

Romania: breakup of the grand coalition and a new phase of the political crisis

Kamil Całus

On 23 April, six ministers resigned from the Romanian government – those responsible for labour, health, energy, agriculture, transport, and justice – along with Deputy Prime Minister Marian Neacșu and Secretary-General Ștefan-Radu Oprea, all from the Social Democratic Party (PSD). This amounts to the effective collapse of the ‘grand coalition’ of four mainstream parties: the post-communist, centre-left PSD; the centre-right PNL; the liberal USR; and the Hungarian minority party UDMR, which has been in power since June 2025 (see *[‘New government in Romania: a grand coalition facing major challenges’](#)*). The resignations followed the refusal of Prime Minister Ilie Bolojan (PNL) to step down despite an ultimatum issued by the PSD leadership on 20 April. The Social Democrats accuse him of pursuing reforms intended to stabilise the country’s rapidly deteriorating public finances, which they argue are harming the economy and reducing living standards.

On the same day, the prime minister appointed interim replacements to the vacant posts, primarily from the PNL, USR, and UDMR, and personally assumed control of the energy ministry. The current cabinet is a minority government, holding just 181 seats in the 464-member bicameral parliament. Even so, a vote of no confidence – announced by the PSD in cooperation with the opposition Alliance for the Union of Romanians (AUR) – may prove difficult to pass. At present, the most likely scenario is that Bolojan’s minority government will remain in place and continue its challenging fiscal reforms, or that a new cabinet will be formed from the same governing parties, albeit likely without the PSD. At the same time, the crisis appears set to persist: minority governments are inherently unstable, and even a rebuilt coalition would not remove the structural sources of tension. The most immediate and serious consequence is the risk that Romania may fail to receive EU funds allocated to it, particularly under the SAFE programme and the Recovery and Resilience Facility.

Structural sources of the crisis

The current crisis has been building for months and reflects deeper structural problems. From the outset, the four-party coalition was fragile. It brought together groups ranging from the centre-left to liberals that have long been in conflict, particularly between the PSD on one side and the PNL and USR on the other. What held the coalition together was primarily a shared interest in countering the growing strength of the anti-establishment, Eurosceptic AUR and similar radical parties (SOS Romania, POT). The partners also sought to avoid early elections, which would likely have increased those parties’ representation in parliament. President Nicușor Dan also played a role by attempting, to some extent, to mediate between the rival factions within the so-called pro-European camp.

These ideological divisions were further strained by tensions over painful fiscal reforms that have been implemented since July 2025. The measures included raising VAT from 19 to 21 per cent and increasing excise duties, including on fuel and alcohol. The government also froze part of public sector wages and planned to reduce public administration jobs by up to approximately 20 per cent. These measures were intended to slow the rapid rise in public debt and reduce the record budget deficit, which reached 9.3 per cent of GDP in 2024, the highest in the EU. Following the first wave of reforms in 2025, it fell to approximately 8.4 per cent. The PSD, which shares responsibility for the state of public finances, sought to avoid the political costs of austerity. It presented itself as a 'defender' of voters against liberal reformers. While it supported fiscal consolidation in principle, it criticised the pace, scale, and social impact of the measures. At the same time, the Social Democrats sought to limit the scope of Bolojan's reforms not only for reputational reasons but also because they threatened the party's own interests. Cuts in local administration employment could weaken networks inherited from the Romanian Communist Party, which form the basis of the PSD's mobilisation capacity and clientelist system.

This approach – maintaining some distance from the reforms while seeking to mitigate their impact, yet remaining in government – stemmed from a coalition agreement that envisaged a rotation of the prime minister's post. Under this arrangement, a PSD politician was due to take office in April 2027. The party expected that, once in control of the government, it would be able to begin easing fiscal restrictions shortly before the parliamentary elections scheduled for late 2028 or early 2029. This would allow it to present itself during the campaign – in contrast to the liberals associated with the reforms – as a force offering relief to a fatigued electorate. However, the worsening macroeconomic outlook (see below) appears to have altered this calculation. Assuming the premiership at the height of an economic crisis, rather than during a period of political advantage, could prove detrimental rather than beneficial to the PSD.

