

The election stimulus

Written by Administrator

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The IMF, World Bank and EC mission in Romania is about to conclude its assessment visit to Romania. On Monday the delegation presented its conclusions, just days after the final discussion with the Romanian government. It seems to me they talked and talked at the same table, but the parties understood things differently.

According to IMF delegation head, Jeffrey Franks, the government has agreed with the IMF and EC to freeze wages and pensions but to be able to offer a limited rise towards the middle of next year should the evolution of budget revenues allow such thing. 'Our strong recommendation to the government, Franks said, is to comply with the law on fiscal accountability which says there must be no pay rises six months before elections. There will be a window of opportunity to consider such a rise.'

This statement was made on Monday.

On the same day, guess what the ruling coalition talked about?

Well, they are already contemplating salary and pension increases next year. In order to avoid the issue of last six months before elections, the coalition discusses the possibility to increase salaries and pensions... a little bit earlier, maybe as soon as April 2012. There's no certainty the economy will register a sound growth, or that the world economy will not be influenced by another kind of Greece case. Anyway, the coalition and especially the democrat-liberal ruling party (PDL) are desperate to get to the electorate's soul. The solution is to make efforts in order to observe (just a little bit) the law on pensions (which foresees increases according to an algorithm, a law not at all observed by the ruling coalition) and to come up with some kind of compensation for the civil servants, as their salaries were cut by 25 per cent in 2010.

In order to be certain such a possibility would be 'in hand' in 2012, Fekete Andras Levente, the leader of Magyar Union (UDMR) senators, stressed the provision will be included in the draft state budget. 'This possibility will be specifically mentioned by the state budget, because if it is not mentioned by the state budget, there is a problem,' Fekete Andras Levente said.

I am sure such efforts would be forgotten in some other conditions. But local and general

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elections are due next year. All parties within the ruling coalition are hungry for electoral bribe. PDL stands at some 15 per cent of electorate's options and needs to go up. UNPR, the party that did not run for elections last time and is made up by deserters from opposition parties, needs to make itself known to the citizens. Last but not least, UDMR faces competition from newly set up Magyar minority parties, so it wants to prove it is dedicated to the electorate's well being.

President Traian Basescu as well as PM Emil Boc are constantly criticizing the opposition for populism and are warning promises like the ones in 2008 should be avoided.

As far as I can see it is not the opposition trying to bribe the electorate, but the ruling coalition. We are, however, still in 2011. We'll talk about populism in 2012. You might be surprised how far things can go!

Maxy