

# HOUSEHOLDS' INCOME IN ROMANIA FOR THE 1918–2018 CENTURY: RESOURCES AND SOCIAL PROTECTION

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*The paper addresses the changes that have occurred in household incomes in Romania after its constitution as a national state (1918). Land work, industrialization, migration, vocational training and social policy, as income determinants, are discussed in the context of the three great periods that have shaped the last century in Romania: pre-communist, communist and post-communist.*

***Keywords:** incomes; industrialization; land reform; employment; social policy; social protection; households' budget.*

## INTRODUCTION

The present paper is circumscribed to the initiatives occasioned by the celebration of the centenary since the unification into Greater Romania, in 1918. The time of the union pertains as time to an economic, social and institutional development and modernisation trend initiated at the mid of the foregoing century in the Old Kingdom (the southern and eastern parts of today's Romania) which was parallel to the European trend of economic and social change. During this last century, Romania crossed two capitalist periods governed by market economy, separated by the period of the communist regime that exceeded both these periods in length. Despite pursuing different paradigms, each of these periods started with a land reform and an inflationist period, had as objective to develop industry and looked to ensure some rights for the population. Their achievement in an international context just as dynamic and not always favourable to Romania exposed the population to deep changes at economic and social level. The paper follows the changes on work opportunities and social policy, as well as their echoes on population's incomes, during the three large periods defining the past Romanian century: pre-communist, communist, and post-communist.

By achieving the Union, Romania doubled its territory and population. The new government had as task not only the economic development, but also managing

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regional differences regarding the administration, the economic potential, and the social policies. By the time of the outbreak of the Second World War, Romania was still a fundamentally agrarian country, with advanced labour and social protection legislation that covered rather modestly the population. The Second World War imposed heavy reconstruction efforts and started under harsh inflationist conditions. The immediately subsequent period had as economic target an accelerated development model, centred on industrialization, aimed to diminish the gaps against developed European countries, in parallel to the consolidation of the Communist Party in power. By the time of the collapse of the communist regime, Romania was less prepared for shifting to the market economy than the neighbouring countries that had to exceed during the same time, challenges related to territorial changes, late industrialisation, and the communist regime. The Romanian economy had to recover the technological and structural distance against the European one of the time, and soon economic restructuring and liberalisation programmes emerged by implying inevitable high social costs. The sentiment of economic insecurity, along with the de-structuring of the economic life, dominated the first post-communist decade followed by an unrelated, however, particularly restrictive one, preceded by three decades of unprecedented levels of economic growth and accruals for living standard. The Romanian economy was relaunched after 2000, accompanied by reforms in almost all social areas. As opposed to previous periods, the external migration for labour had sizeable effects in building up the incomes of the population, as it began immediately after the downfall of communism and was subsequently potentiated by Romania's accession to the European Union.

**Methodological aspects.** The historical perspective cannot be left aside in such an approach, but it has also proved necessary to supplement the statistical information where the last one did not cover the entire time horizon. If a similar thematic structure could have been followed for each of the periods, the cross-section of the indicators was actually unachievable. A series of nowadays-routine indicators were lacking from the statistical records of 50 or 100 years before. On the other hand, quantifying the economic-social development level for such different periods implies more or less accurate procedures of aggregation for these data. Moreover, statistical records in the second half of the communist period were less generous, a series of indicators (including the prices index), being oversized or adjusted and subordinated to objectives defined politically (Ionete, 1993; Dăianu, 1999a; Gaston, 2000; Grigorescu, 2000).

Depicting the social, economic and politic context generating the population's incomes takes up a significant part of the paper, documenting trans-sectional sub-themes such as the economic and political context, work in the rural area, vocational training, labour migration and social policy. The documentation used the legal and memoirs' analysis as well, along with qualitative studies of the respective times. The statistical analysis of the population income dynamics used the data series that was possible to reconstitute.

### ECONOMIC AND POLITICAL CONTEXT

The Agrarian Reform and the industrialisation of the pre-communist period held the promise of a positive impact on the resources of the population. These almost three pre-communist decades, however, were segmented by phenomena adverse to economic development, as there was the food and clothing penury after the war, resources destroyed by war, inflation, draught, monetary unification and stabilization, the economic crisis of the thirties, the World War II and, again, hyperinflation (1942–1947). Romania remained an agrarian country for the entire pre-communist period, where only 15 to 24% of the population lived in the urban area.

Between the two World Wars, the direction to be followed vacillated between industrialisation under the protection of the state (for fear of Romania's capital marginalisation due to the stronger foreign capital), along with the policy of open gates to foreign capital, simultaneously with agriculture's promotion based on Romania's natural advantage. During the twenties, Romania did not have an actual industrial regime, as the industrial activity was focused on activities that put to good use natural resources (construction materials, glass, ceramics, wood processing, and textiles); products such as oil, coal, iron, salt, and agricultural and meat produce supported foreign trade. With few exceptions, during the interwar period it recorded surplus even though exports were preponderantly constituted by primary products and processed goods were imported (AS, 1930; Teodorescu, 1936). By contrast, the balance of the foreign trade in the post-communist period was constantly negative, with the highest deficits in the years foregoing the economic crisis of 2008 (INS-Tempo/EXP103A).

On the census from 1930, employees represented less than 10% of the population aged 15 to 74 years, and only 18.9% from them were women, while 61.7% from existing companies in industry and commerce were set up after 1919 (AS, 1939–1940). A distinct and significant category among employees, about one third from total, was represented by civil servants in domains such as finances, defence, justice, territorial development, education, health, cults, and central administration, in a broader meaning than is used nowadays.

With 78.2% of the population employed in activities related to land exploitation, Romania was exceeded only by USSR and Bulgaria (by over 80%), against less than 50% in Hungary or Czechoslovakia, and comparable to Germany, Italy and France. Regarding employment in industry and constructions, the hierarchy is reversed, with an employment level by 10.2%, Romania ranked above USSR and Bulgaria (under 10%), and was exceeded by Hungary (23.0%), or Czechoslovakia (42.4%) (Georgescu, 1938: 48).

The economic crisis at the beginning of the 1930s unleashed its effects less than one year after the inflation toned-down, and the monetary stabilisation occurred. Bankruptcies (including of some banking institutions) and the loss of

jobs were accompanied by a decrease by half of the prices for agricultural and extractive goods, affecting directly the population employed in land and subsoil exploitation. At the same time, wages decreased of up to 62% in 1935 against 1929, and the drop was never recovered up to the time of the war outbreak (Matheescu, 1943: 87). Among these, the wages of public employees registered three periods of wage cuts, known as the “curves of sacrifice”: by 10–23% in 1930, 15% in 1932, and 10% in Bucharest, in the period 1933–1934, respectively a fall by 64% against 1929 (BNR<sup>1</sup>). The rural household stagnated also in disadvantaged circumstances, the price of agricultural produce failing to increase at the level foregoing the crisis (only 81% in 1940), while the price for industrial goods they were using lost only 20 percentages during the crisis, and increased to 150% in 1940 (Madgearu, 1940: 80).

After this socio-economic implosion, the industrial development was resumed in 1934, even though criticisms were made about its *greenhouse* nature, much too dependent on customs’ protection (encouraging the import of technological equipment), on imported semi-finished goods, and on foreign capital (Brânzescu, 1941). Despite the accelerated industrial development during the interwar period, Romania never recovered the gap against Central-Western European countries, as many of these were already at an industrialisation level superior to the one of Romania, and accelerated in their turn the development (*Figure 1*) (Murgescu, 2010).

The communist regime had started a particularly difficult time. To the effort required for human and economic reconstruction after the war was added the payment of war compensations to be paid by Romania to the USSR as defeated country, combined with the inherited industrial underdevelopment and with the effects of the draught during the years 1946–1947. Under these circumstances, black market flourished, and inflation already considerable over the wartime, exploded; against 1938, the retail prices index – in Bucharest – increased from 934.4 in 1944 to 853 163 in July 1947 (Murgescu, 2010: 333). The draught afflicted in particular the eastern and north-eastern areas of the country triggering the massive migration of the population from these regions, but also a phenomenon of children separation from their families who could no longer care for them (Gaston, 2000; Constantinescu and Bozga, 2000). Even though food paucity was generalised, the period was known as one of famine, households from less draught afflicted areas were imposed to deliver a share of produce to be redistributed to the first mentioned category (Chefani-Pătrașcu, 2011<sup>2</sup>). The consumption of the population was rationalised and food and textiles cards were circulated in the first half of the fifties.

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<sup>1</sup> Muzeul Băncii Naționale a României, Istoria monedei, Perioada contemporană, <http://www.bnr.ro/Perioada-contemporana--1051.aspx> (februarie, 2018).

<sup>2</sup> <https://www.history.ro/sectiune/general/articol/din-minuni-administrative-ale-comunistilor-in-vremea-secetei-studiu-de-caz-judetul-arges>.

Throughout the communist period, the strengthening of the communist party's leading role was pursued, along with imposing the prevalence of labour, equity, and supremacy of collective property in the hierarchy of social values. Up to the beginning of the sixties, the process of population cleansing of elements regarded as *enemies of the people* took place. Initially aimed at former legionnaires and collaborators of the fascist regime, this process focused subsequently on the opponents of the communist regime, against the bourgeoisie and small peasant landowners (*kulaks*), that is against the classes that by their very nature opposed communism. This process took aggressive forms (such incarceration of individuals in inhuman conditions, sometimes without any trial, forced labour in detention conditions, deportation on industrial objective building-sites). To these were added also blocking any chances of progress, by property and personal goods seizure, relocation in improper conditions, employment of high skilled people in unskilled jobs, hindering access or expelling them from higher education, even for other members of the family (Gaston, 2000; Cosmovici, 2004; Giurescu c., 2001; Pop, 2012). The socio-professional ascension was conditioned by a clean family history in relation to the new ideology and adherence to the communist movement, a condition maintained during the sixties: "*Many joined the Party as they knew they will get from it a house. I became party member to promote, otherwise you never got promoted*" (Bodeanu, 2004: 324; Berindei et al, 2016).

The mitigation of the *kulaks*' issue was given by means of the collectivisation process, while the nationalisation (1948) addressed the issue of the bourgeoisie. The law transferred into state ownership all soil and subsoil resources, all enterprises and individual associations of any kind. The stabilisation (1947) and thereafter the monetary reform (1952) were other processes that led to wages' levelling for people among, as for both processes there was a maximum limit of the amount that could be exchanged (Gaston, 2000; Constantinescu and Bozga, 2000). The positive facet of nationalisation was the possibility of allotting production factors (labour, capital and resources) in relationship to the national priorities and necessities, which for agriculture made possible collectivisation. Additionally, mechanisation allowed for increasing agricultural productivity.

The nationalisation of the National Bank occurred in 1946, part of the real estates in 1950, and foreign trade becomes state monopoly in 1952. It is estimated that in 1950 the level of the Romanian economy achieved the level of the year 1938 (Axenciuc, 2012) (*Figure 1*) and thus marked the beginning of the development based on five-year plans.

