

Evaluation the needs of population from normative method: Romania 1989-2018

Abstract

This article presents the normative method, applied in Romania, in order to validate the population's consumption by covering to a minimum the essential goods and services necessary for the individual and for his family, at home and in society. Further, the study presents the dynamics of the main incomes of the population in the time period 1990-2018, as well as their influence on consumption. The study concludes what are the needs of the Romanian population and to what extent they were met or not, during the period of time studied. In the period of time 1990-2018 the incomes of different families with children and pensioners could not keep up with the price increases on products and services on the market. This led to the deterioration of time in the quality of life of these families. The incomes or expenditures of the population provide a clear and concrete situation regarding the quality of life of the population and therefore contribute to actions, through socio-economic policies oriented towards the benefit of the members of these societies.

Keywords: needs, income, decent minimum living, minimum of existence, quality of life

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Introduction

The phenomenon of poverty is real in any society and produces lasting consequences in the sphere of human development. The various methods used to measure poverty start from defining a line between the poorest and the poorest. Individuals or families who benefit from a standard of living below this demarcation line conventionally called the poverty line are considered poor.

Poverty combines three major problems for the individual and his family:

- i. diminishing the independence of the individual in the society to which he belongs and his inability to overcome the respective situation, at which point the state must intervene through public policies to help him get out of that situation;
- ii. failure to cover the minimum standard of living accepted in the respective society leads to the social exclusion of those people and the increase of the risk of falling into poverty;
- iii. social protection programs must take into account not only the population below the poverty line but also the population located in an area of economic precariousness, or socio-economic risk. For the population in the risk area, preventive social protection measures can be taken, so that the probability of their entry into poverty to decrease as much as possible.

In absolute poverty the individual does not have access to basic needs (the individual cannot feed or wear clean clothes, does not have access to housing, etc.). This situation leads the individual and his family to a life of many deprivations, even of misery. Relative poverty is assessed in relation to the evolution of the society in which the phenomenon is evaluated. The new poor are people who previously could meet their basic needs, but who for various reasons are deprived of access to a socially acceptable way of life. These reasons why a person and his family may fall into poverty are: long-term unemployment, a serious illness, over-indebtedness, the situation in which a woman becomes a widow, divorce are causes that generate poverty.¹

The inability to provide their basic goods and services for their existence, for the reasons mentioned above, leads the authorities to these people, to help them materially, financially or through any other social assistance services. Of course, we must also consider the life choice of the individual. Currents such as choosing a life as simple as possible, without affecting the basic needs, have begun to manifest themselves in the world, but this choice is a voluntary one, of the individual.

According to the data provided by INS regarding the socio-occupational categories of Romania, the most affected by poverty, in the last thirty years in the Romanian society were:

- in the 1 first decile of income, the families of the unemployed and those of farmers.
- for the following deciles 2, 3, 4 were placed the families of unemployed, farmers and pensioners, who live from a single average social insurance pension or from one or two guaranteed minimum pensions (the minimum social pension was granted starting with the year 2010), but also the families of employees living on the minimum wage in the economy.
- in deciles 6 and 7 are found the families of pensioners, who live from two state social insurance pensions, but also the employees paid above the level of the minimum wage per economy.
- the last decades of income, ie 8, 9 and 10, respectively the persons or families, which constitute the rich layer of the Romanian society are the employees paid at and above the average salary on the economy, freelancers, employers, specialized persons on the labor market.

And from the data of the *Quality of Life Diagnosis Research* taking into account the income that can be obtained in a household, as they were stated by the respondents of the field research Quality of Life Diagnosis: salaries, pensions, child allowances, student scholarships, other sources of income from social protection or alimony funds to which were added the lei equivalent of self-consumption and the cash equivalent of repairs, goods produced around the house by family

members with whom the discussions took place and which obviously constitute savings to the family budget lead us to the following conclusions regarding the positioning of the sample households on the welfare scale from poor marked with 1 to rich marked with 10. The middle scale, value 5, is occupied by 31% of families, one third of the entire group of respondents. Covering the products of strict necessity is a problem for more than half of the respondents of the diagnostic sample of quality of life, in 2010. On the first position where even the strict necessities are not covered by household income are included almost a third of households 30.6% . The other third is positioned at the second level, in which households cover only what is strictly necessary with the income obtained. Practically 65% of these families live at the level of survival, they live in poverty. Placing on the third level of the evaluation scale, where a minimum decent living is reached, without being able to buy more expensive objects, there is

a quarter of the families included in the study (25.7%). The last two living standards, which no longer pose any obstacle to the purchase of products on the market for households, are positioned only 10% of the households in the sample.²

