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New president, new government, large budget deficit

Romania after the election: A difficult equation to solve

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Romania has experienced turbulent months: A gruelling presidential election campaign, the resignation of the prime minister, and ultimately a fragile coalition government mark a new political beginning. With Nicușor Dan and Ilie Bolojan, two reformers now lead a country plagued by fiscal problems and deep distrust of the political class. But the new government must first prove itself – in a parliament with difficult majorities, facing a disaffected population, and in the shadow of a budget crisis. A new beginning with many unknowns.

After the first round of the Romanian presidential election on May 4, 2025, then-Prime Minister Marcel Ciolacu (PSD, Social Democratic Party) resigned. He justified this step by arguing that the poor performance of the governing coalition's candidate demonstrated that the government no longer enjoyed public trust. After a nerve-wracking final campaign spurt, Nicușor Dan (independent) prevailed in the second round of voting on May 18, 2025, against his far-right opponent George Simion (AUR, "Alliance for the Union of Romanians") and was sworn in as the new Romanian president shortly thereafter. After tough negotiations, a new government was finally formed.

No easy path

According to the Romanian Constitution, the President nominates the Prime Minister and simultaneously tasks him or her with forming a political majority for the government. Candidates for ministerial positions are then heard in the parliamentary committees. Although the committees' opinions are only advisory, they must be completed before the next step in government formation can proceed: the presentation of the government program by the Prime Minister-designate in the joint plenary session of the Chamber of Deputies and the Senate. The parliamentarians then vote on the swearing-in of the government in a secret ballot.

This clear roadmap has proven difficult to implement in recent weeks. The reason for this is the outcome of the last parliamentary elections in December 2024, which saw the forces of the political centre fragmented and the far right gaining strength. To prevent the far-right forces from participating in the government, all other parties had to come together in a coalition government. All parties involved had to swallow numerous political bitter pills until compromises were found for positions that initially seemed irreconcilable. With the mediation of the President, the PSD, PNL, USR (Union Save Romania), UDMR (Democratic Union of Hungarians in Romania), and the representatives of the minority faction in the Romanian Parliament finally came together and now form a coalition government headed by Prime Minister Ilie Bolojan (PNL).

A new Prime Minister

Ilie Gavril Bolojan comes from northwestern Romania. After studying mechanics and mathematics, he entered politics via the Aleșd city council. As mayor of the northern Romanian city of Oradea (2008-2020), he impressed by creating an efficient municipal administration, promoting good young talent and qualified employees, and curbing clientelism and corruption. As chairman of the Bihor County Council (2020-2024), Ilie Bolojan expanded this concept to the entire county. He is considered the most successful reformer and manager in

Romania's political landscape. Following Nicolae Ciucă's resignation as party leader of the PNL, Ilie Bolojan assumed the party's interim leadership. Following the parliamentary elections in December 2024, he was elected President of the Senate. The resignation of President Klaus Iohannis made Senate President Ilie Bolojan interim President of Romania (Feb-May 2025) in accordance with the Romanian Constitution.

Reform or impending end

Despite his high reputation among the liberal-conservative middle class and thus a broad electorate, some forces within the PNL oppose Ilie Bolojan. Partly due to power-political ambitions, but also because some fear the reforms that Ilie Bolojan is likely to implement within the PNL. Romanian voters made it abundantly clear during the last elections that they are deeply disappointed with their political parties: wastefulness, inefficiency, clientelism, and a self-serving mentality are simply no longer acceptable. What is needed are professionally managed, citizen-oriented, transparent parties that apply the principle of merit when filling offices and positions. Ilie Bolojan can be trusted to deliver precisely this. However, he must first be elected chairman at the next regular PNL party congress on July 12, 2025, and then unite the party behind him.

Internal restructuring is likely to be significantly more difficult for the PSD. Its "political business model" is simply based more on clientelism than on social democratic convictions, as the party's name might suggest. Before the second round of the presidential elections, no more than two handfuls of PSD front row politicians were able to publicly bring themselves to clearly support the pro-European candidate Nicușor Dan. Evidently, most of the party leadership flirted with the far-right option of George Simion. How such a possibility could even be considered by a social democratic party was a question that was not only asked by the European S&D group. The fact that also many PSD voters do not necessarily adhere to social democratic views is demonstrated by the fact that a particularly large number of former PSD voters defected to the radical right-wing alternatives over the last elections. The road to a modern social democratic party with coherent social policy concepts seems long.

Even though the USR is perceived as credibly reform-oriented, it is programmatically fragmented and paralyzed by endless disputes among its leadership. The party has so far failed to grow out of its urban pocket. Romanian President Nicușor Dan co-founded the USR but later left in frustration. The USR, in turn, fielded its own candidate in the first round of the presidential election, even though it was clear early on that the polls predicted a negative outcome. Nicușor Dan could have been given a more comfortable entry into the second round. Finally, the UDMR, as the representative of the interests of the Hungarian minority, will not be able to grow much beyond its current electoral potential.

Romania will not succeed without a profound internal transformation within the parties that have so far dominated the political landscape from the centre. Those parties that fail to achieve this transformation will continue to shrink, making room for new political forces. Until now, this space has been filled by right-wing radical and right-wing populist political offerings. This is much to the delight of Russia, which is well aware of Romania's key role in the stability, or rather, instability, of the entire Southeastern and Eastern European region. The pressure for reform on the Romanian party landscape thus remains high.

Difficult to solve equations

The majority situation in the Romanian parliament also remains difficult. Only with the inclusion of the PSD, which is viewed by the bourgeois-liberal camp and even by reform-minded Romanians as the "root of all evil" (or at least of clientelism and corruption), is a government formation even possible. Bringing the PSD into the government and handing it numerous ministerial posts is a liability for the Bolojan government. Only a section of the reform-minded camp can accept that, given this election result, there is simply no other option. To regain the trust of the Romanian people, the president and prime minister must curb clientelism and corruption and deliver good governance. At the same time, to prevent the

government from collapsing, the PSD must be kept on board, although it appears determined to continue pursuing its well-known political business model. This balancing act is viewed with scepticism by the USR, which already collapsed the last governing coalition in which it participated.

In addition, Romania is in a manifest budget crisis (9.5% deficit), and painful reforms await the country and its people. President Dan and Prime Minister Bolojan have been preparing the population for harsh austerity measures for days. The published government program already contains a long list of "cruelties": an average reduction of 20% in the number of employees in central public administration; significant reductions in the number of supervisory boards, boards of directors, committees, and executive boards in state-owned companies; the closure of state-owned companies with permanent losses, which could affect, among others, the state-owned airline TAROM, the freight rail operator CFR Marfă, the defence company Romarm, and the district heating network Complexul Energetic Oltenia; an expansion of the taxpayer base for pension contributions by 20% by removing opt-out options for high incomes; and the taxation of "excessive" stock profits for a limited period. Anyone who imagines similar reforms for Germany gets an idea of what protests, demonstrations and political headwinds await the new Romanian government in the coming months.

Keeping the fragile coalition together in this climate, making fundamental changes within the party system, and withstanding the intense pressure of the current security crises on the international level: Romania's top politicians are truly not to be envied at the moment. One bright spot is that, with President Nicușor Dan and Ilie Bolojan, Romania's leadership is led by two mathematicians who are accustomed to solving complex equations and dealing with unknown variables. Let's hope for Romania that the math works out in the end.

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