Prediction of the Impact of Romanian Presedential Election on the Country based on Policies Implemented by the New Government

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Abstract. The long lasted presidential election held between 2024 and 2025 implicit significant shifts of ethos trends, therefore creating a complex political pattern. The result of the election could profoundly impact the direction of economic policies and social structural adjustments. This article will focus on several significant policies the new government have introduced between June 2025 to September 2025 and trying to draw a prediction of how these policies could change the country when facing several crucial challenges, The research focus on several cases of policies, for instance the two new fiscal policies presented by the government or plans of economic development, and estimate the impact of policies based on existing data and brief explanation of Romanian economic and social background. The result is that Romania will try to allocate with EU closer and act as an active power to promote regional collaboration since it is facing a long-term economic regression with budget dependence on EU. Nearly potential reform in all facets might take effect in relatively long periods of time considering huge social division needs to be mended. In sum, Romania would be more active externally with cooperative foreign policies, yet the internal reform could be more moderate and conservative.

Keywords: Romanian Study, Foreign Policy, Globalization, Political Economy.

1. Introduction

In recent years, the political atmosphere of Romania experienced significant fluctuation: the presidential election lasted between 2024 and 2025 exposed the instability of election mechanism, decline of public trust towards government and fierce conflict between right-wing nationalist and pro-European factions, which reflected that internal social division and political polarization climb to its new peak(Cistelecan, 2025;Colibășanu, 2025). The turmoil during and after the election greatly changed power distribution in short-term and directly affected the sustainability of public policies since vote dispute and judicial review were happening in various fields(Stanescu, 2024).In such background, it is a necessity to comprehend policies introduced by the new government in its early days in the office, and to predict what could these choices influence social cohesion and economic stability.

In a more pragmatic perspective, the imbalances in the fiscal and current account Romania is facing with set external constraint for government decisions. After 2024, EU's fiscal oversight and accountability mechanisms towards Romania have been tightened in a great scale. Public finance deficits and rising of debt have placed the country under pressure when trying to apply fiscal reform: the government need to align with external requirements related to the flow of funds regulated by EU, while considering the political costs associated with domestic social protection and the voter base at the same time. Thus, the new government's viewpoint and evaluation between fiscal and social policies is both a technical fiscal governance and a highly politicized decision challenge.

Existing research could be organized into several complement providings, provide background information, theoretical and methodological support for this study. The first kind of research based on electoral geography, social structure and voter behavior data to point out regional social imbalances and economic disparities have a correlation with political extremism, explaining why populist forces incubated by specific areas (Dragoman, 2021). The second kind of research focused

on information environment, revealing that the mechanisms by which misinformation and online mobilization amplify emotions and undermine rational public discourse as social media developed and been put into practice as a public opinion tool (Stănescu, 2024; Botan, 2025). The third kind of research commences from macroeconomic and institutional constraints with econometric and scenario stimulation methods to discover how political polarization do harm to economic growth and fiscal sustainability through its impact on fields as public expenditure priorities and external credit (Kang, 2025; Gu, 2021). Previous research has constructed analytical frameworks at various levels including individual voters, public opinion or macroeconomy, yet few of them have treated early policies proposed by a new administration as a case to trace their attitude of managing economic dealing withand dealing social challenges.

According to said background, the purpose of this article are as follows: First, to identify the key policies implemented within the first few months after the inauguration of the new government in 2025, discovering the government is especially focusing in fields like finance, pensions and social security, energy policy; the second aim is try to analyze the feasibility of the policies considering institutional constraint, public opinion and party disparities and to estimate the possible outcomes in a relatively long period of time. To achieve these objectives, this paper will employ a case study approach, integrating available economic and public opinion statistics, policy text analysis, as well as media and social sentiment tracking, try to present a neutral prediction on present basis, thus provide a bridging perspective for policymakers and academia to explain which fiscal and social policies have higher feasibility in highly polarized societies, and also discuss how policy choices could shape the country's development under the dual influence of external regulations and domestic political pressures.

