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DYNAMICS OF WELFARE

AND SOCIAL PROTECTION

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1. INTRODUCTION

After World War II history ruled that Romania be driven to a model of Stalinist-socialist type social system.

It was not only economy and the political system that were organized according to that model. A specific system of social protection was developed. The socialist system of social protection had taken on the obligation of securing a large part of the welfare of the entire population, and not only of those "in need".

By the first half of the seventies Romania's socialist economy had registered a fast growth rate. The social protection system developed concurrently, benefitting from considerable resources. After the first oil shock of 1973-74, and particularly after 1980, the Romanian economy plunged into a chronic structural crisis and its situation kept worsening until 1989. The crisis was aggravated by the policy bent on the early reimbursement of the country's foreign debt. The increasingly scarce economic resources and the ever more irrational and bureaucratic nature of the whole social system brought about a steady degradation of the social protection system. The population's living conditions plummeted in the last years before the Revolution and the system of social protection went through a shrinking process and even saw some of its components collapse. The necessity of structural changes became increasingly clear, but nobody could foresee how that could happen.

The Revolution of December 1989 paved the way for fast changes. Along with the other former socialist countries in Central and Eastern Europe, Romania embarked upon the road to radical reforms, carried out along two lines: the promotion of a democratic multiparty system and of a market economy.

It did not take long for the initial enthusiasm to cool down in the face of the complex and unforeseeable difficulties of the transition process. From the very beginning the population was aware of the imminent **social costs** involved by the transition to the new type of economic, social and political system. That was the reason why the key-objective proclaimed by all political forces in Romania was **transition to a market economy concurrently with the provision of an extra-ordinary social protection**, that is a more marked social protection than what would be provided under normal, ordinary conditions. Such a social protection was designed to provide support to the persons and groups adversely affected by the difficulties of the period of transition and to help them get over them.

Three years after the initiation of those changes, one thing became quite clear: the **social costs** are much higher than we expected. The living standards are undergoing a fast and steady process of degradation; an explosion of poverty has hit the population. The social costs have been joined by the **economic costs of the transition**, the latter being the decisive factor for the amplification of the former. After 1989 there followed a collapse of the economy much above expectations. With an industrial output registering a record

low in July 1992 (43.5% of the 1989 level) and oscillating around 50% after that date, the Romanian economy hardly gives any signs of revival in the near future.

The period we are now traversing lies under the sign of **confusion**. We are overwhelmed by the complex nature of the changes that must be promoted at various levels. There is a generalized feeling that the economic and social-political processes, whose logic most often differs from the mental models according to which we tend to project them, are not under control.

There are quite a large number of studies on the economic reform and on the processes going on in our economy. There are however fewer data on the evolution of

the living standard and on its complex effects, including on the population's state of health, education, crime rate, etc. It is very important that we should make a more accurate assessment of the **effective social and human costs** of the transition so far and of the costs still to be paid in the future. And even fewer studies have been drawn up in connection with the system of social protection: Does it provide a protection **of exception** to the persons and social groups which suffer the adverse effects of the transition? Does it minimize the social and human costs, within the limits of the available resources? Does it develop along an orderly and operative line or does it show the same signs of confusion characteristic of the changes in all the other spheres of economic, social and political life?

We have become increasingly aware that the destructive social and human effects of the transition are not simply unfavourable consequences, lying **outside** the reform process as such, but are part and parcel of it, executing a great influence on its evolution. They affect the motivation and the capacity of reformatory action of the community; they are a potential source of social tension and conflict which distorts the rationality of the whole process, and they may go as far as plunging the community into devastating self-destructive situations. The long-term consequences are no less

negligible: certain negative processes triggered off by the difficulties of transition may prove to be extremely **costly** for the future and hard to reverse.

Our analysis shall focus on two closely connected aspects: the state of welfare over 1989-1993 and the assessment of the social protection policy over that period of time. It is a global approach, to be followed in our future reports by a detailed analysis of the various particular aspects. This Report is the result of the combined effort of three institutions: The Institute for Quality of Life Research, the National Commission for Statistics which provided the large majority of the data used in this Report and the International Centre for Child Development (Florence), supported by UNICEF.

The International Centre for Child Development of Florence initiated, under the coordination of Giovanni Andrea Cornia, an international project under the heading "Public Policies and Social Conditions: Monitoring Transition to a Market Economy in Central and Eastern Europe (MONEE)". Teams of 9 countries in the region are taking part in this project: Albania, Bulgaria, the Czech Republic, Hungary, Poland, Romania, Russia, Slovakia and Ukraine. By joint effort a data base was created with regard to the economic and social processes and the economic and social policies. This data base makes possible an analysis of both the common social and

economic processes and of the situation in each country, compared with developments in the other countries. The possibility is also created to identify the general and the specific development trends.

The Florence-based Institute, in conjunction with the national teams, was to bring out two annual reports on the general situation in the region. The first issue already came out in November 1993.

Based on that report, the Romanian team worked out its first Report (which will hopefully be continued on an annual basis), which focuses its analysis on our country's situation, using data provided by the other countries and the general results of the comparative analysis as a tool for a better understanding of this situation.

Besides the general analysis, two special analyses are also included in this Report: changes in the policy of assistance of the child and the family and the economic and social situation of the Romany population.

The Report ends with a statistical annex which provides comparative data for the countries participating in the project.

We were able to draw up this Report thanks to the generous assistance of the various institutions in supplying the required data. We would like to thank Secretary of State Mircea Dan Popescu, Minister of Labour and Social Protection, Mr. Florin Georgescu, Minister of Finance, and Mr. Alexandru Radocea, Chairman of the National Commission for Statistics.

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2. THE INITIAL CONDITIONS:

ROMANIA IN THE 1980s

In the 1980s the Romanian society had several features in common with all the other countries in the region as well as specific features. From that perspective we can better understand both the process of transition and the problems facing our society at present.

THE STATE OF THE ECONOMY

By early 1980s it was obvious that the Romanian socialist economy had reached a structural crisis with an irreversible course in socialist structural parameters. After a period of sluggish growth, in the last years before the Revolution the Romanian economy started its decline. Beginning with 1987 the GNP gradually went down, registering a dramatic fall in 1989 (Chart 2.1).

Chart 2.1 GNP dynamics in Romanian over 1980-89 (1980=100)

The structural crisis of the socialist economy can be explained as the consequence of several factors which acted in conjunction: the increasingly inefficient character of the centralized administrative mechanisms, with an accentuated political character, for the management of an ever more complex economy, incapacity to stimulate and use the technological gains, failure to stimulate performance against the background of falling living standards, the collapse of the population's morale. An aggravating factor in Romania's case was the increasingly irrational and arbitrary political leadership, the lack of a coherent macroeconomic outlook and consequently inability to find a way out of the crisis.

Therefore we inherited an economy characterized by extremely serious structural distortions: over-industrialization, with aberrantly developed economic

branches, physically and morally outdated technologies, distorted prices, growing stocks of commodities impossible to market.

In terms of **macroeconomic balance**, Romania had an advantageous position in many respects when it entered the period of transition, but that position was extremely fragile due to the structural crisis of its economy. Through a painful effort of the population the foreign debt had been paid off, which was an extremely positive starting point. In 1990 our country even had considerable hard currency reserves: about 2.5 billion dollars. We had, however, inherited a considerable hidden inflation, against the background of a declining economy, forced exports and an artificial rise in salaries at the beginning of the 1980s.

POVERTY AND INCOME DISTRIBUTION

Because of a policy which promoted equality and massive subsidizing of consumer goods, in Romania, the same as in the other countries in the region, **poverty** in the absolute meaning of the term was a relatively limited phenomenon. Full employment of the work force, a very extensive system of pensions for the elderly, children's allowances, massive subsidizing of the basic goods and services, other forms of need-based redistribution made it possible for the large majority of families to cope with the prices of consumer goods which were artificially kept at low levels. In the last years of the socialist regime poverty extended rapidly in Romania due to several factors:

- The emergence of a type of unacknowledged unemployment, resulting from the fast depletion of employment opportunities and from sending employees on unpaid leave because of growing difficulties in keeping production levels due to the shortage of

energy or raw materials.

- The fall in earnings as the regime tried to shift the burden of the difficulties on to the population's shoulders. Ever more frequently wages were cut down for failure in fulfilling production levels.

- Scarcity of consumer goods on an exponential rise. The promotion of exports by all means emptied the shop shelves of all commodities. Everything considered to be of an acceptable quality was offered for export. Only the goods which fell short of satisfying the export standards were allowed for sale on the domestic market. Most often it was not the shortage of money, but the impossibility to find the necessary commodities that became a source of undernourishment and of collective anxiety.

Scarcity had two contrary effects on income distribution. On the one hand, through the action of the black market, it channeled incomes towards those who were in control of the sale of rare products. Buyers were often compelled to pay in addition to the official price also an extra price which ensured them access to the respective commodity kept "under the counter". On the other hand, under certain conditions, it put those with higher incomes and those with lower incomes on an equal footing. The low-income people paid with the time spent while standing in a line to buy scarce but cheap products; to avoid queuing up, people with higher incomes had to pay substantial extras in order to have priority access to the respective commodity. Those at the top of the hierarchy had access to the scarce goods through formally/informally preferential mechanisms, for which they often paid lower prices than the market ones or nothing at all.

In point of the distribution of

formal incomes, Romania was characterized by a high degree of equality, the same as all the other countries in the region. The use of the **Gini coefficient*** to establish the degree of equality/inequality in income distribution shows significant differences between the socialist countries and the other countries: the capitalist countries with medium incomes placed between 40 and 54 according to the Gini coefficient, while the former socialist countries placed between 20 and 29.

As to the poverty level, according to MONEE data, the socialist countries had by at least 10 per cent fewer poor people than the western countries with medium incomes.

Beginning already with the 1970s economic difficulties resulted however in a gradual shrinking of social spending, a fact which influenced the quality of services in particular. Degradation was most obvious in the case of medical services, which underwent a continual process of erosion, reaching a deplorable state before the Revolution. Education was affected by a shortage of elementary material resources: overcrowded schools, with classes in 3 and 4 shifts, chronic shortage of teaching aids. The social work services - for orphans, handicapped, the elderly - suffered fast degradation, many of them offering a most deplorable picture at the beginning of 1990.

* The value 0 of the Gini coefficient stands for full equality of incomes, while 100 stands for maximum inequality.

SOCIAL PROTECTION

In Romania, the same as in the other socialist states in Europe, a broad social protection system was developed to complement the low wages. The priority given in the budget to social spending made possible a comprehensive and quite generous social protection in many respects. The social spending/GNP ratio was comparable to that of the developed Western states and was sensibly superior to that in the countries with a medium development level. All-grade education was free of charge. Medical care, free of charge, was almost universal. Social protection for families with children was relatively generous, providing at least elementary living conditions to the large families.

3. CHANGES IN THE QUALITY OF LIFE: 1989 - 1993

The Revolution of 1989 has engendered a collective hope for a fast improvement of the whole population's quality of life. What are the actual results of these changes in terms of quality of life? To identify them we used two categories of indicators:

- Indicators concerning the living standards proper (economic in nature): that is indicators of the **resources** for the living standards (the **incomes**) and of **consumption**.

- Indicators referring to **ultimate quality characteristics of the population's life**: life expectancy and the state of health, food quality, education, cultural participation. To a great extent they are the effect of the living standards but they also considerably express the population's capacity to use the existing economic resources and other non-economic resources for their own life in a constructive way.

While in connection with the economic indicators of the living standards there are a lot of methodological drawbacks and difficulties, especially when it comes to drawing valid international comparisons, the qualitative indicators of the quality of life, with a few exceptions, are even more subjective and difficult to compare.

INCOME AND CONSUMPTION INDICATORS

To compare the evolution of poverty since 1989, the team of the **International Centre for Child Development** in Florence has identified, on the basis of MONEE data, two levels of the living standard, quite significant in establishing the proportion of poor population and of the degree of poverty:

- **The minimum subsistence level** - the income supposed to be enough to meet the bare necessities of life.

- **The social minimum** - the income supposed to be enough to meet the requirements of a normal social life at a minimum level.

Based on data provided by **research on family budgets**, the **social minimum ranges between 45-60%**, while the **minimum subsistence level ranges between 30-40%** of the average wages; as regards another indicator of the poverty level, the share of **food spending** in the overall spending by a family, the two levels of food spending in the overall spending in a household, stand at 35-50% and 50-60%, respectively.

The comparative analysis below used either hypothetical poverty lines standing at 35 to 50% of the average wages, depending on the development standard of each country, or the minimums in 1989 calculated by the various countries.

This methodology naturally gives a very approximate picture of the dimensions of poverty, therefore its results must be considered with utmost caution, especially as far as comparisons among countries are concerned. Where it actually provides more precise terms is in the dynamics of poverty in each individual country in the past few years.

Table 3.1 Estimate of percentage of population that lives in poverty, 1989-93 (alternative poverty lines per person, per month are used)

		1989	1990	1991	1992	Q192	Q292	Q392	Q492	Q193
Bulgaria	Poverty line/social groups									
	45% of the average hourly wage in 1989									
	- households	-	-	-	53,6					
	50% of the average hourly wage in 1989									
	- households	-	-	-	62,7					
Czech Republic	35% of the average hourly wage in 1989									
	- households	5.7	7.7	19.4	18.2					
Hungary	40% of the average hourly wage in 1989									
	- population	8.5	-	13.7	-					
	- children	13.7	-	19.2	-					
	45% of the average hourly wage in 1989									
	- population	10.1	-	21.3	-					
	- children	14.1	-	29.1	-					
Poland	45% of the average hourly wage in 1989									
	- population	20.5	39.7	38.8	42.5					
	Poverty line at national level									
	- population	21.8	40.3	39.3	41.4					
	- urban population	19.8	37.8	33.8	33.6					
	- rural population	24.4	43.1	48.4	52.4					
	- children	28.8	53.4	54.7	57.6					
	- pensioners	32.7	40.6	29.1	33.2					
	- adults	18.9	34.0	32.2	34.1					
	- households	19.8	34.7	31.8	33.3					
	Romania	45% of the average hourly wage in 1989								
- households		27.3	18.5	28.1	51.1					
- children		38.1	30.7	42.1	70.1					
50% of the average hourly wage in 1989										
- households		47.2	29.5	37.4	60.8					
- children		53.4	46.8	53.2	81.3					
Russia (population)	Poverty line 118 Rb a)	27.1	24.5	28.7	-	84.6	63.1	70.5*	77.1**	
	Poverty line 100 Rb b)	16.0	14.8	17.9	-	70.9	51.5	62.3*	66.8**	-
	Poverty line 75 Rb c)	5.0	8.2	6.5	-	44.1	32.9	46.4*	43.8**	
	Poverty line 60 Rb d)	-	-	-	-	-	-	-	30.8	-
	Poverty line at national level e)	-	-	-	27.0	25.7	25.8	29.3	27.0	30.4
Slovakia	35% of the average hourly wage in 1989									
	- households	7.1	7.1	14.2	18.3					
	- children	9.0	9.1	19.7	25.7					
	40% of the average hourly wage in 1989									

	- households	8.5	8.9	28.2	30.2
Ukraine	- children	10.9	11.2	35.6	41.3
(house-					
holds)	Poverty line 118 Rb a)	33.6	-	21.1	35.7***
	Poverty line 100 Rb b)	20.2	-	10.5	23.5***
	Poverty line 75 Rb c)	6.0	-	2.2	10.1***

Source: **MONEE Database**, a) corresponds to 45% of the average hourly wage in 1989; b) corresponds to 38% of the average hourly wage in 1989; c) corresponds to 28% of the average hourly wage in 1989; d) corresponds to 23% of the average hourly wage in 1989; e) the value in 1989 Rb of per capita poverty line at national level in the 5 table boxes was: 62.5, 60.6, 59.3, 58.5 and 61.1, respectively; f) calculated by the Ministry of Labour and Social Protection; * refers to August 1992; ** refers to November 1992; *** the poverty line appears to be artificially lower because of the underrated growth in the retail price index.

FAST RISE IN POVERTY RATE

The data in Table 3.1 indicate an escalating growth of poverty in the entire zone. According to such a methodology, in 1992 in Romania over half of the families were below the **minimum subsistence level (51.2%** against **27.3%** in 1989) and **60.8%** were below the **social minimum**. If as a result of the measures taken shortly after the Revolution (a rise in earnings, the artificial creation of nearly 500,000 jobs, a cut down on certain prices like for instance those for electricity and methane gas) the poverty rate decreased from **27.3%** in 1989 to **18.5%** in 1990, there followed an explosion of poverty in 1991 (**28.1%**) and 1992 (**51.1%**). The data on the evolution of real incomes in 1993 suggest a further deterioration of the situation. Our country makes no exception from this point of view. Similar levels are also registered in Bulgaria (53.6%) and Poland (42.5%). The Czech Republic, Hungary and Slovakia seem to have lower poverty rates. As a different methodology of calculation is used in Russia and Ukraine, the data concerning those countries cannot be compared with the data referring to the other countries. At the end of 1992 poverty seemed to be on the rise in Bulgaria, Russia, Ukraine, Romania and Poland; in the Czech Republic, Slovakia and Hungary poverty gave signs of stabilization at the previous levels and even of gradual recession.

By using other ways to establish the poverty line, perhaps stricter than those used by MONEE, the research conducted by the Institute for Quality of Life Research under the heading S_R_CIE-93 indicated for March 1993: 49.0% families under the minimum subsistence level and 57.7% under the social minimum. As one can easily note, these figures are close to those estimated by the Florence-based team.

The upsurge in poverty coincides with the beginning of economic reforms: 1990 in Poland, 1991 in the Czech Republic and Slovakia, 1991-1992 in Romania, 1992 and 1993 in Russia and Ukraine.

RISE OF FOOD SPENDING SHARE IN FAMILY BUDGETS

The share of food spending in the family budget is a classical indicator of poverty. Due to the low flexibility in relation to prices and to the high flexibility in relation to earnings of the demand of basic products (first and foremost food), the rise in prices and the fall in earnings is of a nature to bring about an increase in the food spending share in relation to the other types of spending. In certain countries (USA) the food spending share is used to determine the poverty line. When using such data for international comparisons we should take into account that the food spending share may vary according to the prices of the other goods and services.

Chart 3.1 Changes in the share of food spending in total family spending

For instance, in this country it was only in the second half of 1993 that the price of electricity and heating fuels was considerably increased to be in line with the world prices. Rents however are frozen at the level of 1989, while prices have gone up more than one thousand times.

The data in Chart 3.1 and Table F.4 (Annex) indicate a fast rise in poverty over 1989-1992 in Romania, Bulgaria, Russia, Ukraine and Poland, while in the Czech Republic, Slovakia and Hungary this rise in poverty is more moderate. This difference must be understood in the context of another difference: in the latter category of countries the rise in the price of foodstuffs was slower than the price rises for other goods, while in the countries of the former category the situation was the opposite (Tables E.8-E.13 Annex). The available data indicate that Romania had the highest food spending share in 1992 (57.5%). After a decrease in the food spending share in 1990 against 1989, there followed a rapid rise in this share in Romania: 7.6% from 1990 to 1992. The data presented here may be distorted in certain cases. In Russia, for instance, the tables in the Annex show a comparatively low share of food spending, while an ample poll on the subject matter of population and health conducted in the third quarter of 1993 indicates that the share of food spending in that country stood at **67.4%**.