Minority government, replacing the prime minister or a snap election?

The former coalition partners have little interest in a snap election, as this would be highly unfavourable to them. It is also worth noting that, since 1989, no Romanian parliament has ended its term early. According to polls, the AUR currently enjoys the highest level of support, at around 37–40 per cent, more than double its result in the December 2024 elections. The PSD can expect around 20 per cent, the PNL about 15 per cent, and the USR roughly 11 per cent. The Social Democrats' aim is therefore not to trigger early elections but to pressure the PNL to abandon the reforms most damaging to the party and to secure the replacement of the prime minister. The PSD has declared its readiness to return to the coalition if Bolojan steps down. The PNL, USR, and UDMR, however, are unwilling to agree. They view Bolojan as a politician capable of delivering a programme to restore public finances, and yielding to PSD pressure would amount to recognising the Social Democrats' primacy within the coalition.

Removing the prime minister is not a simple task. A vote of no confidence in a joint sitting of both chambers requires 232 votes, while the PSD holds only 130. It would therefore require support primarily from the AUR. Even with that support, the two parties would still fall short of several votes, which would have to come from deputies of SOS Romania, the POT, or independents. Despite this, on 27 April the PSD and AUR announced plans to submit a joint

motion to dismiss the government, with a vote possibly scheduled for 5 May. This move demonstrates that the Social Democrats are determined to remove Bolojan. At the same time, it carries clear political risks. It reinforces long-standing accusations that the PSD cooperates informally with George Simion's Eurosceptic party, despite repeatedly promising not to do so. Some voters also perceive the AUR as pro-Russian. The tactical alignment with nationalist forces has drawn criticism from the Party of European Socialists (PES), the group in the European Parliament to which the PSD belongs.

At the same time, the Social Democrats are considering an alternative approach. They may ask the Constitutional Court to clarify whether, after such a substantial reshuffle, the government should seek a new vote of confidence, as the constitution is unclear on this point. For the time being, ministries are led by interim appointees selected by Bolojan, whose mandates cannot exceed 45 days. However, pursuing this legal route would take time. It is also unclear how swiftly the court could issue a ruling, and the outcome would remain uncertain.

As a result, two scenarios appear most likely. The first is Bolojan's dismissal and the formation of a new cabinet composed of the current governing parties, with the PSD offering support but likely remaining formally outside the coalition. The second, if the no-confidence vote fails, is that the minority government led by the current prime minister remains in office.

Amid economic downturn and rising social frustration

The current crisis is fuelling public frustration with the political mainstream, which has been building since late 2024. A key turning point came when the Constitutional Court annulled the first round of the presidential election, in which the little-known Călin Georgescu had unexpectedly won (see '[Romania: Constitutional Court annuls the presidential election](#)'). According to polls, nearly 40 per cent of Romanians now believe the political system is so flawed that it should be changed 'by any means necessary', including undemocratic methods. A further 30 per cent favour comprehensive reform through democratic means. At the same time, between 70 and 80 per cent of respondents, depending on the survey, state that the country is heading in the wrong direction.

The stakes: billions in EU funding

The most immediate and serious dimension of the crisis lies in financial risks, particularly with regard to the disbursement of EU funds. The deadline for implementing Romania's Recovery and Resilience Plan is 31 August 2026. However, 14 reforms identified by the European Commission as critical, with a total value of around €11.4 billion, have yet to be completed. These include legislation on public sector pay and corporate governance in state-owned enterprises. Many of these reforms were overseen by ministries controlled by the PSD, so the party's exit from government directly slows their implementation. An even greater risk is associated with the SAFE mechanism. Under this instrument, Romania has access to around €16 billion, but the relevant contracts must be signed by 31 May 2026.