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# **HOW GOOD OR BAD WAS THE ROMANIAN STRATEGY OF TRANSITION**

Cătălin ZAMFIR<sup>1</sup>

## **Abstract**

Romania's performances over the past 30 years are not impressive. The economy displays dramatic crises and modest increases, though there were years of important growth. The country faces unsolved chronic crises: agriculture and industry are in a state of confusion, lacking a strategic vision; underdeveloped public functions are facing severe social issues. Demographic decline, underemployment, and poverty are far from being significantly reduced. Also, the political factor, supposed to be the engine of development, seems to be locked in conflicts for power that express actually the lack of vision. The article argues that more than ever, Romania is at a crossroads. We enter inevitably into a new stage of our history. We might continue on the path we engaged on up to now, but the future does not seem by far the one we wish for. Or, we need rather to disengage from the process that kept us in a bottleneck and put forward a new vision, new options, and democratic-led decisions. In brief, a program for the social and economic development of the country. The article concludes that in order to surpass the current crisis a new model of social-economic development of the country should be enhanced, ensuring prosperity for the whole population.

Keywords: Transition, Social and economic development, New model of society, Quality of life, Poverty, Welfare policy.

## **December 16-22 1989. The Romanian Revolution: national consensus**

The crisis of the soviet-type communist regime deepened in the seventies and eighties, not only in Romania, but in all the other countries of the soviet system.

At the end of the year 1989, the social situation turned increasingly more tensed. Discontent heaped. There was a wide consensus that nothing could change unless Ceaușescu goes down together with his entire nomenklatura. Ceaușescu disposed of strong control means. Helplessness led to acquiescence. Acquiescence imbued

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firmly in years of collective frustration might have exploded at any moment. All that was needed was an event, a spark that could lead to social flareup.

16 December Timișoara. The collective mobilization was unleashed: the street was taken over. Ceaușescu was not ready to surrender and resorted to bloody suppression means. A couple of days followed in which the inhabitants of Timișoara felt they were facing alone the unrestrained terror. Yet, the process had begun, and no matter how violent the repression was, it could not but continue. The entire country was engulfed in a sentiment of despair.

21-22 December: Popular insurgence in Bucharest. Individual fears made way to collective will of action. The population was on the streets. Ceaușescu ran away. General joy. The change began.

The collective state of mind crystalized around an immediate objective: removing Ceaușescu from power, together with his camarilla and doing away with the political instrument of communist dictatorship: The Communist Party. Ceaușescu's people had vanished from power together with him. Nobody felt threatened by that group any longer. Some of the PCR (Romanian Communist Party) leadership were arrested but no one regarded the measure as important for securing the Revolution. Ceaușescu's power had vanished overnight. The rapid execution of Ceaușescu shocked. The vast majority of the population considered this deed as regrettable: this was not supposed to be the way of departing from Ceaușescu.

The only institution instrumental in maintaining the communist system was the Communist Party with its more than 3 million members. Some believed that this party needed to be banished by law. But most people made a pertinent observation: The Communist Party had ceased *de facto* to exist. Some attempted to establish a new communist-type party but could not obtain significant support.

During the first days of the Revolution, general consensus dominated: a newly democratic, western-type society would replace the communist regime.

### **Political cleavage**

The first structural changes occurred inside the political system. A political body of the Revolution was established: the FSN (National Salvation Front) conceived as a temporary body that expresses the national consensus. Public personalities of the time were coopted in the FSN Council, with a wide variety of views that were also in the process of being crystalized. Experts in the public system, technocrats, prestigious intellectuals and the new political activists dominated the FSN Council, all of which were active persons in the Romanian Revolution.

The "historical" parties were reestablished during the first days of the year 1990: PNTCD (the National Christian-Democratic Peasants' Party), PNL (the National Liberal Party) and PSD (the Social-Democrat Party).

January 1990 was a month full of tensions, dominated by street conflicts generated by the “historical” parties that considered that they were the only parties to have the legitimacy of taking over the political power. The “historical” parties accused FSN that the “technocrats” who represented its basis were, in fact, “former communists”. Some personalities withdrew from FSN on this ground: Mircea Dinescu, Ion Caramitru, Dan Hăulică, Doinea Cornea, Dumitru Mazilu, Andrei Pleșu, Gabriel Liiceanu.

Political imbalance occurred: on one hand FSN, which was not constituted as a political party but as a representative body of the Revolution consensus, and on the other, the political “historical” parties that became very active, contesting the existence of such accord. In these circumstances, on the 6<sup>th</sup> February 1990, FSN changed into a party as well, and declared the intention to participate as a political party in the nationale elections from May 1990.

In these conditions, FSN negotiated with the other parties and established CPUN (the Provisory Council of National Union) a wide political representative body with legislative attributions. The consistence of CPUN: 50% FSN and 50% all the other parties. CPUN was the first free parliament, still it had resulted not from elections but from negotiations with the new political factors.

The political split took dramatic forms in 1990 and modeled the entire political process over the transition period.

### **The Transition Strategy - The Dilemma “How to cross the whole nine yards?”**

The transition from communism to capitalism is a new historical process of *designed change* of the entire society. It was not to be a spontaneous process, but rather oriented on a *strategy* that included a programme of changing the society, the economy, and all spheres of social life. It was a *reform* process in all spheres of social life with *clear objectives* to be achieved: a capitalist society, a future member of the European Union, assimilating the European models.

The communist change was just such a case of transformation based on a complex program.

The strategic orientation of the transition was met by wide consensus: adopting the western model of society, a pluralistic political system, market-based economy grounded in private ownership. On this shared background, the Romanian politics was dominated by differences regarding priorities and mechanisms for achieving this program: *shock therapy performed swiftly, “at once”, versus controlled and designed reform.*

*The shock therapy:* a radical approach, a brutal change “at once”, which would produce disruptive changes, the swift implementation of new structural principles that would trigger a shock in the entire system forcing rapid restructurings in the

other systems. The most powerful instrument of the shock therapy was **rapid privatization and restitution of the properties confiscated during communism** (*restitutio in integrum*).

The adepts of the total and swift privatization used with satisfaction the metaphor of better “crossing the whole nine yards” at once, than yard by yard, in justifying their option.

### The Postolache Strategy

Already in the first days after the Revolution the need of a vision took shape: what do we have to do *after*? In the uncertain climate following the Revolution, Professor Tudorel Postolache had the initiative of clarifying Romania’s prospects. On 27<sup>th</sup> February 1990 a *Governmental Commission* with the mission to elaborate the *Economic Program of the Transition Towards a Market Economy* was established. The program was supposed to be realized by experts from the economic entities, research institutes, higher education entities, and by the ministries and all other central bodies, and trade union representatives. Professor Tudorel Postolache obtained, at the same time, one very important political thing, the agreement of the political parties.

*The Draft of the Strategy of Achieving the Market Economy Status in Romania* was launched in *May 1990*. The document contained the main political options and an implementation plan for the *Strategy*: the timing of the main measures that had to be adopted over the period 1990-1992 and a set of 41 essential laws for implementing the new program.

There are seven fundamental options of the *Strategy*:

The core objective of the economic reform: **enhancing market economy**. At the same time, **wide-scale privatization** was launched in important spheres of public property. Privatization was necessary, but it would be a complementary target for implementing a market economy.