The economic reconstruction began by rebuilding the infrastructure and the transportation park that were destroyed by the war, by the conversion of some payment obligations to Romania in technology (equipment, and know-how), by reconverting some industrial rooms and developing the electric grid and metallurgic industry (Gaston, 2000; Constantinescu and Bozga, 2000). The priority of industry was never put into debate as of the debut of the communist period as

opposed to the interwar one. Romania (just like Poland and Hungary) disagreed to economic specialisation within COMECON as proposed by the USSR, based on relative advantage (Balassa, 1991; Gaston, 2000); a certain specialisation took shape in bilateral relations between these states after 1971, especially in the field of machine-tools construction, and car building, as well as in the chemical industry (Balassa, 1991).

After the oil shock by the beginning of the 1970s, the European countries, even the COMECON area, restructured their economies (some had already initiated the process) and resorted more emphatically to new technologies, developed their services and made room for decentralised decision and free initiative. To the contrary, Romania maintained the policy of extensive economic development, based on the priority development of heavy industry and on allotting resources by hyper-centralised decision. Moreover, the communist authorities promoted at the time the diversification of commercial relations of the clearing type with developing countries outside COMECON (for instance, raw materials vs. machine tools), diversified the objectives of social policies, and resorted systematically to prices' control for maintaining the economic objectives (Ionete, 1993; Gaston, 2000; Murgescu, 2010); the outcome was what might be called pauperising growth (Dăianu, 1999b).

At the beginning of eighties Romania had difficulties in paying the external debts generated by the insufficient energy resources from domestic supply and some technological imports needed for major industrial objectives. Some contracts even provided for their payment, partly or in full, with Romanian products (Betea, 2011). There was an interdiction of new loans, and for the end of the 80's full payment of external debt was foreseen. This led to cutting down imports, including technology ones, in favour of what existed and on what could be produced in the country, to orienting production towards export, to severe quantitative and qualitative diminishment of population's consumption, and subsequent plunge of the living standard.

Under such conditions, the last decade of the communism meant that a series of large consumption goods (colour TVs, washing machines, refrigerators, cars, phone number) were obtained only by means of the enterprises, based on lists, and in some instances after years of waiting, or on the informal market. The food penury was acutely felt. In order to ensure the required foodstuff but also an additional state fund, in 1980, was provided on legislative basis for the obligatory households' contribution (share) by contracts concluded with local authorities to ensure 10, 20, respectively 30% of the local consumption of meat, milk, respectively vegetables. From random supply or at improper hours for the employees as ensuring subsistence means consumed all the extra-job time of the family, the shift was made (again) to the quotas per person system, more restrictive in the rural area, or to quotas based on the identification card thus corraling purchases favoured by commuting. The imperative of energy saving led to electric power shut-downs for a

several hours daily (as a rule during the peak hours) in houses, but also in enterprises and commercial units.

N-W: *I go each morning with two bags to hunt for milk, butter, meat, fire matches, potatoes, and others that I cannot find. Some days I'm lucky and make a catch. For instance, yesterday was my lucky day as I bought 5 toilet paper rolls, and 2 boxes of detergent* (Țăranu, 2012: 96).

C: *Before work, we prowl in the city for milk, butter, bread. If we find something, we go content to work, if not we spend all the time thinking what we're going to do. After an 8-hour shift, we do again the same thing: searching for something to eat.*

C: *Endless queues are everywhere. One cannot find cheese and butter, meat not at all, sugar, oil and flour we receive on lists with the ID-card, one kilo per person, per month. We receive bread at three days.*

Rural, C: *Now for two weeks already they cut the power off on saving grounds. In this period at the state farm, because of the cold, died 400 piglets. Supply is even worse: for one kilo of sugar per month, you must give eggs. For potatoes we go all the way up to Făgăraș, and bread has no longer been made for weeks* (Țăranu, 2012: 83–84).

The limits of the system were felt at enterprises' level as the lack of raw materials, of orders, and even as the production on stock that generated fluctuations or even stagnation of the activity, accompanied sometimes by personnel layoffs. Unemployment and job insecurity were denied officially. However, when the enterprise reduced its activity for periods of 1 to 3 months, the so-called technical unemployment, it threatened the financial balance of the families, as the unemployment benefits were non-existent. Commuters were the main target for the layoffs, who could be thus redistributed in agriculture. The intensive industrialization process by the beginning of the communist period attracted preponderantly the youths and the male labour force (see the migration section), a process becoming even more marked, so that towards the end of communist era the rural population was aged and feminized.

S: *We, about 600 workers were forced by the unit's management to ask for unpaid leave of absence, in other words to go home as of February 5<sup>th</sup> 1981. ...How will we pay rents, maintenance, electricity and other expenditures? About 100 persons were restructured by the sugar enterprise. As solution, we received the proposition to be detached in units from [NE], [NW], but what shall we do with our families? Another proposition was to carry out unskilled labour at a pork-meat farm and at one for calves.*

Bucharest: *About 100.000 employees at the Public Transportation Bucharest Enterprise (I.T.B.) will find themselves in the situation to look for a job* (Țăranu, 2012: 76–77).

Faced with these situations, the population developed various survival strategies: support of the extended family from the rural area for supply with foodstuff, building personal relationships with colleagues and superiors for leaves-of-absence during the working hours, or with other persons in privileged positions, especially in commercial units, for access to food (Bodeanu, 2004). Others were thefts from the collective farms, declaring lower numbers of livestock in the own household as these were the reference for determining the quota to deliver (Șișeșteanu, 2011). Theft at the workplace (from the food inventory, but also from non-food factories) in order to obtain products that could be individually traded by sale or in exchange for something else (Bodeanu, 2004; Berindei et al., 2016), and demands for emigration (especially of the Saxon population) which seldom received positive resolutions and as a rule after repeated attempts (Țăranu, 2012).

Once the communist regime collapsed, Romania paid for the political decision of the previous two communist decades by closing up, against the European economic trend. The Romanian economy became an industrial citadel, diversified unsustainably, dominated by large industrial complexes with scarce experience in decentralised economic decision (Dăianu, 1999b). As compared with neighbouring countries, it ranked at the lower end from the viewpoint of free economy indicators' perspective, and for some criteria, the country was exceeded even by former countries of the USSR (Ionete, 1993). Just like for other former communist countries, GDP dropped in the first transition years as result of the COMECON market downfall. Unlike some of the EEC (the Vișegrad countries, Estonia and Albania) Romania did not recover its pre-transition level until 2000, but just shortly before the economic crisis of 2008 (Maddison, 2010) (*Figure 1*). The legislative and institutional building specific to the new economic organisation began immediately, but progress and efficiency of transition were not the ones aimed at.

The debut of transition was a stage of moral reparation as well: on one hand down-top pressure existed for consumption goods, and this motivated putting a halt to exports and, on the other hand, liberalising imports. Next, a series of social rights were claimed by trade unions and last, but not least, the issue of the property rights suppressed fifty years earlier was raised. The privatisation in industry (1990), and next, the one of real estates (initiated in 1995 but undergoing substantive alterations in 2001 and thereafter) were more complicated processes than the same process in agriculture (1991). Enterprises from the “defence, energy, mines and natural gas exploitation, postal services and rail transportation, and some of the areas pertaining to other branches as determined by the Government” had a distinct privatisation regime and were turned into autonomous administrations where the State maintained notable influence by appointing their administration councils and approving the balance sheets. The share capital of the economic entities not entering into this category could be divided into shares or social shares, 30% of these being distributed free to the Romanian citizens with their residence in



Romania. The participation of the shareholders to decision was done in frameworks that were constituted then, as well. Currently, the incomes from dividends, just as those from rentals and interest are minimal within the households' budget, close to the ones in other former communist countries, but much smaller than in Denmark, or Finland (1.5–2%, against 4.4–7%) (Ilie, 2018: 224).

The set-up of private economic agents was legalised simultaneously, and the liberalisation of prices was initiated. Similar to prior periods, the beginnings of the post-communist period are marked by hyperinflation, which in 1991–1994 melted down population's financial resources. However, the yearly maximum of 256% in 1993 (INS-IPC) was below the severity of the one at the beginning of the communist regime. Prices' liberalisation was achieved in three stages, between 1991 and 1997. The first stage aimed the prices of all consumption goods save for twelve food products regarded as essential and energy. The latter were the object of the last liberalisation period that, in parallel to the programme of significant restructuring in economy, defined the period of population's most severe living standard decrease in post-communism (Zamfir et al, 2010: 26, 28).

Nevertheless, economic restructuring was not accompanied by the crystallisation of a modern economic structure, competitive at European level. After the fall of the communism, trade has been one of the sectors with accelerated increases in the number of its employees, however wages remained small: in 2015, it comprised 16.2% of total employees, with wages by 85% from the national average wage. The most consistent fall in the number of employees was in manufacturing industry, from 42.3 to 24.3% of the total (INS-Tempo/FOM106E, FOM104F). The population laid off from industry was reabsorbed by the rural area, as they turned, in general, into self-employed in agriculture. Almost over two decades after the downfall of communism, Romania has a share of employed population in agriculture, and a segment of unpaid family workers that is at atypically high levels as compared with the European area (*Table no. 1* and *Table no. 2*). This last occupational form reached 28% for the age-group in the immediate post-pensioning period in 2015 (against only 5.6% the average of the EU28), respectively 30% for the age group 15 to 24 years (against 2.1%; Eurostat/ *lfsa\_egaps*), and just like in the pre-communist period, represented widely in agriculture. This was the mitigation reply to the low level of incomes and to lacking employment opportunities.

The decrease in the employment rate was to be expected along with the generalisation of education and its extension at secondary and tertiary levels, the improvement of the general health condition, wider access to food and decent housing, with the expansion of the pensions' system, and the access to more consistent incomes, in general, during the communist regime. It was to be expected, as well, that economic restructuring of the post-communist period would be accompanied temporary by employment decrease, during the time of labour force reskilling according to the new directions. Left at the free will of the invisible hand

of the market, the new directions in employment failed assuming a clear shape, nor did they benefit of the support of educational, fiscal, and legislative policies, etc. The information technology is an exception from this perspective. This field expanded as of the first half of the nineties top-down throughout the educational system, as the labour force employed in the field benefitted of favourable wages and taxation, it was fuelled by the entry of multinational companies on the Romanian market, and once agreed on the Lisbon Agenda, it became an explicit goal of the development plans.

