

A look at the consumption history of the Romanian society

Abstract

During the three decades of 1915-1944, the national currency was subjected to long periods of instability and depreciation. Domestic prices have evolved under the strong influence of internal and external factors and the economic policy of the state. New influences came into play with the outbreak of World War I in 1914. At the end of 1939, in determining the value of the expenses, the displacement produced in the structure of consumption was also taken into account with the disappearance of some of the products or the decrease of the number of others. After 1948, food and service expenditures increased in 20 years of existence among the families of employees, but not significantly, instead the share of expenditures for non-food products decreased; among peasant families, food consumption increased more than among employees and non-food and service expenditures fell.

Keywords: history, consumption, price, expenses, income

Introduction

100 years ago, in the period 1918-2018, can we ask ourselves how the Romanian people lived? We receive the answers from the publications of the time and from the official data, and after 1989, from many specialized publications, as well as from official sources. During the three decades, 1915-1944, the national currency was subjected to long periods of instability and depreciation. Domestic prices have evolved under the strong influence of internal and external factors and the economic policy of the state. New influences came into play with the outbreak of World War I in 1914. Economic policy on prices concerned only imported goods due to customs duties. At the local level, the administration of some cities, based on the older tradition, set prices for some basic necessities: bread, meat, etc. which bakers and butchers had to respect.

Consumption in the Romanian society in the interwar period

The cost of living index for the period 1915-1944 is calculated¹ for the basic products consumed by a family of five people, the head of the family being an average employee. The products included in this consumption basket were: food (bread, corn, sugar, flour, beef, pork, fat, milk, cheese, eggs, poultry, fish, pasta, fruits, vegetables); clothing and footwear (zephyr, Native American, chiffon, Native Indian, threadbare, men's stockings, women's stockings, cloth, men's shoes, women's shoes, soles, women's clothing); fuel (firewood, oak and beech, charcoal, oil, gasoline, alcohol); transport (tram tickets and season tickets); rent, water and light (rent of an apartment, water, light); medicines and various other items (refined alcohol, aspirin, quinine, iodine tincture, cotton wool, laundry soap, toilet soap, baking soda, toothpaste). The prices on which the calculations were made are both real and legal prices. Between the real and the legal prices, an average was made in the calculation of which the quantities that were sold at the legal prices were appreciated. The amount of expenditure on the basis of which the index was calculated was determined by multiplying the above prices by the quantities of products and the share of services, which were supposed to be consumed on average by a family of middle officials of five members. At the end of 1939, in determining the value of the expenses, the displacement produced in the structure of consumption was also taken into account with the disappearance of some of the products or the decrease of the number

of others. The indices thus calculated measured the evolution of the main maintenance costs.

On the eve of the Second World War, four-fifths of the population lived in villages, of which 1 million peasant families had no land at all.² Worrying for Romanian agriculture is the fact that the vast part of the arable land is in tiny, subsistence households with uncertain economic and productive future - Romania currently has a much more fragmented rural property than around World War II. Virgil Madgearu thus characterized the peasant household: „The peasant family, if it cannot resort to ancillary work, is forced to consume the substance of the holding, selling part of the inventory, or to resort to loans. they give the highest agricultural income per hectare, they have the lowest income per person, which requires family members to seek to capitalize on their arms outside the household in order to ensure their maintenance, although in the exploitation group 3 - 5 ha, the ratio between income and consumption is more satisfactory, the living needs of the family still exceed the income”.³

The standard of living of the population: in the Encyclopedia of Romania, vol. IV, 1940, p.223, “The rural population and that on the outskirts of cities are in an extremely precarious financial condition. Mortality is very high. The large number of illiterates is no longer compatible with the current situation in Romania... “; “And now some figures on the diet of our population in 1937: the annual consumption of meat per capita 3.4 kilograms, and wheat 323 grams (in Bulgaria 582) per day. In turn, the average annual consumption of sugar per capita was 5.8 kilograms”.⁴ “Of the 3,078,820 rural dwellings, one million are earthen houses and 100,000 are huts (buried in the ground). Of the three million dwellings, 600,000 have simple pieces of glass fixed to the walls, and 800,000 are covered by reed or straw and, finally, two million do not have a floor”.⁵ The agrarian reform of 1945 emphasized the preponderance of the peasant household in Romanian agriculture. Launched in the summer of 1949, the process of collectivization advanced slowly, due to the opposition of the peasantry.⁶