In the debate between “*shock therapy*” and “*gradual transition*”, *the Program* suggests an alternative: **the strategy of a transition performed gradually but swiftly... in an accelerated manner... in at most 2 to 3 years**” (Postolache, 1990, 11-12). As opposed to the shock therapy, an accelerated **planned program of change was proposed, by identifying stages, measures and preventing/compensating social costs**.

The state, freed from its dictatorial practices was supposed to play an **active role** in designing the transition process, in supporting and monitoring change and social-economic development of the country.

\* The Romanian economy, connected to the world economy, would have been **directed on the national interest**. The economic reform strategy had to identify

the strengths and weaknesses of the Romanian economy, the natural resources, opportunities and priority directions of development.

\* The transition would be realized not by economic decline, through shock therapy, but through a sustainable growth: a reform by development. As of 1991 it was foreseen a yearly economic growth by at least **3.7-3.8%**.

The transition strategy adjusted flexibly to Romania's conditions was supposed to be drafted by a wide democratic process by domestic professionals, by identifying the specific forms to the Romanian context. "The attempt... to import *in toto* a specific "model" from other national spaces is not justified" (Postolache, 1990, 11).

The global objective of the entire reform is **increasing the quality of life of the community**. The social changes will generate inevitably *social costs* but these would be prevented and compensated by **social protection**. Therefore, there would be unavoidable social costs during the transition period. In each stage it was necessary to identify sets of priorities. It was completely unacceptable to repeat Ceaușescu's thesis of "present sacrifices for a better future". It was necessary, **even during the transition, and not thereafter, to achieve a comparable level to the European average for the basic social indicators**" (Postolache, 1990, 12).

### The adopted strategy

The Romanian governments abandoned gradually the Postolache Strategy and replaced it with another strategic option. If the Postolache Strategy was disclosed in a document adopted by governmental political decisions (PD), the strategy put in place cannot be found in any official document. It was rendered concrete by the Romanian governments with the support of international institutions. Most of it might be found in the agreements concluded by the Romanian government with IMF and the World Bank (Stănescu, 2014, 325).

The strategic options of this strategy are the following:

\* *Rapid privatization, "at any price"* even for "one Leu" [Romanian currency]. If in the Postolache Strategy privatization was regarded as a **means**, a tool for rendering efficiency in the economy, **privatization with economic growth**, now it had turned into a political **goal**. The rapidness of privatization became the main indicator of transition's performance. The governments were criticized constantly that they did not progress swiftly enough with the privatization. In agreements with the international organizations yearly privatization plans were adopted with lists of enterprises that were to be privatized. Any privatization was good. There were no debates about the conditions under which a privatization could affect national interest. We find no critical analyses about erroneous privatizations. It was the *neoliberal vision*: the state is a bad manager. The privatization policy was comprehensive: everything had to be privatized without mentioning the areas that should be excepted from privatization.

The privatization was completed with the **restitution** of the properties confiscated by the communist regime. The frauds inside this process had significant destructive effects on the economy and collective moral. The brokers changed retrocession into a source of enormous profits, many of them onerous.

\* *Weak interest for the management of the (still) state-owned enterprises.* The communist political control of economic enterprises was replaced with the surrogate of the fictive control exerted by the Board of Directors consisting from persons that had neither the authority or – very often – the interest of promoting public interest. There was no special concern for the reform of the enterprises' management that were (some of them, still) in state-ownership and of the “still state-owned” enterprises that would be also privatized in the future.

\* The state-owned enterprises up to the time of their privatization were the victims of bad management. On the background of managerial confusion, they were exploited in the interest of the “chronic capitalists”. The neglect in the management of state-owned enterprises had always the argument that the state is a bad manager. In fact, the transition state proved to be a much worse manager than the communist state. The first form of corruption emerged as a means of exploiting the state-owned enterprises by the small-sized private enterprises that swarmed around them. Many state-owned enterprises were destroyed in this manner, before being privatized.

\* *The state policy.* The Romanian transition was obsessed with the *bad state theory*. The state intervention had to be avoided, especially in the economy. Moreover, the economy was regarded more as part of the world economy and less as a national economy.

The active role of the state over this period was focused on promoting privatization. The market economy would ensure swift economic growth, without the intervention of the state. Even severe social problems would be solved gradually by the market economy and by the NGOs, by the so-called ‘civil society’, the state having only a minimal role in social policy.

The state's retrenchment from responsibilities in the fields of economic and social development, except for the privatization, makes the slims down the minimal state to the simple **rule of law**: a legal arbiter, ensuring the legal operation of the public life. Even if the health and educational systems must be introduced progressively into the market economy system.

\* The new economy taking shape was conceived not as *national economy* with own interests, but as *part of the world economy*, integrated into its logic. An “*empty globalization*” dominated, on the preconceived assumption that on the world market the stakeholders are exclusively private enterprises, without national color. It was assumed, in spite of evidences, that nations and their interests have no role to play in the globalized economy. The concept of *Romanian economy* vanished almost completely from the public discourse. In this vision, the economic policy had no sense anymore. The mechanisms of the world/European economy would

steer the economy. After the EU accession, the political concern was focused on assimilating European regulations. In the political programs of the parties, other than policies on privatization, the national economic goals were inexistent like, for instance, economic growth, increasing employment rate or supporting some sectors. Only recently emerged the concern for supporting some economic sectors, first of all IT.

\* *National interest* emerges but marginally in political programs. Even its mentioning is treated by negative labelling as “nationalism”. The logic of the globalized economy precludes the national economic interest. Hence, the elimination of concerns for protecting for the national interest of the economy even national resources. From a political perspective, Romania was a weak actor. There was no articulated policy for encouraging national capital. Only foreign investments were favored, as well as privatization to foreign investors.

\* **The goal of the country’s economic and social development** vanishes. The agreements with the IMF were programs for economic stabilization, but not for economic development. In fact, it was also a consequence of focusing on the requirements of the world economy. It was assumed that a privatized economy, integrated into the world economy would assure by itself economic growth.

\* *The social cost of transition was considered as inevitable: hence, the continuous ignorance for the population’s welfare.* Even social policy was minimal. The welfare of the community was turned during transition into a cost that had to be tolerated. Moreover, the high attention paid to social problems was regarded as hindrance on the way of successful transition.

*The low wage policy, a wage policy to the detriment of employees.* The argument: low wage attracts investors. The obsession of economic development by attracting foreign investors led to maintaining wages below the decent threshold, so that Romania has the lowest wages in Europe. Only as of 2017 discussions over *projected wage increases* were initiated, but these were halted by the new center-right government.

\* *The governments did not assume responsibility* to create new jobs. This policy was well illustrated by the former President, Traian Băsescu, who stated several times that the jobless “must try to make do, and leave abroad”, and that “it is not the problem of the government”.

\* *The transition was guided by political programs provided for by international institutions. There was no need felt for scientific research, especially in the social field.* If, during the beginning of the 1990s, huge hopes were laid on the contribution of scientific research, in fact it was ignored by the political factor. The financing of scientific research in Romania is the lowest in the European Union. Under-financing research is testament for the transition without science. The World Bank took over the global social research programs and social programs Romanian financing.

Table 1. Research and development financing as percentage of GDP, 2017

EU17 <sup>1</sup>	1.89
EU8 <sup>2</sup>	1.32
<b>Romania</b>	<b>0.50</b>

Source: Eurostat (online data code: rd\_e\_gerdot)

## Romania's political configuration: Political groups

The transition in Romania was dominated by two political groups that we called **technocrats** and **anticommunist radicals**.

