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# Globalisation, Economic Policy and Rural Development in Europe

Raúl de Arriba Bueno\*

## Abstract:

This study analyzes why the presence of economic policy on rural development is justifiable and the recommendable modes of intervention from the perspective of rural area needs and diversification opportunities of the rural economy in the European context. This reflection on the role of economic policy in rural change and the structure of the paper are organized around the following questions: what is the importance and specificity of the rural sphere? What does rural development mean? What arguments justify the intervention of the State in the rural sphere? Which objectives and what forms must this intervention adopt?

## Keywords:

Globalization, economic policy, rural development, Europe, state intervention

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## 1. Introduction

Rural Europe has been experiencing far-reaching transformations in the context of contemporary economic globalization. Most rural areas have traditionally depended on agrarian activity. Nevertheless, the general decline in the importance of agriculture and the subsequent reduction in its employment absorption capacity have been bringing about significant mutations in the rural sphere. In many rural areas deep demographic changes are taking place, such as population aging and depopulation, while processes of counter-urbanization in some areas close to large city centres are also being observed. In this context, the viability of many rural zones has been dependent on economic diversification and the impulse of non-farming activities.

Economic policy has faced up the opportunities of managing the challenges that these transformations present while preventing the impoverishment of the rural environment. Therefore the role that the State should play in rural development is a question of central interest. After the crisis of the 70s, the subsequent boom in neo-liberalism since the 80s and the fall of the Berlin Wall in 1989 the role of the State in the economy has been thoroughly questioned. Nevertheless, despite the tide being against it, State intervention through economic policy continues to be very important. In fact, the weight of the State in the economies of the European Union (EU) has barely diminished; changes have been produced more in the ways of intervention rather than in the intensity itself.

## 2. What is the specificity of the rural sphere?

There is a commonly held image of what the rural world is. Nevertheless, it is difficult to establish a precise operating definition from an economic policy and research point of view. This difficulty is rooted in the diversity of territories that could be identifying as rural. A variety of more or

less spontaneous concepts and perceptions associates rural spaces with barely populated remote territories surrounded by natural countryside, agriculturally dependent, culturally traditional, etc. But, it would be necessary to specify what is understood by barely populated and even by what constitutes a territory (a municipality, a province, a region). Also, not only remote zones, but also those close to city centres may be considered rural. Furthermore, a post-industrial space (with a minimum of natural zones) belonging to a region in decline that has suffered a process of intense depopulation could also be considered rural. The most utilized definition is provided by OECD (1994). It distinguishes two hierarchical levels of geographic detail, local community level and regional level. Local communities are classified as rural or urban, according to their population density (rural if there are less than 150 inhabitants per square kilometre). Regions are then classified according to the proportion of population living in rural or urban communes as "predominately urbanised" (less than 15%), "significantly rural" (15-49%) and "predominately rural" (more than 50%)<sup>1</sup>.

Working with this definition, it is interesting to outline some very broad characteristics of the rural world in EU to be able understand its importance and, therefore, the importance of rural development economic policy. The overall picture hides not only an enormous diversity of situations among different EU countries but also within each country. The rural sphere is important in terms of territory, population and employment. Rural areas (predominantly rural and intermediate regions) represented 90% of the territory and 54% of the population in 2005. They generate 42% of the gross value added and provide 53% of employment. Income per capita is 28% to 32% lower in rural areas. The primary sector represents 18% of employment and 5% of value added. In general, most economic activity depends more and more on the service sector. Between 2000 and 2005, the relative importance of the primary sector in the economy of the rural areas in EU-27 decreased by 6.3 percentage points in terms of employment and by 1.2 percentage

<sup>1</sup> Later, OECD (2005) introduced a modification to improve the definition. Thus, if there is an urban centre (population density above 150 inhabitants per sq. km. and total population above 200.000 inhabitants in EU) representing no less than 25% of the regional population in a "predominantly rural" region, it is re-classified as "intermediate". And if there is an urban centre (more than 500.000 inhabitants in EU) representing no less than 25% of the regional population in an "intermediate" region, it is re-classified as "predominantly urban".

points in terms of value added (European Commission, 2008a). In any case, the importance of the rural zones goes beyond territorial, demographic or economic dimensions. The rural sphere carries out some essential functions in our societies, from food and other necessary commodities production (including water) to ecology, cohesion, recreation, residential services and culture and education (Rodriguez et al, 2004).

The rural sphere is not a static reality. In Europe there are phenomena that are transforming the rural zones. Globalization also influences the rural sphere. The exposure of these rural zones to competition from emerging economies affects the viability of agriculture and certain traditional manufacturing industries. The liberalization of direct foreign investment has an impact on rural economies through the phenomena of delocalisation of intensive labour and natural resource activities and, more and more, of the sectors with greater technological content. But these effects produced by the commercial and capital liberalisation also have an impact on the dynamics of urban growth and from there spread again back to the rural sphere through the connections between the rural economy and the urban productive system.

The development of infrastructure and the changes in the global transport industry, including low-cost phenomenon, are facilitating a giddy increase in the number of national and international displacements and tourist activities. Potential tourist demand has been increasing significantly and the phenomenon of second residences is already linked not only to national citizens but also to foreigners that can now reach their second residence in a few hours at a much reduced price. These processes are producing an urbanizing pressure in the rural zones and significant landscape transformation, especially in some southern countries of Europe.

The development of communication infrastructures and relatively easy access to the private car enable greater mobility and the phenomenon of commuting, where residence is established in a village with daily travel to work in the city centre. This establishment in decongested areas out of built-up urban conglomerations is relevant not only to people but also to the businesses that de-locate

in search of cheaper land and space (Léon, 2005). Technological advances in telecommunication and information systems also facilitate these phenomena and open up new possibilities of development in rural areas.

Recently, concern has been growing regarding the environmental consequences of the development model, especially with the effects of climatic change. The commitment to reduce gas emissions is bringing about a change in modes of production and consumption and in economic policy priorities. In this sense, agrarian and rural development policies have been increasingly incorporating environmental questions into their strategies, as in the case of the Rural Development Policy of the European Union (European Commission, 2008b), underlining the multifunctional dimension of rural spaces.

Moreover, and more concretely, some processes are producing deep structural transformations in agriculture, the sector that has traditionally shaped the dynamics of rural zones. The following phenomena could be pointed out:

- The gradual process of liberalization of the agrarian commerce prompted by the World Trade Organization since the Uruguay Round of the GATT with the inclusion in the agenda of negotiations on the agrarian products.
- The reduction in the public support to the agrarian sector and the change of the intervention mechanisms produced in the Common Agriculture Policy of the EU (decoupling of farm payments).
- The acceleration of the processes of technological innovation applied to agriculture and the replacement of labour by capital, more characteristic phenomena of the large-scale farming.
- The progressive introduction of environmental requirements to agrarian practices in order to prevent negative externalities and to promote the positive ones.
- The changes in consumer preferences as to the type of products and the form of consumption with the expansion of the purchases through the large supermarket chains.

All these phenomena are producing changes in agrarian structures characterized by the concentration of large-scale farming that seeks to

<sup>2</sup> It has to be mentioned that Bulgaria, Poland and Romania played an important role in the change of employment in primary sector, falling by 16%, 10.6%, and 8.4% respectively. In EU15, by contrast, this figure decreased by 1.6%.

take advantage of the economies of scale and the mechanisms of vertical integration and by the process of dualism in the countryside and the decline of family agriculture. In parallel, this process produces a reduction in the agrarian employment<sup>3</sup> and the abandonment of land by many small farmers.

Synthesizing, the challenges that the globalization poses and the transformations that are happening in the economy and in agriculture have an impact on the rural sphere through the following phenomena:

- Demographic changes, migrations, depopulation
- Counter-Urbanization
- Decline of agriculture and diversification of economic activities<sup>4</sup>
- Transformation of the landscape

### 3. What does rural development mean?

Before specifying what is understood by rural development it is useful to define the content of the concept of development. Firstly, from the point of view of economic policy, development means to increase material wealth. This objective is identified by fundamental indicator of the economy, that is to say, GDP or income per capita. The advantages of economic growth are related to the increase in available goods and services for consumption and the increase in family income enabling purchases.

However, the limitations in identifying growth with development have been long indicated. The first type of problems has to do with the distribution of the growth' benefits and the social dimension of development. In spite existing a high income per capita, a part of the population could be in situation of poverty as a result of an uneven income distribution. An example of the need to expand the focus beyond growth to give solutions to this type of limitations is the Human Development Index, elaborated by United Nations Development Programme some time ago and often used in the analyses of economic development. The

second type of problem refers to the environmental impact of economic growth, which has been also studied for some time now, especially since the publication in 1972 of *The Limits to Growth* of D. L. Meadows. The third type of problem deals with the unstable relation between growth and quality of life<sup>5</sup>. In this sense, is quite probable that some of the collateral effects of growth, such as the phenomena of built-up urban conglomerations, increase in traffic, work stress, reduction in leisure time, etc., may deteriorate quality of life (Bono et al., 2000).

A more integrated concept of development, related to the idea of welfare is provided by Furtado (1968), for whom development is not strictly an economic phenomenon but a multidimensional process. Furtado points out the existence of three dimensions. The first one, of a more economic character, refers to the effectiveness of the productive system. The question here is to determine the model of economic growth. The second dimension incorporates a more social component and refers to the satisfaction of elementary human needs, not only material but also those connected with improvements in living standards. Finally, development has a more political dimension related to the aspirations of different groups that compete for resources to achieve their objectives. This political dimension of development is not only defined by the choice of objectives. The selection of the instruments is not neutral either. The adopted measures unevenly affect different social groups. Public intervention in economic relationships can have a redistributive impact and, therefore, another space for political discussion is opened. This multidimensional concept of development implies a wider vision of the interventions of public powers and therefore affects the type of economic policy that can be implemented in rural areas.

Keeping in mind these reflections, at this point we can specify what is understood as rural development and which model of rural development may be more desirable or feasible in the context of current globalized societies. This question has no clear apparent solution. There are discrepancies among specialists as to the model of rural

<sup>3</sup> The importance of primary sector in EU-27 is declining. Between 2000 and 2005, the number of jobs decreased by 2.7 millions of persons or -3.7% per year (European Commission, 2008a).

<sup>4</sup> More than one third of EU-27 family farmers are pluriactive and 12% of EU-27 holdings develop diversification activities (European Commission, 2008a).

<sup>5</sup> It is an ambiguous concept but it could associate with health, security, comfort, liberty, pleasure, feeling of personal satisfaction and feeling of non-discrimination.

development with broad-ranging implications for economic policy (Tertulin, 2003; Ward et al., 2005). Four models of rural development can be identified (IAMO, 2007). The first one is an agrarian approach and the three others are wider approaches to rural development. The table 1 summarizes some of their characteristics.

**Table 1. Approaches to rural development**

	<i>Agrarian</i>	<i>Wider rural development</i>		
		<i>Exogenous development</i>	<i>Endogenous development</i>	<i>Neo-endogenous development</i>
<i>Premise</i>	Viable rural areas dependent on farming activity	A competitive farming sector is not a prerequisite for viable rural areas		
<i>Key determinants</i>	Agrarian productivity	Specialization, concentration and economies of scale	Employing local resources locales (natural, human and cultural) and diversification	Interaction between local and global forces.
<i>Dynamic force</i>	Agricultural R&D	Connexion with urban growth poles (external driver)	Local initiative	Globalisation and knowledge economy

Adaptation from IAMO (2007)

The agrarian model assumes that the functions of rural areas are food and other commodities production, with agrarian multifunctionality playing also an important role. In this case, the economic policy focuses on improving productivity and guaranteeing agriculture multifunctionality. The main limitation of this approach comes from the progressive agrarian decline experienced in Europe and the reduction of its importance as component of the rural economy. However, the important role that agriculture can play as the motor of rural development, especially in the most backward countries is not denied (Anríquez and Staumolis, 2007).

The exogenous model underlines the subsidiary role of rural areas with respect to the dynamics of urban development and its function of providing food, labour, land, etc. The policies of development focus on improving agrarian productivity and stimulating the mobility of the labour and capital. This model of development is dependent and imposed by external needs, can lead to unbalanced growth and may generate conflict with the local agent needs. The endogenous model concentrates

on diversification of rural economies that wish to expand their degree of self-sufficiency. Economic policy puts the accent on the development of local capacities according to the needs of the rural area. The main limitation of this model is its poor connection with the context of the current society. Finally, the neo-endogenous model tries to surmount the limitations of the previous approaches with an integrative perspective. The participation of local actors in the processes of development configured by external and local networks is fundamental and economic policy is to stimulate these processes.

#### 4. Why does the State intervene?

The public powers have the opportunity to intervene in the economy with the objective of shaping the processes and the results of the market. The general arguments that justify this intervention in the economy are of two types. On one hand, it is necessary to establish an institutional framework in which the relations between the different economic agents develop. On the other hand, the market

results in failures in its operation<sup>6</sup> and the State can correct them through specific interventions. Bearing these reasons in mind the State develops economic functions. In the first place, the State has to establish the institutional framework in which agents operate. Its content has evolved over history and is the source of ideological discrepancies. (Ionita, 2008)

Summarizing, some hold positions that defend a liberal order while others defend a State with more interventionist social purpose. From the first optic, rural development will be the result of the market forces and migratory flows will contribute to adjusting the excess and shortage of labour against the opportunities of employment in one zone or another. From the optic of a more interventionist approach, the State should guarantee the opportunities of development and the improvement in the living conditions in rural zones. In second case, there are a variety of allocation mechanisms (such as provision of public goods, regulation of markets, protection of competence, provision of infrastructures, public enterprises), redistributive tools (like progressive taxation, provision of goods and services, and welfare systems and pensions) and stabilizing and growth policies that try to resolve the market failures<sup>7</sup>.

Finally, it is interesting to point out that the current international economic crisis is generating not only generalized impoverishment that also has an impact on rural zones. The crisis is producing a change of positions as to the relationship between market and State in favour of a greater implication and responsibility of economic policy in the development of economic relations. In any case, the final configuration of the new role that the State is going to play in the economy will be produced after overcoming the unemployment crisis that is forcing an abrupt and little thought mobilization of state intervention (Arias, 2009).

The arguments that justify the intervention of the State in the rural sphere are diverse. The first reason given is equality. Backwardness and poverty

in the rural zones would alone justify the existence of rural development policies (Rickman, 2007). Nevertheless, according to the neoclassical approach and the hypothesis of perfect mobility of the labour the lack of opportunities in a territory would not justify state intervention. People without work will simply migrate to other more dynamic centres equalizing the satisfaction of the residents of each space. Besides the simultaneous problems of depopulation and built-up urban agglomerations that these massive demographic displacements generate, that reasoning is very questionable (Gallin, 2004). Mobility is not perfect, depending on different levels of skills and education, on cultural differences and different modes of life between remote areas and more dynamic urban centres or on the resistance to abandoning the social support networks that exist in villages.

In second place, the allocation of public resources to rural development finds justification in the multifunctional or diversity of services that the rural spaces offer to society. This argument is underlined by Garzón (2005) who refers to the more concrete case of public support for agriculture. Society has historically enjoyed services provided by agriculture for free as positive externalities of agrarian production. The problem lies in determining the price that the society is willing to pay to continue to benefit from these externalities. This argument can be extended to the policy of rural development, keeping in mind the multiple functions that these spaces provide.

In third place, economic policy has the opportunity to try to manage the challenges that represent the changes that are happening in contemporary Europe. These opportunities refer to the possibility of influencing the impact that globalization and transformations in agriculture are producing in the rural spaces, that is, the decline in agriculture and the increase in diversification, demographic and urban changes and the transformation of the environment and landscape.

<sup>6</sup> There are three market failures. Failures in distribution refer to the extension of the inequality and poverty among the population. The destabilization of the cycle or failures of stabilization refers to the apparition of macroeconomic imbalances and unexpected shocks. The failures of allocation present diverse forms. In the first place, economic activities can generate both positive and negative externalities. Another failure refers to the restrictive practices of the competence such as monopolies, oligopolies or other practices of imperfect competence. The third failure case is the presence of public goods.

<sup>7</sup> In fact, the same intervention can impact on different market failures. For example, the policy of rural development could be included inside the framework of the provision of public goods, provision of infrastructures or as part of the sector policies (group of allocation policies), inside the redistributive policies through the provision of goods and services in the rural areas or the social security systems and even like part of a program of growth through the increase of public expense for these policies.



## 5. Which objectives and what forms must the State intervention adopt?

The objective of rural development policy could be defined as the overall improvement in the welfare of rural residents and in the contribution that the rural resource base makes more generally to the population as a whole (Hodge, 1986). This definition puts the accent on the needs of the rural population and on the multifunctionality of the rural environment. One must point out that although this definition is very integrative, it is also little precise. Therefore it would be necessary to carry out a more pragmatic and operating definition of concrete objectives in terms of economic policy. The specific delimitation of the objectives is changeable. This will depend on the particular conditions of the framework of policy application and of the dominant doctrine on the desirable rural development model.

Furthermore, to understand and influence the process of rural change it is necessary to expand our horizons. As Persson and Westholm (1994) indicate, economic variables are not sufficient to explain rural change. Values, ideology and cultural aspects play an important part. Surely, it is necessary to expand our perspective to understand several questions. The first one considers the objectives of the people that live in the rural world. Of course, these people pursue monetary objectives, such as increasing income, stabilizing cash-flow or accumulating capital. But they can also have other non-monetary objectives, such as improving welfare related to non-material commodities but with health or access to determined services. A way of life connected with the rural world or the consolidation and extension of social networks could also become very important objectives within the rural sphere. Even guaranteeing their own food security or carrying out a sustainable use of the resources likewise could be other objectives to pursue.

In second place, types of behaviour or modes of economic integration are other aspects that also need a broader perspective. According to Polanyi (1944), people establish economic relations not only through the exchange of merchandises, but other forms of integration exist like redistribu-

tion and reciprocity<sup>8</sup>. Exchange generates incomes and thereby the possibility of purchasing goods and services for household needs. Individuals may sell their labour on the market, and receive a wage, or develop an economic activity as self-employed and sell goods and services.

Reciprocity is the transfer of goods carried out through free gifts, with the expectation that other goods will be received, usually in a different form and at a different time although not necessarily from the same person. In this case, neither individual profit nor remunerated labour is the reason for this behaviour. Reciprocity plays an important role in the family and social networks and contributes to assuring production and family subsistence. This kind of relation involves mutual trust between the members of a network. Redistribution involves collecting and distributing from a centre, according to custom, law or a central decision ad hoc. Meert et al. (2005) offers a good overview of the three modes of integration, with some examples applicable to farm-household diversification (Table 2).

**Table 2. Examples of survival strategies and the different modes of integration**

Modes of Integration	Within agriculture	Outside agriculture	
		On-farm	Off-farm
Market	Innovative marketing of produce	On-farm	Holiday Farms
		Off-farm	Non-agricultural employment
Redistribution	Investment support by the state	On-farm	Support measures linked to nature conservation
		Off-farm	Support from public social services, charity aid
Reciprocity	Cooperation with others during harvest, without remuneration	On-farm	Non-remunerated support by relatives to arrange rooms for holiday activities on the farm
		Off-farm	Non-remunerated support from relatives to repair the household's dwelling

Source: Meert et al. (2005)

In third place, the coming together of the plurality of objectives and the modes of integration can result in a diversity of survival forms that makes us again broaden the focus of the rural development analysis. Table 3 summarizes the possible market and non-market forms of survival.

Before developing a program of action it is necessary to differentiate the rural zones and to

<sup>8</sup> In The Great Transformation Polanyi defines another integration mechanism, householding. Later, in The Economy as Instituted Process (Polanyi, 1957), this form is considered as kind of the reciprocity.

**Table 3. Forms of survival**

<i>Market</i>	<i>Non- Market</i>
Commercial agriculture	Subsistence agriculture-self consumption
Non farm incomes using agrarian resources (for example, tourism)	Non-farm self-consumption activities (hunting, fishing and others)
Other employment and activities independent of farm resources	Social security benefits and public subsidies
Other incomes (interests, dividends, rents)	Remittances
Illegal activities	Illegal activities

Own elaboration

identify the specific characteristics of each space. Later on it must be distinguished what zones need development policies and where the most vulnerable population is located. On this point it is interesting to remember that economic policy interventions are not free. They have a cost for the public budget and this is not unlimited. Neither are they neutral; they differently affect diverse social groups and can generate undesirable negative collateral effects described earlier. The State has to prioritize its interventions. Developing one policy implies rejecting another possibility. Because of this, it is useful to identify in what situations it is opportune to mobilize a development program and what mode of intervention is more recommendable.

Table 4 summarizes the possible options of economic policies. The table does not intend to

devise a typology of rural zones, but a differentiation of modes of intervention of the rural development economic policy<sup>9</sup>. For example, there could be developed rural zones, with full employment, environment well conserved and satisfied population where it may not be necessary to mobilize a program of rural development. Also there could be more backward remote areas populated with people that are satisfied with the way of life and existing opportunities. Satisfaction in this case could be related to the existence of non-market survival forms as described in the table 3. Or zones where the unsatisfied population wishes to migrate because they do not have social ties strong enough or they desire to live in large cities. In these cases, the opportunity to carry out growth programs is also questionable. However, this does not signify

**Table 4. Options for economic policy**

<i>Kind of rural area</i>	<i>Type of intervention</i>	
	<i>Growth program</i>	<i>Other interventions</i>
1. Developed area + absence of poverty + healthy environment + satisfied population	No need	To guarantee the sustainability of the model of development and the forms of survival
2. Backward area + healthy environment + satisfied population	No need	To guarantee the sustainability of the model of development and the forms of survival
3. Backward area + healthy environment + population wish emigrate	No need	To guarantee the sustainability of the model of development and the forms of survival
4. Developed area + healthy environment + social exclusion	No need-Little need	Income and wealth re-distribution and reduction of poverty
5. Developed area + absence of poverty + environmental deterioration	Little need-Need	Sustainable development
6. Developed area + absence of poverty + healthy environment + unsatisfied population	Little need-Need	Re-allocation of resources and diversification
7. Backward area + unsatisfied population	Need	Re-allocation of resources and diversification

Own elaboration

<sup>9</sup> There could be possibly more combinations than the seven diagnoses collected in the table and hybrid situations that mix characteristics of different types of zones. Also it could be possible to incorporate other diagnosis variables. Nevertheless, it would not affect the typology of modes of intervention.

that the State does not have any function to carry out in these areas. Its role could be generally to guarantee the continuity of the existing forms of survival. For example, through regulating economic activities, avoiding excessive urbanization and the deterioration of the natural environment or guaranteeing the maintenance of subsistence agriculture and social support networks, as well as other forms of non-market survival.

There are other situations that require the execution of more active rural development programs. For example, there are rural zones with a high level of income per capita, but with a part of the population in a situation of poverty. In this case, the economic policy should emphasize redistributive aspects and less so the question of growth.

Another possibility is the existence of developed zones without poverty in which a worrying ecological deterioration is being produced. In this case the intervention should prioritize the aspects of environmental sustainability. The convenience of a growth program would be subordinated to a resource reassignment process toward sustainable activities. A different situation could also be represented by a developed zone without problems of social exclusion neither environmental problems in which different collective declare desire to incorporate new priorities into the development model. In this case, the type of economic policy intervention would be centred on the identification of the new priorities and the reassignment of resources toward other activities in an economic diversification process. Finally, there are the backward rural zones with population dissatisfied with its socio-economic situation in which a development program that includes the impulse of the income growth based on the diversification of economic activities is necessary.

In this last case, it is necessary to identify which specific activities have the potential for growth. According to the report Study on Employment in Rural Areas commissioned by European Commission (European Commission, 2006), in the current context of the decline in agrarian employment there are new opportunities of development of economic activities that permit diversification and the generation of new employment in the rural zones. The possibilities of future development, besides traditional agriculture, industry and services, are centred in the following activi-

ties:

1. Agro-tourism
2. Renewable energies
3. Culture, connected with tourism, local products and protection of the landscape
4. Nature
5. Ecological and quality products
6. New technologies, connected with the development of other activities
7. Health and social services

Finally, it is fundamental to keep in mind the possibilities of taking advantage of these opportunities by individuals. It could be the case that a new activity is not carried out because of lack of qualified human capital, for example. According to Ellis (2000), the possibilities of improvement in the economic situation of families and therefore the carrying out of the opportunities offered in its context depend on the access and availability of five types of resources: human capital (education, skills, ability to work, etc.), natural capital (natural resources endowments such as land, air quality, biodiversity, etc.), physical capital (basic infrastructure and production means such as transport infrastructure, buildings, water supply system, energy infrastructure, etc), social capital (relationships and social network, authority relations, relations of trust and established norms) and financial capital (availability of credit, savings and new flows of money like incomes, remittances or transfer from the state).

