian term that describes the phenomenon by which the miners of a specific region of Romania, the Jiu Valley, marched on Bucharest and interfered with Romanian political life by expressing their open opposition to democratic

and market reforms and their support for their neo-communist allies. There have been six *mineriade* altogether. Chronologically, there were two *mineriade* before the April 1990 election; two under the governance of the neo-socialist FSN, which was in power between 1990 and 1996; and two under the governance of the pro-Western coalition parties (in power between 1996 and 2000). The first two occurred in January and February of 1990, days of political instability, and they were a response to an increasing number of anti-FSN demonstrations. Pro-democracy demonstrations intensified, especially after the FSN decided to hold elections in May 1990 and to re-organize itself as a political party in order to run in those elections. Intellectuals and former dissidents decided to leave the FSN and join the anti-Iliescu rallies, which were a very frequent occurrence in Bucharest at the time. The Jiu Valley miners arrived twice in Bucharest to show their solidarity with the FSN and their opposition to economic reform through peaceful means, though sporadic violence was reported by some witnesses.

The following two *mineriade* occurred after Iliescu won the May 1990 elections in a landslide. As a reaction to FSN's victory, the pro-democracy demonstrators, joined by officials of the opposition parties, camped in downtown Bucharest. They remained there for three weeks until a combined force of Jiu Valley miners, police, and military forces violently removed them. The miners, led by Miron Cozma, one of the miners' labour union leaders, returned to Bucharest in the fall of 1991 and forced the Prime Minister, Petre Roman, and his government to resign. The Prime Minister was the leader of the reform-minded faction of the FSN. Roman and Iliescu and the factions they represented were in a struggle for political dominance within the FSN. Roman's resignation brought about his removal from the party as well, and the FSN remained a

party of neo-communists. The third and fourth *mineriade* are seen by scholars as representative of Iliescu's 1990-1996 regime. It is acknowledged that the miners were one of the few forces in Romanian society blindly supportive of the FSN and willing to promptly intervene to protect the status quo.

However, a coalition of pro-Western parties dedicated to liberal-economic and democratic reforms took power in 1996. Immediately after assuming power, the newly elected governing coalition proceeded to arrest and try Cozma for his role in the earlier *mineriade*. A large number of those now in power were former anti-FSN demonstrators in the summer of 1990. Petre Roman and his newly formed party was also part of the coalition. One of the short-term goals of the coalition was to bring the miners to justice. Cozma was arrested, tried, found guilty, and sentenced to two years in prison in 1997. Another short term goal was the implementation of radical reforms, which included the re-structuring, privatization or closure of non-profitable sectors of the economy. It was part of Romania's new commitment to follow a European path, strengthen democracy, promote transition to a market economy, and integrate itself within the Euro-Atlantic structures. One unprofitable sector was the mining industry, the Jiu Valley being the largest complex of mines in Romania. To address the negative effects of restructuring and the entire industry, the government created a package of compensation for the thousands of miners who were to be laid off. The reforms were implemented while Cozma was in prison. Those who were laid off benefited from a seemingly generous compensation of about two years' wages plus benefits. By 1999 the re-structuring of the mining industry was almost complete, with more than 30 percent of the Jiu Valley miners losing their jobs. However, most of the miners who became unemployed in the restructuring process

had spent most of their indemnities by 1999. Few of them were re-trained for new qualifications or found new jobs, and even fewer invested their benefits. In January 1999 Cozma was also released from prison, and he returned to the Jiu Valley. He was offered a leading position within the miners' labor union immediately.

When a last wave of lay-offs was announced in early 1999, the miners, still led by Cozma, threatened to descend on Bucharest once again. The last two *mineriade* occurred in the winter of 1999. In their march on Bucharest, the miners triumphed unexpectedly in a confrontation with the police forces in January 1999 and the government was forced into a shameful agreement, renouncing the expected restructuring. However, within a month of the agreement with Cozma, the state institutions reacted in an efficient manner, cancelling the agreement with the miners and sentencing Cozma to 18 years in prison. Cozma was not taken into custody however, and when the miners attempted to reach Bucharest again in February to change the court's decision and possibly overthrow the government, the special police forces promptly intervened and stopped them, arresting most of their leaders in the process. Cozma was arrested again and sent to prison. No more *mineriade* occurred afterwards.

One month before leaving office, in December 2004, Ion Iliescu, elected president of Romania again in 2000, pardoned Cozma and signed an order to set him free although he had several years left of his sentence. The media and international backlash forced him to go back on his decision. Nevertheless, in December 2007 Cozma was released from prison for exemplary behavior and contributions to society. He was ordered however, not to go to Bucharest or the Jiu Valley for the next 10 years. Cozma did not return to his old job as leader of the miners' union. Instead, he retired from all public activities.

It is somewhat surprising that the *mineriade* stopped after 1999 and the absence of political violence in the following decade is quite peculiar, even more so since the *mineriade* were a defining characteristic of the 1990s' Romania and the Jiu Valley miners were a constant threat to democratic and market reform efforts of post-1989 governments. Furthermore, this sudden shift in Romanian political life has thus far escaped the rigorous analysis of scholars. It is, therefore, the aim of this work to explain the cessation of the Jiu Valley miners' intervention in the Romanian political life. The paper will analyze the Jiu Valley miners, the neo-communists, the reform-minded coalition, and the relationship between them, from 1989 until Romania joined the EU. It is argued that there are two factors that can explain why the *mineriade* disappeared after 1999: the increased government involvement in solving the socio-economic problems of the region, and the existence of an alliance between the Jiu Valley miners and the former Romanian president, Ion Iliescu and his political party.

The first hypothesis argues that, in fact, the increased government involvement in solving the socio-economic problems of the region has led to an increased level of social and economic development in the Jiu Valley, which in turn prevented further social unrest. A number of government agencies were set up to analyze the effects of the 1997-1999 lay-offs and how they could be remedied. Working together with various international organizations, such as the World Bank, these agencies succeeded in implementing a large number of programs aimed at improving the infrastructure, at creating new jobs, and attracting new investors in the region. Furthermore, once Romania became a candidate country to join the EU, the Valley benefited from the PHARE (Poland and Hungary: Assistance for Restructuring their Economies) funds, which were

also used for improving the infrastructure and the social conditions of the region.

Moreover, an “Office for European Integration” was created in the region (the city of Petrosani), which coordinated EU-funded programs and projects. The government thus tackled the core problem of the region, poverty, by tackling its cause, unemployment.

According to the second hypothesis, by maintaining an elaborate alliance with the miners and as a result of the improving the socio-economic conditions of the Jiu Valley, the Romanian central government has legitimized itself to the miners. This second hypothesis builds on two existing labour weakness theories that are discussed in Chapter 2. After 1990, a government supportive of thorough economic reforms was a great threat to the mining industry in the area. Being a mono-industrial region, the Jiu Valley miners could not accept any other government in power but Iliescu’s. Nevertheless, the restructuring of the mining industry did happen in the second half of the 1990s, when Iliescu was not in power. At the same time there was also increased government involvement in the region, especially after the 1999 *mineriade*. In 2000, Iliescu and his party, PSD, won the elections. A peculiar situation was created, where the miners were faced with the reality of continuing economic reform, as part of Romania’s commitment to European integration, where there was a strong government involvement in solving the socio-economic problems on the region, and where Iliescu, a long-time ally of the Jiu Valley miners, was again the head of state. The existing alliance between the miners, constant supporters of Iliescu and his party, and Iliescu allowed for the idea of European integration, with its democratic system and market economic reforms, to be extended and accepted by the miners as the only viable alternative their country could follow. Hence, when Cozma was released in 2007, it would have been impossible for him to conduct

another *mineriada* as the minèrs lacked social and economic reason to engage anew as they acknowledged and accepted the government in Bucharest and its policies. Therefore, the two hypotheses discussed above offer a comprehensive interpretation of the halt of the *mineriade*.

The discussion begins with a historical overview of the *mineriade* in Chapter I. Such a chapter is necessary as the Romania phenomenon is little known and even less discussed in Western academia. Furthermore, in order to understand why the *mineriade* stopped after 1999, it is necessary to know the factors that triggered the Jiu Valley miners' political interference in the first place. However, one must not forget that the 1990s were troubled times for most of East-Central European states. Labour relations suffered great changes with the collapse of Communism, some of which were common amongst the post-communist states. Considering the role of the mining sector as an industry and of the miners as a labour group in the Communist ideology, the mining sector was faced with similar challenges throughout the former Soviet bloc. It is thus imperative to review in Chapter II the works of scholars on the nature of organized labour and labour relations in the post-communist East-Central Europe. The chapter concludes with a review of the academic work focused on the *mineriade* themselves, though, it should be noted, most of the literature concentrates on explaining the phenomenon of *mineriade* itself, while this work addresses the issue of cessation.

Chapters III and IV analyze the main arguments of this paper in depth. Chapter III takes a closer look at the economic development of the Jiu Valley region. The distinction between economic development and economic growth is emphasized. It is argued that increased government involvement in the region, coupled with the European integration,

led to a gradual, albeit slow, economic development of the region. By 2008 the Jiu Valley was transformed from a mono-industrial region into a more economically diversified area, part of the *Regiunea de Dezvoltare Vest* (Western Development Region), an administrative region created because and for the purposes of EU integration.

Finally, Chapter V addresses the issue of perceived legitimacy of the Romanian government, Romania's EU integration, and Romania's socio-economic policies by the Jiu Valley miners. As it has been mentioned above, Iliescu's re-election in 2000 had an ironic effect of smoothing Romania's transition. Cozma's removal from power and his imprisonment coupled with the increased attention given to the region by the authorities left the Jiu Valley miners with no choice but to trust their former ally, now president of Romania once again, and accept the process of EU integration. Therefore, no more *mineriade* occurred.

It is important to understand the end of the *mineriade* for two main reasons. First, the phenomenon was characteristic only of Romania. In the broader category of Romanian and CEE regional studies, the *mineriade* strengthen the argument of those emphasizing the outlier position of Romania in the region from a historical and political point of view. Romania experienced a different type of socialism in the 1970s and 1980s. Romania went through the only bloody revolution of 1989. It also had a unique political experience in the 1990s, under the neo-socialists. Throughout the 1990s, Romania experienced high rates of labour activism while the rest of the former communist states did not. The *mineriade* add to the uniqueness of Romanian politics in that era. They reminded EU and NATO members that Romania was not yet a democracy. The use of certain societal groups to achieve political goals resembled somewhat to an authoritarian

tactic used by regimes in the developing world. The end of *mineriade* meant the beginning of a new road for Romania, leading to the Euro-Atlantic integration. It also pointed to a shift of Romanian politics towards the otherwise relative regional uniformity.

Second, by understanding the end of *mineriade*, one also understands the beginning of political stability, of a relatively successful transition to democracy and market economy, and of European integration. The *mineriade* were the representation of a weak state where democratic practices were not institutionalized. They were the remnants of a brutal Communist regime under Ceausescu. While Ceausescu's rule ended abruptly, the practices of its regime did not. Iliescu and his political party, composed mainly of former Communist nomenclature members, did not abolish all previously institutionalized practices. While most were denounced, Iliescu continued to practice paternalist practices co-opting a large part of the society as allies of his political party. Among them, were some labour unions, including the Jiu Valley miners. These allies proved useful when the new regime was challenged. The end of the *mineriade* signifies the beginning of political stability through institutionalized democratic practices and a transition to market economy.

Methodology

The preparations for this paper began with a general literature review of Romanian politics in the 1990s. When I made the decision to focus on the miners and their active involvement in Romania's political life, I expanded my literature review to include labour relations in CEE. It soon became obvious that the *mineriade* were a phenomenon unique to Romania's turbulent political life of the 1990s. The literature on *mineriade* is focused mainly on analyzing the phenomenon itself and in differentiating Romania's road towards democracy and market economy from other CEE states. This led to the formulation of the research question, with the aim of explaining the end of the *mineriade*.

After reviewing the literature, I identified several variables that could explain the end of *mineriade*. These included the role of the leadership, the role of the Romanian government and foreign institutions in promoting regional economic growth in the Jiu Valley, the alliance between Iliescu and his political party, and the role of emigration and remittances.

Because of the scarcity of primary and secondary sources in Canada, I decided to visit Romania to conduct more thorough field-research. The visit included several steps. I intended to collect relevant secondary sources available in Romania, such as academic works that were published in Romania, but never translated into English or made available outside Romania; primary documents belonging to the relevant agencies; and conduct several interviews with figures involved in policy making in the Jiu Valley. It was somewhat difficult to navigate the Romanian state structure and bureaucracy. In the

end, I obtained several regional reports on the state of the mining industry and the economy of the Jiu Valley from government agencies. I also interviewed several local authorities. The most valuable information was obtained from visiting the University of Petrosani, located in Petrosani, the largest city of the Jiu Valley. The rector of the Social Science Faculty was kind enough to release a large number of articles written on the Jiu Valley from the early 1990s. The vast majority of these were publications belonging to this university and not available anywhere else.

In collecting the data, I have also encountered several setbacks. First, the reluctance of many civil servants to help researchers proved to be quite frustrating. This reluctance often translated into a refusal, on the part of some officials, to be interviewed or to even discuss the research topic, even though they were given the option to sign a statement by which I would be obliged to guard their anonymity. A second setback was the slow response of access to a government information request, involving statistical data on unemployment and emigration and other relevant documents about the Jiu Valley. I was not able to obtain access to any such data through the national or regional offices, as my requests for access were not answered. A third setback was the lack of available data on the Jiu Valley itself. Since the Valley does not represent a regional administrative unit, data is usually collected by municipality or county. The Valley is a collection of municipalities in the county of Hunedoara. Most available indicators of economic progress are collected at a county level. With the refusal of the EU regional office in Petrosani to talk to me, I was unable to access significant and valuable information at the municipality level in the Jiu Valley. As a result, although I can still

build a solid argument, this work is not exhaustive. Because of the lack of data it was necessary to ignore the impact of emigration and remittances on the end of the *mineriade*.

In the subsequent analysis of collected data, I also decided that I could not make a strong argument about the role of the leadership. Although the *mineriade* ended with the imprisonment of Cozma, the leader was not instrumental in bringing the miners to Bucharest. In fact, he was not the leader of the Jiu miners during the first two *mineriade*. His position was consolidated only with the third *mineriada*. Furthermore, when he was released in 2008, he was unable to appeal to the miners. Instead, a stronger argument can be built about the end of the *mineriade* by focusing on the relationships between Cozma and his miners on one on side, and Iliescu and his party on the other, which are discussed in chapter IV.

Chapter I – Historical Overview

The beginnings of the mining industry in the Jiu Valley can be traced back to the 19th century, when the region was part of the Austro-Hungarian Empire. The first manifestation of revolt in the Jiu Valley occurred in 1929 in the town of Lupeni. The economic crisis had struck Romania and the management of the Lupeni mines decided to reduce both the number of miners and their working hours as a response to economic decline. They were unaware though that communist activity was increasing in the region. The Jiu Valley was one of the main targets of communist propaganda in Romania due to the high density of workers. When the lay-offs were announced, the communist infiltrators organized an anti-bourgeois campaign manifested in the 1929 workers' strike.¹ The miners were not the only strikers, their group being joined by various other workers. When the strikers decided to take over a power plant and cut the power supplies, even though fellow miners were still working in the mines and risked suffocation without electrical power, the Armed forces stationed in the area intervened and brutally quelled the illegal strike.²

A second violent manifestation of the Jiu Valley miners is noted by Alin Rus in his work on the *mineriade*, *Mineriadele: Intre manipulare politica si solidaritate muncitoreasca* (The *Mineriade*: Between Political Manipulation and Workers' Solidarity). The author presents the testimonies of two witnesses who describe how, at the beginning of 1945, the Romanian Communist Party (PCR), while trying to gain

¹ Rus, Alin, *Mineriadele: Intre manipulare politica si solidaritate muncitoreasca*, (Bucuresti:Curtea Veche, 2007), 519.

² Cesereanu, Ruxandra, *Imaginarul violent al romanilor*, (Bucuresti: Humanitas, 2003), 208-9.

control over local administrations, organized a group of miners and instructed them to remove the non-communist loyal administration officials in the county of Craiova, not far from the Jiu Valley. Other sources also confirm the testimonies. Furthermore, in 1947-48 the Jiu Valley branch of the PCR also makes use of miner groups to quell various anti-communist resistance groups in the area.³

Nevertheless, the most significant episode in the history of the Jiu Valley miners was the general strike of 1977, which had deep repercussions and shaped the miners' actions in the 1990s. As Romania's economic situation was worsening and Ceausescu's grip on power consolidated, the government introduced a new law aimed at 'reforming' the mining industry. Among other clauses, the law increased the minimum age of retirement for miners from 50 to 55. The miners in the Jiu Valley took everyone by surprise when, as a reaction to the new law, they decided to go on general strike. By the 1st of August, 1977, 35,000 miners barricaded themselves in the mines at Lupeni. According to witnesses, neither the secret police, *Securitate*, nor the local administrators were anywhere near the strikers. As a result, the miners organized themselves around a 3 person leadership, who, by August 3rd, put together a list of demands including a return to the retirement age of 50, a decrease of the working day from 8 to 6 hours, proper health conditions and competent health personnel in the mines, workplaces for the wives and daughters of the miners, and making the miners' strike public in the entire country.

Reacting to the escalating tensions in Lupeni, Ceausescu decided to send a delegation of local administrators led by a member of the Communist Executive Committee, Ilie Verdet. The miners isolated the members of the delegation, while forcing

³ Rus, 533-50.

Verdet to directly call Ceausescu and convince him to personally come to discuss the issue with the miners. When Ceausescu arrived at Lupeni, he was overwhelmed by the number of striking masses. The strikers did not allow the Secretary General to talk to them, but instead read to him their list of demands. Ceausescu at first refused to acknowledge the list and even threatened to crush the miners, however, when the crowd called for his removal from power, he became more conciliatory and, following some negotiations, he agreed to some concessions. Thus, the working day was reduced to 6 hours, new industries were to be developed in the region, and the wives and daughters of the miners would be employed there, the strike would be made public across the country, and no reprisal measures were to be taken against the strike participants. The miners were satisfied with the outcome and returned to work the same day. However, Ceausescu 'closed' the Jiu Valley region the very next day, not allowing any unauthorized persons to enter or leave the area. The Army and Securitate were sent in the Valley. Over the following few months, a few hundred miners were relocated to other mining regions or sent to work camps.⁴ Moreover, to dissipate the sense of unity that had developed among the miners during the strike, large numbers of labour migrants were brought in from the eastern Romanian region of Moldova. These new miners were culturally different from the Jiu Valley natives and had no previous experience of anti-Ceausescu resistance.⁵ The leadership structure of the mining industry in the area was also replaced with Securitate collaborators, while police informers and other Securitate agents infiltrated the miners' ranks in the process of labour relocation. As a result, a complex network of police

⁴ Deletant, Dennis, "Romania sub Regimul Comunist (Decembrie 1947-Decembrie 1989)," in *Istoria Romaniei*, Dennis Deletant et al., (Bucuresti:Corint, 2004), 454-5.

⁵ Gledhill, John, "States of Contention: State -Led Political Violence in Post-Socialist Romania," *East European Politics and Societies* 19, no. 1 (2005): 91.

informants and collaborators was created and a new organizational structure developed, which could easily be controlled by the Securitate or the central government.⁶

The first two *mineriade* in 1990 were a manifestation of the control exercised over the Jiu Valley miners by the state institutions through heavy manipulation and it resulted in a cemented alliance between the miners and the neo-communists. After the fall of the Ceausescu regime, an ad-hoc group of lower rank members of the PCR formed an uneasy alliance with communist dissidents and other intellectuals in order to guide the struggle against the remaining communist forces. When they seized control over the National Television, the public labelled them as leaders of the Revolution. The group named itself The National Salvation Front (FSN) and was lead by Ion Iliescu. FSN's self proclaimed goal was to assure a quick and safe transition from Ceausescu's regime to a free and democratic system through the organization of free elections in April 1990.⁷ The FSN did not declare itself to be a political party.

It soon became obvious that the course that the Romanian Revolution should follow was an object of growing tensions between both the members of the FSN and between the FSN and other revolutionaries. Furthermore, the traditional pre-communist Romanian parties were re-created. A handful of leaders of the National Liberal Party (PNL) and the National Peasant Christian and Democratic Party (PNTCD) survived the communist oppression, be it in the work camps, house arrest, or in exile. Thus, when the traditional parties were organized anew, they benefited from wide support. By the end of December 1989, the FSN managed to expand its control on local administrations by

⁶ Vasi, Ioan Bogdan, "The Fist of the Working Class: The Social Movements of Jiu Valley Miners in Post-Socialist Romania," *East European Politics and Societies* 18, no. 1 (2004): 142.

⁷ "Comunicat catre tara al CFSN (22 decembrie, 2989)," in *O istorie a comunismului din Romania*, Mihai Stamatescu et al., (Iasi: Polirom, 2009), 171.

absorbing the communist bureaucracy and local communist administrators.⁸ A new provisional government was installed by the FSN to manage state affairs until the expected April elections.⁹ Slowly, the former dissident and intellectuals, members of the FSN, were marginalized within the movement. It became clear that the Front was not willing to implement radical changes. A dividing line was drawn between the revolutionaries and the neo-socialists (as the FSN was labelled) when, on 23rd of January, Iliescu announced that the Front would re-organize itself into a political party and run for the 1990 elections, which were now set for May 20th. The FSN had a monopoly on power by that time, having effectively established its administration nation-wide. The traditional parties denounced FSN's decision and its totalitarian control.¹⁰ The confrontation between the two political forces continued via official declarations and mass public protests, both parties amassing large numbers of people on their side. Though conciliatory negotiations were ongoing, the confrontation peaked on January 29th, 1990.

On the 28th of January, the traditional parties organized one of the largest mass protests in Bucharest. The crowds denounced FSN's monopoly of power but did not resort to violence. In response, the Front, which controlled the national television, made a televised appeal and called on its supporters to carry on a counter-manifestation. Though the appeal was made on the 28th of January, thousands of FSN supporters gathered in the streets the very same day. They were mainly workers from the large industrial complexes in and around Bucharest. Wishing to avoid any violent confrontations, the traditional

⁸ Gallagher, Tom, *Modern Romania: The End of Communism, the Failure of Democratic Reform, and the Theft of a Nation*, (New York: New York University Press, 2005), 74.

⁹ Stoica, Stan, *Romania 1989-2005: o istorie cronologica*, (Bucuresti: Meronia, 2005), 19.

¹⁰ Dorin, Mihai, *Romania de la communism la mineriade*, (Bucuresti: Institutul Cultural Roman, 2006), 251-2.

parties dispersed their supporters the same evening.¹¹ Negotiations were resumed late in the evening, but no agreement was reached. Nonetheless, some anti-FSN protesters made the mistake of attacking the Cabinet's building, an attempt which did not succeed.¹²

The Front's response to the anti-FSN manifestation continued the following day, January the 29th. This time though, the pro-Iliescu crowds were much better organized and included groups of workers from numerous cities across Romania. Over 200 000 people gathered to support the Front and to denounce the traditional parties as capitalists who wished to steal the Revolution.¹³ The first *mineriada* began once 5000 miners from the Jiu Valley arrived in Bucharest. What was to be a peaceful demonstration, turned into violence late in the evening as miners armed with clubs and chains wished to silence all supporters of non-FSN parties. The miners headed to the PNTCD headquarters, which they saw as the stronghold of the FSN opposition.¹⁴ The offices of the traditional party were ravaged and the party members brutalized.¹⁵ Petre Roman, the interim Prime Minister and one of the FSN leaders, arrived in time to save the leader of the PNTCD and to calm the miners.¹⁶ Crowds of people welcomed with great enthusiasm the Jiu Valley miners who returned to Bucharest on January 30th. No violent manifestations were noted this time.¹⁷ In this first *mineriada* the arrival of the miners in Bucharest was triggered by the anti-FSN mass protest on the 28th of January. The miners felt compelled to protect the FSN, an organization embodying the symbols of the Revolution in the miners' eyes,

¹¹ Dorin, 253-4.

