

Imbalances in the evolution of the relationships between various income categories of the population and the value of the minimum decent living and subsistence basket

Abstract

In order to observe the imbalances in the standard of living of the population in Romania, starting with 1990, within the Institute for Research on the Quality of Life, the value of two types of consumer baskets is calculated: minimum decent and subsistence, based on the normative method. This theoretical tool serves to evaluate the real purchasing power of different types of income, to cover the necessary expenses to satisfy consumption needs, on different types of family structures, in urban and rural environments. The most important problems reported by Romanian citizens are related to price increases and the country's economic situation. 43% of Romanians consider price dynamics to be the biggest problem, and 27% consider the economic situation to be an important problem for the country.

Keywords: imbalance, income, expenditure, purchasing power, consumer basket, minimum decent consumption, subsistence consumption

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Adina Mihăilescu

Senior Researcher, Research Institute for Quality of Life, Romania

Correspondence: Adina Mihăilescu, Senior Researcher, Research Institute for Quality of Life, Bucharest, Romania, Tel 0787.655.002

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Introduction

In Romania, during the period 1989–2024, most branches reduced their activity, massively restructured their staff. This produced and produces serious consequences in social stratification, in the non-coverage of the consumption of goods and services and in the expansion of vulnerability and poverty for many families in our country.

The segment of families with dependent children is the most strongly affected by fluctuations in the economy, as we could observe from the analyses carried out on different types of family structures, incomes and areas of residence. There were years that were advantageous only for some types of income of the population, but also years that were totally unfavorable, as a result of some economic policy measures: the increase in inflation, the increase in the exchange rate that further influenced the purchasing power of the Romanian leu on the market for purchasing goods and services, the increase in the price of fuel or the cubic meter of hot or cold water, salary cuts, etc.¹⁻³

These situations called for social policy measures. The families that overcame difficult economic situations were:

1. The family of two adults with two average salaries, from the urban area, who lived above the decent minimum at the beginning of the interval. The income of this family covered one and a half times the needs of the decent minimum (161%), in October 1989. In only eight years, this family was placed at half of what it could buy in 1989 (80%), and in 2013 the same income covered 140% of the minimum needs of a decent life. Currently, these incomes cover more than two and a half times the minimum consumption corresponding to a decent living.
2. The family of two adults with one dependent child, from the urban area, having an income consisting of two average salaries and the child allowance, fluctuated quite a lot over the analyzed period 1989–2024. The years 1993 and 1994, followed by 1999–2002, did not allow this family to cover more than 80–90% of the

minimum decent level, but in any case they positioned it much better than other families presented previously in this chapter.

3. The family made up of two pensioners, from the urban and rural areas, of which one of the pensioners is paid at the level of the average state social insurance pension.
4. Unemployed families, especially those families where there are no dependent children, and the other partner is paid at the level of the average wage in the economy, both in urban and rural areas.

Average total monthly expenses in Romanian households

As we mentioned in the introduction, the analysis of different types of income and the area of residence of households in Romania highlighted differences in the level of average monthly total expenses in the third quarter of 2024 (July–September).

- i In urban areas, average monthly expenses per household were 7,788 lei, 1.3 times higher than in rural areas.
- ii A person in urban areas spent, on average, 3,358 lei per month, 1.5 times more than a person in rural areas, during the mentioned period.
- iii In terms of the structure of total expenses, in urban areas, the share of expenses for taxes, contributions, dues and fees was 35.7% in total expenses, 8.7 percentage points higher than in rural areas.
- iv In rural areas, the share of the equivalent value of the consumption of agri-food and non-food products from own resources was 11.0% in total expenditures, 4.1 times higher than in urban areas.
- v According to the classification of consumption expenditures by destination, food products and non-alcoholic beverages worth 1,422 lei per household had a significant share in the total average monthly consumption expenditures of households (33.1%).

- vi These are followed in size by monthly expenses for housing, water, electricity, gas and other fuels worth 604 lei/household, with a share in the total average monthly consumption expenses of 14.1%, by those for clothing and footwear worth 334 lei/household, with a share of 7.8% in the total average monthly consumption expenses and by those for alcoholic beverages, tobacco worth 308 lei/household, with a share of 7.2% in the total average monthly consumption expenses.
- vii The lowest level of average monthly household expenses was that made for education of 11 lei per household (0.3% of the total average monthly consumption expenses).

Average monthly cash expenditure for purchasing goods and services on the market

Average monthly cash expenditures⁴ were in the third quarter of 2024, 6,598 lei per household (2,637 lei per person), and 1.7% higher than in the second quarter of 2024. The equivalent value of the consumption of agro-food and non-food products from own resources, in the third quarter of 2024, was on average 414 lei per month per household (165 lei per person), down 4.6% compared to the second quarter of 2024.