2. Economic Impact

2.1. Adjustment for Macroeconomy

After the test of Covid-19 pandemic, problems of Romania have been exposed clearly, it actually drew to a harsher impact on general economic situation than the Global financial crisis in 2008(Velica Cârciumărescu, et al., 2022). Since then, long-term economic recession needs to be considered as a prior for the newly elected government. Generally, Romania has the highest budget deficit among all countries of EU, with a high inflation rate and a current account deficit, resulting in general economic growth not reaching expectations in a long term (Dăianu, et al, 2025). The government claimed that it will not be any policies to raise the interest rate. Instead, a relatively optimistic yet realistic proposal to reduce the budget deficit of 2025 from 8.6% of Gross Domestic Product (GDP) as expected to 7.5% of GDP has been made. Policy makers plan to achieve the goal by cutting fiscal spending and strengthening efforts focused on anti-tax evasion purposes.

Using such method could be challenging under a polarized political environment. Although the coalition government gathered the majority of centrists in the political fields, discrepancies in budget allocation could still exist, thus encumbering the government from implementing policies steadily. This multiplicity of differences would likely lead to a more moderate economic and fiscal plan for the hidden recession. Until September 2025, the government has only provided one basket of fiscal policy including rising value-added tax, consumption tax, and medical insurance payments, which could undermine the credibility of the government who claimed that there would not be any tax raising previously. In addition, the second package of fiscal policy ought to be put into effort in July, yet due to the breakdown of internal negotiation among the allocated parties, the introduction of the policies has been delayed for at least a month with negative social impact, which will be covered later. In fact, it is still unknown how long it would take for the government to have an accord on future policies in other fields.

2.2. Economic Influence by Romania-EU Relationship

It could be observed that Romania is a risk-avoider in the situation with the need of political stabilization. That is, the internal acts could be relatively necessary while low-efficient, since it is hard for the allocated government to draw an accord and to invest in domestic projects with their own limited budgets. Since then, the influence of funds from EU could be significant in long-term development.

What needs to be considered is the Multiannual Financial Framework (MFF) suggested by EU in July 2025, which would provide the country with 60.2 billion euros between 2028 and 2034, which is approximately 20% of Romania's annual GDP and 28% more than recent EU budgets provided to Romania (European Commission, 2025). The increase could be attributed to the interest of EU in Eastern European countries, especially those suffering from refugee burdens, political instability and economic recession. To align with the interest, it is conjectural for the government to moderately cut budget for agricultural production and to invest more on topics like regional energy collaboration network as the government did in the past few months,for instance planning to collaborate with United States in order to develop cutting-edge technologies as Small Modular Reactors (SMR). Exploiting natural gases in the Black Sea is also encouraged in order to turn the country into a regional energy export country with a purpose of declining the dependence on Russian gases in surrounding neighbour countries. In addition, the status quo of investing about 2/3 of EU budget for enhancing cohesion and allocation of society could continue, as it is also crucial for the country to reach a stable political environment either for its economic revival or for pleasing dissidents on various social topics. In short, the country will continue to rely on the financial support of the European Union and strive to strengthen cooperation with neighboring countries, rather than establishing ties with distant large economies.

2.3. How Does the Society Response to Fiscal Policies

The first two packages of fiscal policies and relevant acts are closely linked closely with the purpose of expanding the contribution base and increasing fiscal revenue. To be more precise, the government raised the standard value-added tax (VAT) rate from 19% to 21% and the low rate from 9% to 11% (Avalara, 2025). Moreover, excise duties on tobacco, alcohol and oil products have also increased.