## 6. Conclusions

Rural areas in Europe are going through wide-ranging and deep transformations such as agrarian decline, depopulation, increasing economic backwardness, urban pressure, economic diversification and environmental degeneration. Taking into account the plurality of rural spaces, an overview of rural development centred on the specific needs of each zone requires the drawing-up of specific economic policy programs.

In some cases these programs do not need the incorporation of specific growth stimulus policies. In this respect, it is necessary to consider the costs of trying indiscriminately to reproduce growth

programs as well as the impact on landscape, and environmental and redistributive factors. Moreover, the inhabitants of the rural zones may pursue non-monetary objectives, to develop forms of economic integration different to that of exchange and to maintain forms of survival outside the market. All these considerations suggest considering other public intervention forms besides the policies of growth. According to the multidimensional approach of development and the typology of modes of intervention established in table 4, when it is not necessary to promote a program of growth there is also space for the establishment of redistributive policies of poverty reduction and for the environmental policies of nature conservation.

Nevertheless, in other situations the revitalization of specific sectors is indispensable in rural development. Keeping in mind the forecasts on the new employment opportunities, economic policy has an extensive space of intervention in rural areas. As well as the framework of macroeconomic growth policies that influence global income increase, the State can mobilize resources to stimulate the growth of some potentially dynamic sectors (agro-tourism, renewable energies, culture, nature, ecological and quality products, new technologies and health and social services). Moreover, infrastructures can be improved (in a broad sense, that is to say including social infrastructures such as education or health) and the State can also facilitate the access of people to the resources that permit them to take advantage of new opportunities, such as, for example, through training activities or enabling the access to the financial resources.

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# Romanian Fiscal Policies: Do They Fight or Exacerbate the Crisis?

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## Abstract:

As the financial crisis deepens in Romania, public expectations from the budget and the Government's measures package remain high, but options remain limited. While some of the fiscal instruments proposed worldwide could arguably have benefic impacts on the Romanian economy if they could only be properly implemented, our budgetary sector is now constrained to adopt austerity measures. The fiscal policy needs time to regain credibility after years of incoherence, and commitments made in the elections year 2008 prove to be extremely costly today.

## Keywords:

Financial crisis, credit, European Union, USA, banks

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## Introduction

It is now undisputed that the world faces the most serious economic downturn since the Great Depression. There are more and more voices calling for action against the financial crisis, and expectations on governments worldwide grow accordingly. In the past months several fiscal measures and stimuli packages were proposed to help the ailing economies. Most notably, the IMF issued a note proposing a coherent fiscal stimulus package, to tackle in an effective manner the economic and financial crisis. However, the extent to which these proposed measures could possibly be applied in Romania remains uncertain, mainly because of the poor institutional setup of the public sector overall (systemic inefficiencies, governance and transparency issues), but also the costly commitments made in the elections year 2008, which have recurrent effects (wage increases, improperly targeted social spending).

The following paper examines the applicability of an effective fiscal package in Romania, and suggests improvements in the existing institutions to enhance the Government's control over its own instruments - budget revenues and public spending. Contrary to the widespread, more pessimistic views, we believe that the crisis is an opportunity for reform: as revenues drop in proportion to the economic downturn, a wise Government would have the best incentives to reduce inefficient spending and understand the importance of a longer term vision. Or - luckily, this is our case - it would be forced to do so by foreign aid conditionality. However, there is a downside risk as well: since 2009 is again an elections year, the pattern of wasteful spending to attract votes could be maintained, while cuts are operated in the most important areas: the investments in complex programs and infrastructure. The following paragraphs describe the general recommendations for the use of fiscal instruments against the crisis.

## What can fiscal policies do against the crisis? The IMF suggested approach<sup>1</sup>

The IMF suggests a policy package to address both the financial crisis and the fall in aggregate demand simultaneously. Such a two-pronged policy is needed to address issues which are complementary in nature: on one hand, the recapitalization of banks would improve credit flows, and aggregate demand would be further boosted by targeted measures such as support for the housing market. IMF recommends that the fiscal stimulus be timely, large, durable as to last over the period of recession, with diversified measures, and, maybe most importantly, sustainable as to avoid excessive debt or other short-term catastrophic effects. The fiscal measures which are most likely to lead to good results consist of increased spending (preferred to tax cuts), and at the same time spending instruments need to be diversified to limit the risk that fiscal multipliers are not estimated correctly during crisis.

Indeed, increasing spending is a challenge in many country environments, as the most obvious risk is to simply waste public funds allocating them for issues which are not a priority. In order to avoid this, the best solution regarding major public works is to allocate funds for the "first-under-the-line" public programs (in a budget based on priorities, these are the programs which have been appraised and would be the top priority projects sustainable with a budget increment). Other measures could be targeted directly at consumers, to fight the three major causes of the plummet in consumer demand: loss of wealth, credit constraints, "under-the-mattress" savings in times of uncertainty. The solutions proposed are tax cuts and transfers to mitigate the hardships generated by credit constraints; and a clear commitment for government support against uncertainties.

The IMF however warns that whatever fiscal policy instrument is used, it must be sustainable in the medium term. Crucially, such measures should be implemented without generating serious macroeconomic and fiscal imbalances, such as excessive debt or recurrent spending that cripples the fiscal sector in the long run. An increase in public sector wages, for example, would not be advisable because for the same amount spent from the pub-

<sup>1</sup> The following section is adapted from Spillimbergo, A., Symansky, S., Blanchard, O., Cottarelli, C., "Fiscal Policy for the Crisis", International Monetary Fund, Staff Position Note, December 2008. The report suggests several fiscal policy instruments that could be implemented successfully around the world to fight the crisis, adapted to local conditions.



lic budget it has less impact than other public spending, and the wages could not be reduced in the future. Debt or tax amnesties for companies in trouble prove to be distortionary, ineffective, and unfair on the market. In essence, the recommendation is that measures be reversible, countercyclical, based on solid medium-term frameworks (and covering public works that are conducive to long-run growth), and at the same time ensuring fiscal accountability and governance.

But where does Romania stand in this picture? Given the current conditions, could the Government use the fiscal policy and the budgets as an effective countercyclical instrument? The following section demonstrates that consistent reforms are needed to ensure that public finances are kept in check.

## Background

In December 2008, the European Council endorsed the European Economic Recovery Plan, in which the European Commission called for a fiscal stimulus against the looming economic downturn. The stimulus would be differentiated across EU members according to the public finance sustainability and competitiveness of each member state, and would be reversed when the economic prospects improve. But just like many of the other new EU members, Romania has little space for a fiscal stimulus, and the best one could hope is that the widening fiscal gap could be embedded in a wider medium-term fiscal consolidation<sup>2</sup>. The whole region (Eastern Europe and former Soviet countries) has seen in 2008-2009 the largest growth reversal in the past two decades (and Romania in particular experienced a 7.1% GDP growth in 2008 and expects a 4.1% contraction in 2009).

Romania's additional problem is that the fiscal policy of the recent growth years was completely unpredictable, widening the macro imbalances, while still pending structural reforms were left aside. The public sector continues to contribute over a third in the GDP, because privatizations came to a halt lately, and Romania lags behind the other new EU member states in terms of the transition to a

market economy, in some respects even behind Bulgaria<sup>3</sup>. The country missed the opportunity to finalize the fiscal consolidation and reform the budget process when the economy was booming; the Government conducted policies leading to a deficit as high as 5.4% in GDP while the economy grew 7.1% in real terms in 2008. The government spending doubled from 2005 to 2008, while the public sector share of economic activity grew from 31 to 37% of GDP<sup>4</sup>.

Tab. 1. Budget volatility in Romania

	Initial deficit	Maximum deficit after rectifications	Minimum deficit after rectifications	Final outcome
2006	-0.50%	-2.50%	-0.90%	-1.70%
2007	-2.70%	-2.80%	-2.40%	-2.50%
2008	-2.75%	-2.30%	-2.30%	-4.8% (-5.4% on ESA95)

One of the main messages of the present paper is the following: it is overly optimistic to expect that fiscal policy in 2009 or 2010 could act as an effective instrument against the crisis. On the contrary, the strong pro-cyclical fiscal stance has overheated the economy and exacerbated imbalances. At best one could hope the fiscal policy in 2009-2010 will not act as a deterrent while the economy is slowly recovering. In the worst case scenario, however, the need to cover absurd, inefficient public spending will crowd out the productive sector, eating up the little available liquidity on the market, and this could happen despite the strong conditionality of EU, IMF and the World Bank.

Fiscal policies have been poorly managed in the past two years, as will be explained, and it is no wonder that Romania is the only country from the EU10 (new member states with a socialist past) which now practically has no fiscal stimulus package but only austerity measures<sup>5</sup>. Because of the little room for maneuver, Romania is one of the three countries in the region which applied for a substantial multi-donor crisis package (Hungary and Latvia being the other two, while support for Poland is under discussion with the IMF). All of these are direct consequences of the conditions that prompted the European Commission to launch the excessive deficit procedure against Romania in April: the

<sup>2</sup> World Bank, EU 10 Regular Economic Report, "Bottoming out?", May 2009

<sup>3</sup> Bulgaria stands better in terms of: privatization (small and large scale), competition policy, banking reform. European Bank for Reconstruction and Development, Transition Report 2008

<sup>4</sup> World Bank estimates, unpublished report.

<sup>5</sup> A summary of fiscal measures in the region is available in World Bank, EU 10 Regular Economic Report, "Bottoming out?", May 2009, p. 24-25. The austerity measures for Romania consist of a very brave attempt to freeze wages and reduce bonuses on the expenditure side, and increase revenues by introducing minimum taxes for companies, cutting VAT exemptions and increasing social security contributions by 3.8%. The recently proposed program "First Home", consisting of state guarantees for mortgage loans, is supposed to have off-budget effects.

Commission explicitly states that the fiscal policies pursued by the Romanian Government were procyclical and outright chaotic during the period 2005-2008, fiscal gaps have widened to 5.4% of GDP in 2008 despite the fact that GDP growth averaged 6.5% per year and demand was booming<sup>6</sup>.

Unfortunately, the quality of the budget process is far from what could be called best practice. As the public sector share is still so high in the economy, the impact of poor management of public funds is amplified. Deficiencies can be spotted everywhere: in the low capacity to prepare a coherent program, both in the Ministry of Finance and the line ministries; in the overestimation of revenues and expenditures by up to 10%. Decision makers are tempted to allocate important shares of the budget for ad-hoc social measures, for public sector wages, for pensions, without a proper assessment of the financial impact on the other programs or in the long run. In addition, since public budgets are in fact public statements on political priorities, the manner in which the fiscal policy was prepared these years offers a fairly accurate overall picture of public governance in Romania.

Looking at what has gone wrong in the fiscal policy is useful, while the crisis unfolds, for two reasons. First, we would know what to expect, realistically, from what the Government can actually do in the following months. Second - maybe even more importantly - the crisis is in itself an opportunity to reform under pressure, but on fast track, our public finances, just like the sheer bankruptcy in the second half of the '90s has triggered the transition to the market economy. But unfortunately, there is also a downside risk: the economic crisis can be an excellent excuse for bad governance, for frequent exceptions from the rule, and for opaque, corruption-generating policies. We are totally in tune with the World Bank's point of view that the reform in the public financial management to ensure spending effectiveness and efficiency is more urgent than before the crisis; and that the much-needed reforms should be the consistent introduction of the medium-term expenditure framework and the performance-based budgeting.

Mainly, the recommendation of this paper is that the following chronic deficiencies in the

Romanian fiscal policy be analyzed and corrected.

### **1. Romania should have a budget for four years; instead, it has between four to six budgets a year.**

It is very unlikely that the fiscal policy could be an effective tool against the crisis, when one cannot control the public finances well enough to prepare a predictable annual budget. Romania has, in general, an initially approved budget, three-four rectifications, and the final execution. Of course, budget amendments are allowed to ensure a certain flexibility, but the magnitude of the variations (see 2006), the frequency of changes and the fact that some of these rectifications are made as early as March (2008) says a great deal about the Government's capacity to prepare and implement a coherent strategy, even in years with economic growth that should have allowed for a strong fiscal consolidation. While it has never been a good performer in this matter, figures show that the situation has even worsened recently: Romania became in the past two-three years the EU member with the weakest budget programming in UE, with projections and forecasts further than ever from outturns, which makes them worthless as real policy targets. What is worse, this happens while formally Romania committed itself to the EU to improve its capacity to prepare programs, in order to catch up with the EU in terms of economic development and infrastructure, also attracting EU grants. From 2003 onwards as a pilot - and 2006 fully - Romania uses the "medium term expenditure framework" (MTEF): budgets are prepared for one year, with projections for the following three. Its underlying logic is simple: a coherent public policy requires a strategy to be followed and properly account for deviations. In addition, Romania prepares a convergence program (to the Euro zone) based on the same principles.

In reality, the Romanian "medium term expenditure framework" is a mere formality, even after the five years since it has been formally introduced. Though budgets are prepared indeed based on the programs proposed by the line ministries, there is no formal reconciliation between the current year's budget and forecasts prepared in the pre-

<sup>6</sup> European Commission, Report on the Excessive Deficit Procedure for Romania, [http://ec.europa.eu/economy\\_finance/publications/publication\\_summary15137\\_en.htm](http://ec.europa.eu/economy_finance/publications/publication_summary15137_en.htm). "Deficits were also driven by a weak budgetary planning and execution and a lack of predictability and discipline, which resulted in systematic budgetary slippages. In 2008, the deficit outturn was more than twice the official target and this significant deviation is mostly due to weak budgetary management with frequent ad-hoc budgetary amendments, using overly optimistic revenue projections to increase expenditure and shifting capital to current spending"

vious years. Thus, one can make any adjustment, without explanations or justifications required, which makes multi-year planning irrelevant. Moreover, for large infrastructure programs the plans and budgets are made indeed for several years; but after the program is drafted, the budget ceilings limit the spending for the current year. To still "squeeze" the strategy in the budget constraints, the remaining expenditures for the program are rolled over to the next years, keeping the total budget per program constant. This raises the forecasts to completely unrealistic levels for the following 2-3 years and renders the MTEF useless: no decision maker actually takes into account the future budget figures as a valid piece of information.

This simple fact is actually the key for a reform to improve the quality of programs and public spending in Romania. If deviations from forecasts to budgets and then actual spending would have to be motivated, a budget holder could not receive allocations without clear sectorial strategies approved and valid for several years. Strategies should allow for some flexibility, but not the volatility we see nowadays: Romania really should have just one transport strategy for several years instead of five highway strategies in one year. Amendments would still be possible, but they should be motivated, their budget impact properly calculated, and those responsible for the changes should be accountable. In addition, it is not clear how large budget rectifications would fit in the medium term expenditure framework, or how conflicts between rectified budgets and the Convergence program are avoided. This was one of the key considerations of the European Commission when it launched the Excessive Deficit Procedure for Romania.

To observers (be they the EU, World Bank or IMF), Romania is rather a country where strategic public policy is done in fits. The timid convergence that occurred towards the economic and monetary Eurozone, was due rather to a "natural" economic development in several good years of growth, just like a favorable drift accidentally pushes a boat on the right course, while the crew sleeps or rows in the opposite direction. During a crisis, though, this scenario is no longer acceptable.

Programming weaknesses lay both in the Ministry of Finance and line ministries. The Ministry of Finance has consistently and repeatedly overestimated budget revenues in recent years, as well as

the capacity existing in line ministries to use the allocations for capital expenditures. This shows, most likely, not only the low technical capacity in the system. Rather, it was a political imperative: to create a fictitious "fiscal space", with the purpose to increase artificially the flexibility and opportunities for discretionary measures for those who handle the funds allocation. On the expenditure side, the system's weaknesses are thus very visible: the departments within the Ministry of Finance dealing with program budgets for sectors do not have access to data on how effective and efficient these programs are during implementation (for example, the return on investments or cost/benefit analyses, such data being collected at most only in a different department of the Ministry).

Line ministries in their turn typically prepare budgets in one department, strategies in another department, and the two rarely communicate with each other. In the budget preparation stage, budgets are passed back and forth from line ministries to the Ministry of Finance not for minute refinements, but subject to extremely large cuts; for example OECD estimated in 2005 that, if the Ministry of Finance would approve the full initial budget demands from line ministries, the deficit would exceed 22% of GDP a year<sup>7</sup>. This means that line ministries perceive the budget ceilings received from the Ministry of Finance rather as negotiation starting points than as targets. In addition, recipients of budget allocations are experts at this negotiation game and have all reasons to overstate needs (we analyzed the road and rail maintenance strategies in one of our previous reports<sup>8</sup>). To make things worse, in many such cases sector strategies proposed for budget financing are wish lists with no prioritization.

The problem is aggravated by the fact that there is no strong government entity, under the direct authority of the Prime Minister, capable to ensure consistency among programs and strategies prepared by different ministries and check their actual simultaneous implementation, in order to establish proper links with the overarching government program. None of the parties which were in government paid too much attention to this particular institution: its role was played either by the Prime Minister's Chancellery (when a single party was governing) or by a Deputy Prime Minister, with a rather formal role (in coalition governments).

<sup>7</sup> Ruffner, M., Wehner, J., Witt, M., Budgeting in Romania, OECD, 2005

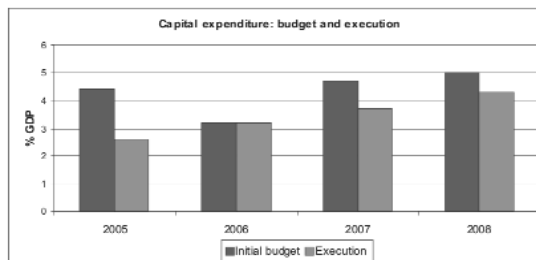
<sup>8</sup> Roads to Nowhere. SAR Policy brief no. 26, august 2007. [www.sar.org.ro](http://www.sar.org.ro)

To sum up, despite the government's formal commitment to the medium term expenditure framework, in the EU-27 there are only 6 countries that rely less on this system than Romania; and according to an IMF report<sup>9</sup>, Romania is on place 7 out of the 10 new EU members in terms of quality of budgetary procedures (surpassing Hungary, Slovakia and Bulgaria).

**2. Several expenditure components are consistently overestimated (capital), whereas others (current costs) turn out to be much higher than planned.**

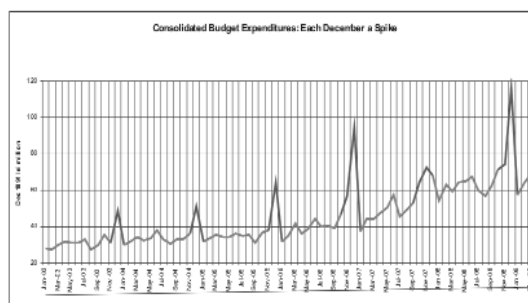
Another indicator of poor planning and programming, deriving from the previous, is the fact that capital investment expenditures are overestimated every year (Fig 1). That is, funds initially allocated for investments cannot be absorbed in time, because of various reasons related to the system's capacity to implement complex projects. This is visible in the delays of major public works, which causes recurrent discussion such as the one about the four kilometers of highway built in the previous mandate (an admittedly over-simplified and incompletely informed public debate, but one which expresses a legitimate dissatisfaction). The fact that this phenomenon occurs regularly (Fig. 1), is a warning for the new Government who set itself an overly ambitious target to spend 20% of the budget on investments, both in the first budget and the rectification in April. Compared with the figures in Fig. 1, the initial budget amount meant 6.8% of GDP, that is, a third more than the 5% of GDP planned for 2008, a level which was not attained anyway. Without major institutional reforms and firm political will in this area, the target will most likely be missed; in reality, for the first 4 months of 2009 the capital expenditure dropped by 23% compared to the similar period of 2008.

**Fig. 1: Low capacity in preparing and implementing investments**



Source: IMF

**Fig. 2. Poor expenditure programming and the "December effect"**



Source: Ministry of Finance

The substance of budget rectifications supports the findings, as shown above. Whenever budget amendments took place, either motivated by faster GDP growth or just reallocations among expenditure items, current costs and social measures registered the main increases. Among these were pensions, children allowances, transfers to local budgets for teachers' pay, heating allowances, public sector wages such as for police or administrative staff in ministries, wages of magistrates, plus current costs such as additional mining subsidies not planned in the initial drafting of the budget. Indeed, it is much easier to spend on social and other current costs than to prepare complex programs which require good capacity to absorb investments.

### 3. Expenditure spikes in November-December

Closely related to higher spending for social items, lack of capacity to prepare investments, and

<sup>9</sup> International Monetary Fund Country Report 8/210, Romania: Selected Issues, July 2008, <http://www.imf.org/external/pubs/ft/scr/2008/cr08210.pdf>

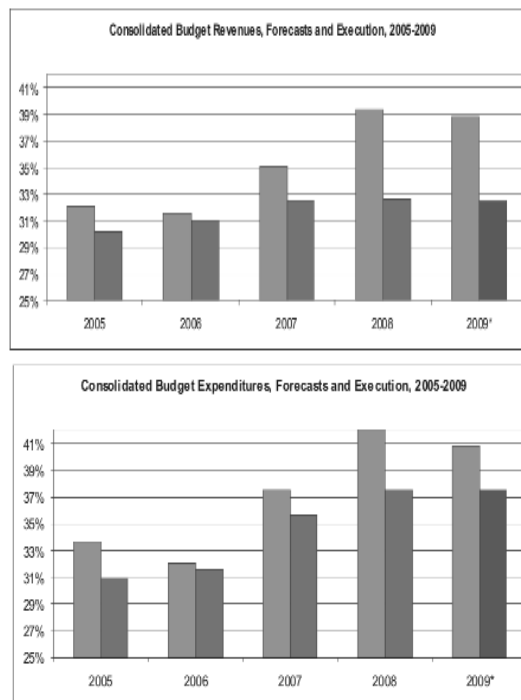
poor planning, expenditures in the last two months are much higher than in the rest of the year (Fig. 2). This shows that ministries and other budget recipients fear they would lose the unspent allocations and their budgets would be cut next year accordingly. Something of this kind could not happen if a real medium term expenditure framework were in place, as tenders for programs or procurement for current items would be spread evenly during the year. It is useless to discuss about the quality of the public investment in such a system, in which money is spent just to be spent.

In addition, analyzing the rectifications in the past two years, increases of expenditure were either a result of higher-than-expected GDP growth (generally the first rectifications in one year), or reallocations from other items (towards the end of the fiscal year). In the latter case, reallocations meant a reduction from investment accompanied by an increase in current costs. That is, whatever remained unspent from overly ambitious programs was rapidly reallocated to measures on which money could be spent as quickly as possible: subsidies, wage increases, procurement of goods and services which can be made simply and fast (soft expenditures).

#### 4. Overestimation of budget revenues, whether fuelled by pre-election inflated promises or by inexperience, has become common practice in the past years.

Budget revenues increased indeed in real terms, a fact partially supported by the introduction of the flat tax and the reduction of social security contributions which reduced the informal economy. However, the growth forecasted by the Ministry of Finance for 2007 and 2008 as ratio to GDP was simply nonsensical (Fig. 3). One cannot expect the revenues to increase by 7.5% of GDP from one year to the next, when a similar miscalculation had occurred in the previous year. As the final execution in 2008 showed, the Government had expected revenues of 39.3% of GDP (36% on another methodology). They collected less than 33% (31%), about 86% of initially planned, less so because of collection problems but because of unrealistic initial plans.

**Fig. 3. Initial budget and final outcome, 2005-2009**



\*For 2009, the first column shows the figures proposed by the previous government in the draft budget proposed in the fall; the second column indicates donor forecasts.