THE SOCIAL GROUPS MOST AFFECTED BY POVERTY

As before 1990 the large majority of incomes were concentrated just above the poverty line, the fall in real incomes has left a large mass of people in the grip of poverty. The groups most affected by poverty in Romania were those characterized by one or several of the following traits:

- Families with children: children bring about a fast rise in consumption, without contributing any proper additional income sources

- A reduced number of income sources within the family: one-parent families, families with a single wage-earner, a couple of pensioners with a single pension, grown-up sons and daughters who are unemployed.

- Families with one or more members on unemployment benefit. The unemployment benefit may cause a sensible decrease in incomes. After the legal term of the unemployment benefit expires, it is replaced by an even lower allowance.

Researches made in Romania suggest (see also Chapter 4) that it is families with children that run the highest risk of becoming poverty stricken. Almost all families with 3 or more children live in poverty. According to the 1992 census, **7.4%** of the families had 3 or more children to support, a category accounting for **15.04%** of the population. If besides the existence of children to support, one of the two wages is missing (or is diminished) as it often happens (a non-working wife or one of the parents on unemployment benefit), the degree of poverty goes up considerably. Even a family with 2 children to support and two low wages runs a high risk of coming to live under the poverty line.

Table 3.1. shows that in all countries in the area the proportion of poverty-stricken children is higher than that of grown-ups. In Romania, if we use the minimum subsistence level as poverty line ((45% of the medium wages), the percentage of poverty-stricken children goes up from **38.1%** in 1989 to **70.1%** in 1992. In Poland, too, children are the group mostly affected by poverty.

According to S_R_CIE-93 data, in March 1993 in Romania **65.6%** of the children were below the minimum subsistence level, compared with **47.8%** of the grown-ups, and below the social minimum line there were **72.9%** of the children compared with **56.5%** of the grown-ups.

In most countries in the area (including

Romania, Hungary, Slovakia, Bulgaria) the children's situation seems to get worse in 1993 and 1994 due to the rise in unemployment, the growing percentage of low wages and the continued deterioration of incomes.

Quite critical is also the situation of the youths who cannot find a job. Under the unemployment benefit law they can receive an unemployment benefit even if they did not work before, a fact which sensibly eases their situation.

It is perhaps the young couples that encounter the most difficult situation if they cannot receive substantial support from their parents and are faced with the almost impossible task of buying a house and what is needed in a household.

The proportion of pensioned couples living on a single pension is relatively low, so they do not pose a special problem.

Chart 3.2 gives a picture of the way the various groups are placed in relation to the poverty line, as it comes out from the S_R_CIE-93 data. To the left of the chart the proportion of families in the respective group below the minimum subsistence level is indicated, and to the right the proportion of families in the same group that are above a decent life minimum. The straight line which halves the chart indicates these two proportions at the level of the entire population. Certain groups are clearly above or below the average population. In other words, these groups under consideration are relatively highly homogeneous in terms of their living standard.

Below the average community come: the families (one-parent families or couples) with 3 or more children, the one-parent families with 1-2 children, the pensioned couples living on 1 pension, the single pensioners, the families with 2 children. **Above the average** are: the families headed by active persons, without any children or with one child. The pensioned couples living on two pensions.

Poverty is also deeper in the case of certain socially marginal groups, where the proportion of wage-earners has gone down sharply after 1990, many of them being not even entitled to unemployment benefits. Particularly this is the case of the Romany population in Romania. A study drawn up on a large sample in May 1992 showed the following situation of the incomes of the over 16-year old population (5,968 people) considered in the study (Table 3.2):

Table 3.2 Incomes of the Romany population: May 1992.

	%
Wage-earners	22.1
Free-lance activities	16.9
Company owners	0.8
Pensioners	5.1
Jobless on unemployment benefit	2.8
Without any source of income	42.6

Source: Elena Zamfir and C_t_lin Zamfir (coordinators), "Romanies between Oblivion and Concern", Bucharest, Publishing House "Alternative", 1993

Of the family heads, 22.3% were jobless and only 4.3% of them received unemployment benefits.

Chart 3.2 Standing of the various groups according to the proportion of households below the minimum subsistence level and above the decent life minimum

Source: S_R_CIE-93, I.C.C.V.

By using the minimum subsistence level as absolute poverty line, as calculated by the Institute for the Quality of Life Researches for that period, out of the Romany population 62.9% were below this line, compared with only 16.0% of the total population (the latter figure described the situation according to **S_R_CIE-91 STUDY** 7 months before).

In Romania, unlike certain countries like the Czech Republic, Poland, Hungary, the urban population seems to be affected by poverty to a greater extent than the rural one. After the land reform of 1990, peasants were given back the land and could meet the largest part of their food requirements out of their own output, even if their money incomes were clearly lower than those of the families in towns. The prices of foodstuffs have moreover gone up at a higher rate than the prices of other goods and services, offering a relative advantage to agricultural producers.

In conclusion, while all population segments have been powerfully affected by poverty, the groups most affected however are: the children and the active grown-ups with children and/or who have lost their jobs/do not find a job or have very low wages. Various studies suggest that in all countries in the region (Romania included), with the exception of Russia and Ukraine, contrary to the general opinion, the pensioners have actually been less affected, even if the subjective shock of price liberalization has been stronger in their case.

QUALITY OF LIFE INDICATORS

The plummeting incomes do not automatically and proportionally bring about a degradation of all aspects of life. This can be to a certain extent counteracted through a mobilization of the individual and collective abilities in order to use the available resources with greater efficiency and to identify alternative resources. The individual may bring more rationality and efficiency to personal consumption, and keep its quality to a great extent unchanged. He may develop compensatory activities, like the production of some goods within the household, and thus he may economize considerable resources.

The community can mobilize itself and use the available resources, while supporting to a large extent those in difficulty. At times of crisis therefore the capacity of the individual and of the community to cope with difficulties may considerably diminish the negative effects. And the other way round. Wherever the individual and collective capacity is not strong enough, the negative effects of the economic crisis may even gain in scope. The negative consequences of the fall in resources may be joined by negative-destructive reactions. Alcoholism, despair and discouragement are the consequences of economic difficulties, but in their turn they may indefinitely induce such difficulties for the respective persons and their families. The rise in the crime rate is another consequence of the economic crisis. In its turn, crime generates losses not only for the criminals and their families, through the punitive sanctions meted out, but also for the victims and for the community as a whole. It increases the collective feeling of insecurity and lack of confidence, deepens the state of disruption, a fact which prevents the mobilization of the collective resources, and the cost for fighting crime considerably grows.

For this reason, depending on the reaction of the individual and of the community, a situation of deep crisis will not necessarily produce negative effects in proportion to its seriousness or, on the contrary, it may give rise to disproportionately high negative effects.

It is difficult to determine the individual and the collective capacity of reaction to a situation of crisis. Indirectly it can however be estimated by taking into account the effects of the economic crisis, mediated through the capacities to cope with it, on the quality and quantity of life (the length of life, the state of health, nutrition) and also the effects in terms of disruption/degradation of some fundamental parameters of individual and collective welfare: education, culture, crime rate and insecurity.

What was the reaction of our community to the difficulties of transition? To what extent could the individual and collective capacities counteract the negative consequences of the economic crisis? This section will try and give an answer to these questions.

A DRASTIC "DEMOGRAPHIC

ADJUSTMENT¹⁰

The powerful shock inflicted on the population by the onset of economic reforms can be measured through particularly strong reactions in the deepest layer of the population: **family making and stability, reproductive behaviour, death rate and emigration.**

These changes have led in all countries, with the exception of Poland, the Czech Republic and Slovakia, **to a net natural population decrease, further deepened by a rise in emigration.** They have also resulted in a number of negative demographic changes which, unless stopped in the near future, will have a negative impact on the population on the medium and long term.

A sudden drop of the marriage rate

In all countries in the region, the marriage rate has gone down (Tables B.1 and B.2, Annex). The decline in the peak year 1989 or 1990 stood at 35-40% in Bulgaria and Hungary, close to 30% in the Czech Republic, Poland, Romania, Russia and Slovakia and 5% in Albania. This decline in Poland and Romania is partially due to the shrinking section of those of marriageable age. The MONEE-based studies suggest however that in all cases, besides the strictly demographic factors, it is the social and economic factors that contribute to this effect, and this holds true for Romania as well, especially the growing economic insecurity. The unemployment explosion among the youth was an undeniable cause which deepened economic insecurity, with a negative impact on the young people's decision to get married. The worsening of the housing crisis, which affects the youth in particular, must be added to that. In Romania after 1989 there was a sharp decline in house building, with negative effects hard to reverse on the short and medium term (Chart 3.3). Because of the house-building collapse, rents of privately-owned houses have shot up. In its turn, the price of a new house has enormously increased. While in the 1970s a three-room flat could be bought from its owner at a price which did not exceed a young man's salary for five years, at present the price is equal to such a salary for over 15 years. Finally, the

rise in the crime rate among young men in particular further reduces the chance of marriage.

Divorce rate

Romania is characterized by a relatively low divorce rate compared with the other countries in the area (Table B.3, Annex). The divorce rate decreased by 19% in 1992 over 1989 and in 1993 the rate tends to keep at the same low level. Considerable decreases are also registered in the case of Poland, perhaps against the background of a growing influence of the Catholic Church over the past few years. With the exception of Russia where the divorce rate is on the rise, the other countries register a rather stationary rate in this respect.

Such a rate was only to be expected. The economic crisis has a negative impact on family making and stability, generating both economic and emotional problems: waning self-esteem, alcoholism, conflicts and inter-human violence. What seems however to prevail is the reverse reaction of defence. Family cohesion generates support in the difficult effort of coping with hardships. At the same time, consumption within the family is a much more efficient form than consumption by separate individuals. From this point of view the increase in family stability comes as a sound reaction of the community.

Low fertility and changes in reproductive behaviour

After the Revolution, Romania has registered a fast decline in the gross birth rate (Table A.1, Annex): about 35% in 1992 over 1989. The dramatic fall in the birth rate in this country is due first of all to the liberalization of abortions in 1990, against the background of a steady decrease ever since the introduction of the extremely tough measures meant to promote the birth rate, back in 1966. If we take a look at the situation in the other countries where transition is taking place against an utterly different liberal background of demographic policy, we shall note that the process is much more profound. In Russia the collapse was much the same size. With the exception of Albania, in all the other countries the decline in the birth rate is more severe than long-term demographic trends would

predict it. The Czech Republic is the only exception. There, the fall in the birth rate is fully explained by the demographic trends; in 1993 signs of a slight growth showed up there. In Romania the collapse is all the more serious as the natural population increase was negative in 1992 (Chart 3.4).

In Romania the phenomenon has even deeper negative consequences if we take into account the fact that over 1989-1992 the proportion of women of the most fertile age (20-29 years) increased, due to the baby boom caused by abortion being banned in 1966 (Table 3.3). The **overall fertility rate** registers a fast decline after 1989 (Table 3.4

and Table B.5, Annex). The data clearly show that the **economic effect** added to the reaction to abortion liberalization: economic insecurity, the plummeting living standards and the fall in the number of marriages are essential factors which explain the fast decline in the birth rate.

There is however another important phenomenon: the growth in the number of teenage mothers (below 20 years) in all the countries - Table B.7, Annex. This is especially the case in Russia, Bulgaria, Romania and Slovakia. To a certain extent it is due also to the tendency (Romania makes exception this time) towards a growing number of unmarried mothers (Table B.6, Annex).

Chart 3.3 House building in Romania (tens of thus),

* estimate

Source: Romania's Statistical Yearbook, 1993 and Quarterly Statistical Bulletin (CMS), No 3/1993

Birth rate Death rate

Chart 3.4 Gross birth and death rates in Romania 1980-93

Source: MONEE Database

Table 3.3 - Proportion of women by groups of fertile age 1989-1992

	'89	'90	'91	'92
Age group 15-39 years				
ALBANIA	42.6	42.5	-	-
BULGARIA	33.9	33.6	33.6	33.5
THE CZECH REPUBLIC	34.4	34.5	34.5	-
HUNGARY	33.9	33.9	33.9	34.2
POLAND	36.8	36.6	36.6	36.2
ROMANIA	36.3	36.2	36.2	35.9
RUSSIA	35.9	35.6	35.6	35.1
SLOVAKIA	37.3	37.3	37.3	-
UKRAINE	33.5	33.4	33.4	33.4
Age group 20-29 years				
ALBANIA	18.8	18.3	-	-
BULGARIA	12.9	12.8	12.8	12.8
THE CZECH REPUBLIC	12.4	12.6	12.7	-
HUNGARY	11.9	11.9	12.0	12.2
POLAND	13.3	12.9	12.7	12.7
ROMANIA	13.7	14.0	14.3	14.0
RUSSIA	14.0	13.5	13.0	12.5
SLOVAKIA	14.1	14.0	13.8	-
UKRAINE	13.2	12.9	12.7	12.5

Source: MONEE Database

Table 3.4 - Changes in fertility rates in Romania 1989-1992

	'89	'90	'91	'92	Added differences 1989-1992 %
Overall fertility rate	66.3	56.2	48.7	47.2	-28.8
Fertility rate by age groups					
15-19 years	59.3	51.2	49.8	48.8	-17.7
20-24 years	169.1	145.2	131.1	126.5	-25.2
25-29 years	118.0	97.8	78.6	80.6	-31.7
30-34 years	58.8	46.4	34.2	30.4	-48.3
35-39 years	25.6	19.4	13.9	13.0	-49.2
40-44 years	7.1	5.5	4.0	3.8	-46.5
45-49 years	0.4	0.4	0.3	0.2	-50.0

Source: MONEE Database

The rise in teenage birth rate may generate deep long-term negative consequences for both mother and child. In general, becoming a mother at an early age prevents the woman from completing her education and from getting a satisfactory training and qualification. The very young families moreover usually lack the necessary economic conditions and the adequate psychological maturity for bringing up their children properly.

Giving birth to a child at an early age is often undesired, or it reflects family planning incapacity. In both cases, there is a high risk of the child being abandoned or institutionalized. This is perhaps the major source of the continued relatively high rate of child abandonment in Romania after 1989. The child moreover runs the risk of being brought up in poverty and in a family background affected by psychological and social problems which are much more severe than in mature families.

In Romania, and to a certain extent also in Albania, Bulgaria, Russia, the fall in the number of births is due especially to the explosive growth in the number of **abortions**, and not to the use of more modern but less harmful birth control methods.

The over eight-fold growth in the abortion rate compared with the number of live births in 1990 over 1989 (Table B.8, Annex) is a singular phenomenon in point of size in the area. On the other hand, it reflects the tough suppression of any family planning wish during the former regime.

All these data show however very clearly that there was a considerable proportion of illegal abortions before 1990, a fact which explains the high mother death rate, the spread of various women's diseases including sterility.

The abortion explosion also explains the fall in the number of births. Their number decreased by 107,000 between 1989 and 1992.

Although the number of abortions started to diminish in 1992, their extremely high number still registered at present poses an alarming problem for our country due to their many-sided consequences for women's physical and psychic health and for the birth rate.

Increase in the gross death rate

With the exception of the Czech Republic and Slovakia, where the death rate went down or stagnated over 1989-1992, in the other countries it has dramatically increased (Table A.2 and Chart 3.5).

In Russia it has acquired the dimensions of a social catastrophe, going up by 33% between 1989 and the first seven months of 1993.

In Romania, the death rate increase is half the one registered in Russia, however still very high (16%). The growth is not caused mainly by the population aging (which is another major factor - Table 3.5.), but particularly by the higher death rate in the age groups of over 40 years.

Table 3.5 Share of population aged 60 and over in the total population (1989-1992)

	1989	1990	1991	1992
ALBANIA	7.8	8.0	-	-
BULGARIA	18.9	19.4	19.6	20.2
THE CZECH REPUBLIC	17.6	17.7	17.9	-
HUNGARY	18.8	19.0	19.1	19.2
POLAND	14.6	14.9	15.1	15.3
ROMANIA	15.4	15.7	16.0	16.4
RUSSIA	15.3	15.8	16.2	16.5
SLOVAKIA	14.7	14.8	14.9	-
UKRAINE	18.0	18.3	18.7	18.8

Net natural decrease of the population

As a consequence of the fall in the birth rate and of the rise in the death rate, the number of population in most countries in the region started to decrease in absolute terms or to decrease at a faster rate than earlier trends had indicated (Table A.4, Annex). In Romania the phenomenon started in 1991 (Chart 3.6), registering a sharp decline in 1992.

In Hungary the birth rate has been lower than the death rate since 1981. In the other countries, the impact of the crisis and of economic insecurity associated with the transition generated this structural demographic change later: Bulgaria in 1990, Ukraine in 1991, Romania and Russia in 1992. In Poland and Slovakia the number of births is still higher than the number of deaths, but the difference is narrowing. It is only the Czech Republic that shows a different trend: after the population growth stagnated in 1989-1990, a population growth tendency developed after that time.

Table 3.6. shows that in Hungary and Russia the annual natural decrease rate of the population has been on the rise in the past few years; in Bulgaria it has kept at the same level, while in Romania it is going down. The major cause of this natural decrease of the population (or of the sluggish increase rate) is the sharp decline in the number of births. The death rate too contributes to an ever greater extent to this decrease, registering the highest levels in 1992-1993 in Bulgaria, Romania and Russia.

Chart 3.5 Gross death rate in Bulgaria, Hungary, Poland, Romania, Russia

Table 3.6 Natural population increase and annual changes

		'89	'90	'91	'92	'93	Total
Bulgaria	Natural increase* (per 1,000 pop.)	0.7	-0.4	-1.7	-2.1	-3.1	-
	Annual natural increase rate, of which:						
	% due to low birth rate	-	-1.1	-1.3	-0.4	-1.0	-3.8
	% due to high death rate	-	54.5	76.9	150.0	10.0	60.5
		-	45.5	23.1	-50.0	90.0	39.5
Hungary	Natural increase* (per 1,000 pop.)	-2.0	-1.9	-1.6	-2.6	-4.1	-
	Annual natural increase rate, of which:						
	% due to low birth rate	-	+0.1	+0.3	-1.0	-1.5	-2.1
	% due to high death rate	-	500	66.7	60.0	53.3	33.3
		-	-400	33.3	40.0	46.7	67.7
Poland	Natural increase* (per 1,000 pop.)	5.0	4.3	3.8	3.3	2.6	-
	Annual natural increase rate, of which:						
	% due to low birth rate	-	-0.7	-0.5	-0.5	-0.7	-2.4
	% due to high death rate	-	71.8	20.0	180.0	57.1	79.2
		-28.6	80.0	-80.0	42.9	20.8	
Romania	Natural increase* (per 1,000 pop.)	5.3	3.0	1.0	-0.2	-0.3	-
	Annual natural increase rate, of which:						
	% due to low birth rate	-	-2.3	-2.0	-1.3	-0.1	-5.7
	% due to high death rate	-	104.3	85.0	41.6	103.3	86.0
		-	-4.3	15.0	58.4	-3.3	14.0
Russia	Natural increase* (per 1,000 pop.)	4.0	2.4	0.8	-1.4	-4.8	-
	Annual natural increase rate, of which:						
	% due to low birth rate	-	-1.6	-1.6	-2.2	-3.4	-8.8
	% due to high death rate	-	75.0	87.5	63.6	35.2	59.0
		-	25.0	12.5	36.3	64.7	41.0

* Natural increase is the difference between the gross birth rate and the gross death rate (per 1,000 pop.)

