

The standard of living of the Romanian population, in the period 1990-2021

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Introduction

The present study analyzes some scientific concepts and methods, in order to argue how the standard of living of the Romanian population was far from what was desired, during the last thirty years, in the Romanian society. Starting from the normative method, applied in RIQL, we will evaluate the real purchasing power of the population, more precisely how the income of a person or family covers the essential minimum of goods and services necessary for the subject in question.¹

In the period 1990-2021,² the standard of living of the Romanian population was affected differently. The incomes of families with children, but also the families of retirees could not keep up, sometimes, with the price increases applied to the products and services on the market. The income and expenditure of the population provide a concrete picture of the quality of life of the population and contribute to taking the necessary measures, through socio-economic policies, for the benefit of members of society.³

In the following we will analyze different family typologies, in order to identify which segments of the population are in difficulty and in which periods of time, in order to be able to provide the necessary support for survival.⁴

Single-parent family. the family consists of an active parent and a child, who live in urban areas

1. Income

- The parent is paid at the level of the average net salary per economy to which is added the child allowance.
- The parent is paid at the level of the net minimum wage to which we add the child allowance.
- The family concerned is the beneficiary of social assistance: the guaranteed minimum income and the child allowance.

2. Costs

- The minimum expenses required for an adult and a school-age child calculated by the normative method in the ICCV are included.

3. Time period 1990-2022, October (Table 1).

Conclusions on the analyzed case the family composed of an active parent and a child, from the urban environment

- During the analyzed time interval 1990-2021,¹ it can be said that the average net salary per economy has constantly increased as an absolute value; when the indicator of the average net salary was confronted with the prices of goods and services on the market, which entered the minimum consumption of the family with an employee and a child, had at the beginning of 1990-2000

a decrease in its purchasing power, after which the purchase of products of the market has grown from year to year. In 2020 and 2021, the average net salary and child allowance covered almost 2.5 times the decent minimum basket and 3 times the subsistence basket.

- When we refer to the minimum net salary obtained by the parent and the child's allowance, the decent minimum basket is fully covered, only in the final years 2020 and 2021; critical situations in covering the basic consumption needs were in the years 1995-2010, with a minimum of the purchasing power of the necessary goods, in the year 2000 (17.9%).
- The granting of social assistance from the state budget, starting with 1994, for families without any income allowed on average the coverage of the decent minimum basket to about a third of its value; the lowest coverage was in 2015 (23.7%), a quarter of the value of the decent minimum basket and a third of the subsistence (29.2%).²

Couple with children. Family of two active parents with two school-age children living in urban areas

1. Income

- The parents are paid at the level of the average net salary per economy plus the allowances of the two children.
- Parents are paid at the net minimum wage to which we add child allowances.
- One parent is paid at the level of the average net salary per economy, the second parent is paid at the level of the minimum wage, to which we add the children's allowances.
- The family concerned is entitled to social assistance: guaranteed minimum income and child allowances.

2. Costs

- e) The minimum expenses required for two active adults and two school-age children calculated by the normative method in the ICCV are included.

3. Time period 1990-2022, October.(Table 2)

Conclusions on the analyzed case: the family composed of two active parents and two school children, from the urban environment

- i. Over the analyzed period 1990-2021,¹ the family income consisting of two average net wages per economy and two child allowances covered the decent minimum living wage only at the beginning of the 1990 period (132.9%) and then after 2005 ; if we refer to the coverage of the minimum subsistence basket, it was fully covered, the most difficult years, when the family's income was only slightly above it were the years 2000 (117.8%) and 2005 (134.3%).
- ii. If we refer to the income consisting of two net minimum wages obtained by the salaried parents and the allowances of the two children, the minimum decent basket is fully covered, only in the final years 2020 (117%) and 2021 (111.2%); The critical situation in covering the necessary consumption needs were the years 1995-2020, with a minimum of purchasing power of the necessary goods, in 2000 (33.8%), one third of the value of the minimum subsistence basket.
- iii. The income of the family of two employees, one of whom was paid with the average net salary and the other paid with a minimum

net salary, could cover the decent minimum consumption basket in the 1990s and after 2015; and the minimum subsistence basket was covered in 1990 and after 2010, for 20 years this family with such an income facing difficulties.

- iv. The granting of social assistance from the state budget, since 1994, for families without any income has made it difficult for this family throughout the period, both to cover the minimum decent and subsistence basket.³

Inactive couple. The family consists of two retirees living in urban areas

1. Income

- a) Only one family member is entitled to a net average state social insurance pension.
- b) Both pensioners are beneficiaries of pensions at the level of the average net pension of state social insurance.
- c) One pensioner receives the average net pension of state social insurance, and the other pensioner is a beneficiary of the minimum social pension.
- d) The family in question is entitled to two minimum social pensions.