In the dynamics of Romania's economic development for the last century (dotted lines) is identified the relative stability during the interwar period, the decline in the wartime, and the one caused by the post-communist transition (more marked), and the spectacular increase during 1950–1980 and the re-launch by the beginning of the current century. The Figure also captures the fact that the spectacular economic growth during the communist time, though improving Romania's position in relation to the performances of the former communist Eastern European countries was not an exception. These latter countries, as well, knew accelerated growth, Romania failing to achieve the average performance of the former south-eastern communist Europe (75–80% in the eighties, against less than 60% in the fifties). Romania's strategy in the transition to market economy proves to be less efficient than of the other Eastern European countries, the gap against their average performance *increasing* to levels comparable to the ones at the time of the incipient communist regime. Constantly much higher was the gap against Western European countries.

Table no. 1

Level and structure of employment<sup>3</sup>, %

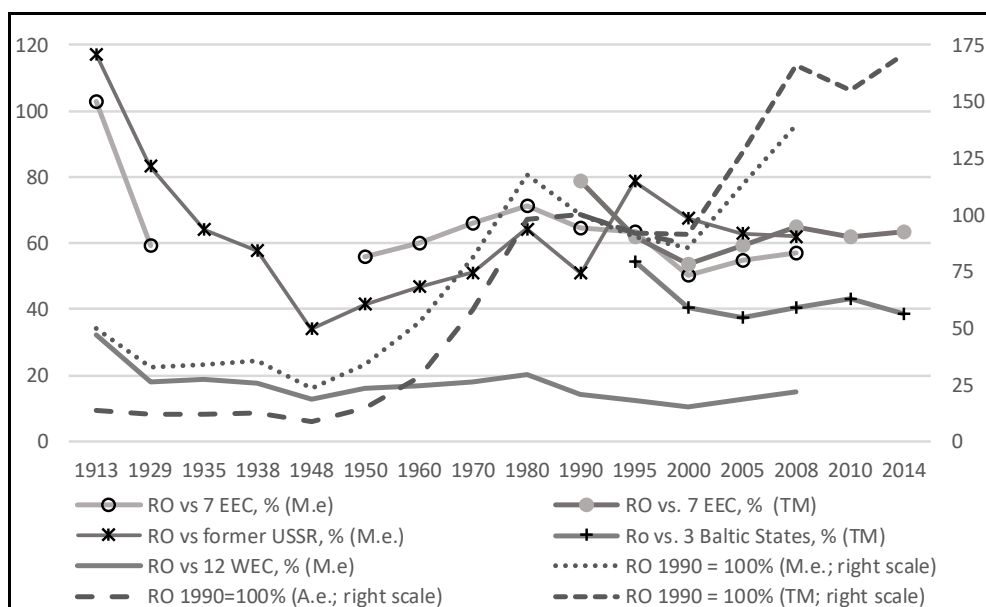
	1930	1956	1966	1977	1992	2000	2010	2015	
								RO	UE_28
Employment rate (15+ y.o.)	88.1	82.4	73.3	67.1	53.6	56.5	45.7	50.8	52.2
Employees	10.4	31.3	46.7	67.7	79.9	55.1	64.8	71.0	83.9
Self-employment	32.0	60.9	7.6	6.5	15.0	24.9	22.6	19.4	14.9
Contributing family workers	44.4	–	–	–	2.1	19.7	12.6	9.5	1.2

Source: Census 1930, 1956, 1966, 1977, 1992; INS\_Tempo/AMIGO, Eurostat/lfsa\_egaps, lfsa\_organ.

<sup>3</sup> For the employment rate up to 1977 inclusively, the active population indicator is used, similar to the definition of the employed population used thereafter. The indicator is computed by the ratio between active/employed population and total population aged 15 years and over. In 1930, the employed category did not include servants and apprentices, while in 1956, 1966, and 1977 this category included peasants with individual households, intellectuals/clerks, and artisans in collective farms. Self-employment up to 1977 inclusively included peasants with individual households, private artisans, and free lancers. Contributing family workers from 1956, 1966, and 1977 were considered according to the actually performed occupation, without any distinct records for them (Census 1977).

Figure 1

## GDP per capita dynamic (real terms estimates)



Source: M.E = Maddison, 2010 (1990 International Geary-Khamis dollars); TM = TransMonEE 2016 (constant 2005 US\$); A.e = Axenciuc, 2012 estimates (PPP dollars, 1990).

Table no. 2

## Employment characteristics, %

Indicators	m.u.	1930	1950	1960	1970	1980	1990	2000	2010	2015	
										RO	EU28
Employment in industry and constructions	From total employment	7.2	14.2	20.0	30.8	43.8	43.1	27.3	28.2	28.5*	23,9*
Employment in agriculture and forestry		78.7	74.3	65.5	49.3	29.8	28.6	41.4	29.1	25.6*	4.5*
Employees' dynamics	1990 = 100	12.5	26.0	39.8	62.6	90.0	100	56.7	53.7	58.4	–
Pensioners' dynamics		-	12.5	19.2	71.9	83.0	100	167.3	154.3	142.9	–
Employees/pensioners			4.6	4.6	1.9	2.4	2.2	0.7	0.8	0.90	–

Source: Population Census 1930; AS 1939/40, 1991; INS\_Tempo, (AMIGO after 2000); \* Eurostat, lfsa\_egan2.

Table no. 3

**Distribution of agricultural exploitations by their size, % from total exploitations**

	1930	1948	1998	2005	2013	
					RO	EU28
Under 0.5 ha	18.6	17.2	45	28.5	38.8	26.4
0.5–1 ha				16.5	15.8	
1–2 ha	33.5	36.0	24	21.1	18.1	
2–3 ha			31	24.6	19.4	16.9
3–5 ha	22.8	22.9			9.3	7.9
Over 5 ha	25.1	23.9				

Source: AS, 1939/1940; AS, 2009, 2015; Golopenția, Onică, 1948/1999; Chircă and Teșliuc, 1999 (WB); Eurostat/ef\_kvaareg.

**RURAL LIFE**

By the beginning of the pre-communist period, Romania implemented an Agrarian Reform (1921) that aimed at expropriation from properties with over 100 ha as source for the land allotments to peasants/sharecroppers. The expropriated and redistributed lands were of up to four ha and they were granted with priority to the war veterans and the inhabitants from the rural area, but “small clerks, workers living at town edges, workers from mining and industrial centres” could also receive small land plots (0.15 to 0.30 ha) for their household exploitation. Payments for the gained land could be done in instalments, but failure to pay in four semester instalments led to loss of the property right. Even though a large part of the rural population gained thus property over an independent income source, households with no lands or which owned insufficient plots for ensuring their subsistence (under 2–3 ha) continued to exist (*Table no. 3*).

The gained land was not necessarily the most productive of the area (as these lands were kept by those who were expropriated), nor fulfilling the same agricultural function, or distributed in the same place. At the same time, it was not necessarily in the immediate proximity of the house, or it was placed in areas that only of that time began to be inhabited (Ștefănuță, 1939; Tiriung, 1939). Land reform did not aim to the issue of agricultural equipment or if the livestock in ownership, as well, so that farming had weak productivity and ensuring the subsistence necessary required the participation of all household’s family members to working the owned land. These represented the category of auxiliary workers in agriculture, the largest occupational category of the time (*Table no. 2*). Ensuring the subsistence necessities motivated land leasing, and the resort to non-agricultural types of activity (including work-days) or purchasing additional plots of land. Paid work in agriculture was compensated depending on the agricultural calendar, season, region and required competences, but was placed at levels similar to the last wage classes from industry (*Table no. 4*).

Such activities became known under the name of village industries (Anastasiu, 1928) and consisted in raising and selling livestock or animal products, wood processing (for household use, toys, furniture, musical instruments), straw beads, textile processing and embroidery, pottery, tinware, leather/furrier's shops, but also timber and sawmills, mining, railway constructions (Anastasiu, 1928; Dunăre, 1942; Tiriung, 1942b, 1942c). Part of these activities were taken over in towns as well (wood processing, textiles), but under industrial forms and processed comparatively at superior standards (boot shops, duvet manufacture, meat processing; Anastasiu, 1928). The craftsmen from village industries could sell their own products at more or less neighbouring fairs (interregional trade between Central and South Romania is a known fact) and turning back home with products for the consumption of the family and that could not be found in their area of residence (Reteganul, 1939).

In absence thereof, particularly the households with less than two ha, sacrificed their food consumption (as it was anyway poor in animal protein, and with high risk of undernourishment in the summer), or could lose their own land. Else, they were compelled to sell it out, even if only partially, for covering the debts accumulated, and/or to search for a job in town (Gusti, 1938). The demographic growth and the practice of inheritance rights by which land was divided equally between the children, led to the additional division of the lands (even under the minimum limit provided by legislation). These processes determined the composition out of several plots of one agricultural exploitation (6,5 in average) (Golopenția, Onică/ Golopenția, 1948/1999: 514).

This property crunching was constantly deplored by the intellectuals of the time. They insisted on regulations that would lead to increased profitability in agriculture (such as reconsidering inheritance rights, enforcing the legislation regarding the minimum plot of 3 ha, setting up peasant collective farms and credits that would stimulate association and acquisitions of equipment, an issue to which the Land Reform did not provide answers). Their main point regarding the issue being that all agrarian reforms after 1864 did had as effect but “the systematic levelling of peasants in poverty” (Cornățeanu, 1937; Ciulei, 1937) as the social and political considerations were paramount against the economic ones.

In mitigating the issue of agricultural production's profitability, among the first post-war measures takes place another Land Reform (1945). This time, it aimed at the properties of over 50 ha (in either one or several plots) and uncultivated land, in view of expanding the plots held by peasants' households with less than five ha and for building up new ones. At the same time was pursued the “setting-up close to towns and industrial localities of some vegetable gardens for supplying workers, clerks and craftsmen”, and “reserving some fields for agricultural schools and model experimental farms in view of increasing the level of agricultural crops, and of the selected seed production, under the direction of the State”. These ideas had been circulated also before the Second World War. Those who obtained redistributed land were supposed to pay on acquisition either in cash

or in-kind minimum 10% out of the value of the land, and subsequently, in instalments for 10 or 20 years, depending on the gained plot surface. By the end of the reform, the structure of the agricultural property did not change essentially (*Table no. 3*).

The profitability of agricultural property and the thesis of agriculture's development re-entered into focus by 1949 (Decree 83), as one of the pillars for justifying the collectivisation process, a fact that actually made possible – at least in its first stage – the realisation of this process based on free will adhesions. Next to them the process of social cleansing brought into attention the small landowners (kulaks), defined not only based on the surfaces of their plots, but also based on their quality of employers of labour force, a criterion used for defining the bourgeoisie (Manoilescu, 1942/2002). In this way, were aimed as well the households of peasants who had succeeded to achieve a certain degree of economic stability and welfare, despite their lacking extended plot properties. Their properties were seized (land, house, agricultural inventory, or small workshops), and the members of their families were moved to other regions, and with designated/obligatory residences (Giurescu, 2001; Chefani-Pătraşcu, 2011; Pop, 2012). The collectivisation process lasted 13 years and left outside the process few plots especially meadows and others in the mountain area where collectivisation would not have been profitable.