In the third quarter of 2024, the main destinations of household expenditures are: monetary consumption expenditures (3,974 lei) and the equivalent of human consumption from own resources of 414 lei per month. Transfers to public and private administration and to social security budgets in the form of taxes, contributions, dues, fees were 2,270 lei per household (32.4%), as well as covering needs related to household production: 40.67 lei monetary production expenditures

Table 2 Price increase for non-food products, 2014-2023 (%)

Electricity, central heating, other fuels	Home maintenance	Fuels	Clothing, footwear	Detergents	Books	Alcohol	Tobacco
81.7	67	35	34.5	27	22	33.3	63.3

Source: calculated based on INSSE data.⁵

Table 3 Increase in prices of basic food products, 2014-2023 (%)

Potatoes	Other vegetables	Eggs	Bread	Milk	Meat	Fruits
128	84.4	78	69	52.5	50	45.5

Source: calculated based on INSSE data.⁵

Table 4 Increase in service tariffs, 2014-2023 (%)

Post Office	Health, pharmaceuticals	Education	Transportation	Theaters, cinema	Telephone
166.7	40	33.5	33.3	31	11

Source: calculated based on INSSE data.⁵

Connecting households to the internet in Romanias

In recent years, the implementation of the internet service has helped people to carry out their monotonous and time-consuming tasks much faster and more efficiently, gaining time for more important things that create value. The benefits obtained at work are better communication and faster contact with colleagues or partners located remotely. Transactions are carried out faster, and tasks are performed much more comfortably. The impact that digitalization has had on households can be seen from the connection of an increasing number of households to the internet network.

In 2024, the share of households with access to the internet network at home was 88.6%,⁶ up 2.9 percentage points from the previous year. The proportion of people aged 16-74 who have ever used the

and the equivalent of feed consumption from own resources of 99.24 lei /household (1.8%).

In urban areas, the average monthly expenditures per household were 7,788 lei, 1.3 times higher than in rural areas. The area of residence highlights differences in the level and structure of the total average monthly expenditures of households in Romania.⁵ Thus, a person from an urban area spent, on average, 3,358 lei per month, 1.5 times more than a person from a rural area, where the average monthly expenses per person were 2,218 lei.

In terms of the structure of total expenditures, in urban areas, the share of expenditures for taxes, contributions, dues and fees was 35.7% of total expenditures, 8.7 percentage points higher than in rural areas, while in rural areas the share of the equivalent value of the consumption of agri-food and non-food products from own resources was 11.0% of total expenditures, 4.1 times higher than in urban areas.

In the food chapter, the price of potatoes suffered by far the largest increase, but the prices of other basic products (vegetables, eggs, bread, milk, meat) also increased significantly. The increase by an average of over 80% in the price of energy (Table 1) determined the increase of all other prices and tariffs of services (Tables 2-4), in the time interval 2014-2023.

Table 1 Dynamics of expenses for home maintenance, 2014-2023 (%)

Natural gas	Electricity	Water, sewage	Rent	Furniture	Household appliances
101.4	53.3	53.2	30	27	22.2

Source: calculated based on INSSE data.⁵

internet was 94.7%, up 2.2 percentage points from the previous year. In urban areas, 92.5% of households are connected to the internet, 9.3 percentage points higher than the 83.2% share of households in rural areas (Table 5).

Table 5 Share of households connected to the internet, by area of residence, in 2023 and 2024

Share of households connected to the internet	Total	Urban	Rural
2024	88,6	92,5	83,2
2023	85,7	89,8	80,3

Source: Press release 321 of December 9, 2024, INS, Bucharest, 2024.⁶

In terms of territory, internet connection was more widespread among households in the Bucharest-Ilfov region (95.2% of households have internet access at home), followed by the West (92.0%) and North-West (90.2%). The lowest shares of households connected to the internet are recorded in the North-East (85.1%) and South-East (85.2%) regions.

The number of people in households is an important influencing factor in terms of internet connection. Compared to 2023, there was an increase in the share of households with internet access among households consisting of one person by 4.8 percentage points, among those consisting of two people by 3.9 percentage points, and among those consisting of 3 or more people by 0.6 percentage points.

Of the total number of people aged 16 to 74, the share of people who use or have ever used the internet was 94.7%, up 2.2 percentage points compared to 2023, of which 96.4% used the internet in the last 3 months. By frequency of internet use, among people aged 16-74 who used the internet in the last 3 months, 74.0% used the internet several times a day, and 19.5% once a day or almost every day.

By development region, the highest share of people aged 16-74 who use or have ever used the internet was 97.7% in the Bucharest-Ilfov region, followed by the North-West region with 96.6% and the West with 96.5%. At the opposite pole is the South-East region with 92.2%.

The shares of people using the internet decrease with age. Thus, in 2024, the share of people using or having ever used the internet in the 16-34 age group was 98.9%, while for the 55-74 age group it reached 86.2%. In 2023, the share of people in Romania, aged 16-74, who used the internet in the last 12 months was 91.6%, 0.8 percentage points below the European Union average.

Of the 27 EU Member States, in 15 countries the share of people aged 16-74 who used the internet in the last 12 months exceeded the European average, with the highest share recorded in Luxembourg (99.4%). The other 12 EU Member States recorded lower shares than the EU average, with Hungary (91.8%) immediately below the average, followed by Romania (91.6%), with Bulgaria (84.0%) at the bottom. In 2023, Romania recorded an increase in internet use, in the last 12 months, among people aged 16-74, by 2.7 percentage points.