Coverage of the minimum decent living basket (MD) and minimum subsistence basket (MS) in the urban area, for the family of two active adults and two school-age children (2s+2c), with a minimum net salary and two children allowances, during October 1989-2018 (Figure 1).

Coverage of the minimum decent living basket (MD) and minimum subsistence basket (MS) in the rural area, for the family of two active adults and two school-age children (2s+2c), with a minimum net salary and two children allowances, during October 1989-2018 (Figure 2).

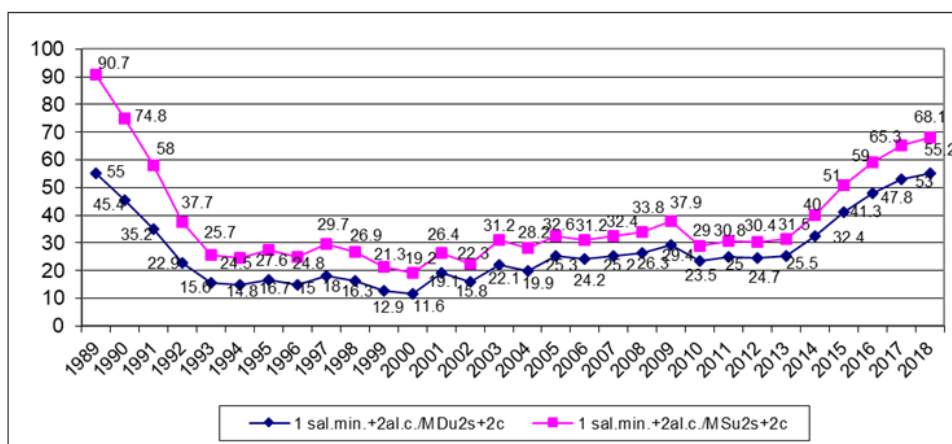


Figure 1 Coverage of MD & MS in the urban area.

Source: The values of the monthly consumption baskets of the Romanian population were calculated based on the normative method, on different family structures in urban and rural areas; the values of the minimum net salary were taken from the website of the Ministry of Labor, Family, Social Protection and the Elderly.

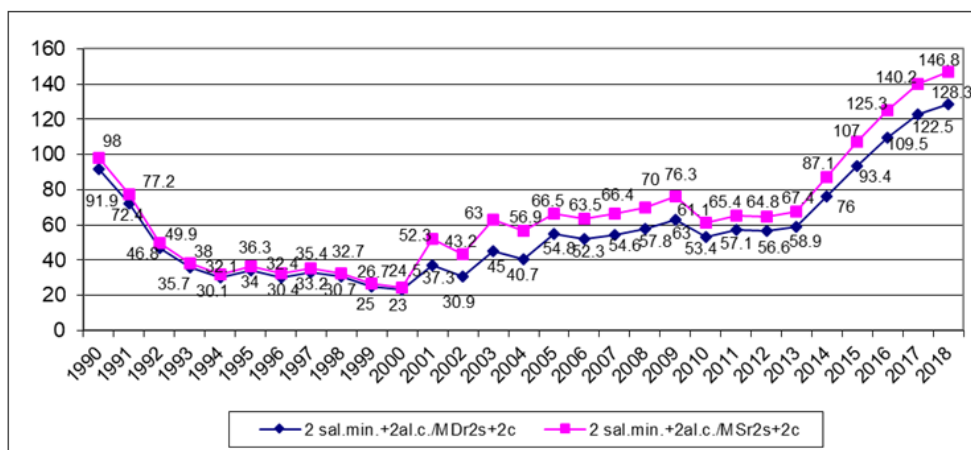


Figure 2 Coverage of MD & MS in the rural area.

