

The class relations of the far right in Romania

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The presentation today is part of a broader research agenda that I'm conducting at the moment, where I'm looking at different far-right populist parties in Europe and try to see to which fractions of the capitalist class they are connected to. More broadly, what are the social blocks behind these far-right populist parties? I don't think we know enough about this. And my general hypothesis I try to test, my proposition for you today, is: Support of and connection to the right wing forces depend on the location of the country in the capitalist system— and are specific in more peripheral countries like Romania, as you will see in the slides.

The domestic bourgeoisie felt squeezed out by foreign capital, which has become dominant in most key sectors of the economy since the accession to the European Union and the integration of Romania into global markets. The right wing turn is the reaction of this national bourgeoisie that wants to capture state power against the domination of foreign capital. This is not necessarily the same in the UK, where I live, a country at the core of the capitalist system, or at least it used to be. There, it's sections of finance capital, sections of fossil fuel capital, very transnational sections of capital that are driving the rise of the Reform UK party.

I think we need a more granular approach to this party family to see what variation exists, because there are many contradictions between these parties, but also within these parties. Within the social blocks of these parties, we have strong contradictions. We can see in the United States the contradictions within the Trumpist power block coming to the surface.

You might have seen that Romania had presidential elections, not once but twice in the last six months. On November 24, the first round of the elections was won by Calin Georgescu, an independent far-right candidate, with 20% of the vote. In the second round, he was supposed to run against a neoliberal candidate. On the day of the elections, they were canceled. The Constitutional Court decided to cancel the whole first round, reorganize the elections in May, and bar Georgescu from standing again in the elections. This was very legalistic maneuvering against the candidate who was considered a

candidate of Moscow. The guy who replaced him, George Simion, the leader of AUR, which is the party that I will be focusing on today, stood in his place and got double the percentage that Georgescu got, which shows us that this kind of constitutional, legalistic maneuvers against the far-right don't work. They backfire. They only fuel the anti-status quo and anti-establishment aura of the far-right. We see this with Le Pen in France and with Trump—a similar process.

Simion won the first round of the elections in May with 40%. It looked like he would win the second round, but in the second round, there was a higher turnout, and the neoliberal candidate, Nicușor Dan, won the elections. This is the backdrop for the political situation in Romania, but for the bigger picture, to understand what's happening in Romania and to understand the spectacular rise of the far-right, we need to go back to 1990, to the first years of capitalist restoration in Romania.

Process of capitalist restoration after 1990

In the 1990s, we underwent shock therapy that saw the loss of 1.7 million jobs in industry and a dramatic decline in exports. In the first two years of capitalist restoration, exports dropped 74%. In the first two years, the GDP fell from 49 billion to 15 billion by 1992. Public spending dropped from 36% of the GDP in 1989 to 13% in 2005. Massive depopulation, especially of the small industrial, mono-industrial towns, occurred, with many of them becoming ghost towns. Only the old people and the children are still living there because the working population has gone west. We have the largest economic diaspora in Europe of roughly five million people.

After Romania's accession to the European Union in 2007, roughly 20 years ago, we had a revival, a partial and uneven re-industrialization of the country, led by foreign capital investment, particularly in sectors like the automotive sector: Dacia owned by Renault and Ford operate in Romania; we are the sixth largest producer of cars in Europe. The IT sector also boomed. Romania is actually the third largest exporter of software in the world after China and India, but most of this is owned by foreign capital.

The top three investors in Romania, talking about colonial and neo-colonial relations, are Germany, Austria, and France in that order—exactly the same three top investors in Romania from a hundred years ago and before socialism. We need to talk about path dependency and the perpetuation of neo-colonial relations.

There are huge regional inequalities, bigger than you see in Italy, Spain, or any other European country. Bucharest is an island of wealth; it has 144% of the EU average GDP, while the northeast region, Moldova, which is next to the border with the Republic of Moldova and Ukraine, has 39% of the EU average GDP per capita. Also, foreign investment is highly imbalanced; Bucharest gets 60% of the FDI, while the northeast region gets 0.1%, not even 1%, of FDI. It is also the biggest region in terms of outmigration because of that.