Imbalances in the evolution of purchasing power of different income categories, during the period 1989-2024, in Romania

- i One of the imbalance factors that weighed on the «shoulders» of the population was inflation. Inflation is a tax that weighs increasingly heavily on the overwhelming majority of the population, especially those with modest and fixed incomes. Employees are hit hard by the much faster increase in prices for consumer goods than in salaries. At the same time, inflation erodes a good part of the population's monetary savings. A factory owner or commercial company can immediately adapt its selling price to inflation, and even to the influence of inflation foreseeable in the immediate or medium term, in order to avoid losses and ensure a higher profit. The employee does not have such a mechanism for adapting his salary to the effective dynamics of inflation, anyway between the employer and the employee being a difference in economic position, decisive in favor of the employer.
- ii Another factor of imbalance that also manifested itself in the budget of families in Romania was the supply of industrial

consumer goods, agricultural products and services that reached a serious disproportion to the demand. Prices increased 3, 4, 5 times without favorably influencing production. This aspect is favorable to production, only when there is a corresponding demand.

- iii Another factor that determined the imbalance between the incomes of the population and the prices of market goods and services was the negotiation with the unions. The union negotiation manifested itself in periods of social and political unrest, a situation that led to an unrealistic increase in wages in relation to production or labor productivity, which led to the situation of wage growth, but a worrying decrease in production.
- iv An important role in the increase in inflation and the decrease in the purchasing power of the population's income is also due to the loss of the value of the national currency in relation to the international exchange currencies euro and dollar.

The concrete analysis of the social costs due to economic policy errors practically shows that the one who suffers is the population, which bears more than the objective part of the ongoing processes, since social protection measures were insufficient.

Real wage earnings depending on fluctuations in average net wage earnings and the inflation rate. In first place in terms of the increase in purchasing power compared to the same month of the previous year, the manufacturing of chemical substances and products (+27.8% nominally and +21.6% in purchasing power).⁷

Next on the podium are real estate transactions (+23.1% nominally but +17.1% real increase) and the HoReCa (Hotel, Restaurant and Catering) segment (+22.5%, respectively +16.6%), the last in terms of average salary income at the national level (3,210 lei).

The budgetary areas are well above the national average. The first in terms of real salary growth is education (+13.7%), followed by health and social assistance (+10.8%) and public administration, defense, etc. (+9.6% in purchasing power, but with the highest average budgetary level, 7,125 lei).

The situation clearly highlights the reference role of the state in salary policy. If last year the budgetary sectors were relatively low in the ranking of salary increases, now they have advanced and remained significantly above the national average. From the perspective of income, the return of education after a less glorious period can be observed. Among the budgetary sectors, telecommunications (+11.2% in real terms), water distribution, sanitation, waste (+10.9%) and the extractive industry (+10.4%) can also be added, those that have also achieved double-digit growth values of real wages. The manufacturing industry as a whole (+5.3%) fell below the general average, the only branch with a slightly higher indexation being the manufacture of motor vehicles (+6.3%).

It is worth noting the strong return (+8.1%) of the information technology sector, after positioning in the negative in the previous month, although its contribution to GDP growth in the first three quarters of the year was equal to zero (-0.2% in activity volume). In last place appears a field where five-digit salaries were practiced, the manufacture of coke oven products and crude oil processing (-15.7% real, faced with the only nominal decrease in income by branches of activity).

In July 2024, in most activities in the economic sector, the level of average net earnings increased as a result of the application of legal provisions, the granting of occasional bonuses (quarterly, annual

bonuses or for special performances), rights in kind and cash aid, amounts from net profit and from other funds (including securities).⁷

It is worth noting the strong recovery (+8.1%) in the information technology sector, after being in the red the previous month, although its contribution to GDP growth in the first three quarters of the year was zero (-0.2% in activity volume).

In last place is a field where five-digit salaries were practiced, the manufacture of coke oven products and crude oil processing (-15.7% real, faced with the only nominal decrease in income by activity branch).

Also, the increases in average net earnings were due to production achievements or higher receipts (depending on contracts/projects). The most significant increases in average net earnings at the level of sections/divisions of CAEN Rev.2 (Classification of activities in the national economy - NACE Rev. 2) were recorded as follows, with:

- i 25.2% in the manufacture of coke oven products and products obtained from the processing of crude oil;
- ii 18.4% in air transport;
- iii between 7.5% and 9.5% in storage and support activities for transportation, manufacture of wearing apparel, manufacture of other means of transport, extraction of crude oil and natural gas, postal and courier activities, manufacture of tobacco products;
- iv between 3.5% and 7.0% in tanning and finishing of leather (including manufacture of travel goods and leather goods, harness and footwear; preparation and dyeing of furs), production and supply of electricity and heat, gas, hot water and air conditioning, manufacture of furniture, woodworking, manufacture of products of wood and cork (except furniture, including manufacture of articles of straw and other plaited vegetable materials), activities auxiliary to financial intermediation, insurance and pension funding activities, service activities ancillary to mining, manufacture of textile products, other service activities, other industrial activities, wholesale and retail trade (including repair of motor vehicles and motorcycles), repair, maintenance and installation of machinery and equipment, hotels and restaurants, metallurgical industry.