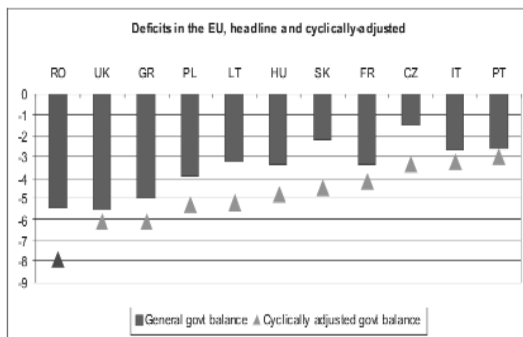
Source: Ministry of Finance, World Bank

In addition, increasing the share of consolidated budget revenues in GDP is not by itself a goal, as the former minister of Finance seemed to believe when he announced in high spirits in August 2007 that Romania would have in 2008 the first European budget with almost 40% of GDP budget revenues. First, one would have to make sure public money is used effectively, and the goal should be raising just enough revenues to meet one's programs. In the end, everything that the public sector collects is a resource taken away from the private sector, and there is no golden rule "the more the government crowds out the private sector, the better".

Budget revenues targets are easy to miss also because Romania's taxes are highly volatile. Social contributions are decreasing gradually; just recently, the trend was reversed, when they were increased by 3.8 pps. A few months ago, one of the parties (PSD), now in power, announced its intention to abandon the flat tax or increase its level,

which has not happened so far. We also have the highest number worldwide of different taxes for companies (113 a year compared to just 2 in other EU countries, according to a World Bank study<sup>10</sup>). One should not forget the never-ending story of the first registration tax for cars, which has lasted for more than one year and is still not over. In short, transaction costs for individuals and companies (red paper and hassle) are high enough to perpetuate the informal economy, mainly because of the high uncertainties, even if the general tax burden is not excessive.

**Fig. 4. The Romanian budget deficit in European context**



Source: ECOFIN Spring Forecast 2009

Under these circumstances, estimates for budget revenues should have been extremely prudent, in particular because, while revenues can fall short of initial expectations, expenditures tend to be as high as in the initial budgets. If revenues are lower than expected, the deficit is widening fast, which is exactly what we are witnessing now. If revenues should be higher, we should have a modest surplus; this happens in general when there is economic growth, and when debts should be repaid and reserves increased to face deficits in the following years. In these terms, Romania fares rather badly compared to other countries. The gap between the headline and the cyclically-adjusted deficit (the deficit if we exclude the positive effect of increasing revenues when the economy is growing fast) is much higher in the case of Romania compared to other EU members.

On top of everything, even the resources available from the EU grants are underutilized. In 2007, immediately after accession, the Romanian budget managed to absorb only 0.75% of GDP

instead of the initially planned 2%. In 2008, the actually absorbed funds were 1.6% of GDP lower than planned (that is, just above a quarter of the available funds). Considering there is sincere commitment for full utilization of EU funds, the underutilization can be explained by the inability to improve the administrative procedures and prepare good programs for fund absorption, and respond coherently and timely to the demands from the private sector.

**Tab. 2. Deficit components in 2008 (% of GDP)**

<i>Initially planned deficit</i>	<b>-2.8</b>
<b>Revenue overestimation</b>	<b>5.5</b>
- EU funds	1.6
- non-fiscal revenues	1.4
- VAT	1.3
- lower revenues because of the crisis	1.2
<b>Expenditure overestimation</b>	<b>3.5</b>
<b>Total deficit</b>	<b>-4.8</b>

Source: Ministry of Finance and own estimations

## 5. Arbitrary budget allocations: a step back from good governance and a reversal of previous reforms.

Two controversial allocations took place in 2008, one in the initial budget, another in the third rectification. The Ministry of Finance transferred 700 mn EUR, and 600 mn EUR, respectively, to the County Councils, which had full discretion in their further distribution for local projects. Just in 2007, reforms in decentralization had succeeded, after more than a decade of efforts, in establishing an objective, transparent formula for all transfers from the Ministry of Finance to local administrations. The reforms were meant to improve local autonomy from the higher levels of government, particularly from the County Councils whose presidents, in some cases, allegedly gained rents from their discretionary powers in budget allocations to local governments (hence their nickname "local barons" in the media).

<sup>10</sup> World Bank, Doing Business 2008

The two allocations in 2008 were made expressly as an "exception to the rule" (the law of local public finance) and consisted of sums topping those allocated according to the law-established formula. This money was again distributed at the will of the county councils leadership, a return to the primitive budgetary practices from the first half of the '90s. Several crucial changes in the administration took place at the same time. First, from 2008, County Council presidents are directly elected by the people and claim more legitimacy.

Then, after the November elections, the media reported alleged negotiations between the two ruling parties (PD-L and PSD) to change the Prefects with party affiliates. The Prefects should be representatives of the central government at County Council levels, who mainly check the legality of decisions made by subnational governments, including county councils, and are supposed to be civil servants, not political appointees. Together, these evolutions are crucial for the quality of local governance in the future. In the most sinister scenario, the Romanian administration is deliberately moving towards absolute, unchecked powers of county council presidents. In the best case, the budget transfers in 2008 were irresponsible allocations before elections with a potential to become dangerous precedents. Such "exceptions" from established rules, if tolerated by the public opinion, are likely to become common practice in 2009 having the crisis as an excuse; however, the losses in terms of governance could be enormous. In this context, the recent decentralization reform, giving more responsibilities and funds to counties, should be pursued with utmost care, in order not to reinforce this worrying trend.

Until now, the new Government has done nothing but to cancel the effects of the last budget allocation in 2009, mainly by claiming back the amounts that had not been spent at local level (the big bulk of them), in order to reduce the consolidated deficit. We highly recommend that the Government should commit formally to make transfers to local authorities only by the law - not by exception - and by automated mechanisms, transparently and predictably.

## **6. Large shares of public budgets are allocated to sectors with high recurrent costs (education, health, agriculture, rail transport)**

There is definitely room to streamline the expenditure in several sectors, where recurrent costs are high and could be better rationalized. Examples include: the introduction of symbolic co-payment schemes for certain free medical services in order to reduce excess demand (like in Hungary in the late '90s); some revisions of drugs compensation schemes, hospital rationalization; introduction of student loans; reduction of subsidies to the railways system by spinning off 2,500 km of lines which were supposed to be dismantled six years ago and are still subsidized etc. Only the latter measure could save up to 1 bn. EUR per year. All these measures have been proposed in the past in various public policy reports and never applied. The economic crisis and the need to reduce the deficit can be an excellent opportunity to finally implement such measures.

Fixing a certain ceiling for different sectors (e.g., 6% for education etc.) is actually a source of inefficiencies and a deterrent to cost rationalization, if allocations are not linked to some sort of performance standards. The share in GDP of the budget allocated to education, for example, is double compared to five years ago; however, there was no notable improvement in the quality of the education system, measured in average student performance relative to other countries. Similarly, if the teachers' pay is increased, these raises should be linked to some measure of performance and not general. The limitation of pay increases in 2009 because of unavailable funding could be made politically acceptable by introducing a form of performance-based raise, an action that is urgent if we consider the recent strong opposition of trade unions against the postponement of pay raises.

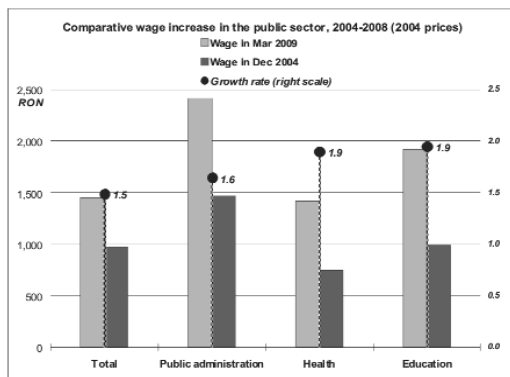
## **7. The public sector wage bill increases and pensions promised in the past two years, combined with a GDP contraction (estimated -4% this year) are a serious threat to the deficit in 2009**

The most important component of the budget deficit in 2009 (40%) is generated by the gradual implementation of pension raises (the

increase of the "pension point" by 45% in just two years). Total pensions, raises included, currently represent no less than 8% of GDP, if all promises would be met. No Romanian politician had the courage to explain fully and systematically to the public opinion these cold figures and the realities behind them, worsened by the recent rash decisions in the Parliament or Government.

At the same time, the public sector wage bill grew from 4.5% of GDP in 2004 to over 6.5% in 2008 and would have increased even more if the pre-electoral promises to raise salaries for teachers were actually implemented. Currently, the Government attempts a sharp reduction in the public sector wages, a sector with strong trade unions that includes more than a third of the official labor force in Romania and benefited significant salary raises in the recent years, higher than those in the private sector and above the total real GDP growth of about 40% (Fig. 5).

**Fig. 5. Comparative speed of wage increases in Romania**



Source: Institute for Statistics

In the pre-election campaign a lot of promises were made, which are currently not likely to be fulfilled under the current budget restraints. Targeted benefits (minimum income guarantees, allowances for mothers, children allowances), which were about 0.5% of GDP in 2008 would have reached 1.2% of expected GDP in 2009 if all promises were to be kept. The successive wage raises (there were no less than 3 in 2008 for teachers) led to a substantial increase in personnel costs even without further adjustments: in the first 4 months of 2009 staff costs exceeded the amount in the similar period of 2008 by 2.3 bn. RON (500 mn. EUR).

Since the effects of the crisis are already felt, with increases in unemployment, one could expect extra expenditures such as higher spending on unemployment benefits. However, the total social assistance mentioned by the new minister would not exceed 2% of GDP. The budget maintains a target of 6% of GDP for education.

## 8. Deficits are very expensive now for Romania

In 2008, the last two rectifications added a worrying 1.3 bn. RON (about 350 mn. EUR) to the interest payments related to public debt. Romania's public debt grew from 17% of GDP in 2007, 20% in 2008 and an estimated 24% in 2009, faring still well compared to other EU countries, but deteriorating slowly. In addition, the borrowing terms for the Ministry of Finance became more restrictive on the international markets after Romania's rating was downgraded by Fitch and Standard & Poor's to below investment grade. As a consequence, to cover the deficit, the government borrowed increasingly from the domestic market, at higher and higher interest rates; in October and November, the Ministry of Finance borrowed 3.7 bn RON in terms close to those of the Lombard credit facility of the National Bank (14.25% interest). Only in December the Ministry of Finance raised 2.8 bn. RON in treasury certificates (3M, 6M, 12M) and 600 mn. in bonds (3 and 5 years).

What is even worse, the fact that the Ministry of Finance seeks more and more funding on the domestic market crowds out private investment, with a negative consequence on the economic recovery. Only in the past 6 months (December-May) the Government borrowed over 32 bn. RON domestically from private banks and became their largest customer, and it wants to borrow 7.5 bn. more in June. At the same time, the interest payments in the first 4 months of 2009 grew by 87% compared to the similar period of 2008.

Increasing restrictions on available financing will probably be more effective in containing the budget deficits in 2009, rather than the government's willingness or capacity to remain within the 3% limit set by the Maastricht Treaty. A big push towards more responsibility could be the fact that the European Commission launched the Excessive Deficit Procedure against Romania in April. One should not neglect that if the limits set by the Maastricht Treaty are exceeded (3% of GDP deficit,



60% public debt) and the Government fails to take corrective measures, the Cohesion Funds could be suspended partially or in full. It is possible that the government will be tempted to tap cheaper and more readily available resources, such as the reserve funds or maybe even the proceeds from previous privatizations, which are now in the National Development Fund (NDF). This would be the worst solution, because privatization proceeds are one-off funds and, in addition, at least in the foreseeable future, no new privatizations will take place. Luckily, Romania obtained a 20 bn. EUR multilateral loan from IMF, EC, World Bank, EIB, EBRD, with conditionality for good governance: the 13 bn. from IMF reduce for the moment the burden on the public sector to support the banking system against a crisis, and the loan from the World Bank is a direct budget support.

#### WHAT HAS BEEN DONE

To sum up the measures of the new Government (some of which were already mentioned), these are focused on reducing fiscal imbalances, improve the credibility of fiscal policies, and the medium-term sustainability of such policies. Some measures are targeted at the protection of the poor and vulnerable from the impact of the crisis, others seek to minimize the risk of a systemic financial crisis by improving regulation. Many of these measures (as we are accustomed to in Romania, unfortunately) resulted from strong external pressures: the launch of the excessive deficit procedure by the European Commission, and the joint EU-IMF-World Bank conditionality for the 20 bn. EUR support.

The measures are short term, such as those included in the April rectification of the budget reduce the estimated deficit to a more realistic 5.2% of GDP in 2009 (in the absence of these measures the deficit would have been 8-9% of GDP, according to IMF staff estimates). These consist of the social contribution increase (3.8 pps); removal of a VAT reduced rate, cuts in public sector wage bill by eliminating 137,000 vacant (but budgeted) positions and reductions in goods and services. An additional 0.6% of GDP deficit reduction would result from the trigger actions of the IMF loan.

Other measures are longer term in effect, and will cut recurrent costs. The Government has recently drafted a long-overdue strategy to rational-

ize spending for the public sector wages: most notably, the unitary pay law, which is under preparation. All these measures are highly unpopular and are strongly opposed, in particular by trade unions of teachers and special sector staff (magistrates, judges) which are losing key bonuses and benefits. Another measure is the full introduction of the MTEF and the approval of a Fiscal Responsibility Law, to limit discretionary or unpredictable spending. In this respect, the IMF conditions its 13 bn. EUR loan by a requirement that the Government approve a Fiscal Responsibility Law, which would include: "i) a framework for improved multiyear budgeting; ii) limits on intra-year budget revisions; iii) fiscal rules on expenditures, public debt and the primary deficit; iv) the creation of an independent fiscal council; and v) a framework for managing guarantees and other contingent liabilities".<sup>11</sup> The reforms lead to increased responsibility for deviations from the agreed framework, by defining the broad categories of personnel and capital expenditures and approving in Parliament also the composition of spending on broad items (not only the aggregate amount).

#### WHAT SHOULD BE DONE

- **The budget process must become more transparent and the Ministry of Finance and line ministries should improve their administrative capacity**

For all the reasons explained above, it is very unlikely that the fiscal policy stance could be changed to anti-cyclical in 2009-2010, after the major slippages during periods of economic growth. But we can hope that fiscal imbalances can be corrected and the deficit controlled. This can be implemented most effectively not by increasing revenues (despite some attempts, such as the fixed tax on companies and social security contributions increase), but by rationalizing expenditures within a wider medium term reform. Actually, we saw that a clear commitment to reforms could generate additional revenues to the public sector: IMF, EU and the World Bank are conditioning their support by a clear program for reform, to make sure that funds are not wasted or misused. Indeed, capacity building is rather a long process, but it must accelerate now, if previous opportunities were lost. The crisis could actually open the window of opportunity for reform

<sup>11</sup> World Bank, DPL Project Document, May 2009, p. 17

towards better fiscal policy.

If budgets are indeed to be prepared based on the medium term expenditure framework, they must be clearly linked with macroeconomic developments, and deviations from initial programs should be clearly justified. The introduction of new projects or measures must be analyzed in a cost-benefit perspective and compared with alternative use of public monies (opportunity cost). In addition, it is crucial that solid institutions are in place to check the use of public funds. This depends on the performance of both internal auditors in spending agencies and the external auditor (Court of Accounts). One must understand though the constraints: while the IMF required Fiscal Responsibility Law (which contains all of the above) can be enacted by administrative fiat, the proper implementation is not easy. It requires a diligent effort, assistance to staff in charge with the programs, and careful monitoring to make sure reforms are not done solely on paper. This is a deep, structural reform that will take several years for implementation, but the upside to the crisis is that it finally triggered the need for such reforms with long-term effects. These measures are not likely to be implemented when government revenues are abundant, allowing waste in the public spending, and without external pressure.

But in addition to what the donors require, the budgetary performance and execution must also become more transparent to the public, especially in crisis times. The same applies to the activity of the external auditor of public institutions (Court of Accounts). Regarding the availability of public information, the Ministry of Finance does not publish currently detailed, updated information on the budgetary execution, comparison of execution with initial plans, or updates of plans resulting from budget rectifications. Also, the activity of the Court of Accounts is quite obscure to the general public.

- **At least until better predictions can be made, forecasts should be very prudent, particularly on the revenues side, and unnecessary expenditure must be cut**

There is no need for specialist knowledge to realize that a "jump" in fiscal revenues by 6-7% of GDP is completely unrealistic. What is more, even in countries with better established fiscal institutions forecasting what will happen with budget revenues

in 2009 is quite difficult, so prudence is critical. If revenues are overestimated again, and expenditures match the overstated revenues, this would widen the deficits to be covered by non-renewable resources such as privatization proceeds or reserve funds.

Regarding expenditures, again, we view this crisis as an opportunity: to adjust the administration structure and pay in the public sector. It will be much more difficult than it seems to cut the public sector wages (inevitable however in 2009 because of the deficit). These measures will be strongly opposed by the employees unless they can be defended on solid grounds, like a credible reform in the administration. The strikes in the Hungarian public sector are a preview of what would happen if the public sector employees are living with a feeling of injustice. General, common criteria for payments, bonuses, promotions, or firing in the entire bureaucratic system are needed, so that differences would not be regarded as targeted against one particular category.

- **Budget volatility must be reduced, if fiscal policy is not to deepen the economic crisis**

While some flexibility is needed, amendments should not be triggered by sudden changes of policies or, even worse, "recollections" of items which had been missed during the initial drafting of the budget. Rectifications should be caused mainly by changes in macroeconomic forecasts, resulting from a periodic planned review of macro indicators by the Prognosis Commission and the Ministry of Finance. At the same time, exceptions to the rule - this time motivated by "the general interest during crisis times" - must be avoided, such as additional transfers to local budgets, county councils, by-passes of the procurement law (like at the beginning of the year for energy). The long-term losses in terms of good governance would be much higher than the short-term gains, if any, and may reverse past reforms pursued with significant efforts in the past

In conclusion, the solutions in the short run are the same as the long-term recommendations in budget policy - and in that we agree with all the donors. Unless fiscal institutions are consolidated, the government cannot "command" over its fiscal policy, in order to use it as an instrument against recession or at least to contain additional pressures

on an ailing economy. Unless the planning and programming capacity is increased in the Ministry of Finance and line ministries, significant shares of public money are still allocated for inefficient purposes, in a time when the private productive sector, without which economic recovery is impossible, finds financing with difficulties. Savings in areas where funds are spent inefficiently, coupled with prudent estimates for revenues would ensure fiscal policy does not continue its pro-cyclical effects during crisis.

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# When the East Goes West: Romanian Migrants in Italy or How to Deal with Mobility Issues in the EU 27

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## Abstract:

The Eastern enlargement has raised wide concerns related to the potential economic and social effects on the older EU states. On this backdrop, the recent Italian legislation comprised in the 'security package' and targeting Romanian migrants has gravely breached EU rights concerning free movement and residence. It has also illustrated in a somewhat extreme manner the problems faced by the EU in managing the East-West migration. This paper analyzes the causes that lead to the creation of the Romanian migration crisis in Italy and the implications of the 'security package' in the context of EU mobility. Furthermore it looks into the role of the EU institutions and especially the European Commission in dealing with this crisis.

## Keywords:

EU enlargement, freedom of movement, East-West migration, Italy

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## I. INTRODUCTION

Central as it is to the common market, as one of the four fundamental freedoms of the Union, the free movement of persons has proved somewhat more problematic than the others (Postelnicu, 2007). This may be in part because 'people raise security and welfare implications in a way that goods do not' (Barnard 2007: 252). The Eastern enlargement has brought wide concerns related to the potential economic and social effects in the older EU states. Recent legislation in Italy has gravely obstructed the implementation of EU rights concerning free movement and residence, while bringing to the surface some of the wider problems connected to the management of migration and mobility in the EU 27 context.

The violent murder of Giovanna Reggiani in November 2007 by a Romanian citizen of Roma origin sent Italian public opinion into flames and highlighted the widely believed connection between immigration and crime. From that moment on the topic received intensive coverage, leading to a general criminalization of immigrants and in particular those of Romanian and especially of Roma origin. A 'Romania emergency' was installed, as it was called by Walter Veltroni, the mayor of Rome at that time (Wagner 2009: 11). The theme was also picked up by the right-wing coalition in the elections of spring 2008, which is said to owe its victory particularly to its strong anti-immigrant discourse. Immediately after coming to power the new government resolved to fulfil its promises and approved the 'security package', a set of legislative decrees meant to deal with the increased number of migrants and especially with those (mostly irregular) migrants living in settlements around Italian cities. De facto, the package targeted the Romanian community in Italy (and within it, the Roma), which is currently the largest foreign group in the country and which is generally believed to be responsible for the increase in crime rates.

The package seems to be one of the strictest policy reactions to migration since Italy has become a receiving country. In addition, its measures cover several categories of migrants, including internal EU movers and in fact contradicting EU Directive 2004/38 on the right of EU citizens to move and reside freely within the Union. In this context, the question of migration management goes beyond the bilateral relation between Romania and Italy

and becomes a matter of European relevance.

The following paper will analyze the Italian 'security package' within the framework of EU mobility and it will look in particular at its implications for Romanian individuals in Italy in their capacity as EU citizens. The paper is based on a mixed qualitative and quantitative approach. Starting from an analysis of official data regarding migration flows into Italy and various accounts of migration management in the country it will continue with a review of internal and EU legislation to determine the fit of the 'security package' with the European framework. In addition, semi-structured interviews with migration experts and policy makers acquainted with the crisis have helped the author paint a more vivid picture of the implications of this national crisis on the wider European scene.

## II. EXPLAINING MOBILITY

### 1. The EU Legislative Framework for the Freedom of Movement

Much of the debate on modern migration has been built around a state-centred perspective, which deems the migrant as a 'threat' to the status-quo (Joppke 1998). From here stem two distinct views on migration: one concerned with immigration and the policies that regulate the entry and stay of migrants; and the second focusing on the immigrants, or rather their integration in host societies once they are within the borders of the polity (in Lahav and Guiraudon 2006: 203). Or, as Sasse and Thielemann frame it, there is a tension between a security-based and a rights-based approach (2005). Recently, new perspectives are challenging the traditional stance, by invoking 'transnational' (Faist 2000) and 'post-national' trends and identities (Soysal 1994) as a result of globalization and accompanying phenomena (see also Sassen 1996). The integration logic of the EU follows to a certain extent on this trail and introduces the concept of intra-EU mover, a hybrid, 'tertium genus in-between internal and international migrants' (Recchi 2006: 4). A distinction is made between the internal migrant and the third-country national and while the EU migration approach towards TCNs is still quite blurry, the legal status of internal migrants is solidly established. It is this framework of inner mobility that I will try to present shortly in the following section. Freedom of movement will be regarded from the

wider perspective of European citizenship and not as work migration.

Abolishing obstacles to internal migration in the Union has been a goal of the EU Treaties starting with the '50s (Barnard 2007: 249). Freedom of movement was initially meant to support work migrants and had a clear economic rationale in aiding the single market integration. Secondary legislation has moved gradually to enlarge the scope of this freedom to other categories of persons in the Union, such as students or retired people (see for example the three Residence Directives adopted by the Commission in 1990). It is only with the adoption of the Maastricht Treaty and the formalization of a European citizenship that the freedom to move and reside freely is granted as a political right to all citizens of Member States, whether economically active or not (Craig and de Burca 2008).

Moreover, in 2004, the Directive 2004/38/EC, also called the 'Citizens' Directive' has been adopted to create 'a single legal regime for free movement and residence in the context of citizenship of the Union while maintaining the acquired rights of workers' (Craig and de Burca 2008: 870). According to the Directive citizens of the Union may reside in any country of the EU for a period of three months without being subjected to any formalities. States may ask for additional conditions from citizens wishing to reside for more than three months: individuals and their family members need to be engaged in economic activity; or have sufficient means and sickness insurance; or be enrolled at a private or public establishment, have comprehensive sickness insurance cover and are self-sufficient in order to avoid becoming a burden on the social assistance system of the host member state.