¹² Fulger, Ioan Valentin, *Valea Jiului dupa 1989, spatiu generator de convulsii sociale*, (Petrosani:Focus, 2007), 59.

¹³ Dorin, 257.

¹⁴ Rus, 47.

¹⁵ Berindei, Mihnea et al., *13-14 iunie 1990: realitatea unei puteri neocomuniste*, (Bucuresti: Humanitas, 2006), 13.

¹⁶ Rus, 48.

¹⁷ Fulger, 62.

against the traditional parties, which they perceived as enemies of the revolution, as a group of capitalists, bourgeoisie and intellectual elite. For the past four decades, the miners had been characterized as the symbol of a workers' state, the pioneers of the socialist revolution, and the guardians of its values. It is not surprising that the miners offered full support to FSN, an organization of neo-socialists that was not promoting radical reforms. Moreover, the Front received its legitimacy by removing a corrupt tyrant and his totalitarian regime, and, in the miners' opinion, the FSN embodied the values of the anti-Ceausescu Revolution. Thus, Iliescu needed to be protected in order to protect the nation.

The atmosphere in Bucharest remained tense for much of February 1990. The political confrontation was manifested through frequent protests. On February 9th, the Provisional Council for National Unity (CPUN) was created by the coming together of all major political players in post-1989 Romania. The council included 105 members of the FSN and 105 opposition members. It was intended as a forum for discussion and was aimed at organizing the 20th of May elections. However, when the opposition parties joined the CPUN, they automatically legitimized the FSN as a political contender in the elections and as a provisional government.¹⁸

On the 18th of February, a group of several thousand protesters gathered in front of the Cabinet of Ministers' headquarters, the Victoria Palace, and demanded its resignation. The police forces formed a barricade around the building. However, when a group of young demonstrators forced their entrance, the police did little to stop them. After ravaging the building, their violent behaviour turned against the police forces and

¹⁸ Dorin, 276.

government officials. Police reinforcements finally managed to quell the small group of violent protesters by the end of the day with support from the Armed Forces.¹⁹ The Jiu Valley miners arrived as well in late evening, just as the protesters were dispersed. Once again, the miners stated their full support to the FSN and sent a stern warning to the opposition not to threaten the Front again.²⁰ They chose not to return to work the next day, but instead to organize a march in Bucharest in support of the government.²¹ Their manifestation was a warning for the traditional parties and a display of their unconditional support for Iliescu. Although the 2nd *mineriada* did not involve violence on the part of the miners, they sent a strong political statement to the traditional parties.

The atmosphere remained tense before the May 20th elections. The Front won the parliamentary elections with 66.31 percent of the vote and thus was able to create a majority government.²² Iliescu was elected as the new president of Romania with a large majority of 85.1 percent.²³ None of the traditional parties were capable of challenging the Front and its leader, Iliescu, partly due to their lack of unity on common political approaches and partly due to the monopoly the FSN had on the national television and other institutions. The elections were thus highly contested by the opposition, invoking lack of equal access to the media and FSN's control of regional administrations (which they acquired with the incorporation of PCR's structure). Following the release of the official election results, the supporters of the opposition chose to set camp in a central part of Bucharest, the University Square, as a form of constant protest. The area was soon

¹⁹ Fulger, 65-6.

²⁰ Gheorghe Gabriela & Huminic Adelina, "Istoria mineriadelor din anii 1990-1991," *Sfera Politicii* 67 (1999) <<http://www.dntb.ro/sfera/67/index.html>>.

²¹ Berindei, 13.

²² Stoica, 27.

²³ Gallagher, 94.

labelled as “free of neo-communism.”²⁴ They adopted a program that asked the elected government to act and implement full democratic practices and policies, remove all communist high officials from current offices, restructure the Romanian Information Service (former Securitate, now SRI), start a public inquiry about the 1989 Revolution, annul the current elections and hold new ones in which all parties could compete fairly. A group of protesters went into hunger strike. The demonstrators also invited public figures representing the opposition, to hold daily speeches about the injustices committed by the FSN.

After almost 4 weeks of protest in the University Square, negotiations bore fruit and on 11th of June the authorities convinced the hunger strikers to stop striking and in exchange promised the establishment of a private television. The proposal was rejected by a group of demonstrators and the protests continued.²⁵ The following day, Iliescu decided to put an end to the manifestation and ordered the police forces to remove the protesters from the square.²⁶ In his memoirs, Petre Roman, acknowledges that he was the one who gave the order for removal. However, he argues that he did so because the state institutions declared the protest illegal. He denies any link between himself and the miners.²⁷ In fact, Iliescu is the one who made a public appeal on national television yet again asking “conscious and responsible” citizens to come and help the government forces protect democracy.²⁸

²⁴ Dorin, 325.

²⁵ Dorin, 330.

²⁶ Stoica, 27.

²⁷ Roman, Petre, *Libertatea ca datorie*, (Cluj-Napoca: Dacina, 1994), 144-5.

²⁸ Fulger, 81.

The police forces began their actions on the early morning of June 13th. Their use of force was directed against an ever increasing number of demonstrators. Fighting continued through the day, culminating with the crowd attacking the national television building. For a while the television program was off air, which is considered to have caused panic among most of the Romanian people, similar to the 1989 December events. The police forces succeed in warding off the attackers and the TV programme was resumed with Iliescu's appeal.²⁹ In response to his call, the first wave of miners arrived in Bucharest from the main city in the Jiu Valley, Petrosani, on the morning of 14th of June, denoting a well organized plan to use the miners against the protesters. Alin Rus' study of the *mineriade* reveals that the authorities had strategically organized the transportation of the miners and all their actions in Bucharest.³⁰

As described in great detail by Mihnea Berindei in *13-15 iunie, realitatea unei puteri neocomuniste* (13-15th of June: The Reality of a Neo-communist Power), the miners arrived after an already violent night. The police forces, with the help of the Army, carried a brutal offensive against the protestors, resulting in hundreds of arrests, injured, and even dead. By 5AM on June 14th, the University Square was freed of demonstrators.³¹ Nevertheless, the Jiu Valley miners flooded the streets. They first broke into the Faculty of Geography of Bucharest University, across the street from the University square. Then, they began looking for those responsible for the protests in the first place, and the intellectuals and the traditional parties became their targets. Agents of the SRI and other government authorities in disguise guided the miners to their specific

²⁹ Dorin, 330.

³⁰ Rus, 100-62.

³¹ Berindei, 159.

objectives. The Architecture Institute and the headquarters of independent publishing houses, independent newspapers and of the traditional parties were also ravaged by miners who most likely had never been to the capital city before.³² Overall, over 10,000 miners rampaged through Bucharest, their violent actions also resulting in 7 deaths and over 1000 injured.³³ The miners returned to the Jiu Valley on June 15th being congratulated by Iliescu for their promptness and dedication to democracy.³⁴ The traditional parties were thus obliged to fall in line with the Front, avoiding any direct challenges.

The fourth *mineriada* took place more than a year later and, unlike the previous three, it was a direct and successful attempt to remove the Roman government. Nevertheless, the fall of the Roman administration was not the only goal of the miners, nor was his removal the cause of the *mineriada*. This fourth descent on Bucharest is still described by various authors using contradictory facts. The ambiguity of the event is augmented by the number of actors involved, such as the miners, now regrouped under the League of Mining Unions of the Jiu Valley (LSMVJ), their leader, Miron Cozma, the Roman government, president Iliescu, the police forces, and the apparent behind-the-scene works of the Army and the SRI. The *mineriada* is generally seen as a reaction to the reform minded Roman administration. After the third *mineriada*, Roman's Cabinet slowly began the process of democratic and market reforms. By September 1991, Roman was keen on proceeding with the deepening of the reform process, even hinting at a shock-therapy approach. His position brought him in direct opposition with Iliescu, with

³² Berindei, 159-96.

³³ Stoica, 28

³⁴ Gallagher, 98.

whom relations had been deteriorating over the preceding months.³⁵ The FSN was by then split into two factions: a majority conservative faction led by Iliescu, and minority one, led by Roman.³⁶

When Roman announced at the end of August that a set of reforms were to be implemented in the Jiu Valley, the LSMVJ retaliated that it would go on a general strike. Negotiations ensued, and by the 18th of September an agreement was reached which ended LSMVJ's intention to go on strike. Nevertheless, on September 23rd, 1991, when the general strike was supposed to begin, Cozma decided that the agreement reached with the government was not favourable for the miners and thus compiled a new list of requests. He also asked for Roman to come to Petrosani for new negotiations.³⁷ The miners in the town of Vulcan in the Jiu Valley were the first to go on strike on the 23rd of September, and other groups in the region followed. When Roman refused to acknowledge Cozma's request, the miners turned to violence. The city of Petrosani was ravaged during the night of 23rd-24th of September, resulting in several dead and injured.³⁸ Moreover, the miners denounced Iliescu for the first time. He was accused of not carrying on with his promise to help the region and its inhabitants. Lack of response from the capital and the local authorities resulted in Cozma's decision to march on Bucharest. Because the Ministry of Transportation refused to provide trains for the miners, as had happened with the previous *mineriade*, the crowds seized a number of

³⁵ Roman, 156.

³⁶ Gallagher, 98.

³⁷ Fulger, 95-7.

³⁸ Rus, 172.

passenger trains for themselves.³⁹ On their way to Bucharest, the miners made a stop in the city of Craiova where they ravaged the train station in a clash with police forces.⁴⁰

The miners, totalling about 2000, arrived in Bucharest on the 25th and headed straight for the Cabinet's headquarters, which was already protected by police forces. At Roman's renewed refusal to negotiate, the miners forced their entry. The confrontation lasted for several hours and resulted in dead and injured on both sides. The angry crowds of miners continued to protest in Bucharest, and eventually managed to submit their list of requests to the Parliament. Meanwhile, violent clashes occurred on a sporadic basis throughout the capital. After three days of struggle, president Iliescu met with a delegation of the miners. Once the talks were over, the miners quickly returned to Petrosani.⁴¹ Their full agreement is not known. Concomitantly, Roman submitted a request to Iliescu for his administration to step down until security was re-established both in Bucharest and the Jiu Valley. Iliescu accepted Roman's proposal as a resignation, naming a new government the same day.⁴² There is unanimity in the literature that the fourth *mineriada* targeted the demise of the Roman administration.

The fifth and sixth *mineriade* happened more than 7 years after the 1991 events. Like the fourth *mineriada*, they had a political aim in either annulling government decisions or removing the government as a whole. In 1996, an alliance between National Liberal Party and the National Peasant Party, which named itself the Democratic Convention (CDR), won the November elections. Emil Constantinescu, a university professor, became the president of Romania. The new government began implementing a

³⁹ Fulger, 98-9.

⁴⁰ Rus, 188.

⁴¹ Rus, 204-9.

⁴² Roman, 157.

series of reforms that deeply affected the mining industry. The re-structuring of the mining sector, especially the Jiu Valley mines, required competent planning. The Jiu Valley region was a mono-industrial area. Thus, when the number of people employed in the mining industry in the area was halved, from 41,500 to 21,750 employees, a large workforce was left unemployed in an environment which offered no alternatives to mining. The large sums of remuneration payments received by those laid-off were spent within a couple of years. Very few invested their government aid or chose to emigrate. The government offered no other social programs, no job-training courses, and no incentives for investment.⁴³ By 1999, most of the region's population lived in poverty, a situation relatively new for most of the inhabitants, since the miners had always had above average salaries.

Moreover, in January 1997, Miron Cozma was finally arrested. He was charged with "endangering national security" in September 1991. Found guilty, he was imprisoned in 1997. As Tom Gallagher points out, the weakness of the Romanian justice system and its submission to obscure forces allowed for Cozma to be released in July 1998. An infamous judge reduced Cozma's sentence to the time he had already served. The judge thus ruled for his immediate release. Cozma soon returned to Petrosani and was received in the high ranks of one of the mining unions.⁴⁴ The miners' leader arrived at a delicate time. The government was in the process of announcing a new wave of restructuring in the Jiu Valley. As a result, from mid-1998 the LSMVJ and the government engaged in frequent negotiations, the LSMVJ often threatening general strikes. Tension rose between the parties, and the negotiations reached a standstill by the

⁴³ Gallagher, 200.

⁴⁴ Gallagher, 201.

end of 1998.⁴⁵ Faced with a stand-by loan from the IMF conditioned on a cut of subsidies and closure of loss-making industries, the Prime Minister, Radu Vasile, decided to overlook the LSMVJ's position and to proceed with a reduction of 37 percent in the mining activity in the region. This meant that another wave of job cuts would sweep the Jiu Valley mining industry. The announcement had the unexpected effect of radicalizing the miners, who went on strike on January 4th. Vasile's non-negotiating stance and his refusal to go to Petrosani and meet the miners fuelled Cozma's ambitions of yet another march on Bucharest. About 10,000 miners left the Jiu Valley on the 18th of January, 1999, in the direction of the capital. Over 3 days the police forces were defeated in every confrontation with the miners. The greatest clash occurred at Costesti where a police designed barricade was quickly surrounded and overwhelmed by Cozma's men. Cozma's victory caused great disturbance in the government, most of the officials fearing a coup d'état, which was a real possibility since Cozma was the vice-president of Greater Romania Party (PRM), an organization actively encouraging the forceful removal of the coalition government at the time. Premier Vasile acted on such beliefs when he agreed to meet the miners and bow to their terms at Cozia, a monastery halfway between Petrosani and Bucharest. The Romanian government was thus forced into a shameful agreement with the miners on January 22nd.⁴⁶ In his memoirs, Vasile blames the ambiguity of the political environment created by intentionally misinformed government officials. The Romanian Intelligence Service was not controlled by the Constantinescu government. Moreover, most of the police and Army structures were not loyal to the CDR. He argues that if the miners would have arrived in Bucharest, they would have had the support of

⁴⁵ Fulger, 106-128.

⁴⁶ Gallagher, 203-4.

other internal forces and the Vasile administration would have easily succumbed to their pressure. The CDR government was incredibly weak, and while it was important not to show any signs of weakness, it was paramount not to allow a government change. Therefore, he conceded to the miners' demands.⁴⁷

Nevertheless, the government could not accept the embarrassing position it was forced into for long. A number of quick reforms were introduced and measures were taken to strengthen the weak points in the administration. On January 27th, the Parliament voted to remove the immunity of Corneliu Vadim Tudor, leader of PRM and stern supporter of Cozma. He was suspected of having incited the miners to come to Bucharest. Furthermore, two days later the judge that minimized Cozma's sentence was forced into retirement, hence allowing the government to re-appeal his decision. Within a matter of weeks, Cozma's former sentence was upheld. Unsurprisingly, the leader of the Jiu Valley miners refused to recognize the court's decision and to give in to his arrest. Instead, on the 15th of February, he organized yet another manifestation under the pretext that the government had not followed through with the terms agreed at Cozia. Miners offered to protect Cozma in case the police decided to proceed with their arrest. Being trapped in his megalomaniac image, Cozma foolishly decided to take his miners to Bucharest and reverse the court's decision.⁴⁸ Over 4000 miners showed their support, but only 300 departed for Bucharest on February 17th.⁴⁹ By that time, Vasile had restructured his administration effectively, the new officials using a more efficient strategy to stop the miners. The police forces set up a surprise ambush in a small village, Stoenesti, a small

⁴⁷ Vasile, Radu, *Cursa pe contrasens: amintirile unui prim-ministru*, (Bucharest: Humanitas, 2002), 39-54.

⁴⁸ Fulger, 153.

⁴⁹ Gallagher, 208.

village on the miners' way to Bucharest. Cozma and his miners were defeated after a violent clash, resulting in large numbers of injured on both sides. The leader of the miners was arrested and imprisoned immediately.⁵⁰ His entourage was also arrested and trialed. For the last of the *mineriade*, the miners could not invoke social injustice, but it was rather only Cozma's defiance of state institutions that fuelled the crowds.

In 2000, Iliescu won the elections again. When he was about to depart from office in December 2004, he decided to offer amnesty to Cozma, but soon went back on his decision. Cozma served his sentence until 2007, when he was released on probation. The Jiu Valley miners did not resort to violent behaviour again.

⁵⁰ Fulger, 154.

Chapter II – Labour relations in Central and Eastern Europe

The importance of labour unions in the process of transition from socialism to a democratic system and a market economy was largely ignored until the beginning of the 2000s. Despite the late start, the literature on the subject has dramatically increased over the last few years. The goal of this chapter is to offer an overview of the current scholarly work on labour relations in the post-communist societies of Central and Eastern Europe (CEE), while keeping a focus on the Romanian Jiu Valley miners. First, I will underline the importance of studying labour unions and workers in post-communist societies. Second, I will briefly review theories on post-communist labour relations in the region. I will explain why labour unions, despite all expectations, are and remain a weak actor in the political life. Furthermore, a number of authors examine the re-emergence of class differences and how they shape the transition societies. David Ost's study of workers anger is useful in explaining labour activism in this case. Finally, Jack Friedman and David A. Kideckel analyze workers and labour in post-communist societies from an anthropological point of view, the former focusing on the impact of shock in society while the latter introduces the concept of agency. With each theory I will show how it can apply to the Romanian case and ask whether it can help elucidate the end of *mineriade*. Finally, because of a lack of theories explaining the end of the *mineriade*, I will succinctly examine the existing literature on the causes of the phenomenon, trying to extrapolate elements that might help to test the two hypotheses presented in this work.

Why workers?

The study of Romania's post-communist society and its transition from a totalitarian regime and command economy to a democratic state and market economy has seldom focused on the role and position of workers. However, workers represent a key to understanding the developments of these societies in post-communism.¹ They are "at the nexus of a range of social problems"² in post-communism, albeit they have been consistently marginalized and ignored by CEE post-1989 governments. The new position of workers in the CEE states contrasts starkly with their role during the communist regime. Communist ideology called for a state of workers ruled by the same working class. Hence, workers represented the very essence of a communist society. The Communist Party was their party and it ruled in their name. Of course, communism was imposed by the USSR in CEE countries. The communist parties in these states had little popular support as they were predominantly agrarian societies with little industrial development (with a few exceptions). The working class was not large and in Romania the aristocracy often overshadowed the urban bourgeoisie. In such conditions, introducing a system based on the working class in these societies was to be a difficult task due to lack of power base. Hence, the communists were forced to create an industrial society as they lacked an industrial power base to support them in power.³

¹ Ost, David, *The Defeat of Solidarity* (New York: Cornell University Press, 2005), 13.

² Kideckel, David, *Getting by in Postsocialist Romania: Labour, the Body, and Working-Class Culture* (Bloomington: Indiana University Press, 2008), 8.

³ Ost (2005), 13.

The new industrial societies valued the role of the workers. A working class culture was actively promoted and workers were the privileged class in the society. Labour unions were the main vehicle of workers' representation in the system and membership was mandatory for all workers. Moreover, they also served the purposes of the Communist Party⁴ by helping to accomplish or surpass the set economic quotas, and were thus part of the communist propaganda in a self-perpetuating construction of legitimacy. A class differentiation nonetheless occurred as the communists acquired a monopoly on power: the ruling elites and the working class. The ruling elites benefited most from the system and they had unlimited access to resources. The resources were used in a redistributive manner to co-opt lower and local elites, labour unions, and finally the workers. The working class thus received most of the benefits of the communist system through labour unions. They were mainly used to re-distribute resources. Therefore, as Paul Kubicek argues, unions had a paradoxical role of both empowering the workers and co-opting them into a paternalistic system that virtually stripped them of their political power.⁵ However, labour unions often made real efforts to defend workers despite the persistent pressure of the communist ideology of overachievement. Eventually, communist societies saw the institutionalization of an informal social contract by which workers accepted and supported the communist regime in exchange for work benefits, job security, and better salaries.⁶ Workers were thus discouraged from engaging in political activities.

⁴ Bush, Larry S., "Trade Unions and Labour Relations," in *Romania since 1989: Politics, Economics, and Society*, ed. Henry F. Carey (Toronto: Lexington Books, 2004), 420.

⁵ Kubicek, Paul J., *Organized Labour in Postcommunist states: From Solidarity to Infirmity* (Pittsburgh: University of Pittsburgh Press, 2004), 22.

⁶ Kubicek, 23.

The communist societies faced a real crisis when the quantity of resources to be distributed declined in the 1980s. The direct effect was a decrease in the benefits received by the workers and this violated the informal social contract. This crisis was quickly addressed by the creation of workers' councils, bodies that allowed workers to have a say in the management of their enterprise. However, members of the workers' council were not elected and they most often represented management.⁷ Ironically, the practice of workers' councils re-enforced the paternalistic practices and personal networking relationships at the union level. The workers thus withdrew their support for the regime and this soon contributed to the collapse of communism.⁸

The marginalization of workers thus comes as no apparent surprise in post-communist societies. Workers are closely associated with the communist regime since they formed the basis for its legitimacy. Moreover, in the workers' eyes labour unions were largely discredited in a similar manner: unions were the enforcers of the communist party. As a reaction, in the new post-communist system, workers and unions have naturally tried to distance themselves from the communist legacy and have been active supporters of market oriented policies. At times, strikes were a method of protest against the slow pace of privatization.⁹ Workers, thus, wished to be included in the new political system and to fully participate in it. Despite this fact, reformers have neglected the working class, which was viewed as an obstacle to reform and a class that needed to adapt to the new economic situation.¹⁰

⁷ Kubicek, 25.

⁸ Ost (2005), 18.

⁹ Kubicek, 28.

¹⁰ Ost (2005), 18.

The marginalization of workers was also reinforced by their ambivalent attitude towards market reforms. The huge communist industrialization process created a working class dependent on those newly created industries. Inefficient in a market economy, these industries faced closure in the 1990s. Faced with no work alternatives in the short run, the workers became supporters of state subsidies and expressed their opposition to those market reforms directly affecting their industry. At the same time, workers were also aware of the benefits of market reforms and of a market economy. They were staunch supports of the anti-communist revolution. And, as employment alternatives became more apparent with the post-communist economic recovery, the workers showed their understanding of the need for market reforms.

Indeed, workers were the ones who suffered most during the depression that followed the collapse of communism. As they all faced rapid inflation, their wages dropped dramatically, most benefits were lost, social conditions deteriorated, and many became unemployed.¹¹ De-legitimization of labour unions meant that workers found it increasingly difficult to fight for their rights. They also suffered a moral defeat as the political and cultural emphasis switched from working class welfare to building a middle class.¹² The new economic turn incorporated new and alienating concepts such as privatization, the market economy, work efficiency, decreasing state subsidies, globalization, “American-style capitalism, the condescension of the triumphal West, [...] the breathtaking division in worker ranks, and the differentiation of consumer

¹¹ Crowley, Stephen & David Ost, eds., *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe* (New York: Rowman & Littlefield Publishers, 2001), 2.

¹² Crowley & Ost, 2.

‘lifestyles.’”¹³ The media portrayed them as backwards and narrow minded. Workers found themselves insecure and not just marginalized by the economic policies, but also by the society as a whole. This created an ever present situation of stress and sadness, a perpetual “getting by” process in the new society which eventually demoralized the workers.¹⁴ Excluded from a society in which they were once the very backbone, workers’ frustration turned into anger, an anger triggered at the alienating democratic system.¹⁵ In fact, democracies in CEE countries suffer from the exclusion of labour. The very ignorance of their grievances weakened the new democratic system in these states. Western democracies, in contrast, become stable by incorporating labour, not by excluding it.¹⁶ Thus, the study of workers in post-communist societies is a necessity as neglecting of workers is an obstacle to developing a democratic society and a market economy.

Why miners?

Across the globe, miners have been amongst the most militant of workers. Their unity is often assumed to derive from the distinctive experiences and often dangerous conditions of working underground and from working in small teams, which fosters a sense of mutual responsibility.¹⁷ Furthermore, in communist societies, miners often live in the same isolated neighbourhoods or towns, close to the mines, specifically designed

¹³ Kideckel (2008), 31-2.