Source: The values of the monthly consumption baskets of the Romanian population were calculated based on the normative method, on different family structures in urban and rural areas; the values of the minimum net salary were taken from the website of the Ministry of Labor, Family, Social Protection and the Elderly.

The normative method the way to determine the families in poverty

It is a method of analytical scientific research, based on consumption norms. Named in specialized terms the normative

method, it establishes amounts that do not depend on the consumption levels recorded at a given time, but are based on norms appreciated in specialized studies of Barbu,³ Zamfir,⁴ systematic, rigorous regarding the development and manifestation of the individual in daily life, in the family space, as well as outside it, in society. Subsequently,

the consumption basket⁵ of the population was re-evaluated for the decent standard of living and the subsistence level. The minimum corresponding to a decent standard of living can be defined, in the case of a family, as the need for resources for current consumption (food, clothing, footwear, housing, services), to which is added *education and training* that promotes *self-affirmation and social status*, which allows the development and participation of the individual and his family in society. The subsistence minimum stops only at the aspects related to the survival of a person, being different from the decent minimum of living, precisely through the elements of development and social affirmation of a person, which are not provided for survival.

The typologies followed in the consumption research, in 2001, included from the urban environment:⁶ the couple of employees with two dependent children and the retired couple, and from the rural area:⁷ the family of two farmers, active, with two dependent children, as well as the family of two elderly, inactive people, possibly former farmers, self-employed landowners or former employees in state structures, an option that was considered interesting and justified in the analysis of the typologies in our country, considering the large number of elderly people who populate the Romanian villages.

All consumption amounts start from the active adult. In order to establish the monthly consumption of a family of adults with children, we take into account the favorite food elements, but also the ones recommended by specialists, to the man, the woman and the child (ren). Use of the equivalence scale for consumption, respectively the value 1- for the head of household, male, employee, 0.9 - for woman, employee, 0.7 - for the first child in the household and 0.5 - for the second child in the household -led to a total value of 3.1. The equivalence scale resulted from the cumulation of the value of the goods and products selected from the market, the final value obtained for each member of the family was related to the value of the active adult, head of household.

In the case of the family of pensioners, the consumption of the first pensioner, man, head of household with value 1 was assessed (this value represents 0.8 of the consumption of adult, man, active) and for the second elderly person, pensioner, woman was taken into account 0, 9 of the consumption of the retired adult. As a result, for the retired family, the total value per household is 1.9. The resulting scale is obtained from the cumulative value of the goods and services

consumed by each member of the family of pensioners. Based on studies conducted over time at the Institute for Research on Quality of Life, studies that have been conducted throughout the country it can be said that the average calculated for consumption by families of employees and retirees in Bucharest does not differ significantly from consumption of families with identical structure in the country, whether they are from urban or rural areas and which are registered by the social surveys of the National Institute of Statistics.

The advantages offered by the normative method compared to other scientific methods would be: rigor and objectivity in calculation because food consumption is based on scientifically calculated norms of researchers of the Institute of Hygiene and Public Health. This eliminates the subjective assessments of the population in terms of food needs at a given time. When establishing the clothing / footwear products for the adult man / woman and the child boy / girl, opinions and points of view resulting from the discussions based on a questionnaire with the families investigated in the period 1990-2010 were taken into account, during the research. field within the "Quality of Life Diagnosis" program,² on nationally representative samples; data provided through publications by the National Institute of Statistics; consulting specialists who have had older concerns regarding the population's consumption of goods and services; In terms of services, they must cover everything related to the interior and exterior of the home, public transport, health, train travel that takes place at least once a year, during holidays, school supplies absolutely necessary for children, etc., being calculated at the level of decency, but within the minimum consumption. The method offers more transparency in knowing the material, cultural, health elements, etc., which are intended for the minimum of decent living and subsistence. The normative method is more realistic compared to the relative method which consists in setting the poverty line as a proportion (40-60%) of the average or median income of households, in which case there is an underestimation of the need in poorer countries (the percentage is calculated at a medium or low income).