As long as residents do not become an unreasonable burden for the state's welfare system, they should not be expelled (Kostakopoulou 2008: 292). The only grounds for restrictive actions may be public policy, public security and public health. Any such barriers to the freedom of movement should however comply with the principle of proportionality, meaning that the action is appropriate to the goal that needs to be achieved and that there is no other less intrusive action that can be taken to reach that goal (Barnard 2007: 81). It should also be based on the personal conduct of the individual concerned, if indeed he or she represents 'a gen-

uine, present and sufficiently serious threat affecting one of the fundamental interests of society' (Art. 27) (Merlino 2009: 18).

Within the scope of the Directive, foreign nationals enjoy equal rights with the locals and discrimination on grounds of nationality is prohibited. In a nutshell, this means that EU nationals 'should be able to exercise their rights to free movement without impediments imposed by additional regulations adopted by other member states' (Kostakopoulou 2008: 288).

## 2. Freedom of Movement post 2004/7

While the right to move and reside freely in the Union is fully applicable for members in recent accession countries, the freedom of work was temporarily restricted to respond to member state fears that their labour markets would be flooded with immigrant workers from the East (Craig and de Burca 2008: 788). The two-three-two formula allowed 'old' Member States to restrict access on their labour markets for workers from the eight new entrants (with the exception of Malta and Cyprus) for a period of up to seven years. In 2004 only three states opened their labour markets: Ireland, the UK and Sweden. Currently eleven out of fifteen countries had opened their markets, while the rest maintained more or less simplified measures. On 30th April 2009, the transitional agreements for the EU-8 should end, unless special disturbances of Member State labour markets will prevent this.

After 2007, when Romania and Bulgaria entered the Union ten out of the twenty-five States opened their labour markets, while the other chose to maintain some restrictions. Currently, fourteen of the EU-25 Member States have opened their labour markets completely to the last two entrants<sup>1</sup>.

Current impact evaluations made by the Commission  $\zeta$ COM(2008)765 final $\zeta$  show that most work migrants from the EU-8 have preferred the UK and Germany as a destination, whereas the two later entrants have rather gone to Spain and Italy, which absorbed 50% and 25% respectively of the Romanian and Bulgarian migrants. Overall, the number of Bulgarian and Romanian citizens resident in the EU-25 increased from around 690 000 at the end of 2003 to about 1.8 million at the end of 2007. As the Commission points out, this process

<sup>1</sup> The initial countries that had opened their markets were the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Poland, Slovenia, Slovakia, Finland and Sweden. They were followed by Spain, Greece, Hungary and Portugal as of 1 January 2009. See DG Employment, Social Affairs and Equal Opportunities website.

started well before the 2007 accession (COM(2008)765 final: 5). Also, it appears that 'in almost all Member States the number of recent arrivals from non-EU countries exceeds the number of newcomers from other EU Member States' (ibid: 6). Even after the Eastern enlargement, intra-EU mobility remains low relative to other regions<sup>2</sup>.

### III. ACCOMODATING MIGRATION

#### 1. Modern (Im)Migration To Italy

Italy shares to a great extent the common traits of the Mediterranean immigration regime (Baldwin-Edwards 1997). It is a recent country of immigration, still building up the institutional structures necessary to manage the progressive inflows of migrants and has a tendency to criminalize and, as Agrela (2002) puts it, to 'electoralize' immigration. Northern European countries, on the other hand, have been faced with a phenomenon of a somewhat different nature, predominantly starting in the post-war and post-colonial era. In Adrian Favell's words, 'Italy's recent encounter with immigration has been much more raw, and much less mediated by this kind of colonial familiarity' (Favell 2002 : 5).

After being for decades a country of emigration, starting with the '70s Italy has reversed its status to become at present a 'net importer' of migrants (ERRC 2008: 11). Immigration rates have increased progressively in the last decades and quite spectacularly in the most recent years. The numbers say it all: in 1991 there were 350 000 foreign residents. Their numbers increased more than three times in a decade and again doubled over a period of only five years (ISTAT 2007: 2). Finally, in 2008 there were officially 3.5 million foreigners in the country, a 5.8% of the total population (ISTAT 2008: 16). The increase in 2007 alone has been remarkable: 454 000 new residents have been registered, a doubling of the 2006 rates and the biggest absolute value ever in the country (ibid). Currently, in terms of immigration rates Italy is surpassed by Spain alone (which received in 2007 a number of 685 000 new persons) thus being one of the two most sought after immigrant destinations in the EU 27 (ISTAT 2008: 16).

**Table 1. Number of Foreign Residents (1000)**

Year	1951	1971	1991	2001	2006	2008
Residents (approx.)	50	120	350	1 300	2 300	3 500

Sources: ISTAT 2007, 2008

One in four foreign residents live in Lombardia, with the North-West of the country registering the greatest immigrant presence (36%) (ISTAT 2008: 16). The formerly varied migrant population is becoming now more homogenous (Recchi et al. 2003: 21). About half the foreign residents in 2007 were represented by five nationalities: Romanians (640 000 persons), followed by Albanians (400 000), Moroccans (370 000), Chinese (160 000) and finally Ukrainians (135 000) (ISTAT 2008: 16). A new development is the arrival of Polish migrants, currently reaching a number of about 100 000- but the most spectacular is the progression of the Romanian migration, which doubled in the span of two years: 300 000 new arrivals in 2006 and 2007 (Caritas Migrantes 2008: 1).

The increase in the Eastern European rates is quite possibly due to the recent EU enlargement, considering that Italy has chosen to open its labour market to the newcomers, but also viewing that other potential destination countries in Europe still hold their restrictions. In fact together with Spain Italy has been the main destination of the EU-2 enlargement in 2007 (Secretaría de Estado de Inmigración y Emigración). However, other essential factors should be considered: in the case of the Romanian community the linguistic and cultural similarities are likely to have made Italy a more appealing destination. The high tolerance for illegality also increases the level of attractiveness (Jeler 2006). The networking factor could stand as a reason for the perpetuation of the migration, viewing that 60% of migrants after 2001 used the help of friends and family to reach Italy and get established there (Sandu 2006: 22). The Romanian immigrant community in Italy is surpassed only by that of Spain, where the Romanians number about 715 000 out of the country's 4.4 mil foreigners (Secretaría de Estado de Inmigración y Emigración).

Italy draws heavily on immigrant work. The need for immigrants seems to be agreed upon widely, by authorities and the public (Chaloff 2005),

<sup>2</sup> Cross-border migration in 2005 reached barely 4% on a European level, whereas only 18% of Europeans had ever moved outside their region. Compared with the impressive 32% figures of cross-state movers in the US, these numbers appear low. Of course, one should take into consideration the different transaction costs of moving abroad in the EU, non-existent in a culturally and linguistically homogenous US (Fouarge 2006).



especially on account of structural unemployment and the transformations of the traditional labour market with the increased participation of women. In a typical dual market theory scenario (see Hagen-Zanker 2008), migrants lead the 3-D jobs (dirty, dangerous and difficult), or, in the Italian version, the 5Ps (pesanti, precari, pericolosi, poco pagato, penalizzati socialmente: taxing, precarious, dangerous, poorly paid, socially penalised) (Chaloff 2005: 2). Figures show that in 2007 remittances of immigrants from Italy have counted 6 mil euros and revenues have reached an important 3.750 billion euros (Caritas Migrantes 2008: 3). The Romanian immigrants account for 1.2% of the Italian GDP (Caritas Italiana 2008).

Italy has the second biggest underground sector in Europe after Greece (Gonzalez-Enriquez 2009: 6). The shadow economy is mainly fed by clandestines- about 40% of all its workers (Chaloff 2005: 5) and counts as an important explaining factor for the considerable number of illegal immigrants that the country attracts (Reyneri 2003 in Chaloff 2005: 5). Most irregular migrants in 2005 according to Blangiardo were Romanian (aprox 17%), followed by Albanians (12%) and Moroccans (11%) (Fasani 2008). In what regards the Romanian clandestine presence abroad Italy is the second largest country, with bigger illegal rates to be found only in Turkey (Sandu 2006: 36).

One significant problem of the immigrants in Italy, and especially of the undocumented ones, is linked to housing. Most end up at the peripheries of the cities, in precarious conditions. This can be explained among other things by the lack of social housing; by the cumbersome administrative requirements for renting out, together with the generally overcrowded and expensive rental market (Froy 2006); but also through manipulation from landlords and estate agencies<sup>3</sup> (Strati 2006). A particular case is that of the Roma and Sinti, who have been traditionally concerned with segregation in the urban periphery, despite some successful local examples for improving their situation (ibid.).

The media maintains a discourse of poverty and crime in relation to migrants (Chaloff 2005). Daily snapshots of irregulars reinforce the feeling of 'invasion' (Chaloff 2005: 2) and the image of the migrant involved in the menial, dirty jobs (Del Boca and Venturini 2003). Certain reactions to immigrant inflows seem to be recurrent: just as with the

Romanian group at present, the massive Albanian migration flows in the mid-'90s created a stir in the media and the public opinion and reflected a feeling of decreased security. As Martin describes it 'the anti-Albanian prejudice has grown steadily, fuelled by the concentration of the media on a marginal but quite visible criminal minority' (2003: 1).

## 2. Immigrants and Crime

The question of immigration has been highly associated to crime. Over the past years the percentage of foreigners in Italian prisons has increased- from 16% in 1991, to 28% in 1996 (Jamieson and Sily 1998: 14) and to 36% in 2007 (Aebi and Delgrande 2007). The rates are higher than the 18% European mean, but comparable to other important EU migration destinations (Aebi and Delgrande 2009).<sup>4</sup> As in other years, current crime rates seem to be high for irregular migrants, while for legal migrants they reach a 2%, close to those of the native Italian population (ISTAT 2008: 18).

The most convicted foreign individuals come from the three largest migrant communities- the Albania, Moroccan and Romanian. The Romanians and Moroccans respectively seem to be the first in most categories of criminal offences. Comprising in 2006 a 12% of the foreign population, the Romanians had a representation in the prison population varying from 15-37%, where the value of 37% was registered in offences related to theft. Albanians, as 11% of migrants, reached up to 20% in certain crime sectors. The same is valid for the Moroccans (10% of population and the highest crime rate is 23%) (Ministry of Interior 2007). As the Caritas report on the Romanian immigration shows, many of the victims of crime are migrants themselves (Caritas Italiana 2008).

Overall figures indicate an over-representation of the Romanian population within the foreign convicted population in certain sectors. This is one aspect that needs an extremely serious analysis from both Romanian and Italian authorities, regarding the causes, the involvement and the real implications of the Romanian 'deviant' element in the broader Italian immigrant context. Even so, this still appears to explain only partially the motivations for the 'security package' and the particularly strict

<sup>3</sup> Interestingly, this treatment is not isolated to foreign newcomers, but had also been applied decades before to the poor, Southern internal migrants (Strati 2006).

<sup>4</sup> Spain for example had a 32% foreign prison population, Germany 26%, France 19%, Belgium 42%. (Aebi and Delgrande 2009)

measures currently affecting the entire migrant population in the country.

Also, several observations need to be made in relation to immigrant-committed crime. As shown in the literature concerned with the relation between immigration and crime, numbers alone may not show the entire story. As Jamieson and Sily point out in an analysis of the Albanian immigration wave in the mid-90s, even if 'immigrant populations are statistically over-represented in crime relative to their official proportion in the overall population, it does not automatically follow that they are more active in crime' (1998: 14). A series of factors may intervene that need close attention: that crimes committed by foreigners may be reported more often; immigrants themselves due to somatic or linguistic characteristics may be more easily distinguishable, leading to higher reporting and arrest rates; the overall treatment of police towards immigrants should also be accounted for (Jamieson and Sily 1998: 14). Whether such arguments currently apply to the Romanian community in Italy remains to be verified- no such analysis has been yet publicized. Such factors however make the story of immigrant crime far more complicated than it has so far been presented in the media.

### 3. Regulating Migration

While generally the Italian immigration fits in the Mediterranean model, there are at least two traits that stand out: the political inconsistency and the recurrent use of the emergency paradigm. They also partially explain the persistence of some of the problems affecting immigrants and society as a whole, such as high levels of illegality, limited access to rights and services, the integration of newcomers.

Considering the lack of success in establishing effective legal flows of entry, most of the migration management until now has been done through 'remedial actions' (Sciortino 2009: 3). Governmental emergency ordinances have been used heavily to respond to the vastly unregulated nature of migration and the great immigrant flows, generally described as 'emergencies'. As a result, regularisations have been an integral part of immigration policies, have repeated at an interval of roughly four years (Chaloff 2005: 4) and have been presented by each administration as an exceptional measure, the last to be of amnesty programs.

Caught by surprise by the increasing number of migrants, Italy had its first attempt at regulating the phenomenon in 1986. At the end of the decade, as migration became more widespread, the Martelli Law (Law 39/ 1990) introduced a more structured vision and supported the control of migration through the planning of incoming flows (Chaloff 2005). Six years later, in full Albanian migration, the centre-left government proposed the Turco-Napolitano law, which promoted a more coherent approach and tried to combine security and social integration issues (Strati 2006: 16). As Zincone shows, the law was based on two main goals of integration policies- a low conflict interaction between nationals and immigrant minorities, and the respect of immigrants' personal integrity. The law sought to achieve them through safety and security measures meant to reassure Italian citizens; pluralism and communication measures meant to produce mutual respect and understanding; and finally the assurance of full and, respectively, basic rights for legal and undocumented migrants (2006: 2)

The later Bossi- Fini law (Law 189/ 2002), adopted under a new, centre-right government came with a more moderate social approach and emphasised instead the idea of immigration as a threat (Strati 2006: 19). Among other things, the permit to stay was tied to the residence contract, effectively linking the proof of housing with labour contracts; all non-EU migrants who wished to remain on the territory of the country needed to be fingerprinted (Serban and Stoica 2007: 78). The law also provided for an important regularization, granting legal status to about 700 000 people- one of the biggest of its kind. Overall, the law provoked some controversy and even received important criticism from state institutions. The Italian Constitutional Court reacted against the norm concerning the expulsion of immigrants which, being based on an accusation and not on a full proof of guilt, was said to be in contrast with the Italian Constitution (Strati 2006: 19).

A new turn of government brought a shift in the approach. Starting with 2006, the Prodi cabinet favoured social integration policies, focusing on various categories of people, including migrants (Strati 2006: 2). The government also announced legislation that would end the 'emergency paradigm' (Chaloff 2005: 1) and special measures such as a national fund for Immigrants, meant at establishing their basic rights and access to services (an impor-

tant aspect in this strategy would have referred to the housing problems) (Strati 2006: 24).

#### IV. THE 'SECURITY PACKAGE'

##### 1. The Background of the 'Security Package'

The increase in the number of immigrants had also triggered some restrictive policy reactions in Italy during the Prodi government. In November 2006 the so-called 'Pacts of Security' made arrangements connected to nomad camps in 14 Italian cities and signalled the emerging concern regarding immigration (ERRC 2008). Following the Reggiani murder in 2007 and the renewed attention this brought to the security-immigration nexus, the Italian government issued a decree that allowed local officials to expel EU citizens considered to pose a threat, on grounds of public security (Law Decree 181/2007). A more drastic legislative turn was however visible after the elections in spring 2008.

The elections, won by centre-right coalition of the Popolo della Libert  (People of Freedom) brought important transformations to the Italian political scene. The leftist, pro-migrant, coalition-the Sinistra Arcobaleno or the Rainbow Left- did not meet the Parliamentary threshold, which meant the disappearance of socialist and communist parties from Parliament for the first time after 1946 (Merlino 2009). The Union of Christian and Centre Democrats was also not included in the government.

Much of the success of this right-wing alliance has been attributed to its intensive campaigning during elections on the theme of 'insecuritisation' of the phenomenon of immigration (see Palidda 2009 in Merlino 2009: 2). The shift from a centre-left to a solid centre-right government has marked 'a clear turn (or 'coming back') towards exclusionary policies in the fields of human mobility and diversity' (Merlino 2009). Migration legislation could be passed by the Berlusconi government without facing significant opposition either within the coalition or within Parliament (ibid).

Thus, five days after receiving its vote of confidence from the Parliament, the Berlusconi government went to fulfil one of its major campaign promises- tackling immigrant crime- and adopted the 'security package'.

##### 2. The New Conditions of Entry, Stay and Expulsion

The package consists of several laws and legislative decrees which refer to public safety and modify national legislation transposing EU law on freedom of movement of citizens of EU Member States, as well as family reunion and refugee laws. The package has been a legal reflection of the authorities' determination to control immigration and especially illegal immigration, with a focus on the Roma-inhabited settlements at the outskirts of Italian cities.

**Table 2. The Security Package proposed by the Council of Ministers, 21st May 2008**

- Law Decree (Decreto Legge) No. 92 on 'Urgent measures in the field of public security', amended and converted into law by Law No. 125 of 24 July 2008
- Three legislative decrees (Decreto Legislativo) that amend the national legislation transposing Council Directive 2004/38/EC22 on EU citizens' freedom of movement and residence, Directive 2003/86/EC23 on the right to family reunification and Directive 2005/85/EC24 on refugees' status recognition procedures
- A governmental draft law26 on 'Provisions in the field of public security' (Act of Senate No. 733)
- A decree of the president of the Council of Ministers declaring the state of emergency in relation to the settlements of nomadic communities in the regions of Campania, Latium and Lombardy

Source: Merlino (2009)

Several modifications are made to the Italian Penal Code. Illegal immigration becomes a crime, punishable with imprisonment from six months to four years. The status of irregular immigrant also becomes an 'aggravating circumstance', making a convicted individual with an irregular status likely to receive a sentence three times longer than that of regular Italian individuals having committed the same crime (Merlino 2009: 20). In addition, the new Penal Code now allows for the automatic expulsion of EU citizens convicted to sentences of more than two years (previous conditions referred

to third country nationals alone and to a threshold of ten year convictions for allowing expulsion).

Proof of sufficient means and adequate housing conditions are also required from EU citizens wishing to reside in Italy for more than three months. A more recent plan announced by Interior Minister Maroni stipulates a minimum threshold for this condition, stating that citizens living in nomad camps (including Romanian Roma) who do not have the minimum income<sup>5</sup> and the minimum standard of housing conditions will face expulsion (Merlino 2009: 9). Also, failure to register with the authorities or to request the residence permit is considered per se an 'imperative reason of security' which could result in denying right of residence.

### 3. The State of Emergency

The exceptional legal situation declared by the Council of Ministers is based on Italian legislation, which allows for a state of emergency to be called 'in case of natural calamities, catastrophes or other events that according to their intensity and reach need to be faced by extraordinary powers and means' (see Merlino 2009: 10). The current emergency is linked by the authorities to 'the extremely critical situation generated by the presence of numerous irregular and nomad foreigners who are permanently installed in the urban areas'. It is stated that 'the precariousness of those camps has caused situations of serious social alarm among the local populations' (Merlino 2009: 11).

In order to tackle the situation, the 'security package' confers mayors wide competences and the function of 'commissioners' of the government, allowing them to adopt 'urgent regulations for security reasons' (Art. 6 of Law No. 92). Furthermore, the package provides for the deployment of the Army in order to ensure public security.

## V. THE AFTERMATH OF THE 'SECURITY PACKAGE'

### 1. Effects

In the period since the adoption of the 'security package' official actions have been quite intense. Making use of the new competencies awarded to them, several mayors have conducted censuses in Roma camps from Milan, Naples and Rome, photographing and fingerprinting inhabitants- as well as requesting data on ethnicity and religion. Furthermore, 3000 soldiers were deployed across the country to survey the Centres of Identification and Expulsion, and to support prefects in several Italian cities with patrol and surveillance activities (Merlino 2009: 34).

According to data of the Romanian Ministry of Interior, until December 2008 a number of 724 expulsion decrees were signed for Romanian citizens, three times as many as in the previous year, when their number had reached 214. Among these 95 were motivated by public security reasons and the respective citizens were sent to Romania on an emergency basis, with a plane. For 211 individuals expulsion orders allowed for periods of 10, 20, 30 and 31 days respectively for leaving the country and some of the decrees were invalidated by Italian judges (source Corneliu Alexandru, interview 19th December 2008). The Italian media reports that in the first two months of 2009 already 3000 clandestine persons (Romanian included) have been deported, in what seems to be an even tougher resolution of the authorities to remove undocumented migrants (Adnkronos 2009).

In addition, activists visiting Roma settlements signalled an increase in police raids as well as police abuse, in both illegal and legal camps. About one third of all Roma camps in Italy are said to have been dismantled by the beginning of 2009 (Cerino 2009), in many cases without authorities having provided alternative housing for their inhabitants (ERRC 2008).

Throughout 2008 and 2009 media reports also signalled on several instances street attacks and public demonstrations against Romanian citizens and a series of violent civilian and vigilante-led actions targeted Roma camps. In one of the most brutal, the Roma settlement at Ponticelli near

<sup>5</sup> The minimum income is set at €5,061 per capita, €10,123 for a family of up to three persons and €15,185 for families composed of four or more members. See Merlino (2009: 9).

Naples was set on fire by unknown persons, leading to the evacuation of about 800 people (ERRC 2008).

## 2. Reactions to the Package

The 'security package' has been met with intense criticism by various actors and institutions.

### a. European and International levels

The European Parliament had strong interventions, followed by a somewhat slower and more ambiguous response of the European Commission.<sup>6</sup> A resolution of the European Parliament in November 2007 [P6\_TA(2007)0534] in reaction to the measures adopted in Rome urged the Commission to make an exhaustive assessment of the implementation of Directive 2004/38 by the Member States. In an official statement meant to clarify the application of the Directive the Vice-President Frattini underlined that 'whilst the Commission is not prepared to tolerate any form of discrimination or intolerance of EU citizens, it will equally support Member States who lawfully protect citizens - whether their own nationals or citizens of the Union more generally' (2007). His declaration in fact re-iterates the 'rights versus 'security' controversy that frames the later discussion around the 'security package' and about mobility in general.

Following the developments in Rome and the adoption of the 'security package' in 2008, the debate in the European Parliament continued, together with negotiations between the Commission and Italy. The official reactions of the Commission also became stricter. In a statement in front of the Parliament Commissioner Spidla called for the respect of Romanians' rights as EU citizens (Spidla 2008). Furthermore, in a Declaration on the 'security package' in September 2008, Jacques Barrot pointed out to the incompatibility of the decrees with EU law and called for the reach of a rapid solution under Community norms. In contrary terms, he added, the Commission would begin the infringement procedure (Barrot 2008). Until present, this step has not been taken.

On the domestic scene, Italian actors reacted on both sides of the story. In a declaration for the

Repubblica, Giuliano Amato, the Interior Minister, pointed out that the Free Movement Directive was 'insufficient' for managing large-scale migration from new member states and that the Government's decree was necessary 'to prevent the tiger of xenophobia, the beast of racism, from breaking out of the cage' (openeurope.com 2007).

On the other side, officials such as Nello Rossi, the head of Italy's National Magistrates Association pointed to the incompatibility between the national package and national as well as EU legislation (ibid.).

Other European Member States have also intervened. Spanish deputy prime-minister Maria Teresa Fernández de la Vega sparked tensions between the two Mediterranean governments when vehemently opposing the approach of the Italian government (Euractiv 20th May 2008).

Some reactions in the UK, another important migrant destination, have been swift: one official declared to the media back in 2007, regarding the support offered by the Commission to the actions in Italy that 'If the European Commission has ruled that it is perfectly acceptable to kick out people the police suspect are up to no good, then our Government needs to follow Italy's lead and introduce it here.' (Drury and Pisa 2007). In 2008 the UK has also presented official proposals to the European Council regarding the implementation of the Directive 2004/38, underlining that Member States should continue 'to take a robust approach to those who break the laws of their host country by expelling persons involved in violent or sexual assaults, drug trafficking, burglary and other such crimes'(Council doc. 15903/08).<sup>7</sup>

The debate around the Italian package focused extensively on the treatment of the Roma in Italy and the EU. In a widely cited article, the vice-president of the Italian Senate, Emma Bonino, together with Dutch MEP Jan Marinus Wiersma and director of the Open Society Institute Brussels Andre Wilkens react to the events at Ponticelli and point out to the negative potential of the actions against the Roma as a precedent in Europe. In the wording of the article 'Social exclusion travels. [...] It would be bad news for Europe if the approach of the Italian government towards Roma - exclusion and expulsion - were to become the standard' (Bonino et al. 2008).