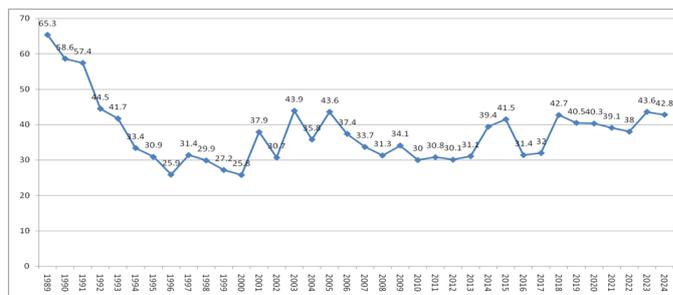
The decreases in average net earnings compared to June 2024 were caused by the granting in previous months of occasional bonuses, rights in kind and cash aid, amounts from net profit and other funds (including securities). Also, the decreases in average net earnings were determined by production failures or lower receipts (depending on contracts/projects). The most significant decreases in average net earnings at the level of sections/divisions of CAEN Rev.2 (Classification of activities in the national economy - NACE Rev. 2) were recorded as follows:

- i by 19.0% in publishing activities;
- ii by 9.3% in the manufacture of basic pharmaceutical products and pharmaceutical preparations;
- iii between 3.0% and 4.5% in the manufacture of computers and electronic and optical products, manufacture of machinery, equipment and equipment i.e., manufacture of chemical substances and products, cinematographic, video and television Programme production activities, sound recordings and music publishing activities (including Programme broadcasting and transmission activities), telecommunications.

In the budgetary sector, decreases in the average net salary were recorded compared to the previous month in education (-4.3%),

mainly as a result of the reduction in the amounts representing the hourly pay of teachers during the school holidays, respectively in public administration (-0.4%). The average net salary increased slightly compared to the previous month in health and social assistance (+0.2%).

In 2024, the minimum wage represented almost 43% of the average salary (Graph 1). If in 1989, the minimum wage represented 65.7% of the average salary, in the period 1989-2022 this ratio reached several very low values, for example, in 1996: 25.9% of the average salary.



Graph 1 Evolution of the minimum wage/average wage ratio, Romania, 1989-2024.

Source: Calculations performed by the author on NIS data, Yearbook Series 1990-2024, Bucharest.⁵

Income and other financial sources in retirement households

In the first quarter of 2024,⁸ the **average number of pensioners was 4,977 thousand people**, down by 4 thousand people compared to the fourth quarter of 2023. The average number of state social insurance pensioners was 4,602 thousand people, down by four thousand people compared to the previous quarter.

The average monthly pension determined, taking into account the amounts for pensions of all categories of pensioners: social insurance, disability, survivor, anticipated, paid by pension funds was 2,418 lei, up 13.8% compared to the fourth quarter of 2023.

The **average state social insurance pension was 2,290 lei** (first quarter of 2024), and the ratio between the average nominal net state social insurance pension for old age with a full contribution period, without tax and health insurance contribution and the average net salary was 52.4%, compared to 47.5% in the previous quarter;

The real average pension index compared to the previous quarter, calculated as the ratio between the nominal pension index for calculating the real pension and the consumer price index was 110.4%.

From Press Release no. 152/ June 14, 2024, NIS⁹ it is observed how in the first quarter of 2024 compared to the first quarter of 2023:

- i The average number of pensioners decreased by 6 thousand people, and that of the category belonging to state social insurance increased by 3 thousand people;
- ii The average monthly pension and the average state social insurance pension increased compared to the same quarter of the previous year, by 15.1% and 14.3%, respectively.
- iii The same table shows that in the first quarter of 2024 compared to the fourth quarter of 2023
- iv The average number of pensioners decreased by 4 thousand people compared to the previous quarter;

- v The average monthly pension and the average state social insurance pension increased compared to the previous quarter, by 13.8% and 14.0%, respectively.

The ratio between the average number of state social insurance pensioners and employees was 8 to 10; this ratio presents significant variations in territorial profile, from only 4 pensioners to 10 employees in Bucharest Municipality and Ilfov County, to 15 pensioners to 10 employees in Teleorman County, and to 14 pensioners to 10 employees in Vaslui County.

The average state social insurance pension in 2024 was 2,459 lei. This indicator varied with significant discrepancies at territorial level. The difference between the minimum and maximum value is 1,233 lei (1,811 lei in Botoșani County, 1,826 lei in Vrancea County, 1,828 lei in Giurgiu County compared to 3,044 lei in Hunedoara County, 2,906 lei in Bucharest Municipality and 2,736 lei in Gorj County).

The total number of beneficiaries of the provisions of OUG no. 6/2009 (Government Emergency Ordinance) regarding the establishment of the minimum guaranteed social pension (currently - social allowance), in the first quarter of 2024, was 1,143.5 thousand people, of which:

- i 1,039.6 thousand people from the state social insurance system, representing 22.6% of the total number of pensioners in this category;
- ii 100.2 thousand people from the former agricultural pension system, representing 65.1% of their total;
- iii 3.7 thousand people from the military system, representing 1.8% of the total in this category.