### *Technocrats*

The technocrats' group consisted from a mass of professionals who took over the expert and leadership positions in the public administration and economy. Trained in the process of modernizing the Romanian society, they internalized the knowledge and values of public administration and economy.

The whole intellectuality had various degrees of negative attitudes towards communism, especially because of the experience gained over the last decades and of the increasing prestige of the West. The model of western societies became a desirable alternative to the communism imposed by Soviets and maintained by Ceaușescu's rule. For the quasi-totality of the intellectuals, communism was a thing of the past. The excessive repetition of the anticommunist positions was regarded as useless and even as deterrent.

The technocrats aimed for a society based on professionals, based on promoting the rationality of science and administration, on a democracy first of all among the group of professionals, a *technocratic democracy*. The national interest was significantly present in the programs of the technocrats as they were linked by the interests of the economy and of national administration. The technocratic vision included also a moderately *pro-social* attitude, assuming the necessary social responsibility for ensuring the required social support for the functioning of a modern system. A *reformatory and moderately pro-social technocratic policy* might be mentioned. The technocrats did not represent the interest of the entire community, but rather the one of the systems inside which they operated.

The technocrats had already taken the leadership/specialized positions in the vast economic-administrative system. The Revolution freed them of the irrational authority of Ceaușescu's political system and provided them with power in the new political field. Right from the beginning they assumed the responsibility of social change which they promoted with the administrative and political tools they held. The technocrats preferred reforms by political-administrative means, and not

the change in the street, nor the one that pitted social/political groups against each other. They focused on step-by-step reforms.

Gradually, those who held important positions within the public system had access to the privatization process. Thus, a new social segment was born as a result of strengthening the relationships between public administration/capital.

The parties with a technocratic orientation and with various names had a few distinctive characteristics: preference for changes that were not necessarily slow, but drafted, however, with certain care for avoiding excessive imbalances, an “organic” change; a higher public component and avoiding rushed measures; a certain political sensitiveness for the social costs and a certain concern for obtaining the support of the electorate. In the technocrats’ programs, enhancing market economy was necessary, but the privatization process, though regarded as important, did not seem to be the priority goal of the reforms.

The technocrats were initially in favor of limited privatization in industry and for restructuring and revamping the state-owned industry sector. There was a concern for identifying the economic areas where privatization was not to be done, or done prudently and not entirely: enterprises in the energy sector, some extractive enterprises, some agricultural exploitations and forestry funds, transports and telecommunications, in education, health and social protection. In agriculture, they recommended maintaining the agricultural cooperatives as entities constituted freely by the producers. Regarding agricultural properties in state-ownership, representing 28% of the country’s farming land, it was recommended to “reorganize the state-owned enterprises on modern principles, including here concession.

Over the period 1992-1996, the MEBO (*Management Employee Buyout*) was preferred for privatization, by which employees and managers received free of charge shares or had priority in buying them (Pasti, 2006). This type of privatization had the advantage to allow, especially because of the pulverization of the shareholders, preserving control over the privatized enterprises by the existing managers turned into the new owners (Murgescu, 2010, 471).

Technocrats enjoyed wide support from the population because they provided guarantees of technical-administrative competence and predictability in management; at the same time, they showed openness towards the interests of the population. In the European political topography, this might be called as *center, slightly leftist politics* and by no means as *left politics*. The technocrats did not express the interests of the social masses, workers and peasants, but as professionals they knew that they had to consider also the social support and develop also moderate, social protection.

The social differentiation of technocrats was based on competence and the operational position within the social organizational system, and not on property. In the beginning, technocrats did not consider themselves, first of all, as capitalists.

Due to the rapid formation of the “historical” parties during the first days of 1990, the technocrats with their ideology of national consensus found themselves

overwhelmed. The new parties accused them of attempting to implement a new political monopoly. The technocrats were thus forced to express themselves also under the form of a political party, but had difficulties in being different from inside their large initial party (Front of National Salvation-FSN) in several political parties (Zamfir, 2004, 118).

A scission inside the technocrats' group was therefore unavoidable. In 1992, FSN splits into two groups: The Democratic National Front of Salvation (FDSN), the future Social-Democrat Party (PSD) and the Democratic Party of the Front of National Salvation (PDFSN), which in time was abbreviated to the Democratic Party (PD). The first party, maintains and develops the orientation and program of the National Front of Salvation, while the second turns gradually into a right party becoming closer to the historical parties.

### *The radicals – the anticommunists*

In general, this group came from outside or from the fringes of the former system: dispossessed of their properties by communism, obviously interested in the restitution measures for the confiscated properties; persons that were active in the historical parties, most of them suffering as result of the communist repression in the fifties, with heavy years in prison behind, and on being released they had only average socio-professional positions. This group was small, and they exited the political scene quickly because of their advanced ages. A long side them, persons who suffered politically because of their “unhealthy origins”, of the “dossier” issues and, as a rule, because of their families with non-communist traditions. Most of them came not from important positions in the public system, and therefore they suffered inevitably, frustrated that the Revolution did not reward them for their sufferings.

In Romania, over the communist period there were not sufficiently crystalized and influential dissident groups.

The priority given to destroying “communist structures” determined the existence of one negative theme at the core of their political program, *anticommunism*, a brutal parting from the communist period and the radical promotion of reforms in the entire social life.

Due to the predominantly critical orientation, to which was added also a deficit of constructive vision, this political grouping had low public support from the beginning. Hence, the need to differentiate clearly from the technocrats who hold positions of power after the Revolution. Feeling at a disadvantage in the competition with the technocrats, they resorted to blaming the latter of being “communists/neo-communists”, adepts of preserving communist ideas under various forms. They accused continuously the technocrats of slowing down the reform.

The frustration of the anti-communists was expressed in the formula of “the Revolution was stolen”. And, in fact, the Revolution did not give power to the

most active anticommunists, who considered themselves entitled to take over the power, because of their sufferings and net anticommunist option.

Coming from outside the existing system, anti-communists felt comfortable by adopting certain radicalism: the lack of reforms was their most frequent public discourse. They came into power in 1996, and their political program was full of “anyway and -means” reforms, as a rule, drafted insufficiently and therefore rather confusing.

By their option of *rapid and radical capitalist reforms*, the anticommunists placed themselves on the political map “at the right”, some being even animated by the unclear dream of returning to the idealized historical path of the interwar period, which was disrupted by communism.

The anticommunists did not have to invent new political coagulation forms. They found the parties abolished by communism, the “historical” parties: the National Liberal Party, the Democratic Peasants’ National Party, and the Social-Democratic Party.

Since the early 1990s, the anticommunist historical parties were faced with a double problem. First, moderate public support. Initially, the most active groups in these parties were represented by persons who had been persecuted/marginalized in the communist system, motivated rather by personal resentment against communism. Second, and perhaps even more severe, was the difficulty in imagining alternative political programs to the ones promoted by technocrats.

The intellectuals in this group developed “an ideology of political elitism” justified by the topic “the population is not politically and ideologically mature, and it is not ready for freedom and for the *true* democracy” (Zamfir, 2004, 60). An extremist variant of elitism was developed by some groups of intellectuals, with radical right vision, and supported strongly by international bodies. The Soros Foundation was very active in supporting this group.

The modest electoral support explains also the shift of the political fight in the street. *Piața Universității* became the most visible public phrase of anti-communist radicalism: blaming the new technocratic government of being communist and not radical enough.

The polls from 20<sup>th</sup> of May 1990 offered some light on the debate: did the population support the technocrats, represented by FSN or the anti-communist radicalism of the historical parties?