Once the land was ceded to the cooperative, the rural area inhabitants could turn into agricultural workers working in the collective farms from the area (CAP) and they were paid per working day. The payment meant mainly a share of the produce and only marginally an amount of money, as a rule, insufficient (Şişeştean, 2011). After the sixties, next to the imposed production norms for achieving the yearly and five-year plans, after fulfilling the norm within the cooperative, the rural residents could obtain 'a support plot' of about 2 to 3 acres for individual crops, and the obtained production was shared with the Cooperative, as well. In some instances, this plot was reduced to the garden of the household (Şişeştean, 2011).

Employment in collectivised agriculture was represented mainly by women who gained a comparatively smaller income than men who were employed full-time in CAPs, because they shared time between agricultural work and child nurturing (under 4 years; for those with ages between 4 and 6 years seasonal rural kindergartens were ensured) (Țopa, 1970). Leaving aside agricultural work, employment opportunities were minimal, and they were represented by jobs related to agricultural mechanisation, local administrative and public services, small trade, craftsmen/artisan cooperatives, and industries that had working points in the rural area (for instance, extractive industries). In peak times, or for helping out with realising the production norm children and elderly from the family participated as well, along with the husband/wife who were employed (in the urban or rural area) and who delivered their work after the conclusion of the working-time, in weekends or even during their holidays (Țopa, 1970). In the 1980s in the crop gathering process were involved also youths delivering their military conscription

duties, students and pupils from the upper-secondary day education, but also employees of enterprises from the urban area who, in the absence of orders for industrial production were laid off. Throughout the entire period, the income from agriculture represented a complementary income of the family. Up to the sixties, this income was added to wages earned in the urban area, or by performing various regional industrial activities. The latter were higher, in a known amount and on fixed dates (Țopa, 1970) as opposed to the fluctuating incomes from agricultural work depending on the quality of the cooperative's management, and on the natural conditions (Șișeștean, 2011). By the end of the 1970s the resources of the collectivised peasant turned precarious, the shares to be handed over to the cooperative turning into a real burden. Additionally, a series of non-agricultural products that were not generated by the household were obtained by barter. Thefts from the cooperative's production or understating the livestock inventory of the household for diminishing the shares were the chosen paths to ensure a minimum of food for the rural household or for their children who had moved to town (Țăranu, 2012; Bodeanu, 2004).

*C: We were that close to have everything taken from us, the peasants (...) If you needed cigarettes, you had to pay by giving eggs, and if you needed corn flour you had to give a hen. All that the peasant needed and lacked, he did not receive unless if and only if he handed over foodstuff he was lacking as well. Milk contracting was almost always forcefully done, and moreover, the quotas were unrealistic and unachievable (...) tiles cannot be found unless in exchange for cereals or meat" (1981–1982; Șișeștean, 2011: 257).*

*Rural, C: In the country, if you want one kilo of sugar, you must pay 11 Lei and deliver extra a hen. That's how peasants remained without poultry in their gardens, and the state no longer gives feedstuff for these birds (Țăranu, 2012: 75).*

*Rural, S: For sugar and oil we must plant beet and sunflower on the support plot, otherwise we get nothing. Whom should I work with the plot of sunflower? (woman) (Țăranu, 2012: 83).*

*My father in law was from the country, from hereabouts in the neighbourhoods of [NE], and they used to have pigs or hens, this and that...and used to give us also meat, potatoes, onions because otherwise it would have been a disaster! You entered into shops and all you got were naked empty shelves (Bodeanu, 2004: 326).*

The peasant household had a glimmer of hope with the collapse of the communism. Law 18/1991 allowed for the return of minimum of 0.5 ha, and maximum 10 ha per family (extended subsequently to 50 ha and to forest surfaces), by de jure abolishment of the agricultural collective farms. Some authors even speak about the role of this law in formalising what occurred spontaneously in 1990/91 (Chircă and Teșliuc, 1999). The issue of equipment and infrastructure was

not regulated, so that large parts thereof either deteriorated in time, or was distributed arbitrary. The redistribution in itself was not seamless and repossession of land could not always be done in the old sites, so that for the respective situations regulation was attempted a couple of years later (2001). As result of the privatisation, a segmentation of the rural property occurred which was even more marked than in the pre-communist period, and it continued to become even more noticeable (*Table no. 3*). The idea of agricultural association was abandoned after the wind up of agricultural cooperatives and received rather reluctantly only after 2006 (together with the paradigm of the social economy promoting the classic idea of cooperative, as form of supporting the interests of a professional group). The peasant's household returned thus to autarchic forms of work, based on the labour of the family members or on land leasing to sharecroppers, the latter being supported also by the legislation regarding subventions for the agricultural production after 2000. As opposed to the pre-communist period, this time it was not the landowner incapable of managing alone the entire property who was leasing to sharecroppers, but the former reinstated farmer. However, they were even more often the inheritors of the former farmers; these, because of their age, lack of equipment, lack of competences or because of the distance between the area of residence (very often in the urban area) and the regained land could not or would not work alone on the respective land. The deep economic restructuring and the heavy economic re-launch led to the re-emergence of auxiliary workers in the pre-capitalist period (*Table no. 1*). These are currently known as unpaid family workers and this category is specific not only to Romania, however their weight in the Romanian occupational structure exceeds by far the level in any other European country (*Table no. 2*) (Eurostat/ lfsa\_egaps).

### LABOUR MIGRATION

The World Wars were both followed by a significant migration process to industrial areas (urban or rural) holding the promise of higher incomes in industry and better living conditions (Gârbacea, 1925: 37 apud Anastasiu, 1928; Țopa, 1970). Migration involved to larger extent young individuals from 10 to 12 years old in the twenties, respectively 14–15 years old in the fifties. In the first case, commuting or migration to fairs in the proximity, or towns with industrial activity where they could get employment as “servants to the boyar”, unskilled workers, apprentices or employees in the developing industry. In the Census from 1930, in large towns somewhat less than 40% of the population was born in the locality of the census review (26% in the harbour town of Constanța, about 40% in Bucharest). Migrants were to the largest extent men. The Census identified among those living in rented residences only 45% women, respectively only 6.6% women apprentices against the number of men in these instances. After paying the rent, ensuring their food and clothing, the money allotted for the family remained in the



rural area, for investment in households, for buying a plot of land, or for building a house (Ștefănuță, 1939; Golopenția and Pop, 1942). Living far from the family could be only over the cold season, thus financing the spring agricultural activities, could last for several consecutive years, representing de facto a family separation or, it could turn definitive (once their family joined them). Even if by vocational training they could obtain a job in industry and trade, or as public servant and consequently better incomes (*Table no. 4*) for a newcomer town life was difficult, with variable incomes, under precarious living or even hygiene conditions (Oprescu Spineni, 1937; Golopenția and Pop, 1942).

*[M] was thirty-seven when he left home for Bucharest. Here he worked as unskilled worker on sand deposits and went then to Diaconescu's factory. This winter, always working outside in the cold, he got sick with bronchitis, lying for four weeks in bed with his wife and their baby of just one and half year old. The physician came to visit him, gave him a prescription, he took the drugs, and by the time he finished taking them he died. [...]*

*I left home as I saw how many went to Bucharest and wrote that they were doing well...I was young, had no land inherited from my parents, as all lands were in the hands of the landowners. In [1914] my father had died, and he left nothing for me, not even dust. After the war, all received five plots of land and place for a house, but I was overseen, as I was not married. So, seeing as I had no fortunes to go by, I went to travel in the world. In Bucharest, I worked first on Borsan's land. Now I work at Berkovitch's factory of construction materials with a carriage and a horse. Earnings are poor: seventy Lei per day, out of which thirty go for food... you cannot make savings at least, say, for a shirt... (Țiriung, 1942a: 497).*

*People are in more numbers. Now there are many people, but still the same land as before. How can you feed all the mouths? If you don't have what to work, and you don't, then you die. These (makes a move with the head pointing at the tables on the street in front of Café Royal which are all crowded), these, I say, what do they eat, where does all the money come from to have so much time for leisure? [...] Even I, had I been better at learning, I could have been something more special, not a sweeper. [...] I thank God that we could put aside some money; maybe we can buy a plot of land in [my village] and a little house. I put my money on a check, and now I want to cash them, because war is coming, and then it's bye-bye to them" (young man from NW) [...].*

*They are far, I am far away. Sometimes I wonder if I'm the father or not. You leave all behind, woman, children, everything, you just go to earn some money (M, young man, from South, left one year ago the village)" (Bucharest) (Popescu, 1939: 87).*

The studies realised by the end of the sixties identified a commuting level of 28.9% among the young individuals with residence in the rural area (Stahl H. H.

and others, 1970: 71), respectively by 26.6% among those employed in industry, and they were mostly oriented to chemistry and electric power industry, out of whom 70% were men (Filip et al., 1972: 87). Out of all young individuals employed in industry, only about 15% did not commute daily, a type of commuting in which were involved, as a rule, the employees of the industrial objectives' yards from the country. A study shows that in case of such yards living in barracks for periods that could exceed periods of 5 consecutive years, even in more than 4 yards from the various regions. At the same time, the age for leaving the rural birthplace exceeded often 30 years of age (37,8%), and 42,4% from these individuals came from families of at least six members, and over, 32% from their total family members being CAP farm workers (Țopa, 1970: 169–171).

For the absorption of industrial labour force, building urban housing facilities took the shape of flat buildings' as expression of modernity, initially in the free land rooms inside the localities. After 1974 (Law 59), this activity was circumscribed in an excessively wide plan of territorial systematisation which aimed among others "to restrict building perimeters of the localities at what is strictly necessary", and "to bring closer living standards" from the two areas of residence. The law allowed for having only one house per family, rented either from the state, or in private property. Together with this systematisation was initiated also a programme for developing medium and small-sized urban localities. On one hand by "closing" the greater urban for the higher education graduates (students after graduation received job assignments, depending on the specifics of their skilling, in such localities), and on the other by assimilating some rural localities to the smaller urban area (Chircă and Teșliuc, 1999; Murgescu, 2010).

By the beginning of the pre-communist period, emigration had low incidence in the Romanian'pace. The migration abroad was quasi-absent, save for trade purposes, but mentioned for regions outside the Old Kingdom also as long-term migration (mainly to North America; Stănescu, 1930; Reteganul, 1939). Moreover, at the beginning of the century Romania had the shape of an immigration country, as over time was built a community of craftsmen, in their majority foreigner. The craftsmen preferred, in their turn, to employ apprentices of the same ethnic origin, or had showed bias towards importing labour force instead of the vocational training of the autochthonous population (Stănescu, 1930; Tașcă, 1940). These trends justified a law for protecting the employment of the Romanian population, which stipulated that at least 75% of their employed personnel should be Romanians. Immigration was restricted, more precisely better controlled, after the economic crisis, when employment and practising some crafts became conditioned by fulfilling certain certification conditions in Romania, based on mutual criteria with the countries of origin (Ștefănescu, 1939).