Source: *MONEE Database*

Growing emigration

The dimension of emigration is considerably underestimated in all countries in the area: only legal emigration is generally registered, while illegal migrants (most offer travellers declaring tourist purposes, followed by an indefinite stay in the West) are not registered. The data used here must be considered therefore as only indicative of this

process, and not as absolute level estimations.

In all countries of the region, the period of transition is accompanied by a considerable growth in the emigration flows, accounting for 0.2-0.4% of the total population in Russia and Ukraine and down to lower figures in the Czech Republic and Poland. In Romania, according to the existing incomplete data, the highest level of legal emigration took place in 1990, without however being as high

as the levels registered by Russia or Ukraine. Perhaps the highest emigration level was registered by Bulgaria: between 1989 and 1992 about 470,000 people (about 5% of the population), especially belonging to the Turkish minority, left the country.

With the exception of the Czech Republic and Slovakia, the natural population decrease has been substantially accentuated by the wave of emigration to the West. Emigration may have severe medium and long-term negative consequences, as especially healthy, well-educated young people are involved in this process.

Undesirable effects of the "demographic adjustment"

A number of general conclusions can be drawn from the study of the demographic processes in Romania, which are to a very large extent similar to those in all the other European countries in transition. All of them indicate processes with short/long term negative effects which call for special consideration.

- An absolute decline in the number of population, to the extent to which it stems from a declining birth rate, leads to the aging of the population and to the deterioration of the **elderly/active dependence ratio**.

- The change in the proportion between sexes within the childbearing age groups brought about by the higher male death rate and male emigration rate makes the starting of new families more difficult; contributing to the lower number of marriages are also the economic difficulties and the feeling of uncertainty.

- These factors may considerably weaken the country's fertility potential on the short term, while the decline it causes in the birth rate will have the same impact on the long term.

- The drastic fall in the birth rate leads to a growing proportion of one-child families. The children of such families run the risk of serious socializing drawbacks because of weaker links with other children due to lower enrollment in pre-school education forms.

- The rise in the number of very young or unmarried mothers, the latter phenomenon being much less registered in Romania but quite alarming through its dimension in other countries in the area

(Russia, the Czech Republic, Hungary, Ukraine) is another factor which contributes to a rise in the number of children **running the risk** of being abandoned, institutionalized or brought up in poverty.

- Emigration may lead to a substantial drain of the country's human capital and intellectual resources.

RISE IN DEATH RATE OF MOST AGE GROUPS AND FALL IN LIFE EXPECTANCY

As we could already see, in all countries in the region (with the exception of the Czech Republic and Slovakia), the death rate has generally gone up, and especially the male death rate. In Romania, for instance, the male death rate in 1992 was 109% over 1989, while the female death rate was 104.1%.

The rise in the death rate was not uniform for all age groups, but higher for the people aged over 40. This differentiation is very visible in Romania. The death rate generally decreased up to the age of 40 and increased considerably after that age. Perhaps some measures to improve medical care were much more efficient in the case of the young population, while the older generation suffered of an accumulation of adverse effects caused the misery experienced over the past two decades. The worsening of living conditions in 1991 and 1992 perhaps did not have the time to leave a mark on the death rate with the exception of the cases where it found a more fragile ground, that is the older generation upon whom the period of transition has perhaps inflicted a more powerful shock.

Infant mortality has sensibly gone down in Romania from the extremely high levels before 1989, but it continues to be by far the highest in the area, with the exception of Albania (Chart 3.7 and Tables G.4, G.5 and G.7, Annex). Quite surprising is the rise in infant mortality in Bulgaria, Russia and Ukraine, despite the lower birth rate.

There is a stationary mortality at the 20-29 years age group in Romania, but this rate shows a tendency to go up in Russia (31%), Ukraine (14%, only for the first three years), Hungary (11%), Bulgaria (6%).

As a result of the steep rise in the male death rate in most countries in the region, life expectancy,

too, went down between 1989 and 1992 (Table A.3, Annex): in Russia it dropped by 2.0 years, an amazing decrease for peacetime, in Bulgaria and Hungary by 0.8 years, in Poland by 0.7 years. In Romania male life expectancy kept at the same level. This steady life expectancy against the background of a growing death rate can be explained by the differentiated evolution of the death rate by ages: the steep rise in death rate for people over 40 was compensated by a fall in death rate for people under 40. Female life expectancy was steadier: in Bulgaria and Russia

it has gone up by nearly one year; in the Czech Republic and Romania it evinces a tendency to improve by 0.7 and 0.5 years, respectively; in the other countries it is more or less the same.

A major indicator of the shock caused by the

Chart 3.6 Variations in population size in Romania (in thous.) over the previous year
Source: MONEE Database

Chart 3.7 Infant death rate (per 1,000 live births)

Source: *MONEE Database*

period of transition is the suicide rate. In certain countries this rate has kept at the same level; it has registered significant rises in Poland (by one third), in Bulgaria (by 5%) and perhaps a high increase in Russia and Ukraine, but the available data do not make possible a more accurate assessment in those two countries. In Romania the phenomenon registered a recession until 1992 when deaths by suicide, in absolute figures, went up by 4.8% over 1989.

There are signs that due to growing poverty, associated with the breakup of some of the fundamental social structures, and to the lack of social-institutional control, the number of violent deaths (especially among men), caused by accidents (domestic, traffic or work accidents), poisoning or manslaughter is on the rise. In Russia, for instance, the numbers of deaths caused by alcohol intoxication was 2.4 times higher in the first 6 months of 1993 over the same period of 1992; the number of manslaughter cases over the same period went up 1.6 times.

CHANGES IN MORBIDITY AND NUTRITION

The changes in morbidity show some significant variations. In the Central European countries a finalization of what is called "the epidemiological transition" can be noted: a decline in infectious, parasitic and digestive diseases and a rise in degenerative and environment-induced diseases. In South-Eastern and Eastern Europe this tendency is aggravated by the exacerbation of diseases induced by the serious pollution of the environment and by the re-emergence of the "poverty-related" diseases: infectious, parasitic and sexually transmitted diseases. An increase in the poliomyelitis cases was reported in Bulgaria in 1991 and 1992 and also in those of tuberculosis in 1991. In Russia diphtheria cases doubled in 1991 over the previous year, those

of syphilis went up by 80% and lung tuberculosis - by 11%. The situation grew even worse in 1993: in the first 5 months of that year compared with the same period of 1992 diphtheria cases went up by 100%, chicken pox by 280%, tuberculosis by 24%, syphilis by 150% and gonorrhoea by 70%. In Romania, too, there were considerable increases in point of certain diseases: trichinosis (126.7%), AIDS (67.3%), measles (56.6%) syphilis (29.4%), tuberculosis (13.9%).

Besides the worsening of living conditions and the tendencies towards social disintegration (failure to observe preventive regulations, for instance), also to blame for the worsening of the health condition is the medical assistance system whose resources, poor as they were in the 80s, have considerably shrunk in the first years of the period of transition or have gone up at a much slower pace than that of the most pressing needs. Investments in new capacities have practically been blocked. The use of medicinal drugs in certain countries has dramatically fallen. In Russia, for instance, it has gone down to 70%, Table G.2 in the Annex shows that children's immunization rates have diminished in Albania, Bulgaria and Russia; in Romania they have increased since 1991, thanks to UNICEF in particular.

As to nutrition, a deterioration in a varying degree has taken place in the past few years. Its effects on the state of health are however more difficult to tell.

Before 1990 **malnutrition** in this part of Europe was relatively rare. But the population of the entire area suffered a series of nutrition - related problems: the high proportion of underweight new-borns, the low number of breast-fed babies, unbalanced diets, micronutrient deficiency; high consumption of products rich in cholesterol (animal fat), bread, salt, sugar, alcohol and a low consumption of high-quality meat, fruits and vegetables. It is in particular the families on low incomes, who account for a

considerable number in the total population, whose typical food consumption is of a nature to bring about imbalances in their health condition. In Romania this problem was severely aggravated in the last years of the past decade by the severe scarcity of food stuffs, most of which were exported in the effort to pay back the foreign debt in advance.

The drop in real incomes after 1990, while prices of the food stuffs in Romania have gone up at a much higher rate than the prices of non-food products, has had a negative impact on the population's nutrition. This effect is partially compensated by two factors. First, food stuffs are no longer scarce, which gives the possibility of a wider choice. Second, food production in private households is expanding. The share of consumption of food products produced in one's private household increased in Romania between 1990 and 1992 from 21% to 31% in the families of employees, from 24% to 34% in the pensioner's families and from 68% to 80% in the peasant's families.

Despite all this, **per capita average consumption** between 1989 and 1992 decreased in the case of many categories of food products (Tables E.14-E.16, Annex) in all countries in the area. Meat consumption decreased by 8 to 19%; milk consumption - between 12 and 30% (with the exception of the Czech Republic and Romania), while the consumption of bread and the like increased by a few percentage points in all countries, except for Hungary, Romania and Poland.

With the exception of the Czech Republic, in all the other countries, despite the reorientation of consumption towards cheaper food stuffs, richer in calories, the **per capita average number of calories** decreased by 5 to 9%. This decrease is not however alarming, as consumption is still up to international standards, perhaps with the exception of some zones in Russia. It might become a serious problem for the groups on low incomes. It is quite possible that food consumption among the groups on low incomes should have decreased both quantitatively and qualitatively to a much greater extent, and the development of malnutrition symptoms of an alarming frequency is not excluded.

In Romania the **per capita average consumption of calories** sensibly went down in

1992 (from **2,949** in 1989 to **3,038** in 1990 and to **2,679** in 1992). The considerable improvement of the entire food consumption in 1990 was followed by a regressive tendency. Quite illustrative is the **per capita average meat and fish consumption**: from **57.1 kg** in 1989 (after a growth to **66.1 kg** in 1990), down to **45.8 kg** in 1992 (Tables E.14 - E.17, Annex).

SHARP DECLINE IN CHILD CARE AND ATTENDANCE OF PRE-SCHOOL SYSTEMS

The sharpest decline was registered in point of pre-school system attendance. With the exception of Hungary, this tendency is visible in all countries in the region. In our country, the situation is particularly serious, being second only to Poland (Table 3.7 and Table G.10, Annex): attendance rate decreased from 63% in 1989 to 53% in 1992. It seems however to have stabilized in 1992.

Table 3.7 - Places in kindergartens in Romania 1989-1992

	1989	1990	1991	1992
Places in kindergartens (per 1,000)	814	812	811	801
Children in kindergartens (per 1,000)	836	752	742	752
Occupancy rate (%)	103	93	92	94
Attendance rate - total (%)	63	54	52	53
Fees/average salary (%)	10.0	21.4	14.5	10.6
% borne by the family	69	82	59	51

Source: MONEE Database

Although the role played by kindergartens in children's development is unanimously acknowledged, in Central and Eastern Europe children's enrollment in kindergartens has always been done on a voluntary basis. The active policy of encouragement of kindergarten attendance led to a high attendance rate, but as attendance was not compulsory, the state resources earmarked to kindergartens were the first to be cut down in

situations of austerity and, on the other hand, parents stopped their children from attending kindergartens whenever they encountered economic or other difficulties. The fact that kindergartens are under the control of local authorities, while the latter's budgets are still extremely low, may generate extremely serious problems in the years to come. The difficulties have deepened with the liberalization of prices for food and fuels. To make up for these difficulties, there is a general tendency to introduce attendance fees, a fact which increases the likelihood that families with economic difficulties shall withdraw or decide not to enrol their children in kindergartens. In Romania, the cost of kindergarten attendance is among the highest in the area, with the exception of Poland (Table 3.8). In the Czech Republic, Slovakia and Hungary families pay only for the meals in kindergartens. Perhaps the decrease in fees which followed after the 1990 explosion explains the stabilization of kindergarten attendance in the subsequent years and even the tendency towards higher enrollment in 1992. The lack of transport facilities to and from kindergartens in Romania creates additional difficulties to families in sending their children to such educational establishments.

This situation seems to be quite disturbing as kindergartens, especially in the case of children aged 5-6, make an essential contribution to the children's intellectual development and socialization, particularly when they are only children in the family or are brought up in poor families.

Table 3.8 - Fees for kindergarten attendance and attendance rate (Romania)

	1989	1990	1991	1992
Bulgaria	13	10	9	15
The Czech Republic	a)	a)	a)	a)
Poland	25.0	30.9	36.7	-
Romania	10.0	21.4	14.5	10.6
Ukraine	6.0	6.0	6.0	6.0
Hungary	a)	a)	a)	a)

a) Parents pay only for the meals

CHANGES IN PRIMARY, SECONDARY AND HIGH SCHOOL ATTENDANCE

During the socialist regime education was

compulsory in its first 10 forms or until the age of 16. To make this obligation more realistic, after 1989 it was reduced to the first 8 years or up to the age of 14.

Due on the one hand to the relaxed control for school attendance and to a certain disruption of the school system, and on the other hand to the poverty explosion, after 1989 Romania has registered a considerable decrease in primary and secondary school attendance (Tables G.11 and G.12, Annex). Between 1989 and 1992 the school attendance rate (% of the relevant population) went down from 97.3 to 93.9 for primary and secondary school and from 91.1 to 71.3 for high school, in this way Romania having the lowest attendance rate, except for Bulgaria, among the countries in the area about which there are available data.

There are several explanations for this trend. Perhaps the degradation of education conditions is a factor of lesser importance. A much more important role is played by the relaxed control over compulsory school attendance, in conjunction with a smaller pressure on the teaching staff to see to an adequate attendance. There are two more factors which make an important contribution along this line. On the one hand, the **erosion of the relevance of education to social success** explains to a large extent the children's and parents' diminished interest in school. A lot of opportunities to get rich overnight have shown up in the period of transition. The mirage of facile success in business has taken hold of people's imagination. The rise in unemployment, especially in industries, makes it rather irrelevant, particularly for the youth, to enrol in vocational schools, which once finished no longer guarantee a secure job. Perhaps, in their turn, vocational schools functioning under enterprises have considerably reduced their offer due to the difficulties the enterprises themselves are encountering. On the other hand, the **present opportunities for children to get often substantial incomes** makes school attendance less and less attractive. Activities in the parallel economy, begging under various forms, (such as "windshield wiping"), have greatly lured a large number of children and especially teenagers. The temptation of additional incomes has got hold of some categories of parents as well, who would rather send their children begging than to school. The privatization of

agriculture and the expansion of small and family businesses have put growing pressure on parents to involve children in the economic activities, to the detriment of school attendance. This is the obvious trend among the Romany population. In the new context, the child can become a source of income, a phenomenon which was much more restricted in the socialist regime. Certain families confronted with deep poverty realize that the use of children for getting additional incomes is the only way to survive.

However, the most important factor seems to be **the rise in the education cost** which, according to MONEE data, is higher in Romania compared than in any of the neighboring states about which there are available data (Table 3.9).

Table 3.9. - Education cost, per cent of expenditures of active families

	The Czech Rep.	Poland	Romania	Slovakia	Hungary
'89	0.29	0.60	4.51	0.22	0.88
'92	0.67	1.54	6.70	0.34	1.15*

* Valid for 1991

Particularly after the price liberalization, the cost incurred by a family when sending the child to school (school supplies, clothes, some contributions demanded by the school) has gone up rapidly, becoming quite prohibitive for many poverty-stricken families. Poverty grows into a major form of educational discrimination.

The relevant law provision that children's allowances be granted only depending on school attendance may have a positive impact on school attendance. But if not associated with other forms of support for the poor families to enable them to send their children to school, its effect will be considerably diminished.

GROWING DIFFICULTIES OF SOCIALIZATION AND A RISE IN YOUTH AND ADULT CRIME

The swift process of transition has generated a specific social and moral crisis which affects teenagers and young people in particular. A certain

confusion of values over ways to achieve social promotion in the new society and integration into the mature life or to get trained for such a life, is a major source which fuels the teenagers' and youths' crises. The whole tissue of social life has deteriorated, increasing the teenagers' difficulties in point of social orientation. The youth organizations, which had entered a fast decline already back in the 1970s, practically ceased to exist after 1989, leaving behind an empty place.

Social authority, including that of the grownups, passes through a period of crisis as well.

Crime has exploded, offering the teenagers a medium with a powerful negative influence.

In all countries in the region (Table G.17, Annex) the number of reported crimes has soared, especially in urban areas. In Romania, according to statistical data, the number of crimes almost doubled in 1992 over 1989 (Table G.17, Annex), while in countries like Bulgaria, the Czech Republic, Slovakia the rise was much higher. An even more noxious influence on the social climate is caused by the large number of unsolved crimes, their number in certain countries in the region amounting to half of the reported cases.

The rise in crime during this period could be explained especially by the economic difficulties confronting a large segment of the population, by the widening economic difficulties that generate multiple frustrations as well as by the relaxed social and institutional control that followed immediately after the Revolution and by the ensuing legislative confusion which offers opportunities for crime. Data from certain countries in the area - Russia, Poland, Hungary - suggest that an important factor which fosters crime is the alarming rise in alcohol consumption.

In Romania final prison sentences in 1992 over 1989 went up by 17% while in the case of minors they increased by 64.6%. Besides infringements of the laws concerning property, murder and rape cases have registered a considerable increase. Between 1989 and 1992, in Romania murder cases went up by 20%, manslaughter cases by 58% and rape cases by 50%. The reported child abuse cases (including sexual abuse) have risen in some countries (Poland), but not in others (Hungary). The deepening poverty and the liberalization of society have brought about a rise in child

prostitution and in prostitution in general.

An alarming phenomenon is posed by the rise in youth crime. The number of convicted teenagers (aged 14-18) has considerably gone up in Romania: from 12 per 100,000 inhabitants in 1989, to 19 in 1992 (Table G.16, Annex). Such an explosion can be explained on the one hand by the fact that it is children and youth in particular that are affected by poverty and economic inequalities, and on the other hand by the weakening of the institutions whose mission is to socialize children and youth (family, school, children and youth organizations) and of the administrative and police control agencies. The lower school attendance is an essential factor in "driving out in the streets" a considerable number of children and in exposing them to crime pressures and opportunities. The dramatic fall in the funds for cultural activities and sports, for the organization of the youths' leisure time, is another cause of the rise in crime and so is undoubtedly the growing unemployment among the youth. Finally, the fast development of the parallel economy, complemented by the lack of legal regulations for the newly-emerged spheres of activity, generates a growing proportion of possibilities of abuse, labour exploitation and even crime. Faced with increasingly severe economic difficulties, to which the confusion of values should be added, the family risks to relax its capacity of supervision of the youths' socialization process.