¹⁴ Kideckel (2008), 98.

¹⁵ Ost (2005), 29.

¹⁶ Crowley & Ost, 231.

¹⁷ Crowley, Stephen, *Hot Coal, Cold Steel: Russian and Ukrainian Workers from the End of the Soviet Union to the Post-Communist Transformations* (Ann Arbor: Michigan University Press, 1997), 12.

for the mining industry.¹⁸ Such is the case in the Romanian Jiu Valley where entire towns have developed around the mining industry. Post-communism however, led to market reforms. Those most threatened by reform were the mono-industrial regions, such as the Jiu Valley. The entire mining industry in the Jiu Valley was not considered to be economically viable without thorough restructuring. As it happened, the restructuring resulted in a 70 percent reduction of the work force.¹⁹

Moreover, miners in communist propaganda were given a special status as the leaders of the workers. They were the guardians of the working class and its principles.²⁰ Thus, the communist cult of labour depicted the miners as the ultimate heroes. In Romania, the Jiu Valley miners were the centrepiece of the cult and the 1929 miners' strike represented the embodiment of the class conflict in which the miners fought for the working class' rights.²¹ The self-perception as guardian leaders in the society prompted their willingness to actively support Iliescu's regime and to actively fight for their rights.

Theories on labour in post-communist states

It is a striking fact that labour unions have become one of the weakest actors in post-communist societies. With a large number of members representing the working class, unions were expected to pose a threat to market reforms. Still, unions were at times

¹⁸ Vasi, Ioan Bogdan, "The Fist of the Working Class: The Social Movements of Jiu Valley Miners in Post-Socialist Romania," *East European Politics and Societies* 18, no. 1 (2004), 141.

¹⁹ Dobre-Baron, Oana, "Tourism – A Viable Alternative of Re-Structuring Mining Industry in the Jiu Valley," *Annals of the University of Petrosani, Economics* 6 (2006), 47.

²⁰ Vasi, 151-2.

²¹ Kiedeckel, 39.

supporters of privatization and overall failed to effectively shield the workers from the negative effects of the post-communist transformations. All theories that I have surveyed equivocally agree on the decreasing power of labour unions, though there is some variation across Central and Eastern Europe. I will first explain how scholars have measured the weakness of labour. Second, I will discuss the main theories on labour weakness and labour activism. I have grouped these theories in seven different categories²², although distinctions between theories are not always as clear-cut. It should be noted that most of the theories are not mutually exclusive and often times a combination of several theories can offer a more complex and comprehensive view on specific aspects of labour. The seven categories are: theories on corporatist institutions, union competition theories, the economic theory of strikes, “exit” theories, communist legacy theories, class and anger theories, and anthropological theories.

Indicators of labour weakness

Stephen Crowley’s and David Ost’s study on CEE labour unions was one of the first to measure labour strength. They started with a number of possible indicators: levels of union membership, style of management, strength of collective bargaining, number of impact strikes, nature of political alliances, union impact on public policy, and the material well-being of workers.²³ A number of individual state case studies led them to the following conclusions:

²² Five of the categories are derived from Crowley’s comparative analysis of labour theories *Explaining Labor weakness in Post-Communist Europe: Historical Legacies and Comparative Perspective*.

²³ Crowley & Ost, 4.

- trade union membership was declining from virtually 100 percent membership in 1989 (see Figure 1 and Figure 2 pages 45 and 46 respectively);
- the hierarchal management style became widely used; collective bargaining was fruitless and led to redundant agreements;
- strikes were increasingly ineffective and the number of strikes was declining;
- political alliances, if any, were of a subordinate manner, where unions accepted party decisions, thus the union impact on public policy becoming negligible; and
- finally, as a result, the material well-being of workers was declining while unemployment was rising.²⁴

Moreover, increased competition among labour unions and labour union federation, within trade unions, and the virtual absence of trade unions in the new sectors of the economy also indicate weakness.²⁵

²⁴ Crowley & Ost, 220-3.

²⁵ Kubicek, 185-7.

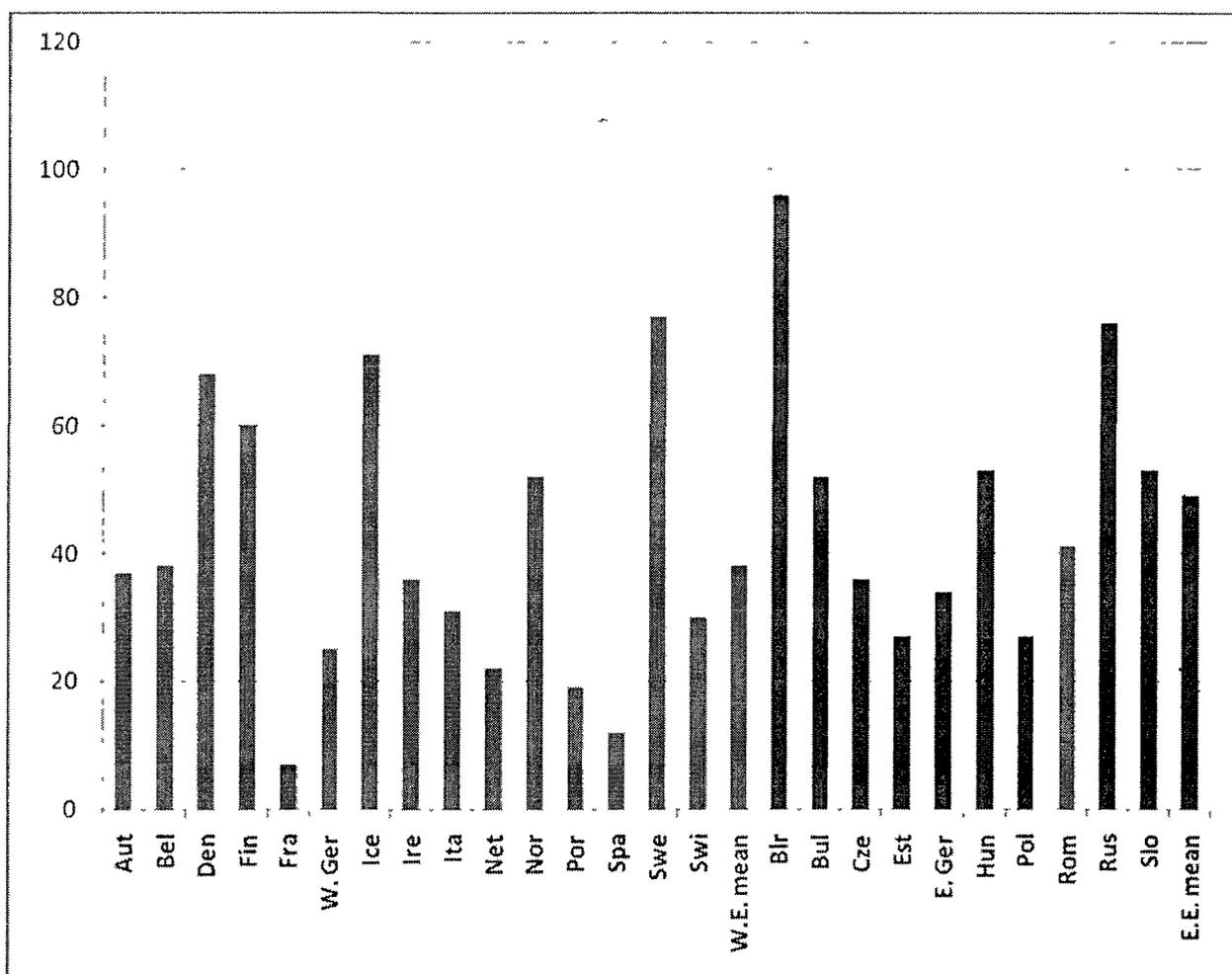


Figure 1: Union density, official data, 1995.

Source: Reproduced from Crowley, Stephen, "Explaining Labor Weakness in Post-Communist Europe: Historical Legacies and Comparative Perspective," *East European Politics and Societies* 18 (2004).

Trade union membership has been declining since the collapse of communism.

The old system has been discredited, and, as mentioned before, trade unions were perceived as an integral part of the communist system. As exemplified in Figure 1 above, in Romania, the trade union density has dropped from full membership to an official figure of 40.7 percent of the total workforce. The unofficial figures though, tend to be much lower than the official ones. Survey data suggest figures as low as 31.4 percent (see Figure 2, below). The new management style, which is more hierarchal, has not helped

either to maintain or increase the density. Increasingly, labour union leaders adopt apathetic stances towards the decline in membership. No programs are in place to attract new workers into the unions. The leadership finds itself more estranged from workers than ever.²⁶

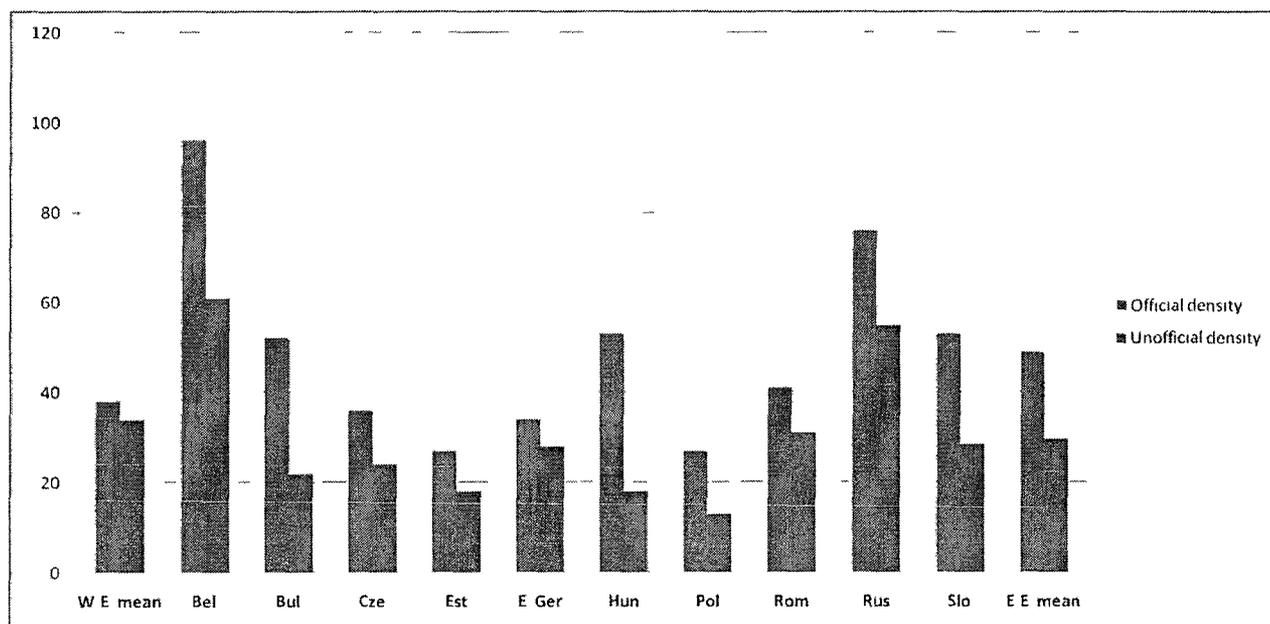


Figure 2 Union density, official and survey data, 1995

Source Reproduced from Crowley, Stephen, "Explaining Labor Weakness in Post-Communist Europe Historical Legacies and Comparative Perspective," *East European Politics and Societies* 18 (2004)

In Romania, collective bargaining is an increasingly difficult task. As we shall see in a future discussion, most Romanian trade unions have formed trade federations. These federations have different political alliances. Depending on which party is in power, labour federations are more or less able to follow through with their aims. Therefore, the polarization of unions led to ineffective bargaining power, a surprisingly high number of strikes (unlike most CEE states), which, however, achieved agreements that are often

²⁶ Crowley & Ost, 221

ignored by the government, and created an environment of various political alliances that fed trade union competition. In addition, political alliances have encouraged competition within labour unions since leadership positions easily transform to party privileges. Moreover, the political alliances confirmed the weakness of the unions as the latter have become subordinated to the former.

The weakness of the unions is also underlined by their inability to preserve the social benefits of the workers and to fight for proportional wage increase. With rising inflation, the material well-being of workers dramatically declined in the 1990s, many facing unemployment. A large number of workers have become unemployed (see Table 1), living on a petty unemployment aid. Finally, the process of privatization has underlined the preference of private employers not to deal with unions.

Country/year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Bulgaria	1.8	11.1	15.3	16.4	12.8	11.1	12.5	13.7	12.2	16
Croatia	-	14.1	17.8	16.6	17.3	17.6	15.9	17.6	18.6	20.8
Czech Rep.	0.7	4.1	2.6	3.5	3.2	2.9	3.5	5.2	7.5	9.4
Hungary	1.7	7.4	12.3	12.1	10.9	10.4	10.5	10.4	9.1	9.6
Poland	6.5	12.2	14.3	16.4	16	14.9	13.2	10.3	10.4	13
Romania	1.3	3	8.2	10.4	10.9	9.5	6.6	8.8	10.3	11.5
Russia	-	-	4.7	5.5	7.5	8.9	10	11.2	13.3	12.2
Slovakia	1.6	11.8	10.4	14.4	14.8	13.1	12.8	12.5	15.6	19.2
Ukraine	-	-	0.3	0.4	0.3	0.6	1.5	2.8	4.3	4.3
Yugoslavia	-	21	24.6	24	23.9	24.7	26.1	25.6	27.2	27.4

Table 1: Registered unemployment (percentage of labour force).

Source: Reproduced from Crowley, Stephen & David Ost, eds., *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe* (New York: Rowman & Littlefield Publishers, 2001).

Theories on Corporatist Institutions

Corporatist Institutions theories argue that post-communist government used tripartite institutions to buy-off unruly labour unions, thus severely weakening their bargaining power. These theories are closely linked with Communist legacy theories, discussed later in this chapter. Although corporatist theories are sometimes used to explain labour weakness, it should be noted that a lack of labour activism does not necessarily translate into labour weakness. If corporatist institutions are effective, then the result may be low strike activity, and this could be an indicator of effectiveness, and not union weakness.²⁷ Corporatism refers to the institutional set-up of tripartite institutions for continuous negotiations on labour relations between government, labour unions, and employer organization.²⁸ Tripartite institutions have been introduced in all CEE states with varying degree of success, chiefly because corporatism is part of the European Union aquis, providing inclusion of labour in the policy making process.²⁹ Generally, there are two views on the role of tripartite institutions. One view argues that, considering the depth of the post-communist economic crisis, corporatism has had a positive impact on policy making for labour, by facilitating negotiations, promoting a consensus on market reforms, and maintaining social peace. However, while this may be the case in most CEE states, it was not in Romania. As I will discuss later, corporatism was introduced much later and could not prevent a large wave of strikes and the last two

²⁷ Crowley, Stephen, "Explaining Labor Weakness in Post-Communist Europe: Historical Legacies and Comparative Perspective," *East European Politics and Societies* 18 (2004): 408.

²⁸ Bush, Larry S., "Trade Unions and Labor Relations," in *Romania since 1989: Politics, Economics, and Society*, Henry F. Carey, ed., (New York: Lexington Books, 2004), 419.

²⁹ Crowley (2004), 408, and Avdagic, Sabina, "State-Labour Relations in East Central Europe: Explaining Variations in Union Effectiveness," *Socio-Economic Review* 3 (2005), 26.

mineriade. Figure 3 below on strike activity shows the large number of strikes in Romania, which is double the average number of strikes in CEE states.

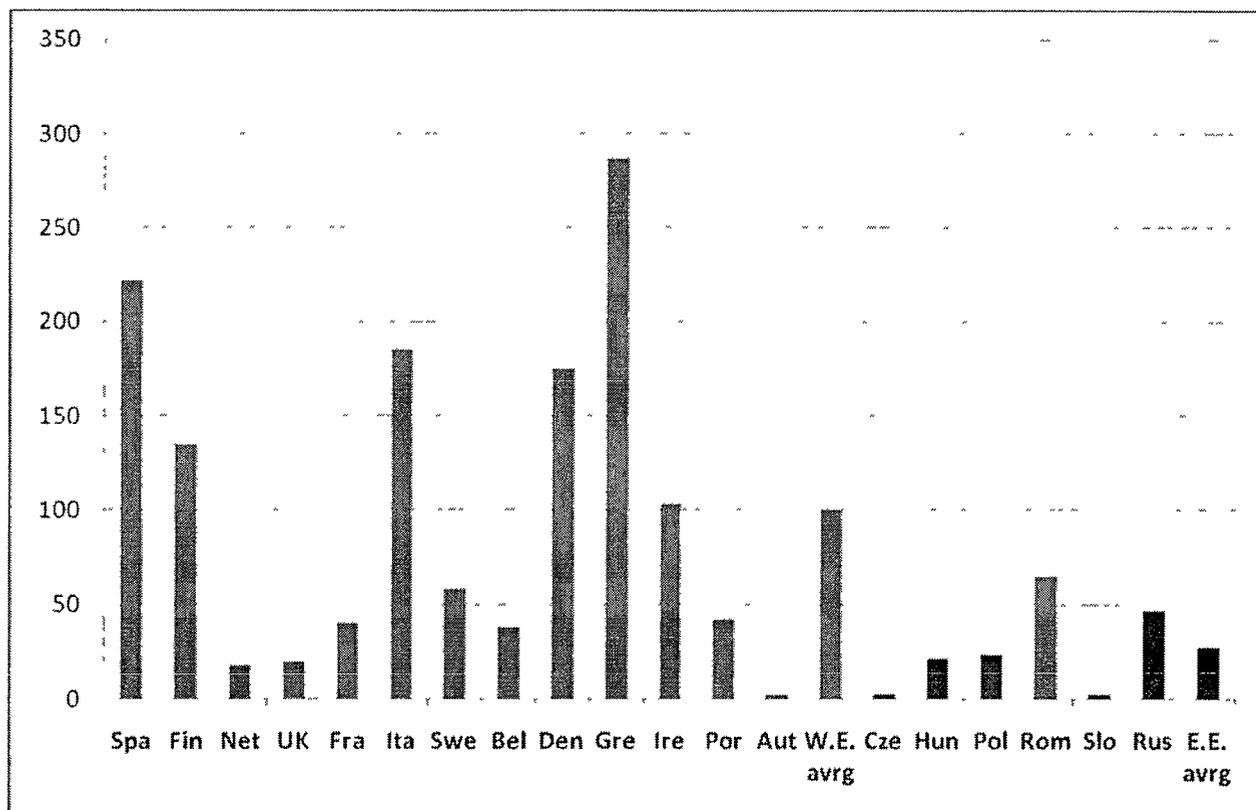


Figure 3: Strike rate, days not worked per thousand workers, Western Europe and Eastern Europe.

Source: Crowley, Stephen, "Explaining Labor Weakness in Post-Communist Europe: Historical Legacies and Comparative Perspective," *East European Politics and Societies* 18 (2004).

The most widely accepted view sees corporatism as an ineffective institution in post-communist states. In fact, tripartite institutions have mostly been used by governments for mere consultation and information purposes.³⁰ Once a policy was decided upon, corporatism was also useful to legitimize that policy in the eyes of labour unions. Moreover, in some cases, corporatism was used to co-opt the unions on the side

³⁰ Crowley (2004), 410.

of the government in a paternalistic relationship.³¹ The role of tripartite institutions was further undermined by enterprise level collective bargaining, which denoted both the lack of trust in such institutions and their ineffectiveness.³² As a result, tripartite institutions were at times heavily involved in negotiations and were allowed to define policy transformation, and at other times utterly ignored. The variation is not present solely over time, but also between CEE states.³³ Thus corporatism cannot explain labour weakness in CEE because of its different outcomes.

Nonetheless, while it is generally agreed that corporatism remains weak in CEE, not many theories explain exactly why this is the case. Explaining variation in outcomes though, may clarify why corporatist institutions are weak. Sabina Avdagic reviews a number of theories on variations of corporatism across CEE and she concludes that tripartite relations depend on three variables: the balance of power between the state and the labour unions, the existence of party-labour union alliances, and the organizational structure of unions. The interactions between these three variables resulted in different institutional practices at the beginning of the post-communist period, which differ from state to state. The results of the negotiations are thus a reflection of these practices. Moreover, corporatist practices become institutionalized with time, which makes them resistant to change and self-reinforcing.³⁴ However, while this theory can effectively explain variations between states and even between different periods of time (corporatism may be effective at times because their political allies are in power, while losing its effectiveness when the political allies are in the opposition), it assumes that the

³¹ Avdagic, 28.

³² Crowley (2004), 411.

³³ Avdagic (2004), 29.

³⁴ Avdagic, 42-7.

interactions between the three variables will always lead to similar practices which shape similar outcomes. For example, if the balance of power is in the state's favour, unions will remain subservient. However, if the unions are perceived as more threatening, they will be included in policy making. But the balance of power can always shift, more so following national elections, and hence unions may be losing their leverage at the governmental level. This could possibly lead to a shift in alliances in order to regain the lost leverage. Therefore, it is possible that these practices will follow no pattern and thus they may not be institutionalized. The influence of external actors could also force the institutionalization of foreign practices.

Romanian unions are known for their de-centralized aspect. Their polarity leads to multiple political alliances. Often times these alliances shift, particularly during national elections. This leads to vague, ambiguous, and fluctuating corporatist practices. Only due to outside influence during the European Union integration process was corporatism institutionalized, and this 12 years into post-communism. I will further discuss the institutionalization of tripartite practices in the last chapter.

Union competition theories

Theories on union competition generally cover the state sector enterprises and can be divided according to their focus: theories that address competition within union federations and theories that tackle competition among federations. When it comes to competition within union federations, the relative bargaining power of the labour union federation is weakened by the internal struggle between the various member unions for

the distribution of resources. Federations usually cover similar industrial or labour sectors, which have been deeply affected by market reforms in post-communist societies. Typically, each sector is composed of one or more minor unions. These unions will compete with each other for the distribution of resources to ensure that their company and their workers will benefit more than their competitors. Competition is also necessary to provide workers with a sense that unions are still functional, consequently helping to prevent loss of union membership.³⁵ The fault of union competition within union federation theory is that it mostly applies to state enterprises. With the rise of the private sector, the explanatory power of this theory declines. Furthermore, the theory rests on communist legacy assumptions, which put the emphasis on distribution of resources and paternalistic practices. These concepts though, will be addressed in communist legacy theories.

Competition between union federations also stems from the collapse of communism and the ensuing de-centralization. The de-centralization was expected to create not just competition between unions and union federations, but also an increased number of strikes. It was assumed that diversity and fragmentation would lead to active competition for benefits and members through protest. However, de-centralization led to a decreasing power base and power dissipation, resulting in low strike rate.³⁶ Moreover, as discussed before, unions have been incapable of recruiting new members. Therefore, competition must be about benefits. Yet, Romanian trade federations, which are largely divided along labour sectors (see Table 2 below), went beyond requesting work benefits

³⁵ Kubicek, 187-8.

³⁶ Crowley (2004), 412.

by commonly putting forward several political demands.³⁷ Additionally, not all federations manifested similar rates of political activism. The Jiu Valley miners' high rates of activism should have been mirrored by similar high rates of activism of other labour unions. After all, the Jiu Valley labour union federations were relatively small when compared with other industrial sectors. Even more surprising is that other mining federations did not mimic the Jiu Valley's union federations' actions. Even the competing miners' union in the Jiu Valley did not respond in kind. Union competition then, cannot explain labour activism or weakness. Of course, polarization of trade unions can easily lead to government manipulation.³⁸ In fact, the political alliances between unions and political parties could be a result of union competition. Nevertheless, as was the case in Romania, federations can and did achieve common ground on several occasions. Finally, fragmentation can also result in a much weaker voice in tripartite negotiations.³⁹ Yet again, corporatist institutions have been implemented years into the post-communist transformation and trade federations have also shown that they can cooperate.