Imbalances between income ratios and the minimum decent and minimum subsistence baskets, for different family structures (families of employees with dependent children, families of pensioners), from urban and rural environments

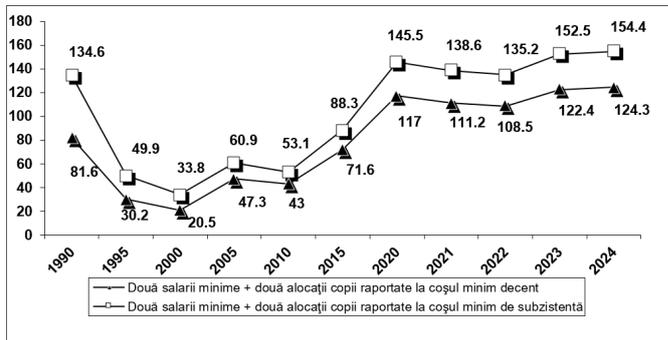
In order to observe the imbalances in the standard of living of the population in Romania, starting with 1990, within the Research Institute for Quality of Life, the value of two types of consumer baskets is calculated: minimum decent and subsistence, based on the normative method. This theoretical tool serves to evaluate the real purchasing power of different types of income, to cover the necessary expenses to satisfy consumption needs, on different types of family structures, in urban and rural environments. We will exemplify these in the following.

Couple with two school-age children, living in urban area

Over the period 1990-2024, the family income composed of two average net salaries in the economy and two child allowances covered the minimum decent basket only at the beginning of the period (132.9%) and after 2005; the minimum subsistence basket was covered in full, the most difficult years, when the family income was slightly above it, were the years 2000 (117.8%) and 2005 (134.3%).

The income consisting of two net minimum wages plus two children's allowances covered the needs of the minimum decent basket in full only in 2020 (117%) and 2024 (124.3%) (Graph 2);

critical situations were in the years 1995-2020, with a minimum of purchasing power in 2000 (20.5%) and a third of the value of the minimum subsistence basket (33.8%).

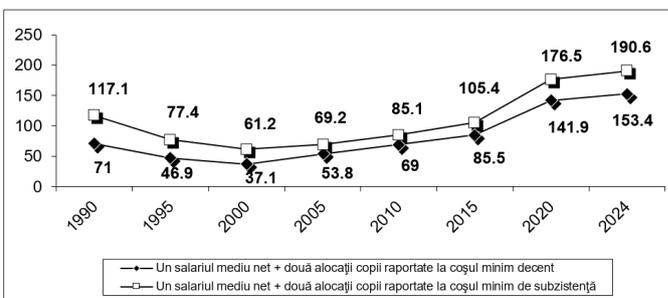


Graph 2 The standard of living of a family of two adults with two dependent children in an urban area, which has an income composed of two net minimum wages and the allowances of two children reported to the minimum decent and subsistence basket, during the period 1990-2024, October.

Source: Calculations performed by author, based on NIS data and the values of the minimum decent and subsistence consumption baskets, within the RIQL.

The income of a family of two employees, one of whom was paid the average net wage and the other a net minimum wage, was able to cover the needs of the minimum decent basket in the 1990s and after 2015; the minimum subsistence basket was covered in 1990 and after 2010, for 20 years, such a type of family facing particularly great difficulties.

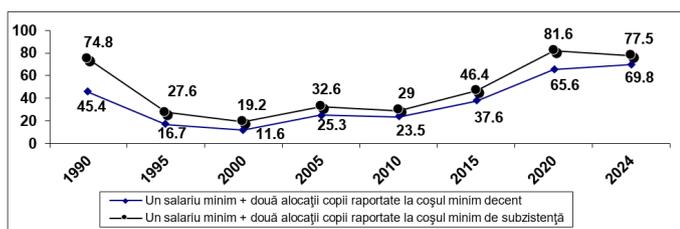
An income consisting of an average net wage plus allowances for two children did not cover the consumption needs of the minimum decent basket until 2020 (141.9%) and 2024 (153.4%) (Graph 3); critical situations were still from the 1990s to 2020, with a peak in minimum consumption reached in 2000: decent (37.1%) and subsistence (61.2%).



Graph 3 Standard of living of a family of two adults with two dependent children in an urban area, which has an income composed of an average net salary and allowances for two children reported to the minimum decent and subsistence basket, during the period 1990-2024, October.

Source: Calculations performed by the author, based on NIS data and the values of the minimum decent and subsistence consumption baskets, within the RIQL.

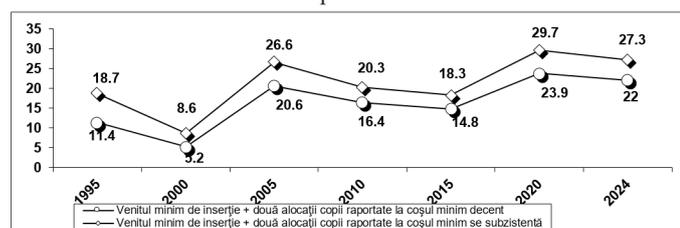
A family of two adults with two children, where there was an income consisting of a minimum wage and two children's allowances, found it extremely difficult to cover both the minimum decent consumption and the subsistence consumption, throughout the entire period studied, October 1990-2024 (Graph 4). An extremely low minimum was also reached in 2000: decent (11.6%) and subsistence (19.2%).