In addition, a pension reform is also introduced. According to proposals, all pensions over 3000 lei have to pay the National Health Insurance Contribution. That is to say, about 1.8 million middle and relatively high-income pensioners would have 10% of their monthly pensions deducted as medical insurance premiums. Further, special pensions are provided to people who are mayors or prosecutors relatively in small population (11685 until June 2025) yet enjoy a high standard of pension, which is 80% of the last payment. The government is planning to raise the retirement age of relevant groups to 65 and lower the upper limit of the pension to 70% of the last payment.

Although it is the public's urge to decline the special pension budget, those who are influenced by the policy have observable ability to counter the act in legal fields, since then, the transition period could be even longer than the government originally predicted. In addition, most austerity policies could still evoke a large range of negative feedback in the public compared with special budget reform. The surge of taxes could definitely incite public rebellio, thus making those policies even harder to put into practise as the government expected. The government showed an interest in balancing the social impact of their policies by involving various industries and groups of interest, and this trend would probably continue if the government is willing to mitigate negative social influence with stable legitimacy.

3. Social Influence

3.1. Social Effects of Immigration Policy

Previous research suggests that although migration could contribute positively to economic growth, yet could also increase regional inequality through agglomeration economics (Incaltarau,. et al., 2025). However, considering it is a priority for the new government to align with EU, it is likely for them to reckon that Romania would actively participate in the EU's common immigration policy, believing that having benefited from the EU's economic strength, the country should share corresponding responsibilities regulated by Integration Act. Solution to this highly topical issue could be controversy, or seem moderate, trying to not irritate any of related groups of people.

According to an interview with the Romanian General Inspectorate for Immigration, as of July 31, 2025, the total number of foreigners holding valid residence permits is 206,333, of which 128,941 are residing for working purposes (Bădescu, , 2025). This is mainly caused by a great population of Romanian emigration to wealthier European countries, which resulted the need to fulfilling industries as construction or transportation that are lack of labors. Since then, the new government emphasizes a population policy focused on stating the national labor force should be primarily supplied by domestic citizens, including those trained in the country or returning expatriates in order to mitigate possible abhorrence to foreign workers. This could be seen as a compremise to opposing populists, to attract possible modest supporters by conditional opening of immigration rather than welcoming all kinds of foreign labor.

In other words, while the new government does not encourage a large influx of foreign labor, it supports sharing certain refugee and immigrant pressures under EU agreements. Furthermore, in terms of encouraging childbirth and attracting high-level talent, the government proposed optimizing maternity leave and housing subsidies as incentives, while exploring policies to facilitate the entrepreneurship and investment of returning expatriates to address issues of population aging and talent outflow.

3.2. Corruption, Another Crucial Social Issue to Deal With

Expert of European Coucil on Foreign Relation (ECFR) and previous Romanian government consultant Oana Popescu-Zambia commented that a wide trend in Romanian people’s thought is that the purpose of entering politics is to become wealthy or gain personal influence, rather than an ambition to change society. Corruption has been considered as a major problem in Romania for decades. Considering one method of the government to solve budget struggles is to attract foreign investors, corruption is infiltrating the transaction processes of both the public and private sectors, which may harm the passion of investors, especially from Europe (Horobeț, et al., 2025). The status quo is still not optimistic and needs to be taken seriously.

According to report posted by The Group of States against Corruption (GRECO) in August 5 2025, Romania has only implemented 2 out of 26 recommendations made in the 2023 fifth round evaluation report concerns “Preventing corruption and promoting integrity in central governments and law enforcement agencies”, with 22 have been partially implemented, and the rest of 2 are still have to be put into effort (GRECO, 2025). When turning to specific facet, GRECO reckons the National Anti-Corruption Directorate has been sufficiently supported in the past 2 years, and the situation needs to be continued and sustained.