**Parliament: FSN: 66.3%    President: Ion Iliescu (FSN): 85.1%**

UDMR: 7.2%

PNL: 6.4%

Radu Câmpeanu (PNL): 10.6%

PNȚCD: 2.6%

Ion Rațiu (PNȚCD): 4.3%

MER: 2.6%

PSD: 1.0%

### **Street revolutionaries**

During the days of the Revolution rebel groups were activated in the street, in general, youths but also the “marginalized” of the communist system. As often happens with all revolutions, most of those in the street who contributed to the fall of the former regime, found a leadership system already largely taken, or they proved insufficiently trained for the post-revolutionary political competition. The “revolutionaries” group became immediately an issue for the technocrats. Most of them proved difficult to assimilate in the reform program of the technocrats. The solution adopted was to acknowledge them as group and grant them privileges and encouraged to fight not in the political competition, but for more rights as “revolutionaries”. A new profitable social marginality was created: the former revolutionaries.

### **The communists’ political group**

The expectation that a group of “former communists” will become very active did not come true. The attitude of the population towards communist was, and is traditionally rather negative, and was augmented by the social crisis of the seventies and eighties. Ceaușescu generated a strong polarization also in the political class. For the last years, the group around Ceaușescu was perceived rather as incompetent by most, and the other politicians, as technocrats. The communists by persuasion turned into rarity. As opposed to the other former communist countries, the **Romanian Communist Party** identified with the personal dictatorship of Ceaușescu evaporated in the Revolution.

### **International bodies**

In the beginning, the West played a very important role in directing the transition from Romania: the international bodies (IMF, the World Bank), the important western countries, especially USA, but also the Netherlands, UK, and increasingly more the European Union. The Intervention Programs of the IMF and WB based their measures on the neoliberal economic theories (Williamson, 1989; Stănescu, 2014, 173; Georgescu, 2018).

The West supported the *shock therapy strategy*, a rapid transition, with absolute priority given to quick privatization; immediate opening to the world market; considering social costs of transition as inevitable and, consequently, paying too much attention to social protection was estimated as counterproductive for the success of transition.

Why such political preference of the West? The only hypothesis formulated in the public discussions was the possible fear of the West that the former communist countries could have been tempted to return to the communist system or, more likely, to exploit different options than the one of the West, under the form of a certain “third way” (Zamfir, 2004).

### **Transition stages**

We could consider that the actual transition lasted for 15 years. I. Stănescu argues that around 2004, the important goals of the transition were achieved. A post-transition stage followed, which had as objective to rebuild and consolidate the Romanian society, in the context of the EU accession (after 2004).

Depending on the profiles of the governments, we might identify relatively distinct stages.

The first stage, 1990-1991, the Petre Roman government was characterized by the implementation of rapid changes, that were criticized both because of the speed of changes and of the economic and social imbalances generating popular discontent. The brief period of reforms and imbalances was concluded by a technocrat, Theodor Stolojan who had the mission to restabilize the situation.

After the elections from 1992, a government of technocrats came into power. Nicolae Văcăroiu a technocrat specialized in finances governed for 4 years. He implemented a certain order within the system of the previously imbalanced administration.

The polls of 1996 were gained, based on important foreign support, by the radical right. A shift occurred dominated by a rather confused vision, characterized by the intention to promote unclear reforms in all fields. The political confusion materialized in the governmental instability: in 4 years there was a succession of 4 governments, the first being the one of Victor Ciorbea. A new social-economic crisis and a strong political imbalance developed over years, for which a technocrat, Mugur Isărescu, the chief of the National Central Bank, was requested in 2000 to ensure a new stability until the elections.

After the failure of the radical right, the elections brought again into power the social-democrat party, with Adrian Năstase as Prime-Minister, who over the 4 years rebalanced the society, nevertheless, continuing the reforms over the period 2001-2004. Thus, Romania entered on the path of balanced evolution.

If up to 2000, the transition was *dominated by rapid privatization and predominantly destructive*, in the subsequent period, 2001-2004, the key policy was the *privatization of large companies* that had strategic positions within the Romanian economy.

In this stage, a gradual exit from the economic crisis of the nineties occurred, and by 2004 the economic indicators reached the levels of 1989. In 2004, the objectives of the transitions had been achieved. A new post-transition stage began, but it was markedly anti-technocratic and anti-social-democrat, with Băsescu as President. The Băsescu government lasted 8 years, with the support of the West.

Over the entire period, PSD was constantly accused of “communism/neo-communism”, a label empty of any actual significance, representing more a sort of “insult to injury”, Street movements were also promoted with the purpose of changing the social-democratic governments. However, these movements were lacking significant popular support, and were reduced merely to the “occupy Piața Universității” type of initiatives.

The polls from 2004 were a surprise. The political external pressure had as objective to replace a social-democrat government with a right direction: Băsescu – President and Tăriceanu – Prime-Minister. Năstase, possibly regarded as a political threat for the western orientation, not only lost the elections running for President, but he was also imprisoned after a process that was clearly political in nature. The risk of continuing with a slightly left center government, different from the tough neoliberal direction was halted.

The political parties had a joint political direction: reforms of the neoliberal type. The differences between the parties were variants of this strategy: a transition controlled and projected by technocrats, or a rapid transition, realized “no matter how”, dominated by the philosophy of changes that were supported insufficiently from the technical perspective.

By the end of the transition period, this difference began to blur, but mentions were made about other criteria: the left parties were supposed to continue relying politically on the technical competence, and popular support, and paying higher attention to the interests of the Romanian society. The right parties adopt a globalized vision, neoliberal in nature, with a more marked support from the West.

### **Succession of governments: imbalanced political polarization**

The succession of governments displayed clearly the variation in the options for the two variants of the transition strategy.

The governments over the past 30 years were characterized by an imbalanced political polarization. The technocratic governments gained considerable electoral

scores and obtained positive economic and social outcomes. The anticommunist right governments gained the elections with low scores: the modest economic and social outcomes, or even negative ones, generating severe social-economic crises.

**The technocrats' party** (PSD under its various names) had a considerable majority every time the party won the elections: 1990 (**66.4**), 1992 (**53.6%**), 2000 (**69.2%**), 2012 (**66.3%**), 2016 (**52.9%**). Even when the party lost elections, it still maintained a high number of the votes, above 30%.

**The right parties** would always gained the elections at the limit: 1996 (**51.0%**), 2004 (PNL+PD, **34%**), 2008 (**53.9**).

### How good was the strategy of the Romanian transition?

The goals of the transition were achieved: a multi-party-political system, a parliamentary democracy, a legal system expressing the logic of a capitalist-type society, the change of the state-owned economy into an economy based on private property and regulated by the market, the integration into the western structures – NATO and the European Union. Another outcome of the transition is the crystallization of a new social class, *the capitalists*, a social class specific to a capitalist system.

The outcomes of the transition's strategy are very clear for the first 10 years. We might compare the Romanian transition with the transition from the other former communist European countries. As opposed to Romania, countries like Hungary and the Czech Republic, but especially Poland, recorded over the first 10 years of transition substantial economic growth. Even Bulgaria did not record drops, but a modest increase by 14%.

Table 2. Economic outcomes for Romania and of some European countries during transition: GDP (EURO in 1989 prices) over the first transition stage 1989-1999

Indicator	Poland	Czech R.	Hungary	Bulgaria	Romania
GDP in 1999*	247.7%	225.6	203.5	114.3	79.9

Data source GDP: 2016, Statistical Annex of European Economy, SPRING 2016, European Commission, Directorate-General for Economic and Financial Affairs, p. 19.