In the period of the communist regime, working abroad was possible on building yards in Middle East and North Africa countries, with whom economic cooperation relationships were developed, and only accidentally in other countries.

These instances allowed access to non-food products purchased from abroad. Next to this, small border trade, the contacts of the German ethnics with relatives settled in Germany, and tourism in other countries of the communist block as a rule, were the only legal contacts left for the Romanians with the outside world. These relations were under tight control after 1973–1974, by legislation that implemented the monitoring of contacts with foreign tourists in Romania, as well as the prohibition of currency exchange (Berindei et al., 2016).

After the collapse of communism, migration to the greater urban was resumed, but also a consistent wave of external migration was registered, as well. The migration increase in the rural was negative up to the year 1997 (the beginning of the most severe post-communist living standard drop) and turned subsequently positive (INS\_Tempo/POP303A).

The migration for trade outside the country over the first years of transition, was added the migration for work, initially informal, but which became even more marked after 2000 once the visas were removed, and thereafter with the accession of Romania to the EU area. The migration destinations varied over time as priority. Regional destinations, such as Serbia, Israel, Greece or Turkey either for trade or labour, were supplemented with other European destinations (at first more intensive in Germany and France, next to Italy and Spain, and more recently the northern states), or with the older destination of North America (Sandu, 2006). Leaving alone, and subsequently reuniting or forming families, the migrants have tried out multiple destinations and circular migration, as they left and returned to the same destinations (Păun, 2006; Radu și Radu, 2006), under difficult, risky and expensive travelling conditions before visas' removal (Șerban, 2006). Living in improvised conditions or sharing rooms with more individuals sometimes over several years (Păun, 2006), the Romanian migrants were in search for resources that would ensure a minimum decent living standard in a predictable time-horizon. Up to the outbreak of the economic crisis, the remittances sent to the (extended) family remaining in Romania reached notable shares (aprox. 3.5% GDP) (BNR, 2008), covering daily expenditure of the family, or representing investments for the time of returning into the country when enough capital, or pension rights had accrued in the country of destination. The economic difficulties in the countries of destination occasioned by the economic crisis cut down these amounts and generated a more marked circular migration (Stănculescu and Stoiciu, 2012).

*Why shouldn't we leave? Here you didn't find any job [...] and if you did, you found anyway in [the closest town], and poorly paid at that, because here, in the village, there's nothing more to be done, but farming and working daily weeding. But in the winters? What can you do in the winter time? (Păun, 2006:108).*

*I sent money home [...] for my parents, for the husband's parents but especially for the child, and the money were used for daily needs like food, or pressing issues, like wood in the winter [...]. The other extra-money I save*

*for a house; that's our dream, mine and my husband's, and that's why we left* (Păun, 2006: 115–116).

Table no. 4

**Wage disparities on branches and professions, 1934–35, Lei/month**

Royal Ministry of Foreign Affairs (max)	8011	Extractive industry (max)	2237
Council of Ministers	6526	Transportation and warehousing	1894
Ministry of National Defence	6031	Food industry	1886
Ministry of Education, Cult, and Arts	3577	Commercial professions	1868
Min. of Agriculture and Properties	3346	Unskilled workers	1765
Ministry of Interior (min)	2855	Metallurgic and mechanic industry	1661
<i>Average wage: civil servants = 3908 in industry and trade = 1705</i>		Industry of clothing and hygiene	1558
		Farming professions (min)	1475

Source: AS, 1939–40.

Table no. 5

**School participation on educational levels**

	1930	1938	1950/51	1970/71	1990	2010	2015
Upper-secondary + post-upper-secondary	7.1	2.8	8.1	12.4	23.7	27.9	25.0
Professional + apprenticeship		2.2	4.3	6.5	8.5	1.6	2.2
Higher Education	1.0	1.5	2.3	3.5	4.5	20.0	17.3

Source: author's calculations after Rec. 1930; AS, 1991; INS\_Tempo/SCL103G.

## VOCATIONAL TRAINING

Industrialisation over the pre-communist period, and over the communist one, stimulated and induced the direction of labour force professionalization. Up to the Law of vocational training from 1936, this was regulated by pre-war laws. The Law of Social Insurances from 1912 provided a modern basis for licensing trades and labour relations, but vocational training had remained tributary to the system of guilds which operated by the beginning of the previous century (Donea, 1938). As result of this law, but also of the increasing demand, industrial and commercial lower and upper-secondary education is stimulated as it concluded with certification of trade. Higher education grows and diversifies as well, by setting up new universities/departments and by including polytechnical and agricultural schools among the universities. Higher education and vocational training graduates aimed to be employed with public structures, however without mitigating the professional demand of the market (Tașcă, 1940). Between 1920 and 1938, the number of those enrolled in vocational schools increases by 3.5 times, the number of higher education students increases 2 times and the weight of girls enrolled in

tertiary education increases from 14.6% to 24.5%. Faculties of Law remain nevertheless dominant, even though the weight of students with this specialisation diminishes from 49% to 29% between the two periods (AS, 1922; AS, 1939–40). The economic crisis generates a recoil of tertiary education as young individuals with higher education are widely affected, fact that triggered criticisms regarding the accelerated pace of tertiary education, but also injected a more marked practical approach of the entire vocational education after 1936. However, overall, medium, and superior vocational training remained poorly outspread (*Table no. 5*). On the 1930 Census, population literacy was only 58.6% from all those aged over 7 years (68.9% men, 45.8% women). The educational reform of 1948 which provided for gratuity of primary education with compulsory first four grades allowed for combating illiteracy.

The industrial objectives, the construction yards, and even agriculture by the beginning of the communist period required a certain skilling of the labour force, and the solution of skilling on the job was identified along with short-term training courses (couple of months), developed close with economic entities, and evening schooling (after the working hours). All of them were encouraged based on the legislation passed by the beginning of the fifties, which provided for scholarships for students attending these courses, and for students in universities, as these were added to a variable fraction of the wage before beginning education. The amount of the scholarships depended also on whether the students were married, or not, had children, or not. Against the pre-communist period, the weight of the students enrolled in secondary education increased about two times up to the year 1950. This increase continued subsequently with a noticeable leap of those enrolled in upper-secondary and post-upper-secondary education, and a significant increase of higher education in the first post-communist decade (*Table no. 5*).

On a restricted scale, the studies abroad were still possible under the communist regime for the political elites and for those with “healthy origins”, but not for the cultural-intellectual or the traditional economic elites of previous periods, categories which were decimated as result of political cleansing. The field were predominantly of political and technical nature, with a last upsurge for technical higher education in 1973 (Berindei et al, 2016: 20). This year represents the beginning moment of the cultural walling against the outside world by the decision to suspend subscriptions to the majority of international scientific, or press publications (Betea, 2011), added to the economic enclosure. At the same time, occurred the severe marginalisation of social sciences shown not only by the interdiction of studies abroad, but in particular by suspending some sections of faculties (Dăianu, 1999a; Zamfir and Filipescu, 2016).

Together with the bankruptcy or constriction of many industrial entities, the basis and possibilities for practice was lost, and large part of the demand for technical skilling vanished as well. In parallel with the decrease in the numbers of vocational schools' graduates, the numbers increased for the graduates of post-upper-secondary schools, and for those of foremen schools, but all in all, the number of

graduates of secondary vocational training decreased in 2015 under 40% against 1990 (INS\_Tempo/SCL109A). The expansion of higher education is owed to the emergence of private suppliers, to the spreading out in localities without university tradition, and to the openness showed for fields previously prohibited. The structure of tertiary education changed in the detriment of technical studies and in favour of the economic and socio-political ones, under the conditions of an almost 9 times increase in the numbers of higher education graduates between 1990 and 2015; the weight of graduates of technical higher education in total graduates decreased from 67% to about 22% (INS-Tempo/SCL109H).

Just like in the interwar period, the opportunity issue was questioned regarding such high pace of tertiary education and of gained practical skills but, as opposed to the interwar case, this proved to be a sound decision. This ensured to graduates less exposure to the poverty risk not only compared with the other occupational categories in Romania, but also compared with the higher education graduates from Europe (Eurostat/ilc\_li07). Higher education led with priority towards the sphere of civil servants in the pre-communist period, a field with a limited expansion horizon even given the artificial increase, and thus panning out intellectual unemployment. To the contrary, the graduates of higher education could opt for a wide array of different fields in post-communism. These options could be under, or different from the skills gained in faculty, shaping thus the phenomenon of over-education (Ilie și Eremia, 2016).

The increase in the participation to tertiary education, on slight decrease after 2010, is among the few indicators placing Romania on a better position within the European area in relation to the objectives of socio-economic development. However, the high participation rate to tertiary education is accompanied by low levels of long-term education and high ones regarding early school leavers and NEETs (Eurostat/ edat\_lfse\_14; yth\_empl\_150). Merit scholarships and the ones for difficult situations in the secondary and tertiary education were maintained also in the post-communist period and were completed by a series of measures addressing children in primary and secondary education for sustaining school participation after 2000 (basic foodstuff: buns, milk, apples; free transportation to school in the rural area, support for stationery, social vouchers).

## SOCIAL PROTECTION

The set-up of the Ministry of Labour in 1920 provided for coherence in rendering professional the labour force but created foremost an institutional framework for social protection. The legislative orientation of the twenties was to level the existing regulations that were developed unevenly in the various regions of the United Romania and to adjust them to the industrial development trend, which began to infiltrate the Romanian economy.

In the field of *wages and social insurances*, the regulations of the first decade were resonant and even preceded some of the regulations of the International Labour Office that were articulated not long before. One of the important regulations was the consolidation of the collective labour contract (1929) as the first attempts dated back in 1909. Among the contained provisions were the increases in the minimum age for apprenticeship from 12 to 14 years of age, and the protection of the apprentices against employer's abuse (it imposed a maximum period of apprenticeship of 4 years, a maximum regarding the weight of apprentices in total personnel, and to allow for school attendance). At the same time, maternity leave duration was expanded to the commercial field, as well. Other items were the improvement of regulations regarding holidays, periods of rest, and the notice period in case of contract cessation, as well as an arbitrage procedure between employees and employers as phase before strike. These added up to the conditions of working days of 8 hours and 48 hours per week (passed in 1928). Holidays, between 7 and 30 days, were at the beginning of their regulation in the entire world (France had no such regulations yet, while in Czechoslovakia or Poland they were less spread than in Romania) (Setlacec, 1930). Although in expansion throughout the interwar decade, collective labour contracts covered in 1930 only 79495 employees, respectively less than 9% from their total. They were valid usually between 6 and 12 months (AS, 1934–35) being the subject of revision thereafter.