During the period 1948-1989 an accelerated industrialization was carried out. Electrification was performed. The sacrifices of the population led to a massive industrial production. In agriculture, through the process of cooperativization, the property had the following distribution: 15.6% belonged to private producers (in hilly and mountainous areas), 54.7% to cooperative units and 29.7% to

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Dr Adina Mihăilescu, SR

Research Institute for Quality of Life, Romania

Correspondence: Adina Mihăilescu, Research Institute for Quality of Life (RIQL) – Romanian Academy, Bucharest, Romania, Email adina.mihailescu@yahoo.com

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state units. The average size of an agricultural cooperative was 2,500 ha.

How these structural changes in the Romanian economy were reflected on the standard of living of the population we see below. From the data below (Table 1) we see how the consumption basket of the Romanian population evolved from 1938 until the revolution of 1989: meat consumption per capita was 21 kg and then increased significantly in 1980 to 62 kg, seems to be a peak year of the Romanian economy, after which this consumption decreases to 50 kg per month for a inhabitant in 1989. The consumption of eggs has a spectacular evolution from 73 pieces per month / person in 1938, to 229 pieces in 1989. Consumption sugar increased from 5 kg / month / person in 1938 to almost 25 kg / month / person in 1989, the potato another staple food increased from 40 to 70 kg / month / person, vegetable consumption increased in 60 years 3 times, and the fruit one and a half times (from 40 to 54 kg / month / person).⁷⁻⁹

Table 1 Consumer baskets per capita in the period 1938-1989 (60 years)

Product	1938	1950	1960	1970	1980	1985	1989
1. Meat and meat products (kg)	21.1	16.7	26.7	31.2	62.0	55.1	50.2
2. Milk and milk products (l)	109.0	107.6	123.0	110.7	162.9	170.6	135.9
3. Eggs (pieces)	73	59	109.0	142.0	232.0	254.0	229.0
4. Sugar and sugar products (kg)	5.3	6.9	11.0	19.3	28.2	26.3	24.7
5. Potatoes (kg)	40.0	50.3	83.5	62.3	70.6	78.4	71.7
6. Vegetables and vegetable products (kg)	44.0	65.6	91.0	86.7	121.4	169.8	135.6
7. Fruits and fruit products (kg)	40.0	20.7	30.3	34.6	45.8	71.0	53.9
8. Fabrics (including garments) (mp)	-	13.19	15.83	19.34	28.59	28.14	27.88
9. Footwear (pair)	-	0.62	1.49	2.62	3.50	3.75	3.62

Source: Statistical Yearbook of Romania 1990, Tab. 56 - Average annual consumption per capita of the main food and non-food products, p.129.⁷

Table 2 The structure of the total consumption expenditures of the families of employees and cooperating peasants consisting of 4 persons, in the period 1980-1989 (20 years)

Total consumption expenditure on employee families	1980	1985	1989	Total consumption expenditure on the families of cooperating peasants	1980	1985	1989
Total	100.0	100.0	100.0	Total	100.0	100.0	100.0
-food (including own resources)	44.7	48.8	49.7	-food (including own resources)	59.2	63.2	65.9
- non-food	38.9	35.0	33.0	- non-food	32.3	29.2	27.1
-services	16.4	16.2	17.3	-services	8.5	7.6	7.0

Source: NIS, Statistical Yearbook of Romania 1990, Tab. 61 - The structure of the total consumption expenditures of the families of employees and of cooperating peasants researched on the sample of family budgets by groups according to the size of the family, p.129, 1991.⁸

Table 3 Evolution of plant production in the period 1985-1989 (thousand tons)