ABANDONMENT, ADOPTION AND INSTITUTIONALIZED CHILDREN

A characteristic feature of the policies promoted by the socialist regimes in all countries in the region was the preference to commit the children coming from families with problems to specialized state institutions, instead of trying to increase social support for such families. That phenomenon is very clearly illustrated by the situation in former Czechoslovakia. There, out of the institutionalized children (about 1% of the population of that age) only 2% had lost both parents; of the institutionalized children, only 10% were adopted and 3% were put under foster

care with other families. Concerning Romania we do not have enough data about this aspect before 1990, but the proportion of institutionalized children was much higher than in all the other countries in the region (see Chapter 7). In the past 3 years, the number of institutionalized children in all the neighbouring countries has evinced a downward trend, and that holds good for Romania, too (Table G.15, Annex). Specialists in these countries suggest as one of the explanations of this situation the fall in the funds earmarked for these institutions and, consequently, the degradation of living conditions in such institutions. In the past 3 years in Romania, following the concern expressed by the national and international public opinion over the improper living conditions in institutions for children, the funds allocated by the state have gone up, while at the same time help came from many international organizations. A matter of concern however is the fact that living conditions in such institutions at present are much better than in many families, a fact which would make institutionalization more attractive as a solution in the face of worsening living standards. With the abortion liberalization and the severe drop in the birth rate in Romania we would expect a greatly diminished institutionalization of children aged 1 - 2 years. Although their number did go down, this decrease is below expectations. A plausible explanation would be that many families who first wanted to have children, when suddenly and brutally confronted with the difficulties of life, decide to institutionalize their children.

Difficulties and confusion in the legislation on adoptions, the lack of a professional system which should back up families and family education, as well as foster care are extremely important factors explaining why the number of children in institutions is still so high. Here, more obviously than anywhere else, the legal-administrative confusion and the confusion of values have had an extremely negative impact.

4. CAUSES OF WELFARE DETERIORATION

This Chapter will be focused on the possible causes of the changes in the social and economic living conditions which have occurred in the post-revolutionary period of time. Due to the intricate nature of the problem, in this Report we shall make a brief review of just some of the factors which seem to be more important to us, and we shall make a more detailed analysis of the issue in subsequent reports.

The dramatic fall in economic performance in recent years (Chart 4.1) has been reflected in the catastrophic deterioration of living conditions and particularly in a surprising growth in the number of **poor people** and in the **poverty level**.

Chart 4.1 GNP in Romania (1989=100)

The poverty explosion is due to the **changes** in three sets of variables, namely:

- changes at the level of **overall incomes**
- changes in **income distribution**

- changes in the **level** and **type** of the transfers made by the State through the **system of social protection**.

In this Chapter we shall analyze the first two aspects, and in the next we shall concentrate on the third aspect - the way in which the groups of people in difficulty are supported through the system of social protection.

CHANGES IN INCOME LEVEL AND STRUCTURE

After a spectacular growth in 1990, the **per capita real incomes** have massively diminished in the past two years (Chart 4.2).

Table F.1 (Annex) shows that in all European countries in transition there has been a sharp fall in the population's real incomes, to a lesser extent in some of them (the Czech Republic and Hungary), to a greater extent in others (Bulgaria and Russia). It is only in Romania that in the first year after the Revolution there was a spectacular growth, followed by a steady and continuous decrease (Table 4.1).

Table 4.1 Growth rates of per capita overall real incomes over the previous year, in several countries

	Romania	Bulgaria	Poland	Russia
1990/ 89	+26.1	-1.7	-27.7	+2.1
1991/ 90	-18.1	-40.4	-0.6	+2.1
1992/ 91	-13.9	+3.4	-2.1	-26.1
1993/ 92*	-11.1			

* Estimate

In Romania, it is wages that hold the biggest share in family incomes. In 1992 this share stood at 73.3%. After 1990, household incomes have decreased in particular because of the fall in the wage-based incomes. This fall has two causes:

- A decrease in the number of wage-earners in a family due to the rise in unemployment and to the possibility to be pensioned off before reaching the age limit, a possibility introduced in 1990. From nearly 0 in the first half of 1990, unemployment

went up to **10.1%** by the end of 1993. In Romania the number of wage-earners diminished by 17.4% (1,356.4 thous.) in 1992 over 1989. Over the same period of time, the average number of wage-earners in the families went down from **1.71** to **1.65**. Part of the wages was therefore replaced with lower incomes (pensions and unemployment benefits) or no incomes at all.

- The real wages have collapsed. In the past 3 years real wages have dramatically fallen in all the countries in the region (Chart 4.3 and Table E.3, Annex): at the end of 1992 the fall in wages in the countries of the region reached or even exceeded 30%, with the exception of Hungary where the fall stopped somewhere around 15%. In Russia and Albania - the countries most affected in the process of transition - the fall in real wages has acquired catastrophic dimensions, their value in mid 1993 representing 60% of the 1989 value.

The sharpest fall in real wages coincided with the introduction of the "big bang" reforms in point of price and trade liberalization: 1990 in Poland, 1991 in Romania, Bulgaria, the Czech Republic and Slovakia, 1992 in Russia.

In Romania, too, the real wages have gone down as a consequence of the explosion of prices after their liberalization. The **corrective inflation** that has taken hold of the Romanian economy in the past few years has been not only an expression of the resettlement of prices on a natural basis, but also the outcome of a series of imbalances which had to be corrected:

- The elimination of the suppressed inflation which had gradually accumulated before 1989, when the population had financial resources in excess of the commodities and services available on the market. In 1990, due to massive imports of consumer goods at subsidized prices and to a substantial cut down on exports, especially food exports, the suppressed inflation artificially receded for a short while. It however showed up again towards the end of 1990, as imports shrank following the depletion of resources.

- The spectacular fall in production which inevitably was mirrored in the shrinking real wages, with prices going up faster than incomes.

- Wage increases obtained artificially, not due to a rise in production, but as a result of social-

political pressures.

Beginning with the summer of 1990, the Government has kept a tight control of wage increases, this being one of the main anchors of the programme of stabilization. The wage rise control has been achieved in two distinct ways: on the one hand, efforts have been made for a most efficient slow-down of the wage-rise, as the main lever to control inflation, and on the other hand a decrease in the real value of wages has been promoted through partial indexation (60%)

in relation with the price rise.

This severe wage-shrinking has had perhaps also a negative effect, besides the positive one pursuing macroeconomic recovery: it has decreased, according to Keynes' model, the aggregate social demand, which in its turn had an inhibiting impact on economic relaunching.

Chart 4.2 Per capita real incomes against 1989 (100%)

* Situation in the first 3 quarters of 1993

Source: Family budget, CNS

Chart.4.3 Growth of real wages (%) against 1989

The provisional data of 1993 do not show a consistent tendency for a reversal of the negative trend concerning real wages in any country.

There are however compensatory mechanisms which annihilate to a certain extent the negative influence of the decrease in wages on family incomes: the growing contribution of other income-generating productive activities. A case in point is work in agriculture, whose contribution increases by 4% the incomes of wage-earning families and also other odd jobs which contribute a 5% increase. (Table 4.2).

Table 4.2 Contribution of various income sources to aggregate nominal incomes of wage-earning families

	'89	'90	'91	'92
Wages	80.2	73.6	76.5	74.4
Work in agriculture	10.5	13.0	13.1	14.9
Other earned incomes	1.2	5.9	5.3	63.3
Transfers from social security funds	8.1	7.5	5.1	4.4
of which: pensions	1.2	1.1	1.0	1.0

Source: Family Budgets, National Commission for Statistics

There are other sources as well contributing to family incomes besides wages and salaries. First of all the **pensions**. Pensions have undergone an even deeper erosion in real terms than wages. While, for instance, nominal wages increased 6.7 times in 1992 over 1989, pensions increased only 6.1 times. Table 4.2 indicates that the contribution of pensions to the incomes of wage-earning families registered even a slight decrease.

Other sources develop in the new system of the market economy: property incomes which are still

rather insignificant in Romania, profit incomes and incomes deriving from activities on one's own account. The last category increased its share in Romania from 8.8% in 1989 to 9.9% in 1992. These figures seem however to be much below the real dimension of the phenomenon. The incomes deriving from such sources are perhaps much higher in actual fact. Although the incomes resulting from property, profit and activities on one's own account have registered a fast upsurge in the past few years, their contribution is still relatively modest, so their increase could not counteract the massive drop in wages and pensions.

Finally, a contribution to the family incomes is also made by **transfers through the social protection system**. We shall deal with them in the following chapter. What comes out however from Table 4.2 and Table F.3 (Annex) is that their contribution (pensions, children's allowances, unemployment benefits, etc) to the household incomes is reduced. In the case of wage-earning families, the share of such transfers in the overall incomes even went down by 3.5% in 1992 over 1989.

GROWING INEQUALITY IN INCOME DISTRIBUTION

Income distribution is an important factor in explaining the causes of poverty. The more unequal it is, the higher the poverty level in the respective community.

Transition to a market economy is expected to bring about a growth in **income inequality**. Several factors can be suspected to contribute to this situation:

- A greater differentiation among **wages**. The nature of the socialist wage system was excessively equalizing. As a counter-reaction to that policy, one of the most clearly defined aspirations of the community was to reach a greater differentiation of the wages depending on individual capacity and performance.
- The growing contribution of the incomes deriving from **activities on one's own account and**

from property to the overall incomes. These types of incomes are usually much more unequally distributed than the other types of incomes, for instance wage-based incomes. Given the growing share of these incomes, we can expect a substantial rise also in the inequality of income distribution.

- **The transfers through the social protection mechanisms** tend to act in the opposite direction: in principle they have a progressive character, being oriented towards a redistribution of the incomes from the rich to the poor. These transfers contribute therefore to a greater income equality. This source however still makes a reduced contribution to the family incomes.

The data on the family budgets in all countries (Table F.3, Annex) indicate a certain increase in the inequality of income distribution, although not so spectacular as expected. Somewhat greater but still modest increases are registered in Romania, Russia and Ukraine. In the Czech Republic the data show even a decrease in inequalities, while in Slovakia and Poland no changes seem to take place as far as income inequality is concerned.

Chart 4.4 shows that in Romania a relative decrease occurred in the incomes of the poorer families and an increase in those of the richer families. The families in the first 4 tenths with the lowest incomes held in 1992 a share in the overall incomes which was lower than in 1990, while the families in the last 5 tenths increased their share in the overall incomes in 1992. That was due to the growing differences among wages, the reduced level of state transfers to the overall incomes (see the following Chapter) coupled with the latter's less progressive character, as well as to the growing proportion of incomes deriving from activities on one's own account. Just for comparison, here is the case of Poland where losses are registered in all the first 9 tenths, while massive additions can be found only in the 10th decile (Chart 4.5).

The low differentiation of incomes in nearly all the countries of the region can be explained by several factors. A first factor, which is going to be examined in detail in the following Chapter, could be the big transfers made through the system of social protection in the period of transition. A second factor - the progressively drastic taxation levied by the Government on the growing gross wages. Third - two types of systematic errors

common to the present system of family budget assessment. The former type of error arises from the tendency to systematically and grossly underestimate the income distribution extremes, where the most dramatic differentiation seems to have occurred: the poorest as well as the richest families seem to have been sensibly overlooked in the sample under consideration. But it seems biggest differentiation developed at the level of these two categories. The latter type of error is the underrating of the incomes deriving from activities on one's own account, from property and the complete overlooking of profit-generated incomes. In all the countries covered in the study these incomes, which have probably increased and are generating major differences, seem to have been systematically underestimated. They have increased to a much greater extent than the available data suggest, but as most of them originate from the "hidden economy", they tend to be underestimated and under-recorded. These assessment errors tend to significantly underestimate the dimension of income differentiation.

To assess the true dimension of this distortion, the results of other analyses should be taken into account as well. In the S_R_CIE-93 study carried out by the Institute for Quality of Life Researches on a random national sample, where the distribution extremes seem to be better represented, the **Gini coefficient** is sensibly higher than the one resulting from the statistical family budgets: **35.4** compared with **25.1**.

As wages are the major family income source, we should dwell a bit longer on their distribution. Wage dispersion seems to have extended to a certain extent, but not so much as expected. There are three factors in particular that can explain this phenomenon:

First, the fact that the large majority of state-run units do not perform well at all, so they cannot afford a substantial rise in salaries conducive to a greater differentiation.

Secondly, the strategy adopted in order to cope with recession brought about by the transition. To a greater or lesser extent, adjustment to recession in all the countries has been done not so much by increasing unemployment, but rather by cutting down on the employees' salaries. In many units a restriction of wage differentiation was preferred to

growing layoffs.

And a third factor was the governmental policy of moderating wage rises, which in its turn has kept wage differentiation at a low level.

In Romania wage differentiation has occurred along several directions.

Perhaps the most spectacular indicator of this differentiation in the **ratio between the minimum**

Chart 4.4 Proportion of each income decile of the total income in Romania in 1990 and 1992. The block part is the difference 1992/1990

Chart 4.5 Proportion of each income decile of the total income in Poland in 1990 and 1992. The black part is the difference 1992/1990

wage and the average wage. While in 1989 the medium wage was very close to the minimum one, the distance between them has grown very much in the subsequent years (Table 4.3).

Table 4.3. - The evolution of the minimum and of the average wage in Romania

	Minimum wage	Average wage	Minimum wage as per cent of the average wage
1989	2000	3063	65.3
1990	2000	3384	59.1
1991	4592	8326	55.1
1992	8950	20172	44.4

No change occurred in the wage system in Romania in 1990. Only certain professional groups, with a greater social-political power, got substantial wage rises. Due to the chaotic state of the economy, a double wage system was adopted in 1991: liberalization of wages in the private units and a sole wage scale in the state-run units, accepted by unions at a nationwide scale, in the absence of any other criterion for the differentiation of the units according to their real performance. That system provided the possibility of a certain differentiation within a minimum and a maximum limit, but relatively

reduced. From that point of view it also expressed the option for a social solidarity with a view to an orderly transition to the market economy.

A new wage system was introduced in 1992. It was only the unit's salary fund that was kept under control, while salaries were free to fluctuate. Neither that method led to any significant increase of wages within the unit. A greater differentiation developed instead among the units, not based on the economic performance of each of them, but according to its monopoly position on the Romanian market and to the power wielded by the union in the respective branch. In that way the biggest differentiation in point of the wages in 1992 and 1993 developed between the state companies (regies autonomes) and the commercial companies. In June 1993 the average gross wages were the following: (Table 4.4)

Table 4.4 Differentiation of the average gross wages in state companies, commercial companies and budget-funded units (Romania, June 1993)

State companies (regies autonomes)	99,588 lei
Commercial companies running with majority state capital	69,672 lei
Budget-funded units	59,319 lei

The change in the wage bargaining system in 1992, with the bargaining brought down to the unit level despite the initial intention of using the salary fund as a means to hold trade union pressures in check, brought about more unilateral wage claim pressures, the **strike** often becoming the ultimate argument. That is the case of the miners' and railway workers' strikes of 1991-1993. The new system not only has put the trade union movement in a difficult situation, because trade unions could not accept that some disproportionate claims be met for certain categories of employees, but it has also created considerable distortions: the highest wages were not approved for those working in the economically efficient units, but for those working in units which control some sore points of the economy. That explains the serious imbalance between the wage system in commercial companies and the wage system in state companies (mainly the electricity company **RENEL**, the national railway company, mining units). From this point of view, the situation of some state companies (regies autonomes) is quite exceptional, with potential serious tension lying ahead (Table 4.5).

Table 4.5 Average wages at RENEL and in the oil and mining industries (Romania, June 1993)

RENEL	154,134 lei
Oil industry	120,898 lei
Mining industry	110,847 lei

We could say in conclusion that wage differentiation is a fact in Romania, although not as spectacular as expected. On the other hand, this differentiation reflects more the monopoly position and the strength of

the trade unions rather than the economic might of certain industries, a fact which brings about a powerful distortion in income distribution.

The development of the private economic sector, which still has a relatively reduced share, may induce a greater wage differentiation, depending on the performance of the respective unit and on the skills of each employee.

In all countries the incomes deriving from profit, activities on one's own account and property register a much more differentiated distribution than wage-based incomes. But the former still make a reduced contribution to the household incomes and they are moreover not fully registered.

Finally, in principle we should expect the **transfer through the social protection system** to have a moderating effect on income differentiation. It should have a **progressive character** being likely to counteract the growing income differentiation to a significant extent and to promote a greater equality. It is in this direction that the social protection system acts in many countries in the region. In Romania there are however signs that its effect is much less progressive than expected, with some of its components acting instead in a **regressive** manner.

5. SOCIAL PROTECTION IN THE PERIOD OF TRANSITION: ASSESSMENT

CHANGES IN THE STATE'S REDISTRIBUTIVE ROLE

In the period of transition, the State's role in ensuring the population's welfare had to undergo a structural change.

From the very beginning this change was conceived to develop along two fundamental directions:

a. The reform of the social protection system: the introduction of a **social protection system adequate to a society based on a market economy**, to replace the socialist type system.

The reform was first and foremost to operate a **strict separation between the mechanisms of the economic market and those of the social protection in ensuring welfare**. The old policy had been founded on a combination quite difficult to differentiate between the functioning of the economy and social protection. By its very structure, socialist economy discharged well-defined functions conducive to a relatively equal welfare: the artificial ensurance of jobs for the entire population, the ensurance of wages and salaries irrespective of the performance of the units and of the employees, the provision of a wide variety of goods and services at subsidized prices to the entire population. A first target was to eliminate those functions from the economic mechanisms: dropping the policy pursuing full employment of the workforce, increasing unemployment as a prerequisite of economic restructuring, a policy promoting a wider differentiation of the basic incomes (of salaries first and foremost) depending on the economic performance of the units and of the employees, almost full scrapping of subsidies for goods and services and price liberalization. Second, the development of the social protection system **separately** from economy. Two new components of the social protection system were to be promoted with priority: **the unemployment benefit and social security**.

b. The provision of an extra-ordinary social protection for the period of transition to the social groups to be adversely affected by the process of economic restructuring.

For the period of transition the political programmes of most countries in the region contained an exceptional provision for an increase in economic transfers through the action of the State. In Romania, right after the Revolution, there was one target which rallied full consensus, namely **transition to a market economy, accompanied by an enhanced social protection for the groups and persons adversely affected by the process of transition**, or, in short, economic liberalization accompanied by social protection.

The rationale was quite simple. Transition will adversely affect the entire community. Certain groups will be particularly affected in an adverse manner by economic resettlements. To facilitate socially and humanly the covering of this difficult stage, it is only natural that part of the resources of the community, **proportionally more than under normal circumstances**, be used for social protection.

Let's see the direction along which social protection has effectively evolved in the period of

transition, as regards both its financing and the volume and quality of the services offered.

TENDENCIES IN THE LEVEL AND APPROPRIATION OF PUBLIC SOCIAL SPENDING

Due to high inflation, to the change in financing methods in a short period of time, the data available may contain a lot of distorted information. They however give a certain picture of the present situation in the field of social protection in the European countries in transition, of what they have in common and where they differ in their options, as well as of the future tendencies.

All the countries have realized the need to bring corrections to the socialist protection system and also to provide a most efficient social protection in the period of transition. There has been a certain concern in all of them, however, over the possible negative effects of excessive growth in public spending on economic restructuring. In Romania the need for a reconsideration of the social protection system arose especially because of the complex and serious social problems inherited from the former regime. In the 1980s social services in this country suffered a fast and steady degradation, as a consequence of an increasingly worn-out economy and of the effort to pay off the foreign debt ahead of term. The pressures for an increase in public social spending in this country were from the very beginning motivated by the necessity of bringing some corrections to the population's living standard, corrections perceived to be absolutely necessary.