After 1927, public officers benefited of a unitary regulation of their wages, and they were on average better paid as compared with industry and trade. The system provided hierarchy coefficients on positions, resulting an uneven distribution on fields. Moreover, it provided for allowances to children, differentiated regressively after the size of the locality (capital, large town/town of residence, other localities, including in the rural area), as well. The model of hierarchical classes and categories was maintained in the unified pay system of the communist regime, and thereafter in the post-communist public system. Public officers benefitted from a distinct system of pension rights, as well.

Social insurances already had a history of over two decades by the beginning of the twenties, each constituent region of United Romania regulating insurances for work accidents, illness and accidents, maternity, and death and the contributions paid were in a fixed amount, but differentiated on five classes of income, in general, only for craftsmen and employees. In the Old Kingdom was enforced additionally the Nenişescu Law (1912) regarding illness and old age invalidity insurances (the fourth regulation in the world, after Germany, England and Luxemburg). Old age pensions were set in a fixed amount (equal to the fixed part of the pensions for invalidity, corresponding to a minimum contribution of 200 weeks, a part that increased in the case of invalidity for each week of additional contribution over the minimum one). The unification, expansion and improvement of these systems was achieved after the outbreak of the crisis (in 1932, 1933 and 1938) (Kernback, 1936; Mihoc, 1938; Marinescu, 1995). Public officers benefited also from a distinct system

of pension rights. The changes aimed to the compulsory insurance for all employees from public and private enterprises, industrial or commercial, apprentices, independent craftsmen, employers, whose monthly wages did not exceed a maximum ceiling (8 000 Lei/month in 1938, about the double of the average wage of civil servants). These insurances covered all types of above-mentioned risks and expanded the non-monetary assistance under the form of health, balneary, and drugs' health care services (formerly this type of insurance existed only in Transylvania), however they did not cover farmers. Neither old age pension, nor unemployment benefits were included in among the insured rights on the unification and generalisation of insurances from 1933, but the first was overturned in 1938.

*The minimum wage policy* is dissipated in the history of minimum tariffs regulation on fields and occupations. Agriculture had the pioneering role in the Old Kingdom, where in 1907 by the Law of agricultural agreements a minimum payment tariff was set for agricultural workers, conditions, and labour volume per day that was further differentiated on children, women, and men. However, without ever being abrogated, these regulations were no longer enforced by the end of the 1920s (Constantinescu, 1930). The next agreements of this type emerged again only around the year 1940 (Lascu, 1947). In 1920, in the mining and metallurgic field, collective contracts provided minimum (and sometimes maximum) limits of payment on categories of positions, calculated in relation to the cost of living. The procedure of considering the cost of living for collective contracts was maintained up to the Second World War under the form of a mobile scale, benefiting also from the support of statistical registrations. These registrations pursued the dynamics of the cost of living in the main urban localities, and encompassed the majority of industrial activity (AS, 1939–1940). Given the hyperinflation conditions by the beginning of the 1940s, a quasi-automated wages' increase was provided for, based on this scale, and the coverage of 3/5 from the inflation was accepted as a rule, if the inflation exceeded a certain threshold with increases in 2 to 6 months-time intervals depending on the economic and branch context (Matheescu, 1943).

In line with the protection against inflation following a stage of wage increases, as of 1942, it was prohibited to increase prices and the employees received *indemnities for expensiveness and increases of child allowances*, in 1945, which were regressively differentiated depending on the category of the locality. Pensions were increased regressively after their level from 199% to 10% (MO, 1945), against increase between 50% and 200% granted as protection to the inflation from the beginning of the 1920s (Marinescu, 1995). Together with the stabilisation of inflation and the change in the political context, in 1949, all debts of employees to the employer contracted for supply with wood, food, clothing and footwear, either in kind or cash, were annulled (in enterprises and institutions). The same for payments under the form of advance payments in the account of the employee and intended for covering expenditures for emergencies (death, arson, births, treatments, books, and school taxes).



After the Second World War, the law of public officers provided also for the possibility of rewarding *a working method that could lead to simplifying or improving services, expenditure diminishments, or to higher productivity against the standard one*. Thus, was created the inspiration source for the wage model widely used during the communist period when one share of the wage varied (increased by 25% in the mid-eighties) while added to the basic wage and allowing for monthly upwards or downwards variations against the basic wage. In their turn, these variations were justified by *exceeding the production plans, diminishments of the costs, improvements in the quality of the products, reduction of specific consumption indexes for materials, energy, or handicraft* or failure to achieve these indicators and thereby few fields were left aside in these regulations.

The first fundamental changes of the communist payment system occur in 1949, when the payment systems are levelled by setting-up conjoint criteria for payments and bonuses that took into account the performance degree, efficiency, and length of service. Wages were distributed into 5 tariff categories by fields of activity, *in relationship to the importance of their fields for achieving the economic plan* of the State and hierarchy coefficients on positions were set also. A similar procedure was applied to agricultural work but on a separate grid. In 1950, the Labour Code unifies the provisions regarding the collective labour contract, the rights, and duties of employees, on the job and insurances' rights, for all fields and forms of activity. Employment in the workshops of small craftsmen were based on individual labour contracts under conditions and with rights comparable to those of employees in state enterprises with the same profile, and the rights gained by trade unions were extended at branch level.

After the abrogation of the public officers' pension system and the implementation of the social pension for those failing to fulfil the condition of minimum contribution, in 1959 was regulated the pension right within the state social insurances' system, that followed largely the former models. The old-age pension was set as percentage from the average tariff wage (55–100%) and differentiated regressively after its level and progressively according to job difficulty (on work categories). There was a minimum and maximum ceiling for incomes from pensions, and the minimum pensioning age of 55 to 60 years, with 20 to 25 years length of service (save for a couple of exceptions: navigating personnel, artists, people with visual handicap, mothers with several children who had smaller ages and smaller length of service periods than the minimum). Failure to fulfil the minimum length of service conditions for pension granted, nevertheless, the right to social aid.

Up to the end of the communist period, notable changes in the incomes' system occurred in the second half of the sixties, once the leadership of the party was changed, in the second half of the 1970s, and in 1982–1985 (as mitigation to the crisis of the eighties).

In 1966/67, the pensioning conditions become more restrictive, but the maximum limit of the pension rights is removed, and the supplementary pension is

implemented (optional, with a distinct contribution of 2% to be added to the length of service pension). Moreover, specific provisions are formulated for military pensions and collectivised farmers. The important changes of the year 1977 are an increase in the CAP (collectivised farms) pensions (by 20%) and *taking into account the contribution of non-collectivised farmers to the central fund of products of the State*, along with the duration of the contribution, the pension for non-collectivised farmers is implemented. A revision was performed previously, in 1974, regarding the payment system, which shifted from 5 to 7 tariff classes. It comprised in the first group part of the mining industry, followed by the metallurgic industry, by drilling and the rest of the mining industry (2<sup>nd</sup> group), and up to the 7<sup>th</sup>, which had the smallest levels and represented the specific local industry and small commercial entities. This revision provided for a ratio by 5.3 between the minimum and the maximum tariff.

During the communist period, all income categories increased by governmental decision, justified as an outcome of the economic progress and a way to improve living standard or to protect against inflation. After the inflationist wave by the time of the war end, the inflation rate reached an annual peak of 17% in 1981 (INS-IPC).

A consistent part of measures taken at the beginning of the nineties was represented by moral reparation-type measures owed to employees, as it was considered that they had been exposed constantly to smaller wages in relation to the productive effort demanded from them. Among these measures was included the elimination of wage limits depending on the realisation degree of production, the annulment of restrictions in hiring (even under conditions of decreasing output immediately after 1989), and higher generosity against the claims of those in heavy work groups (regarded as necessary also because of lacking unemployment regulation, which emerges in 1991). As well, paid maternity leave period is extended (to one year, and as of 1997 to 2 years), along with reducing the working week to 5 days, next to eliminating the superior tariffs for what exceeded the consumption of some energy quotas that were removed also (Ionete, 1993; Zamfir, 1999a). Moreover, to all these is added the opportunity of purchasing in instalments the inhabited flats at very modest prices, actually. In 1992, the former collectivised farmers were assimilated into the social insurances system and a minimum amount was set for integral length of service and age limit, and a percentage share for the cases when the minimum contribution conditions were not fulfilled, by corroborating the pensioning age to the one of the state social insurances (Mărginean, 1999).

The changes in the wage policy were triggered by the decentralisation in setting-up wages (forced also by privatisation) and the (re)implementation of the negotiation procedure of wages between employees and employers, least in the public areas where payments continued to be based on the wage grid determined at governmental level. As of the second half of the year 1990, the wage-inflation dynamics began to be of concern. The exception was the first stage, when wage

increases were agreed on that covered integrally price increases for a series of goods regarded as basic, and 60% from the increases in the other prices (as protection measure for those with low incomes). All next adjustments, at each 3 months' periods, aimed only 60% of the price increases, just as by the end of the pre-communist period. In the period 1991–1992 there were two payment systems, designed to mitigate the changes in the economic organisation and to control inflation. Initially, a maximum payment ceiling on five occupational categories (unskilled workers, skilled workers, personnel with secondary and tertiary education, and management personnel) was implemented, valid for one year as of the time of negotiation. This ceiling could be adjusted to inflation under the above-mentioned conditions, if the enterprise had the required resources. Exceeding this ceiling, even in conditions of economic performance meant an increase in taxation. The second system proposed wages' negotiation in the framework of a maximum limit of the wages' fund of the enterprise, a limit set at governmental level. This latter system left more room for wage disparities, both between the occupational categories and between enterprises that were exposed to the power relationships (Zamfir, 1999b).

The minimum wage was set at low level to demotivate layoffs and prevent wage increases, maintained low with increments by only 25% in relation to prices' increases, to preserve the status quo. The minimum wage policy was continued up to the end of the economic crisis of 2008 to the abovementioned considerations being added the one of preserving the interest of foreign investors for Romania, and the one of the low productivity of labour, among the lowest at European level (Eurostat, *tesem160*). Its dynamics was no longer related to the dynamics of the minimum consumption basket. One official estimate, certified legislatively, of the latter was realised only by the beginning of the 2000s, and it was halted in 2003, while the necessity of such a correlation has been brought (again) into discussion at governmental level in 2018. However, over the entire post-communist period estimates of the minimum consumption basket were realised by social research institutions, the ones realised by the Institute for Quality of Life Research covering integrally the period.

The beginning of the year 2000 is the next moment of reference regarding the post-communist policy of incomes, aiming to congruence of the income policy and systemic reform. In the case of social insurances' pensions, the *pension point* was implemented, a referential determined at governmental level, which is the initial reference for calculating the individual pension depending on former wages, more precisely on length of service and contributions' level. The new law settled the conditions for anticipated pensioning, as well, and it provided for increasing gradually the pensioning age. The private pensions' system was constituted as well, thereafter being proposed a predefined procedure for indexing the pension point, which would take into account the dynamics of the current average wage /the economic growth, and the inflation. The other financial social rights were supposed to be constituted into a system having as core element the minimum wage. Among

these, unemployment benefits were computed not as percentages from the previous income, but as percentages from the minimum wage (75%). Subsequently, a variable share was added, determined as percentage from the wage.