The cost of living for the families of employees

Here are the total consumption expenditures, to cover the minimum decent living basket, between October 1990 and May 2020, for the families of employees (Table 1):

Table 1 The minimum decent living basket for the families of employees, in period 1990 – 2020 (lei)

Month	October						May
	1990	1995	2000	2005	2010	2015	2020
Years /Families							
Active persons from urban area							
One employee	1 778	179 248	2 214 396	474	666	739	845
Family with two employees	3 378	340 572	4 207 352	900	1 265	1 403	1 601
Family with two employees and one school-age child	4 623	466 046	5 757 429	1 232	1 731	1 920	2 191
Family with two employees and two school-age children	5 512	555 670	6 864 627	1 469	2 064	2 287	2 610
Active persons from rural area							
One farmer	1 579	159 387	1 973 344	409	536	594	679
Family with two farmers	3 000	302 835	3 749 354	778	1 018	1 130	1 291
Family with two farmers and one school-age child	4 105	414 405	5 130 694	1 065	1 394	1 548	1 768
Family with two farmers and two school-age children	4 895	494 099	6 117 367	1 270	1 662	1 843	2 094

Source: The values of the monthly consumption baskets of the Romanian population were calculated based on the normative method, on different family structures in urban and rural areas

Analysis of the structure of total consumption expenditures to cover the minimum decent living basket, for the families of two employees with two dependent children and comparison of these expenditures

with those of a family with a head of household presented in NIS data, from urban and rural areas is presented in Table 2.

Table 2 The structure of total expenditures to cover the minimum decent living basket (MD), to families of employees and farmers and comparison with NIS data, 2019 (%)

Total consumption expenditures in 2019	Families with 2 employees and 2 school-age children RIQL		Average monthly expenses by destination, p.4
	Urban area MD	Rural area MD	NIS
	Lei %	Lei %	Lei %
1. food and drink	1,082.9 27.6	859.2 25.1	1,665.5 40.7
2. clothing, footwear	140.9 3.6	208.8 6.1	331.5 8.1
3. home maintenance, water, electricity, gas and other fuels	307.7 7.8	167.7 4.9	658.8 16.1
4. housing rate (first house)	1,350 34.4	1,349 39.4	- -
4. furniture, endowment of the house	145.6 3.7	164.3 4.8	249.6 6.1
5. health	133.9 3.4	116.4 3.4	204.6 5.0
6. transport	166.8 4.2	99.2 2.9	290.5 7.1
7. post and telecommunications	21.1 0.5	13.7 0.4	192.3 4.7
8. education, recreation and culture	54.0 1.4	34.2 1.0	188.2 4.6
9. various products and services	133.9 3.4	68.5 2.0	225.1 5.5
10. hotels, cafes, restaurants	- -	-	85.9 2.1
11. safety fund and savings	392 10.0	342 10.0	- -
Total 2019	3,922 100.0	3,423 100.0	4,092 100.0

Source: https://insse.ro/cms/sites/default/files/com_presa/com_pdf/abf_2019r.pdf, Press release no. 145/5 June 2020, NIS, Bucharest.⁸

Legend MD, minimum decent living basket; RIQL, research institute for quality of life; NIS, national institute for statistics

The structure of the consumption basket calculated by the RIQL method, for the family of two employees with two dependent children and the average monthly consumption registered by NIS, for the same type of family, at the level of 2019 highlights the fact that the value of the decent minimum in the urban environment was 3,922 lei, from rural areas was 3,423 lei, compared to the average monthly consumption of 4,092 lei.

95.8% represents the value of the standard basket calculated in

the Quality of Life Research Institute from the value of the basket calculated by the National Institute of Statistics.

The family of two active farmers with two dependent children had a consumption basket of 3,423 lei calculated according to the normative method in the RIQL. 83.7% represents the value of the basket calculated by the normative method in the Quality of Life Research Institute from the value of the basket calculated by the National Institute of Statistics (Figure 3).