Indeed, in all countries in the region, the budget share appropriated for health, education, child care and other social welfare services has sensibly gone up (Table 5.1 and Tables D.3, D.4 and D.5, Annex), but differences are quite considerable. These growths must however be linked to the starting point.

The increase in public social spending in Romania (by 2.1 per cent) was by far the lowest,

Table 5.1 - Public social spending versus GDP in 1989 and its growth in 1992 over 1989

	1989	Growth in 1992 over 1989
Hungary	24.5	8.7
Ukraine	10.8	7.4
Slovakia	24.4	7.3
Bulgaria	19.9	7.1
Czech Republic	22.2	4.1
Romania	14.2	2.1

considering that the initial spending (per cent of GNP) was the lowest already, with the exception of Ukraine.

If we take into account only the spending for social security and social assistance related to GNP, after a growth in 1990, they registered a sensible fall in 1992 (Chart 5.1), despite the fact that in 1990 and 1991 massive retirements took place (Chart 5.2).

The situation by sectors is the following (Table 5.2 and Table D.6, Annex):

Table 5.2 - Public social spending, per cent of GNP, 1992 over 1989

	Health	Education	Children and family
Bulgaria	+2.5	+1.7	0
Czech Republic	+4.6	+0.7	+0.3
Slovakia	+2.0	+1.8	+0.5
Hungary	+1.2	+0.8	+0.7
Poland	+1.7	+0.4	+0.2*
Romania	+0.8	+1.4	-2.0
Ukraine	+1.5	+1.6	+0.9

* 1991 over 1989

Health care spending in Romania is the lowest compared with all countries under consideration. In the field of education, spending rises in Romania fall under the medium category. But as regards spending for family and child protection, unlike the situation in the other countries, with the exception of Slovakia (a 0.5 per cent reduction), Romania

registers a decrease. It is a particularly dramatic decrease in this type of social spending in Romania if we take into

Chart 5.1 - Share of social security and social assistance spending in GNP (Romania)

Source: White Book. The Social Assistance System in Romania, Ministry of Labour and Social Protection, 1993.

Chart 5.2 - Pensions (per cent) compared with the previous year

Source: 1993 Statistical Yearbook, CNS

consideration its dimensions: in 1989 spending for family and child protection accounted for 2.9% of GNP, while in 1992 it was down to 0.9% of GNP. A methodological explanation must be given here. Tax cuts for persons with children to support have not been taken into consideration in this study. They were abolished in 1993. By their nature, as shown here below, they did not make any substantial contribution to the children's welfare. Even if they are taken into consideration, public spending in this sector in 1992 goes down all the same by 0.4% over 1989.

The tendency towards a decrease in public social spending continues also in 1993 (Table 5.3).

In 1993 there is also a tendency towards a weakening of the social protection mechanisms. For the first 9 months of 1993 (compared with the same period of 1992) the share of the incomes of the wage-earning families decreased by 14.3% (from 4.9% to 4.2%).

(Source: *Family Budgets, January-September 1993*, CNS)

Table 5.3 - Public spending in various sectors (% of total Budget spending)

	1991	1992	1993*
Education	14.5	12.9	13.9
Health	11.5	9.4	8.6
Social assistance	0.8	0.6	0.2
Child allowances	5.8	3.5	3.4
Economic activities	35.2	40.2	40.5

* for the first 9 months

Source: *Quarterly Statistical Bulletin*, CNS, No. 3, 1993

We have got few data on the way the additional funds appropriated for health and education in Romania have been used. But if we take into account the fact that GNP has sharply

fallen, these growths are on the verge of disappearance. In Romania a large part of the additional funds were probably spent on increasing the number of employees in the two sectors. Romania was the only of the seven countries in the area, about which there are available data, where the number of employees in the health and education sectors sensibly went up in 1992 over 1989 (by 130% in education and 104% in health), this number having decreased in the other countries (Table 5.4). This is explained by the dramatic gradual shrinking of these sectors in the last decade of the socialist regime. We may therefore conclude that the increase in funds for education and health was largely converted into salaries and less into other facilities.

Table 5.4 - Number of employees in public social services (thous.)

	Health		Education		Social assistance	
	1989	'92	'89	'92	'89	'92
ALB.	41	40*	63	65*	n.a.	n.a.
BLG.	168	166	276	263	12	18
CZ.						
REP.	238	223	312	386	39	29
SLO.	127	125	185	158	18	12
HUN.	199	204	243	241	38	40
ROM.	292	303	364	474	-	-
UKR.	1480	1520*	2361	2367*	-	-

* data referring to 1991

Source: *MONEE Database*

The rise in public social spending as per cent of GNP must be regarded in the context of the dramatic fall in GNP. Consequently, if we take into consideration the per capita social public spending, in steady 1989 prices, it went down in all countries between 1989 and 1992. This decrease was much more severe in Romania compared with the other neighbouring countries, as here GNP suffered a relatively severe fall and the GNP share for public social spending registered the most modest increase.

Indeed, the share of transfers in the household incomes registered a growth (very unequal, it's true) in all countries in the region, except for Romania, where this share decreased (Table 5.5 and Table F2, Annex)

Table 5.5 - Share of transfers through the social protection system in the household incomes. Such transfers consist of: pensions, child allowances, other transfers, including also unemployment and social security benefits.

	1989	1992	Dif.1992/ 1989
Bulgaria	21.9	22.6	+ 0.7
Slovakia	16.7	17.7	+ 1.0
Hungary	26.1	28.2	+ 2.1
Poland	21.4	33.6	+12.2
Romania	12.5	9.3	- 3.2
Russia	12.3	12.4	+ 0.1

What are the causes of such a modest growth or even decrease, considering the initial provisions?

The main cause seems to be the serious economic-financial imbalances that were inherited or developed during the process of transition, to which a certain option of economic and social policy common to all countries, but in varying degrees, was added. Out of the 9 countries considered in this Report, Poland and to a somewhat smaller extent Bulgaria and Russia, started transition to a market economy against the background of a severely adverse financial balance. From this point of view, the Czech Republic and Romania had a better start. In all countries however, as prices were kept under a tight control because of the economic decline of the 1980s, a suppressed type of inflation started running high. The process gained momentum after the sharp decline in production in the first years of transition. Perhaps this is the explanation why all these countries have promoted a restrictive or moderately restrictive fiscal policy. As soon as the risk of a growing budget deficit showed up, all these countries operated cuts in public spending, including spending for defence, and reduced or fully scrapped subsidies for consumer goods. Indeed, as shown in Table C.3 (Annex), the deficit of all countries in the region was reduced in the

first year of transition (1990) and continued to be so in the subsequent years.

It may be considered that the intention to get a fast reduction in the Budget deficit or not to allow it to develop has reduced motivation for an adequate funding of key public social services; medical care, education, facilities for child care. On the one hand, the precarious state of the public services has motivated a steady rise in the funds earmarked for them; on the other hand, due to social pressures (Romania's case is quite clear from this point of view), subsidizing enterprises (and therefore wages) was preferred in a chronically inefficient economy. For that reason public social spending represented a relatively small percentage figure of GNP. In Romania it is substantially lower in all domains of social security and social protection compared with the other countries, although the starting point was also very low.

The situation was aggravated by the tendency towards growing budget deficits not so much because of the rise in public spending, but because of the decrease in budget revenues. Behind this dramatic collapse are the fall in production as well as the deficient taxation system and the considerable tax evasion in this period of adjustment of the new financial structures. Perhaps the biggest rise in public social spending was due to the introduction of the unemployment benefit and to the increase in the number of pensioners as a result of early retirement (a measure adopted in Romania and Bulgaria). In Romania, and even to a greater extent in Russia and Ukraine, public spending was artificially kept at high levels also through direct or indirect subsidizing of the state-owned units, a fact which swallowed up a large part of the resources which could have been used for social protection. More than 40% of the 1992 budget went to various economic activities, by 5% more than in 1991.

Initially the idea was that at least part of the subsidies generously granted for various goods and services vital for the population's welfare, which by their nature were distorting the mechanisms contributing to a normal functioning of the market, should be transferred, in order to be used through the specific mechanisms of the social safety net: pensions, unemployment benefits, family support benefits, social assistance. But, quite surprisingly,

it was found out that the scrapping of subsidies was rather a means to cut down on the growing budget deficit than to increase social protection for the groups affected by transition.

The collapse of the economy was not reflected therefore only in the decline in direct (primary) incomes, but also in the diminution of transfers for social protection. Here is how it happened:

- The abolition of some forms of social protection: for instance, subsidies for certain goods were scrapped, without the sums used for such subsidizing to be transferred to other social protection forms. They were used up by the economy whose inefficiency tends to turn chronic.

- Some forms of support, though not abolished, have considerably diminished, becoming frozen at the initial levels and therefore reduced to almost nil by inflation. This is the case of the benefits given to mothers with several children (frozen at the level of 450 lei a month) and of the childbirth benefits, which kept at the same level of 1,500 lei.

- Some forms of support, although corrected from time to time, depending on the inflation rate, have undergone an erosion of their real value much faster than the other forms of incomes. This is the case of the child allowances. The share of child allowances in the family incomes decreased from 4.5% in 1989 to 2.1% in 1992 (Table F2, Annex). The rise in child allowances operated in 1990 (before the price liberalization) until September 1993 was much below the rise in wages and pensions and much lower than the price rises (Chart 5.3).

- Budget-funded forms of social protection which failed to reach their direct beneficiaries due to the faulty mechanism of implementation, incapable to work normally in the new context of the market economy (low-priced medicines, exercise-books and other school supplies etc.).

There was a fall in budget resources at a time when the needs for social security spending dramatically went up: the introduction of the unemployment benefit, the rise in the number of pensioners. Traditional social assistance was confined to an extremely limited number of people and it was also reduced in point of value (a modest sum occasionally granted every three months at the

most). After the Revolution, Romania has not benefitted from the introduction of a modern social safety net, the unemployment benefit being the only effective form of support for those in need. In other countries, social assistance has rapidly evolved, while in this country its introduction is only now considered.

It would be a mistake to believe that the low social protection provided in Romania in the period of transition is due only to the scarce budget resources. Even these scarce budget resources have been spent in certain cases of major importance in an utterly inefficient manner. That is the case of the **tax cuts for the families with at least one child**. That provision was introduced in 1991 and was abrogated two years later, in 1993. In 1992 that form of support accounted, according to the **White Book: The Social Safety Net in Romania. Description, Assessment and Options for Reform**, issued by the Ministry of Labour and Social Protection in 1993, for 60,7% of the aggregate funds appropriated for social security (child allowances, benefits for mothers with 3 or more children, childbirth benefits, support allowances for the jobless no longer entitled to unemployment benefits, half-yearly support for those in need etc.).

The problem with this form of support arises from the fact that it is a measure which benefitted more those on higher incomes than those on lower incomes, being powerfully **regressive** instead of progressive as any form of transfer should be. That system provided for a fixed 20% cut in income tax for the persons having at least one child, no matter whether he or she had still to be supported or not. The low-income people (who usually have several dependent children) had very little to gain - a 20% cut in the low tax they had to pay. Those on higher incomes (usually having one or two children at most, frequently no longer supported by the respective families) gained instead a much higher sum - 20% of the much higher taxes. Chart 5.4 describes several such cases. So, in October 1992, a very high-income family, who therefore was not in need of any social assistance, received transfers worth 25,006 lei, while a family with a similar structure but living on a low income, that should have been the main target of social assistance, received only 3,905 lei, therefore 6 times less.

Given its considerable share in the transfers, such a measure of social protection greatly neutralized the expected influence of the transfers towards a lower income differentiation, acting

OCTOBER 1990 = 100%

*) allowances for the first two children

*) for old age and full length of service

Chart 5.3 - Growth of consumer price index, average wage, pension and children's allowance (October 1990 = 100)

*) allowances for the first two children

**) for old-age and full length of service

Source: *Minimum living standard*, I.C.C.V.

Chart 5.4 - Size and structure of income transfer to wage-earning families with 2 children, in four cases of wage incomes

Source: Minimum living standard, I.C.C.V.

rather in the opposite direction.

In 1993 the tax cut which mainly benefitted those who had at least one child was eliminated without being replaced with another form of transfer. In that way, the amount of transfer achieved through the system of social protection decreased by over 60%.

*

* *

As one can note from the data above, there have been increases in transfers in all countries, but of a more modest dimension than expected, taking into account the ideology of the transition according to which social protection was to be given prime attention.

Only in Poland the growth is spectacular and that was due mostly to the massive rise in pensions operated in 1992.

In Romania, despite the intention to provide a growing social protection in the period of transition, existing data indicate a substantial decrease in the share of these transfers in the overall household incomes. This situation is all the more serious as the contribution of these transfers in Romania is the lowest compared with all the other countries in the region. With the exception of Russia, in all the other countries the share of these transfers is over 2 and 3 times higher than in Romania. These data show the excessive frailty of the social safety net in Romania at a difficult time for the population.

REDUCTION OF THE VOLUME AND QUALITY OF SOCIAL SERVICES

The degradation of the social security system is visible not only in point of the resources used, but also in the **quantity** and **quality** of the social services provided.

The fall in the per capita social spending has been reflected in the reduction of the volume and quality of these services. Some of them almost disappeared, such as free of charge holiday camps for children and students. Those still organized are rather costly, a fact which has brought about a severe fall in demand.

In Romania in the last decade of the socialist regime the degradation of public services had reached an absolutely critical phase. After the Revolution, great pressure has been put for their rehabilitation. It seems that this rehabilitation could be achieved only in a reduced degree, because of financial constraints. Perhaps the improvement of some services was achieved at the expense of others or simply by their suppression. The volume and quality of services is being eroded by several factors, but we do not have systematic data about the share of each of them:

- A decrease in the number of employees in relation to the volume of services provided. This is the case of the pension system, subject in the past few years to an extraordinary pressure because of the massive piling up of retirement files to be solved compared with the number of employees assigned to this job; it often takes

Average wage in health
compared with that in industry (=100)

Average wage in education
compared with that in industry (=100)

**) In September 1993*

Chart 5.5 - The growth of average wages in education and health, compared with the average wage in industry
*) in September 1993

several months for the newly retired to get their first pension.

- The low number of employees in certain social services allows for just some elementary services to be provided. The number of employees in unemployment offices can hardly cope with the formalities required for the granting of unemployment benefits, the other services for the jobless being almost completely neglected. As regards the social work offices, there is about **one employee for 125,000 inhabitants**. Under these circumstances the quantity and quality of the services are of the lowest standards possible.

- The demotivating effect of the wage level in the public sector, sensibly lower than in the economic sector. During the socialist regime, frustration over the improper salaries of the public service specialists had acquired an unimaginable dimension. After the Revolution, everybody expected that salary level to be substantially reconsidered. What happened actually? The introduction of harsh budget constraints in the field of social services in Romania was accompanied by a growing employment in that sector: in education, health and the unemployment benefit services. Consequently it is easy to explain the cause of the steep fall in real pay in those sectors, a more dramatic fall than that suffered in the economic sectors, and of the increasingly worse material and technical conditions there.

As shown in Chart 5.5 the average pay in the main budget-funded sectors (health and education), after a relative improvement in 1992, continues to be, when compared with wages in the economic sector, at a much lower level than the one considered already before the Revolution as unacceptably low.

Wage frustration is liable to demotivate performance, a fact reflected in the reduction of the volume of services and particularly of their quality. In certain schools, for instance, teachers' missing the classes has become an alarming phenomenon. There is another factor, too: the financial situation of the employees in the public sector has become even more frustrating because of the gap between the opportunities for additional incomes here compared with those in the economic sectors. If wide opportunities have shown up for

supplementary incomes in the economic fields, such incomes are practically inexistent in the public sector. To make up for this difference, employees in social services often move over to other fields of activity.

- The condition of the non-salaried components of the public service work has turned chronically precarious: overcrowded schools, shortage of text-books and medicines, outdated and degraded technologies.

ORGANIZATIONAL AND EFFICIENCY MATTERS

The initiation of sectoral reforms in the sphere of social security has yielded favourable results in all countries in the region, Romania included: an increase in the motivation of providing quality services, a growing independence and competition among those offering such services, a wider choice for the beneficiaries, the elimination of some rigidities induced by the socialist system and a greater general efficiency of these activities. These reforms include: a change in the curriculum of the various educational forms by their dis-ideologization and modernization, a more active participation of school pupils and university students in the appraisal of the educational process, the restructuring of the pre-university and university systems, an increased university autonomy; the emergence of a dynamic non-governmental sector in the sphere of many social services which offer alternative models and an increased competitiveness; changes in the health care system, with a tendency towards privatization of some services and introduction of medical insurance.

Romania, due to the immense sympathy bestowed on it during the Revolution and to the difficult situation in certain fields of social protection, was and is supported by various Western governmental and non-governmental organizations. Besides the financial and human resources contributed by them, they have also exerted a favourable influence on the social service standards.

A major component of these reforms is the **decentralization** of many social services,

particularly at the level of local communities. The process is still at an incipient phase, encountering difficulties because of the failure to decentralize the budget, a fact which might result in a collapse of the services: they have been placed under the responsibility of local authorities who, however, do not have the necessary resources to run them.

A solution to check the decline in resources is the ever more frequent introduction of **taxes** to be paid by the beneficiaries of the social services. Such taxes, which in all countries seem to evolve in a rather chaotic way, outside a clear administrative and financial framework, may lead to a significant drop in the demand for such services, as they exceed by far the population's possibilities of payment at present.

The reform of public social services is in full swing. It becomes however increasingly clear that there is a lack of previous analysis of the various changes promoted and especially of any monitoring of these changes in the process of implementation. The outlook on these reforms has often crystallized in a hasty manner, not always paying heed to all the segments of society, frequently being the outcome of the work of foreign experts or achieved under the influence of some pressure groups.

INSTITUTIONAL AND ADMINISTRATIVE VACUUM

In Romania, the collapse of the socialist regime was accompanied by a partial breakup of all institutions, including the administration. Some forms of organization associated with the socialist regime were abandoned without any consideration being given to their positive potential. The decline in the quality and range of social services can be explained to a great extent not only through the decline in resources, but also through the fast erosion of the State's regulatory functions and the lack of a new institutional framework to replace the old one. The year 1990 in Romania marked a catastrophic fall in the role of the police, an institution associated in the public image with the oppressive character of the former regime, a fact which has contributed to a rise in the crime rate. Social, financial, administrative discipline has weakened because of looser control and of the

confusion of values. The old regulations are permanently questioned, while no new regulations have been promoted yet.

School, which in the past played a major role in controlling attendance by pupils, has now almost completely given up this function. The State has permitted, and this is extremely obvious in Romania, but the phenomenon is present in all the other neighbouring countries as well, an explosion of private education (especially higher education), without imposing any control on the conditions required by it.

Preventive services have been eroded, and sanctions for the parents who do not send their children to school or to inoculation and medical checkup have disappeared; the medical staff's responsibility for preventive actions has waned. The efficiency of sanitary control has also decreased: there is a growing number of illnesses caused by degraded or infected food.

Control of observance of the labour safety standards has relaxed, a fact which has resulted in more frequent occupational accidents.

The list of such examples is much longer. It is the conclusion that counts: a sustained effort or reinstitutionalization and development of the administration may lead to a significant growth in the volume and quality of the social services, even if there is no growth in financial resources to support it.