Product	1985	1989
Cereal grains	19503.3	18379.3
Legumes	282.4	255.9
Oily plants	1080.9	1034.3
Sugar beet	6144.6	6771.1
Tobacco	26.1	27.5
Chicory	4.4	16.6
Medicinal and aromatic plants	25.6	33.3
Potatoes	6631.2	3185.6
Total vegetables	5353.6	3726.6
Fruits	1958.4	1580.2

Source: Statistical Yearbook of Romania 1991, p.276-279.⁹

Table 4 Evolution of livestock between 1985 and 1989 (thousand heads or families at the end of the year)

	1985		1989	
	Total	Heads of 100 ha of agricultural land	Total	Heads of 100 ha of agricultural land
Cattle	6485.0	22.4	6290.7	23.4
Swine	13650.5	90.0	11671.0	79.0
Sheep	17341.8	115.4	15434.8	104.5
Horse	672	4.4	702	4.7
Birds	120149.2	799.9	113968.3	772.1
Bee families	1340	8.9	1418	9.6

Source: Statistical Yearbook of Romania 1991, p.364-365, for horses and bees, and Agriculture and forestry of Romania 1980-1993, p.199, for other animals (in Socol Gheorghe, Evolution, involution and transition in Romanian agriculture, IRLI, Bucharest, 1999).⁹

Table 5 Dynamics of the real salary in the period 1950-1989

1950	1960	1970	1980	1985	1989
100.0	175.9	253.2	389.6	373.5	370.9

Source: NIS, Statistical Yearbook of Romania 1990, Tab. 50 - Dynamics of the real salary, pg.125, 1991.⁷

Table 6 Nominal net income of the peasantry from agricultural work in the period 1950-1989

Year	1950	1960	1970	1980	1985	1989
%	100.0	154.0	202.0	436.0	458.0	430.0
In lei	167	402	571	1373	1973	1920

Source NIS, Statistical Yearbook of Romania 1990, Tab. 51 - Nominal net income of the peasantry from work in agriculture, pp.125, 1991.⁷

Table 7 The average number of pensioners and the average monthly pension in the period 1950-1989

Year	1950	1960	1970	1980	1985	1989
Social security retirees						
Average annual number (thousands of people)	251.4	522.2	1116.5	1606.1	1948.1	2232.5
Average monthly pension (lei)	127	450	647	970	1267	1420
Beneficiaries of social assistance						
Average annual number (thousands of people)	-	48.7	85.9	82.6	55.9	38.1
Average monthly allowance (lei)	-	254	270	426	595	594
Retired members CAP						
Average annual number (thousands of people)	-	-	1281.0	1194.3	1041.6	982.8
Average monthly pension (lei)	-	-	61	159	188	211

Source: NIS, Statistical Yearbook of Romania 1990, Tab. 53 - Average number of pensioners and average monthly pension, pp.125, 1991.⁸

Transition: 1990 - present

On January 1, 1990, Romania was the only country without foreign debt and had a cash supply of nearly \$ 2 billion, according to data released by the World Bank. Of course, those interested in the Romanian economy appreciated that it is “down to earth”, and the Romanian industry “a pile of scrap metal”. The prolonged serious condition of the Romanian economy has had a negative impact on human capital. The country’s population was declining, the main cause being poverty. The estimates of the Ministry of Labor and Social Security in 1994 showed that the unemployed under the age of 25 represent 38.3%, those between 25-29 years 15.8%, and those between 30-39 years 22.9%. So, the majority of 77% of the unemployed are young and very young (under 40).¹⁰

The expropriation of landowners and nationalization extended the state sector in December 1989 it owned: 95.9% of industrial enterprises; 30% of the country’s agricultural area.

The structure of the property was as follows: 77.5% - state units, 3.4% - cooperative units, 19.2 - goods to the population. Of the total workforce employed in industry, 91% worked in state-owned enterprises and 9% in co-operative industrial units. Another characteristic feature of the centralized Romanian economy was the high degree of monopolization of production. Thus, the average number of workers per company in Romania was 1832, in 1985, compared to about 200 in the USSR, 169 in the FRG, 87 in Austria, 70 in Switzerland, 66 in France, 60 in Sweden, 53 in the USA, 33 in the United Kingdom. It is also significant that the value of production is very small, its share being only 1% of total world industrial production, which makes us very different, and from this point of view, both compared to Western countries and other eastern countries European. In order to understand both the negative implications of socialist property, but especially to highlight the imperative of its demolition, below we present some of the most relevant aspects that highlight the total uneconomic nature of this form of property.