The next milestone in the incomes' policy was the period 2009–2010 (post-crisis), when similar to the beginning of the transition, but based on different arguments, a series of support measures were followed by austerity measures. In 2009, the social pension was (re)implemented, as it ensured to all those outside the labour market, because of their age, a minimum level of income. About the same time, the pension point was increased twice, the indexation according to inflation was done, as well, and the minimum wage increased significantly along with other indexations intended to protect the population with low incomes. Then came 2010, with a decrease by 25% of the wages within the public sector, and this amount was returned gradually over the next year. A series of wage bonuses were eliminated and hiring restricted within the public sector. The pensioning decisions were reviewed in case they were granted for health reasons, along with the revision of social assistance/guaranteed minimum income rights, and some of the rights of the assistance-type were suppressed all these coming on top of layoffs and bonuses' control within the private sector, where such initiatives had been taken one year before. Simultaneously reforms are outlined in the system of public wages, of pensions and of social assistance. The most advanced of them targeted pensions for which was suggested the aggregation of all pension rights according to the calculation formula of the state social insurances' pensions, a process that took place initially, but was abandoned in the subsequent years. Gradually, after 2013, the pensioners from among the justice, defence, and public order corps, as well as those from central administration obtained a series of softening of the pensioning conditions, and rights. In principle, these were no longer set in relation to an average income resulting from the inclusion of the entire active life, but as percentage (80%) from the average income for the last year (nevertheless, in some particular instances they equalised even this last income). The minimum length of service on the respective positions was of 14–25 years (against a minimum of 35 years of contribution to the state social insurance system), as they were (re)defined as service, respectively special pensions.

Even though initiated in 2010, the revision of the public payment system is close to its finalisation in 2018 providing for a relation of 1 to 12 between the minimum and the maximum wage (within the public system). The level is over the double of the communist one, but less than half of the one provided by the law of public officers in the pre-communist period (28).

The period after 2016 takes shape as a fourth reference moment for the post-communist incomes' policy characterised by ambitious increases of the minimum wage, significant wage increments for some occupational categories within the public system, and pensions' increase, all this requiring the rethinking of the budgetary resources and of the fiscal system.

Income taxes were determined as progressive percentage up to the year 2005, when the flat tax was implemented. This flat tax was diminished from 16% to 10% in 2018 at the same time with resuming with the idea of progressive taxation. Taxation (of labour force) with social purposes increased together with the expansion of social rights from less than 10% up to the Second World War to 20–23% in 1990 (Rădulescu, 1938; Marinescu 1995). Thereafter, a notable leap occurred up to the year 2001 (35–45%, depending on the work category) with slight decreases in the subsequent period (26.3–36.3% in 2017; MMJS\_CAS). For the first time in the hundred years of United Romania's history, the payment of social contributions was transferred entirely to the employee in 2018.

The concern for the *non-insurance protection* was born in the pre-communist period in direct relationship with considerations regarding public health, as transmissible diseases were widely spread at the time (such as tuberculosis and syphilis) and the pursued aim was promoting hygienic rules. The set-up of the Ministry of Labour allowed for developing social work on systematic bases as an *issue of national economy* under the patronage of the state while private organisations continued to exist that had as patrons' women associations.

In the practice of social work existed the usage of records that presupposed repeated visits at the domicile over longer periods than 1 year, until “those turned dependent are returned to normal”. It resulted an intervention plan adjusted to each member of the household (on a case to case basis: medical assistance, temporary or permanent placement of children, purchase of some minimum clothing items, training courses, or minimum endowment for exercising a profession, finding a job, education for managing the budget and nutrition) (Mănuilă, 1927).

A new regulation of social work from 1930 made distinction between social sheltering focusing on preventative health services, and social work. Among the institutions providing mixed services were found pre-and post-natal shelters for homeless poor women in the late stages of pregnancy, when they could no longer work, especially in the urban area, as well as day shelters for children and shower rooms. At the same time, in particular in the rural area, poor mothers could obtain food and hygiene items for children – at the time of the medical inspection of children (provided at least twice per week, by a physician). Based on this regulation, the financing of social work was included in the attributions of the Ministry of Labour, and the resources dedicated to this purpose were limited severely at the outbreak of the Great Depression (Stănescu and Constande, 1938). We might appreciate that organised, systematic social work was largely at the stage of pilot-concept considering that vocational training was initiated by the beginning of the twenties and huge imbalances existed between the urban and the rural regarding sanitary assistance. In 1936, in the rural area was one physician for 15500 individuals, 63% out of all births taking place without specialised assistance – at least of medium level, against 390 persons, respectively 22% in the urban area (Pupeză et al, 1938).

In communist times, social work remained rather poorly extended and covered situations generated by natural dependencies, such are the problems related to the care of children, to health or age and exceptional instances of necessity. The most expanded financial benefits of the social assistance type were those addressed to children. The first measures (1950) approached the difficult situation of families with several children, by setting up family assistance, and social benefits granted to the wives of drafted soldiers when they were in the impossibility of working (due to pregnancy or invalidity). To this was added a yearly allowance for mothers giving birth to more than 10 children, and at least 8 surviving children (as part of a pro-birth policy that characterized the Romanian communist regime). Just as for the education system, after 1950 the gratuities and access to the health system are extended.

Child allowance was introduced in 1960 and it was progressive, depending on the number of children, and regressive in relation to the income, higher for those living in urban area, if at least one of the parents was employed, free-lancer, pensioner, or student/soldier. The threshold of the first income class (where the highest allowances were given) represented about 90% from the level of two average net wages, above the equivalent of five average net wages the eligibility for the allowance was suspended. The principle of eligibility for the child allowance was maintained throughout the communist period, but the conditions became more restrictive in relation to the income level. They were completed with the right to the birth indemnity, as of the second child. Only in 1977, the allowance is extended also to the farmers' children, in a fixed amount, and progressive as of the sixth to the ninth child, if the parents had worked a minimum of 15 days in the respective month (revised in 1985). These differences were extinguished after the downfall of communism and, in 1993, the allowance turned into undifferentiated financial assistance, but conditioned up to 2006 by the participation to education of children over 7 years of age.

The other allowances and financial benefits for the elderly (enforced as of 1957) entered under the incidence of Social Assistance Law (1995) which established for the first time in the considered period a minimum guaranteed income to the individual, and families with 2 children and more benefitted additionally from a supplementary progressive allowance depending on the number of children (1997). Once the employment activation and social inclusion policy was initiated as of 2001 but gaining increased significance after 2005 (together with the intensified efforts of harmonising social policies with the European goals), the allowance turned into a component in the framework of family benefits next to other indemnities and allowances, and child dedicated services. The employment activation policy affected the majority of social benefits, eligibility, and amounts that were reviewed already as of the second milestone with respect to incomes' policies since the beginning of the years 2000. As of 2012, child allowance returns to the calculation

formula similar to the one of the communist period, differentiated depending on the number of children, income level, and number of parents. However, after a steep decrease of its real value occurred during the first post-communist years, and as outcome of some notable principles' changes, it never reached again the communist levels.

### POPULATION'S INCOMES: DYNAMICS AND STRUCTURE

*Figure 2* catches the dynamics of the main types of incomes of the population and the relationships between them, at times for which the time series could be reconstituted. Two immediate observations result from the figure: the increasing weight of taxes on wages, as social rights expanded, either insured or not (large dotted line), and the high variation of the relation between the minimum and the average wage throughout both periods considered (plain line).

The statistics of the communist period indicate the positive evolution of incomes during it, as economic slack was overcome and social rights expanded. Between 1950 and 1980 the incomes of the population increase over 4 times in real terms (445%), similar to the ones from agriculture (436%). As wage (net) incomes have a somewhat smaller increase (390%), it results that the incomes of the pension and social protection type increased at an even more accelerated rate. In the austerity decade, by the end of the communist period, the total income is maintained at about the same level, while thereafter, the moral restitutions of 1990 led total income at the level of the year 1950 (AS, 1991). The stability is owed to income increases from agriculture and of the pension rights (in particular for farmers and for other rights of the pension type), while the pensions of the former employees and wages, including the minimum wage decreased in 1981 and were subsequently protected against inflation by increases in regressive shares in relation to their level. The minimum wage level was increased only during the last years of the communist period, returning (in real terms) by 1990 at its level in 1980, and underwent next to child allowances a depreciation by 20–25% against the level of 1990, over the first post-communist period. The year 1991 is the one in which the minimum wage drops below the average level of the former employees' pension, a level it will be again close to in the years 2003–2005 and then in 2017. The minimum wage reached its 1990 level again only in 2014.

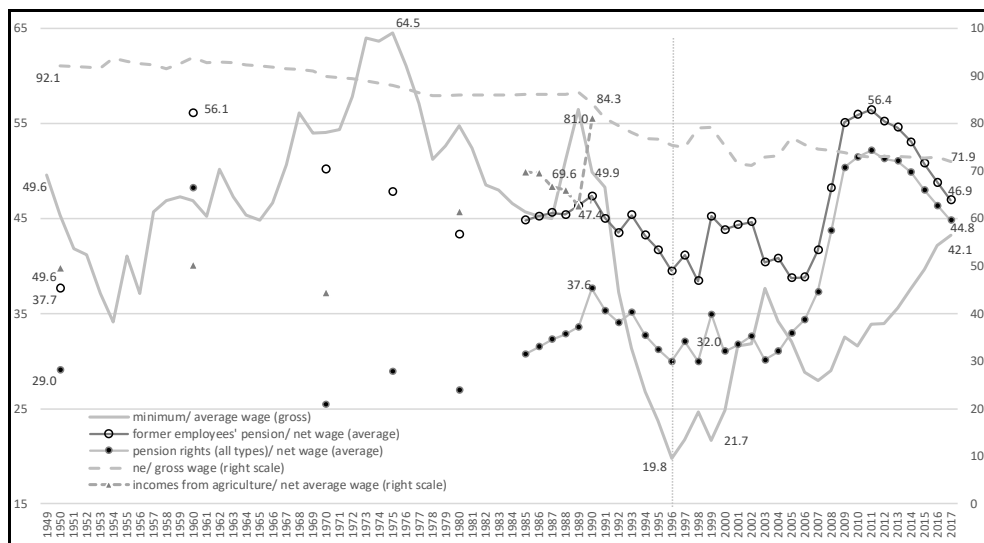
Together with the economic turnaround after 2000, the level of incomes increases as well, returning to the level from the year of beginning the transition only in 2007–08. Just like the minimum wage, the average wage from Romania is found currently among the lowest in Europe (Eurostat/ tps00155, *earn\_gr\_nace2*), despite pursuing a trend similar to the one from other former communist countries (UNECE, 2016).