SOCIAL PROTECTION AND POVERTY: CONCLUSIONS

All the three factors mentioned at the beginning of the previous Chapter - **the severe shrinking of real incomes, the growing inequality in income distribution and the weakening of the social protection system compared with the protection needs in the period of transition** - are responsible, in varying degrees, for the dramatic rise in poverty, for the erosion of collective welfare.

The shrinking of incomes represents an important **general** factor.

Income differentiation does not seem to have developed too much in any country. There is a certain variation in this case, too: it is more reduced in countries like the Czech Republic,

Slovakia and more visible in Russia, Romania standing in-between these two categories. Although the family budget data seem to underrate the scope of social differentiation, they do provide important information on these processes.

Transfers from public funds register a wider variation. In some countries where the level of these transfers was already high (the Czech Republic, Slovakia, Hungary), they have kept at the same level and have even gone up. In Bulgaria, where their level was somewhat lower, they have registered a significant rise. In Romania, there was a very modest starting point in this respect. After 1989 there was a relative increase in the financial resources appropriated to the system of social protection, but because of the fast growth in the number of those really needing support (the growing number of pensioners, of jobless), the level of these transfers in steady prices per capita has gone down. In conclusion, what actually happened was a **withdrawal of the State from the functions of social protection.**

Closely linked to the shortage of resources are the difficulties encountered in the structuring of the new system of social protection, complemented by the processes of social, institutional and administrative disintegration which characterized the onset of transition.

According to the data presented above, in the case of Romania in particular, the shrinking incomes and "the State's withdrawal" from its function of social protection of the population in the period of transition are the factors which explain the poverty explosion for the most part. If the decrease in real incomes is a general factor in all countries in the region, the State's function of social protection undergoes a greater variation. Romania, and that also holds good for Russia, inherited from the socialist regime the least developed system of social protection, which has been further deteriorated by various ways.

6. PROSPECTS FOR THE EVOLUTION OF WELFARE

THREE YEARS AFTER THE REVOLUTION

In the sphere of reform

More than 3 years after the reform got underway in the states in Central and Eastern Europe, the initial enthusiasm has made room for concern, realistic concern hopefully. Initially, the reforms were expected to bring about some, if not spectacular, at least an obvious and fast improvement of the welfare of the community, although accompanied by certain social costs. The promotion of political and economic reforms has already yielded many favourable results. There are however less favourable results in this process as well:

- The economic reform proved to be much more complex than the population expected. If financial reforms could be much faster promoted, **economic and technological restructuring** seems to be more difficult to achieve. That is the reason why the **shock therapy**, so much talked about and actually widely accepted at the onset of the reform, proved to be a big illusion for the most part. The **shock therapy**, as initially conceived, seems to be rather **a shock with too little therapy**: the macroeconomic financial constraints of the market economy have been applied rather drastically, technological restructuring of the units, including their privatization, is still an objective to be attained in a future quite difficult to foresee.

- The social costs of the reform have consequently appeared to be much more considerable and immediate than initially expected, while the benefits in terms of welfare now seem to be much more remote. The social costs of the transition were moreover joined by another cost, initially underestimated: the **economic cost**. The economies of the countries in the region have suffered a sensible decline in the period of reform, a decline which (with the exception of the Czech Republic) gives no signs of having reached its bottom limit. The catastrophic economic fall, which is the price of economic restructuring and perhaps of an economy still running according to old principles in the new context of the free market, has aggravated the problem of society, limiting the possibilities of social protection.

- Social protection, regarded to be playing a special role in the process of transition, has proved to be rather a wish than a fact. In Romania it even seems to have regressed in absolute and relative terms compared with the situation in 1989, while a much larger part of the population is in desperate need of such protection.

It is ever more obvious that the future magnitude of the costs and benefits in terms of general welfare depends on the pace and the quality of the reforms in the economic sphere and in the field of social protection.

In the sphere of welfare

The performance in point of welfare, though modest in all countries in the region, seems to vary in a significant degree among the respective countries. Where the process of economic restructuring started several decades ago (the case of Hungary) the

transition seems to be more efficient. The case of the Czech Republic is somewhat special. For various reasons, transition in that country seems to be more efficient from all points of view than the transition in the other countries. It already offers the signs of a normal evolution. Poland, which initiated the transition already in the early 1980s, does not seem to have surmounted the difficulties of the reform yet. The poorest performance within this group is that of Bulgaria and Romania, while - if the data available are relevant enough - Russia, Ukraine and Albania go through a period of disintegration, as if they were on the verge of a real economic and social catastrophe.

Concerning welfare, the countries under consideration seem to register a tendency of stabilization of the low level attained so far. The situation is on the brink of collapse in Russia, Ukraine and Albania. There is an uncertain situation in Romania. There are enough signs according to which the degradation of the living standards has not reached its record low yet, this degradation being likely to continue in 1994.

The welfare crisis in the societies in transition is most visible in the spheres of **poverty, mortality, fertility, pre-school education and crime**. Everywhere in the region, with just insignificant exceptions in one or another of these spheres, this profound crisis is reflected in a substantial growth in the size and degree of poverty, general mortality, mortality at a young age and among men, especially men aged between 40 and 59 years, the general crime rate, the steep decline in fertility, in the birth rate and in attendance in pre-school education. The data suggest also a deterioration of the food consumption, both in quantitative terms (the number of calories) and particularly in qualitative terms (the food structure).

The crisis has affected in particular the **children** and the **teenagers**. In all countries, but Romania's situation seems to be more critical in this respect, the poverty rate among children is much higher than among the other groups, due to the cumulation of several factors: the rise in unemployment, the growing proportion of low wages and especially the degradation of the various services for children, the real decrease in child benefits at a much faster rate than the fall in wages

and pensions. The children's situation has become critical also because of the growing risk to get orphaned (caused by the increased mortality at mature ages), to be abandoned, to be raised in poverty. Most powerfully hit are the children in the poorest families where multiple social risks have piled up.

The adolescents and the youths are also confronted with special risk situations: an ever more difficult access to a labour market which is shrinking and is affected by a growing unemployment rate, greater and greater difficulties in procuring the resources to complete their education and professional training as well as the goods needed to live in a modern society and to withstand growing pressures to engage in semi-legal and illegal activities and even crime.

There are also other groups who feel strongly the shock of economic difficulties, among whom: the long-term unemployed, the workers with a low or no qualification at all, the salaried employees with incomes insufficient for them to live a decent life (among whom many employees of budget-funded institutions), the retired people who live on low pensions or alone.

There are several factors which have brought about a welfare crisis in this region:

- Many of the problems which have exploded in the period of transition are **inherited problems**: the fast-advancing economic crisis of the socialist regimes, the growing poverty, the degradation of the material infrastructure of the various social structures (health, education, culture), the lack of an organizational and administrative culture and of institutionalization, the failures of the socialist regime in various fields. The frailty and precariousness of the initial conditions of the transition process are no doubt another factor that has aggravated the transition-induced crisis. What has been inherited is a technologically outdated and chaotically developed economy, with a growing suppressed inflation and an immense number of artificially-kept jobs. Part of the high mortality is due to the poverty of the life-style inherited and to unhealthy food practices. The incidence of many diseases can also be traced back to the generalized poverty of the socialist regime as well as to the sometimes extremely severe environment pollution.

- The external background against which transition has developed is far from being a favourable one. The CMEA breakup, followed by the alignment of the prices of oil and raw materials in this area to international prices, the decline in the economies of all countries in the area, the Gulf War and the civil war in Yugoslavia. Moreover, protectionism and the sluggish economic growth rates in the West have made the reorientation of exports extremely difficult.

- Regarded from the perspective of the 3-4 years since its onset, the **transition strategy** seems to contain a lot of inconsistent elements, omissions and errors. They are **politically-induced problems**. The stress laid on the macroeconomic adjustment programme and on the introduction of a harsher financial discipline was a necessary step in the development of a new framework for economic activities. The privatization process and especially the microeconomic and technological restructuring have proved by far insufficiently thought-out and oriented. There is also a delay in the building of the institutional framework for the functioning of the new economy. The reform of the social security system has often been subordinated to the priorities of the programme pursuing macroeconomic and financial rehabilitation and consequently it has been put off, approached only partially and for corrective purposes.

The analyses in this Report seem to suggest the following hypothesis: in some countries, Romania included, the shortage of resources for a more extensive social protection are the artificial effect of the delayed economic reform.

The domestic and external resources saved as a consequence of a shrinking social protection are not used to relaunch the economy, but to artificially keep in operation a number of units which squander rather than multiply resources. **The cost of the failure to achieve a fast and consistent economic restructuring is the shrinking social protection.**

- **The institutional vacuum and the weak administration** which have resulted in varying degrees after the liquidation of the socialist regimes are an important factor in the degradation of the living standards, owing to its direct and indirect effects. There is a strong, less visible but ubiquitous tendency towards a weakening of the

regulatory social and administrative institutions. Some of the functions discharged by the State have not been taken over by the new community and non-governmental bodies.

PROSPECTS FOR 1994

Whenever in a fold of history, we can take comfort from thinking of the distant future, but we run the risk of getting misled with regard to immediate action. Estimation of short-term tendencies is absolutely necessary for an efficient guidance in action.

Romania has now plunged in such a fold of history. If we take a look ahead, over the years, we can well suppose that there will follow an economic and social rehabilitation and therefore an evolution towards a normal society living in welfare. But upon a scrutiny of the immediate tendencies, we may see that the bottom of the fold still lies ahead of us, and our plunge down this fold is not over yet.

To estimate the short-term prospects of collective welfare we should take into consideration, as argued in this Report, three groups of variables:

- **the variables indicating the evolution of the economy, including of the real incomes, their distribution, and of the unemployment rate**
- **the extraordinary social protection policy for these times of exception: pensions, child allowances, social assistance, unemployment benefits**
- **the evolution of the institutional and organizational system for the promotion of the state of health, education and social protection**

EVOLUTION OF THE ECONOMY. The latest data on the evolution of the Romanian economy seem to indicate the long expected stoppage of the economic decline and some feeble signs of an incipient rehabilitation. Table 6.1 shows the evolution of GNP over 1989-1993 and estimates for 1994.

Table 6.1 - GNP per cent of the previous year

1990/89	- 5.6
1991/90	-12.9
1992/91	-13.6
1993/92	+ 0.7*
1994/93	+ 1.5**

* Estimate

** Forecast

Source: The Governmental Commission for Forecasts

of the general perception of a blockage of the economic reforms, of the confusion hovering over the steps to be taken in the future, of the very slow pace of the privatization and economic and technological restructuring of the units. An economy operating in a confused institutional system can hardly be thought to be able to make the leap towards a lasting recovery.

The forecasts concerning the short-term evolution of the real incomes are pessimistic.

Despite economic stabilization(of production and an increase in labour productivity), the real incomes continued to fall in 1993 (Chart 6.1).

These statistical signs of economic revival are rather feeble if regarded against the background

Chart 6.1 - Evolution of industrial output, labour productivity and real wages (1990 – 100)

Source: Evolution of industrial output, foreign trade, wages and consumer prices, CNS, No. 11/1993.

We can expect that in 1994 too, economic recovery should not be immediately reflected in a rehabilitation of the living standard. Or that the further degradation of the living standard be considered a source of economic rehabilitation. A reduction of the balance of payments deficit will be impossible to achieve only by a slight revigoration of production. A continued fall in the living standard or at least its keeping at the present level will inevitably be the cost of such reduction. The National Commission for Forecasts foresees in this respect a **fall in the sales to the population by 2% in 1994.**

The population's incomes will further be eroded by other factors, too. First, **inflation** will keep eroding the population's purchasing power. In 1993 inflation reached a record level in this part of Europe (3-digit rates, compared with the 2-digit rates in the neighbouring states, with the exception of Russia and Ukraine) and according to government provisions it will run at a very high level also in 1994: around **60%**. Other sources anticipate an inflation of about 25%.

Secondly, the continued rise in unemployment: from **10.1%** as estimated for the end of 1993, to **11.2%** at the end of 1994, according to the estimates of the Governmental Commissions for Forecasts.

Incomes differentiation will continue to grow in 1994, acting as a supplementary source in fuelling up poverty. While the growth rate of this process of differentiation has been relatively low so far, we can expect a real "distribution shock" consisting in a fast growth in poverty for certain segments of society, induced by the fast rise in income inequity.

Based on this assessment of the tendencies in economy and of the incomes, the conclusion that may be drawn is that in 1994 poverty will continue to extend in Romania. According to MONEE data, in the first 6 months of 1993 in all countries, with the exception of the Czech Republic and Slovakia, which fared better than Romania in point of

economic tendencies, there are sensible tendencies towards a decrease in the average real wage (Table E.3a, Annex).

SOCIAL PROTECTION. Will the social protection facilities be able to counteract this general state of poverty?

The answer is **in the negative** if the present policies are continued and this is what will happen in all likelihood.

First, 1994 will be even more firmly placed under the sign of budgetary restrictions. The commitments to the IMF indicate the willpower to reduce the budget deficit through harsher financial discipline, while the financial resources from the budget are not likely to register any significant increase. Just two sources would be left.

First: a **redistribution within the budget itself.** Our budget in particular is affected by substantial subsidies for large sectors of the economy which cannot manage to survive by themselves. That is perhaps the explanation of the fact that the proportion of budget spending for social protection in Romania is much lower than in other countries. An alignment of Romania to the level of social protection spending in the other countries would enormously relax the poverty pressure. But this is not likely to happen, because such a reorientation presupposes the introduction of some tough measures in economy without delay, and there is no clear sign in this sense. On the contrary, a large part of the units' mutual debts has been taken over by the budget. And there is no guarantee that this will not happen again in 1994 as well.

The only chance therefore would be the promotion of a more resolute attitude towards those economic branches which are big consumers of budgetary resources and the transfer of the resources thus saved to the system of social protection.

Second: a **more efficient focusing of the economic transfers on the groups in the greatest difficulty.** That means a development of the social

assistance system based on the **testing of the individual economic resources** (means). Such a focusing might help save resources to a certain extent and channel them towards those in need. We should however not indulge in illusions over this source, considering the following reasons:

- The resources used in the system of social protection are already extremely limited. **There are no effective possibilities for a cut down on the current social protection spending so as to get a significant saving to be used in a more focused manner:** pensions (the main consumer of resources in this sphere) can no longer be reduced without bringing about a general fall in the living standard; the unemployment benefit, relatively low as it is, cannot suffer a further reduction; as to child allowances, their level is very low compared with the level in the neighbouring states, so their reduction would severely worsen the situation of the children, who are the most exposed group.

- The spread of poverty in society is so wide that a stricter focusing of social protection would **result in discrimination among the poor, according to rather arbitrary and disputable criteria.**

- Considering that the taxation system is far from being able to keep an accurate account of the incomes to which we should add the existence of a huge hidden economy, a highly focused system of social assistance could not identify the families which are **effectively** in utmost need.

- Finally, there is also an obstacle of an administrative-organizational nature. Our country does not have a social assistance system based on a systematic testing of the resources, not even in an incipient phase. It is only now that there is talk about building such a system, which, considering the present economic circumstances, may raise extremely complex problems in point of its organization and management. Therefore, it could not become operational in a satisfactory way earlier than 2-3 years from now. It is quite obvious however that in the critical period of 1994 and 1995 Romania cannot count on the operation of such a system.

For all these reasons, our strategic option concerning the development of the social protection system differs from the one laid down in the **White Book of Social Assistance** issued by

the Ministry of Labour and Social Protection. In our opinion, in the coming period steps should be taken not for the freezing of the general social protection and a fast development of social assistance based on the testing of economic resources, which would lead, at least for a short term, to a deterioration of social protection, but rather, in parallel with the gradual development of the social assistance system, an expansion of

the forms of general social protection.

EVOLUTION OF THE INSTITUTIONAL AND ORGANIZATIONAL SYSTEM OF SOCIAL SERVICES (health, education, child care etc.). There is an important available source in this domain for the improvement of general welfare. As shown in this Report, the tendency towards a disruption of these services, perceivable in all the countries in the region in the first years of transition, is a major factor contributing to the deterioration of welfare. There is a usable resources here and moreover there are signs that there is a return in the operation of these services to satisfactory levels.

In conclusion, even on the optimistic assumption of a timid beginning of economic recovery in 1994, taking into consideration the tendency of erosion of the real incomes, against the background of a clearly undersized social protection system compared with the one in the neighbouring states, living conditions will worsen in Romania next year: the number of families living in poverty will go up; poverty among certain segments of the population will deepen. A continuation of the present policies, both in the sphere of economy, of budget distribution, and in that of social protection will inevitably mount social tension to a great extent, creating the risk of social explosions.

The only solution that may ease this process would be a rechannelling of the budget resources from the sphere of unproductive subsidizing of some economic branches to that of social protection. The solution would also include a more efficient use of part of the external loans to subsidize the real welfare of the population and not failing productive units. There is a fear, fully justified for that matter, that external loans are absorbed to a great extent in a non- and even counterproductive way by an inefficient economy, kept in an excessively protracted period of transition. A more radical promotion of the reform of the economy could make available a number of resources, otherwise swallowed up uselessly, to be rechannelled towards a more efficient social protection.

7. THE SPECIAL PROBLEM: CHANGES IN THE POLICY TOWARDS CHILDREN AND FAMILIES

The child represents the social category that is by far the most disadvantaged in the process of transition, for two distinct reasons: on the one hand, the collapse of family incomes, just marginally alleviated by the system of child allowances, and on the other hand, the fast disruption of the various services which used to be at the disposal of the families with children.

It is particularly the social support system for families with children in Romania that is going through a process of deep-going changes, not so obvious for the public opinion and therefore evincing a powerful tendency towards chaotic involution. Consequently, the child's problem in Romania becomes a crucial issue in the reform of the social protection system. That is the reason why we have chosen that in this first issue of the Report we should reserve a special chapter for this issue.

THE FAMILY AND CHILD POLICY DURING THE SOCIALIST REGIME

Problems and structural guidelines in the family and child policy

The wage-based economies tend to affect unfavourably the families with children. In the traditional societies, children represented a present and at the same time future source of income. The wage system is rigid in relation to the number of children in a family. Here the child is only a source of consumption and not an income-bringing source. For this reason all societies with extensive wage-type economies felt the need to counterbalance this structural disadvantage for the child through the promotion of social measures of support, under the general heading of family and child policies.

In the socialist system, **3 distinct factors** stimulated the development of the support system for the families with children: **the wage policy, the encouragement of women to take up a job and the necessity of skilled labour for fast industrialization.**

In Romania, the same as in all other socialist countries, the extension of economic transfers to the families with children was motivated in particular by the **wage policy**. The wages were kept at low levels and, depending on the specific needs of the families, they were to be completed through transfers in cash, supplementary goods and services. Such an option inevitably led to a substantial increase in the volume of social transfers in the case of the families with children. The families with children could not rely on the incomes deriving from wages alone, so they fundamentally depended on the special transfers in that context.

The second factor was the **policy encouraging women to take up a job**. Much more than in the Western countries, women were encouraged to take an active part in the system of wage-based economy. The ideology of sex equality was accompanied by a much more convincing argument: the second wage in the family became a decisive factor in ensuring an acceptable living standard. Women's going into employment was an additional factor

that compelled the State to develop various forms of support for child raising: nurseries, kindergartens etc.