<sup>6</sup> See also reactions from the Fundamental Rights Agency and the Council of Europe (CommDH(2008)18), the ERRC and a multitude of other national and international civil society actors.

<sup>7</sup> See also Steve Peers: The UK proposals on EU free movement law: an attack on the rule of law and EU fundamental freedoms. Statewatch Analysis.

There has been indeed an increase of visibility of the Roma issue since 2007- as such, several European Councils have included debates on the situation of Roma in Europe on their agenda (the European Councils in December 2007 and 2008). Even more, a special European Roma Summit was organized in September 2008, a first action of this kind at a European level.

## b. Bilateral Relations

At diplomatic level the Romanian- Italian relation has been tense. Several high ranking meetings were organized and acid declarations were exchanged throughout the evolution of the events. In a joint initiative of the Prodi and Tariceanu cabinets, the two countries asked the Commission to 'consider a European strategy for the inclusion of Roma, to serve as the basis for new initiatives or to complement existing initiatives' as well as to clarify EU rules on inclusion and on deportation of EU nationals (BBC 2007). Other meetings also took place in 2008 and 2009. The recurrent concerns of the Romanian government were related to the rights of Romanian citizens in Italy, the concentration on a criminal minority and consequent generalization of the negative perception on the entire Romanian community in the country. The Italian government in turn generally asked for a better management of irregular migrants coming from Romania and guarantees for the non-return of convicted persons to Italy (Euractiv 24th February 2009).

A comprehensive package of assistance and integration was created by the Romanian government to support the Romanian citizens in Italy and the Italian authorities in dealing with Romanian wrongdoers (Corneliu Alexandru, interview 19th December 2008) and collaboration between the police and judicial levels of the two countries was intensified.

## VI. ANALYZING THE SECURITY PACKAGE

### 1. Legislative Compatibility Issues

As pointed out by national and international observers, important aspects of the security package go against established EU principles and legislation.

To begin with, the security package gives a much too generous interpretation to the exceptions

governing the right to move and reside freely within the Union, with the effect of facilitating the removal of unwanted persons. The package also introduces more narrow conditions for access, which effectively make entry and residence of EU citizens more difficult.

Expulsion becomes a potential sanction for failing to satisfy administrative requirements such as proof of satisfactory accommodation, which are in fact not provided for by the Directive 2004/38. Automatic expulsions are also possible, and previous imprisonment or irregular status become aggravating circumstances. The Directive 2004/38 clearly states however that all sanctions, including those for administrative failure, need to be proportionate and non-discriminatory (Art. 8) and that decisions of expulsion cannot be automatic, but need to take into consideration personal conduct of every individual, be based on a proven threat to the fundamental interests of society and, in case expulsion measures are in place, allow individuals time and methods for appeal. Moreover, it is clearly stated that that previous imprisonment cannot count as an aggravating circumstance (Art. 27).

Another possible point of concern is that residence on Italian territory is soon to be conditioned by the fulfilment of particular financial stipulations (see the above mentioned plan of expelling citizens that cannot prove minimum income). Since the Directive 2004/38 does not provide clear indications for the notion of self-sufficiency; there is room for interpretation and- like in Italian case- this allows for the adoption of measures that may limit the right of residence of EU citizens and even facilitate their expulsion (EP A6-0186/2009). Such a provision comes in contradiction with the spirit of the Directive 2004/38, as it creates a type of 'census citizenship' and links the completeness of European citizenship to income (see Revelli 2008 in Merlino 2009: 22).

The approach in the 'security package' formalizes a generalized state of exception. In the spirit of the Directive 2004/38, the removal of EU citizens is however seen as an extraordinary measure, a very strict and serious limitation on the freedom of movement of EU citizens. As Guild points out, expulsions need to be the exception that governs free movement (Guild 2001 in Merlino 2009: 27) and states must 'always opt for the administrative measures and procedures that are the least restrictive possible to fundamental freedoms, and in par-

ticular the freedom to move (Carrera 2008 in Merlino 2009:18). The derogation from this practice on grounds of public security or policy 'must be interpreted restrictively and its scope cannot be determined unilaterally by each member state without being subject to control by the institutions of the Community' (Guild 2001 in Merlino 2009:16). Moreover, Art. 4 ECHR explicitly prohibits any form of collective expulsions, whether in the case of Union citizens or TCNs.

Last but not least, data collection measures and treatment of Roma inhabitants of settlements raise questions as to the compatibility of the 'security package' with established principles of EU law and in particular Directive 95/46/EC on the data and Council Directive 2000/43/EC on equal treatment between persons irrespective of racial or ethnic origin. The measures of fingerprinting had not in fact been a novelty. The Bossi- Fini Law already included provisions for using this measure in relation to immigrants. Notwithstanding efficiency or justness questions, what makes its use in the current case problematic is its application to EU citizens and migrants alike, and, maybe more importantly, its discriminatory and abusive implementation (the use of ethnicity questions, the fingerprinting of minors).

According to the Directive 95/46/EC, any personal data needs to be gathered and processed for legitimate and proportionate purposes, and the nature of the data must not be excessive to the goals for which it is collected- evidently not the case with the censuses of Roma settlements.

Before concluding, one last point needs to be made. Throughout the application of the measures, a symbolic and even legislative ambiguity seems to ponder over the status of migrant and internal EU mover. Some of the measures previously meant for third-country nationals (fingerprinting, automatic expulsion, detention in 'Centres for Identification and Expulsion') are now transferred to legislation dealing with EU citizens. What becomes apparent is a tendency of the authorities to ignore or lessen the privileges conferred by EU citizenship and to try to facilitate the removal of unwanted or difficult persons, regardless of their EU rights.

## 2. The Exceptionalism of the Italian Measures

Italy is by no means an exception, and it has not been the only country breaching legal provisions related to freedom of movement. The latest moni-

toring report on the implementation of the Directive 2004/38 shows the reluctance of many states to apply it and the failure of most to do so correctly.

There have been 1800 individual complaints, 40 questions from Parliament, 33 petitions and 5 infringement proceedings for incorrect application of Directive 2004/38/EC (EP A6-0186/2009). Much like in Italy, in the past two years, EU citizens have been detained in centres of illegal immigrants together with non-EU citizens, in Belgium; before approving residence, Greek authorities ask for documents not stipulated for in the Directive (the criminal record); and special ID cards and residence cards are issued for foreign residence in several MS.

A study of ECAS in 2009 suggests that, among other factors, it is also the insufficient involvement of the Commission that has influenced the delays and incorrect application of the Directive in national legislations. The Study concludes that not enough time and money resources have been invested in the preparation phase and that the Commission's delay to publish guidelines in the implementation of the Directive also accounts for some of the incorrect or ambiguous interpretations at national levels (ECAS 2009).

Even so, the Italian 'security package' seems to impose itself by the magnitude of its exceptional approach. The crack down on crime paradigm has allowed for the use of disproportionate and discriminatory measures that have affected and are likely to affect in the future large numbers of individuals. Furthermore, what is remarkable is the extent of the politization of the immigration debate and of the outward official support for discriminatory measures.

On a backdrop of increased concern regarding immigration and considering the overall approach towards immigration, the brutal death of Giovanna Reggiani became the 'wrong murder at the wrong time', as Italian lawyer Stefano Maffei called it (Angelescu 2008: 2). This then triggered a chain of public and media reactions, which, favoured by the political setting, went beyond the usual 'emergency' situations characterizing previous immigration reactions.

In this context, what the Italian authorities seemed to be doing was to tackle a serious and complex issue with short-term, discriminatory and disproportionate measures. Judging by the effects and reactions it triggered, the 'security package' has been until now the most controversial acts of migra-

tion management in the country. Moreover, one year into home, EU and international criticism, 'the degree of exceptionalism emerging from the current Italian status quo is expanding' (Merlino 2009:2).

As Merlino rightly points out, no real action has been taken to correct for these measures, and even more, new restrictive legislation proposed by the Northern League has been approved by the Senate and is waiting the decision of the Chamber of Deputies. The amendments made to the initial draft law for public security now include demands for doctors to report on illegal immigrants to national authorities, raise taxes for residence permits to an interval from 80- 200 euros and allows for citizen patrols to complement formal security actions (Merlino 2009: 1).

## VII. PRESERVING THE FREEDOM OF MOVEMENT IN THE EU. CONCLUSIONS AND RECOMMENDATIONS.

In Rome, in 1957, it was Italy that convinced other reluctant states to insert provisions regarding the free movement of persons in the text of the Treaty, in order to enhance for the mobility of its workers (Favell 2003). It should be ironic that it is here where such an unprecedented breach of this right has taken place.

It is difficult to project the long-term consequences of the present package for the management of migration and the integration of the millions of migrants that Italy so needs at present. Its effects are not simply of a legislative, but also of a symbolic nature and the current policies might have set back a process of migrant integration that Italy may need to face sooner than it wants to. Ironically the Romanians might be one of the groups with the greatest potential to be integrated: lower transaction costs- the similarities in language and culture- could mean a lesser need for state or other institutional structures to invest in integration measures!

While the underlying causes of the crisis can be found in the straining inflow of migrants and the previous record of immigration management, the escalation of the immigration issue seems to be rather the result of political and media framing of this current challenge facing Italian society. Thus,

before being able to deal with the substantive issues regarding its new status as immigration country or the integration of Roma, the first step that needs to be taken by the authorities is to remove the unlawful obstacles to mobility and switch the official approach towards a more balanced discourse and a more realistic evaluation of the current migration situation.

Furthermore, the measures adopted by the Italian authorities since 2008 mark a return to a type of security-oriented management of migration that seemed forgone within the common market logic. As such, they shed light on some of the inner challenges of the migration regime of the country, as well as being reflective of the problematique created by the recent Eastern enlargement. There are many levels of analysis and important questions to be asked related to the effects of the East-West migration, the management of immigration and in particular of irregular immigration in Europe, the precarious and discriminated situation of Roma in the continent. These are all essential matters to be tackled in order to further consolidate the EU 27 and it is precisely for these reasons that responsible and sustainable mechanisms need to be created.

Considering its function as guardian of EU principles and Treaties, the Commission should play an active role in restoring the legal order that has been broken with the broken by the 'security package'. The Commission's interventions have been essential in preventing an escalation of the situation. However, as Italian authorities are moving towards further restrictive measures and have not yet withdrawn the problematic pieces, there may be a need for further action on EU level. The message that the Commission transmits will be important not only to clarify the situation of EU migrants in Italy, but also to avoid the recent events from becoming a precedent for further unilateral action of Member States.

There are several goals that the Commission should aim at in the following period. Of immediate attention is reviewing and potentially sanctioning<sup>8</sup> any pieces of legislation that are not in conformity with EU law. Secondly, any loopholes in the text of the Directive 2004/38 should be corrected. Responding to calls of the EP (A6-0186/2009) and

<sup>8</sup> In the case of breach in EU law, Article 226 states: 'If the Commission considers that a Member State has failed to fulfil an obligation under this Treaty, it shall deliver a reasoned opinion on the matter after giving the State concerned the opportunity to submit its observations. If the State concerned does not comply with the opinion within the period laid down by the Commission, the latter may bring the matter before the Court of Justice.'; Art 228(1) further provides that: 'If the Court of Justice finds that a Member State has failed to fulfil an obligation under this Treaty, the State shall be required to take the necessary measures to comply with the judgment of the Court of Justice.'



other observers, the Commission should develop guidelines to ensure a uniform interpretation of the categories of 'public policy', 'public security' and 'public health' and to clarify conditions for denying the right to move and reside freely, including those referring to grounds for expulsion, and the minimum amount regarded as 'sufficient resources' under the Directive 38/2004.

Thirdly, the Commission should continue monitoring and enforcing the correct implementation of legislation pertaining to freedom of movement in the Member States. To this purpose the EC should request periodic reports from Member States about the implementation of freedom of movement legislation; possibly also establish an expert group with the aim of supporting the implementation of the freedom of movement legislation by collecting information and best practice data. Last but not least, it should strongly encourage the inclusion of immigrant integration policies and special integration policies regarding the Roma in national strategies for social inclusion and social protection through the Open Method of Coordination.

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### Annex: List of interviews

I want to kindly thank my interviewees for their generous time and answers:

- Corneliu Alexandru, Ministry of Internal Affairs, Director General. Interview 19th December 2008.
- Francesco Calogero. Permanent Representation of Italy Brussels. Justice and Home Affairs Coordinator. Interview 23rd February 2009.
- Mark David OSI Brussels. Interview, 24th February 2009.
- Bernd Hemmingway. Regional Representative IOM Brussels, Interview 20th February 2009.
- Michele Lombardi. Italian State Police, Immigration Office. E-mail exchange 6th April 2009
- Bogdan Marinescu. Permanent Representation of Romania to the EU. Minister Councillor. Head of Justice and Home Affairs Unit. Interview 3rd February 2009.
- Dana Spinant. European Voice, Editor. Interview 27th February 2009
- Kristof Tamas. European Commission, DG Justice, Freedom and Security. Interview 25th February 2009.
- Andrei B. Tarnea. Romanian Information Centre in Brussels, Director. Interview 20th February 2009.



# The Failure to Restore the Monarchy in Post-Communist Bulgaria

Rossen Vassilev\*

## Abstract:

This article deals with the heated debate in Bulgaria on restoring a monarchy that in the pre-Communist past was seen as a major obstacle to constitutionalism and democracy. It will examine the evolution and outcome of this divisive constitutional issue fragmenting Bulgaria's political consensus during the painfully long transition. This article will also address the question of why post-Communist Bulgaria has failed to bring back the monarchy abolished by a Communist-ordered referendum in 1946, even as the post-Communist political elite remained for so long deeply divided about how to settle this critical constitutional question.

## Keywords:

Bulgaria, Simeon II of Saxe-Coburg-Gotha, Turnovo Constitution, Dertliev Constitution, Zheliu Zhelev

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## Introduction

Despite sharp elite disagreements about the timing and nature of the constituent process, Bulgaria was the first country in post-Communist Europe to reach a constitutional settlement, setting this southeast European nation on a rocky course of political and economic reforms. Under its new constitution, adopted on 12 July 1991, Bulgaria is a parliamentary republic in which all legislative power is vested in a unicameral National Assembly, consisting of 240 deputies elected for four years by universal adult suffrage. The President of the Republic is a largely ceremonial head of state who is directly elected by the voters to a five-year term and can serve only two consecutive terms in office. The Council of Ministers, the highest organ of the executive branch, is approved by and responsible to the National Assembly. The Council is headed by a Prime Minister elected by the legislative majority. The judiciary is constitutionally independent from the executive and legislative branches of government. Its top bodies are a Supreme Court, the highest court of appeals in the country, and a Constitutional Court with powers of judicial review.

But the adoption of a new constitution was accompanied by serious political opposition and heated controversy. There was strong resistance by many members of the anti-Communist minority in the constituent Grand National Assembly (GNA), who did not want the new fundamental law to be shaped by what they called the "temporary majority" of the ex-Communist Bulgarian Socialist Party (BSP). They called for early dissolution of the constitution-writing Assembly popularly elected in June 1990 and the holding of a new GNA election. The monarchists within the oppositional and fervently anti-Communist Union of Democratic Forces (SDS) alliance rejected the new basic charter because it retained the republican form of government, while they preferred a return to the Turnovo Constitution of 1879, which had declared Bulgaria a constitutional kingdom. They believed that new elections could produce a constituent Assembly more favorable to the idea of reinstating the monarchy, which had been abolished in 1946.

However, the two largest SDS member par-

ties, the Bulgarian Social Democratic Party (BSP) and the Bulgarian Agrarian National Union (BZNS)-Nikola Petkov, announced the formation of a splinter faction, the SDS-Center, which opposed the attempts of the "rightist and monarchist forces" to divert the GNA from its constitutional work.<sup>1</sup> The new coalition was particularly critical of "the emerging monarchist right wing" in the SDS,<sup>2</sup> declaring that "it would be a crime to demand the dissolving of parliament before it has adopted the constitution."<sup>3</sup> The SDS-Center leaders were convinced that the parties calling for the dissolution of the GNA before the adoption of the new constitution were directly manipulated by the Madrid-based King Simeon II of Saxe-Coburg-Gotha and that their ultimate goal was the restoration of the monarchy and the enthronement of the exiled monarch. Other centrist SDS member parties formed another splinter group, the SDS-Liberals, which declared its support for the pro-republican stand of the SDS-Center. The anti-Communist opposition had in effect become split between opposing factions with conflicting views about the nature of the new constitution and whether Bulgaria should have a republican or monarchical form of government.<sup>4</sup> The republican-versus-monarchist division added a major new dimension to the country's ideological cleavages and deep partisan animosities.

The controversial attempt by radical SDS deputies to disrupt the constituent work of the GNA—first by a parliamentary walkout and then by a last-minute hunger strike—failed, but the divisive republic-versus-monarchy issue remained open-ended for a long time. Some 81 of the 400 GNA deputies did not vote in favor of the 1991 basic law, nor was it subsequently approved in any national referendum. The abstention of the opposing SDS deputies was motivated at least in part by their fundamental opposition to the constitutional clauses defining Bulgaria as a parliamentary republic.

With the adoption of the 1991 constitution, whose amendment clauses (Chapter Nine) make it very difficult to revise the republican form of the Bulgarian government, the restoration of the monarchy seemed like an idea consigned to the past. This was until Simeon II, who had never abdi-

<sup>1</sup> Bulgarian News Agency (BTA) in English, April 17, 1991.

<sup>2</sup> BTA in English, April 10, 1991.

<sup>3</sup> BTA in English, April 17, 1991.

<sup>4</sup> Kjell Engelbrekt, "Bulgaria: Cracks in the Union of Democratic Forces." RFE/RL Report on Eastern Europe 2:20 (May 17, 1991), 1-8.



cated the throne, became the first exiled monarch to return to his post-Communist homeland as a popularly elected head of government. He could not have become a constitutional monarch so easily, given the legislative supermajority that is required to amend the Constitution and the fact that over 80% of Bulgarians say that they are in favor of their country remaining a republic, but in 2001 his chances of returning to the throne looked far better than any of the other would-be monarchs of Central, Eastern or Southeastern Europe.<sup>5</sup>

A constitutional monarchy has not been contemplated as a serious institutional choice for post-Communist Europe's constitutional design despite the fact that many of these transitional countries were monarchies in their pre-Communist past and that seven out of the current members of the European Union (EU)-which Bulgaria joined in 2007-are constitutional monarchies (the United Kingdom, Sweden, Denmark, Spain, Holland, Belgium, and Luxembourg).

Given the total disillusionment of most Bulgarians with the post-Communist parties and politicians, Simeon's chances of regaining the throne appeared to be quite significant in June 2001, when his National Movement for Simeon II (NDSII) unexpectedly won the general election. But his party, which controlled both the national legislature and the cabinet government in 2001-2005 and initially elicited very strong popular support, failed to capitalize on the discontent of the mass public and became embroiled in a series of serious missteps and scandals, which destroyed the credibility of the prime-minister-king and led to his defeat in the June 2005 elections. As a result of that election, NDSII became the junior partner in a three-party coalition cabinet with the Socialists and the ethnic Turk-dominated Movement for Rights and Freedoms (DPS), whose failing policies have further undermined the ex-King's popularity. But what seems to have put an end once and for all to the very idea of restoring the monarchy in post-Communist Bulgaria is, paradoxically enough, the former monarch's own controversial personality and actions.

## The Monarchy-versus-Republic Controversy

There were significant political forces in post-Communist Bulgaria, especially the monarchists and some of the conservative parties, which challenged the present republican form of government as illegitimate and imposed illegally by the Communists. A national referendum held on 8 September 1946 abolished the monarchy in favor of a people's republic, leading to the exile of the Italian-born Queen Joanna of Savoy and her adolescent son, Simeon II, who had been crowned at the age of six in 1943 after the sudden death of his father, King Boris III. Discredited by its subversion of the constitution at home and its wartime alliance with Hitler, the monarchy was genuinely unpopular, but the referendum results were so skewed (85.18% voted for a people's republic and only 3.89% for the monarchy) that fraud was widely suspected.<sup>6</sup>

Soon after the fall of Communist leader Todor Zhivkov on November 10, 1989, monarchist groups began campaigning for the return of Bulgaria's number one political emigre, the exiled former king, and for a plebiscite on whether Bulgaria should be a republic or a monarchy.<sup>7</sup> The prevailing opinion among the anti-Communist parties was that the Communist regime had manipulated the 1946 referendum abolishing the monarchy and many of them rejected the legality of its results. The monarchists and some conservative parties within the oppositional SDS alliance publicly declared their adherence to the Turnovo Constitution of 1879 and demanded the country's reversion to monarchism. Written by Imperial Russia and the other Great Powers at the Berlin Congress of 1878 and modeled on the Belgian constitution of 1830, the Turnovo Constitution defined Bulgaria as a constitutional monarchy, in which the crowned head of state had the limited prerogatives assigned to rulers of constitutional monarchies such as the United Kingdom or Belgium. Constitutionally, principal power in the government resided in a unicameral parliament, the National Assembly. But since the prime minister and the cabinet depended on the monarch's will rather than the confidence of parliament, the National Assembly wielded only nominal power over the executive and had relatively minor influence on government decision-making. Royal

<sup>5</sup> See Rossen Vassilev, "Will Bulgaria Become Monarchy Again?" *Southeast European Politics*, vol. IV, no. 2-3 (November 2003), 157-174.

<sup>6</sup> Plamen Tzvetkov, *A History of the Balkans: A Regional Overview from a Bulgarian Perspective*, vol. 2. San Francisco: Mullen Research University Press, 1993, 295.

<sup>7</sup> See BTA in English, January 17, 1990.

supremacy was aided by a weak legal framework for legislative control over the crown, allowing Simeon's grand-father, the German-born Prince Ferdinand of Saxe-Coburg-Gotha, to establish a strong personal regime and rule autocratically between 1887 and 1918 in spite of the liberal spirit of the constitution<sup>8</sup>.

While its historical record is hardly inspiring, the Turnovo Constitution still presented the post-Communist political elite recruited through the June 1990 founding election with the option of reviving the monarchy. From his exile in Madrid, Simeon was openly encouraging the restoration efforts of the royalist groups by advertising the "advantages" of constitutional monarchy over the parliamentary republic declared by the 1991 constitution:

That the new Constitution has been greeted with mixed feelings-to put it mildly-speaks for itself. I have no degree in constitutional law, so I make no pronouncement, but the Turnovo Constitution is more liberal than this first attempt [of Bulgaria] to become a state of law. Constitutions in any democracy may be amended, so this is the line along which our legislators should proceed. As far as political parties are concerned, the King in a constitutional monarchy can be of exceptional assistance to guarantee and foster political life by acting as a moderator.... Particularly in such a transitional period as this, I feel that no other democratic system can replace the advantages of monarchy, its alternatives, and its elasticity. Theory aside, in my own case I have had Western upbringing...I have the advantage of being related to all the European royal families, and with these connections monarchy in Bulgaria stands an even better chance. National unity, reconciliation, and a new sense of dignity are obvious elements in a constitutional kingdom.... I shall not reiterate the advantages of monarchy, which coincide with what I can achieve, provided my people give me a chance<sup>9</sup>.

From the beginning, the Bulgarian

Communist Party (BKP), later renamed the Socialist Party, was vehemently opposed to the idea of reinstating the abolished monarchy. Not only did the post-Zhivkov Communist cabinet insist on the validity of the 1946 vote, but an official government statement claimed that there was no room for royalist ideas in republican Bulgaria and that the king's ambition for a role in national politics was "unacceptable"<sup>10</sup>.