\*Bulgaria, Czech Republic, 1990.

After a drop by more than 20%, the Romanian economy began to recover modestly as of 2001, and achieved the level of 1989 only in 2004.

Table 3. The year when the economic level of 1989 is exceeded, in 1989 market prices

Countries	Years
Poland, Czech R., Hungary	1993
Slovenia	1994
Bulgaria	1998
Romania	2004

Data source GDP: \*\*\* 2016, Statistical Annex of European Economy, SPRING 2016, European Commission, Directorate-General for Economic and Financial Affairs, p.19.

### Economic outcomes of the transition

The data show that the transition reform in Romania was done not *by growth*, but *by severe decrease*. The economic cost of the reform was very high. Over the past 30 years, during transition and in the post-transition period, the global image is the one of slow economic growth, **171.3%** in 2019 compared with the 1989 level and even this was disrupted by significant economic drops.

Romania is still lagging, based on GDP per capita, against the other groups of countries within the EU, and exceeds according to Eurostat only Bulgaria, Greece and Croatia:

\* **86.9%** against the EU-8 level;

\* **65%** against the EU-18 level (European Union up to the year 2014).

It is instructive to compare the two transitions from Romania's history: the current transition from socialism to capitalism and the one from capitalism to socialism. Of course, the communist transition is from several perspectives different from the current transition to a capitalist economy. However, both are structural socio-economic reforms. The comparison, with due amendments, is legitimate.

Over the 27 years of transition, the transition to capitalism generated in these years (1989-2016) a modest growth of GDP by **147.1%** against the growth realized based on the communist program for the same number of 27 years (1950-1977), **814.3%**.

The objectives of the two reform programs were different. The communist program had as a goal the economic growth under socialist forms, by the extraordinary mobilization of domestic resources. The transition program was centered on reforming the economic structure by privatizing the existing one, and without setting economic growth as objective.

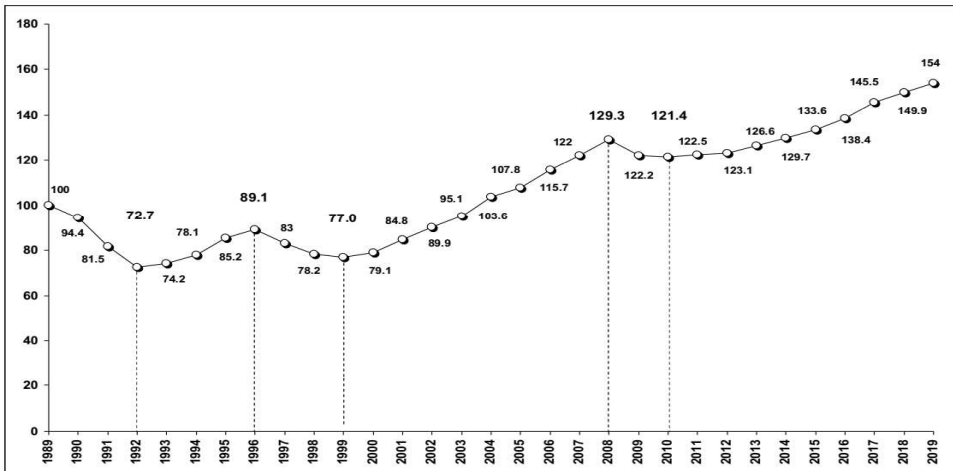


Figure 1. Dynamics of real GDP over the period 1989-2019 (1989=100%)

Sources: NIS, Romania's Statistical Yearbook, 2002-2016; NBR, 2017, Monthly Statistical Bulletin 10/2017; (V. Axenciuc, 2012; Nicolae Țăran 2020). Eurostat, 2017. Real GDP growth rate – volume <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00115>.

Table 4. GDP dynamics over the first 27 years of the two Romanian transitions: socialist transition and capitalist transition

Transition program	Communist program	
GDP 1989 = 100	GDP 1950 = 100%	GDP 1945 = 100
GDP 2016 = <b>147.1%</b>	GDP 1977 = <b>814.3%</b>	GDP 1972 = <b>1,006.1%</b>

Source: NIS, Romania's Statistical Yearbook 2002-2016; NBR, 2017, Monthly Statistical Bulletin 10/2017

## Changing the structure of the economy

Over the entire period, the structure of the Romanian economy changes drastically. Important sectors of the economy changed their weight in a spectacular manner. Structural changes were registered even over the first stage of transition, 1989-2000, and they continued in the same direction for the subsequent 20 years.

During the first 10 years of transition the industry's contribution in the economy has dropped from **46.2%** in 1989 to **25.2%**. The contribution of industry continued to decrease, and dropped to **21%** in 2016.

Agriculture diminishes vastly its contribution to the Romanian economy as well, falling to the shocking **4%** by 2016.

Instead, the service massively increases its contribution to **48.8%** (54% according to World Bank estimates) in 2000, and **63%** in 2016.

Table 5. Contribution to GDP of the various economic sectors: % in GDP

	1989	2000	2016
Industry	46.2%	22%	21%
Agriculture	14.4%	12%	4%
Services	25.6%	48.7% (54%)	63%

Source: for 1989, V. Axenciuc, 2012; for 2000 and for 2016, the data are provided by the World Bank, World Development Indicators.

The components of services had a different dynamic: some increased spectacularly, others decreased.

Table 6. The economic dynamic of three services' components: trade, real estate and education, health, social protection 2000 against 1989

Years	Trade	Real estate and others	Education, health, social protection
% from 1989	<b>196.9%</b>	<b>239.7%</b>	<b>89.2%</b>

Source: V. Axenciuc, 2012, p. 228-229

Trade and real estate transactions doubled, **196.9%**, respectively **239.7%** against 1989, but education, health and social protection, a sphere regarded as maintained by the communist regime in chronic underdevelopment in 1990, continued to drop up to the year 2000 (**89.2%** of the year 1989).

Victor Axenciuc draws attention to a concerning phenomenon: consumption increased mainly not based on current output, but based on loans. Hence, more consumption on the costs of the future (personal communication).

Additionally, the **population's employment structure** changed as well. The number of employed persons decreases by **2.3** million, from **10.9** million in 1989 to **8.6** million in 2000.

Deindustrialization took place with a massive drop in the numbers of employees in industry: from **3.7** million in 1989 to **2.0** million in 2000, and the process continued. By the end of the first stage of transition, in the year 2000, the weight of industrial employment decreased from **45.1%** in 1989, to **27.3%**.

Table 7. Share of population employed in the three economic sectors, as % in total employees

Years	Employed population (mil.)	Agriculture	Industry and constructions	Services
1989	10.9	27.5%	45.1%	27.4%
2000	8.6	40.8%	27.3%	31.9%
2018	8.7	22.3%	30.0%	47.7%

Source: V. Axenciuc, 2012, p. 204, for 2018, NIS, Household Labour Force Survey (AMIGO), pp. 83 and 99.

The data show a surprising **return to rural** in Romania. Part of the active population, excluded from industry took refuge in agriculture, but more in a subsistence agriculture: in 1989, **27.5%** from the active population was in agriculture, and the share increased to **40.8%** in 2000 because of deindustrialization. In the subsequent years, a modest recovery occurred in the social-economic structure: a drop of employment in agriculture, and a marked increase in services.