The exacerbated development of state property in the Romanian socialist economy should not be viewed in isolation. It was the consequence and, at the same time, the support for the implementation of the centralized management system. Excessive centralization and monopolization of production have broken the natural supply-demand relationship, the producer-consumer ratio being reduced to the absolute domination of producers, consumers being deprived of any possibility to fight with them. The lack of correlation of production with social needs has led to the emergence, in many branches and units, of large stocks of unsold products; competition has been eliminated, the only mechanism that ultimately drives technical progress, raising vocational training, reducing costs and improving quality; the motivation for work, for performance was severely affected, the personnel policy being carried out not according to skills and competences, but especially according to the “file”; the investment opportunities of some members of the society who had an extra income were non-existent; the number of unprofitable state-owned enterprises appeared and increased rapidly, whose budgetary financing contributed substantially to the aggravation of the economic-financial imbalances, etc. Socialist property was the economic basis of the totalitarian regime, allowing political infiltration into the economy and its total subordination. These anomalies are negative consequences generated by socialist property, in fact the property of the nomenclature. That is why the failure of this system is not only due to political leaders but the bankruptcy of socialism stemmed from its very anti-economic essence, in flagrant contradiction with human nature, with its most authentic values.¹¹⁻¹³

The privatization took place in Romania. It was achieved very quickly in construction, trade and transport and in small industry (food, leather, clothing, textiles, etc.). In terms of agriculture, privatization is seen as the most radical reform in Central and Eastern Europe. The banking and insurance systems have been privatized.

Privatization through the MEBO method. Free granting of property certificates to the population aged 18 and over, sale of assets and establishment of state-private joint ventures. What was the substrate?

- The certificates were issued without a concrete object of ownership, in the abstract.
- Their administration was done by the Private Property Funds, which use these certificates as they wish, without turning them into shares. The holder of the certificate is deprived of the right to reap the benefits of these certificates as well as the right to manage it.
- In fact, it was not even known how these certificates were managed by the FPP.
- The impoverished population sells these certificates for nothing.
- The buyers of these certificates are those who profit and hold 30% of the value of enterprises, and the population is in fact expropriated.
- In our country, the decisions were not taken by the company managers, but by the shareholders. In many Western countries there is a collaboration between shareholders and specially hired managers, who may or may not be, and shareholders.

The situation of the industry is one of the worst. Law 15 on the transformation of state-owned enterprises into autonomous companies or commercial companies, based on the idea that medium-sized or smaller enterprises can be more easily managed in a market economy, has been fragmented. Obligation of state-owned enterprises to return the shares, through a very high interest rate policy, through the policy of dismemberment without an economic and technical perspective of enterprises in 6, 8, 10, 12 independent units annihilating them economically and technically, through the policy of ownership certificates due to the absence of obligations for the management of enterprises, the lack of a foreign trade strategy subordinated to the national interest, the depreciation of the leu which makes it impossible to import advanced equipment, domestic production did not fight normally better, but divided became inefficient favoring imports.

Consequences

- the technical links, specialization and cooperation between the departments of state-owned enterprises, the artificial increase of the management and administrative staff at each new enterprise appeared, the impossibility of medium and small enterprises to support the activity of a research institute for their field.

-the massive exodus of researchers from these institutes, Romania “loses gray matter” exactly when it needed more values in all fields of the highest quality.

- difficulties in reorganizing self-funded research institutes, with effects on production.

The situation is also critical in the light and food industries. It imports: cigarettes, fats, pasta, sweets, mineral water, etc., clothing and footwear, etc.

In the construction of cars, the “Electroputere” plant, which produced and exported electric diesel locomotives, was broken into 8-10 parts, which is why it no longer produced those locomotives.

The modern Rocar bus, accepted on the South American market, is not accepted on the Romanian market, it is not known for what reasons? The deindustrialization of the country took place, when in fact we had to have a modern and sustained industry.