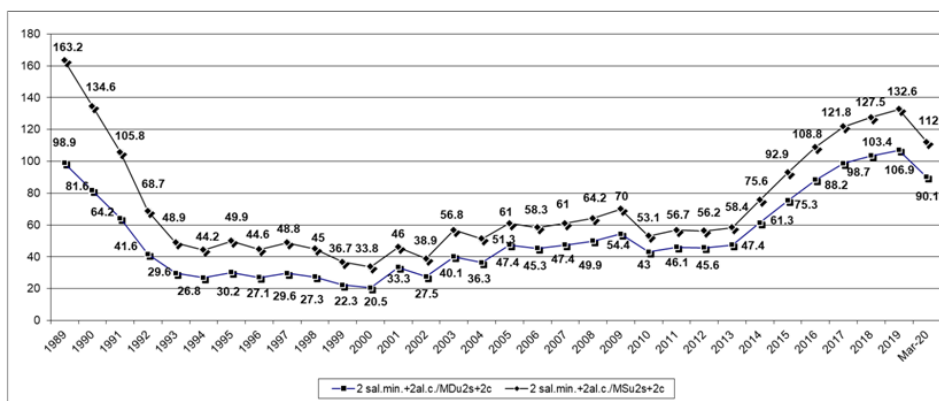


Figure 3

Source: The values of the minimum net salary were taken from the website of the Ministry of Labor, Family, Social Protection and the Elderly.

Legend: MD, minimum decent living basket; RIQL, research institute for quality of life.

The cost of living for pensioner families

Total consumption expenditures, to cover the minimum decent living basket, in urban and rural areas, May 2020, for retired families (Table 3):

Table 3 Structure of estimated minimum consumption expenditures for a single pensioner in May 2020 prices - lei -

No.	Consumption expenditures	Urban area		Rural area	
		Subsistence minimum basket	Decent minimum living basket	Subsistence minimum basket	Decent minimum living basket
1 (1a + 1b)	(1a + 1b) Food, of which:	360	366	599	529
1a	Need to spend			361	267
1b	Self-consumption			238	262
2	Clothing	35	36	64	95
3	Housing equipment	20	34	17	64
4	Transport		68		46
5	Cultural services	14	17	2	15
6	Personal hygiene	14	14	5	31
7	Clothing and footwear repair and maintenance services	14	14	11	18
8	Housing expenses	170	168	93	87
9	Medication expenses	57	58	78	84
10	Security fund		79		109
Total consumption (1a + 1b + 2 ... + 10)		684	854	631	816

Source: Research Institute for Quality of Life

Social protection policies

The development of society is closely linked to the changes that the society's economy is experiencing over time. What separates need from simple desire is the criterion of necessity that would characterize need, whatever the degree of necessity, and whatever the degree of urgency of that necessity. Eating, drinking, protecting against the cold are, indisputably, physiological needs, any organism must feed in such a way as to survive.

The draft strategy Ministry of Labor, Family, Social Protection and the Elderly proposes, in this context, a conceptual framework based on job creation and ensuring opportunities for the poor, as well as promoting equal opportunities in the economic and social spheres for vulnerable groups. Thus, the initiators of the project propose that the Government implement measures designed to develop the income generation capacity of the poorest 4.8 million Romanians, so that their incomes grow faster than the average income. "This means developing the skills, education and experience of the income poor in the labor market, increasing the employment rate of this segment of the population, and implementing measures that would increase relative payments for the target group.

The objective of social protection is to support those in situations of vulnerability, to guarantee them a minimum level of income and to provide them with social assistance and social services benefits, in exchange for their fulfillment of their responsibilities, the main responsibility for working-age adults being to look for a job with the help of active employment measures. The main policy initiatives in the field of social protection are: the introduction of a single program for the poor, the Minimum Insertion Income, which is projected to reach all poor families by 2016, and an increase in the social budget for the poor.

Regarding social services, the main priorities are the development of integrated social services at the community level and the consolidation of social services for child protection. The Government aims to focus on improving health equity and financial protection, increasing the provision of health services in specific areas relevant to poor and vulnerable groups and increasing the access of vulnerable groups to good quality primary health services. The draft strategy also provides for the development of social housing programs, focusing on the homeless and other people who cannot afford housing, but also improving the quality of life in small rural and urban areas. The main priorities are to develop a tool to identify poor villages and marginalized communities so that interventions are precisely targeted to the most needy areas, as well as public investment (including from EU funds) for these communities.

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None.

Conflicts of interest

The authors declare no conflicts of interest.

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