In the subsequent, post-transition 13 years (2005-2019) the economy freed from the shocks of privatization engaged into a modest increase by **71.3%** to the 1989 level, supported largely by trade, not production of goods or of top services, first of all, by scientific research.

In 1989, Romania was an *industrial-agrarian* country. The most important sector as output and employment was industry, however, still with high level of employment in agriculture. By the end of the transition and post-transition process, Romania is at the beginning of a new phase: *underdeveloped capitalist society*, at the periphery of the European Union, *a deindustrialized country and with a de-structured agriculture but with rapid increase of the services*.

A change in the economic structure is inevitable: **reindustrialization and increasing efficiency in agriculture** complementary to the **increase of services' contribution to development through scientific research, education and health**.

Amazingly, there are yet no programs for developing industry and agriculture, and especially science. Only very recently, hesitantly, the necessity of a country program took shape at the core of which are placed reindustrialization, reorganizing agriculture, and reconsidering the position of Romania within the European Union. However, this was also blocked by political conflicts.

In order to have another economy with solid perspectives, the critical variable is the political system. Political crises, the Băsescu crisis from 2008-2012, the current crisis resulting from the conflict President/Parliament, are a hindering factor for the chance of rapid social-economic development. Moreover, most importantly, we have urgent need of coagulating national consensus about the social-economic development program.

## The reform of industry

The Romanian industry had in 1989 two wide distortions that need to be improved unavoidably. First, the swift increase of industry was the outcome of political reasoning, with investments done less for economic reasons: oversized enterprises, enterprises who did not meet the actual needs of the Romanian economy, or failed taking into account the opportunities of the world market.

The distortion effects were owed also by the vision regarding the relationship between the national economy and the world economy. The communist strategy took less account of the advantages of the world economic division, having as objective to develop a self-sufficient national economy – the industry had to cover almost all the necessities in the Romanian economy.

By the beginning of the transition, the Romanian industry, beyond the distortions generated by the communist system, provided considerable technical bases and professional capacities, that could be used.

*Privatization for development*, as was hoped initially, proved to be in fact a *privatization by destruction*. The outcome of the reform was not cleaning the industry from the non-viable components, but rather the destruction of the viable components.

To the strategy of privatization “for any price” was added the *almost complete withdrawal of the state from the administration of the state-owned enterprises*, that had not been privatized yet. It was considered that the swift replacement of the political and bureaucratic control with the control of the free market, will make the economy automatically more efficient. In fact, the Romanian industry was disorganized because of the emergence of a *control void*.

Lacking the control of public mechanisms, the new management of the state-owned enterprises had not any priority interest for developing them. The managers of the state-owned enterprises realized that in the uncertain economic context, and of lacking support, instead of making enormous efforts to save and develop the enterprises, it was far more profitable for them to sell the property piece by piece, including as scrap, and make profitable contracts for themselves, with the ‘parasite’ companies. The relationship of the state-owned enterprises with the ‘free’ market was mediated by ‘parasite’ private companies that procured raw materials and the required technology, maintenance services, and commercialization of the goods. The ‘leech’ companies prospered rapidly, and the large state-owned enterprises turned increasingly more inefficient, pushed to bankruptcy. Very often, the management of the state-owned enterprises created actual coalitions with the ‘parasite’ private enterprises for exploiting their own enterprises. The leaders of the state-owned enterprises turned not into rigorous and accountable managers, but into “crony capitalists”, as they are commonly called. In the new context, enterprises proved to operate, in spite of expectations, worse than in the communist system. Many of the enterprises that were still not privatized performed self-destruction.

## Agrarian reform

Agriculture was faced with a dilemma: a reform of the cooperatives, and their reorganization on the basis of the independent cooperation system, or the abolishment of cooperatives and reinstating their the land back to the peasants. The FSN strategy adopted in 1990 provided for the freedom of the farmer-members to withdraw from the cooperative or to reform the cooperative system. The “historical” parties, very vocal from the political viewpoint, exercised, however, strong pressure for abolishing cooperatives and returning the lands to the owners. FSN did not pay enough attention to the issue, as well, and conceded. The initiative of destroying the cooperatives and retroceding the lands did not come from the peasants, but was a political objective imposed by PNTCD.

The restitution process of properties progressed arduously, becoming an important source of corruption and abuses. The abolishment of cooperatives was accompanied by the destruction of the actual collective ownership accruals.

The new ‘reform’ generated a new **fragmentation** in land ownership, the century-old issue with which the Romanian agriculture is faced. The place of large farms was taken by small family exploitations centered mostly on self-consumption. The distribution of the land ownership was in 2013 a lot worse than in 1936.

*Table 8.* Distribution of peasants’ households depending on land surface owned, in 1936 and 2013

Surface	Ths. households - 2013		- 1936	
	Households (thousands)	%	Households (thousands)	%
Under 1 ha	1.960	51.8%	610	18.6%
1-5 ha	1.360	36.0%	1.850	56.3%
5-10 ha	280	7.2%	560	17.1%
10-50 ha	22.2	0.7%	180	5.5%
Over 50 ha*	240	5.9%	33.5	1.1%

*Source:* NIS – Structural survey in agriculture 2013 to which is added the one from 1936.

\* *The statistics is unclear regarding this category. It seems that here were included also leased lands, and less the effective property.*

By 2013, the peasants owning lands below 5 ha, represented **87.8%** from the households, that is over 3 million, and have a higher risk of poverty. The peasants’ middle class thinned enormously – the middle-class peasants, with lands between 5 and 10 ha represented **7.2%**, against **17.1%** in 1936.

The ownership structure of the farming lands is yet another characteristic of the pre-capitalist stage, a crumbling of the properties that has to be overcome based on a new agrarian policy that should be initiated at this time.

Abolishing agricultural properties generated also a technological return to the pre-capitalist type agriculture: the plough and the livestock, and the latter were also scarce. Moreover, loss of the accumulated technique occurred, the destruction of some production capacities of the cooperatives, the decrease in livestock numbers, and annihilation of the irrigation system. Agricultural production collapsed during the first decade of the transition, because of unused lands, but also because of the inefficiency of small plots of land that were created in the process.

Table 9. Impact of the agrarian reform on farming technology

Years	Fertilizers (thousands)	%	Irrigated surfaces (thousands, ha.)	%	Livestock (thousands)	%
1989	1.159	100	3.169	100	6.3	100
2000	342	29.5%	216	6.8%	3.1	49.2%

Source: V. Axenciuc, 2012, p. 205.

The restitution of land had, nonetheless, also a positive effect: the small plots owned by farmers, without any chance of developing into prosperous middle farms, performed nonetheless, the role of social protection. Many of the laid off workers during the deindustrialization process could obtain their survival resources in the little farming activity.

The retrocession of the properties in the 1990s was a political decision lacking economic and social vision, and determining the crisis of the agriculture for about three decades.

### The role of the state during transition

In all periods of crisis, the intervention of the state is not decreased, but increased substantially. During the economic crisis of the thirties, western states extended their attributions. Just the same, in the fifties and sixties on recovering after the war, in the West, the state amplified its functions.

Over the entire period of transition, the politics in Romania had another orientation: it was focused on the philosophy of the *retrenched state*. The Romanian state assumed the lowest role within the European Union.

Table 10. Share of governmental expenditures in GDP (2018)

	2018
EU 15	46.6%
EU 28	46.1%
Bulgaria	36.9%
<b>Romania</b>	<b>35.2%</b>

Source: Statistical Annex of European Economy, Spring 2017, European Commission, Economic and Financial Affairs, p. 187, 193, 196, 197.