The development of the industrial system, particularly at the extremely fast rates promoted by the socialist regimes, gave rise to a supplementary requirement: the ensurance of a significantly higher education level of the young generations than that of their parents. Training for a fast development of the economy was another factor which called for the promotion of special measures in the field of child raising and education.

As a consequence of these factors, a comprehensive policy in the family and child sphere tended to develop in Romania during the socialist regime. There was however also a **factor with an unfavourable action** in that process: given its allergy to any attempt at any form of social organization initiated from the bottom, which would escape the control of the State bureaucracy, the socialist regime made a supplementary effort of taking over all activities connected with child raising.

We should mention still another factor with an adverse influence: the socialist state in Romania (and that holds true for the other states as well), with its extremely ambitious plans to promote the modernization of the society, destroyed, often in a brutal manner, the traditional forms of collective life. In that way, it assumed the task of solving all the problems of the families with children.

In that context, the socialist state had to cope with several highly complex problems:

The first problem: the necessity of promoting new, modern systems of childbirth and of ensuring the good health of the mother and child, against the background of a high employment rate among women. That was achieved by the following ways:

- Long enough, paid maternity leaves were provided. In Romania, 4-month maternity leaves were granted and mothers received up to 85% of their wages, depending on their length of service.
- The development of a medical system of compulsory supervision of the pregnancy, childbirth and abortion.
- The development of mother and child health services as distinct institutions within the medical care system.
- The provision of free of charge medical assistance services, accessible to everybody.

The second problem: the necessity to solve the dichotomy between working and bringing up children, deepened by the women's massive going into employment. Several solutions were found to that problem:

- The development of child care institutions: nurseries with daily or weekly programme for children aged between 0 and 3 years and kindergartens for children aged between 3 and 6 years.
- Extensive leaves for bringing up children. In certain countries in the region, the parents (either of them) were entitled to a paid leave until the child turned 1-2 years old, with the possibility of extention by another year, though unpaid, and with guaranteed return to the job. In Bulgaria and the USSR, grandparents too, were entitled to such leaves. In our country, the law provided for the possibility of an unpaid leave until the child turned 3, with guaranteed reacceptance to the job.
- Leaves for parents with sick children. In all the countries in the region, parents were entitled to paid leaves to look after their sick children until the latter reached a certain age. In Romania, such a paid leave was granted until the child turned 3, with the length of the leave unlimited, for the duration of the disease. The pay stood somewhere between 50 and 100% of the previous wage, depending on the length of service. In other countries, paid leaves were granted until the child turned 9-14, but the number of the leave days was limited to a certain number per year (usually 60 days, or a certain number for each case of disease: 1-2 weeks). The leaves for child raising and for looking after the sick child diminished considerably the parents' motivation to send their children to nurseries.
- Mothers with 3 or more children received a special lifetime monthly benefit to compensate for the impossibility of taking up a job and getting a pay (and therefore an old-age pension).
- Finally, the "grandparents' institution." As a response of the community to the child raising problem, as women were employed and nurseries provided services of modest if not even poor quality, a pattern developed according to which children were taken over by grandparents to be

looked after. Quite frequently children were left in the grandparents' care, often for indefinite periods of time; or the grandparents looked after the children while their parents were at work.

The third problem: for an industry in fast development, the State had to ensure a sensibly superior education and training level to the young generations. To that aim it took a number of measures, such as:

- Free all-grade education.
- Strict administrative control of school attendance which was compulsory. In Romania school attendance was compulsory for the first 10 forms or until the age of 16.
- Free of charge or heavily-subsidized services and educational facilities. In Romania textbooks were provided free of charge. Holiday camps, especially with an educational profile, were organized free of charge or were heavily subsidized.
- Severe deterrence of child labour.

The fourth problem: due to the low level of wages and salaries, there was a pressing need to compensate families for the surplus expenditures they incurred in bringing up their children. That compensation was realized in three ways:

- Economic transfers to the families with children. First of all the **child allowance**. In most countries in the region that sort of transfer focused on the families on low incomes (as a matter of fact the large majority of families fell under that category), either by the benefit differentiation according to the family income (Bulgaria and Poland), or by eligibility to child benefit depending on income (USSR), or by both mechanisms, as for instance in Romania. The child benefits ranged between 3 and 20% of the average pay. In Romania, in 1989, a family with 2 children got child allowances which accounted for 9.8% of the average pay, a lower level than in most neighbouring countries (Table E.7, Annex).

Secondly, upon every childbirth, beginning with the third, a fixed allowance was granted. Mothers with 3 or more children received a fixed lifetime monthly allowance.

- The subsidizing with priority of the goods and services for children.
- The transfer of goods and services free of charge or at much lower prices. The massive

subsidizing of housebuilding and energy, as well as the priority given to the families with children in being assigned state-funded houses depending on the family size. Holiday camps, cultural services, recreation and sport facilities.

In conclusion, a remark about the universal character of the family and child protection measures. Most protection forms were universal: free of charge medical assistance and medicines for children, free of charge education, subsidized goods and services for children. Certain forms of social protection were however discriminatory. Child allowances were granted only if one of the parents was employed in a socialist type unit: a state enterprise or a cooperative farm.

RESTRICTIONS AND DEVELOPMENTS IN THE FAMILY AND CHILD POLICIES

In the previous paragraph we dwelt on the **problems** the socialist organization of society posed and on the structural **answers** to those problems. A comparative analysis of the 9 former socialist European countries highlights an immense similitude of the social policies in the domain. Differences lie in levels and secondary objectives.

The pattern of evolution of the social policies in the family and child sphere is also roughly much the same. It was dominated by three distinct processes:

First, the fast process of industrialization and urban development, accompanied by the generalization of the wage-type labour in socialist forms, brought about a pressure for a fast expansion of the system, especially beginning with the 1960s. As a growing part of the population moved over to towns and to the industries, as agriculture increasingly came under the socialist form of organization (cooperativization), an ever broader mass of families with children was integrated into the specific social protection system.

Second, **the steady decline of the socialist economy**. After a period of fast economic growth in the 1950s and 1960s, from the second half of the 1970s and especially after 1980 the socialist economies entered a phase of chronic decline. The resources needed to support social protection,

which was in ever greater demand, were getting thinner and thinner. Economic restrictions generated a **shrinking** of the support for families and children. What happened in general was not an elimination of any forms of support, but rather their **degradation**. Some forms of financial backing were frozen at the previous levels, despite the slow inflationary process. A certain selectivity was introduced in their granting depending on the family incomes, like in the case of child benefits. Finally, the most frequent phenomenon was the quantitative and qualitative degradation of the services. Medical assistance and education underwent such a process of fast degradation: the number of personnel was increasingly insufficient compared with the requirements; investments were reduced down to outright annihilation; there was an increasing shortage of the necessary instruments (medicines, textbooks etc.). Disguised fees were often introduced: that was the case of the nurseries and kindergartens. In the case of schools, too, the parents were compelled to contribute under various forms to the increasingly scarce funding by the State. Certain services which should have been provided as a universal right - nurseries and kindergartens - limited the access as they were more and more overcrowded. Likewise, due to the poor quality of many of them, some of the former beneficiaries of those services abandoned them and looked for substitutes relying on their own resources: mothers were compelled to quit their jobs, greater recourse was made to the grandparents' help, and help was hired to look after the children. Table G.10, Annex, indicates that in Romania between 1980 and 1989 the rate of pre-school attendance went down rapidly from 83% to 63.2%. A similar tendency was common to other countries in the region.

The third process was the fast decrease in the birth rate beginning with the late 1950s. After the baby boom following the War, the decline in the birth rate was of spectacular dimensions. It is explained by two factors. First of all, the development in an extremely short period of time of the wage-type economy and, as a consequence thereof, the almost complete generalization of the pension system. In that context, the child ceases to be a present and future income-generating source, turning instead only into a consumer. In that way

the traditional economic motivation of having children disappeared. Secondly, the low level of wages demotivated many families to have children or determined a limit of 1-2 children. A facility came to join these two factors: the liberalization of abortions after the War and the provision of medical services for having a free abortion or at a nominal fee. To all that, one should add women's massive employment, a fact which contributed in its turn to the decrease in the number of children wanted.

The decline in the birth rate generated a profound political shock, as the socialist economies which were in a process of extensive growth needed a large workforce. In Romania this motivation was accompanied by a simplistic-primitive perception of the national interest by the leadership of the communist party. The decrease in the birth rate appeared to them as jeopardizing the very future of the Romanian nation.

It was a challenge which triggered reactions of varying intensity and different responses from the socialist states in the region. The leadership in Romania had perhaps the strongest reaction, they dramatized the process. Other states' reaction was one of resignation and/or they tried to promote forms to motivate families to have children by expanding the measures of support for the families with children (GDR, Czechoslovakia, Hungary). Romania resorted first of all to an extremely tough coercitive measure: a sudden and radical ban on abortions in 1966. There was an immediate upsurge in the birth rate, after which there followed a slow decrease down to the earlier level. That measure had complex consequences in terms of family, children and future configuration of the social policies in this field. That is the reason why we should dwell longer on it.

A first consequences was the strong reaction of selfprotection on the part of the population, through the development of a huge illegal medical and paramedical abortion industry. Actually abortions were not completely eliminated during that period, but transferred into illegality. The population's motivation not to have children was reinforced by that measure, and the consequences were multiple. **The cost of not having any children** suddenly soared, being accompanied by the penal and health risks caused by illegal

Chart 7.1 - Mother mortality rate (per 100,000 live births in 1989)

Chart 7.2 - The birth rate in Romania (births per 1,000 population)

* For the first 6 months

abortions, tending to counterbalance the cost of childbirth and of bringing up a child. A generation of unwanted children emerged. Another consequence was the greater differentiation of the birth rate between the poor families and the better-off families. The families on higher incomes could much better control birth according to their wishes. The families on lower incomes, that could not afford to pay the high fee of an illegal abortion had often to put up with the payment of a much higher cost, but spaced out in time, incurred by the bringing up of the unwanted child. The proportion of unmarried mothers (especially of teen-age mothers) also went up. The effect was therefore not only an explosion of "unwanted" children, but also a fast rise in the number of children born into poor families, with an unbalanced way of life, chronically deprived of economic possibilities for a decent life. Infant and mother mortality, due to non-medical abortions, exploded. With the exception of Albania, infant mortality in Romania significantly reached the highest levels (Table G.4, Annex). Mother mortality was over 10 times higher than that in most countries in the region (Chart 7.1 and Table H.1, Annex). The women's and children's state of health was deeply affected, that accounting to a large extent for the growing frequency of birth defects.

Another long-term effect was the fast rise in the number of institutionalized children. Many of the unwanted children or those born into families that lacked the means to bring them up were abandoned in special institutions. The high mother mortality rate was an additional factor of child abandonment. That explains the much higher proportion (by two to eight times higher) of the institutionalized children in Romania compared with all the other countries in the region (Table 7.1 and Table G.15, Annex).

In the last few years before the Revolution, children in Romania were affected by two additional unfavourable factors: **undernourishment**, due not so much to the shortage of economic resources in the household (although that was an aggravating problem) but rather to the difficulty in finding food on the market, and the **cold** in the unheated apartments in wintertime.

Table 7.1 - Number of institutionalized children in 1990 and their proportion per 1,000 population

	Number of children in institutions	o/oo total population
Bulgaria	12 117	1.4
Czech Republic	16 400	1.6
Slovakia	4 372	0.8
Hungary	17 492	1.7
Poland	31 684	0.8
Romania	90 688	3.9
Russia	113 425	0.8
Ukraine	26 100	0.5

THE CHILD IN THE PERIOD OF TRANSITION AND FAMILY AND CHILD SUPPORT POLICIES

Population changes

One of the first measures taken after the Revolution, unanimously regarded as an absolutely compulsory reparation, was the legalization of abortions. As alternative birth control means were not too numerous, and due to the lack of education of the population and of the medical staff in this respect, the number of abortions shot up in 1990 (Table B.8, Annex): in 1990 in Romania there were 315.3 abortions per 100 live births, compared with 197.1 (Russia), 137.5 (Bulgaria), 85.2 (Czech Republic, 71.9 (Hungary).

An immediate result of that political decision was a spectacular decrease in the birth rate (Table A.1, Annex and Chart 7.2)

Another effect, but a favourable one, was the spectacular decline in mother mortality (Table H.1): from 1.69 per 100,000 live births in 1989, to 0.6 in 1992. A decreasing tendency, unfortunately not so spectacular, was also registered in the case of infant mortality (Table G.4, Annex).

The severely shrinking birth rate had immediate consequences on the child protection system, with the number of children substantially decreasing. There is however still another alarming factor. The birth rate seems to have decreased more among the rich families than the poor families,

therefore a proportionally greater number of children were born into the poor families. This is the conclusion that can be drawn from Table B.7, Annex: the number of children borne by women below 20 years of age increased from 15.1% in 1989 to 17.3% in 1992. Worth noting is also the fact that the ratio of births to unmarried women does not seem to have gone down after the liberalization of abortions, as expected (Table B.6, Annex).

Changes in the children's economic situation

In Romania, the same as in all other countries in the region (with some variations, of course), a genuine poverty explosion has been registered since 1991. The factors that account for it are **the shrinking of the real wage, the fast rise in unemployment and the widening inequality in income distribution**. And because poor families have more children than the others, a much higher proportion of children than adults live in poverty (Table 7.2 and Table 3.1).

Table 7.2 - Share of children and adults living in poverty

	Children	Adults
Below the minimum subsistence level	65.6	47.8
Above the minimum decent level	10.4	20.8

Source: *S_r_cia-93*, I.C.C.V.

The analyses show that each additional child dramatically increases the probability for a family to live in poverty.

Table 7.3 - Evolution of prices in Romania

	October 1990 = 100			
	December			
	1990	1991	1992	May 1993
Total	137.7	444.5	1330.0	2513.5
Food products	126.5	490.5	1568.0	2976.7
Non-food products	159.9	418.7	1212.0	2361.7
Services	128.3	398.2	1046.0	1746.3

Not only have real incomes gone down, but in Romania the **relative price** of food substantially went up in 1993 over 1990, while in the Czech Republic, Slovakia, Hungary and Poland it went down (Table 7.3, Table E.8, Annex). That led in 1992 to a decrease in the per capita number of calories compared with 1989 (Table E.17, Annex), and to a spectacular fall in meat consumption (Table E.15, Annex). These data suggest that children's nourishment, especially of those who live in poor families, is adversely affected, with consequences for their physical and intellectual development difficult to foresee.

Unexpected changes were also registered in the number of institutionalized children. We expected their number to go down rapidly due, on the one hand, to the lower number of children placed in such institutions (the liberalization of abortions has led to a considerable decrease in births and reduced to nil the number of unwanted children) and, on the other hand, to the greater number of children that left such institutions, by the encouragement of adoptions and foster care. In actual fact the number of institutionalized children has not decreased too much: only by 11% in 1992 over 1990. The explanation seems to lie in the poverty shock. There are families who, suddenly confronted by poverty and nourishing extremely feeble hopes of surmounting this crisis, put their children in orphanages, sometimes just for limited periods of time which can however become indefinite. This process is also enhanced by a paradoxical effect: the absolutely disastrous situation of the institutions for children inherited from the former regime has motivated both the Romanian State and various Western organizations to lend help to these institutions. Consequently, in many of them, children have living conditions which many of the

ordinary families can hardly afford.

The Child Protection Policy

As already shown, in the socialist regime aid was provided by three channels, mainly: **a. Direct transfer of economic resources:** child benefits, childbirth benefits and benefits for mothers with 3 or more children. **b. Free provision of goods and services, c. Heavy subsidizing of the goods and services for children.** The last channel was rapidly eliminated in keeping with the philosophy of the transition that cancelled any subsidies and provided for full price liberalization. The last subsidies in Romania were scrapped in 1993. Subsidies for children's articles were the first to go. In that way, the situation of the families with dependent children has worsened.

Was the elimination of the indirect aid compensated through increased direct transfers? In some cases (Czech Republic, Slovakia, Hungary) part of the saving resulted from subsidy scrapping was converted into direct benefits granted to the families. There was no such policy in the case of Romania and Russia.

Let us see what happened to each of the direct financial aid forms for families.

The Child Allowance

Eligibility. Until the Revolution in Romania, the same as in most other countries in the region, the child benefit was conditioned on employment. As there was full employment of the workforce, that provision was not too restrictive. It excluded those who were jobless (in the last years of the socialist regime their proportion was on the rise) and those who worked on their own account and were not members of the co-operative system (quite a small number, including the non-cooperativized peasants). After the Revolution the number of those who were not eligible for getting the child benefit under the law went up: those working on their own account, the employees of private enterprises.

Under the new law promoted in 1993 that discrimination was eliminated, and the child benefit became universal. In some countries (Czech Republic and Slovakia) a restriction

depending on the family income level was introduced in granting the child benefit. But the ceiling is high. In the Czech Republic, for instance, this ceiling stands at two average pays. In Hungary in 1990 the child benefit became universal, being also granted to the one-child families who had not been eligible until then. In Russia, where the child benefit has always played a marginal role, eligibility is still restricted. As a rule, children are entitled to this benefit until they turn 6, only unmarried mothers get the benefit until their children turn 16 (18), as happens in all the other countries.

The real value of the child benefit. Table 7.4 shows that in all countries of the region, with the exception of Poland, there has been a decrease in the real value of child benefits. The most dramatic collapse was registered in Romania. Moreover, Romania is the only country where the child benefit decreased to a greater extent than the other incomes (Chart 5.3): there was a spectacular fall in the ratio between child benefit and average pay in our country, while in some neighbouring states this ration went up (Poland, Slovakia), in others its level is more or less the same or it has undergone a slow decrease.

Childbirth benefits

Under the old system a fixed amount of 1,500 lei, which in 1989 accounted for about 50% of an average pay, was granted upon each child birth, in order to compensate for the supplementary expenditures incurred by the event. After 1990, the benefit continued to be granted but its value was frozen at its initial level, so its significance is practically nil at present: about the 50th part of an average pay.

Benefits for mothers with 3 or more children

This lifetime benefit was also frozen at its 1989 level: **450 lei a month**, which at present is worth a little more than the price of two loaves of bread.

20% tax cut for persons with children

The tax cut introduced in 1991 and abolished

in 1993 represented an important financial transfer to the families with children, but as shown at Chapter 4, it was insignificantly differentiated and powerfully regressive. The elimination of that tax cut in 1993 has dramatically diminished the volume of transfers to the families with children.

As can easily be noted, in Romania families with dependent children are the most disadvantaged in the context of the general

Table 7.4 - The child benefit: its real value and the ratio between child benefit and average pay

	1989	1990	1991	1992	1993
Bulgaria					
Real value	100	80.8	68.3	61.6	44*
Ratio child benefit/average pay	12.8	9.8	13.8	10.7	9*
The Czech Republic					
Real value	100	110.6	92.6	87.7	
Ratio child benefit/average pay	10.4	11.9	13.2	11.7	
Hungary					
Real value	100	98.1	87.7	78.3	73.4*
Ratio child benefit/average pay	20.5	21.8	19.9	18.1	17*
Poland					
Real value	100	165.1	185.8	183.3	
Ratio child benefit/average pay	2.6	5.8	6.5	6.7	5.4*
Romania					
Real value	100	95.1	60.9	40.9	37.4**
Ratio child benefit/average pay	9.8	8.9	6.6	5.3	4.4**
Slovakia					
Real value	100	101.6	85.9	77.4	67.1*
Ratio child benefit/average pay	10.5	12.1	13.2	12.1	

* Estimate

** November 1993

decline in the living standard. They are moreover provided the lowest degree of social protection. The real value of **child benefits** has gone down to a much greater extent than that of other incomes (wages, pensions), **the childbirth benefits and the benefits for mothers with 3 or more children** were frozen at their 1989 level, their value being practically reduced to nil by inflation.