The stage was set for political confrontation over this major constitutional issue. Bulgaria has been often described as the most favorably inclined to the idea of reinstating the monarchical institution among the countries of post-Communist Europe that were formerly monarchies. Several explanations have been offered for the sudden popularity of the former king<sup>11</sup>. First of all, the Communist regime is believed to have failed in erasing the nation's largely "positive" memory of his father, King Boris III, who died relatively young in August 1943, thus escaping full responsibility for the wartime catastrophe. Simeon II, who had long lived in exile in Madrid, initially made a very favorable impression on the Bulgarian public. Until his final return to Bulgaria in April 2001, he was the only exiled king of an ex-Communist nation to carry a regular travel passport and ID card issued by his country's Communist government. The prestige and popularity of the ex-monarch were also a function of the public's discontent with the disastrous economic downturn, the breakdown of law and order, and the chaotic politics of the transition period<sup>12</sup>. Frustrated with the privations and hardships of the transition, many Bulgarians pinned their hopes on Simeon as a kind of a savior to lead their country out of its desperate socio-economic situation.

Monarchical parties and movements, which were skillfully campaigning for the king's return, gained popularity in the early transition period<sup>13</sup>. Among the other parties, however, opinions on the matter were divided. Supporters of Simeon II pointed to the very constructive role which King Juan Carlos I had played in Spain's democratization as well as to Simeon's own personal qualities as a suc-

<sup>8</sup> See Cyril Black, *The Establishment of Constitutional Government in Bulgaria*. Princeton, NJ: Princeton University Press, 1943; Elena Statelova and Zina Markova, eds. *Spomeni za uchreditelnoto subranie of 1879 godina* [Recollections about the Constituent Assembly of 1879]. Sofia: Otechestven Front Press, 1979.

<sup>9</sup> Interview with Simeon II in Philip Ward, *Bulgarian Voices: Letting the People Speak*. Cambridge and New York: Oleander Press, 1992, 8-9.

<sup>10</sup> BTA in English, February 12, 1990.

<sup>11</sup> Rada Nikolaev, "Bulgaria: The Public Debate over Restoring the Monarchy." RFE/RL Report on Eastern Europe 2:27 (July 5, 1991), 1-5

<sup>12</sup> Ibid..

<sup>13</sup> See Kevin Devlin, "Is There Any Role for Royalty in a Revolution?" RFE/RL Report on Eastern Europe 1:16 (April 20, 1990), 39-44.

successful businessman with very close ties to the Spanish throne and with commendable proficiency in the Bulgarian language. But republicanism also continued to enjoy broad support, not only among the Socialists, but also among the Social Democrats and the Agrarians, two traditionally anti-monarchist parties. Public opinion polls repeatedly indicated that, while the king himself was widely respected, a clear majority of the population was not prepared to welcome back the monarchy as a national institution, even though pro-monarchist sentiment at the time was stronger in Bulgaria than anywhere else in post-Communist Europe, according to the reputable New Democracies Barometer surveys<sup>14</sup>. President Zheliu Zhelev (1990-1996), the first post-Communist head of state, also supported the republican form of government, insisting that historically the monarchy had been "imposed from abroad"<sup>15</sup>. In contrast to the conservative parties, he and other centrist SDS leaders recognized the validity of the 1946 decision in favor of the republic and opposed the resurrection of the abolished monarchy, given its discredited historical record:

Some people maintain that the 1946 referendum was illegal because it was held under undemocratic conditions. Therefore, it must be repealed now and the Turnovo Constitution should be restored, together with the monarchy... But I am absolutely sure that, despite all manipulations and falsifications which, no doubt, accompanied it, the 1946 referendum reflected the will of the vast majority of the Bulgarian people. And this is easily understandable... since the Coburg-Gotha dynasty was responsible for the two national catastrophes of 1913 and 1918, then it plunged Bulgaria in a third national catastrophe by siding with the Axis Powers during the last world war. It was also involved in coups d'etat, autocratic government, political assassinations, violations of the Turnovo Constitution, and so on. I am not surprised that immediately after the war Bulgarians-like the Italians, the Romanians

and the Hungarians-placed their hopes for a better and more democratic future on the republican form of government"<sup>16</sup>.

At the same time Zhelev conceded that it was entirely up to the elected constituent assembly to decide what form of government Bulgaria would take<sup>17</sup>. He suggested that the question of the monarchy should be decided by a new referendum—a proposal which was initially eagerly embraced by the monarchists.

The first article of the new constitution states that "Bulgaria shall be a republic with a parliamentary form of government," which is why the pro-monarchist deputies strongly objected to its adoption. For this reason the Assembly decided to settle the monarchy-versus-republic dilemma once and for all by means of a national referendum scheduled for 6 July 1991. The referendum date had been proposed by Dr. Petar Dertliev, the staunchly anti-monarchist BSDP leader and architect of the new Constitution, and was backed by BZNS-Nikola Petkov and the BSP, both of which believed that a new referendum would not reverse the 1946 vote. The idea of resolving the issue of the monarchy by means of a plebiscite also seemed to correspond to the wishes of Simeon himself, who had previously declared that he was willing to return to Bulgaria only if the nation wanted him back<sup>18</sup>.

But in the weeks following this decision, public opinion, as reflected in mass surveys, appeared mostly opposed to a return of the monarchy. Sample polls showed that republicanism was much more deeply rooted in Bulgaria's political culture than pro-monarchist sentiments, since many interviewed Bulgarians stated that having an unelected and dynastic monarch as head of state would be undemocratic. According to an opinion poll taken in late May 1991, 78% of the respondents favored a republican form of government, while only 8% supported the monarchy<sup>19</sup>. Sensing inevitable defeat given the prevailing public mood, the monarchist parties suddenly rejected the idea of having a referendum at this time, complaining that it had been scheduled too soon for the exiled king

<sup>14</sup> See Richard Rose and Christian Haerpfer, *New Democracies Barometer V*. Glasgow: University of Strathclyde Studies in Public Policy No. 306, 1998; and Rose and Haerpfer, *New Democracies Barometer III: Learning from What is Happening*. Glasgow: University of Strathclyde Studies in Public Policy No. 230, 1994.

<sup>15</sup> Duma, May 3, 1991.

<sup>16</sup> Zheliu Zhelev, *Obrushtenia na prezidenta kum naroda i parlamenta* [Presidential Addresses to the Bulgarian People and Parliament]. Plovdiv: Khristo G. Danov Press, 1996, 201-203.

<sup>17</sup> BTA in English, January 16, 1991.

<sup>18</sup> Nikolaev, "The Public Debate over Restoring the Monarchy."

<sup>19</sup> BTA in English, May 25, 1991.

to organize an effective nationwide campaign in his favor. Before it could take place, the referendum was put to a new parliamentary vote and rescinded by the GNA, putting this controversial issue to rest, at least for the time being.

Reactions to the cancellation of the referendum confirmed that the idea of resurrecting the monarchy lacked national consensus. President Zhelev praised the Assembly for reversing a decision, which, he complained, "put in question legitimately elected institutions so lightheartedly." Dr. Petar Dertliev, the widely respected "father" of the new Constitution, declared triumphantly that there could be no doubt now about the legitimacy of the republic since "all those who wanted a referendum have now recanted"<sup>20</sup>. Simeon announced from Madrid that he was glad that "the untimely and unnecessary referendum" had been revoked<sup>21</sup>. Having realized that their cause lacked mass appeal, the monarchists suspended their efforts to bring back the monarchy through a referendum.

But the controversy over the monarchy was far from over. Nearly sixty parties and organizations with monarchist platforms were still seeking to repeal the 1946 referendum, restore the 1879 Turnovo Constitution, and put the exiled king back on the throne. The most significant among them were the Kingdom of Bulgaria Federation and the Movement of United Monarchists. Many prominent UDF politicians also supported the monarchy<sup>22</sup>. For example, the SDS-led cabinet of Prime Minister Ivan Kostov (1997-2001) officially asked the Constitutional Court to repeal the 1946 referendum, claiming that its results were rigged by the Communist regime. Had it been successful, such a step could have opened the way for the legal restoration of the monarchy. President Petar Stoyanov (1996-2001) of the SDS declared that as head of state he favored a popular vote on reintroducing the monarchy, because the Turnovo Constitution was abolished when Bulgaria was "under the occupation of a foreign military power."

In spite of the 1991 referendum setback, Simeon did not give up his ambition to return to Bulgaria as king. He continued to insist that a con-

stitutional monarchy was the best form of government for a country in transition like Bulgaria. That the ex-king was one of the most popular political figures among Bulgarians was confirmed by his unofficial trip to Bulgaria in May-June 1996 at the invitation of 101 leading Bulgarian intellectuals. His triumphant private visit demonstrated that the ex-monarch enjoyed widespread popularity not only among the mass public, but also among top politicians, many of whom, including then-President Zhelev, sought to meet privately with him. As many as half a million people turned out to welcome the king on his arrival in Sofia on May 26. Opinion polls suggested that while less than 20% of Bulgarians wanted the monarchy restored, some 40% wished the ex-monarch to play an important political role in national affairs, especially at a time when Bulgaria was in the midst of its worst post-Communist economic debacle brought on by the discredited policies of Socialist Prime Minister Zhan Videnov (1994-1997).

During his 1996 visit to Bulgaria, Simeon II boldly declared that he did not recognize the results of the 1946 referendum and that he was still officially the King of all Bulgarians. He again spoke strongly in favor of a constitutional monarchy, which he recommended as a "flexible and pragmatic form of government."<sup>23</sup> Such statements were the main reason why the royal visit proved to be so controversial among anti-monarchist parties like the BSP, the BSRP, and the Agrarians, whose leaders avoided all contact with the visiting king, insisting that his presence deflected attention from the country's many dire problems.

Opinions on the future role of the exiled king were more evenly divided within the political elite than at the mass level. On the one hand, many leftist and centrist politicians reaffirmed their support for the so-called "Dertliev Constitution" of 1991 and remained opposed to enthroning a dynasty that, in the words of former President Zhelev, "brought upon Bulgarians three national catastrophes and two of the most horrible political assassinations in our modern history-the murders of (prime ministers) Stambolov and Stambolii-sky."<sup>24</sup> On the other hand, the monarchists continued to insist that

<sup>20</sup> BTA in English, June 5, 1991.

<sup>21</sup> BTA in English, June 6, 1991.

<sup>22</sup> Alexander Andreev, "The Political Changes and Political Parties," in Iliana Zloch-Christy, ed. *Bulgaria in a Time of Change: Economic and Political Dimensions*. Brookfield and Aldershot: Avebury, 1996, 39.

<sup>23</sup> BTA in English, June 16, 1996.

<sup>24</sup> Zhelev, *Obrushtenia na prezidenta kum naroda i parlamenta*, 131.

"Bulgaria is more likely to return to normality with Tsar Simeon as constitutional monarch, than by prolonging what has proved to be a disastrous experiment with republicanism."<sup>25</sup> For their part, many SDS leaders declared that the 1946 referendum results were "illegal," thus giving a boost to Simeon's hopes of being one day enthroned in Bulgaria:

We have always declared that the 1946 referendum was illegal. We believe that the Bulgarian nation was given no free choice in 1946. That is why the question about Bulgaria's future form of government and the validity of the Turnovo Constitution remains an open one.<sup>26</sup>

Throughout the 1990s, there was thus no elite consensus on the status of the exiled king or what to do with the abolished monarchy. Since Simeon insisted that he was seeking an important role in Bulgarian politics in order "to create a climate of consensus that would allow everyone to work together,"<sup>27</sup> it was unclear how his political ambitions and the persistent cleavage between monarchists and republicans on this issue would affect the future of the transition process in Bulgaria. By far the least expected scenario was that the king would return to Bulgaria and run for election.

### The 2001 Electoral Surprise

Simeon wanted to run in the presidential elections of 1992 and 1996, but in each case was prevented from doing so by the Constitutional Court, since the 1991 Constitution required that he should have been a Bulgarian resident for at least five years prior to the election. Nor was the former monarch, who had finally moved his official residence from Madrid to Sofia in October 2000, permitted legally to register his newly-founded National Movement as a political party in April 2001. But a month later his Movement was allowed to form an alliance with two smaller registered parties, the Party of Bulgarian Women and the nationalist Oborishte Party for National Revival, under the

name of the National Movement for Simeon II (NDSII) in order to participate in the upcoming parliamentary election. For the first time, the ex-monarch publicly declared that he had no immediate plans to restore the monarchy in Bulgaria and pledged instead to combat official corruption and revive the moribund economy in order to meet the criteria for the coveted EU membership. In a now famous pre-election speech on April 6, 2001, Simeon declared that "I have chosen for myself the most difficult road. I have lived for decades guided only by my duty to serve the Bulgarian people. I am suffering now, seeing how their dreams are being crushed by poverty and despair."<sup>28</sup> He promised as prime minister to turn Bulgaria's fortunes around and bring prosperity to the impoverished Bulgarian nation.

In a stunning blow to the two formerly dominant political parties, the SDS and the BSP, the barely two-month-old NDSII won a resounding electoral victory in the 17 June 2001 election. At 64, Simeon became the first ex-royal to return triumphantly to power in post-Communist Europe. Achieved practically ex nihilo, his electoral success illustrated the unstable and unsettled nature of party politics in Bulgaria due to the catastrophic economic situation and the glaring inability of the existing political parties to offer a credible solution to it. Fed up with pervasive government corruption, organized crime, economic collapse and poverty, many ordinary Bulgarians greeted Simeon as a savior who had come to rescue their long-suffering country from what they saw as the stranglehold on power of incompetent, corrupt and self-serving coterie of party politicians. Simeon's comeback via the ballot box was clearly a result of Bulgaria's economic and social woes, which have produced mass discontent and disenchantment with the performance of the new post-Communist authorities. In the New Europe Barometer 2001 poll, for example, only 2% of the Bulgarian respondents said they were "very satisfied" with the way democracy works in their country, 25% were "fairly satisfied," 42% were "not very satisfied," and 30% "not at all satisfied."<sup>29</sup> Only Slovaks, at 79%, showed a higher level of dissatisfaction than Bulgarians, 72%. Bulgarians were

<sup>25</sup> "Tsar Simeon Returns Home to Bulgaria," *Monarchy* (June 1996).

<sup>26</sup> Interview with Assen Agov in Duma, February 9, 1996.

<sup>27</sup> Interview with Simeon II in *Trud*, August 14, 1996.

<sup>28</sup> Ekaterina Nikolova, "Sled 6 godini tzariat prizna, che se e vurnal edinstveno zaradi imotite si" "Six Years Later, the King Admits He Has Come Home Only To Reclaim His Propertiest," *Standart* (July 2, 2007).

also very unhappy with the level of official corruption in their country, as 74% of the Bulgarian respondents in the same poll said that most or nearly all public officials are corrupt and take bribes.

The NDSII won with 42.73% of the ballots, receiving 120 seats in the 240-member parliament. By mobilizing the protest vote of the tired, disappointed and pauperized sectors of the Bulgarian population, Simeon became only the second monarch to return to power (if not to the throne itself) in postwar Europe after Spanish King Juan Carlos I was crowned in 1975. According to some media reports, his Movement would have won an absolute majority of parliamentary seats had it not been for the surprisingly good showing of a shadowy group calling itself Coalition for Simeon II, which garnered 3.4% of the popular vote. Many Bulgarians, particularly among those voting abroad, mistakenly cast their ballots in favor of the Coalition for Simeon II, believing they were voting for the former king's Movement. Simeon, who did not himself run for a seat, complained during the electoral campaign that the group had been deliberately created by the ruling SDS (which now openly detested the ex-king for opposing them in the election) in an effort to sow confusion among his supporters<sup>30</sup>.

The United Democratic Forces, a SDS-led coalition, garnered 51 seats, having been backed by 18.18% of the electorate. The vote was a clear rejection of SDS Prime Minister Ivan Kostov's policies of economic austerity, as well as perceived ties to official corruption. The Coalition for Bulgaria, with the BSP as its main component, was supported by 17.15% of voters and obtained 48 seats. The ethnic Turk-dominated DPS won 21 seats, having received 7.45% of the vote. Since the NDSII was one seat short of the 121 required for an absolute majority in the National Assembly, it secured the participation of the DPS as an unofficial coalition partner.

### Can the Monarchy Be Still Restored?

As prime minister, Simeon II ceased rejecting the 1946 referendum or the republican Constitution of 1991, to which he had to swear allegiance in 2001 in spite of his past declarations that he wants to rule Bulgaria only as king. While not ruling out a revival of the monarchy in the long term, he began

insisting that this matter was not currently on the agenda and that Bulgarians should instead concentrate all their energies on tackling the grave economic and social ills of their homeland. Nevertheless, Simeon has continued to regard a constitutional monarchy as a desirable and achievable form of government for a post-Communist country like Bulgaria. When he assumed the premiership in mid-2001, his restorationist dreams appeared closer than ever to becoming reality. Simeon, who has always considered himself King of the Bulgarians, could count on monarchist sentiments that obviously survived under the Communist regime and may have become even stronger due to the trials and tribulations of the transition period. Having established the NDSII, which officially transformed itself into a formal political party in April 2002, the ex-king also had a strong power base that he could rely on in his efforts to restore the monarchy.

Once in office, Simeon steadfastly pursued a West-backed policy of market reforms and integration into Euro-Atlantic structures. But the public's deep disappointment with his ability to govern and especially with his painful economic reforms brought down sharply his popularity at home. In spite of the naively overoptimistic expectations of the population, heightened by Simeon's demagogic promise to rebuild the national economy and improve the abysmal living standards of Bulgarians in 800 days (his famous "800-day plan" announced during the 2001 electoral campaign), his government failed to ease the deep socioeconomic and moral crisis gripping the country. A 2003 government-sponsored conference on social policy reported that more than 40% of all Bulgarians were malnourished.<sup>31</sup> According to the Independent Trade Union Podkrepa (Bulgaria's version of Polish Solidarity), five million Bulgarians or 75% of the population lived on the edge of physical survival in 2004<sup>32</sup> in spite of the rosy and wildly exaggerated economic statistics published by the authorities. Worse still, Bulgaria remained the most corrupt and criminalized state in Europe after Albania (and now Kosovo). Widespread public discontent sharply eroded Simeon's mass appeal, confirming that personal charisma is a tenuous and fleeting source of power, as the famous German sociologist Max

<sup>29</sup> Richard Rose, *A Bottom-Up Evaluation of Enlargement Countries: New Europe Barometer I*. Glasgow: University of Strathclyde, Studies in Public Policy No. 364, 2002.

<sup>30</sup> RFE/RL, *Balkan Report*, 19 June 2001.

Weber argued a century ago.

Following about a dozen defections from its parliamentary ranks that reduced the NDSII's near absolute majority to a mere plurality, the cabinet of Prime Minister Simeon was able to survive and complete its term in office in 2005 only with the tacit support of the DPS. After it became clear that even a charismatic former royal like Simeon II cannot provide a quick fix for Bulgaria's daunting problems, public approval of his party plunged from a high of 65.0% in July 2001 to 1.6% in May 2007.<sup>33</sup> Contributing to declining public confidence in his rule were the numerous cases of gross corruption by government officials. Simeon's cabinet, especially some of the previously unknown young émigrés who had been appointed to critically important government posts, was buffeted by charges of corruption, mediocrity, incompetence, and professional ignorance. But the world's only king, past or present, to have been popularly elected to the highest political office in his country continued to hope that time was on his side, insisting publicly that "Unfortunately, people were expecting miracles from my entry into politics. These expectations were unrealistic... It is too early to make judgments."<sup>34</sup> In the end he and his cabinet colleagues were able to boast only of their foreign-policy accomplishments such as the country's admission into NATO and the EU. On April 2, 2004 Bulgaria became officially a full member of the North Atlantic Alliance—a foreign-policy success, which the government attributed directly to its unwavering backing of the U.S. policy in Afghanistan and Iraq.<sup>35</sup> And on April 25, 2005 the Simeon cabinet achieved its second major foreign-policy success by signing the EU accession treaty.

As the British historian Richard Crampton has argued, the republic-versus-monarchy debate in Bulgaria remained open-ended for so long mainly because of the disastrous failure of the post-Communist reforms and the anarchic domestic situation.<sup>36</sup> But as the national economy continued to stagnate and official corruption worsened under Prime Minister Simeon's rule, his political future, as well as that of the monarchy he would like to revive,

were placed in great peril. In the parliamentary election held on June 25, 2005, the Socialist-led Coalition for Bulgaria, which most pre-election surveys had predicted would win more than half of the vote, came first, even though it ended up obtaining only a third (34.17%) of the ballots cast. The BSP's poorer than expected showing was probably due to splitting the protest vote with the ultranationalist Ataka (Attack) party.

Founded just two months before the election, Ataka was fourth with 8.75% of the popular vote. The Simeon-led NDSII was second with 22.08%, while the DPS, which ran independently from the monarchists, garnered 14.17% of the vote. A pre-election decision to withdraw all Bulgarian troops from Iraq by the end of 2005 may have helped the NDSII-DPS incumbents to avoid a complete debacle at the polls, given their dismally low approval ratings. The Socialists, lacking an absolute majority in the newly elected National Assembly and unwilling to work with Ataka, were forced to form a Grand Coalition-type government with Simeon's NDSII and the DPS, which is now headed by Socialist Prime Minister Sergei Stanishev.

There has been no improvement in the living standards of ordinary Bulgarians since the 2005 election. Bulgaria officially joined the EU on January 1, 2007, but it is now ranked as the poorest EU member (followed by Romania and Poland). With levels of official corruption and organized crime remaining distressingly high<sup>37</sup>, Brussels has recently suspended three of its aid programs to Sofia worth at least 825 million euros, threatening impoverished Bulgaria with the unenviable prospect of paying more into the EU budget (to the tune of over \$500 million in 2008 alone) than it is receiving from it, as well as becoming the first member ever to grow poorer after joining the EU.<sup>38</sup> Not unexpectedly, Bulgarians were the most dissatisfied with their lives among all European nations surveyed in 2007, according to the prestigious European Social Survey (ESS).<sup>39</sup> Just 9% of the Bulgarian respondents were satisfied with the state of the national economy, while 73% were dissatisfied. Only 11% of Bulgarians trust the central government, barely 10% trust the

<sup>31</sup> Milko Khristov, "Polovinata bulgari ne si doiazhdat" [Half of all Bulgarians Are Malnourished]. *Standart* (March 6, 2003).

<sup>32</sup> Boriana Dimitrova, "5 miliona jiveiat na ruba na mizeriata" [Five Million Bulgarians Live in Poverty]. *Standart* (June 2, 2004).

<sup>33</sup> See "Danaiyskiat dar s tzarskite gori" [The Greek Gift of the Tsar's forests]. *Standart* (May 7, 2007).

<sup>34</sup> "Bulgarian Prime Minister Pledges More Reform Despite Unpopularity." AFP (October 31, 2002).

<sup>35</sup> See Rossen Vassilev, "Public Opinion and Bulgaria's Involvement in the Iraq War," *East European Quarterly*, vol. XL, no. 4 (December 2006), 467-487.

<sup>36</sup> Richard J. Crampton, "Chaos Awaits a Returning King." *The Daily Telegraph* (May 30, 1996), 23.

National Assembly, and only about 12% have any confidence in the court system. Bulgarians are also the most fearful for their lives and property among the 28 European nations surveyed.

### No Monarchist Nostalgia

The deep unpopularity of the ruling BSP-NDSII-DPS coalition has further undermined the public appeal of the ex-monarch, whose own supporters have repeatedly called upon him to withdraw his party from Prime Minister Stanishev's government (something which Simeon has refused to do). But Simeon's biggest public-relations problem seems to be the hotly debated "restitution" of his family's "private" properties which were confiscated in 1947 by the Communist-dominated courts. Some of these properties were already returned to the ex-king by the UDF-led cabinet in 1997-2001—merely by administrative fiat which was confirmed by a unanimous ruling of the Constitutional Court in 1998. As Prime Minister, Simeon widened the scope of administratively reclaimed properties to include not just former palaces, royal mansions, hunting lodges, vacation homes and other residential buildings, but also vast tracts of arable land and forests. His numerous detractors now insist that Simeon has illegally acquired all these properties valued at hundreds of millions of dollars (in fact, the value of the reclaimed forests alone was estimated at 510 million euros in 2006<sup>40</sup>), because legally they have always belonged to the Bulgarian state, rather than to the Saxe-Coburg-Gotha dynasty (in the same way that the White House or the Camp David presidential retreat in the U.S., for example, belong to the federal government rather than to any particular president, past or present).