2. Costs

3. The minimum required expenses of two elderly persons calculated by the normative method in the ICCV are included.

4. Time period 1990-2022, October (Table 3).

Table 1 The standard of living of a single-parent family with a dependent child followed in the period 1990-2022, October

| Type of income/Year | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 | 2020 | 2021 |
|--|-------|---------|-----------|-------|-------|-------|-------|-------|
| I. Income | | | | | | | | |
| 1.The average net salary | 3 414 | 242 612 | 2 357 201 | 742 | 1 340 | 1 871 | 3 343 | 3 645 |
| 2.The minimum net salary | 2 000 | 75 000 | 609 000 | 324 | 402 | 777 | 1 346 | 1 386 |
| 3. Guaranteed minimum income | - | 45 000 | 167 000 | 255 | 255 | 255 | 255 | 255 |
| 4. Child allowance | 230 | 9 000 | 65 000 | 24 | 42 | 42 | 185 | 185 |
| II. Expenses (minimum consumption basket) | | | | | | | | |
| 5.The minimum decent consumption basket calculated for a parent with a child | 3 023 | 304 722 | 3 764 473 | 806 | 1 132 | 1 254 | 1 435 | 1 549 |
| 6.The minimum subsistence basket calculated for a parent with a child | 1 833 | 184 738 | 2 282 234 | 626 | 917 | 1 017 | 1 154 | 1 243 |
| III. The real purchasing power of the family income | | | | | | | | |
| 1+4/5 | 120.5 | 82.6 | 64.3 | 95 | 122.1 | 152.6 | 245.9 | 247.3 |
| 1+4/6 | 198.8 | 136.2 | 106.1 | 122.4 | 150.7 | 188.1 | 305.7 | 308.1 |
| 2+4/5 | 73.8 | 27.6 | 17.9 | 43.1 | 39.2 | 65.3 | 106.7 | 101.4 |
| 2+4/6 | 121.7 | 45.5 | 29.5 | 55.5 | 48.4 | 80.5 | 132.7 | 126.4 |
| 3+4/5 | - | - | - | 36.5 | 27.6 | 23.7 | 30.7 | 28.4 |
| 3+4/6 | - | - | - | 47 | 34 | 29.2 | 38.1 | 35.4 |

Table 2 The standard of living of a family of two parents with two dependent children followed in the period 1990-2022, October

| Type of income/Year | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 | 2020 | 2021 |
|--|-------|---------|-----------|-------|-------|-------|-------|-------|
| I. Income | | | | | | | | |
| 1.The average net salary | 3 414 | 242 612 | 2 357 201 | 742 | 1 340 | 1 871 | 3 343 | 3 645 |
| 2.The minimum net salary | 2 000 | 75 000 | 609 000 | 324 | 402 | 777 | 1 346 | 1 386 |
| 3. Guaranteed minimum income | - | 45 000 | 167 000 | 255 | 255 | 255 | 255 | 255 |
| 4.Allowances for the two children | 500 | 18 000 | 190 000 | 48 | 84 | 84 | 370 | 370 |
| II. Expenses (minimum consumption basket) | | | | | | | | |
| 5.The minimum decent basket calculated for two parents with two children | 5 512 | 555 670 | 6 864 627 | 1 469 | 2 064 | 2 287 | 2 616 | 2 825 |

Table Continued...

| Type of income/Year | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 | 2020 | 2021 |
|--|-------|---------|-----------|-------|-------|-------|-------|-------|
| 6. Subsistence basket calculated for two parents with two children | 3 342 | 336 875 | 4 161 720 | 1 141 | 1 673 | 1 854 | 2 104 | 2 267 |
| III. The real purchasing power of the family income | | | | | | | | |
| I+I+4/5 | 132.9 | 90.6 | 71.4 | 104.3 | 133.9 | 167.3 | 269.7 | 271.2 |
| I+I+4/6 | 219.3 | 149.4 | 117.8 | 134.3 | 165.2 | 206.4 | 335.4 | 337.9 |

Table 3 The standard of living of an inactive family is pursued in the period 1990-2022, October

| Type of income/Year | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 | 2020 | 2021 |
|---|-------|---------|-----------|------|-------|-------|-------|--------|
| I. Income | | | | | | | | |
| 1. The average net pension of state social insurance | 1 602 | 88 108 | 937 170 | 267 | 739 | 886 | 1 590 | 1 601* |
| 2. Minimum social pension | - | - | - | - | 350 | 400 | 704 | 1 004 |
| II. Expenses (minimum consumption basket) | | | | | | | | |
| 3. Minimum decent basket calculated for two inactive people | 2 373 | 236 603 | 2 965 900 | 702 | 1 281 | 1 415 | 1 623 | 1 753 |
| 4. Subsistence basket calculated for two inactive people | 1 673 | 166 791 | 2 060 545 | 522 | 1 024 | 1 131 | 1 300 | 1 404 |
| III. The real purchasing power of the family income | | | | | | | | |
| 01-Mar | 67.5 | 37.2 | 31.6 | 38 | 57.7 | 62.6 | 98 | 91.3 |

*The value of the average net monthly pension of state social insurance is at the level of September 2021.

Conclusions on the analyzed case: the family composed of two retirees from the urban area

1. During the analyzed period of time 1990-2021,¹ the family income consisting only of a net average pension of state social insurance, could not cover the minimum decent living basket of a family of two retirees in the urban area, and the basket subsistence minimum only in the last years 2020 (122.3%) and 2021 (114%);
2. If we refer to the income consisting of two average net pensions of state social insurance obtained by the family, the minimum decent basket is fully covered, only in 1990 (135%) and in the years 2010 - 2021; The critical situation in covering the subsistence needs for two pensioners was the year 2000 (91.0%), when the family still needed 9%, to cover all the goods and services included in this basket.
3. The income of the family of two pensioners, one of whom was paid with the average net pension of state social insurance, and the other with the minimum social pension could cover the minimum decent consumption basket, only in the years 2020 and 2021; the minimum subsistence basket being covered for the entire period 1990 – 2021.¹

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Conflicts of interest

There are no conflicting interests declared by the authors.

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