Why would the industry be necessary for the Romanian economy? For the following reasons:

- The share of the rural, agricultural and forestry population is 3-4 times higher than in the West.
- The rural property is extremely divided (2/3 of the property has dimensions of 0.5-2 ha), the respective households not being able to ensure the existence of families (subsistence economy).
- The labor force in these households will not be able to find a job only in the service sector, given that industry and agriculture are ruined.
- Without a developed industry, neither agriculture nor services can develop, and labor productivity is low.

Agrarian reform and the pulverization of land ownership, the great destruction of the agroforestry fund and the irrigation system have pushed agriculture into a worrying state in the contemporary history of Romania. Worrying for Romanian agriculture is the fact that the vast part of the arable land is in tiny, subsistence households with uncertain economic and productive future - Romania currently has a much more fragmented rural property than around World War II. In order to establish an agricultural property of 100 ha, as allowed by the Land Law, a sale of land by 70-80 small agricultural owners would be needed.

The economic and social costs of the transition

In industry, the phenomenon occurred as follows:

- Unjustified fragmentation of a number of companies on the grounds that they have to be made small or medium-sized, so that they have been put in a position to stop producing even their best and most competitive products, some of which had international market recognition.

In agriculture

• The Land Law of 1991 provided for the CAPs to be compulsorily liquidated, physically destroyed, destroyed household buildings, stolen materials, destroyed state-owned irrigation facilities, vineyards, forest protection curtains, devastated forests, destroyed protection works against wind and hydraulic erosion, impoverishing the soil.

• The peasants lost about 1/3 of the land they worked before 1990, it was given by ownership to the townspeople, who did not engage in agriculture.^{14,15}

• The mini-households resulting from the Land Law of 1991 are subsistence households, economically unviable for the free market, Romanian and even more so European.

The financial blockage of the return of the shares to the employees has led to a decrease in working capital. Very high interest rates were applied which further burdened the costs. Price liberalization, the import of products instead of paying attention to the internal market. Blockage as effects:

- Disorganization and decrease in production.
- Wear and tear on fixed capital (machinery, equipment, etc.) physically and morally
- Expensive products
- Reduction of exports
- The loss affects the national wealth, respectively GDP and GDP capita.

- The decline in many agricultural productions has had effects on the food industry (sugar factories are being restructured, orchards have been cut and their non-regeneration has had an impact on the food industry) and animal husbandry.

- The price of industrial products used by farmers has risen faster than the price of agricultural products, which has led to inefficiency and higher costs.

- Reducing spending on education, health, culture, scientific research, increasing taxation on income from work.

- Chronic, mass unemployment, at the beginning of the transition, the decrease of real salaries and pensions, ie their reflection through the purchasing power of goods and services on the market.

- The indexation was done only in the proportion of 40-50-60-70 at most 80% of the price increase in a certain period, which led to the widening of the gap between incomes (salaries, pensions, allowances, etc.) and the prices of on market.

Conclusions

After the Second World War, during the years of communism, the Romanians did badly, forced to industrialize their economy on debt and to pay in forced march, the debts of industrialization to the IMF. In the years of transition to a market economy, Romania was once again the strongest country in the group of Central and Eastern European countries: the lowest minimum wage in the economy in Europe; the lowest GDP allocations for social protection in Europe; the most disastrous system of medical services; the most disadvantageous system of privatization of the means of production; the most radical dislocation of domestic industry with dramatic effects in the field of employment and regional development and the economy as a whole. The effects were also on the environment. This whole process of economic and social decomposition did not go unnoticed by environmental conditions, especially in places where, after the disappearance of factories and other economic objectives, significant amounts of waste remained, some extremely toxic. All of these have had profound negative implications for quality of life.¹⁶

Romanians have evolved in the last thirty years towards a special psychological profile that combines the care of many and the confidence of few. The number of those who have lost confidence in the capacity of Romanian society in the country's governments to solve the problems they face has increased.¹⁷⁻²³

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Conflicts of interest

The authors declare no conflicts of interest.

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