³⁷ Kideckel, David A., "Winning the Battles, Losing the War: Contradictions of Romanian Labour in the Postcommunist Transformation," in *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe*, Stephen & David Ost, eds. (New York: Rowman & Littlefield Publishers, 2001), 112.

³⁸ Kubicek, 185.

³⁹ Kubicek, 185, 189.

Union	Date Founded	Constituent Organizations	Number of Workers Represented	Political Affiliation
CNSLR-Fratia	December 1989 and June 1990 respectively; merged in June 1993	Commercial, Petroleum, Telecom	2.1 million	PSDR (Iliescu)
Cartel Alfa	Jun-90	Metal workers, Miners	1.1 million	Unaffiliated
BNS	1991	Subway workers, Drivers, Auto workers, Shipwrights	750,000	PD (roman)
CSDR	Split from CNSLR in July 1994	Food Industry, Education	400,000	Victor Ciorbea (PNT-CD)

Table 2: Major Romanian Labour Confederations.

Source: Kideckel, David A., "Winning the Battles, Losing the War: Contradictions of Romanian Labour in the Postcommunist Transformation," in *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe*, Stephen & David Ost, eds. (New York: Rowman & Littlefield Publishers, 2001).

Economic theories of strikes

The classical economic theory of strikes argues that workers are more likely to strike when unemployment levels are low permitting unions to have an advantage over the employers.⁴⁰ Therefore, in post-communist societies, the low strike activity and

⁴⁰ Crowley (2004), 414.

subsequent labour weakness is explained by constant high rates of unemployment (see Table 1 above). Considering the insecure social and economic environment of these societies in transformation, it is understandable that workers will not risk losing their jobs by getting involved in labour activism.⁴¹ Unemployment rates were lowest in the early 1990s in Romania, and it is precisely in 1990 and 1991 when the most violent and relentless form of labour activism occurred. In the late 1990s, when unemployment rates spiked in the Jiu Valley, the miners were once again striking. Thus, economic decline can also fuel labour activism.⁴² Furthermore, Stephen Crowley states that “when comparing the countries in the region, the correlation between annual unemployment levels and strike rates is zero.”⁴³

The underlying fault of the Economic theory of strikes is that strike rates represent an indicator of labour weakness and not an explanatory factor. Additionally, another view argues that, in the Romanian case, there is “an inverse relationship between the number of strikes and the improvement in workers’ conditions.”⁴⁴ The large number of strikes in Romania is indeed a paradox. While labour unions support and even encourage market reforms, including privatization, at a rapid pace, they also claim protection from the negative effects of such policies.⁴⁵ As a result, strikes frequently take place to protest against these very negative effects of market reforms. The government has been willing to negotiate with the workers on these issues; however, labour unions have been fruitless in achieving their goals.⁴⁶

⁴¹ Kubicek, 188.

⁴² Crowley (2004), 414.

⁴³ *Idem*.

⁴⁴ Kideckel (2001), 99.

⁴⁵ Kideckel (2001), 100.

⁴⁶ Kideckel (2001), 97.

Moreover, strike activity in post-communist states may also be limited because of the restrictive nature of laws. The high labour activism in the early 1990s was temporarily curbed by the introduction of tougher strike regulations.⁴⁷ Nevertheless, stricter laws proved not to be a sufficient deterrent as workers chose to continue striking, even though such strikes were declared illegal.⁴⁸ Therefore, explaining either labour weakness or labour activity through the number of strikes is a problematic matter. Also, strike activity does not denote labour weakness or labour strength. Concomitantly, theories on strike activity cannot account for the end of Romanian violent protests.

“Exit” theories

“Exit” theories claim that due to declining standards of living in times of economic duress workers tend to find jobs in the informal economy.⁴⁹ This does not apply just to the unemployed, as workers will search for a second job in order to match their stagnant incomes with growing inflation. The number of workers choosing to “exit” the formal economy has steadily increased over the years following the communist collapse and the introduction of market reforms. The informal economy though, offers no labour protection and workers often find themselves isolated.⁵⁰ New enterprises discourage the formation of unions and frequently prefer to hire a large number of workers illegally to escape taxation. This in turn, encourages abuse from the part of

⁴⁷ Kubicek, 38.

⁴⁸ Kideckel (2001), 99.

⁴⁹ Crowley (2004), 415.

⁵⁰ Kubicek, 49.

employers and fuels workers' discontent. Without alternatives, workers become depressed, apathetic, and resigned to their situation, thus avoiding any form of protest.⁵¹

“Exit” theories are not without critics. Crowley argues that employment turnover rates and the estimated size of the informal economies does not offer conclusive data over the percentage of the labour force that chose to “exit” the formal economy.⁵² Furthermore, the estimated average size of the informal economy in CEE is about 10 percent of the total urban employment sector, considerably lower than in the developing states.⁵³ Hence, the formal economy benefits from a large workforce that could get involved in labour activism.

Finally, there is a positive correlation between unemployment and the size of the informal economy and between inflation rates and the size of the informal economy. One would expect that market reforms, which create unemployment and an increase in inflation rates, would result in a growth of the informal economic sectors as both unemployed and low paid workers would join the informal sector. However, this is not the case. In Romania, unemployment grew from 1.3 percent of the labour force in 1990, to 8.2 percent in 1992, peaking at 10.9 in 1994 and decreasing to 9.5 percent and 6.6 percent in 1995 and 1996 respectively (see Table 1). Similarly, inflation rates increased from 5.1 percent over the previous year in 1990, to 210.7 percent in 1992, peaking in 1993 at 256.2 percent, and then steadily decreasing to 32.2 percent in 1995 and 38.8 in 1996. The size of the informal economy however, declined in 1990 to 13.7 percent of the GDP, from which it gradually increased to close to communist regime levels at 19.1

⁵¹ Kideckel (2001), 109-10.

⁵² Crowley (2004), 416-7.

⁵³ Crowley (2004), 418.

percent of the GDP in 1995. Therefore, as unemployment tended to decrease towards the mid-1990s and prices headed towards stabilization, the size of the informal sector increased. This denies the link between labour weakness and growing informal economies, hence invalidating “exit” theories as sole factor behind labour weakness.

Communist legacy theories

Communist legacy theories embrace an entire array of aspects. Arguably, in CEE, all the factors that led to weak trade unions are consequences of communism, part of the transformation process, the search of a new identity, and the creation of a new society. The indicators of labour weakness, such as union density, can be explained by the ideological backlash the collapse of communism created whereby, as discussed before, workers lost their confidence in unions. The explanations discussed here however, refer to direct consequences of the collapse of communism.

Perhaps the most evident of explanations for labour’s weakness is the very nature of the communist systems. Despite the fact that workers benefitted from a favourable status in communist states and that unions served as state tools to obtain Party objectives, I believe that labour unions were a weak player in the Stalinist communist societies. Unions were never part of the policy making process. They were subservient to the regime and their main role was to implement regime policies and to monitor workers’ activities. Even in Romania, where the 1977 Jiu Valley miners’ strike undermined the power of the Ceausescu’ regime, eventually the mining community in the Valley was infiltrated by the security services. Forced migration further dissipated the cultural unity.

Thus, drastic measures transformed the mining unions into a governmental tool within a short period of time. When the regime changed, workers sided with the intellectuals. The new regime though, was one which sought to implement rapid change. Unions, again, demonstrated their inability to influence policies. They remained as weak as they were under the communists. To address this problem, unions sought party alliances as a way to advance their interests. I will further discuss this argument in the last chapter of this work.

Crowley divides these path-dependent theories into two closely intertwined categories according to the type of impact left by the communist regimes: institutional and ideological.⁵⁴ Institutionally speaking, labour unions suffered during the post-communist period because they were ill equipped to face the new challenges and failed to quickly adapt to the new environment. Trade unions were dependent on the state, specifically the Communist Party, for their resources. As discussed before, one of the roles of the unions was to re-distribute resources to workers. This promoted paternalistic relationships where workers directly approached their supervisors with grievances. The paternalistic relationship also extended to higher levels. Unions remained dependent on the state for resources. However, after the collapse of communism, the state was not as interested as before in supplying labour unions with the same large amounts of resources as these represented a drain on the budget in the era of post-communist transformations. Therefore, unions became both poorer and more dependent on the state.⁵⁵ Due to the

⁵⁴ Crowley (2004), 420.

⁵⁵ Crowley & Ost, 229.

scarcity of resources, their activities concentrated mainly on health and safety issues, mostly ignoring pay and work intensity related issues.⁵⁶

Ideologically speaking, the unions' dependence on the state has deeper repercussions for the workers. As I previously mentioned, labour unions were most vulnerable in a post-communist society due to their past alliance and special relationship with the Communist Party.⁵⁷ They could not thus afford to take a leftist stance in the new regime. As a result, unions took a paradoxical stance of supporting right oriented policies of market reform and privatization. Hence, their stance further served to further undermine their position, by underlining the unions' incapability of protecting workers who either lost their jobs or benefits due to these new reforms, who experienced a decaying standard of living, or who found themselves working for newly privatized companies where unions were absent. Therefore, the new position adopted by the unions was simply a catalyst for augmenting their weakness.

Theories regarding the communist legacy however, cannot explain why some labour unions remained relatively strong and active after the collapse of communism. In Romania, the large number of trade federations and the miners' unions could create real problems for the Bucharest government. Moreover, most of the unions fought for wage increases and other work related benefits, not just health and safety issues. Also, they were staunch supporters of quick and deep reaching reforms, often in contrast to the state reluctance. Indeed, while unions remained weaker than their Western counterparts, they were nonetheless not as docile as theories of communist legacies would portray them to be.

⁵⁶ Crowley (2004), 421.

⁵⁷ Crowley (2004), 421-2.

Theories on class and anger

Class theories on post-communist labour can be considered as an off-shoot of communist legacy theories since they revolve around the Marxist concept of “class” and “class-struggle” and its relevance in the post-communist era. David Ost argues that the concept of “class” was corrupted by the communist regimes, becoming irrelevant in post-communist times, thus channelling class struggles on interests via different ideologies based on identity.⁵⁸ Communist regimes virtually eradicated class differences and created one class, the working class – though, as previously discussed, the elites became a new class themselves. Thus, the concept of “class-struggle” became irrelevant in a one-class workers’ state, and the meaning of “working class” was universalized by its extension to include all citizens. But the fall of communism brought about the creation of cleavages in society and in a short time the differences between workers and other societal groups re-emerged. However, workers lost their class consciousness as they could not yet think of themselves as a separate social group, and not a universal one. They did not realize that labour was becoming subordinated to the new state interests.⁵⁹ Post-communist transformations marginalized workers and weakened labour unions. Their ineffectiveness in fighting for their interests was transformed into anger. The anger was not directed at the enterprise management, since most often the company was state owned, but at the state itself. Evidently, those who capitalized on this anger were opposition parties. But in order to capitalize on workers’ anger, opposition parties had to organize it and direct the

⁵⁸ Ost (2005), 123, 179.

⁵⁹ Ost (2005), 122-3.

anger at a commonly accepted enemy. Because of a communist past, anger could not be organized along class cleavages anymore, and it thus did not reflect workers' interests. Anger was diverted along towards identity lines. Those who capitalized on this anger were mostly far right parties, which were able to play the nationalist identity card to co-opt the anger and support of workers.⁶⁰ Moreover, the re-channelling of workers anger from class-based interests to identity issues further de-legitimized workers' activism and emphasized their position of weakness.

This theory could explain some aspects of labour weakness in Romania, as exemplified by the last two *mineriade*. The Romanian Jiu Valley miners' leader, Miron Cozma, joined the far right party Greater Romania (PRM) when he was released from prison in 1998. Because of his importance as a leader in the miners' labour union, he was given the position of vice-president in the party. At the time, the PRM leader, Vadim Tudor, was challenging the Bucharest government and openly calling for its resignation or removal by force. Vadim effectively capitalized on the miners grievances and he actively encouraged them to march on Bucharest once again. However, because of this apparent alliance between the miners and PRM, the miners' popular support plummeted.⁶¹ In the end, Cozma's poor choice of political alliances weakened the miners' union even more as the central government gained more support for its crackdown on the union leadership. Following this brief alliance between the Jiu Valley miners and the PRM, there were no other direct associations between trade unions and extremist parties. Moreover, the far right parties entered a slow decline after the 2000

⁶⁰ Ost (2005), 22-25.

⁶¹ In the early 1990s the miners benefitted from a large popular support whenever they marched on Bucharest, though most of those cheering for the miners were FSN followers.

elections, culminating in a large parliamentary defeat in 2008, when far rightists failed to obtain enough votes to reach the 5 percent threshold to be part of the parliament.

Therefore, Ost's theory on class and anger cannot explain this decline in the support for far right parties. Furthermore, there are other aspects – such as why only the Jiu Valley miners briefly allied with the PRM, why it only happened in the late 1990s, and why the relationship came to such an abrupt end – that class theory fails to elucidate. For this reason, class and anger theories have limited potential of explaining labour activism.

Anthropological theories

Two anthropologists ventured into Romania's Jiu Valley to study the miners in the post-1989 period of post-communist transformations and globalization. While their object of study was the miners in that Romanian region, some of their theories can apply to the CEE context more generally. Jack Friedman studied the effect of shocks in the Valley. He identified two types of shock in post-communism: shock therapy, which is believed to lead to positive societal outcomes and it mainly consists of economic aspects; and, mimetic shock, which is a subjective response to societal change and can become anti-systemic or passive and self-defeating.⁶² For the CEE states, the fast pace of transformations has not had a positive impact on the working class, the main losers of market reforms. Thus shock therapy created a group of marginalized people that have not adapted successfully to the ever changing post-1989 society. Overall, the marginalized have experienced increased decline and downward mobility, which has led to increased

⁶² Friedman, Jack R., "Shock and Subjectivity in the Age of Globalization: Marginalization, Exclusion, and the Problem of Resistance," *Anthropological Theory* 7 (2007) 422-3.

poverty.⁶³ In his study of Romanian workers and miners, David A. Kideckel argues that one of the reasons why workers have become marginalized is because of their inability to comprehend the difference between their present and former role in society. Agency, which is one's ability to understand the past in order to use past experiences to comprehend and operate in the present, is not effective for workers who take longer or fail to adapt to the societal changes.⁶⁴ Their marginalization is present not just at work, but in their lifestyles and living conditions as well, a fact that has accentuated the difference between winners and losers of post-communism.⁶⁵ A feeling of alienation and stress are omnipresent. Their health deteriorates and, due to low pay and lack of work, social and health benefits, workers avoid treatments, which tend to be expensive. Without any solutions in sight, many turn to alcohol.⁶⁶ Slowly, workers become part of a process of "getting by," of planning and living from one day to the next.⁶⁷ They become passive. Their personal and family relations, values, and networks erode. Atomization and isolationism replace the sense of unity.⁶⁸ Passivity, atomization, and isolation of workers lead to labour weakness. This seems to be the case with the Jiu Valley at the end of 1990s and beginning of 2000s. Thus, the end of *mineriade* can be explained by the passivity, atomization and isolation of the mining community, especially after the 1997-1999 waves of reform and restructuring. Nevertheless, the ones who have been part of the *mineriade* have always been working miners, and not the unemployed. More so, Jiu Valley miners' wages have always been relatively high, at least when compared to other workers' wages

⁶³ Friedman, 431.

⁶⁴ Kideckel (2008), 12.

⁶⁵ Kideckel (2008), 20.

⁶⁶ Kideckel (2008), 187-202.

⁶⁷ Kideckel (2008), 223.

⁶⁸ Friedman, 433.

or even other miners' from other Romanian mining regions. Although the Jiu Valley miners were not the hardest struck by market reforms, they were the most active in opposing them. Moreover, the Romanian government, with the help of international institutions, have been involved in the region to alleviate the negative effects of shock therapy. Therefore, albeit the anthropological explanations do offer insight into the workers' and mining communities, they cannot explain the end of violent labour activism in Romania. I should also mention that Kideckel analyzes the *mineriade* separately, which I will briefly discuss below.

I have reviewed here the most important views on labour activism in CEE or lack thereof. Indeed, there is a large degree of variability across the region regarding degrees of labour weakness. The theories discussed above analyze the issue of labour from varying angles, but they can hardly explain variations of weakness and activism in the CEE landscape. Furthermore, while most theories attempt to explain why labour is weak or why activism is absent or ineffective, with the exception of three, which I will return to in the next chapters, none can be applied to clarify the end of *mineriade* in Romania. First, the concept of "exit" has not been applied so far to those exiting the formal labour system in one country and moving abroad in search of employment, often in the informal sector. It is widely acknowledged that a significant part of the Romanian workforce immigrated to EU member states in search of temporary or seasonal labour. Those working in the industrial sectors most affected by the negative effects of market reforms are the most likely to immigrate in search of labour. Second, it does seem likely that the communist legacy of weak labour unions allowed for the creation of political alliances

that endured for much of the post-communist period. Between 1989 and 1996 and between 2000 and 2004 those in power were former members of the Communist nomenclature. Paternalism was an institutionalized practice before 1989 which continued to exist under the new regime. While this practice continued, unions could not become independent actors, being used to achieve specific political goals. This hypothesis will be tested in Chapter 4. And third, corporatist theories may offer a partial explanation to why the Jiu Valley miners stopped their intensive labour activism after 1999. I will argue in the last chapter that, as the tripartite negotiations were institutionalized under the rule of Iliescu in the early 2000s, those who benefitted most were his allied unions, the Jiu Valley miners' one among them.

Theories on the *mineriade*

I have mentioned before that no academic works have yet attempted to understand the end of *mineriade*. They focused instead on explaining the phenomenon itself. I will thus briefly examine most of these theories below, showing why they are or are not useful tools for my argument.

Because the *mineriade* have been heatedly debated in the Romanian media, it is important to discuss the official position of the Iliescu government for the first four *mineriade*. Iliescu only mentions the disturbances before 1996, when he was in power. He considers that the miners acted on their own account on each of the first four occasions. The *mineriade* were a popular reaction to the constant anti-FSN protests in Bucharest, which the miners considered anti-revolutionary. The miners regarded Iliescu

as legitimate head of state since he removed the Ceausescus. Hence, they went to Bucharest to express their support for the government whenever they perceived that Iliescu's FSN was in danger. If necessary, they were ready to protect the revolution. Iliescu denies any manipulation or political involvement in the matter,⁶⁹ although the media relentlessly accused him of engineering the phenomenon.

As mentioned before, the miners' constant interventions in Romania's political life have been a popular subject in the Romanian media. Two such explanations emerged in the early 1990s: the relative deprivation theory and the political conspiracy theory. The relative deprivation theory underlines the poor economic standing of the miners as a cause for revolt. However, a large percentage of the Romanian population was experiencing the same economic hardships in the early 1990s, and thus, such an explanation is insufficient. The political conspiracy theory points at those former-communist political forces that easily manipulated the miners for their own political advantage.⁷⁰ Nevertheless, Vasi argued that this theory is based on polemics and unsubstantiated evidence since the miners have been strong opponents of communist involvement in their own local affairs and have often acted as independent actors in Romanian politics, frequently beyond institutional means.⁷¹ Only recently has this theory resurfaced, supported by academic research. Alin Rus conducted an in depth study of all the *mineriade* and interviewed a large number of miners who participated in the events from 1990 to 1999. He confirms that the miners believed they were manipulated by

⁶⁹ Iliescu, Ion, "Communism, Post-communism, and Democracy: The Great Shock at the End of a Short Century," interviewed by Vladimir Tismaneanu (New York: Columbia UP, 2006), 457.

⁷⁰ Berindei, Mihnea et al., *13-14 iunie 1990: realitatea unei puteri neocomuniste*, (Bucuresti: Humanitas, 2006), 256-63.

⁷¹ Vasi, 135-7.

political forces to go to Bucharest for political reasons. However, he also finds that the sense of miners' unity and peer-pressure also played a role in mobilizing the crowd.⁷²

Another theory with roots in political conspiracy is put forward by John Gledhill. His explanation results from extensive research and analysis of events as well. Gledhill bases his argument on the works of Stephen Crowley and Doug McAdam. Using Crowley's study on Russian and Ukrainian miners and McAdam's on contention politics, Gledhill indicates that the 1990 *mineriade* were in fact state induced politics of contention. In 1990 Romania was experiencing institutional ambiguity. The state (FSN government) was facing an informal challenge, not by institutional means, but by the demonstrators in downtown Bucharest. Consequently, political power was used in an extra-institutional fashion by calling upon the miners to disperse the challengers. Thus, the *mineriade* were an expression of "politics by other means" as the miners were manipulated by the elites.⁷³ Gledhill's argument, however, is aimed at explaining the June 1990 events alone. He argues that his interpretation cannot be applied to the other *mineriade* because challenges outside institutional means were absent in 1991 and 1999.

Moreover, both the Romanian president from 1996 to 2000, Emil Constantinescu, and the Prime Minister during the last two *mineriade*, Radu Vasile, believe that political manipulation by obscure elements, remnants of the communist system, were at the core of the last two *mineriade*. Thus, since this was done outside official policy channels, their beliefs fall under Gledhill's argument of "politics by other means" as well. Despite the fact that Cozma was a member of the PRM, Constantinescu, without providing any

⁷² Rus, Alin, *Mineriadele: Intre manipulare politica si solidaritate muncitoreasca*, (Bucuresti:Curtea Veche, 2007), 286.

⁷³ Gledhill, John, "States of Contention: State -Led Political Violence in Post-Socialist Romania," *East European Politics and Societies* 19, no. 1 (2005), 87-99.

evidence, states that both Iliescu's party, The Socialist-Democracy Party (PDSR) and Vadim's PRM were behind Cozma's attempts to march on Bucharest.⁷⁴ The only goal of the unrest was to overthrow the central administration and replace it with an opposition government.⁷⁵ Vasile concurs with Constantinescu's position.⁷⁶ Nevertheless, the arguments in favor of political manipulation are still based on personal beliefs or individual accounts from the part of the miners, who were also the perpetrators of violence on most occasions. In addition, political manipulation, cannot explain why the miners were not manipulated anew after 1999. Political squabbles have certainly not stopped. Also, political manipulation implies that benefits are only shared by the manipulator, and not by those manipulated. Therefore, the relationship between the regional and the national political forces, the miners and Iliescu, needs to be clarified.

A more comprehensive analysis of the miner revolts is given by Vasi. His arguments also draw from Crowley and McAdam. In contrast to Gledhill, he combines a number of political, social, and cultural factors to explain all six *mineriade*. He identifies a number of social and cultural region-specific attributes that facilitated the uprisings: the urban ecology of the Jiu Valley, the density of the miners' social networks, and the social organization which derives from the miner labor unions. An enabling condition for the *mineriade* to happen was the political opportunity given to the miners: in the early 1990s they were invited by president Iliescu and in 1999 by the far-right political leader Corneliu Vadim Tudor. A final factor is the strong sense of identity the Jiu Valley miners

⁷⁴ Constantinescu, Emil, "Time of Tearing Down, Time of Building," (Bucharest: Universalia, 2005), 149-50.

⁷⁵ Constantinescu, 245.

⁷⁶ Vasile, Radu, *Cursa pe kontrasens: amintirile unui prim-ministru*, (Bucharest: Humanitas, 2002), 42.

had as leaders of the entire working class.⁷⁷ While Vasi does put forth a strong argument, he completely neglects the political aspect. By ignoring politics and alliances between the miners and political parties, Vasi undermines his hypothesis of a political opportunity for the miners. Finally, the factors mentioned in his thesis do not offer any clues about when the *mineriade* would end and why.

Another body of work about the *mineriade* examines them as social movements. Ioan Valentin Fulger, while looking at the last two *mineriade*, finds two factors that facilitated the miners' political activism: crowd dynamics and the leader. These variables were put under extreme duress by the economic reforms of the late 1990s, and the interactions between the two that led to marches on Bucharest.⁷⁸ While I will discuss this theory in more detail in the last chapter of this work, as it is the only one mentioning the role of the miners' leadership in the events, it should be noted that Fulger does not make any connections between the miners and political parties. As such, he only looks at the miners' reasons for revolt, ignoring political alliances that could have facilitated their actions.