Graph 4 Standard of living of a family of two adults with two dependent children in an urban area, which has an income composed of a net minimum wage and allowances for two children reported to the minimum decent and subsistence basket, during the period 1990-2024, October.

Source: Calculations performed by the author, based on NIS data and the values of the minimum decent and subsistence consumption baskets, within the RIQL.

The particularly low amount of social assistance, starting with 1994, for families without any income, put such a type of family in difficulty throughout the period 1990-2024, October, both in covering the minimum decent basket and the subsistence basket. Families of two adults with two dependent children who lived on the minimum insertion income granted by the Ministry of Labour and Social Solidarity were in great difficulty throughout the period studied (Graph 5). Such a family could not cover, during the period 1995-2023, even the needs of the subsistence basket and even more so those of the minimum decent consumption basket.



Graph 5 The standard of living of a family of two adults with two dependent children in an urban area, which has an income composed of a minimum insertion income and allowances for two children reported to the minimum decent and subsistence basket, during the period 1995-2024, October.

Source: Calculations performed by the author, based on NIS data and the values of the minimum decent and subsistence consumption baskets, within the RIQL.

Single-parent family with one child, living in urban area

Over the period 1990-2021, the average net wage in the economy increased steadily in nominal terms only after 2005; as a result, at the beginning of the 1990-2000 period we observe a decrease in purchasing power, after which family access to purchasing products on the market increased year by year. In 2020 and 2021, the average net wage and child allowance covered almost 2.5 times the minimum decent basket and 3 times the subsistence basket.

The net minimum wage plus child allowance managed to cover the value of the minimum decent consumer basket only in 2020 and 2021; critical situations in covering basic needs were in 1995-2010, with a minimum of purchasing power in 2000 (17.9%).

Single-parent families in Romania are more financially disadvantaged than those in Western Europe: a single parent has to

work more hours per week to escape poverty,¹⁰ and the cost of raising two children is as high as for a family with both parents, while in Western Europe, due to various social assistance schemes, the cost is lower. This information is presented by the Social Monitor, a project of the Friedrich Ebert Foundation Romania.

The average net cost of raising children in Romania, between 2018 and 2022, compared to an average income is similar for both single-parent (single-parent) and two-parent families. This contrasts with the average of OECD countries (Organisation for Economic Co-operation and Development), where the cost is lower for single-parent families.

The OECD (Organisation for Economic Co-operation and Development) average shows that for a family with two children aged 2 and 3, where both parents work – one earning an average wage and the other earning 67% of the average wage – the costs represent 13.6% of the average wage. In contrast, for a single-parent family with an average wage and two children aged 2 and 3, the costs amount to 8.6% of the average wage. The average for Romania is 10.8% for both types of families.¹¹

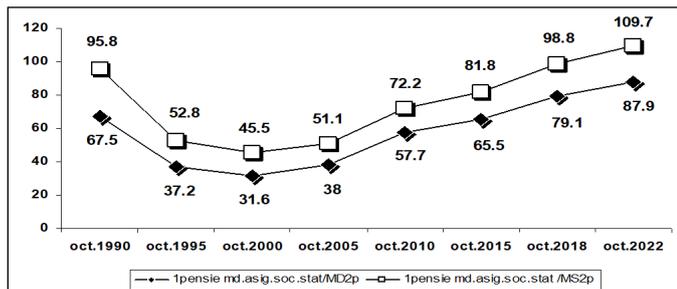
Romania ranks below the OECD (Organisation for Economic Co-operation and Development) *average in terms of the average net cost of raising children for a family with both parents, but above the OECD* (Organisation for Economic Co-operation and Development) *average when it comes to single-parent families*. The situation is the same in most countries in Central and Eastern Europe, where costs are similar for both single-parent and two-parent families. The exceptions are Bulgaria and Croatia, where the cost for single-parent families is 4.4% and 3.2% of the average wage, respectively, and for two-parent families it is 6.4% and 5.8%, respectively. In Western European countries, where social benefits for single-parent families are more common, a reduced cost for single-parent families is noted. For example, in France, the average cost for a single-parent family is approximately half that of a two-parent family (5.8% vs. 11.4%). The same is true in Finland (11.8% vs. 17.6%), Denmark (5% vs. 11%), the Netherlands (9% vs. 18.8%), or the United Kingdom (17.4% vs. 25.4%).

Moreover, in Romania, **a single parent raising two children, paid the minimum wage, has to work 46 hours a week to get out of poverty, compared to only 20 hours if they were paid the average wage**. The situation is better if the person does not have children, having to work hours a week on the minimum wage or 14 hours if they have an average wage. Employees in Romania have to work more hours if they have children, regardless of their salary level compared to the OECD (Organization for Economic Co-operation and Development) average.