Simeon's vocal detractors whose ranks have

been swelled by many of his former supporters, including from the now badly splintered UDF, charge that it was his greed and lust for power, rather than any desire to help the suffering Bulgarian nation that brought him back to Bulgaria in 2001. As they point out,

...this outrage involving the return to the royal family of state-owned properties valued at hundreds of millions of euros...was committed without any legislation authorizing it, on the basis of missing or invalid property deeds, as well as unsigned or fraudulent declarations, and as a result of cabinet decisions orchestrated by Simeon himself.<sup>41</sup>

Critics also claim that in a televised interview in early 1990 Simeon ruled out "categorically" making any property claims against the Bulgarian state,<sup>42</sup> even as his lawyers were about to file petitions for restituting the dynasty's properties in Bulgaria.<sup>43</sup> Paradoxically, the recent efforts of his former supporters on the ideological Right to reclaim for the Bulgarian state the ex-monarch's restituted properties have been obstructed by Simeon's current coalition partners, including the Socialists, who previously condemned most vociferously the return of the royal family's properties as a crime against the nation and the state. Even though the National Assembly had set up a special parliamentary commission to probe the legality of the restitution of Simeon's properties, its work was effectively blocked by the Socialists and the DPS deputies who feared that any unfavorable decision might prompt the NDSII to bolt the ruling coalition.

Unfazed by this firestorm of public opposition and recrimination, Simeon has persisted in his

<sup>37</sup> See "55 miliona leva podkupi za obshtestveni poruchki" [Fifty-five Million Levs Have Been Paid as Bribes for Public Contracts]. Standart (March 21, 2006), and "Partiite pribirat po milion na den: Davame 130 000 rushveta vseki mesetz, koruptziata skochila pri Simeon" [Political Parties Collect Millions in Bribes Every Day: 130,000 Bribes Are Paid Each Month since Corruption Peaked Under Simeon]. Standart (March 21, 2006).

<sup>38</sup> "Zhiveem po-bedno v Evrosuiuzza" [We Are Worse Off Since Joining the EU]. Standart (June 11, 2008).

<sup>39</sup> "Bulgarite sa nai-nedovolni: Niamame doverie na pravitelstvo, politziia i sud, pokazva evroprouchvane" [Bulgarians Are the Most Dissatisfied: We Have No Faith in the Government, the Police and the Courts, According to an European Survey]. Standart (April 1, 2008).

<sup>40</sup> Bozhidar Dimitrov, "6 april-deniati na tzarskata luzha" [April 6 Is the Day of the Tsar's Lies], Standart (April 6, 2006).

<sup>41</sup> Ibid. (the translation from Bulgarian is my own).

<sup>42</sup> In February 1990, viewers of the Bulgarian National Television witnessed the following conversation between Simeon and Kevork Kevorkian, host of the popular weekly TV program "Every Sunday":

Kevorkian: Do you have any material claims against Bulgaria?

Simeon: What do you mean by "material claims"?

Kevorkian: I mean any property claims.

Simeon: No, not against my own country! No, you will never see me do anything like that. Not under any circumstances. No, categorically not.... (BTA in English, February 25, 1990).



efforts to reclaim even more "royal" properties through the courts, which has made him by far the most unpopular and controversial figure on Bulgaria's political scene today.<sup>44</sup> Not surprisingly, Simeon has become the target of vicious attacks in the Bulgarian media, questioning the veracity of his educational and business credentials and accusing him of being a gold-digger who sought political power in post-Communist Bulgaria in order to enrich himself and pay off his business losses and huge gambling debts from Western Europe's top casinos. His public image has suffered to such an extent that the same mass media which used to praise him for his supposed fluency in Bulgarian, now openly ridicule Simeon's poor command of his native language.

Perhaps influenced by the strongly negative media coverage, a sizeable majority of ordinary Bulgarians have endorsed the parliamentary calls for legal repeal of the restitution of Simeon's properties—71.1% of the respondents in a 2006 opinion survey were in favor and only 18.2% were opposed.<sup>45</sup> Some 33.8% of Bulgarians also backed the idea of criminally prosecuting all those politicians and government officials who had assisted Simeon in reclaiming the former "royal" properties. Two-thirds of the respondents in the same poll believe that Simeon has returned home for the sole purpose of seizing political power and enriching himself, while more than half are convinced that his only goal was to reclaim his family's "private" properties in Bulgaria as well as all those formerly belonging to the crown. According to the same poll, less than a fifth of Bulgarians still believe that Simeon has come back in order to help his compatriots in their daily struggle for survival.

Underscoring the sharp decline of Simeon's political fortunes is the poor performance of his party in recent elections. In spite of Simeon's much-touted pre-election promise to return to the Bulgarian state two royal palaces and 4,134 acres of restituted forests, the NDSII (now renamed the National Movement for Stability and Progress) won just 121,398 ballots or 6.26% of the vote in the May 20, 2007 election to fill Bulgaria's 18 seats in the European Parliament, thus reducing his party's representation from 4 members to currently only 1.

And the NDSII's electoral performance at the local level has been even more disastrous, as Simeon's party failed to win a single mayoralty in the municipal elections of October-November 2007. This poor showing at the polls has led to numerous dire predictions in the Bulgarian press that in the next parliamentary election scheduled for June-July 2009 the NDSII will be completely unable to breach the 4% barrier required for representation in the national legislature. And in a further blow to Simeon's prestige, thirteen NDSII members of the National Assembly officially quit his party on November 27, 2007.<sup>46</sup>

At this point, restoring Bulgaria's monarchy with Simeon II back on the throne appears to be a largely forgotten issue. Nor is there any chance of holding a new referendum, which the monarchist groups and the SDS openly supported in the past, but which now seems most unlikely to be called, given growing public opposition to bringing back the monarchy and the lack of constitutional basis for such a referendum. Nor does Simeon insist on holding a plebiscite on this issue since he does not want to end up like King Leka I of Albania, whose chances of returning to the Albanian throne were dashed by a popular referendum in 1997 that clearly rejected his restoration. Still, he continues to extol the advantages of constitutional monarchy as the most suitable institution for Bulgaria's current needs, even though he now pays homage to the republican constitution and the present political institutions.

## Conclusion

The controversy over bringing back the abolished monarchy reflects in a large measure the prolonged agony which post-Communist Bulgaria has been undergoing ever since the country was launched on a course of painful and destabilizing reforms. Against the background of a deep economic crisis, mass poverty, the breakdown of law and order, and endless political chaos which have traumatized the population, the attempts to reinstate the monarchy have failed only because of its low historical legitimacy and strong resistance by influential anti-monarchist members of the political

<sup>43</sup> See Dimitrov, "6 april-deniat na tzarskata luzha" [April 6 Is the Day of the Tsar's Lies].

<sup>44</sup> See "Deputati: Tzariat da vurne gorite" [The Parliamentary Deputies: "The Tsar Should Return the Forests"]. Standart (June 25, 2008).

<sup>45</sup> Krum Blagov, "Narodut iska reviziia na tzarskite imoti: Simeon se vurna zaradi dvortzite, ubedeni sa polovinata bulgari" [Bulgarians Want a Revision of the Restitution of Tsar's Properties: Half of Bulgarians Believe Simeon Came Back to Reclaim His Palaces]. Standart (March 17, 2006).

<sup>46</sup> Elitsa Savova, "13th MP Left NDSV," SofiaEcho (December 3, 2007).

class. Attitudinal evidence indicates that in spite of the very intense monarchist propaganda, the enthronement of Simeon II is rejected by a majority of ordinary Bulgarians who see the monarchy as a vestige of the past and an anachronism incompatible with the workings of a modern parliamentary democracy.

But Simeon's triumph in the June 2001 parliamentary election seemed to have changed dramatically his political standing at home. With a population deeply distrustful and even disdainful of the politically bankrupt post-Communist parties and politicians and despondent enough to grasp at straws, at that time few dared to rule out a monarchical future for a parliamentary republic governed by a once and would-be future king. But the prospects for restoring the monarchy are now believed to be negligible, given the existing constitutional hurdles and especially the population's increasingly anti-monarchist and anti-Simeon sentiments. While the ex-king's triumph in the June 2001 general election initially seemed to improve the chances for bringing back the monarchy, such a restoration has been rendered even less likely now by the numerous failures and blunders of his government, particularly its inability to rebuild the ailing national state and economy. In spite of some notable foreign-policy successes such as Bulgaria's entry into NATO and the EU, ex-Prime Minister Simeon did not live up to the naïvely overoptimistic expectations of Bulgarians who had hoped that he would save their country from the profound economic, social, political, institutional, and even moral crisis into which it has tragically descended.

The precipitous fall of the political fortunes of Simeon, especially as a result of the public-relations disaster involving the scandalous "restitution" of his family's properties which has turned the ex-monarch into a multimillionaire, does not bode well for the prospect of reintroducing the monarchy. For, in the eyes of many ordinary Bulgarians the former king has now turned into a liability and an embarrassing disappointment totally indistinguishable from the other members of post-Communist Bulgaria's political elite which is notorious for its unbridled lust for power, selfishness, insatiable greed, corruption, and shameless mendacity. In fact, the entire saga of the failed attempt to restore the monarchy in Bulgaria has only underscored the failure of the post-Communist transition, confirming

Alexander Pope's famously bitter aphorism that politics is "the madness of all for the benefit of few."

# 'Europe' and the Extreme Right: Comparing Partidul România Mare and Vlaams Belang

Florian Hartleb\*

## Abstract:

This article explores recent developments in the strategies of the extreme right in Europe, looking at the relationship between the notions of 'Europe' and 'nation' in the ideologies of two parties of the extreme right: the Partidul România Mare (PRM) in Romania and the Vlaams Belang (VB) in Belgium .

## Keywords:

European Union, nationalism, Vlaams Belang, Vlaams Blok, Romania Mare, Romania, Belgium

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## Introduction

Extreme right strategies are focused above all else on the construction of a stark division between the included and the excluded, but the formulation of such a division is often taken to be between a narrowly defined 'nation' versus 'outsiders'. This might lead some to conclude that extreme right parties (ERPs) are opposed to each other, based as they are on competing nationalisms. However, the short formation of a parliamentary group of extreme right MEPs in 2007, under the name of Independence, Tradition, Sovereignty (ITS), and featuring members of both the PRM and the VB, casts serious doubt on the notion that the ideologies of extreme right parties are so mutually antagonistic. That still leaves the question of what these parties have in common ideologically, and this is the question explored in our study. I draw upon research on the Vlaams Belang and the PRM - using party manifestos and other public documents<sup>2</sup> - and show that the European context of this new cooperation is all-important. To put it simply, the PRM and VB share a positive orientation towards 'Europe', but deep suspicion of - if not outright antagonism towards - the European Union. These standpoints are derived from the parties' overriding commitment to the nation, and their historical understanding thereof.

I begin by exploring the context of extreme right European cooperation, and then present the two cases for comparison. In the main part of the study, I examine three key features of PRM and VB ideology - the centrality of 'the nation', the relationship between the nation and 'Europe', and the view of the European Union - and demonstrate the important similarities between the two parties. This examination is facilitated by the deployment of some of the conceptual tools of discourse theory,<sup>3</sup> which allow us more easily to come to grips with the 'political grammar'<sup>4</sup> according to which the

ideology of these parties is organised.

## The cases for comparison: the PRM and VB

In this section, I provide a brief overview of each of the parties under discussion, emphasising what unites and what divides them. Both similarities and differences are relevant in their selection as case studies for this research.

The Partidul România Mare emerged in 1991 following the collapse in 1989 of the Ceaușescu regime. Some critics have labelled it a neo-communist party, and there is debate as to whether it can be categorised as far left or far right. Given its ultra-nationalism, racism, history of anti-semitism and its similarity to other parties of the extreme right in Europe, we classify it as extreme right. Although the party leader is an erstwhile follower of the Ceaușescu, the ideological links are scarce. The only common feature is an evident nostalgia for the pro-national policies of the late leader, and the party leader Corneliu Vadim Tudor's personality cult. PRM advocates a number of 'pro-Romanian' measures, and has identified in the past and the present a number of enemies of the Romanian nation, including the political class/(establishment), corruption, Gypsies, Hungarians, and Jews<sup>5</sup>. Its fortunes took off around 2000 when it merged with the Partidul Unității Naționale Române<sup>6</sup>, allowing it to break out of its limited support base in the South of Romania and to become a national party.<sup>7</sup> In that year it took second place in the parliamentary elections, winning 23% of the vote, and Tudor made it through the run-off in the presidential contest. As Andrei Țiuț has pointed out, the PRM has undergone a series of ideological transformations since it was formed in 1991.<sup>8</sup> Most notably, it has adopted key elements of western European extreme right discourse, combining a dislike of outsiders with a critique of the political establishment and corruption. Now, in the national elec-

<sup>1</sup> Until 2004 the party was known as the Vlaams Blok, but changed name following a court case in which the party was formally banned.

<sup>2</sup> Translations from Dutch by Barbara Brink, University of Strathclyde, and from Romanian by Kevin Adamson.

<sup>3</sup> David Howarth and Yannis Stavrakakis, "Introducing discourse theory and political analysis", Howarth, D., Norval, A. and Stavrakakis, Y., *Discourse theory and political analysis*, MUP, 2000, p. 1-23.

<sup>4</sup> Aletta J. Norval, "Democratic identification: A Wittgensteinian approach", *Political Theory*, 34, 2006, p. 231-232.

<sup>5</sup> See Antoine Roger, "Les parties anti-système dans la Roumanie post-communiste" *Revue d'Etudes Comparatives Est-Ouest*, 31, 2000, p. 101-136, for the role of the PRM in the wider Romanian party system.

<sup>6</sup> Party of Romanian National Unity.

<sup>7</sup> Kevin Adamson and Adrian Basarab, "Changing nationalist voting patterns in Romania: The attraction of the Transylvanian electorate by Partidul România Mare", paper presented at *Acteurs politiques et sociaux dans les postcommunismes*, ULB, IEP Bordeaux and ICP Bucharest, Bucharest 31 May 2003.

<sup>8</sup> Andrei Țiuț, "Strategiile PRM de maximizare a capitalului electoral, 1996-2005", *Sfera Politicii*, 120, 2006.

tion (December 2008), the PRM failed after some great struggles to get in national parliament (only 3 per cent of the votes). So, there is after the membership of European Union a strong decline with a rather open future for the party.

Emerging in the 1980s from a long history of divisions and fusions among Flemish nationalist and extreme right parties and movements, the Vlaams Blok/Belang has become one of the most successful West European ERPs.<sup>9</sup> Since its electoral breakthrough in 1991 the VB has gone from strength to strength. In the 2003 national elections, the party polled 18% of Flemish votes, and was the most successful party in Antwerp. A year later, in regional elections, the VB took 24% of the vote, and became the largest party in Flanders, a position it maintained in the most recent (June 2007) elections. This success, coupled with the mainstream parties' erection of a cordon sanitaire to keep the party out of government,<sup>10</sup> means that coalition formation in Belgium, especially Flanders, is much more difficult. This problem became particularly acute in 2007, with no government formed for five months after polling day, a hiatus that the VB used to call more loudly for partition.<sup>11</sup> The party's destabilising impact on the political system goes well beyond this, however. Violent anti-immigration riots in Antwerp in November 2002 followed the sacking of twenty of the city's policemen, revealed as extreme right sympathisers.<sup>12</sup> More recently, in May 2006, racist shootings in Antwerp were perpetrated by an eighteen-year-old with close family ties to past and current VB politicians.<sup>13</sup>

ERPs can be grouped strategically and ideologically according to three main criteria<sup>14</sup>, and the PRM and VB both fulfil all three, thus ensuring that in this study we are comparing like with like. Firstly, they share a focus on a specific ethnic and racial definition of 'the nation' as the core of the political community. We discuss this in greater detail below.

Second, both parties place strong emphasis on 'anti-establishment' discourse. This rhetoric is bound up with a critique of the 'corruption' of the political system, and the similarities of the major political parties, who are claimed to be collectively responsible for obstructing national progress. As we will see later, this anti-establishment position has been extended into anti-EU discourse, with 'Eurocrats' the targets of the same criticism as the domestic 'political class'. Third, ERPs are characterised by their preoccupation with immigration. Until recently this has been a markedly more prominent feature of the VB's than of the PRM's ideological production, but even with the latter it is becoming more prominent as Romania begins to experience increasing levels of immigration. Crucial here, and again contrary to any simplistic reading of ERPs as parochial nationalists, is the willingness of these parties to distinguish between various categories of immigrants.

There are, though, key differences between the PRM and VB which make them particularly worthy of comparison. Most basically, they represent east and west respectively, a general point that encompasses numerous important differences in historical and political context. Those which are particularly relevant for this study will be discussed in detail below, notably the contrasting histories of EU membership and the very different patterns of immigration. There is also the obvious contrast in terms of the age of electoral democracy and the party systems within which the two parties operate. More specifically, there are of course differences in the histories of the Romanian and Flemish nation-statehood - or lack thereof. Given the scale and importance of these differences, this comparison can be regarded as a severe test of any hypothesised parallels across parties' ideological production. Put another way, if the PRM and the VB are saying similar things about Europe and the EU, then the potential for a broader ERP common platform is considerable.

<sup>9</sup> H. Coffé, "The adaptation of the extreme right's discourse: The case of the Vlaams Blok", *Ethical Perspectives*, 12, 2005, p. 205.

<sup>10</sup> H. Coffé, B. Heyndels, and J. Vermeir, "Fertile grounds for extreme right-wing parties: Explaining the Vlaams Blok's electoral success", *Electoral Studies*, 26, 2007, p. 142-55.

<sup>11</sup> M. de la Baume, "Calls for a breakup grow ever louder in Belgium", *New York Times*, 21 September 2007.

<sup>12</sup> De Standaard, "160 arrestaties na rellen Antwerpen woensdagavond", *Nieuwsportal: Binnenland*, 28 November 2002. Retrieved 19 June 2006 from [www.standaard.be/Artikel/Detail.aspx?artikelid=NFLA28112002\\_003](http://www.standaard.be/Artikel/Detail.aspx?artikelid=NFLA28112002_003).

<sup>13</sup> De Standaard, "Hij moet zijn verstand verloren hebben", *Nieuwsportal: Binnenland*, 13 May 2006. Retrieved 19 June 2006 from [www.standaard.be/Artikel/Detail.aspx?artikelid=GJ1586JP](http://www.standaard.be/Artikel/Detail.aspx?artikelid=GJ1586JP).

<sup>14</sup> See for example C. Mudde, "The war of words: Defining the extreme right party family", *West European Politics*, 19, 1996, p. 225-248; P. Ignazi, "The development of the extreme right at the end of the century" in Merkl and Weinberg eds., *Right-Wing Extremism in the Twenty-First Century*, London, Frank Cass, 2003, p. 143-60; Jens Rydgren, "Is extreme right-wing populism contagious? Explaining the emergence of a new party family", *European Journal of Political Research* 44, 2005, p. 413-437.

### Comparing PRM and VB ideology: i) the nation

Probably the defining characteristic of ERP ideology is the location of 'the nation' at its core. In discourse analytic terms, 'the nation acts as the nodal point of exclusivist nationalist discourse'.<sup>15</sup> A nodal point gives sense to the rest of the ideological repertoire. In this sense, nodal points are to ideologies what verbs are to sentences: without one, no political ideology would have a recognisable meaning.<sup>16</sup> Thus, other terms included in these parties' political vocabulary, such as 'democracy', 'freedom', 'law and order', 'security', and 'sovereignty' have their meaning delimited, or in grammatical terms 'qualified', with reference to 'the nation'.<sup>17</sup> Moreover, the nodal point is also used to identify and to classify a series of 'outsiders' as 'enemies' of 'the nation'. It is via this classification of outsiders that ERPs are able to define 'insiders'.

The PRM provides a classic case of such an ideological strategy. An ultra-nationalist party most notorious for its anti-minority policies, the PRM has made extensive use of symbols of internal enemies around which to define Romanian-ness. 'Internal enemy number one' remains the Hungarian minority in Transylvania, and in this sense the role of history has always been critical. In a recent (2005) manifesto, the tellingly-named *Doctrina Națională*<sup>18</sup>, the PRM goes to some effort to assert the claims of the Romanian nation, and in the process to discredit those of the Hungarian minority. The party emphasises that Romanian origins are to be found in the settlement of the Dacians and the colonisation of the Romans of ancient Dacia, and that the Romanians' genesis as an ethnic group and a nation dates from this period. These claims are designed to ram home the message that the Romanians have a 'multi-millennarian existence', whereas the Hungarians are relatively recent arrivals from Asia in the Carpathian basin. Much of this narrative relies on the signifier of 'the Romanians' (rather than 'Romania') in that statehood encompassing the majority of Romanians (and dubbed Greater Romania or *România Mare*) did not emerge until

1918. While state forms come and go, the Romanians are the enduring feature.

In the light of this historical experience, it is not surprising that the PRM shows an obsession with frontiers and borders and the need to extend or protect them. For example: 'The War in 1914 found Romania prepared for the step of greatest importance in the history of this nation blessed by God - the realization of Greater Romania and the bringing together of all Romanians within our natural frontiers'.<sup>19</sup> Again the reference to borders reiterates the central ideological tenet of the PRM - that the country's natural frontiers are those of 'Eastern Romanity' (*Romanitatea Orientală*). And particular space in the *Doctrina Națională* is provided for national heroes who contributed to Romanian national unity, such as Nicolae Bălcescu and Avram Iancu.

For obvious reasons, the VB is also preoccupied by the mismatch between national and state boundaries, though in this case the perceived need is for secession rather than the removal of an unwanted minority. Exactly as with the PRM, though, and consistent with the party's status as an ultra-nationalist ERP, the main pillar of VB ideology is the centrality of the Flemish nation to political life. In turn, the party's standpoints on a whole range of issues are largely dictated by the interests of 'the nation', as it conceives them. For instance, when using a phrase like 'rights and freedoms' in its manifestos, the party makes it clear that it seeks - via policies such as repatriation - to exclude non-'nationals' from the political community in which citizens enjoy those rights and freedoms.<sup>20</sup>

This example highlights another important point about VB ideology, which is that, as with the PRM, the nodal point is the basis for specifying negative 'others' to be contrasted with, and indeed set in direct opposition to, the nation. The difference between the two parties here is that, while the PRM is focused on the Hungarian minority and the 'political class' as its principal 'others', the (older) VB has by now compiled a diverse list of these others, including Belgium, Wallonia, the EU (of which more

<sup>15</sup> S. Bastow and J. Martin, *Third Way Discourse: European Ideologies in the Twentieth Century*, Edinburgh, Edinburgh University Press, 2003, p. 98.

<sup>16</sup> E. Laclau and C. Mouffe, *Hegemony and Socialist Strategy*, London, Verso, 1985, p. 113.

<sup>17</sup> Howarth and Stavrakakis, 'Introducing discourse theory and political analysis' in Howarth, D., Norval, A. and Stavrakakis, Y., *Discourse theory and political analysis*, Manchester University Press, 2000.

<sup>18</sup> *Doctrina Națională*?, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>19</sup> *Doctrina Națională*?, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>20</sup> *Vlaams Belang*, *Manifesto of the Vlaams Belang*, Downloaded 5 November 2007 <http://www.flemishrepublic.org/manifesto.htm>

below), bureaucracy and bureaucrats, the 'political establishment', and immigrants. Crucially, these do not necessarily operate as separate rhetorical resources, but are instead woven together into a broader narrative about the inter-linked obstacles to Flemish nationhood. Thus, for example, the Belgian political establishment, which results from the anomaly of Belgium, is responsible together with the EU for a dangerous rise in immigration that threatens the Flemish nation. In discourse analytic terms, the VB has connected these disparate enemies of the nation in a 'chain of equivalence': that is, a construction specifying a correspondence between (otherwise separate) concepts or signifiers.<sup>21</sup> This correspondence is designed to weaken the political relevance of the difference between such signifiers, and to place them together in unified opposition to a common foe. In this case, the common foe is the Flemish nation. So, as far as the VB is concerned, this is a negative chain of equivalence, linking signifiers antagonistic to its nodal point.