In the last 20 years, we've seen a very entrenched, consolidated domination of foreign capital in key sectors of the economy: manufacturing, energy, and banking. Foreign banks

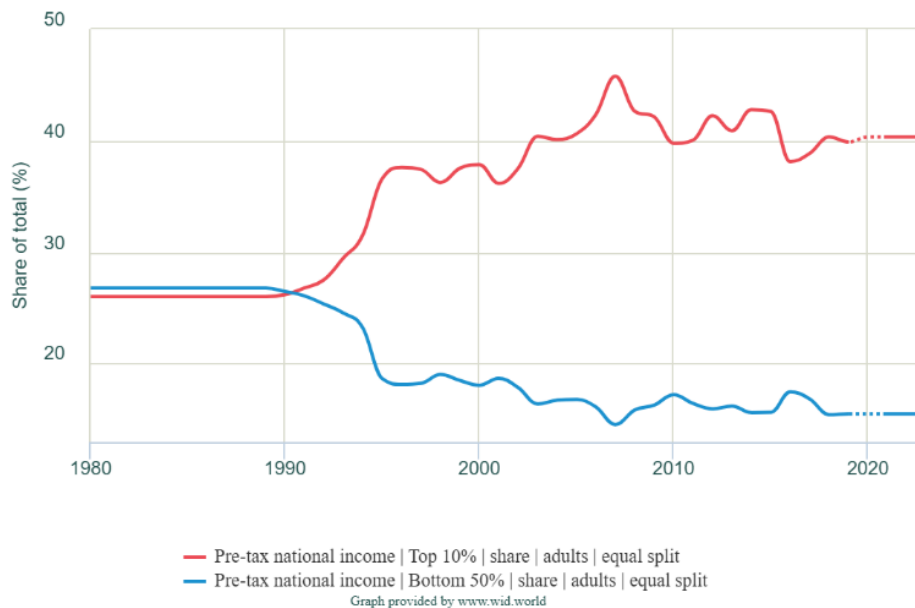
own 60% of the banking sector in Romania, which affects the rest of the economy, because they don't give advantageous loans to Romanian businesses, which is one of the main contentious points of the far right. “Our party”, is one of their key pledges, “will force foreign banks to give advantageous loans to Romanian businesses, particularly to small and medium enterprises.”

The most successful companies operating in Romania by revenue last year—out of the top 50, 35 were foreign-owned. They benefit from the low wage economy, a low regulatory environment, and a very low corporate tax of 16%, which is the third lowest in the European Union. Despite the low corporate tax, they don't pay it; they don't declare their real profits in Romania. For instance, OMV, which is an Austrian energy giant, is the biggest employer in Romania, pays much more tax in its own country than it pays in Romania.

The few remaining strongholds of domestic capital—and this is crucial to understand the class character of the far right in Romania, not just in Romania but also in other Eastern European countries—are real estate, the construction sector, the food industry, and the hospitality industry.

Let's take a look at the situation of the popular classes in terms of their living standards. After 20 years of EU membership, half of the population still lives in poverty or on the verge of poverty. Our minimum wage is a third of the average minimum wage in the European Union. Despite successive increases in the minimum wage over the past decade, it still falls short of the actual living wage that a person in Romania should be earning in order to have a decent living standard. We have the second lowest public spending as a share of the GDP in the European Union after Ireland, which, you know, is a peculiar case and can't be directly compared. Again, there are huge regional inequalities and massive economic migration.

Income inequality, Romania, 1981-2023



This graph sums up what I've just said in a quite forceful way. Here you can see the income inequality in Romania between the top 10% and the bottom 50%. In 1989, they owned equal shares of the national income. It was still unequal because 10% owned as much as 50%. But look at the discrepancy since 1989. The latest data I could find in the World Inequality Database is from 2020, when the top 10% owned 40% of the national income, and the bottom 50% owned 10% of the national income. Why?