These data indicate that when it comes to single-parent families, they are very disadvantaged financially. In Romania, financial support for single-parent families is insufficient. In order to align with European standards, Romania needs to strengthen its policies to financially support single-parent families. Moreover, these costs are clearly higher for families earning the minimum wage in the economy.

Retired couple with an average pension

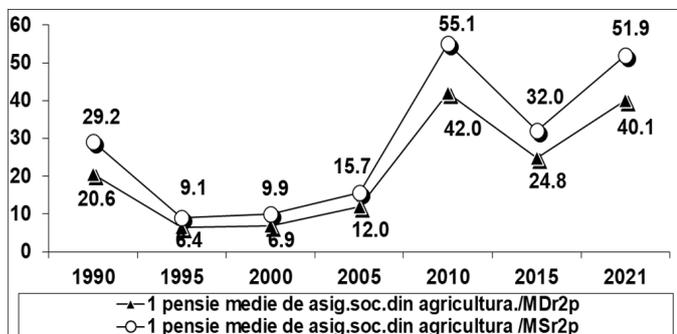
The elderly family in the urban area, with an average state social insurance pension, had a particularly difficult time meeting consumption needs at the subsistence basket level, and even more so with those of the minimum decent consumption basket, throughout the 1990s, until October 2022 Graph 6.



Graph 6 Evolution of the standard of living of the elderly family in urban areas who have an average state social insurance pension in the period Oct. 1990–Oct. 2022.

Source: Calculations performed by the author, based on NIS data and the values of the minimum decent and subsistence consumption baskets, within the RIQL.

Elderly people in rural areas had an even harder time, as can be seen in Graph 7.



Graph 7 Evolution of the standard of living of the elderly family in rural areas who have an average net state social insurance pension from agriculture, during the period 1990–2021, October.

Source: Calculations performed by the author, based on NIS data and the values of the minimum decent and subsistence consumption baskets, within the RIQL.

The rural elderly family, with an average state social insurance pension from agriculture, had a much more difficult life than the urban pensioner family, throughout the 1990s, until 2022.

Imbalances manifested in purchasing power in Romania compared to other European Union states

The National Institute for Statistics (NIS) press release from early 2025¹² presented the following data on purchasing power in Romania, compared to other European Union member states. The data were calculated by Eurostat in December 2024, based on both consumer prices collected by participating countries for a common nomenclature of comparable goods and services, selected as representative of consumption patterns in the 36 European countries, and on data on expenditure elements of GDP and other basic information transmitted in accordance with Regulation (EC) No. 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination, namely:

A. Price level indices for final household consumption compared to the European Union average

- Price level indices express how many units of the same currency are needed to buy an identical volume of goods and services in different countries, for each group of goods and services. In 2023, for consumer goods and services in the final consumption component, 100 euros are paid at the European Union level, and at the two extremes, 145 euros in Denmark and 59 euros in Bulgaria, respectively.
- The lowest price level for consumer goods and services in the final consumption component of households, within the Member States, was recorded in 2023 in Bulgaria, being 41% lower than the EU average, followed by Romania with 39% below the EU average.
- In 2023, among the European Union Member States, the highest level of prices for final household consumption was recorded in Denmark (45% above the EU average), followed by Ireland (37% above the EU average), Luxembourg (34% above the EU average) and Finland (24% above the EU average)

B. Price level indices for the main groups of goods and services

- According to the NIS and Eurostat Communiqué, Romania is the cheapest member state for the group “Food and non-alcoholic beverages” (75%), followed by Poland and Slovakia (82%), and at the opposite pole is Luxembourg (125%), followed by Denmark (123%), having the highest price level for this group of products.
- Bulgaria records the lowest price level for the groups “Alcoholic beverages and tobacco” (69%), “Clothing and footwear” (82%) and “Home maintenance, water, electricity, gas and other fuels” (38%), followed by Poland, for the group “Alcoholic beverages and tobacco” (77%) and by Croatia for the group “Home maintenance, water, electricity, gas and other fuels” (44%).
- Denmark has the highest price level for products in the groups “Clothing and footwear” (130%) and “Home maintenance, water, electricity, gas and other fuels” (189%), respectively, and Ireland is the most expensive country in the EU for products in the group “Alcoholic beverages and tobacco” (208%).
- Romania has the lowest price level among EU countries for the group “Furniture, household equipment and current household maintenance” (72%), followed by Bulgaria (74%).
- Bulgaria remains the cheapest Member State for the groups “Transport” (71%) and accommodation and restaurant services (52%) and Romania records the lowest price level for the group “Recreation and culture” (64%).
- Denmark is the most expensive country in the EU in the groups “Furniture, household equipment and current home maintenance” (125%), “Transport” (126%), “Recreation and culture” (137%) as well as accommodation and restaurant services (152%).

C. Volume indices of Gross Domestic Product per capita calculated based on Purchasing Power Parity (PPP)

- Romania has a GDP per capita volume index value, calculated on the basis of PPP, which places it at 78% of the European

Union average, followed by Poland and Hungary with 77% of the EU average.