At the same time, the relation between the minimum wage and the average wage achieved the maximum in the years of the Oil Crisis 1973–1975. The outcome of the controlled egalitarian policy, such a relation was not specific to the European area for the last almost 30 years. By the noticeable increase of the minimum wage during the last years, this ratio improves by achieving a level (41%) by which Romania exceeds slightly the average of the European area (where the maximum and minimum are 0.49 in France, respectively 0.31 in Spain) (OECD, 2016).

Income increases of the last couple of years of the communist periods were continued by the reparation measures of the year 1990, least the child allowance and the minimum wage (which confirms the contextual compensatory character of the respective measures and not their pursuance of a social protection policy). Thereafter follows the time when incomes drop, practically throughout the entire first pre-communist decade, to 50% from the level of 1990 in the year 2000.

Figure 2

Dynamics of wages and the relationship between the main sources of income, 1949–2017%



Source: author's own calculations after *INS\_Tempo*, *MMJS*, *AS*, 1990 and 1991.

Wages' increases over the last few years, in an economy on a positive trend, have resulted in decreases of the ratio pension-type incomes against the average wage. The pension-type incomes increased in real terms not that much over the last years of considerable changes in the income policy, but throughout the period of economic re-launch at the beginning of the 2000s. The increase was owed, initially,



to the former wage earners pensions' growth, followed by increments of the former farmers' pensions after 2004 and 2006, as well as of other monetary pension rights type (indemnities for war orphans and widows, social benefits). In the period 2010–2011, the state of play between wage policy and pensions led to a ratio between former employees' pensions and the net average wage that was most favourable by the end of the fifties (56%) when the communist economy was in full progress. Subsequently, mainly by neglecting the non-insurance rights and the ones of the farmers, the general level of the pension-type rights (insurances and non-insurance) dropped.

The dynamics of the incomes' budget (*Table no. 6*) proved much harder to be observed, because of methodological differences<sup>4</sup>, so that comparisons should be made rather inside each period, than between them. However, some trends are outlined as resonating with the remarks regarding the dynamics of incomes and the retrospective income policy. Among these are counted; the increase in wages' contribution to constituting households' budget to the detriment of incomes from agriculture; the increase of insurance pensions' contribution in particular in the post-communist period; the decreases of the category "other work incomes" as the private sector retreated during the communist period, but as well the low-key role played by it in the period encouraging this sector; the diminishment in the weight of child allowances. The significant increase of pensions' contribution to total budget is due on one hand to the income policy, but inasmuch to the number of beneficiaries that exceeds the one of employees in 1997. After 1990 the number of employees decreased to about half of the level of 1990, while the number of pensioners increased by over 50% (see also *Table no. 2*). It should be retained, as well, that incomes from agriculture lose their noticeable role in the consolidated incomes' budget after 1970 in favour of wages, at a time when also in the labour force structure the farmer population decreases significantly indicating the moment/proximity of achieving the maximum in the extensive development. After the collapse of communism, the wages maintain their dominant role, which is a characteristic of modern societies, their weight increasing together with economic growth of the last years. The weight of incomes from self-consumption has a reversed variation against wages, proving thus as the "emergency" resource in case of losing wage incomes.

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<sup>4</sup> For the communist period, the data are yearly records, while thereafter they result from sample data that are also different in 1997 against the other selected periods. To these are added the content differences of the indicators, even if their name indicate similar functions. It is the case for wage incomes (which in the communist period referred to the net, and thereafter to the gross income), of the *other incomes* category (which in the communist period could not contain dividends). The counter value of the consumption generated by households (self-consumption) takes into consideration an indistinct recorded resource, even if existing also during the communist period.

Table no. 6

## Structure of households' budget in communism vs. post-communism

Type of income	1950	1960	1970	1989	Type of income	1997	2001	2010	2016
Net wages rights	28.1	38.9	49.6	55.9	Gross wages rights	37.9	44.9	49.3	58.7
From farming	36.9	36.6	19.8	17.3	From farming	4.7	4.2	2.8	2.8
Other work incomes	18.7	6.1	4.5	2.3	Other work incomes	3.6	2.5	2.7	2.5
Other incomes	6.6	2.2	4.2	2.4	Other incomes (incl. from dividends, properties)	3.3	3.5	3.4	2.8
Incomes from social consumption funds (monetary)	2.3	7.0	10.5	13.8	Social benefits (monetary)	17.8	19.5	25.7	22.6
Social insurance pension (excluding supplementary pension)	1.7	4.0	6.5	8.1	Social insurance pension	13.7	15.8	21.2	19.3
Child allowances (excluding CAP)	0	2.0	2.5	3.3	Child allowances	2.2	1.7	1.6	1.7
Other types of transfer	0.6	1.0	1.5	2.4	Other types of transfer	1.9	2	2.9	1.6
Counter value of gratuities from social consumption funds	7.5	9.2	11.4	8.3	In kind incomes obtained by employees and beneficiaries of social services	1	0.9	1.9	1.3
Counter value of consumption generated by the household from total cashed income	?	?	?	?	Counter value of consumption generated by the household from total cashed income	31.7	24.7	14.2	9.3

Source: AS, 1991; INS\_Tempo/BUG105G, BUG\_105I.

## CONCLUSIONS

Romania has underwent obvious economic and social progress over the past century, bearing the fingerprint of the priorities and specifics of three distinct periods. In each of these stages, Romania pursued to recover economic gaps against the European room to which the country belongs. Maintaining this goal is in itself an indicator of the dissatisfying outcomes in this respect, but a series of studies and international datasets confirm the backward position for all three mentioned periods, in particular with respect to the economic performance and population's

incomes indicators (Ionete, 1993; Axenciuc and Bozga, 1998; Grigorescu, 2000; Murgescu, 2010; Maddison, 2010; Eurostat, UNECE).

Caught in the maze of the complex phenomena adverse to its development, interwar Romania diversified its industry, but one of the main merits of the time was that it laid out the foundations of a modern social policy correlated to the international trend of the time, and perhaps even in the avant-garde in relation to the national economic context. In the extremely difficult period by the end of the Second World War, noteworthy are the concerns that had their roots in the negotiations during the first two decades of the century regarding minimum wage, and its relationship with the cost of living. The monetary social protection was focused on basic consumption needs (for children, heating, and food) and on those at bottom of incomes' distribution as mitigation to the devastating inflation.

The highest progresses in catching-up were achieved during the communist period, however they only succeeded partially by bringing Romania closer to the average level of the economic performance within the EEC. The communist period brought about also a significant increase in the general living standard of the population. The pursued equalitarian process developed both due to the communist/socialist trend of the time in the eastern European region, but also as mitigation to the extremely difficult living conditions in the rural area, and high disparities of the Romanian society during the interwar period. Wide access to education and health, access to stable incomes, job security, the expansion of social protection, the development of the infrastructure, and of the cultural-recreational sector were positively felt by the population. The lack of democratic legitimacy of the regime and its decoupling from international trends, respectively the inefficacy of economic-social development during the last communist period, had as outcome that these accruals could not be turned into an engine of the future development.

The Romanian anti-communist revolution occurred by the conclusion of the only decade of economic stagnation over the communist period, following an interval of more of 30 years of growth. However, the rural area remained at a disadvantage in relation to the urban one throughout this time from the incomes' perspective. Social protection based on benefits unrelated to employment (mainly of social assistance) did not manage to blur the disadvantages in work opportunities.

Guided by the industrial development throughout the first two periods, vocational training failed firm milestones in its post-communist evolution, while vocational education faded into shadows in favour of expanding theoretic and higher education. The development of communications, the free movement of information, the delayed and geographically uneven development of the Romanian economy have created the room for international migration that, as opposed to the first two periods, completed consistently internal migration, from the rural to the more dynamic urban economy.

Manoilescu (1942/2002: 80–82) underpinned the fact that in less than a century before the unification (1829–1918) Romania burned up three stages of

capitalist development for which the other parts of the world had required three centuries. Romania shifted from the patriarchal agrarian economy, to the one of parcelled proprieties, from the quasi absence of capitalism, to the state and banking institutions organised one, from solutions provided by righteous sense of boyars, to regulations bearing the fingerprints of socialist ideals and labour protection; the latest were in their incipient process of international institutional consolidation at the time of the Union.

Such a swift change failed reabsorption at the same pace within the system of social and economic relations. Perhaps herein lies the explanation why over the interwar period the governments failed to agree about the priority in developing the economy, be it agrarian or industrial, and why the Land Reform of 1921 was substantiated by social-political reasons and not economic ones. As disappointing outcome, the performance lacking collective farming under the communist regime reoriented the Romanian post-communist agriculture towards parcelled property and demotivated the idea of association for the subsequent 20 years. All this occurred, as technological agricultural work was the state of play in the world agriculture and acknowledged as possible only for large exploitations. Is it possible that the high agricultural potential of Romania had a boomerang effect, and that the safety-net certainty it provided, irrespective of the economic circumstances, was the one failing to focus the attention on higher agricultural productivity?

Perhaps, the same burn up of the stages generated the paradox of the Romanian socialist/communist period; the communist regime was fed also by the very low level of the rural population's living standard, but discriminated the farmer by its entire income policy (average incomes at the level of the minimum national wage, child allowances in smaller amounts than for the urban and less favourable pension conditions that were inexistent until the last period of the regime for non-collectivized farmers) and it has preserved the pre-communist policy of differentiated indemnities according to the type of locality, by contrast with the claimed ideological interests for the farmers.

Finally, in the same stages' burn up we might find the answer about the overall relation of the population and of the governing class alike towards private property. Even though entitlements to private property was found among the first post-communist regulations, the development of the autochthonous capital and of private initiative did not find sufficient support in the subsequent context and regulations, just like the harmonisation of private interests with the common, local or national interest. Once with the economic relaunch (after 2000), the wage rights consolidated their position of dominant income in the household budget, but incomes from self-employment and the ones gained out of property remained less extended. Self-employment exceeds by little the EU28 level but is significantly higher for the age groups in the immediate proximity of the standard active age, having a dominant component of employment in agriculture. To this is added one of the widest segments of unpaid family workers, both maintain, and are maintained by an autarchic structure in the repartition of farming lands.

The incomes from social protection extended together with the maturity of the social systems and with the active and complex role pertaining to social protection in relationship with the current economic development.

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*L*ucrarea abordează schimbările care au avut loc în veniturile gospodăriilor din România, după constituirea sa ca stat național (1918). Munca pământului, industrializarea, migrația, formarea profesională și politica socială, ca determinanți ai veniturilor, sunt discutate în contextul celor trei mari perioade care au caracterizat ultimul secol românesc: pre-comunistă, comunistă și post-comunistă.

**Cuvinte-cheie:** venituri; industrializare; reforma agrară; ocupare; politica socială; protecție socială; bugetul gospodăriei.

Primit: 02.04.2018

Acceptat: 23.04.2018