The class base of the far-right parties in Romania

All parliamentary mainstream parties in Romania since 1989 are the parties of capital, of different fractions of capital. The so-called social democratic party, which is very right-wing both fiscally, economically, culturally and socially even by the standards of European social democracy, tends to represent the nexus between bureaucratic networks at the national, regional, and local levels and domestic capitalists connected to state resources. They live off state contracts, off state and public resources.

The National Liberal Party (PNL) is the historical party of the right in Romania, and a traditional vehicle of foreign capital and the comprador bourgeoisie in Romania. The third party, a neoliberal party founded 10 years ago, USR, is also the party of transnational capital and the professional managerial classes in the big urban centers. They tend to win votes in Bucharest, Cluj, Timișoara, Iași, and so on. But of course, there's huge popular anger against this political elite, mass disillusionment. The turnout in the last parliamentary elections in 2024 was around 50%. Half the population didn't even go to vote. In the absence of a left workers' party, the main vehicle that will capitalize on this mass anger with the state will be a far-right party, as we see all across Europe and beyond.

And this far-right party is called AUR. It stands for the Alliance for the Union of Romanians. It was founded in 2019. It's led by this so-called charismatic leader, Simion. I don't know who thinks he's charismatic, but he's portrayed like this by the liberal media. He's a former football ultras. He made his name in the civil society by campaigning aggressively for the reunification between Romania and the Republic of Moldova. This has been the mantra of the far-right in Romania for years, hence the Union of Romanians.

AUR also means gold in Romanian. After the last presidential elections the joke was that they should change their name to silver because Simion came second. But they've experienced a sharp electoral rise that is likely to continue. In the first elections they stood, one year after they were created, they got 9% of the vote. Last year, they got 18%. They doubled their result. They are the second party in parliament, and they will be the official opposition because the other three parties agreed on a government coalition, a national unity government, to keep the far-right away from power.

This coalition will implement brutal austerity in order to address the public deficit of 10%. Even the IMF said that Romania should consider progressive taxation. Romania and

Hungary are the only countries in the European Union without progressive taxation. We've had a flat income tax of 10% since 2005, and you see the outcome of that: huge inequalities and a large share of the population living in precarious conditions. The government doesn't consider that. They want to go on with austerity, which will fuel popular support for the far-right.

Ideologically, AUR ticks all the boxes of the European far-right today with the addition of Christian Orthodoxy, which is a specific characteristic of Romanian fascism going back to the interwar era: They are anti-globalist, Euroskeptic, sovereignist, and so on. Geopolitically, despite what the liberal media say, they are much more aligned with Trump than with Putin. Simion agrees with Trump on every geopolitical issue, from the genocide in Gaza to the war in Ukraine to increasing public spending for NATO, and so on and so forth.

Importantly, they are a very pro-business party and their economic agenda consists of pretty standard neoliberal demands. They want to cut the income tax, which is already 10%. They want to downsize the public sector and eliminate half a million jobs in it. However, they also include some non-neoliberal measures, including protectionist measures for domestic capital. As mentioned earlier, they want to make banks provide advantageous loans to SMEs (Small and Medium Enterprises). They want to regain some level of control—not full control, but majority control—over natural resources, 51%. Those natural resources would still be used in a logic of profit maximization, not to serve the needs of society.

So, it's very much a pro-capitalist party, that combines elements of neoliberalism with elements of economic nationalism or state capitalism. They want to give tax breaks to farmers and the construction sector, the very core of the social base of this party.

Here is a quote from the electoral program of Calin Georgescu. He is the initial far-right candidate who won in November, but then he was taken out of the race. He works closely with Simion and calls him his younger protégé. You can see that his program is what I call the petit bourgeois utopia:

“Small and medium ownership must be encouraged, protected and supported as a priority. We will not have to deal with a nanny-state that will redistribute wealth in an egalitarian way, as per the socialist model, but with the spread of associative forms of productive property (over land, tools, educational resources) and easy access to cheap capital. The economic success of sovereignist-distributist Romania will be based primarily on the capitalization of the small producer.”