- ii The lowest value of Gross Domestic Product per capita, in 2023, was recorded by Bulgaria, 36% below the EU average.
- iii The highest level of GDP per capita in the European Union was recorded by Luxembourg, exceeding the EU average by 137%. This is partly explained by the fact that a large number of foreign citizens have an increased share in the country's total workforce and contribute to the achievement of GDP, but are not part of the resident population. Euro barometer 101/2024 and Euro barometer 100/2023 provide us with some interesting data on the life satisfaction of Romanian citizens, in relation to other citizens of the European Union.

Romanian citizens are among the most dissatisfied with their lives in Europe, including compared to those in Eastern Europe, according to Euro barometer 101 data from 2024, included in an infographic by the Social Monitor.¹⁰ Only 62% of Romanians declared themselves completely satisfied with their lives in 2024, while 38% declared themselves completely dissatisfied, the highest rate in the EU countries. By comparison, 90% or more of the citizens of countries such as Germany, Spain, Slovenia or Sweden report that they are completely satisfied with their lives, while in our neighbours in Bulgaria the proportion of those satisfied with life is lower (66% of the population). The dissatisfaction of Romanian citizens with their lives is also reflected in the lack of confidence that things will improve in the future.

- i Around a third (31%) of Romanians expect their lives to get worse in 2025, significantly more citizens than in any other EU country included in Euro barometer 101. In comparison, less than 20% of citizens in Bulgaria, Spain or Slovenia expect their lives to get worse in 2025, while only 5% of citizens in Sweden have the same expectation.
- ii Furthermore, although Germany went through several quarters of economic decline in 2023 and 2024, the rate of pessimism about one's own life in 2025 is 23% among citizens, much lower than in Romania. And the evolution of this distrust of Romanians in their own future is worrying, increasing to 31% in 2024 from 24% in 2023.

Increasing prices and the economic situation, among the most pressing issues for Romanians. The most important problems reported by Romanian citizens are related to price increases and the country's economic situation. 43% of Romanians consider price dynamics to be the biggest problem, and 27% consider the economic situation to be an important problem for the country. The issue of price increases is considered important by the majority of European citizens, with high rates recorded in Croatia (59%), Malta (58%), Bulgaria (48%), Estonia (47%), and lower rates in Scandinavian countries.

The elderly, the least satisfied with their lives. The data collection conducted by the European Commission in the Euro barometer 101 allows us to identify some additional data about the most dissatisfied Romanians. The rate of dissatisfaction increases with age. While only 26% of Romanians aged 18 to 44 say they are dissatisfied, this rate increases significantly among older age groups, with 35% dissatisfied among those aged 45-54, 44% dissatisfied among those aged 55-65 and 55% dissatisfied among those over 65. Similarly, those with primary education tend to be the most dissatisfied with their lives, with 57% dissatisfied among Romanians with less than 8 grades, while the dissatisfaction rate among Romanians with higher education

is only 22%. Almost 50% of Romanians in rural areas say they are dissatisfied with their lives, compared to 30% of Romanians in large cities.

Dissatisfaction increases Euroscepticism. Euro barometer data confirms that citizens' dissatisfaction correlates with critical opinions towards the EU. Almost 2/3 of Romanians who have a bad opinion of the European Union declare themselves deeply dissatisfied with their lives. Moreover, dissatisfaction with the actions of the European Union regarding Ukraine also seems to correlate, with most of those dissatisfied with the intervention generally being dissatisfied with their own lives in Romania. Given the reorganization of the presidential elections in 2025, these raised dissatisfactions should find a response from the authorities. Otherwise, the prevalence of these dissatisfactions risks determining a general rejection of the political status quo, even without citizens necessarily realizing what the alternatives are.

Conclusion

These data highlight that in Romania, financial support for single-parent families is insufficient. In order to align with European standards, Romania needs to strengthen its policies for financial support for single-parent families. Moreover, these costs are obviously higher for families earning the minimum wage in the economy.

Over the period 1990-2024, the family income composed of two average net salaries in the economy and two child allowances covered the minimum decent basket only at the beginning of the period and after 2005; the minimum subsistence basket was covered in full, the most difficult years, when the family income was slightly above it, were the years 2000 and 2005.

The income consisting of two net minimum wages plus two children's allowances covered the needs of the minimum decent basket in full only in 2020 and 2024; critical situations were in the years 1995-2020, with a minimum of purchasing power in 2000.

A family of two adults with two children, where there was an income consisting of a minimum wage and two children's allowances, found it extremely difficult to cover both the minimum decent consumption and the subsistence consumption, throughout the entire period studied, October 1990-2024.

The single-parent with one child, living in urban area with the net minimum wage plus child allowance managed to cover the value of the minimum decent consumer basket only in 2020 and 2021; critical situations in covering basic needs were in 1995-2010, with a minimum of purchasing power in 2000.

The elderly family in the urban and rural area, with an average state social insurance pension, had a particularly difficult time meeting consumption needs at the subsistence basket level, and even more so with those of the minimum decent consumption basket, throughout the 1990s, until October 2022.

Consequently, Romania needs a broader social policy that adapts the minimum wage level to the real costs of living, in order to allow even those with minimum incomes to have a decent life.

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Conflicts of interest

The author declares there is no conflict of interest.

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