Finally, I have mentioned before Kideckel's view on the Romanian working class. The Jiu Valley miners were part of his object of study. He touches on the *mineriade* briefly, pointing out that they are reflections of the working class slow decay. The violent miner activism and its negative portrayal in the media have only served as catalyst for the marginalization of the miners. Kideckel also mentions that the miners were manipulated on all but the last *mineriada*, when miners marched solely to challenge the court's

⁷⁷ Vasi, 137-156.

⁷⁸ Fulger, Ioan Valentin, *Valea Jiului dupa 1989, spatiu generator de convulsii sociale*, (Petrosani:Focus, 2007), 278-9.

decision on Cozma. From being a united force in the early 1990s, the miners changed into an alienated, atomized, and isolated community. Their defeat in 1999 induced a feeling of passivity and apathy.⁷⁹ At a first glance, Kideckel's stance could account for the end of *mineriade*. However, he does ignore the external factor of political alliances. Moreover, whereas a decline in protest participation can be noticed, the miners were still a united force at the end of the 1990s. It is hard to believe that their defeat in February 1999 created a sudden atomization and isolation in the mining community.

What emerges from this quick review of works on *mineriade* is that none attempt to explain their cessation after 1999. Additionally, none take into consideration the role of government economic and social policies specifically aimed at ameliorating the social and economic status of the Jiu Valley region. In the same line of thought, none address the role of external actors in policy implementation. Finally, only Fulger discusses Cozma's role, but he only does so when focusing on the causes of the *mineriade*. Kideckel also hints at Cozma's influence in preserving the crown unity. Thus, I will test the validity of these three factors in the next chapters.

⁷⁹ Kideckel (2008), 115-9.

Chapter III – The socio-economic development of the Jiu Valley

The economic crises that struck Romania in the 1990s underlined the structural deficiencies of the post-socialist economies. Successive governments of the 1996 coalition were forced to implement drastic fiscal, monetary, and economic measures. While at first these measures were welcomed by the public at large, they quickly became unpopular. Under the direction of the International Monetary Fund (IMF) and the World Bank, the Romanian government introduced a programme of economic restructuring. The programme targeted the most unproductive and resource draining state owned enterprises and industry. Needless to say, the mining industry was at the top of the list. The miners remained a privileged group of workers during Iliescu's regime, and only under considerable external pressure from international financial institutions were the Bucharest officials convinced to restructure the industry. From 1997 to 1999 about half of the mining workforce in the Jiu Valley was restructured. Miners were paid generous compensation. However, due to the economic character of the Jiu Valley region, most of the newly unemployed were unable to invest their indemnities. By 1999 the region was experiencing an unknown degree of poverty. It is widely believed that one central reason behind the two last *mineriade* was the new wave of poverty sweeping through the Jiu Valley following the recent economic reforms. This was also recognized by the central authorities in Bucharest. The government had implemented a limited number of initiatives aimed at tackling the region's isolation and poor economic development in 1997. The effort was simultaneously conducted with a number of international

organizations, such as the IMF and the World Bank. Their failure though, was obvious when the miners marched in Bucharest in January 1999 out of desperation and lack of alternative options. Following the two 1999 *mineriade*, the authorities renewed their efforts at tackling unemployment and facilitating economic development in the region. This time the policies were introduced within the context of European integration. The EU and its partner institution, the European Bank for Reconstruction and Development (EBRD), played a crucial role in addressing the socio-economic problems of the Jiu Valley.

It is the aim of this chapter to demonstrate the critical role of the economic and social measures implemented by the Romanian government after the last *mineriade*, with the backing of international organizations, most importantly the European Union (EU), within the process of European integration, in promoting regional economic development. The efforts created a transition from a mono-industrial region to a poly-industrial landscape, a transition that continues even today. In this regard, I argue that the spread of the transition to a market economy and the EU backed introduction of good governance practices in the Jiu Valley post-1999 have significantly weakened the miners' labour unions in the area. In other words, the phenomenon of post-communist labour weakness that engulfed most of the former communist states in Central and Eastern Europe (CEE) had finally spread in the Jiu Valley after 1999. Economic development broke down the old patterns of economic organization and social support from the state through the state owned enterprise and its labour unions. The 10 years delay is explained by minimal economic development activities in the area prior to the end of the last *mineriada*. However, the end of the last *mineriada* coincided with the beginning of the

European integration process. And since the area was considered of critical nature for Romania's transition, because of its economic failure, the strategic importance of the mining industry, and the social risk factor that resulted from it, the Jiu Valley became a prime target of EU supported initiatives. These initiatives were undertaken under various regional development measures, which, at the same time, promoted practices of good governance. Thus, as anywhere else in CEE, economic and political transition resulted in a weaker Romanian working class, including the labour force in the Jiu Valley, which brought the end of *mineride*. This weakening of the labour unions became apparent much later in Romania than in other CEE countries, with the last labour protests being defeated in the late 1990s. The slow process was a direct effect of the communist legacy and the slow pace of political change.

The first part of the chapter provides a definition of economic development and how it differs from economic growth. The economic development in former communist states is somewhat different from the classical economic development views in developing countries. It involves the transition from a state owned economy to a market one and at the same time a political and social transition as well. I thus outline the main characteristics of Romania's economic transition in the 1990s. This is a necessary step to show the inefficiency of the Romanian reform process and its inability to cope with the social consequences of transition. The focus is narrowed with a socio-economic overview of the Jiu Valley during the transition. Once the needs for socio-economic development in the region are established, the discussion shifts to the actual measures taken by the Romanian government and its international partners. Special attention is paid to the role of the EU. The EU had a direct impact on the Romanian process of reform. And as part of

the European integration process, the region benefitted from increased attention from the authorities, which ultimately translated into a sustained effort to help the region in the period of transition. While the process has not always been smooth and was often agonizingly slow, it has recently showed signs of success.

Economic development versus economic growth

In the past decade Romania has experienced good figures of economic growth, impressing the EU member states. However, economic growth does not always translate into economic development. Consequently, the economic growth experienced by Romania in the 2000s does not break down to equal regional economic growth rates. Some regions experienced higher rates of economic growth than other. Moreover, disparities exist at the regional level as well. Most importantly though, regional economic growth is not always a result of economic development and does not always result in economic development. It is thus imperative to clarify the distinction between growth and development. Economic growth describes a country's production increase expressed as gross national or domestic product (GNP or GDP) or gross national income (GNI). It can also measure increases of income per capita as GDP or GNI per capita. Economic development also takes into consideration the rate of economic growth while also incorporating two other variables: the distribution of economic outputs and the structure of the economy.¹ These could include a number of factors such as:

¹ Nafziger, E. Wayne, *Economic Development* (New York: Cambridge UP, 2006), 15.

an improvement in the material well being of the poorer half of the population, a decline in agriculture's share of the GNP and a corresponding increase in the GNP share of industry and services, an increase in the education and labour skills of the workforce, and substantial technical advances generating within the country.²

Within the context of the Jiu Valley and the process of European integration, much of the economic development process in the area has been undertaken under the concept of sustainable or durable economic development. This relatively new concept of economic development incorporates the idea of growing economic activities while maintaining a minimal environmental impact. The environment and its resources are thus preserved for the future generations.³ The goal of sustainable economic development is to both increase the economic growth and social welfare. The needs of the society are to be satisfied on short, medium, and long terms.⁴ In the Jiu Valley, the newly founded EU-backed institutions promoted a strategy of economic development with six main objectives: reduction of polluting energy resources, proper management of natural resources in the area, tackling social risk by eliminating poverty and social exclusion, tackling the demographic decline, promoting mobility of the workforce, and proper management of fields in the area for sustainable territorial development.⁵

² Nafziger, 15.

³ Vaduva, Cecilia Elena, "Durable Development of Human Settlements," *Annals of the University of Petrosani, Economics* 7 (2007), 335.

⁴ Szasz, Melinda, "The Public Administration Authorities' Implication on the Economic Development at the Regional Level," *Annals of the University of Petrosani, Economics* 6 (2006), 195.

⁵ Szesz, 196.

Economic transition from a state owned to a market economy: theoretical concepts

The economic transition must be understood because of the virtual antithesis between the communist and the market economic systems. Workers either failed or were slow to adapt to the new system. This rigidity led to high rates of unemployment, lower wages, and/or lack of social benefits. The standard of living drastically declined after 1989 and the former working class transformed into a social high-risk factor.

Economic change accompanied most of the regime changes in CEE states in 1989. The new governments wished to transform their state owned, central planned and regulated economies, into a capitalist market system. Without any clear guidelines due to lack of precedent, a rushed consensus was agreed upon outlining the main steps of the economic transformation.⁶ The transformation implied a complete change in the economic system and a restructuring of the economy overall. The reform of the economic system implied the abolition of central planning, the removal of state ownership, and deregulation.⁷ Generally speaking, laws were quickly passed to abolish state planning. State ownership however could not be removed overnight. Deregulation was also a slow process. The shift in the economic system was accompanied by necessary fiscal and monetary policies: price liberalization, restrictive monetary policy, balancing of fiscal budgets, liberalization of foreign trade, and currency convertibility. Price liberalization eliminated the artificially low prices kept under the communist regimes. The rapid introduction of price liberalization, however, led to high rates of inflation. This soon

⁶ Berend, Ivan T., *From the Soviet Bloc to the European Union: The Economic and Social Transformation of Central and Eastern Europe since 1973* (Cambridge: Cambridge UP, 2009), 52.

⁷ Berend, 52.

translated into a restrictive monetary policy, which aimed at keeping interest rates above inflation rates in order to promote saving and domestic investments. In the new fiscally deregulated environment state expenditures were still elevated while the sources of financing were limited. The budget deficit thus created had to address sustained economic growth. In order to reduce expenditure, price liberalization was followed by a removal of state subsidies. Nonetheless, some sectors of the economy considered more sensitive to the public, such as mining, agriculture, or energy, remained a drain on the budget. A system of taxation was introduced as a source of financing. A value added tax (VAT) on consumption replaced the communist era tax. Personal income taxes were established mimicking various Western-style models. Finally, a corporate tax was also introduced. Foreign trade liberalization was necessary as the Soviet economic system collapsed. All trade barriers were transformed into tariffs and trade restrictions were abolished. Finally, national currencies gradually approached market exchange rates. Convertibility was necessary since communist regimes artificially devaluated their currencies.⁸ The fiscal and monetary policies were aimed at stimulating the growth of the small domestic private sector and domestic consumption and were not always as successful as envisaged by policy makers.

The restructuring of the economy was a much slower process. Monetary and fiscal policies paved the way towards a change in the economic structure. An entire set of new institutions had to be created for a functioning market economy to take place. Institution building happened over a relatively short period of time, in some states less

⁸ Fisher, Sharon, "Re-Creating the Market," in *Central and East European Politics: From Communism to Democracy*, ed. Sharon L. Wolchik et al. (New York: Rowman and Littlefield Publishers Inc., 2008), 59-63.

than a decade. It began with a radical change in legislation, including a change of the welfare system, commercial laws, and the labour code.⁹ A very important aspect of economic restructuring was the process of privatization. Privatization refers to a transfer of the means of economic ownership from state to private hands. Since state run enterprises were considered to be inefficient and resource draining, a shift to private ownership was the most apparent viable alternative. Privatization had three main advantages:

- it strengthened market forces by promoting competition practices and efficiency;
- it was a source of budget income by selling the state owned assets and generating tax income from the future profits of private companies while reducing state responsibility for employees' wages; and
- it attracted foreign direct investment (FDI), encouraging a cash flow that underlined the need of a reliable banking system.¹⁰

Privatization was not a clear cut process. Governments experimented with various form of privatization, each considered to have its advantages and disadvantages. Almost all CEE states commenced with small scale privatization, which aimed to quickly transfer ownership of small enterprises into private hands. It generally covered restaurants, small shops, barber shops, and other small service establishments. Afterwards, governments attempted at least one of the following: spontaneous privatization, restitution,

⁹ Fisher, 64.

¹⁰ Lieberman, Ira W. et al., "An Overview of Privatization in Transition Economies," in *Privatization in Transition Economies: The Ongoing Story*, ed. Ira W. Lieberman and Daniel J. Kopf (New York: Elsevier JAI, 2008), 11-2.

management-employee buy-outs (MEBO), voucher privatization, private offerings, liquidation, residual shares sale, sector privatization, or trade sales.¹¹

Privatization proved to have mixed results, depending on the type employed by the government and the speed of the entire process. On the one hand, states pursuing a faster paced privatization expected the process to be irreversible. The economic restructuring would thus occur with the fewest of obstacles and at the fastest possible pace. However, institution building necessitates a longer period of time and a dominant private sector proved difficult to manage in a non-hospitable environment. On the other hand, gradual privatisation brings the risk of only partially implementing the process. Slower-paced privatisation could lead to a loss in momentum. To avoid this issue, it required a sequencing of the entire process.¹² Failure to carefully plan a medium-long term privatization strategy created a business class mainly drawn from members of the former nomenclature and speculators, people that had access to resources through old socialist networks, often working in positions which allowed them to seize state assets. Once this part of the privatization process occurred, the new business class' interests would be to delay further structural reforms.

Perhaps the most beneficial aspect of the privatization process was the inflow of Foreign Direct Investment (FDI). Although not always seen in a positive light, the inflow of capital was crucial for many CEE states in their economies' restructuring and consolidation. FDI also helped with the introduction of new technologies and facilitated the re-orientation of foreign trade.¹³ Companies sold to foreign investors were quickly re-

¹¹ Lieberman, 14.

¹² Lieberman, 23.

¹³ Berend, 108.

organized. They soon became more competitive on the market as well, which meant stronger export sales and increased access on the global market.¹⁴ Despite the positive aspects of privatizing state owned enterprises to foreign investors, sensitive sectors in CEE states economies were either the last to be privatized or not privatized at all. These included the energy and natural resource sectors, such as mining.

Economic transition from a state owned to a market economy: the Romanian case

The Romanian case exemplifies a slow transition to a market economy. This slow pace of reform delayed the disempowerment of the working class. Workers were at first allied with the new regime, which guarded their vested interests. Poor economic performance in the first six years of transition only delayed the inevitable restructuring of state industries. When this happened, even if it was a comprehensive process, the reaction of the workforce was rather violent and the decline in the standard of living was more acute. The government social aid packages proved to be insufficient and only with the help of the police forces were the authorities able to control the social unrest of early 1999.

Some CEE states experimented with economic transition long before the fall of communism. Romania experienced an opposite trend of re-Stalinization. This communist legacy proved to be a serious obstacle for market reform. Moreover, at the beginning of the 1980s Ceausescu decided to pay off the foreign debt within 10 years. Since the industries were non-competitive on the global market, Romania supplemented its exports

¹⁴ Fisher, 74.

with agricultural products. Several other cuts were introduced such as limited electricity, gas, and water for the general population. When the communist regime collapsed at the end of 1989, Romania was virtually debt free but on the verge of social and economic collapse. As discussed in the second chapter of this work, the government authorities that replaced the communist regime were themselves part of the nomenclature. Immediately after they seized power, Iliescu and his allies removed all restrictions on the trade of commodities. The six month period before the first Romanian democratic elections of 1990, the FSN government tried to improve the living condition of the population. Measures included wage increases for workers, diminishing the working week to five days, and the generous enticements for early retirement, which induced more than 400,000 workers to exit the labour market.¹⁵ Prices remained under central control.¹⁶ A new economic programme was also hastily designed in three months. The programme reflected the conservative view of the new elites. It opted for gradual transformation reforms by first trying to increase efficiency and performance of the existing economic system. Most of the reforms were a matter of changing legal frameworks. No specific policies were aimed at institutional changes.¹⁷ The economic system remained rigid, based on heavy industries, and, with no restrictions on trading commodities, could not respond to the new sudden increase in consumer demand. Inflation rates spiked, causing a

¹⁵ Papadimitriou, Dimitris & David Phinnemore, *Romania and the European Union: From Marginalization to Membership* (New York: Routledge, 2008), 96.

¹⁶ Smith, Alan, "The Transition to a Market Economy in Romania and the Competitiveness of Exports," in *Post-Communist Romania: Coming to Terms with Transition* ed. Duncan Light and David Phinnemore (New York: Palgrave, 2001), 133.

¹⁷ Hollis, Amelia Wendy Kate, *Democratic Consolidation in Eastern Europe: The Influence of the Communist Legacy in Hungary, the Czech Republic, and Romania* (New York: Columbia UP, 1999), 353.

large account-deficit which forced the authorities to consider more in-depth reforms after the 1990 elections.¹⁸ Funds to offset the deficit could only be obtained from the IMF.

The Romanian PDSR led government, with the more liberal minded Petre Roman as Prime Minister, entered into an agreement with the international organization designing a reform package based on IMF recommendations. The package called for price liberalisation (introduced in November 1990), removal of subsidies to some consumer goods and loss-making industries, reduction of wages by not concurrently increasing them with inflation, and a reduction of the money supply on the market. The implementation of the package caused inflation to spike once again.¹⁹ Decreases in real wages sparked social unrests, ultimately leading to the fall of the Roman government (the 4th mineriada).

By 1992, prices were not fully liberalised, with the FSN maintaining subsidies for some goods. The government also acceded to a 160 percent wage increase in 1991. No economic restructuring measures were undertaken and no incentives for financial discipline were offered to state owned enterprises.²⁰ These enterprises accumulated an internal debt of nearly 50 percent of the country's GDP.²¹ In 1991, the GDP declined by 12.9 percent (see Table 3 below).²² Furthermore, lack of progress on market reforms prompted the IMF to cancel the agreement signed with the Roman government.²³ Iliescu and the FSN suffered in the 1992 elections because of the poor standing of the economy. Without an absolute majority, the newly renamed Romanian Social Democratic Party

¹⁸ Papadimitriou & Phinnemore, 96-7.

¹⁹ Smith (2001), 132-3.

²⁰ Hollis, 354-5.

²¹ Papadimitriou & Phinnemore, 97.

²² Smith (2001), 130.

²³ Hollis, 358.

(PDSR or social-democrats), former FSN, entered a coalition government led by Nicolae Vacaroiu, an independent, former central planner. Faced by declining popular support – because of declining living standards, mediocre economic performance, increasing corruption, and a perception of laggard vis-à-vis the other CEE states in the transition process – Iliescu supported a programme of gradual market reforms. Measures were introduced in 1993 to tackle inflation, reduce subsidies, increase interest rates and devalue the currency.²⁴ Foreign exchange markets were gradually liberalized.²⁵ Romanian exports were thus encouraged. As a result, Romania experienced a first year of economic growth – of 1.5 percent in 1993 – since the change of political systems (see Figure 4, below).

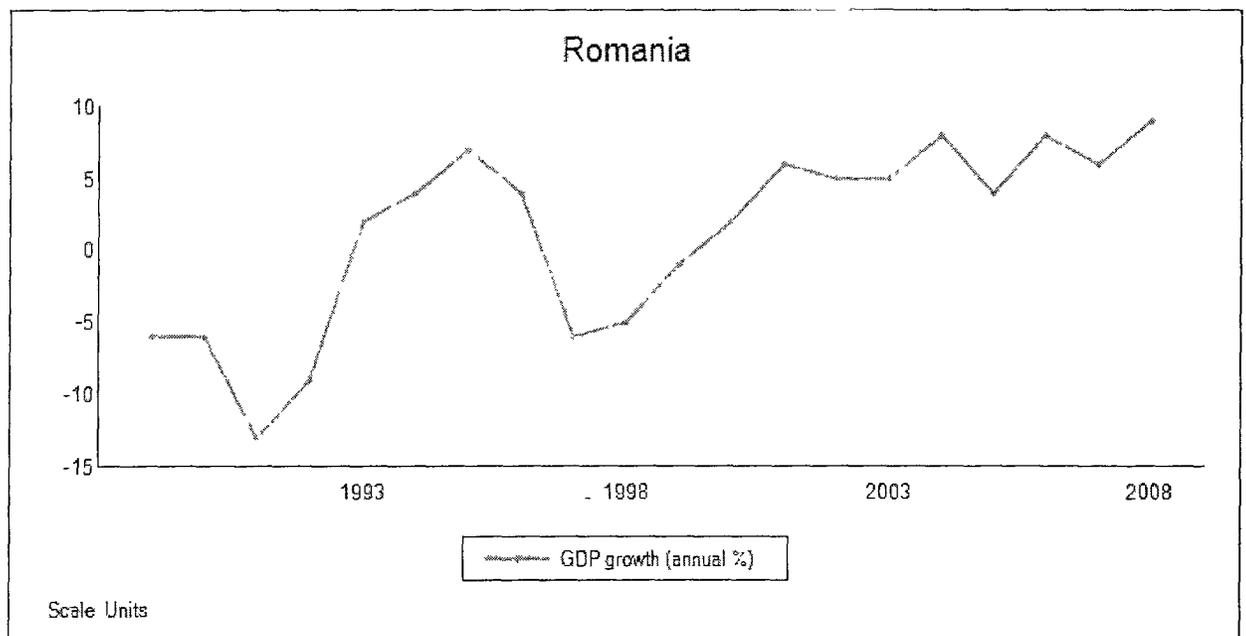


Figure 4: Romania GDP Growth. 1989 – 2008

Source: World Bank database.

²⁴ Papadimitriou & Phinnemore, 98.

²⁵ Smith (2001), 133.

The inflation rate however, remained elevated with a 256 percent increase in 1993 over the previous year. The economic growth continued until 1996. The Romanian economy however, was overheating. Some price controls were kept in those industries controlled by the state.²⁶ Furthermore, the measures implemented by the Vacaroiu government were not accompanied by any structural reforms, namely the privatization of state owned enterprises.²⁷ The trade deficit remained elevated (see Table 3), though the PDSR government followed an active course to prevent the deficit from being much higher. The heavy involvement of the state in the economy antagonized the IMF once again, which refused to offer financial help at a critical time.²⁸ The PDSR lost the 1996 elections over economic issues, allegations of corruption of party members, and an overall weak governing performance which put Romania behind other CEE states in the race of Euro-Atlantic integration.

²⁶ Smith (2001), 134.

²⁷ Papadimitriou & Phinnemore, 98.

²⁸ Smith (2001), 135.

	1990-1992	1993-1996	1997-2000	2001-2004
Cumulative over the period				
GDP growth	-25.10%	17.60%	-12.50%	25.30%
Industrial output growth	-54%	24%	-23%	28%
Net average real wage growth	-22.60%	8.30%	-15.40%	31.60%
Current account balance (\$ millions)	-5,772	-6,045	7,697	-13,322
Foreign direct investment (\$ millions)	92	1,118	5,422	9,534
End of Period				
Poverty (population %)	-	20.10%	35.90%	25.1
External debt (\$ millions)	3.2	8.3	10.6	26.8
Annual Inflation end-year	199.20%	56.90%	40.70%	9.30%
Income per capita (ppp, \$)	3542	4,591	5,660	7,883
Registered unemployment	8.2	6.6	10.5	6.2

Table 3: Romanian Economic Performance.

Source: Reproduced from Smith, Alan, "The Romanian Economy since 1989," in *The EU and Romania: Accession and Beyond* ed. David Phinnemore (London: The Federal Trust for Education and Research, 2006).