So in Romania, there won't be any workers, and there won't be any big capitalists. Everybody will be a small producer. Everybody will be an entrepreneur, a little farmer cultivating their piece of land; this petit bourgeois component is a historical characteristic of the far-right. But it's not the Petit Bourgeoisie that is at the top of the power block of the far-right. Instead, it's fractions of domestic capital from construction, real estate, and hospitality. Sometimes these people have businesses in all three sectors at the same time and feed upon each other. They are interrelated: real estate with construction, the restaurant and café industry, the hotel industry, and so on.

Vasile Puscas, for example, is one of the main donors to the party. He used to have links to the traditional right-wing party in Romania, in Cluj. However, the mayor in Cluj, whose social base is among the professional managerial class, serves that urban middle class who wants parks and bicycle lanes and expropriated this individual, who intended to use the private land to build more real estate. The mayor took the land to build a park. So, this person says, "You will see. I will leave you and back the far-right party instead." These appear to be petty rivalries, but they are rooted in the material interests of these capitalists.

Mohamed Murad is also an entrepreneur, a millionaire from the real estate and construction and hospitality sectors. He's not just a supporter, he's an MP for AUR and one of their top leaders. He's also the head of the organization of business people within the party. The party has its own organization of entrepreneurs. I think his quote sums up the class character.

"The country is not living genuine capitalism because the state exerts pressure on domestic capital, persecuting Romanian entrepreneurs to facilitate the entry of big foreign corporations."

This is the story of the far-right in Romania, as well as in Hungary and also in Poland.

Then we have a second section of the social block of the far-right, what I would call the disillusioned comparadors who used to serve foreign capital for many years and the political institutions that represent foreign capital. Călin Georgescu himself worked for the United Nations in various capacities. He was very embedded in these kinds of transnational power circles until he moved away from them. His wife, who is very politically active, was the vice-president of the Romanian subsidiary of Citibank, which is one of the largest banks in the world, until she was laid off during the financial crisis and reinvented herself as a small entrepreneur. This is the same story as in Poland, where the so-called comparador bankers—Polish heads of foreign bank subsidiaries in Poland—after a number of years realized that the foreign banks had no interest in stimulating the Polish economy. They would not give advantageous loans to Polish businesses, so they rebelled and backed the political project of Law and Justice.

Petty Bourgeoisie in Romania

Below this class is the precarious petty bourgeoisie, which is very diversified and complex to understand, because of the diaspora and the migration component. SMEs are in deep crisis. After the pandemic and the energy crisis, they have been closing down in their tens of thousands every year. There was a record this year: 160,000 SMEs are in difficulty. This means they have filed for bankruptcy or are in insolvency, or have suspended their activity.

Romanian farmers, a traditional section of the petty bourgeoisie, comprise the largest share of the workforce working in agriculture in all of Europe with 20%. To give you an idea, the second country in terms of the share of the workforce in agriculture is Poland, with 10%, and France, which is arguably the big agricultural power of the European Union, and

has 2.4% of the workforce in agriculture because they have mechanized their agriculture. Romania had mechanized agriculture before 1989, but it's been dismantled. Most of these farmers are precarious smallholding farmers who engage in almost subsistence farming, and they have been massively impacted by the war in Ukraine because the European Union lifted any trade restrictions on agricultural products coming from Ukraine. This is why Hungary and Slovakia imposed unilateral bans on Ukrainian products. Romania hasn't, which is why the farmers are very angry and are flocking to the far-right party, which promises similar restrictions. Then we have a plethora of lumpen capitalists. They are not significant, but they are there.