Chart 7.3 indicates, using a typical case (a family with two wages, an average wage and a minimum wage), the combined impact of the

number of children and financial transfers. As shown there, the various transfers made in the case of a family with children (the child benefit and the tax cut) do not manage to prevent a slide into poverty with the birth of children.

Evolution of public services for families with children

The services for families with children and for orphans have been subject to a number of contradictory influences, some favourable, others

unfavourable. In general they are just at the beginning of a more deep-going process of reform. Let us take a look at some of the most important such services.

Medical attendance for mother and child.

The medical system in Romania has not entered into a process of reform proper. Talk is still going on whether to introduce the system of medical insurance. Although after the Revolution the medical attendance system, especially for children, received a surplus of resources from both the Budget and under the form of aid from various international organizations, at present it is increasingly affected by the scarcity of available resources.

It seems that a growing deterioration is registered in the sphere of prophylactic actions. The elimination of the frequently brutal means of motivation of the medical staff to assume responsibilities in the sphere of prophylactic medicine has resulted in a control vacuum and a certain weakening of the sense of responsibility. Likewise, the relaxed means of compelling the families in taking part in a series of prophylactic actions has weakened the efficacy of this activity. For instance, it seems that there is a decrease in the number of those benefitting from immunization measures.

Paid leave for taking care of the sick child until the age of 1 year was introduced in Romania after the Revolution (65% of the previous wage). Unlike the situation in other countries, rights concerning paid leaves for looking after sick children have not been diminished. It seems however that the parents tend not to resort to these facilities for fear especially not to lose their job and due to the increased pressure put on them by economic difficulties.

Changes in child care and education

No major structural changes have occurred in this sector in Romania either. There is a tendency that, in the face of the economic difficulties confronting some child care systems (nurseries and kindergartens), ever more costs should be transferred to families. After fees for nursery attendance doubled in Romania in 1990, their value in 1992 returned to the initial one of 1989,

that is about 10% of the average pay; in September 1993 they were again raised, now accounting for about 16% of the average pay. The attendance fees and the difficulties facing the families explain the decrease in the number of children attending such child care forms. Nursery attendance has diminished also because of the significant decrease in the number of births beginning with 1990 and of the rise in unemployment among women who, under these circumstances, are no longer forced to put their children in nurseries and even kindergartens. In Romania the attendance rate in pre-school education fell significantly from 63.2% in 1989 to 53.3% in 1992, actually the second lowest attendance rate after Poland.

The transfer of responsibility in point of pre-school education to the local authorities, a general tendency in all countries, which do not have adequate budgets yet, is a factor with a negative impact.

The development of private kindergartens, which provide a better education (often a foreign language is taught there), has not been too spectacular yet. Its effects are difficult to foresee. A massive privatization of kindergartens may result in the exclusion of children from poor families. On the other hand, their expansion might relax pressures on the state kindergartens.

Primary education has not changed its framework in any country yet. In all the countries in the region there is an alarming tendency towards a rise, under various forms, in the cost borne by the family for their children's schooling. The attendance rate has diminished considerably: in Romania the primary and secondary school attendance rate decreased from 98.1% in 1989 to 93.9% in 1992, the second lowest after Bulgaria.

To illustrate the decline of social services for children we shall refer to children's camps. Their cost, borne by the family, has substantially gone up. Participation in such camps has decreased after 1989, a year which in its turn represented the end of strongly receding series (Table 7.5).

Table 7.5 - Number of days spent in children's camps compared with 1989 (= 100)

1990	1991	1992
75.1	79.0	74.5

Evaluation of the response to the child's social protection in the transition period

No structural changes have occurred in the child and family protection policies in the countries of the region over the past few years. And there is an explanation to that. The socialist regime, in response to the family's low income level, developed an ample family and child protection system. The economic conditions have not changed, on the contrary, they have worsened: there has been a decrease in the income level everywhere; however, no spectacular changes seem to have taken place in income distribution; large segments of the population have become poverty-stricken. Such a situation was expected to call not only for the maintenance of the ample system of social protection inherited in this field, but also for its expansion.

On the other hand, the economic crisis with its pressures for a cut in public spending has steadily eroded social protection in this field. And because the components of the family and child social protection system inherited are powerfully backed by the public opinion, there was no brutal elimination of these components, but rather a fast erosion in the process of inflation of the past 3 years.

The erosion of the child social protection system is common to all the countries in the region, but in Romania its pace seems to be quicker, although its initial level was the lowest of all countries.

Why is economic aid for families with dependent children lower in Romania than in the other countries, with the exception of Russia and Ukraine? Economic difficulties do not seem to be the only explanation. In our opinion an explanation of this phenomenon lies in the sphere of political mechanisms and not so much because of a rational decision concerning priorities, but rather of the game of social and political pressures, and so, children become the most neglected social category.

First of all, due to the specific character of the Revolution in Romania and to the subsequent political processes, the State has been subject to a continuous and powerful pressure for meeting various claims. As the children's interests were not

promoted by any major pressure group they are paid an extremely low attention. As a matter of fact, whenever a system operates in a field of strong power pressures, the hierarchy of priorities will be determined by the pressures exerted rather than by global considerations on their importance. The acceptance of some claims under social and political pressure inevitably generates a tendency to cut down on spending in the fields where the pressures are weaker. In a way we could say that the pressures for an increase in wages and pensions and especially for the subsidizing of inefficient industries are the cause generating the children's neglect.

Secondly, one should not ignore the spontaneous reaction to the disastrous policy promoted by Ceau_escu to forcibly increase the birth rate. He had tried to use the aid for families with children as a means to motivate the rise in the birth rate: higher benefits were granted upon the birth of the third and following children than in the case of the first; the mothers with at least 3 children received a special monthly allowance etc. Some families accustomed to a very low living standard were suspected of becoming demotivated to work, relying instead on the financial transfers brought in by the existence of children. It was supposed that those families would be motivated to have more children in order to get the related benefits. Such a presumption is not however substantiated by any certain evidence. On the contrary, specialists consider that the effect of the generous benefits is the reduction of the number of children living in poverty and not a growth in the birth rate. Anyhow, right or wrong, that presumption seems to have played a certain role in inducing a negative attitude towards an increase in the aid especially for the families with many children.

Thirdly, a certain confusion about the direction in the evolution of the social assistance system in Romania. World Bank experts have recommended to the Romanian Government a freezing of the child benefits so that their function may be taken over by social assistance based on the testing of the financial resources of the families.

Another factor which might explain this attitude of neglect is the relation between the long-term and the short-term consequences. The present

state of urgency tends to call for the priority consideration of the immediate consequences and to ignore the long-term consequences. Or the worsening of the children's living conditions has catastrophic long-term consequences.

As a general conclusion of this analysis, we could say that there is a general tendency, more marked in Romania compared with the other states in the region with the exception, perhaps, of Russia and Ukraine, about which we do not have systematic data, towards a **withdrawal of the State from its responsibilities of ensuring family and child protection**. This withdrawal does not seem to be motivated so much by rational considerations for an efficient use of the declining budget resources, but it is rather **the secondary and unintentional effect of the**

combination of some social and political pressures with wrong social and institutional estimations.

If this estimation is right, the necessity arises for a global reconsideration of the family and child social protection in itself and as part of the wider system of social protection.

8. SPECIAL PROBLEM: THE SITUATION OF THE ROMANY*

The population of Romanies in Romania now poses some extremely difficult problems which are likely to get worse, representing a potential source of powerful social conflicts.

The special situation of the Romany population in this country indicates a moment of **acute crisis/crucial moment**. A moment of **crisis** because most of the Romanies no longer afford to live at a minimum decent standard, their poverty advancing at much faster rates than those of the rest of the population. The conflicts which break out between the majority population and groups of Romanies now and then and whose incidence is likely to increase according to our estimations, are a symptom of this crisis. A **crucial** moment because this crisis can be surmounted in various ways, some of them constructive, positive ways, others - destructive for both major segments of the Romany population and the entire community: chronic poverty and a ghetto-type life, violence, lack of elementary education, lack of any qualification, high unemployment and crime.

The period of transition raises particularly serious problems for the social situation of the Romanies. These problems can be understood taking into account several basic tendencies of an ethnic, cultural, political and social-economic nature which have taken shape after the Revolution among the Romany population:

- The development of a very active movement of ethnic and political emancipation of the Romanies; the advance of claims for the observance of some basic ethnic and general human rights, backed also by the new processes and trends at a European scale.

- A much deeper poverty affecting the majority of the Romany population.

- The rise in crime among the Romany population, apparently at much higher rates than in the case of the entire country's population, has been accompanied by an increase in violence, traditionally untypical of the Romanies. Of course, the tendency towards organized crime and violence is not common only to the Romanies, but their dimension has lately shocked the community.*

- The emergence of more or less legal and extremely attractive economic opportunities of getting rich in the case of a certain segment of the Romany population.

- The outbreak of conflicts between groups belonging to the majority population and groups of Romanies, which may degenerate into open interethnic conflicts.

The problem of the Romany population are all the more serious as the Romanies account for a significant percentage of Romania's population. According to the 1992 census, at that date the Romany population totalled 409,723 - that is 1.8% of the entire population. Expert estimates indicate however that 4% of the entire population would be a figure much closer to reality. The former figure includes those Romanies who continue to

*The data used here for an estimation of the problems of the Romany population of Romania are the result of a study conducted in 1992 on a very large of sample of Romanies: 12,000 persons who make up 1,804 families. See: Elena Zamfir and C_t_lin Zamfir (co-ordinators), **Gipsies: Between Neglect and Concern**, Bucharest, Alternative Publishing House, 1993.

live a more or less traditional life.

TRADES AND OCCUPATIONS

The forced socialist industrialization has destroyed the economic background of the Romanies' traditional trades and occupations. But the assimilation of trades specific to a modern economy by the Romany population was rather limited. Consequently, the large majority of the Romanies have no skills. Table 8.1 shows the professional structure of the active couple who forms the nucleus of the household and that of the total adult population in the sample.

Table 8.1 - Trades and skills of the Romany population: the active couple of the household and total adult population (per cent)

Type of skills	Active couple of the household			Total active pop.
	Males	Femls.	Total	
Modern skills				16.1
Traditional skills				3.9
No skills				79.4
	34.6	10.6	22.0	
	7.3	0.6	3.8	
	58.0	88.8	74.2	

The adults, around whom the households are formed, have an alarming professional situation: 74% of them have no skills. The lack of any skills is even more obvious among women, but the men's situation does not differ too much either. The lack of professional training hardly offers any opportunities for employment, or in the best case it allows access to unskilled, low-salaried posts.

Most of all employees are unskilled. Just a small part of the active population (up to 2%) have medium and higher qualification. The youth seem to have a somewhat higher qualification, but the tendency is very feeble, the situation being precarious and confined to the level of the young generation.

Out of the mature population at the core of the household 27.4% are employees and employers, therefore they have a steady legal income (males: 40.5%) - Charts 8.1 and 8.2.

Out of the population above 16 years just little over one fifth (22.1%) are employees. For comparison, the share of employees at nationwide scale in the total active population on July 1, 1992 (the time when we carried out our research) was 58.6%.

The proportion of those engaged in their own private businesses (which often border on illegality) is 16-17%, therefore a high proportion compared with the configuration of the present community. Such activities are closer to the traditional way of procuring the needed resources.

The proportion of jobless (including housewives) is extremely high: if we take into account the jobless on unemployment benefit, those not entitled to an unemployment benefit and those in prison, their number accounts for 52% of the entire population of adult Romanies and 48% of the mature generation of couples at the core of the households. But only 2.8% are on unemployment benefit, the rest of the jobless having no legal means of subsistence. There is a greater tendency among the youth to become jobless: over 50%.

1.2% of the adult population is in prison, which means more than double the proportion at the scale of the country's entire population (0.5%). It seems that most of them are young people.

Only 0.4% of those over 16 years are school pupils or university students. If we refer only to the younger ones, their proportion is extremely low, too: 2%.

LIVING STANDARD

From the viewpoint of occupational economic resources, the Romany population is therefore in a situation which can be described as desperate. It is partially compensated by the traditional way of life, characterized by extremely modest aspirations and the resort to semilegal or illegal resources, with all the human costs this implies.

Incomes at the scale of the Romany population are dramatically lower than those of the population as a whole. Even if we allow for undeclared

incomes, obtained by less legal

Chart 8.1 - Occupations of the Romany population over 16 years

Chart 8.2 - Occupations of male head of family

channels, the situation cannot be much too different. The proportion of Romanies below various poverty lines is incomparably higher than that of the population as a whole (Table 8.2).

Table 8.2 - Poverty of the Romany population compared with the total population

	Below minimum subsistence level	Below social minimum
Romanies*	62.9	75.2
Total population**	16.0	33.0

* Estimate May 1992

** Estimate October 1991

EDUCATIONAL ATTAINMENT AND ATTENDANCE

The educational attainment of the Romany population, after decades of effort by the socialist regime to improve school attendance, despite notable progress compared with the pre-war period, is still extremely low compared with that of the population as a whole. (Table 8.3).

Table 8.3 - Schooling level of the Romany population (%)

Not one grade	22.0
Primary school unfinished	5.3
Primary school finished	25.2
Secondary school unfinished	8.5
Secondary school finished	33.7
High school	3.9
Post-high school education	0.7

The proportion of illiterates (those who have not attended school at all or, perhaps forced by the local authorities, attended just few school years, but did not complete their primary education) is very high: 27.3%.

Women's educational attainment is much lower than men's. The number of male illiterates is 18.6% and that of female illiterates is almost double: 35.2%. Post-high school and university education is rather an exception for the population under consideration.

The efficiency of school attendance can be estimated by the most elementary criterion in this respect: **proficiency in reading** (Chart 8.3). As seen there, self-described functional illiteracy is very high.

What is really alarming however is the collapse of school attendance by the generation of children after 1989: the proportion of those who never went to school has gone up at a fast rate (Chart 8.4).

The prediction that can be worked out on the basis of these data is quite alarming: the young generation will evince an almost double degree of illiteracy compared with the present adult generation (Chart 8.5).

What determines the lower school attendance among the Romanies? There is perhaps a whole series of causes, among which the most important seem to be the following:

- A tendency of the present Romany population to fall back, when confronted with the difficulties of the transition, on the traditional life strategies where school played no role;
- The tendency towards social breakup inflicted upon the Romany family by an extremely high economic and social stress;
- The high poverty level is a major factor deterring school attendance: the lack of adequate clothes and school supplies, the lack of study conditions at home (overcrowded dwellings) have determined many Romany children to quit school;
- The attitude of their schoolmates and teachers is another crucial factor which keeps Romany children away from school. Lagging behind, due to class missing and to the lack of support from the family, grows ever more serious, making impossible for Romany pupils to keep pace with their schoolmates. That brings about a progressive alienation from school, the development of antagonistic relations with school, a marginalization from schoolmates. The

elimination of teachers' responsibility to ensure a proper school attendance was the last element to complete the cycle of exclusion.

The Romanies' school exclusion is not therefore the result of an explicit, intentional discriminatory act, but rather the result of a progressive process of marginalization/self-marginalization. This presumption is confirmed also by the Romany parents' perception of the

Chart 8.3 - Reading proficiency with the adult Romany generation

Chart 8.4 - Proportion of Romanies who never went to school: the adult generation and the children by age groups

Chart 8.5 - % of the adult generation and of the children who have not completed/will not complete their primary education

Chart 8.7 - Use of birth control means by women of childbearing age

school's attitude towards their children. Asked whether they are satisfied or not with the way teachers treat their children, the respondents answered:

Satisfied: 80.9%

Dissatisfied: 19.1%

The health of the Romany children seems to be affected in a manysided way by the difficult living conditions and by the phenomenon of marginalization/self-marginalization. Here are just some examples illustrating the precarious health of the Romany families with children.

According to the results of the above mentioned research, mortality under 1 year among the children of the present adult generation has reached the catastrophic figure of 63 per 1,000 live births.

Out of 597 families with children under 3 years, 169 parents (28%) declare that one or more of their children have not been vaccinated.

31% of the parents with children under 1 year say they are dissatisfied with the medical care provided to their children. More specifically they complain about failure to be given medicines and milk powder free of charge, improper medical examination and treatment, discriminatory treatment of the Romany children, the corruption of the medical staff.

FAMILY AND THE BIRTH RATE

The Romany families continue to have a series of traditional characteristics for the most part. They are generally of the **extensive type**. With the present generation of girls, marriage age continues to be very young. Some girls get married when barely aged 12 years, the average marriage age with girls being 17 years, compared with 22.2 years in the case of the population as a whole. Likewise, the average age of the first childbirth is very young: 18.5 years. The birth rate among the Romany families is still very high: 4.35 children for each woman on an average, as against 1.79 in the case of the population as a whole.

There is apparently an increasingly widespread wish of family planning of a more modern type (Chart 8.6), but this wish is rather an abstract notion (Chart 8.7).

Family planning aspiration is associated with the degree of integration into a type of modern life. The precarious economic situation of the families does not seem to have any impact on this wish. Moreover, the families where the parents have no steady job, resorting

to various expedients to earn their livelihood, are least interested in appealing to family planning means. The birth rate does not seem to be influenced by the economic crisis in the case of the Romany population: those confronted with special economic difficulties do not seem to have any intention to limit the number of their children, as a protection reaction.

PROSPECTS

It is difficult to speak about the Romany population in general terms. There is a tendency towards considerable differentiation within this population: part of it is engaged in a process of alignment to the parameters of a modern society, to the standards of the community at large. Quite disquieting is however the fact that a very important segment of this population is now confronted with a powerful professional, occupational and therefore economic and social crisis. This segment is in a "whirl" of fast degradation of the living conditions.

Much more serious is the fact that the reaction of the Romanies to this critical situation is rather counterproductive. The lack of education and skills makes it difficult for them to get the necessary resources for a livelihood as part of a modern economic system.

On the other hand, if there are no real chances to improve the situation or at least to stop the degradation of the economic situation of an important segment, the community's reaction does not seem to be efficient on the long-term either: the children's schooling level is on a fast decrease, children being in this way deprived of any possibility to get a qualification. As a reaction to difficulties, children are increasingly stimulated to resort to quick and marginalizing ways to make a pretty penny (begging, working as street vendors, pickpocketing), which may temporarily alleviate the economic difficulties of the family, but they destroy the children's chance of getting an efficient training for a modern, normal life.

Disregard for the Romanies' problem ("don't worry, they'll manage"), which characterizes the traditional mentality of the majority population, is another major factor responsible for the aggravation of the situation of a large segment of the Romany population.

A solution in principle should be based on a number of convergent social and political attitudes:

- An active attitude of the majority population, particularly of the political and administrative institutions, of understanding the problems confronting the Romany population and of support, so that they may surmount the difficulties.
- The wish of the Romany population to understand the nature of their own problems and difficulties and to tackle them in an active and constructive way, with the support of the majority population and of the political and administrative institutions.