Romania has the most retrenched state also from the perspective of the share of employees in the public system.

Table 11. Number of employees in public institutions per one million inhabitants in Romania and the other EU countries. Selection 2019

Sweden	168
Germany	136
France	124
Lithuania	114
<b>EU 27</b>	<b>109</b>
Hungary	102
Czech R.	94
Bulgaria	80
Romania	62

The Romanian paradox: even though the state is the most ‘retrenched’ in Europe, the stated goal of political programs is to lessen its weight even more. The attention is focused not on diversifying the functions of the state under the conditions of increasing the state’s efficiency, but on downsizing it. For the last couple of years, the topic of **the rule of law**, yet another form of the retrenched state doctrine is dominant in the political discourse. The ideology of state retrenchment to ensuring the functioning of the social life within the parameters set by the legal system is promoted, thus ignoring the significant accountability of the state in various spheres of the economic and social life.

The population seems to have a completely different vision about the perspective of the state.

Table 12. Do you believe the state should be involved more strongly in the economy?

Much stronger	68%
Less	18%

Source: AVANGARDE Survey, 2018

## How democratic is the Romanian democracy?

In evaluating the political system, we are faced with a striking discrepancy: on one hand, we have standard institutional structures for any western democracy – pluripartidism, parliament, elections. On the other hand, all these institutions operate far below expectations.

Democracy was undermined by the actual structures of national and international power: the West overtly displays explicitly the preferences regarding Romanian politics, thereby infringing the elementary rules of international relationships. Romania is treated even more obviously as a vassal country including here the „dominant presence of foreign capital at the level of the command heights of the economy” (Stănescu, 2014, 313). The Romanian legislation by clear regulations puts at a clear advantage capitalism to the detriment of the population. Romania is one of the 2 or 3 countries of the world that eliminated progressive taxation, a tool used by all developed western countries. The “power” institutions dictate in Romania regarding the public system: more than half of the magistrates have criminal records held in “stand-by”. The Prosecutor’s office fights for maintaining the unique position of institution above any and all collective and inter-institutional control.

A shocking case: in 2012, the vast majority of the population, 7.4 million, against an insignificant segment with another opinion, voted for the dismissal of the then President Traian Băsescu. The will of the population, expressed democratically by vote, was nonetheless disregarded by means of the western intervention. Contrary to the vote of the population, President Băsescu continued to hold the position as President of the country.

The population goes to vote disciplined, though mistrusting the democracy they had built: 91% of the peoples consider that they have low or very low influence on the way the country is managed (*Diagnosis of the quality of life*, ICCV, 2010).

There are also structural sources of the institutional system that flaws democratic functioning.

*The duality Parliament/President.* The Romanian democracy is characterized by dual leadership, parliament/government and President. Both structures are based on universal suffrage, however, their control by the community is different. The representative diversity of the parliament ensures wide control on the government. The control exerted regarding the President by the community is *weak*. Once

elected, the President is no longer subjected to any institutional control mechanism, the only restriction is to not infringe on the Constitution. The authority of the President is defined insufficiently, thus being able to commit easily abuses.

*A new threat: "the deep state".* The scandal about the cooperation agreement between the *Romanian Service of Intelligence* (SRI) and the National Anticorruption Directorate (DNA). The process began with the Băsescu Presidency that changed the institution of intelligence into an instrument of control against the political personalities in the opposition, thus marring democratic institutions. After Băsescu terminated his mandate, the coalition of power institutions seems to continue under less visible forms.

*The tolerance showed for law infringements in the process of privatization represents „the original sin” of the Romanian transition.* The corrupt state was the favorable environment of the privatization *by any means*, here being included the corruption during the privatization process. Openly, it was known that privatizations included more law infringements. For at least 20 years, there are no trials having as object the corruption during the privatization. The new rich, with few exceptions, during the transitions were not the object of criminal inquiries. The corruption of the wealthy led to the corruption of those accountable politically.

## Quality of life and living standard of the population

Economy has direct impact on the life of the people, mainly by *occupational opportunities* and *incomes* it provides.

### *Occupational opportunities*

The transition period had one of the most important negative effects: *employment decrease* and, even more severely, *the deterioration of the structure and quality of employment*.

The statistics indicate a lower degree of employment related to the other European countries and, especially, against the other former communist countries that show more active occupational engagement.

Table 13. Employment rate: population 15-64 years, 2019

<b>EU 15</b>	69.3%
<b>EU 8</b>	71.8%
<b>Romania</b>	65.8%

Source: EUROSTAT online code [lfsa\_ergan]

The situation is even more obvious if we take account of the employment **structure**:

	Employees	Unpaid occupation	Self-employed	Family workers unpaid
EU15	86.3	13.7	13.2	0.5
EU 8	86.3	13.5	12.9	0.8
Bulgaria	89.5	10.5	9.9	0.6
Romania	<b>78.4</b>	<b>21.6</b>	<b>15.3</b>	<b>6.3</b>

(2019, Eurostat, codelfsa\_egaps).

All former communist countries (EU 8) have a similar occupational structure to the one of developed countries (EU 15). An exception is Romania: a lower share of employees, higher unpaid occupation, self-employment slightly higher, and unpaid family workers are the most. Unpaid family workers are, most of them, in farmer households.

An important part of the persons that cannot find any paid jobs remain in, or return to subsistence farming, work in the grey economy or migrate to the West; many remain resigned in the unemployment state. The disorganized agriculture provided for precarious occupations and part-time employment with much more lower incomes.

Next to the return to rural, **labor migration** was the solution to the severe issue of losses in the sphere of employment. Currently, it is estimated that for the entire period of transition, about 3 million Romanians migrated definitively, or for temporary work.

Informal work on the “black” or mildly put on the “grey” market is estimated between 32% and 36% from total labor in the economy generating 21% in GDP, against 7-16% in GDP in the EU-28 (Zamfir, 2016, 11).

The chance to obtain a job turned into a critical issue during the first stage of the transition: in 2010, **76%** from the Romanians estimated that the possibility of obtaining a job is very bad or bad.

Table 14. How do Romanians estimate the possibility of obtaining a job?

	1990	2010
Bad/Very bad	33%	76%
Satisfying	30%	17%
Good / Very good	21%	6%

Source: I. Mărginean and I. Precupețu (coord.), 2011, p. 246

The situation of employment did not improve in the subsequent period either. Now, by the end of the transition, there seems to be neither will, nor the capacity to launch an active policy for creating new jobs.

The current CORONAVIRUS crisis decreased dramatically the employment level and, especially, contributed to its precariousness.

## **Labor migration**

Labor migration abroad represented for the entire post-1989 period the most important alternative to the lack of jobs and/or the low level of wages in Romania. In 2013, the numbers of Romanians living abroad was close, according to World Bank data, to 3 million and a half. An overwhelming share, over 85% are in the European Union, especially in the southern area of the Union, in Italy and Spain.

From all former communist countries, Romania and Poland are the main sources of migration. Considering migration as share of the population, Romania is close to Bulgaria and the Baltic Countries.

Nevertheless, those who left are far from finding in their destination countries the dreamt of jobs: the jobs available to migrants are associated with low wages according to the standards in the countries of destination, instable jobs, and to their most part, refused by the local population. The differences between the earnings abroad and those that they might have obtained in Romania of the years 2000 are, nonetheless, high enough to make the former tempting.

*Return migration* did not seem a consistent phenomenon as of yet. The actual CORONAVIRUS crisis will change for sure migration, increasing markedly return in the country.