And then there's the diaspora. The diaspora is an interesting phenomenon. One component is a complex example of a dual class condition. There are migrants who go to Germany, Italy, Spain, Britain, and France—around 5 million people—many of whom work blue-collar, low-paid, precarious jobs. They are proletarians in the West, but this allows them to accumulate a little bit of capital to go back home and open a small business, a café, a guest house, a corner shop, or a little farm. So, they are proletarian abroad and petty bourgeois at home. This kind of schizophrenic class condition leads them in a reactionary direction. Because of the absence of a left party to appeal to them, they turn to the far-right because the far-right tells them, "We will make Romania great again. We will make Romania a proud country in Europe so you can come back home and raise your families here." They are very frustrated by the state, which taxes them more than it taxes foreign companies. AUR says, "We will tax foreign companies, and we'll give you tax breaks." They are angry at those below them because this is the petty bourgeoisie political orientation. They are angry at those above but also at those below them—at the undeserving poor. They say, "I went abroad and worked so hard, and then I come home and these people don't want to work for me." Moreover, the state increased the minimum wage they have to pay, and they feel it's a burden. So, they have a very anti-statist, anti-worker kind of mentality. They are the people who keep the Romanian economy alive, and they feel neglected. They feel that no party represents them. So, they are gravitating towards this far-right political project.

At the bottom of AUR's social bloc are the people actually left-behind, commonly called "the losers of globalization". It's important to specify that there are different types of losers of globalization. We have elite losers of globalization, like the domestic bourgeoisies who feel squeezed out by foreign capital and by the processes of globalization and neoliberalism. But we also have ex-industrial workers, people who left the country and their children who left the country to work abroad, who vote for this party. But most of these precarious popular classes in Romania don't vote at all. The highest abstention in elections is among this social class.

However, there's a rising vote for AUR, which again has nothing to offer these people. Nothing to offer in terms of increasing wages, nothing to offer in terms of strengthening workers' rights or strengthening trade unions.

Trade unions are very incapacitated in Romania, with a very low unionization rate in the private sector because of a neoliberal labor law from 2011 that basically wiped out the

right to collective bargaining and made it virtually impossible to even create a trade union in the private sector. It set the threshold for minimum support for a trade union very high, making it almost impossible to meet. AUR has nothing to say about that, nothing to say about progressive taxation.

They had one top flagship policy aimed at the popular classes, which was to build one million affordable homes for 35,000 euros each. It was very popular and built them a lot of support. But between the two rounds of elections in May, Simeon candidly admitted in an interview that it is not an honest proposal; it's marketing. He said, because that's how we gain votes. He was talking live to a journalist. He was saying in an interview that it was just marketing and is probably the first politician in history to break an electoral pledge before the elections are even over. This affected his support and might have contributed to why he lost in the second round.

What is to be done?

What is to be done? We always have to conclude with this question. The objective conditions in Romania for a mass workers' party—which is the only way we can stop the rise of the far right and the only alternative to both the neoliberal right and the far right—are ripe. After 35 years of unhinged neoliberal capitalism, they are ripe, you saw the data I presented. The subjective conditions are catching up,. We also note a sharp rise in class consciousness. It's not uniform; it's not an anti-capitalist consciousness, of course, but there's increasing popular support for basic left-wing policies. More than 90% of people want the state to create jobs. 80% want state investment in public services and programs to reduce poverty, which affect 45 percent of people. 73% think the state should care more about workers than about bosses. And yet, so far the left-wing party to promote these policies is failing to emerge.

We have several small extra-parliamentary socialist and communist groups. They don't work with each other; they barely talk to each other. There are social movements in housing, the environment, and now against the genocide in Gaza. There's a failure to converge. The trade unions are captured by very ossified bureaucratic leaders who have been in leadership since 1990. The two main trade unions have had the same leaders for the past 35 years, but even there is an opening among the rank and file of these trade unions, among precarious workers who are trying to organize themselves despite all the institutional legal obstacles to their trade unionization. And these forces have to come together; they have to come together. We need a party.

We need a workers' party of our own that represents us, our class, and our interests. A party that can aim concretely at the biggest issues in Romanian society: housing, wages, education, and precarious job contracts, but also bridge towards a courageous radical program for the socialist transformation of society. Thank you.