Another common feature of PRM and VB ideology in this regard is that, at least implicitly, they qualify the nation in racial terms, thus advocating exclusion from the political community on the basis of race. However, like other ERPs, both parties have gone to considerable lengths to avoid using overt racial terminology.<sup>22</sup> Both before and after the 2004 court ruling and the resulting name change, the VB has protested that it is not a racist party, and its leader, Frank Vanhecke, has claimed that 'our party is the mainstream party of the Right in Flanders'.<sup>23</sup>

Meanwhile, the PRM has sought to cleanse its rhetoric of overt racism and anti-Semitism, with party figurehead Tudor especially keen to renounce his past of Holocaust denial and more general anti-Jewish rhetoric. Neither party makes reference to a 'Flemish race' or 'Romanian race', each referring instead to 'peoples' or of course 'nations'.<sup>24</sup> Nevertheless, both offer an ideology in which race can still be seen underlying the divide between insiders and outsiders. As we see in the next section, the preferred means of doing this is by articulating

a relationship between their 'nation' and 'Europe'.

### Comparing PRM and VB ideology: ii) the nation and Europe

In the previous section I referred to the notion of a 'chain of equivalence', in which a correspondence is posited between disparate concepts or signifiers. In this section, my argument is that the two parties have both articulated a chain of equivalence between 'Europe' and 'the nation'. Far from 'Europe' being presented as a threat to 'the nation', the two are treated as mutually symbiotic. This articulation is so prominent at times in the discourse of both parties that the nodal point could be said to have been extended to become 'European nation'. Before examining the specific discursive strategies of the two parties, two more general points are worth noting.

First, this symbiosis of Europe and the nation takes ERP ideology a long way from a basic parochial nationalism in which 'us and them' translates as 'the nation versus the world'. Another concept drawn from discourse theory is that of a 'political frontier'; that is the dividing line that results from the articulation of mutually antagonistic chains of equivalence.<sup>25</sup> The repetition of 'the nation' signifier in extreme right discourse can lead to an over-simplistic picture of who is separated from whom in their political frontiers. The second general point refers back to the mention of racial exclusion above. By linking 'the nation' with 'Europe', the PRM and VB stretch the 'in-group' beyond the specific ethnic origins of Romanians or Flemish. Thus, while what Europeans share in common is defined in terms of 'history', 'culture', 'civilisation', or 'Christianity', the racial implications are unmistakable. Our suggestion is that the PRM and VB are subtly promoting racial exclusion, even if they have replaced an overtly racial discourse with one of 'cultural rights' for Europeans.

Although until recently the PRM had relatively little to say about the European Union, its position on Europe in the broader sense is clear and

<sup>21</sup> A. Norval, "Trajectories of future research in discourse theory", in Howarth et al. (Eds.), op cit., p. 219-222.

<sup>22</sup> It is not surprising therefore that due to the widely acknowledged stigma attached to Nazism and Fascism following World War II contemporary ERPs avoid rhetorical strategies that would be readily comparable to Nazism and Fascism. For the jettisoning of overt racism and its re-articulation as culture, see Roger Griffin, op. cit., 2000.

<sup>23</sup> Vlaams Blok, "Time to defend Flanders' freedom", Flemish Republic, 3, 2003, p.1. In 2006, following racist shootings in Antwerp by a youth with family links to the party, the VB leadership urged the party's supporters to join an anti-racism march. See HLN, "Vlaams Belang wil Antwerpenaren in mars tegen zinloos geweld", Kanaal News, 22 May 2006. Retrieved 19 June 2006 from [www.hln.be/hlns/cache/det/art\\_211677.html](http://www.hln.be/hlns/cache/det/art_211677.html).

<sup>24</sup> Anti-Defamation League, "Dedication of Romanian statue of Rabin a ploy", Press release, 16 January 2004. Retrieved 4 November 2007 from [http://www.adl.org/PresRele/ASInt\\_13/4442\\_13.htm](http://www.adl.org/PresRele/ASInt_13/4442_13.htm).

<sup>25</sup> A. Norval, "Trajectories of future research in discourse theory", p. 219-22.

well-established. A clearer expression than from the 1991 manifesto is hard to find: 'The Greater Romania Party proposes through its programme and statutes the defence at any price of the integrity and sovereignty of the country, of the national and unitary character of the Romanian state, and the restitution of the dignity of our people, one of the oldest and most noble peoples of Europe.'<sup>26</sup> To those familiar with Romanian politics it will come as no surprise that PRM articulation of Europe, while based on the principle of current politics that Romanians should be 'masters of their own house', is nonetheless grounded in a narrative of European history stretching from antiquity to modernity.<sup>27</sup> This leads back to the earlier discussion of the *Doctrina Națională*, in which the Roman and Dacian origins of the nation are the basis for characterising the Romanians not only as 'a European nation' but as 'the oldest nation in Europe'.<sup>28</sup>

Ethnogenesis sits alongside historical experience, which is equally evident in the PRM's expression of the Romanians' European-ness, if distinct from continuity of settlement. For example: 'It must be said that in all of its most important cultural and political acts, the generation of '48ers și 1848 national revolutionariștii was inspired by European ideas and models, the appearance of the modern Romanian state in 1859 being an expression of the match between Romanian political thought and European political thought.'<sup>29</sup> And Europe again looms large as the nation-state grows and expands: 'The war of șRomanianț independence of 1877 was ... a first step towards European Integration...the period that followed was characterised by major development according to Western principles and conducted the newly-proclaimed Kingdom of Romania, through its obvious economic and cultural progress, toward a more important position in Europe.'<sup>30</sup> Highlighting still another aspect of symbiosis between the Romanian nation and Europe,

the party refers to the role of the Romanian nation in European history as the 'Christian nation situated, not by accident, at the mouth of the Danube'. This echoes the Serbian ultranationalist obsession with being the protectors of Europe from the Islamic threat.<sup>31</sup>

Turning to the VB, the Flemish party's position on Europe is quite elaborate - of all the European ERPs, the VB has probably done most to articulate Europe as a symbol. As with the PRM, the symbiotic relationship between 'Europe' and 'the nation' is made explicit in an early (1989) manifesto: 'August Vermeylen's'<sup>32</sup> statement that we have to be Flemish to be Europeans is still valid, but it is equally valid to say that we have to become Europeans to be able to stay Flemish'.<sup>33</sup> In a further example from 1994, we can see the foundations of this symbiosis in the emphasis on a common European 'civilization': 'the unity of Europe is a unity of different nations with the same roots of common civilization'.<sup>34</sup> By depicting Europe, as a civilizational community, of which the European nations are component parts, the VB makes two points. First, 'Europe' and the 'Flemish nation' can not only co-exist happily, they are part of each other: 'the cooperation of the European nations within a shared civilization and culture provides a historic opportunity for peace, stability and prosperity'.<sup>35</sup> Second, and consequently, this Flemish-European civilisation and culture are worth protecting: 'In order that the uniqueness of our culture is not imperilled, it cannot be mixed with massive and lasting non-European immigration or by the coming into existence of big cultural minorities on European territory'.<sup>36</sup> These two articulations are prominent in VB ideology, and Europe is central to the VB's depiction of the 'essence' of Flemish nationhood.

The VB has long urged that social policy be guided by the principle 'our own people first' ('eigen volk eerst'). Similar formulations are expressed by

<sup>26</sup> See Programul și Statutul Partidului România Mare, Bucharest, 1991, p. 7.

<sup>27</sup> Programul și Statutul Partidului România Mare, Bucharest, 1991, p. 6.

<sup>28</sup> See *Doctrina Națională*, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>29</sup> See *Doctrina Națională*, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>30</sup> See *Doctrina Națională*, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>31</sup> See *Doctrina Națională*, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>32</sup> August Vermeylen - figure of the pre-war Flemish national movement.

<sup>33</sup> Vlaams Blok, *Programma Europese Verkiezingen*, Brussel, VB, 1989, p. 3.

<sup>34</sup> Vlaams Blok, *Grote Kuis! Programmabrochure Euro-verkiezingen '94*, Brussel, VB, 1994, p. 13.

<sup>35</sup> Vlaams Belang, "Manifesto of the Vlaams Belang", Flemish Republic, 8, 2004, p. 2.

<sup>36</sup> Vlaams Blok, *Programa Europese Verkiezingen*, Brussel, VB, 1989 p. 23.



other European extreme right parties,<sup>37</sup> and denote a policy that the 'nationals' of a given country should have priority in the provision of welfare and services over 'outsiders'. However, in its most recent European election manifesto, the VB called for 'the inclusion of the sovereignty principle "Our own people first" in the European treaties, to be accompanied by the principle of "European preference".<sup>38</sup>

This amounts to an explicit assertion that 'us' and 'our' can extend to fellow 'Europeans', but no further. Thus, the political frontier separating 'us' from 'them' distinguishes 'Europeans' from 'non-Europeans' as much as it divides 'the Flemish' from 'others'. Along these lines, in VB texts the 'problem immigrants' are named as 'non-European immigrants': 'we see that Europe is increasingly becoming too rich and hospitable a haven for refugees and bigger groups of non-European immigrants'.<sup>39</sup> Indeed, as De Vos notes: 'the Vlaams Blok resolutely condemns non-European immigrants as parasites or free-riders of 'our' welfare system'.<sup>40</sup> These are representative of a significant strand of VB ideology in which a politically relevant distinction is drawn between 'Europeans' and 'non-Europeans'.

Just as 'Europeans' and the 'Flemish' are linked in VB ideology through a shared culture, so 'non-European immigrants' are to be excluded on cultural grounds. The VB claims that 'European immigrants' can assimilate within the national culture due to their cultural proximity, whereas 'non-European immigrants' cannot be assimilated because they are simply too different. For example:

This policy [of repatriation of non-European immigrants] is about cultural uniqueness and not to keep the Flemish race pure. Poles, Greeks and Italians from the first post-War wave of immigration have adapted to our society, without great difficulties and without help from the Government. This is not only because they were related to us as Europeans, but because they are part of the

same overarching European society.<sup>41</sup>

Even more explicitly: 'The Vlaams Blok makes a distinction between those guest workers that come from European countries and others. European guest workers...carry the European culture...şbutţ...the integration of Islam, for example, is condemned to fail'.<sup>42</sup>

Focusing on the grammatical relationship between 'the nation' and 'Europe' leads us to suggest that the frontier divides 'nationals' and 'European others' on the one hand, from 'non-European immigrants' on the other. The VB's discourse reinforces the frontier between 'Europeans' and 'non-Europeans' and blurs the distinction between Flemish and Europeans. Indeed, the party positively invites the Flemish people to identify as 'Europeans'.<sup>43</sup>

It is clear that the VB have gone much further than the PRM in articulating the implications - especially with respect to immigration - of this symbiosis between Europe and the nation. There are doubtless several reasons for this: Belgium's longer history within the EU; the much larger proportion of non-European immigrants in the Flemish population; the preoccupation of the PRM with the Hungarian minority. It is, however, equally clear that the two parties share the same vision of their nation as a European nation, and that they regard European civilisation and culture as worthy of defending. Over time, and as patterns of immigration change, we would expect the PRM's discourse to develop and to reflect the VB's more directly.

### Comparing PRM and VB ideology: iii) the European Union

These ERPs' positive outlook towards Europe, and the emphasis on what Europeans have in common, could be taken to imply a favourable orientation towards the ideal of European unity. Indeed, as noted below, both parties refer positively to European cooperation as an abstract ideal.

<sup>37</sup> According to Coffé, the VB based their slogan on the French Front National's 'Les Français d'abord' See "The adaptation of the extreme right's discourse: The case of the Vlaams Blok", *Ethical Perspectives*, 12, 2005.

<sup>38</sup> Vlaams Blok, Vlaamse Staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement, Brussel, VB, 2004, p. 39. This formulation parallels the French Front National's slogan 'préférence nationale et européenne'.

<sup>39</sup> Vlaams Blok, Programma Europese Verkiezingen, Brussel, VB, 1989 p. 13 (emphasis added).

<sup>40</sup> Patrick De Vos, "Right-wing populism and the radical centre: Explaining the electoral growth of the Vlaams Blok in Belgium", Jacob Torfing and David Howarth eds. *Discourse theory in European Politics: Identity, Policy and Governance*, Basingstoke, Palgrave, 2005, p. 193 (emphasis added).

<sup>41</sup> Vlaams Blok, Verkiezingsprogramma, Brussel, VB, 1999, p. 35.

<sup>42</sup> Vlaams Blok, Programma Europese Verkiezingen, Brussel, VB, 1989, p. 14.

<sup>43</sup> See also, "Vlaams Blok, Europa: Vloek of zegen?", *Standpunten*, 3, 2004. Retrieved 16 July 2006 from [http://www.vlaamsblok.be/standpunten\\_dossier\\_38.shtml](http://www.vlaamsblok.be/standpunten_dossier_38.shtml).

However, the EU is not an abstract entity; it is a set of concrete political institutions, and as such is to be judged by ERPs according to whether it serves the interest of 'European nations'. In this section I discuss how, from their differing perspectives, the PRM and VB evaluate the EU's performance by this yardstick. Thus, I can identify whether the two parties locate the EU alongside 'Europe' and 'the nation' in that positive chain of equivalence, or on the other side of the political frontier alongside other threats to the nation.

Looking first at the PRM, early manifestos barely mention the EU, focusing instead on domestic issues and advocacy of ultra-nationalist anti-minority policies. This is hardly surprising, given that European Union membership was then still some years away. In more recent formulations of the party's nationalist doctrine, the role of the EU has seen more careful articulation. Although this discourse nods to the contemporary communitarian vocabulary, it centres on a highly instrumental view of membership as a route to national expansion. For instance: 'In the broadest European spirit and with the aim of economic development and regional and inter-regional ties, Romania will militate for its territory and all of the neighbouring territories, from the old area of EASTERN ROMANITY, inhabited today by Romanians...to constitute a EUROREGION'.<sup>44</sup>

This departs from the standard anti-EU discourse of the VB in that it endorses a supranational element from the politics of European integration. However, it is clear that the PRM's proposed Euroregion would include the whole of Romania plus areas in other states on the borders of Romania that are 'inhabited by Romanians', thus subverting and challenging the supranational principle at the heart of the Euroregion concept, and indeed at the heart of the EU model of European integration. The priority of the nation above all else, and hence the preferred understanding of the notion of European union, is illuminated further by another historical interpretation: 'If in 1859 the Romanians remained indebted to Napoleon III for the establishment of their modern state, after the First World War, the Romanians remained indebted to Woodrow Wilson, the father of a Europe of the Nations, which saw

the legitimate appearance the modern unitary state of Greater Romania.<sup>45</sup>

Thus the EU (and NATO for that matter), since it does not live up to the ideal of the Europe of the Nations, is of use only as a potential vehicle for the pursuance of what the PRM call 'The National Interest', namely the eventual unification of all Romanians within one state.

As a member state of Nato and the EU Romania will adopt a responsible position in inter- and extra-European relations, a policy of equals and of the right to equal chances for all the peoples of the planet...and is against any type of military, confessional, or cultural interference of any supranational entity or state, if this is not supported by the United Nations justified by the need to safeguard peace and humanity. As a result, the assumption of our obligations, including military...will be fulfilled through the prism of the promotion of The National Interest.<sup>46</sup>

There could hardly be a clearer statement of the primacy of 'the nation' over supranational motivations or institutions.

That in turn leaves the PRM's (already lukewarm) support for the EU wholly conditional on the latter's willingness to serve the interests of the Romanian and other 'European nations'. Given the general dissatisfaction of ERPs with the EU - discussed in greater detail below with reference to the VB - it seems likely that PRM support will be short-lived. As early as 2000, discussing a meeting between Tudor and Front National leader Jean-Marie Le Pen, Cristian Pîrvulescu comments that the meeting "reveals the links between the nationalisms of the last decade, putting aside their different origins and environment. Their action is concentrated against the tendency to extend and consolidate the EU as a new political (and therefore statist) social and economic model."<sup>47</sup> Tudor's party has already adopted the anti-EU constitution stance of its sister parties in ITS. In addition, and echoing broader extreme right complaints about the political establishment, its MEPs have levelled particular criticism

<sup>44</sup> Doctrina Națională, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>45</sup> Doctrina Națională, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>46</sup> Doctrina Națională, 2005, [www.prm.org.ro/index.php](http://www.prm.org.ro/index.php) downloaded 17 January 2007.

<sup>47</sup> C. Pîrvulescu, "Între nostalgia centrului și tentația periferiei", *Sfera Politicii*, 82, 2000.

at corruption in the Commission.<sup>48</sup>

The VB, too, expresses some sympathy for European cooperation, but as with the PRM it is 'the nation' that must come first: 'the Vlaams Blok remains a supporter of a confederal Europe of nations and homelands'.<sup>49</sup> And the party's ideology is strongly anti-EU. That opposition is seldom couched in terms of national sovereignty, and it has similarly little to do with the brand of nationalism - the basis for much popular 'Euroscepticism' in recent years<sup>50</sup> - that contends that the European peoples are too different to form a coherent demos. Rather than rejecting the principle of European cooperation, the VB declares that it is unhappy with aspects of how the European Union operates. Some of VB's themes echo the party's general critique of the Belgian political establishment: at both the national and the European level, the VB perceives excess bureaucracy, incompetence, corruption, and 'political correctness'.<sup>51</sup>

The reference to 'political correctness' is often articulated in a chain of equivalence with the 'EU', in the context of a criticism of the Union's policies on immigration. According to Eatwell, extreme-right ideology is 'compatible with projects of transnational integration such as the EU as long as it is limited to ethnically and culturally similar communities'.<sup>52</sup> As we have shown, the VB explicitly endorses 'Europe' as a collection of nations that are seen as organically linked, thereby setting a limit on the geographical scope of the EU. More recently, taking advantage of the debate over the accession of Turkey to the EU, this political frontier has relied on the use of Turkey as a symbol of the 'non-European' other: 'the Vlaams Belang...believes that the territory of the European Union should not extend beyond the boundaries of Europe'.<sup>53</sup> The party is particularly unhappy with the prospect of Turkish membership, asserting a clear cultural and religious divide between Turkey and 'Europe'; it also

places special emphasis on the recent tensions between Islam (the dominant religion in Turkey) and the West. The position is summarised forthrightly in the 2004 European election manifesto: 'Turkey is in no sense a European nation. There is no reason, religious, historical, economic or cultural to accept Turkey as a member state of the EU'.<sup>54</sup>

For the VB, the corollary of an enlargement including Turkey is immigration: 'the possible entry of Turkey into the EU...would start a new massive wave of immigration in the direction of Europe'.<sup>55</sup> Since the party envisions 'Europe' as excluding Turkey, these would by definition be non-European immigrants, with the difficulties of cultural assimilation posited above. In short, and like successive Belgian governments, the EU is presented as operating an immigration policy that fails to heed the maxim 'our own people first', and the VB condemns it accordingly: 'Political correctness is blooming at the pinnacle of European power. The Vlaams Blok calls for the rights of nations to decide their own future....The Vlaams Blok slogan 'our own people first' expresses that power can only come from the nation itself, and not from a vague caste of powerful political figures in an ivory tower or supranational organisation'.<sup>56</sup>

On both enlargement and immigration, the VB's criticisms can be summarised as an accusation that the EU is not only failing to defend but is actively endangering Europe. The ideological tactic is to contrast the EU with what is described as 'real' or 'authentic' Europe. For example: 'the Turkish matter symbolises perfectly the gap between the 'real' Europe and the official EU'.<sup>57</sup> More generally, VB ideology frequently juxtaposes a negative image of the EU with a positive articulation of 'Europe of the Nations'. So, while 'Europe' and 'the nation' are linked in a positive chain of equivalence as discussed above, the EU is joined with non-European immigrants in a negative chain. The EU, like non-European immigrants, is a negative signifier precise-

<sup>48</sup> See for example "Frauda la comisia european? " (Fraud at the European Commission) by Daniela Buruian?-Aprodu, PRM European parliament member, Tricolorul, 14 June 2007.

<sup>49</sup> Vlaams Blok, Grote Kuis! Programabrochure Euro-verkiezingen '94, Brussel, VB, 1994.

<sup>50</sup> P. Taggart, "A touchstone of dissent: Euroscepticism in contemporary Western European Party Systems", European Journal of Political Research, 33, 1998, p. 363-88.

<sup>51</sup> Vlaams Blok, Vlaamse Staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement (Brussel, VB: 2004).

<sup>52</sup> Roger Eatwell, "Ten theories of the extreme right" in Merkl and Weinberg eds., op. cit., p. 88.

<sup>53</sup> Vlaams Belang, Vlaamse staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement, Brussel, VB, 2004, p. 43.

<sup>54</sup> Vlaams Blok, Vlaamse staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement, Brussel, VB, 2004, p. 43.

<sup>55</sup> Vlaams Blok, Vlaamse staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement, Brussel, VB, 2004, p. 7.

<sup>56</sup> Vlaams Blok, Vlaamse staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement, Brussel, VB, 2004, p. 16.

<sup>57</sup> Vlaams Blok, Vlaamse staat, Europese Natie: Verkiezingsprogramma 2004 Europees Parlement, Brussel, VB, 2004., p. 7.

ly because the VB claims that they are a connected threat both to the nation and to Europe.

As on 'Europe', the VB's discourse on the EU is thus fuller and has been taken further than that of the PRM. And again this is due principally to Belgium's longer history as an EU member and larger immigrant population. Nonetheless, there is also considerable evidence of anti-EU sentiment in PRM discourse, and issues like the potential membership of Turkey will only fuel such opposition. In the case of both parties, their critique of the European Union cannot be separated from their discourse on Europe, because each is at the heart of a chain of equivalence. These chains are placed in stark opposition: the EU demotes European values and identity in favour of cosmopolitanism and political correctness, to the detriment of all European nations.

### Conclusion

To summarise the main findings from the ideological analysis in this study, I can say that both the Partidul România Mare and the Vlaams Belang draw a clear link between 'the nation' and 'Europe', with the latter understood as a 'Europe of the nations' and to be distinguished sharply from the EU. The symbiosis between the nation and Europe is ostensibly based on cultural similarities, and specifically on a utopian portrayal of a meta-national European culture and civilisation of which the Flemish and Romanian nations are both parts. The EU is condemned in particular for its lack of restrictions on immigration, and in VB discourse the undesired immigrants are explicitly specified as 'non-European'.

This opposition between the 'EU' and the 'real Europe' turns on its head the loose equivalence between 'Europe' and the EU as seen in the ideologies of other parties and the mass media.<sup>58</sup> 'Europe' can thus be seen as a classic example of an 'empty signifier', sometimes used simply to designate the EU, but which in the hands of the extreme right is endowed with different, broader significance as a civilization to which the EU - as currently constructed - is largely inimical. As Gerard Delanty has pointed out 'The idea of Europe is not another word for internationalism or pan-European unity. In the 1990s Europeanism is just as likely to be an ideological strategy to express hostility and chauvinism. This

is because Europe has different meanings for different people in different contexts. Europeanism is not a fixed set of ideas and ideals which can be unilaterally aspired to as an alternative to national chauvinism and xenophobia. It is a strategy of discourse and is constituted by constantly shifting terms of reference.'<sup>59</sup>

An opposition to non-European immigration is clearly redolent of the fascist/nazi nexus of Europe and race, but the couching of this opposition in cultural and historical rather than ethnic or racial terms gives the discourse a more cosmopolitan veneer. This may prove more popular electorally, attracting those potentially receptive to the extremist message but who would recoil from more overtly racist rhetoric. ERPs could thus present a more civilised and mainstream image to voters, while continuing to persuade them of the core anti-immigrant message. The ideological strategy discussed here helps such parties to do both.

My research also has implications for future ERP cooperation at the European level. What is clear is that, while European extreme right parties do hold to nationalist principles that appear mutually antagonistic, this has not prevented the main ERPs from cooperating and developing a common platform. That is possible because their ideologies meld together parochial concerns with broader issues, and in particular because they place the nation clearly and unambiguously within a European frame. One implication of the present analysis is that ERPs are coming together to portray themselves as 'defenders of Europe'.

<sup>58</sup> T. Garton Ash, *History of the Present: Essays, Sketches and Despatches from Europe in the 1990s*, London, Allen Lane, 1999.

<sup>59</sup> See Gerard Delanty, *Inventing Europe: Idea, Identity, Reality*, Basingstoke, Macmillan, 1995, p. 143.

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