The new government confessed to building decision a mechanism more transparent to the public, protecting the isolation of judgement and strictly obeying the law to restrain the government itself. However, on 29 May, soon after the election, Romanian Constitutional Court declared that assets and interest of public officials, including the property and income information of their spouses and relatives, would no longer be exposed to the public. Although the president himself appeared as a figure of radically anti-corruption, which is also his main political achievements as mayor of Bucharest, the power of the government could still be limited by the country’s political structure,

which calls for a deeper allocation and quality of integrity across related people when dealing with high-level corruption cases.

What needs to be emphasized is that the majority of recommendations from GRECO are more institutional, which need political accord, legal refinement and administrative support, which could be even harder to produce in an allocated government and the current situation that collaborates with legislation system could be hard as cases happened in May showed. The government might need to seek political achievements in other fields in order to enhance its popularity since anti-corruption could still be a long-term task.

4. The Orientation Of Future Romania And It'S Geopolitical Role In General

Previous research showed that Romanian foreign policies have been highly pragmatic and passive (Nitoiu, & Moga, . , 2020). That is to say, Romanian foreign policy could be highly purpose-oriented. Before 2007, the purpose was to join into EU, and after that is to strengthen the relationship, which seems would not change much as the new government has clearly committed to continuing the pro-Western interest, focusing on enhancing their role in the European Union and NATO.

The government promised to strengthen strategic partnerships with the United States, NATO, and the EU, emphasizing the traditional alliance with the United States and viewing it as the cornerstone of security and prosperity, planning to deepen defense cooperation. For instance, the government intends to increase defense spending to 3.5% of GDP by 2030 to support military modernization and domestic defense industry development, while maintaining the status of the U.S. military bases in Romania (Veress, 2025). On the EU front, the president will personally engage in the new round of EU budget negotiations and policy formulation, seeking more resources and advancing the construction of 'European defense autonomy.'

In addition, the destination of the president's first official trip is Moldova, the cultural relative country of Romania. The government supports enhancing regional cooperation, such as energy infrastructure connectivity and cultural or academic interactions with Moldova, to elevate Romania's influence in Eastern Europe. They have also showed interest in helping Moldova join EU as a method of geopolitical security strategy of allocating Eastern Europe with the western one.

Overall, the international policy of the new government will promote commitment to Western allies and attempt to safeguard national interests without undermining EU integration and NATO unity. These trends would impact Romania's positioning within the EU, its relations with Russia and China, and its contributions to the stability of the Southeast European situation.

5. Conclusion

The paper employs the method of case study to examine the major policies produced in multiple economic and social sectors within the first few months of the new government's tenure in 2025 and try to predict their effects in practice. The research finds that the allocation government's multi-party characteristics and internal interest divergences highly mitigated the possibility of sweeping reforms driven by ideological purposes to exist. Also, limited domestic fiscal space and external supervision mechanisms from EU made the government favor moderate and pragmatic low-cost adjustments over radical reforms while introducing policies. Specifically, the government is mainly focusing on structural adjustments and rediversifying the expenditures when restructuring the budget and frequently holding long-term meetings when dealing with sensitive issues in order to mitigate political impact through consultation. Furthermore, fiscal and investment pressures are making Romania increase its dependence on external funding sources. In a relatively short period of time, the government is more likely to strengthen economic and strategic cooperation with its traditional allies, US and EU. In order to recover from the lack of domestic capital and promote outward-oriented growth, it is a necessity for the country to secure funds, technology, and investments from US. Simultaneously, the strategy is accompanied by efforts to enhance foreign trade platforms and

establish regional hub status, prioritizing the attraction of foreign investment, improving the business environment, and advancing cross-border infrastructure as energy connectivity. Therefore, it is evidential that future policy direction will primarily focus on pragmatic, moderate, and outward-looking openness.

This paper contributes by revealing how policy feasibility could be shaped by coalition structures within the government and external rules in highly fragmented democratic contexts. Future research could be extended to cross-national comparisons to examine how varying degrees of external constraints in similar systems alter government interests or employ data and interviews in relative period to test the causal mechanisms between policy outcomes and social responses in a more rigorous way.

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