The winners of the 1996 elections were a coalition of centre-right parties, the Democratic Romanian Convention (CDR). Their common political platform called for immediate shock-therapy economic reforms. An emphasis was put on the process of Euro-Atlantic integration and the reforms necessary to achieve this goal. Both NATO and the EU, through its Copenhagen criteria (discussed below), underlined a functioning market economy and a stable democracy as prerequisites for membership. The CDR pledged to work closely with all international organizations keen to help the Romanian transition and integration goals. The message was well received by international donors,

which quickly began negotiations with the CDR government regarding the Romanian reform process. The reform programme called for full liberalization of prices, more cuts in subsidies, acceleration of the very slow process of privatization (including liquidation of those resource draining state-owned enterprises which could not be privatized),²⁹ elimination of those import controls still in place, and the introduction of a market-determined exchange rate coupled with another national currency devaluation.³⁰ Special provisions were introduced to tackle inter-enterprise debts (or arrears), which in 1996 accounted for 36 percent of the GDP.³¹ Such a comprehensive economic reform programme positively surprised most international institutions. They quickly reacted by making funds available to support the reforms of the new Prime Minister, Victor Ciorbea. The EU released an ECU 70 million macroeconomic assistance fund in early 1997. The IMF followed with a 13 months stand-by agreement with a total value of \$414 million.³² The World Bank, in cooperation with the IMF, also approved a \$1 billion loan to help the government tackle the negative effects of industrial restructuring.³³ But the impetus for reform evaporated by the fall of 1997. Ciorbea found it difficult to push his reform package in the Legislative Chambers of the Parliament. Both Chambers showed antagonism to in-depth reforms. They often quoted legislative lacunae for delaying the reform package. Ciorbea was also confronted by large labour union demonstrations. Though initially supportive of the reform programme, labour unions fiercely opposed

²⁹ Papadimitriou & Phinnemore. 99.

³⁰ Smith, Alan, "The Romanian Economy since 1989," in *The EU and Romania: Accession and Beyond* ed. David Phinnemore (London: The Federal Trust for Education and Research, 2006), 33.

³¹ Bacon, Wally, "Economic Reform," in *Romania since 1989: Politics, Economics, and Society* ed. Henry F. Carey (New York: Lexington Books, 2005), 379.

³² Papadimitriou & Phinnemore. 99.

³³ Bacon, 380.

enterprise restructuring and liquidation.³⁴ Wages dropped drastically once again as they failed to keep up with inflation. The early liberalization of 1997 caused a surge in the trade deficit as the economic restructuring did not occur.³⁵ By the end of the year, inflation rates were once again spiking. The GDP growth was negative for the first time in 3 years as well. In reaction, the IMF demanded an even tougher stand on reforms, a position which Ciorbea could not take due to political circumstances. He did however implement a through restructuring programme of the mining industry, with the Jiu Valley mines as his primary target. The workforce was halved and some mines were closed. The reform was only possible with the help of the World Bank.

Ciorbea was eventually forced to resign at the beginning of 1998, following a year of great disappointment.³⁶ He was replaced by Radu Vasile. The new Prime Minister followed a reform programme similar to the one introduced by Ciorbea. Vasile set similar goals and, like Ciorbea, failed to reach them. By 1999, the Romanian economy was sinking in a crisis without precedent in the 1990s. In early 1999 Romania was crippled by social unrest as the miners descended on Bucharest once again, this time to reverse a governmental decision to further restructure the industry. Both the IMF and the World Bank were unwilling to release funds unless the government showed more budgetary discipline and major privatization projects were completed.³⁷ However, both post-1996 governments faced opposition from unknown internal forces. Oftentimes the governments tried to implement reform measures only to find that decisions already made

³⁴ *Idem*.

³⁵ Smith (2001), 135.

³⁶ Gallagher, Tom, *Modern Romania: The End of Communism, the Failure of Democratic Reform, and the Theft of a Nation*, (New York: New York University Press, 2005), 169.

³⁷ Bacon, 381.

were either ignored or reversed by insiders. Tom Gallagher argues that a number of former Romanian Securitate officers, former nomenclature members, and directors and managers of state industries kept a monopoly on power.³⁸ Their vested interest was to halt or delay the public administration and economic reform in order to maintain their monopolies and political influence. This group of people were close allies of Iliescu and benefitted under the 6 years of PDSR regime when they seized state enterprises and state assets.

Strong opposition to reform forced Premier Vasile out of office as well. He was replaced by the head of the Romanian National Bank, Mugur Isarescu. He instituted discipline in both government practices and policies. Relations with the international institutions were essential for success of the economic reforms. Thus, Isarescu obtained new agreements with the IMF. He cut corporate and income tax rates. He refused to yield to demands made by inside groups and monopoly conglomerates. Within a year he managed to resuscitate the Romanian economy which experienced growth in 2000. Even the EU, with which accession negotiation began in 1999, expressed satisfaction at the current pace of reform.³⁹ Nevertheless, the CDR had become unpopular as large segments of the population suffered from the austerity programs introduced during the 4 years of governing. In the year 2000, the social-democrats returned to power with Iliescu as president. They pledged to continue with the process of Euro-Atlantic integration, denoting a pledge to continue democratic and market reforms.

Privatization was perhaps the most heated debate topic in the 1990s in Romania. Privatization began in 1990 with small-scale privatization. The entire process, similar to

³⁸ Gallagher, 182.

³⁹ Gallagher, 232-3.

the general progression of market reform, was a “stop-and-go” cycle. It ended in 2004, long after Romania began accession negotiations with the EU. Romania was awarded market economy status the same year, being the last candidate to receive it. The lag in privatization can be linked to communist legacies. Re-Stalinization had created a complex heavy industrial sector that dominated the Romanian economy. These enterprises were large, resource draining, difficult to privatize and opposed to restructuring. Most of the large industrial complexes were also responsible for social care of their employees and their families. Any change in the structure of these companies had the potential to spark social unrest. Hence, Iliescu chose not to alienate state workers by cutting subsidies to state industries.⁴⁰ More so, he allied himself with the managers of the state owned enterprises and thus the process of privatization stagnated. In order to send a message of Romania’s breaking away from communism, the FSN had to begin privatizing state enterprises.

Their methods of privatization, however, differed from the rest of CEE. State enterprises were divided into *regies autonomes* and commercial companies. The *regies* remained under the authority of the state. They covered the strategic branches such as mining, energy, transportation.⁴¹ The *regies* were administered by the respective ministries at the central level, while regional authorities controlled the respective branches.⁴² They represented about 47 percent of total state assets.⁴³

⁴⁰ Hollis, 358-9.

⁴¹ Berend, 58.

⁴² Welch, Dick, “Privatization in Romania from 1989 to 2007,” in *Privatization in Transition Economies: The Ongoing Story*, ed. Ira W. Lieberman and Daniel J. Kopf (New York: Elsevier JAI, 2008), 206.

⁴³ Hollis, 359.

The commercial companies were joint-stock corporations held by the newly created state-ownership fund (FPS) and/or one of the five private-ownership funds (FPP).⁴⁴ The goal of the two property funds was to sell the assets, mostly state owned companies, and supervise their sale at the same time. The FPS had control over 70 percent of the state assets, while the FPPs received the remaining 30 percent. The FPPs distributed their shares to the Romanian population.⁴⁵ The FPS had a privatization target of 10 percent sales per year, with the process ending in a maximum of 7 years. The sale of state enterprises turned out to be incredibly slow. By 1996 only 305 of the state companies were sold, in contrast with the 70 percent target. Furthermore, of these enterprises only 95 were large.⁴⁶ This represented a very small percentage of the Romanian industry mainly composed of large enterprises. Moreover, while Romania employed all forms of privatization, manager and employee buyout was the preferred method employed by the PDSR government.⁴⁷ It favoured the Iliescu's allies, former Communist Party members and Securitate officers. They were often in an advantaged position of purchasing or simply seizing shares from the state or employees. As a result, state subsidies continued and inter-enterprise arrears increased. The labour unions were thus co-opted by PDSR's supporters.

When the CDR tried to reverse the trend, it faced an elevated risk of social unrest.⁴⁸ When the CDR coalition came to power in 1996, only 11 percent of Romania's enterprise sector capital stock had been passed into private hands.⁴⁹ Pressure from the

⁴⁴ Welch, 206.

⁴⁵ Welch, 208.

⁴⁶ Bacon, 381.

⁴⁷ *Idem.*

⁴⁸ *Idem.*

⁴⁹ Welch, 208.

IMF and the World Bank prompted Ciorbea to reform privatization procedures. The new process was more efficient on paper, but it faced opposition from insiders.⁵⁰ The pace of the process remained slow, with numerous set-backs, with constant amendments on the procedures by the Romanian government, with the creation and dissolution of state departments in charge of privatization, and an ever changing economic environment.⁵¹ Nonetheless, during the late 1990s significant sales of medium and large state enterprises were concluded, including the sale of companies in sensitive sectors such as the national telecommunications company, the national air company, and the liquidation of the commercial sea fleet. In 2000, albeit the private sector accounted for about 60 percent of the GDP (same percentage as in 1997), it employed 75 percent of the workforce and contributed 36 percent of total exports.⁵² The mining sector was not directly affected by privatization. It maintained its state ownership.

The negative effects of industrial restructuring and privatization can be alleviated by FDI. FDI, as the main channel of structural and technological modernization in transition economies,⁵³ can tackle unemployment in industrial regions. Romania had a predominantly industrial economy in the 1990s. Any economic reform programme thus necessitated an inflow of FDI. Moreover, because of the persistence of economic centralism in post-1989 Romania, FDI did represent the main drive behind the establishment of new economic structures.⁵⁴ It was also the main recipient of laid-off workers. Nonetheless, Romania was not a large recipient of FDI. In 1995 it received a

⁵⁰ Gallagher, 182.

⁵¹ Bacon, 382-4.

⁵² The World Bank, *The World Bank Database and Statistics*, <<http://go.worldbank.org/DZ5XCSVRH0>>.

⁵³ Berend, 114.

⁵⁴ Ianc, Zaharica Florea, "Investments Role in Romania in the Process of Transition to Market Economy," *Annals of the University of Petrosani, Economics* 7 (2007), 178.

total of \$821 million which represented 2.31 percent of the GDP.⁵⁵ This represented less than half of the CEE average of 5.4 percent.⁵⁶ In 2000, the levels of FDI reached 18.8 percent of GDP⁵⁷ which was just below the CEE average of 18.9 percent.⁵⁸ Therefore, the necessary inflow of FDI was not available when most needed.

Another important aspect that needs to be mentioned is the development of the tourism industry in Romania. In many industrial regions, including the Jiu Valley, tourism represents an alternative to heavy industry. Nonetheless, the development of the tourism industry in Romania has been sluggish as well. Romania has a strong tourist potential. Due to its geographical, cultural, and historical diversity, Romania can be a very successful competitor to other established European destinations.⁵⁹ The mountainous areas offer excellent market opportunities for tourism development. The Romanian Carpathians have a very diverse landscape with complex relief forms and numerous caves, while also being very accessible.⁶⁰ Unfortunately, the tourist sector has also been the victim of delayed privatization. Considered one of the main areas of future economic success because of its potential and possibility of rapid privatization, the tourist industry continued to decline throughout the 1990s.⁶¹ Privatization proved to be an incredibly slow process, with numerous bureaucratic procedures, dubious sales of shares, and ad-

⁵⁵ UNCTD, *World Investment Report 2009: Romania*

<http://www.unctad.org/sections/dite_dir/docs/wir09_fs_ro_en.pdf>.

⁵⁶ Bradshaw, Michael J., "Foreign Direct Investment and Economic Transformation in Central and Eastern Europe," in *Foreign Direct Investment and Regional Development in East-Central Europe and the Former Soviet Union: A Collection of Essays in Memory of Professor Francis 'Frank' Carter*, ed. David Turner (Burlington: Ashgate, 2005), 12.

⁵⁷ UNCTD.

⁵⁸ Bradshaw, 12.

⁵⁹ Baleanu, Virgil et. al., "About the Romanian Tourism Potential: The Natural Strengths of the Main Tourist Destinations (Part I)," *Annals of the University of Petrosani, Economics* 6 (2006), 8.

⁶⁰ Baleanu, Virgil et. al., "About the Romanian Tourism Potential: The Natural Strengths of the Main Tourist Destinations (Part II)," *Annals of the University of Petrosani, Economics* 6 (2006), 18.

⁶¹ Baleanu, Virgil et. al., "About the Romanian Tourism Potential: The Natural Strengths of the Main Tourist Destinations (Part I)," 9.

hoc state involvement which did not decide hotel sales based on market demands. Moreover, the Romanian hotels resembled the Romanian industrial sector: they were large, with decaying infrastructure, and consequently very difficult to privatize. The process intensified in the late 1990s with several large sales completed. Still, by 1999, only 32 percent of the total assets in the tourism industry were privatized.⁶² The industry still suffered from lack of privatization, high prices and a low standard of services, poor management, and sporadic promotion.⁶³ Therefore, the tourism industry was a development laggard as well. The lack of economic development through slow privatization, low levels of FDI, and stagnation of the tourism industry brought social and economic decay in the industrial areas. The collapse of major economic activities with no other economic alternatives caused social unrest in these regions.

Transition at the Regional Level

One of the communist legacies was the concentration of heavy industrial activities in specific geographic areas. This created a polarized socio-economic transition. The areas where economic activities were diverse had more success in adapting to the new economic system. Areas of heavy industrial concentration tended to be less diverse in economic activities thus presenting rigidities during the transition. In these types of areas industries were also more difficult to restructure or privatize. Closure of state owned

⁶² Dumbraveanu, Daniela, "The Challenge of Privatization: The Tourist Accommodation Industry in Transition," in *Post-Communist Romania: Coming to Terms with Transition* ed. Duncan Light and David Phinnemore (New York: Palgrave, 2001), 212-220.

⁶³ Nedelea, Alexandru, "The Tourism Market in Romania," *Annals of the University of Petrosani, Economics* 4 (2004), 192.

enterprises and even privatization caused large masses of unemployed with virtually no other employment options. By 1999, the highest increases in unemployment rates were in industrial regions, such as the Hunedoara County, where the Jiu Valley is located. In 1992 about half of the workforce in the county was in industry. Of these, 39 percent were employed in the mining industry. In 1999, the industrial workforce in the county decreased by 50 percent.⁶⁴ The sharp decline of the industrial sector was a characteristic of all Romanian industrial regions, creating social problems for the central administration.

Before 1996 these industrial regions benefitted from government protectionism, translated into refusal to restructure the industry. The new centre-right executive though did proceed with reforms. Since the effect of these reforms was direct unemployment in these regions, they were accompanied by measures of social support. They included fiscal concessions in regions where unemployment was 25 percent or more over the national average and a \$45 million World Bank support for a social development fund for reconstruction of infrastructure, rural housing, and community centres.⁶⁵ However, the implementation of policies at the regional level suffered from a lack of organization. As Romania was approaching the beginning of negotiations for European Union accession, a more practical regional division was necessary to implement integration policies. Romania is divided administratively in 41 counties, which was an inefficient vehicle of coordination between the central and regional administrations according to the principle

⁶⁴ Iara, Anna, "The Regional Economic Structure of Romania, 1992-2001," in *The Impact of European Integration on Regional Structural Change and Cohesion* ed. Christine Krieger-Boden et al., (New York: Routledge, 2008), 229-231.

⁶⁵ Turnock, David, "Regional Inequalities and Regional Development in Post-Communist Romania," in *Post-Communist Romania: Coming to Terms with Transition* ed. Duncan Light and David Phinnemore (New York: Palgrave, 2001), 167-8.

of subsidiarity.⁶⁶ Also, Romania was still a very centralized state, a characteristic that would bring inefficiency for the distribution of funds. The executive developed a more efficient regional division following the statistical regional division of NUTS II. The newly created regions, named development regions, added a necessary institutional breakdown. The regions are similar from a socio-economic point of view and their population is no more than 3 million.⁶⁷ Each region combines more and less economically developed areas. The rationale behind this organization is that growth poles will attract economic development in their neighbouring economically depressed areas.⁶⁸ To further channel economic and social benefits to the areas most needing it, several Less-Favoured Areas (LFA) were created through a government ordinance in 1998.⁶⁹ The LFAs are located within the NUTS II regions, each LFA covering a town, city, or agglomeration of towns where heavy industry is concentrated (mainly in the mining sector) and the negative effects of the transition have been most pervasive (see Map . A separate package of measures was passed to encourage economic development in the LFAs. It included exemptions from import duties and value added taxes on equipment, transport and buildings for all new enterprises and investors located in the regions, and also the creation of a development fund to stimulate social capital.⁷⁰ Also, companies

⁶⁶ Subsidiarity ensures that decisions are taken as close as possible to the citizen for maximum of efficiency (http://europa.eu/scadplus/glossary/subsidiarity_en.htm).

⁶⁷ Eurostat, "Basic Principles of the NUTS," http://ec.europa.eu/eurostat/ramon/nuts/basicnuts_regions_en.html.

⁶⁸ Cretan, Remus et al., "Foreign Direct Investment and Social Risk in Romania: Progress in Less-Favoured Areas," in *Foreign Direct Investment and Regional Development in East-Central Europe and the Former Soviet Union: A Collection of Essays in Memory of Professor Francis 'Frank' Carter*, ed. David Turner (Burlington: Ashgate, 2005), 310.

⁶⁹ Stegar, Irinel, *Valea Jiului – Probleme si Politici Sociale* (Petrosani : Focus, 2007), 145.

⁷⁰ Cretan, 313.

were not required to pay profit taxes.⁷¹ The outcome of the introduction of LFAs has been mixed. About 54,000 new jobs were created by 2003, 62 percent of which were occupied by the unemployed.⁷² However, some regions fared better than other by attracting more FDI. This is explained by geographical position and the existing industries and infrastructure. Most importantly, though, the LFAs did not manage to attract a significant number of investors because of the constant changes in legislation regarding the nature of the areas and their geographical limitation, the contradictory nature of policies, the inefficient bureaucracy, the negative attitude of local administrations, the slow political process of implementing the recommended measures,⁷³ and the lack of regulatory norms.⁷⁴ The special economic concessions granted in LFAs were considerably reduced in 2003 following EU pressure. Brussels desired a more horizontal economic development strategy, clearly upset by the generous entrepreneurial conditions in LFAs.⁷⁵ The LFA initiative was quite unsuccessful in the Jiu Valley, as discussed below.

The Jiu Valley in the 1990s transition

The Jiu Valley is located about 400 km north-west of Bucharest in the southern part of Hunedoara County (see Maps 1 and 2). The region is located half way in a Carpathian crossing, being surrounded by mountains. Because of the Carpathian characteristic of wide valleys, the region is easily accessible. It is linked to the north and

⁷¹ Stegar, 146.

⁷² Cretan, 317.

⁷³ Stegar, 151.

⁷⁴ Chiribuca, Dan, "The Impact of Economic Restructuring in Mono-Industrial Areas: Strategies and Alternatives for the Labour Reconversion of the Formerly Redundant in the Jiu Valley, Romania," *Studia Universitatis Babeş Bolyai – Sociologia* 1-2 (1999-2000), 25.

⁷⁵ Cretan, 314.

south by a European highway and a national railway. There are 6 towns in the area: Petrosani, the largest, Lupeni, Vulcan, Petrila, Uricani, and Aninoasa (see Map 3). The total population of the region is 146,750 people,⁷⁶ with 45,134 inhabitants in the city of Petrosani.⁷⁷ As mentioned before, the entire area's economic activity revolves around the mining industry. In the mid 1990s there were more than 45,000 persons employed in mining (see Table 4 below). By 2000, the number of employees dropped to 19,615 people⁷⁸ as a result of the in-depth restructuring process implemented by the centre-right coalition.

Year	1997	1998	1999	2000	2001	2002	2003	2004
No. of persons employed in mining	45 141	23 240	20 735	19 615	17 943	17 671	16 805	16 048

Table 4: The evolution of mining employees within the Jiu Valley, 1997 – 2004

Source: Reproduced from Dobre-Baron, Oana, "Tourism – A Viable Alternative of Re-Structuring Mining Industry in the Jiu Valley".

The process of restructuring continued even after the social-democrats returned to power. The National Pit Coal Company (CNH), the state – owned enterprise managing the Romanian mines in the Jiu Valley, estimates that the restructuring will continue until 2010 when the goal of 10,400 active employees will be attained.⁷⁹ The large waves of restructuring in the late 1990s created unprecedented levels of unemployment in the

⁷⁶ Stegar, 76.

⁷⁷ Primaria Municipiului Petrosani, *Planul Strategic de Dezvoltare Socio-Economica: Elaborarea Planului Strategic de Dezvoltare Socio-Economica a Municipiului Petrosani* (2007), 28.

⁷⁸ Dobre-Baron, Oana, "Tourism – A Viable Alternative of Re-Structuring Mining Industry in the Jiu Valley," *Annals of the University of Petrosani, Economics* 6 (2006), 51.

⁷⁹ ANDZM, *Raport Valea Jiului* (Bucuresti, 2005), 11.

Valley which peaked in early 1999 (see Table 5). The government started implementing the reforms in 1997, even though no concrete measures were taken to offset the negative effects until 1999.⁸⁰ In order to avoid social unrest, laid-off miners were paid more than a year's worth of salaries, depending on work experience, unemployment benefits, and social sustainability benefits. Thus, the Romanian government had to use World Bank funds to atone for the restructuring.

Year	Total unemployed
1990	4200
1991	5436
1992	6897
1993	4468
1994	6875
1995	9215
1996	9903
1997	15293
1998	15303
1999	17241
2000	17235
2001	11350
2002	6865
2003	6784
2004	7288

Table 5: The Evolution of Unemployed Workers from Jiu Valley, 1990 – 2004

Source: AJOFM Hunedoara.

⁸⁰ Stegar, 131.

Due to the unsustainable nature of paying benefits to the unemployed, several initiatives were implemented. These included the creation of the LFA of Jiu Valley and the creation of several institutional bodies in charge of combating unemployment and social risk – such as the National Agency for Labour Occupation (ANOFM) created in 1999. Furthermore, the National Agency for the Development of Mining Areas (ANDZM), created in 1997, only began the management of socio-economic programs following the 1999 *mineriade*. Prior to 1999 it was in charge of distributing severance payments and social benefits using World Bank funds.⁸¹ The creation of the LFA had mixed results. The Jiu Valley LFA was created in 1998. The extremely slow process of implementing the government ordinance did not help prevent the 1999 *mineriade*. It was only as a reaction to the last miners' riots that swift measures were taken. The concessions given to investors in the area did bear some results. A cigarette factory was created at Lupeni. Several other projects were started in 1999 resulting in small and medium enterprises in diverse economic sector, all emerging on the local markets.⁸² However, the number of jobs created remained low and the local economy could not absorb the large number of unemployed. The national agencies created to redress this negative balance often had overlapping responsibilities, resulting in long bureaucratic processes. The direct effect was a below expectations inflow of FDI.⁸³ The low levels of FDI were also due to the recent social disturbances in the region, which confirmed to possible investors that investments might not be secure in the Valley. Furthermore, the

⁸¹ ANDZM, 22.

⁸² Cretan, 339-42.

⁸³ Stegar, 152-3.

human capital in the region was underdeveloped.⁸⁴ Miners were used to having above national average salaries with great social benefits while working 6 hours a day, 5 days a week. The newly available jobs on the market were generally paid less, with longer working hours, and no benefits. This created a culture of “not working,” whereby the unemployed still expected the state to provide for them.⁸⁵ Therefore, by the year 2000 the Romanian executive has failed to tackle the negative effects of the restructuring of the mining industry. The miners were quelled by force. Only after the last *mineriade* was a more serious attitude adopted towards the Jiu Valley problems. Fortunately, it coincided with the start of EU accession negotiations.

The critical role of the EU for Romania's transition?

The EU used its leverage, through conditionality, to promote economic development and create institutional change in Romania. Some scholars argue that the EU is the greatest democratizing force in the world, successfully influencing the transformations in Central and Eastern Europe. Conditionality is the tool by which the EU is able to induce prospective member states to implement democratic and market reforms. In effect, conditionality refers to the specific conditions a state must meet before joining the EU. These conditions, known as the Copenhagen Criteria, are both political and economic in nature. The EU assumes the responsibility to monitor the progress of candidate countries. If the process of reform is meeting the EU criteria, the candidate state will be rewarded institutionally (creating ties with the EU) and given assistance (the

⁸⁴ Chiribuca, 24.

⁸⁵ Stegar, 102-4.

Instruments for Pre-accession Assistance). If a state does not meet the EU criteria, there will be no rewards. It is hoped that states will follow with the implementation of reforms in order to obtain the rewards from the EU.⁸⁶ The largest reward the EU can offer is membership, and this has served as the most effective driver for change in candidate countries.⁸⁷ Presumably, the closer a state perceives itself to be to obtaining membership, the more it will comply with EU conditionality. It was the EU, through conditionality, that drove the Romanian government to accelerate the process of transition towards a market economy, a process completed in 2004.

Part of the rewards the EU was willing to give candidate states for implementing the necessary reforms were the 3 pre-accession instruments: PHARE (Poland and Hungary: Assistance for Restructuring their Economies), ISPA (Instrument for Structural Policies for Pre-Accession), and SAPARD (Special Accession Programme for Agriculture and Rural Development). They were also designed to accelerate the transition process. The Phare funds were aimed at modernization projects in the candidate countries, the ISPA funds targeted transport and environment issues, and the SAPARD funds were destined to prepare the agricultural sector for accession.⁸⁸ Romania received €6.5 billion in pre-accession funds between 1990 and 2000.⁸⁹ As will be discussed below, the Phare funds played a critical role for the development of the Jiu Valley.

The Party of Social Democracy (PSD, former PDSR and FSN) returned to power at the end of 2000 with Iliescu as the new president and Adrian Nastase as Prime

⁸⁶ Schimmelfennig, Frank, Stefan Engert, and Heiko Knobel, "Costs, Commitment and Compliance: The Impact of EU Democratic Conditionality on Latvia, Slovakia, and Turkey," *JCMS* 41, n. 3 (2003), 496-98.

⁸⁷ Schimmelfennig et al., 496.

⁸⁸ European Commission, "ISPA, Phare, and SAPARD," Regional Policy – Info regio <http://ec.europa.eu/regional_policy/funds/ispa/enlarge_en.htm>.

⁸⁹ Gallagher, Tom, *Romania and the European Union: How the Weak Vanquished the Strong* (New York: Manchester UP, 2009), 70

Minister. Certainly, the party was not the same as in 1996. It had reformed itself and adopted a socialist agenda close to international standards. It was also believed that years in opposition had taught PSD members the benefits of democracy. While some members still embraced neo-communist attitudes, the party itself pledged to continue with the accession negotiations and conclude them in a successful manner. Premier Nastase was not shy of talking about catching-up with the Visegrad group. With over 70 percent of the population actively supporting EU membership, it was hard to ignore the integration process indeed.⁹⁰ Thus, the EU played an important role in the ideological transformation of the PSD.⁹¹

The EU pressure bore fruit as the Nastase government passed a series of necessary economic reforms. The privatization process was resumed with new zeal, with several large companies being sold to foreign investors (even companies in the sensitive sectors such as energy and natural resources with the Sidex steel plant, the largest in South-East Europe, which incurred a daily loss of about 1m\$, as a key sale). Laws were passed regulating reform in competition policy, public administration, justice etc. Overall, the Romanian economy quickly recovered an experienced unprecedented level of growth (see Figure 4). In 2004, the EU granted Romania the status of a functioning market economy.

Most of the laws that were introduced though, were either conflicting with previous laws, vague, and many not implemented at all. The reform in public

⁹⁰ Tucker, Joshua A. Et al., "Transitional Winners and Losers: Attitudes Toward EU Membership in Post-Communist Countries," *American Journal of Political Science* 46 (2002), 567.

⁹¹ Pridham Geoffrey, "Political Elites, Domestic Politics and Democratic Convergence with the European Union: The Case of Romania during Accession," *Journal of Communist Studies and Transition Politics* 23 (2007), 543.

administration, which began in the late 1990s, was still to yield results, with little change noticed by the EU observers. Laws regulating competition were also seldom implemented. The weak implementation underlined an even weaker state capacity. It also revealed that the accelerated process of privatization benefitted the elites and their allies. Business practices based on clientelism flourished. Income disparities increased at an alarming rate and Romania was catalogued as the most corrupt country amongst the candidates by Transparency International for several years in a row.⁹² Tom Gallagher suggests that there is evidence of a trans-party alliance of elites who benefited from the new wave of privatization and EU funds.⁹³ The PSD was thus able to buy off its opposition, such as members of the UDMR and PNL parties, whose organizational structure came to mimic that of the PSD.⁹⁴

The failure to reform in the three mentioned sectors at national level, coupled with the EU drive for de-centralization (implemented pre-2000 and briefly redeveloped under Nastase), was reflected at the regional level as well. EU funds were to be handled by regional agencies, according to the principle of subsidiarity. This permitted a large number of local government officials handling the funds to enrich themselves overnight.⁹⁵ The funds were under the direct management of the Regional Development Agencies (RDAs), the governing bodies of the development regions. Crony capitalism, reform failures, and poor EU supervision allowed the elites to appropriate large sums from these accession funds. Local government officials were on the board of the RDAs

⁹² See the Transparency International Corruption Perception Index for Romania 1997 – 2004 <<http://transparency.org.ro/files/File/IPC%202004%20grafice.pdf>>.

⁹³ Gallagher (2009), 45, 59.

⁹⁴ Idem.

⁹⁵ Gallagher (2009), 61-2.

that decided which projects would obtain EU funding and which projects would not. Many members of the boards used their own business or created “mock” NGOs in order to seize those funds.⁹⁶ Because of the poor supervision and auditing from state and EU officials, a large percentage of EU funds were seized by a small number of regional elites. Only occasionally did the EU authorities, through its auditing agency OLAF, uncover misuse of EU funds and seldom did this lead to investigations and the full implementation of the law.⁹⁷

Therefore, the EU did play a crucial role in the introduction of necessary reforms, completion of economic transition, and the passing necessary laws and regulations. It propelled Romania into a decade of economic growth. Nevertheless, conditionality showed signs of failure when it came to the actual implementation of those reforms and laws. The Romanian institutions ultimately proved slow to change, this being the case in some development regions as well. In the Western Development Region though, the EU influence was pervasive, leading to successful socio-economic development.

The Jiu Valley after the last mineriada

The first step taken by the Romanian government in preparation for beginning of accession negotiations with the EU was the creation of 8 NUTS II development regions in 1998.⁹⁸ The Jiu Valley, located in the Hunedoara county (see Map 1, page 13), is part of the Western Development Region (WDR). The administrative capital is the city of

⁹⁶ Idem.

⁹⁷ Gallagher (2009), 75.

⁹⁸ ADR Vest, *Analiza de Impact a Finantarilor Nerambursabile Alocate Regiunii Vest si Gestionate de ADR Vest in perioada 2000-2008* (Timisoara, 2009), 5.

Timisoara, the economic locomotive of the entire region. The region is managed by the Western Regional Development Agency (ADRV) and the Council for Western Regional Development.⁹⁹ The role of the agency is to plan, coordinate, implement, monitor, and evaluate the implementation of regional development. The agency is also responsible for managing EU funds.¹⁰⁰ In eight years of activity (from 2000 to 2008), ADRV contracted a total of €101 million from Phare funds (including Romania government contributions in the form of the National Fund for Regional Development) for a total of 422 projects.¹⁰¹ Like the Romanian economy, the WDR has known rapid economic growth once the EU integration process began. The GDP more than tripled over a period of 6 years. Similarly, the County of Hunedoara also reached GDP growth of almost 300 percent over the same period. The same proportion is relevant for GDP per capita over the same period, the WDR performing slightly better than the national average (see Table 6 below).

Region/Year	2001	2002	2003	2004	2005	2006
Romania	5210,94	6950,06	9090,30	11 372,00	13 326,8	15 967,6
West	5521,16	7527,41	10 265,19	13 042,91	14 960,4	18 570,1

Table 6: GDP per capita, 2001 – 2006 (RON - current prices).

Source: Reproduced from ADR Vest, *Planul de Dezvoltare Regionala 2007-2013 Regiunea Vest, Romania* (Timisoara, 2009b).

During the same period of time 84.7 percent of the available funds were successfully contracted.¹⁰² This permitted an impressive growth of local enterprises (see 5 below). The

⁹⁹ Idem.

¹⁰⁰ ADR Vest, Structure ADR Vest < <http://www.adrvest.ro/index.php?page=articol&aid=134>>.

¹⁰¹ ADR Vest (2009a), 6.

¹⁰² ADR Vest (2009a), 45.

excellent economic performance and the high rate of funds absorption demonstrate a capable administrative body. ADRV proved to be a competent coordinator of regional development and Phare funds. Numerous projects were thus implemented in regions in most need of modernization.

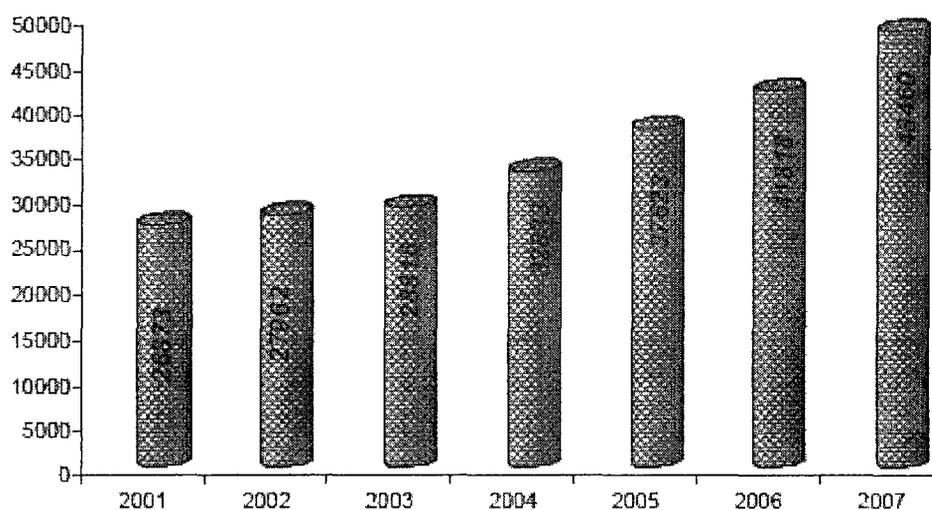


Figure 5: Number of Active Enterprises in the Western Development Region.

Source: ADR Vest, *Analiza de Impact a Finantarilor Nerambursabile Alocate Regiunii Vest si Gestionate de ADR Vest in perioada 2000-2008* (Timisoara, 2009).

The Hunedoara County was a large beneficiary of Phare funds, receiving about 25 percent of the total funds available. From the total of 422 projects, 165 were contracted in the Hunedoara County, the most projects to be approved in a county.¹⁰³ Also, considering the poor development of human capital in the Jiu Valley, more than 36 percent of human capital development projects were contracted in Hunedoara. Similarly, Hunedoara was the main beneficiary of funds in social services projects (57 percent of the total number of projects in the Western Development Region) technical and professional training

¹⁰³ ADR Vest (2009a), 37.

projects (35 percent) local infrastructure projects (62 percent), tourism projects (34.8 percent) and environment projects (28.5 percent). Therefore, there was a concentrated effort from the part of the regional administration to tackle the problems of the 1990s and promote socio-economic development where it is most needed, namely the Hunedoara County.

While the channelling of funds into Hunedoara did not necessarily denote a development strategy for the Jiu Valley, a relatively high number of projects were concentrated in the Jiu Valley. In 2004 a new business centre opened in the town of Petrila. The centre is up to modern standards and has a capacity of 24 separate business offices. It was built with Phare funds.¹⁰⁴ The project aims to promote the development of small and medium enterprises. More business centres and industrial parks are to be opened before 2013 in the Jiu Valley. The projects are considered key for the socio-economic development of the region.¹⁰⁵ The largest among them, the future industrial park of Livezeni (south-west of Petrosani, close to Aninoasa), was constructed over a recently closed mine. The park made use of the existing infrastructure. Some of the remaining buildings have been renovated, thus showing that ailing infrastructure can be recycled for new purposes.¹⁰⁶

Perhaps the most important projects are those tackling environmental issues. Most environmental projects in Hunedoara were focused in the Jiu Valley. In this regard, there are a number of projects funded by Phare that have tackled various environmental issues

¹⁰⁴ ADR Vest, *Planul de Dezvoltare Regionala 2007-2013 Regiunea Vest, Romania* (Timisoara, 2009b), 51.

¹⁰⁵ ADR Vest (2009b), 54.

¹⁰⁶ Munteanu, Rares, "Amplasarea Unui Parc Industrial in Valea Jiului pe Baza Indicatorului de Accesibilitate," *Revista Minelor* 6 (2007), 38.

in the region.¹⁰⁷ The majority of projects have been implemented in the city of Petrosani and were successful.¹⁰⁸ The CNH also began its own environmental programme.¹⁰⁹ The effectiveness of these projects around the city of Petrosani spread towards other cities in the area. Petrila will use some of the expertise in Petrosani to implement its own programmes.¹¹⁰ Moreover, according to all interviewed parties, the benefits of the environmental projects are twofold: they create employment and promote sustainable development.

Tourism is of key importance in Hunedoara. There are two main mountain resorts, located in the Jiu Valley. Also, almost all of the County's natural protected areas are located on the margins of the Jiu Valley. According to the Vice-Prefect of Hunedoara, the tourist potential of the area is very large. As such, infrastructure development projects have been ongoing in the region since 2000 with EU funds. Among them is the building of a road connecting the popular tourist resort of Baile Herculane (south-west of Jiu Valley) with the Velly, a road that will traverse a beautiful landscape. The access to the Retezat National Park is to be facilitated by this road. It is estimated that this project will lead to the flourishing of the tourist industry in the Western parts of the Jiu Valley.¹¹¹ Moreover, investments have also been made, with EU funds, in developing the two tourist resorts in the Valley. The Parang tourist resort has been modernized through various Phare funded projects and is now a tourist attraction.¹¹² Finally, in cooperation with the Romanian Ministry of Transports, the roads connecting the Jiu Valley with the

¹⁰⁷ Avram, Costel, Interviewed by Vlad Ionescu, tape recording, August 2nd, 2008, Deva, Romania.

¹⁰⁸ Iacob-Ridzi, Florin Tiberiu, Interviewed by Vlad Ionescu, tape recording, August 5th, 2008, Petrosani, Romania.

¹⁰⁹ Surulescu, Daniel, Interviewd by Vlad Ionescu, tape recording, August 3rd, 2008, Petrosani, Romania.

¹¹⁰ Anonymous, Interviewed by Vlad Ionescu, tape recording, August 3rd, 2008, Petrila, Romania.

¹¹¹ Avram, interview.

¹¹² Avram, interview.

neighbouring regions in the north and south have also been modernized. The modernization of road infrastructure started in 2007 and ended in 2008, further facilitating the access to the region.¹¹³ Thus, a concerted effort from the relevant institutions has facilitated the development of the tourist industry in the region.

ADRV worked in close cooperation with the local administrations in the Jiu Valley and the newly established Office for European Integration (BIE) in Petrosani. The cooperation bore fruit over the years as institution building strengthened in the area. In 2002, the Petrosani local administration developed a first strategic socio-economic development plan. The plan was succinct, no longer than 4 pages, and very general in nature. By 2007, the learning process created a capable local administration. The new plan is a complex document with in-depth analysis of issues, capabilities, and proposed solutions. Future projects are outlined. The development plan has had yearly follow-up analysis of achievements, issues, and proposed solutions. A key part in the development of the plan was the involvement of ADRV and BIE. European funds continue to be used in the area, mainly for infrastructure projects, which represent the majority of development projects in the city of Petrosani.¹¹⁴ The Petrosani local administration has set the example again, its strategy being followed by other towns in the area.¹¹⁵

The Jiu Valley area has benefitted from the process of European integration. The EU pressured for a capable regional administration which could effectively manage the influx of funds. The Valley has become a net receiver of EU funds from 2000 onwards.

¹¹³ Directia Generala Infrastructura si Transport Rutier, *Raspuns la Solicitarile lui Vlad Ionescu*, Ministerul Transporturilor (2008).

¹¹⁴ For more information consult *Planul Strategic de Dezvoltare Socio-Economica a Municipiului Petrosani 2007-2013*.

¹¹⁵ For more information consult *Strategia de Dezvoltare a Orasului Vulcan*.

The Phare funds were contracted to strategic projects to modernize local infrastructure, develop the human capital, develop proper professional re-training practices, and promote economic alternatives to mining. The net effect of the investments was the reduction of unemployed persons to early 1990s levels (see Table 5, page 93).

Conclusion

As discussed in the previous chapter, unions acquired a high degree of rigidity during the communist regime. Workers were defenders and supporters of the regime, but also dependent on its social benefits. Once the communist structure began to disintegrate, labour unions clung to the support offered by the state. The state however, could not afford to continue to subsidize the state enterprises, a move which directed affected workers' social benefits and even employment. The paradox arises when workers expected the same level of employment and social benefits to be kept, while also undergoing a process economic transformation towards a market economy.

Restructuring, hence, could very often result in social uprisings. In Romania, the FSN governments preferred to delay the economic reform process for political reasons. Iliescu still needed the support of the workers. The economic reform failures demonstrated the difficulty of restructuring the Romanian economy. The centre-right coalition government found itself pulled in opposite directions between implementing the much needed economic restructuring of resource-draining economic sectors, such as mining, and offering social help to those directly affected by the process in order to avoid social unrest, between speeding up privatization and tackling powerful monopolies willing to

keep the status-quo, and between supporting various development economic projects and the lack of funds. However, subsidized industries became unpopular with the Romanian public. Lagging behind in the European integration process also became more and more unpopular with the press heavily criticizing the government's slow pace of reform. With mounting public and EU pressure, market reform appeared more and more to be the only path the Romanian economy could follow. And an inefficient mining sector could not function in a reformed economy. The restructuring of the mining sector in the Jiu Valley resulted in high costs for the Romania budget as severance pay was very high. The World Bank funds were used to pay the miners to leave their jobs instead of promoting socio-economic development in the region. Once the miners exhausted their savings and new wave of restructuring was announced, the final *mineriade* broke out. Only brute force quelled the riots. At the same time, the EU accession process started. The fortunate conjecture of events prompted the government to effectively promote socio-economic development in the region with EU backing. The EU conditionality led to the creation of new administrative bodies that could tackle more effectively the needs of the decaying regions. The EU supported the new development plan with generous funds through its pre-accession instruments. Eventually, this led to economic growth in the region, as well as economic development. The modernization of infrastructure became a priority. Also, other economic sectors were encouraged as an alternative to mining. The socio-economic development process continues in the region, spearheaded by capable administrators, which by now have acquired the proper expertise. These economic alternatives reduced the number of unemployed in the region. At the same time, while the newly employed were finding household economic stability once again, they were also not unionized. The

mining labour unions thus became weaker with the transition of the labour force to private businesses.

Chapter IV – Miron Cozma and his relationship with Ion Iliescu

Romania's road toward European integration has opened new opportunities for building the capacity of regional administrations, leading to an acceleration of regional socio-economic development, as is the case of the Jiu Valley area. However, the regional socio-economic development cannot account as the sole factor in ending the *mineriade*. The relative improvements in the standards of living of the population in the Jiu Valley created an environment favourable for social peace and harmonious economic activities. A similar situation existed at the beginning of the 1990s when the miners were amongst those societal groups still benefitting from the communist legacy of high incomes and the mining industry was sustained through large state subsidies. Nonetheless, this stable environment in the early-1990s in the Jiu Valley did not deter the miners from marching on Bucharest on the first four *mineriade*. Two other closely interlinked variables need to be examined in order to understand the end of the *mineriade*. The first is the role of the miners' leadership, mainly in the person of Miron Cozma, the head of the largest miners' union in the Jiu Valley and the unofficial leader of the miners. The second is the leader of FSN, Ion Iliescu, who is seen as the mastermind behind the first four *mineriade*. The alliance forged between the former miners' leader and the former Romanian president was the key to bringing the miners into the streets of Bucharest to stabilize the FSN regime – the first *mineriade* – and to de-stabilize the coalition of pro-Western parties in the late 1990s. Once such an alliance was no longer needed, the *mineriade* ended.

This chapter will first examine the personality of Miron Cozma and his leadership abilities and ambitions, which could have also contributed to his fall. Then, it will look at Iliescu's FSN in the early 1990s and the need to forge an alliance. This alliance lasted even when Iliescu moved into the opposition and Cozma officially became a member of a competing political party, the PRM (Greater Romania Party). Finally, once the miners were no longer needed by Iliescu, the alliance between the two leaders collapsed, although some later clues suggest that they remain close.

Cozma's ascendancy began immediately after the December 1989 events. By profession, Cozma was a sub-engineer. The first time his name was mentioned by the national media was following the events of the first *mineriada* on January 28th, 1990. Cozma was one of the few miners who attended a meeting with Ion Iliescu following the arrival of the miners in Bucharest. He occupied his first official function as one of the leaders of a miners' union starting on March 24th, with the creation of the union itself. Although relatively unknown to the miners, he was elected because of his active role in the second *mineriada* and his rhetoric, which vividly called for the protection of the rights of the working class and implicitly, the miners.¹

Alin Rus believes that the FSN was behind Cozma's election as a leader the union.² Accordingly, the special relationship between Cozma and the FSN took shape at the beginning of the 1990s. Iliescu was in need of a trusted person who could gain the confidence of the miners through aggressive rhetoric and wield the miner masses for the benefit of the former socialist political elites.

¹ Rus, Alin, *Mineriadele: Intre manipulare politica si solidaritate muncitoreasca*, (Bucuresti:Curtea Veche, 2007), 371-79.

² Rus, 383.

Thus far, only two studies have been conducted by two Romanian scholars on the aspect of Jiu Valley miners' leadership. The central character of these studies is Miron Cozma. The two studies both conclude that Cozma was both a leader of the miners and their very product.³ They also agree that Cozma did possess leadership abilities. Fulger defines leadership as a "reciprocal and transformational process which involves transactions between the leader and the led, and through which individuals are allowed to influence others for their own benefit and those of the entire group."⁴ According to Fulger, a leader should be capable of planning and organizing activities, should have the capability to direct a group of people through oral communication and to keep the group motivated, and should be able to control the group.⁵ Cozma possessed most of these abilities. He managed to plan and organize the marches on Bucharest, and he was a good speaker, always keen to keep the miners motivated and focused on their goals. However, often times the masses of miners did get out of control, with dire consequences for their opponents.

Fulger also interviewed members of the miners' union in the Jiu Valley who had followed Cozma in the past. The results show that Cozma was an impressive leader, as perceived by his former followers. He possessed a large amount of self-confidence, a trait widely appreciated by the miners. He was also very capable of influencing others because of his excellent rhetoric skills that inspired the crowds. Furthermore, he always thought in positive terms when facing an obstacle, increasing the optimism of his followers. He had

³ See, for example, Alin Rus *Mineriadele – Intre manipulare politica si solidaritate muncitoreasca*, and Ioan Valentin Fulger's *Miscari sociale, mase si lideri*, and *Valea Jiului dupa 1989, spatiu generator de convulsii sociale*.

⁴ Fulger, Ioan Valentin, *Miscari sociale, mase si lideri* (Petrosani: Focus, 2007a), 29.

⁵ Fulger, 30.

a strong character and was self-disciplined. Overall, Cozma proved to be an effective leader, at least at the beginning of the 1990s. Nonetheless, Cozma also possessed negative qualities, such as tendencies towards excessive narcissism and often abusing his authority.⁶

Iliescu realized that the miners needed a strong leader who came from their ranks. At the beginning of the 1990s, Cozma was showing modesty as a leader, dressing like the other miners and always walking with the crowds. He always tried to mirror the socialist miner stereotype as the leader of the working class, an image that remained imprinted in the memories of its followers. Nonetheless, Cozma changed his behaviour once his reputation spread nationwide. The miners' leader gradually abandoned his modest habits as he became part of the clientele system promoted by the former socialists. His alliance with PDSR landed him immediate privileges. In June 1991, Cozma mortally injured a woman in a car accident. Although Cozma was found guilty, the judge, himself a PDSR client, suspended the sentence. Cozma continued to commit offences for which he was not sentenced throughout the early 1990s.⁷ He also started his own business venture in the Valley. Sometimes, his family and close relatives owned or operated the business, a method that kept his personal wealth secret from public knowledge. In a short period of time, according to a Romanian police general, Cozma became one of PDSR's local barons, a denomination given to powerful PSDR local administrators who benefitted from the clientele system. Cozma owned numerous properties in the Valley, in Bucharest, across Romania, and in other European countries

⁶ Fulger, Ioan Valentin, *Valea Jiului dupa 1989, spatiu generator de convulsii sociale* (Petrosani : Focus, 2007b), 218.

⁷ Rus, 382, 385-400.

as well. He was also heavily involved with local and national organized crime, being sighted on numerous occasions with Romanian organized crime leaders. His narcissism increased to such a degree that he titled himself as “Owner of the Jiu Valley” and “The Pit’s Brightest Star.”⁸ Perceptions of Cozma among the miners did change as his ostentatious display of wealth increased. This is evidenced by the decreasing number of miners willingly following Cozma to Bucharest, since they perceived their leader as non-representative of the values of the mining community. Therefore, the end of *mineriada* may also be explained by Cozma’s decreasing support among the miners.

Nevertheless, Cozma’s role as the sole leader of the miners solidified during the third and fourth *mineriada*. At the same time, the Romanian public developed the perception that Cozma was Iliescu’s right hand man, removing the “anti-statist elements” from central Bucharest in June 1990 and bringing down the Roman government a year later. Indeed, Cozma role in Iliescu’s strategic politics became that of addressing extra-institutional challenges. Following the May 1990 elections that saw the FSN extending its grip on political power through what were perceived as unconstitutional means, the opposition refused to concede defeat. Groups of protesters chose to challenge the new Romanian government by camping in central Bucharest. Iliescu perceived this challenge as being carried through extra-institutional means. The FSN, now renamed as PDSR (The Romanian Party of Social Democracy), was the legitimate winner of the elections and all forms of contesting the results should have followed institutional channels. Occupying central Bucharest was not such a channel. After a month of protests, Iliescu chose to answer in a similar fashion and called upon Cozma and his Jiu Valley miners to disperse

⁸ Rus, 390.

the protesters. The first manifestation of the alliance between Iliescu and Cozma thus, was an expression of contentious politics using extra-institutional channels.⁹

Iliescu's extra-institutional use of the miners extended to confronting political forces that were challenging his authority through institutional channels. A first example is the fourth *mineriada*. In 1991 Iliescu called upon Cozma and his miners to remove from power the Roman government. Petre Roman belonged to the reformist wing of PDSR, which controlled the Cabinet and by mid-1991 was convinced that market reforms needed to be implemented without delay. While the reforms were to negatively impact the mining sector, they would also strike at the heart of Iliescu's clientele system, representing PDSR's power structure. The alliance between PDSR's old guard and the Jiu Valley miners became a convenient vehicle of sidelining the reformist wing of PDSR.

The final two *mineriade* are also expressions of employing extra-institutional strategies to challenge the legitimate state authority, though the alliance between Cozma and Iliescu is less clear. In 1994, Cozma joined the PRM, a right-wing PDSR-offshoot party. This surprising move put the alliance between the Cozma and Iliescu under doubt. However, after losing the national elections of 1996, PDSR's interests were suddenly threatened by the new Cabinet's rapid reform programme. The threat became more acute

⁹ For more information on this interpretation of the June 1990 events please see John Gledhill, "States of Contention: State-Led Political violence in Post-Socialist Romania," *East European Politics and Societies* 19 (2005), 76-104. Manifestations of politics by other means can be found in the outcome of the first two *mineriade*, though the rules of the political game were not clearly defined. At the time however, the relationship between the miners' leadership and the FSN is not clear. It is possible that because the miners were being heavily infiltrated by *Securitate* agents during the last 12 years of Ceausescu's leadership, the second-rank socialists who overthrew the Ceausescus managed to control the *Securitate* and its network in the Jiu Valley, thus making it possible for the miners to come to Bucharest in early 1990. Political exigencies, such as weakening the *Securitate*, may have forced Iliescu to create an ally out of Cozma and build his position as uncontested leader of the miners. Furthermore, one should keep in mind that the first few months of the transition period, immediately following the fall of the Ceausescu regime, were times of institutional ambiguity. It was not clear how the FSN could be challenged through institutional means, since such rules were not clearly defined. For this reason I believe, Gledhill does not refer to the first two *mineriade* as politics by other means, though a similitude exists.

as the Vasile government announced the acceleration of reforms in 1998. Fortunately for Iliescu, the mining sector was one of the main targets of Vasile's Cabinet restructuring programme and budget cuts, thus facilitating the prospects of another *mineriada*. While there is no clear direct link between the Jiu Valley miners' actions and the PDSR, the latter could only benefit from further destabilization of the governing coalition. During the last two *mineriade*, Iliescu and his party pursued a silent strategy of non-interference. The peculiarity of this strategy stems from the rapprochement between the PDSR and PRM, a party that was actively supporting Cozma, following the PDSR 1996 general elections defeat. Only after the quelling of the miners did the PDSR criticize the government's strategy. Iliescu was conscious of the approaching elections and the still insecure position his party was in. In order to gain popularity, PDSR needed to distance itself from a very unpopular character in the minds of the public, Miron Cozma. This was ever more necessary because of Cozma's public display of wealth in times of economic crisis. At the same time, Cozma's decline in popularity among the miners may have also been a reason behind Iliescu position not to publicly support his actions. After all, the PDSR leadership was conscious that reforms did need to be implemented as part of the Euro-Atlantic integration process and they needed the popular support in the Jiu Valley.

As mentioned before, the vocal support for the miners came from PRM, which called for several general protests in Bucharest to support the miners in bringing down the government.¹⁰ The PRM also incited the miners to challenge the authority through extra-institutional means. Similarly, during the last *mineriada*, the miners chose to march to Bucharest to force Cozma's release, avoiding institutional channels. The support the

¹⁰ Gallagher, Tom, *Modern Romania: The End of Communism, the Failure of Democratic Reform, and the Theft of a Nation*, (New York: New York University Press, 2005), 202-05.

miners obtained from PRM reflected Cozma's valued membership of the party, in 1999 the miners' leader occupying the position of vice-president.

The relationship between Cozma and the PRM appears to be contradicting the existence of an alliance between Iliescu's PDSR and Cozma. While the reasons behind Cozma's political involvement with PRM after having solidified a strong position as a PDSR client remain unknown. PDSR remained the dominating political force in the Jiu Valley and the entire county of Hunedoara, and Cozma continued to benefit from his privileged relationship with PDSR, even as the vice-president of PRM. In the 1992, 1996, 2000, and 2004 general elections Iliescu's party won the majority of votes in Hunedoara County.¹¹ At the local level, in the city of Petrosani, the 2000 elections resulted in the PDSR obtaining more than 30 percent of the of the votes (representing a majority), with the PRM registering only a modest 10 percent, despite Cozma's position within the party. Similar results were obtained in the other Jiu Valley towns, PDSR being highly successful in all but two municipalities.¹² PDSR's predominance in the region was also underlined by a majority opinion of the Jiu Valley miners (33.3 percent) that Iliescu and the PDSR played the greatest role in influencing Cozma and his decisions, 21.7 percent pointing the finger at PRM and another 33.3 percent choosing not to express an opinion (11.7 percent named the pro-Western coalition).¹³

Furthermore, Cozma benefited from his connections with the PDSR on a number of occasions following his affiliation with PRM. He was released from prison in mid-

¹¹ Institutul National de Statistica, *Election Statistics*, <
http://www.insse.ro/cms/rw/resource/stat_electorale.pdf?view=true>.

¹² Gagyi t. & V. Fulger, "Alegerile locale – Iunie 2000 Valea Jiului- Petrosani," *Revista Univesitatii Petrosani* 3 (2001), 29-38.

¹³ Fulger (2007b), 226.

1998 after having his charges on overthrowing the Roman government in 1991 reduced to a time that matched exactly the time he had already spent in prison. The judge who took this decision had a history of pro-PDSR decisions, being involved on occasions at large political rallies where he spoke in favour of Iliescu and his party.¹⁴

Perhaps the strongest evidence pointing at an existing relationship between Cozma and Iliescu, which survived Cozma's love affair with PRM, is Cozma's preferential treatment during his term in prison culminating with his pardon in 2004 by president Iliescu. Cozma was allowed to stay in a private cell in prison. He was isolated from the rest of the prisoners as well. He benefitted from numerous daily visits, could watch television, had access to banking, and was allowed extended supervised access outside his prison cell. Moreover, he also attended a wedding officiated at the prison.¹⁵ Cozma's preferential treatment was often criticized in the Romanian media, but with little effect.

Iliescu's decision to pardon Cozma surprised almost everybody in Romanian political life, including elite members of his own party. Iliescu signed the decree on the 17th of December 2004, a day before the end of his presidential term. Previously, in 2001, he had rejected Cozma's first pardon appeal because Cozma did not express regret for his actions in the early 1990s.¹⁶ In July 2004, Iliescu had already hinted at pardoning Cozma in a televised show, inciting negative reaction from the civil society organizations and the

¹⁴ Gallagher, 201.

¹⁵ Mihaies, Mircea, "Absolution and Disgust," *Literary Romania* 33 (2001), 2. <
<http://www.ceeol.com/aspx/issuedetails.aspx?issueid=32a4504c-3c48-46a3-b205-647e5d68c3f0&articleId=65479385-4ce5-4897-a235-2128941f89ef>>.

¹⁶ Amariei, Razvan, "Romania: Pardoning Your Man?," *Transitions Online* 28 July (2003), <
<http://www.ceeol.com/aspx/issuedetails.aspx?issueid=fdd51205-c1c0-11d7-91f3-0000b4a60532&articleId=fdd5120a-c1c0-11d7-91f3-0000b4a60532>>.

opposition parties.¹⁷ A more determined reaction followed Iliescu's decision to pardon the decree. With the exception of PRM, which welcomed the pardon, and his own party, which refused to comment the issue, all societal forces fiercely criticized Iliescu's judgement. The media sided with the critics, broadcasting images of the *mineriade* once again. Even individual PDSR members stepped forward to criticize their president. International institutions, the media, and various foreign political figures also expressed their dismay.¹⁸ Faced with such an unexpected rebuff, Iliescu cancelled the pardon the next day. Cozma was thus a free man for 21 hours, being forced to return to prison. Iliescu's final blunder served indeed no purpose other than underlining the extent of the political alliance that existed between the two.

The "Cozma Odyssey," as Alin Rus refers to the events following Iliescu's pardon, continued, and Cozma was eventually released on 15th of June 2005 as the Court of Appeal ruled that Iliescu did not have any judicial reasons for cancelling the pardon. Since Cozma's liberation, the relationship between Cozma and Iliescu seems to have gone sour as the former accused the later of masterminding the *mineriade* through manipulation and deceit of himself and the miners. On 28th of September 2005 however, Cozma was sentenced again, this time for 10 years in prison, for leading the miners in the fifth *mineriada*. His sentence was cut short again, the former miners' leader being released on December 22nd, 2007. He had spent a total of 10 years in prison since his first arrest in 1997, the equivalent of the latest sentence (Iliescu's pardon effectively annulled all previous sentences). He is now not allowed to step in either Bucharest or the Jiu Valley and has retired from the political life.

¹⁷ Amarieri.

¹⁸ Rus, 360-74.

The strategic alliance between Cozma and Iliescu was the main vehicle through which the *mineriade* occurred. The alliance allowed for the fast mobilization, transport, and deployment of the miners in Bucharest. Iliescu allied himself with a charismatic leader who could easily appeal to the miners' cause while serving the political interests of PDSR old guard. The alliance persisted throughout the late 1990s. Although Cozma officially joined the PRM, there are indications that the relationship between the former president and the leader of the Jiu Valley miners remained active. PDSR was PRM's close ally in opposition and Iliescu could anticipate the gains of not offering open support to the miners during the last two *mineriade*. Furthermore, Cozma benefitted from his alliance with Iliescu. He quickly became a wealthy man, a PDSR regional baron, and got himself involved in dubious businesses. He often committed crimes for which he was not punished. Judges who were close to the PDSR reduced his sentences to a minimum. And finally, he was pardoned by the Romanian president in 2004, none other than his ally, Ion Iliescu.

Cozma's ostensive display of wealth and the occasional public display of arrogance could have contributed to a decline in his popularity in the Valley. Without a mass of people to wield, Cozma was not a necessary ally, but could have had a negative impact on Iliescu's popularity as well. A more concentrated study is needed to elucidate the relationship between Cozma's popularity decline among the miners and the end of *mineriade*.

When the PDSR won the 2000 elections, Romania was already committed to follow the road of Euro-Atlantic integration. The Romanian political institutions were now clearly defined. Iliescu could not afford a rollback any previous reforms and had to

follow through with the implementation of at least some of the required measures. In fact, the 2000 general elections resulted in the most stable political situation Romania had experienced since 1989. In such an environment, the PDSR did not need the miners anymore. Cozma was in prison and no efforts were made to replace him. The alliance with Cozma ended as the necessity for an extra-institutional political tool disappeared. Hence, the end of *mineriade*.

Conclusion

The purpose of this work is to study the end of the *mineriade*. The *mineriade* are a phenomenon characteristic of Romania. Implicitly, any study of this phenomenon will be a case study addressing the specifics of one country. Moreover, the specificity does not stop at the country level. The Jiu Valley is a special case in itself, different from all other regions in Romania. A mono-industrial mining region, with crowded towns and cities built with the only purpose to house miners in a limited geographical space, the Valley created a social environment quite different from all other environment in Romania, but similar to other mining regions. What differentiates the Jiu Valley from other mining regions is not the population mix created during the Communist regime, but rather the infiltration of the miners and their unions by the secret police. This facilitated their manipulation. It may have also contributed to the close relationship between the miners and the former Communists. Understanding the *mineriade*, by their very nature of specificity to Romania, is to understand Romania's transition from a member of the Soviet Bloc to a member of the EU.

When I started studying the phenomenon, I had the intention to test four hypotheses. These included the two hypothesis presented in this study, the economic development in the region, made possible by government involvement in the context of EU integration, and the alliance between the Cozma and his miners and Iliescu and his leadership. It also included two hypotheses that I have not tested here because of the lack of relevant supporting data – the role of the leadership and the consequences of emigration.

The two hypotheses discussed in detail in my thesis provides clues as to why the *mineriade* ended after 1999. First, the *mineriade* ended because of the economic development of the Jiu Valley. For most of the 1990s the Jiu Valley changed little from an economic point of view. A mono-industrial region focused on the mining of poor quality pit coal, the Valley could not compete successfully on an open market. The mines remained state property while receiving important subsidies. The miners themselves retained their relatively high pay and benefits. In the first four *mineriade* of the early 1990s, the miners descended on Bucharest to protect Iliescu and the FSN. Iliescu's government was adamant about preserving the slowest pace of reform possible, which served the miners' purposes. Together with Romania's accelerated transition towards a market economy in the late 1990s, came a wave of sweeping reforms. The Jiu Valley experienced a large array of negative effects following a number of market reforms and a systematic restructuring of the mining industry. This was possible because of the government's lack of vision in planning for the consequences of cutting subsidies and lay-offs. While compensation packages were provided, no job re-training was given and no development of alternative industries was encouraged. The last two *mineriade* were, among other things, an expression of the miners' anger. They wished to put a halt to the market reforms and the economic restructuring that had brought unprecedented levels of poverty.

The new PSD government of 2000 did not proceed with rolling back the reforms of the past four years. Instead, it continued the process of reform, and realizing the need for economic development in the region, succeeded in creating several development projects in the Valley. The Western Development Region Agency, an agency managing

EU funds, also diverted large amounts of funds to the Valley. These concerted efforts promoted a process of economic development through economic activity diversification. Albeit slow, this process slowly bore fruits. Unemployment rates dropped by 65 percent in four years. The EU-supported economic development of the region helped with the creation of alternative employment for the laid off miners by investing in infrastructure and alternative industries, such as tourism and environmental development. The intended or unintended consequence of the concentrated effort to develop the Valley economically was the achievement of social peace in the region. By 2007, the number of employed miners in the Jiu Valley dropped by two thirds. This significant drop in mining employment (see Table 4) also translated into a significant decrease in the membership of labour unions. With fewer and fewer members, unions lost their bargaining power with the state. At the same time, with the economic recovery of the region, the former miners found new jobs in the newly created industries (see Table 5). Most often, these jobs in the private sector were not accompanied by membership in any labour union. It is then argued that the gradual economic development of the region has had the double effect of decreasing the power of the miners' labour unions and absorbing disgruntled unemployed miners.

A second explanatory factor is the erosion of the alliance between Ion Iliescu, the leader of the FSN, a political party composed of former members of the Communist nomenclature, and Miron Cozma, the leader of the Jiu Valley miners, also head of their largest union. Iliescu needed an aggressive force to counteract the forces challenging his regime while the miners needed an ally that could protect their economic and social status in post-Communism, when the mining industries were threatened by market reforms and

economic restructuring. Iliescu and Cozma were thus allies by convenience. Cozma and his miners descended on Bucharest four times in the early 1990s to maintain the status quo. The status quo benefited Iliescu and his FSN who seized power after the fall of the Ceausescus. In those early days of institutional ambiguity following the 1989 regime change, the miners were reinforcers of FSN's rule. They dispersed anti-governmental demonstrations and brought down the Cabinet when it went against Iliescu's intentions. Iliescu co-opted Cozma and his miners, supplying them with resources (such as mining industry subsidies, slow pace of market reforms, postponed restructuring of the mining industry) in a rent-seeking system. The situation changed when the FSN, by losing the 1996 elections, was no longer in a position to guarantee the welfare of the miners. There is no evidence that Iliescu coerced the miners to descend on Bucharest during the last two *mineriade*. However, I have argued that an implicit alliance existed between the two groups, the miners and the PDSR (former FSN), since the latter could only benefit from the former's actions. Furthermore, Iliescu's gestures towards Cozma during his last presidency and the good standing of PSD (former PDSR) in regional elections from 1990 onward, serve to confirm this alliance. Finally, following the outcome of the 2000 general elections and considering the advanced pace of reforms aimed at propelling Romania in the EU, Iliescu and PSD also became endorsers of EU values. Since the miners regarded PSD as their protective party, they adopted the new values of European integration, which included a complete restructuring of the mining sector and the passing of deep-reaching market reforms. When Iliescu embraced the road of European integration, the miners easily accepted the change, ending any initiative of political revolt.

I have also discussed two closely linked labour theories of CEE that can explain the end of *mineriade*. The communist legacy theory and the theory of corporatist institutions argue that, in the institutional ambiguity after the collapse of communism, tripartite institutions became a tool used by the central governments to endorse unpopular market reforms and economic restructuring through a system of patronage reminiscent of communist times. Most CEE countries adopted the practice of tripartite institutions. In many Western democracies, the tripartite consultations have proven to be very useful in policymaking. Through such institutions, politicians sought the opinion of businesspersons and the workers alike. In Romania, tripartite institutions became a tool for the distribution of resources. Iliescu avoided consultations with all the labour unions, preferring to address only those endorsing his regime. Among them were the Jiu Valley labour unions. The client unions were direct beneficiaries of protectionist economic policies.

The patronage came to an abrupt end in 1996 when Iliescu lost access to state resources by conceding defeat in the general election. During a period of four years spent in opposition, PDSR lost much of its leverage over former client unions. These unions were consequently weakened. At the same time, PDSR learnt the benefits of a democratic system during those four years, as the centre-right coalition, backed by popular support, steered Romania on its road towards Euro-Atlantic integration. This change required alignment with EU required political and economic reforms. The centre-right coalition implemented a series of deep-reaching market reforms and began the process of economic restructuring. By the year 2000, the process of EU integration was irreversible. When Iliescu won the election that year, he did so on a platform promising a rapid

transition to market economy, thus pledging to follow through with Romania's commitments to join the EU. PSD renounced its paternalistic practices reminiscent of Communist times. Without a strong patron that could distribute resources and severely weakened by decrease in membership and lack of resources, the Jiu Valley labour unions ceased to exercise their influence in policy making.

In addition, by 2001 Romania was on its way toward EU membership. As a candidate country, it needed to institutionalize the practice of tripartite consultations. Iliescu gave way to the external EU pressure and established a vehicle of consultation between the policy makers, the businessmen, and the labour unions. The institutionalization of corporatist practices served a second purpose. After four years of harsh market reforms and economic restructuring under the centre-right coalition led by Constantinescu (1996-2000), the PSD had the support of most unions. The new government had to reward them for their support during the last general elections, and the tripartite institutions proved to be a generous reward. Therefore, labour unions were both co-opted by the government in an institutionalized practice of consultations with all labour federations and unions, and, at the same time, they were given a voice to express their grievances. Having a vehicle of expressing their views, unions experienced a decrease in their activism. The Jiu Valley miners' union, for example, ceased to encourage open opposition to market reforms and restructuring. The Iliescu government could thus continue with EU-backed reforms that would have otherwise been unpopular with the unions.

A set of two anthropological theories discussed in this work may also explain labour weakness in Romania and the end of *mineriade*. Jack Friedman's theory of shock

argues that the rapid economic reforms have created a marginalized group of people who have failed to adapt to the changing economic order. This marginalized group, which very often was composed of low-paid or laid-off industrial workers, expressed passive and self-defeating attitudes as they spiralled into poverty. David Kideckel discusses this marginalization in more-depth. The marginalization is present in all aspects of life, from work, to family life, to lifestyle. The health of workers deteriorates and with no solutions in sight, many turn to alcohol consumption. They become passive, isolated, and atomized as they adopt a lifestyle attitude of *getting-by*. Labour activism is thus quickly decreasing.

Another factor that could explain the sudden weakness of the labour unions, including the ones in the Jiu Valley, is emigration of workers and of unemployed. Exit theories argue that labour unions become weak as workers exit their formal employment in search for work in the private sector. In most cases in CEE labour unions do not represent the private sector. Thus, the exiting state enterprises, either voluntarily or as a result of economic restructuring, weakens the unions. A significant number of workers though, went in search for temporary or seasonal employment abroad. As Romania became an EU candidate, travel restrictions in the EU were eased. This resulted in a wave of migrant workers leaving Romania for EU states in search of employment. While it is difficult to measure, evidence can be seen in the Valley of seasonal or temporary workers returning to their homes or sending remittances. It is still unclear who decided to emigrate for employment, for how long and how it influenced the bargaining power of the unions. The role of migrant workers and remittances should be addressed in future studies of the Jiu Valley miners.

While I briefly discussed the political alliance between Cozma and Iliescu, the role of the leadership should be addressed further in future studies. More specifically, studies should concentrate the role of Cozma as a charismatic leader of the miners and his abilities to influence crowds. The crowds' dynamics, both in influencing their leadership and in carrying out their actions should also be analyzed.

As mentioned before, to understand the end of *mineriade* is to understand the end of the Romania's transition from Communism to a democratic political system and market economy. The *mineriade* also stand as a symbol of Romania's peculiarity among Central and East European states. Their end and Romania's subsequent road to Euro-Atlantic integration, show an alignment with regional trends. After a decade of post-Communist struggle where democratic, pro-Western political forces battled with remnants of the old Communist regime, Romania has chosen to be part of the larger Euro-Atlantic group. Four years after the end of *mineriade*, Romania joined NATO. Three years after that, it joined the EU. It is not surprising, then, that some Romanian politicians talk about a slow revolution lasting eleven years, from 1989 to 2000, during which pro-Western parties fought against former members of the Communist nomenclature. The violent actions of the Jiu Valley miners stand as a symbol of this period, a brutal force manipulated for political purposes.

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