*The migration of high-educated persons* continues to present the features of an intense phenomenon. Especially, the *migration of physicians* raised considerably the levels of public concern.

## *Waged labor*

In modern societies, **waged labor** is the most important form of employment. It provides higher incomes than in the non-waged economy, and higher security of the job and income. The wage system is associated with important social benefits: health insurance, illness insurance, unemployment benefits and pensions. The toughest impact on the life of the individuals was the loss of waged jobs. The wage level is an important indicator for the *work quality of life*.

The hardest impact on the life of people was the loss of paid jobs. The paid population decreased constantly from **8.1** million in 1990 to about 2 million, varying currently between **4.3** and **5.3** million.

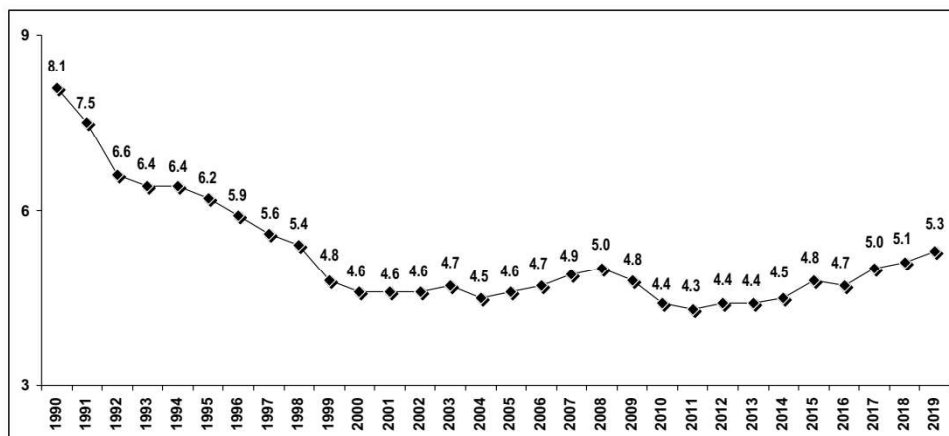


Figure 2. Average number of employees, millions, 1990-2019

Source: NIS. Romania's Statistical Yearbook 2002-2016 (according to data from the statistical research Labor force costs in economic-social entities) NIS. 2017. Tempo RPL Database 1992, 2002, 2011. [https://www.syndex.ro/sites/default/files/files/pdf/20196/Situa%C8%9Bia%20salaria%C8%9Bilor%20din%20Rom%C3%A2nia%20%282019%29\\_0.pdf](https://www.syndex.ro/sites/default/files/files/pdf/20196/Situa%C8%9Bia%20salaria%C8%9Bilor%20din%20Rom%C3%A2nia%20%282019%29_0.pdf), p.23

**Where did the employees vanish?** How did the governments mitigate the explosion triggered by the drop by 3.3 million paid jobs that were laid off right at the beginning of the transition period? The persons who could not identify any jobs enter into anticipated pension, return to subsistence farming or migrate to the West.

None of the parties had in its program as objective job creation. No recourse was made to important investment programs of national interest that would create jobs, otherwise, a normal policy in times of crisis. The public constructions in Romania were at a very low level over the transition period.

Table 15. Dynamics in the numbers of pensioners and types of pensions. The peak year is mentioned with the most numerous pensioners on categories of pensions, and % in relation to the year 1990

	1990	%	Peak year	Level of the peak year	%	2019	%
Total	3,679	100%	2002	6,378	173.3%	5,157	140.1%
State social insurances	2,493	100%	2010	4,767	191.2%	4,672	187.4%
Invalidity	208	100%	2009	909	437.0%	513	246.6%
Farmers	1,007	100%	2001	1,767	175.5%	299	29.69%

Source: NISEE online code [PNS101A], author's calculations

The numbers of pensioners reached a peak level in the year 2002, decreasing slightly in 2019. The weight of the pensioners in total population follows the same trend: rapid increase from 15.4% in 1990 to 29.3% in 2002, but maintaining a high level by 26.8% in 2016.

Illustrative, for the situation, is the case of the invalidity pension: from **208 thousand** in 1990 to **909 thousand** in 2009, it registers and increase by over 4 times.

Pensioning led to substantial drops in the living standards of the former employees: the wages are replaced by much smaller pensions. Here we identify an important source of poverty.

The rest, about one million remained in unemployment: unemployed active in the informal or even ‘grey’ economy.

### Incomes

Waged employment ceased to represent a guarantee for exiting poverty.

Over the entire transition period, economic growth was not a policy objective. As effect, the number of paid jobs was reduced to almost half, a fact that affected massively the living standard of the population. To this was added also a *pro-profit policy* (profit was put at advantage by all means), complementary to the *low wage policy*. The profit is advantaged inclusively by the 16% flat rate taxation instead of progressive taxation.

The transition policy threw into poverty a substantial segment of employees.

*Table 16.* Median available income (per adult equivalent), at purchasing power parity, in EU member-states in the year 2018

Luxemburg	29,292	Slovenia	13,298
United Kingdom	18,943	Greece	11,577
Cyprus	18,230	Malta	12,572
Ireland	17,843	Portugal	8,933
The Netherlands	17,718	Czech R.	8,913
Germany	17,338	Estonia	6,765
Denmark	16,958	Slovakia	6,888
Belgium	16,726	Hungary	6,631
France	15,604	Lithuania	5,854
Sweden	15,968	Latvia	5,594

Finland	15,372	Poland	5,704
Italy	14,580	Bulgaria	3,343
Spain	13,011	<b>Romania</b>	<b>2,942</b>

Source: Eurostat, 2018, [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_li01/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_li01/default/table?lang=en). Wages' erosion, triggered already from 1980, became more marked during the first 10 years of the transition.

Table 17. Wages and consumption over the period 1980-2000

Years	Average real wages		Average real pensions		Average yearly consumption/ inhabitant (kg.)		Finished houses (thousands)	%
					Meat	Sugar		
1980	100		100		62.0	28.2	161.4	
1985	95.9		92.0		55.1	26.3	105.6	
1988	93.2	<b>100</b>	93.0	<b>100</b>	52.4	25.0	103.3	<b>100</b>
1992	72.4	77.7	71.0	76.3	45.8	24.1	27.5	26.6
1995	66.1	70.9	64.1	68.9	47.2	23.5	35.8	34.6
2000	58.6	62.9	42.3	45.5	46.3	23.0	26.4	25.6

Source: Axenciuc, Vol. I, p. 209.

In the eighties, meat consumption decreased not because of lacking money, but because of scarcity on the market. In the nineties, meat consumption decreased even more, this time because of lacking money. The construction of houses collapsed as well.

Why the wages' level is so low in Romania? The standard explanation in the public discourse is centered on the confuse phrasing of *the low level of labor productivity*. This phrasing hints emotionally to the responsibility of the employee. The reasons for the so-called low labor productivity need to be cleared. Of course, the employee might share some guilt. Nevertheless, the reasons are elsewhere to be found: the collapse of the sphere with value added labor (deindustrialization generated a drop in employment quality), the obsolete technology in several fields and the management deficit. However, yet another reason is ignored which might explain, probably, the largest part: **the relationship between labor and profit**. The **pro-profit** policy supported by all governments, complementary to the decay on the negotiation capacity of the employees is the main reason of the low living standards of the population in Romania.

Table 18. Weight of profit in total new created value: 4<sup>th</sup> semester, 2014

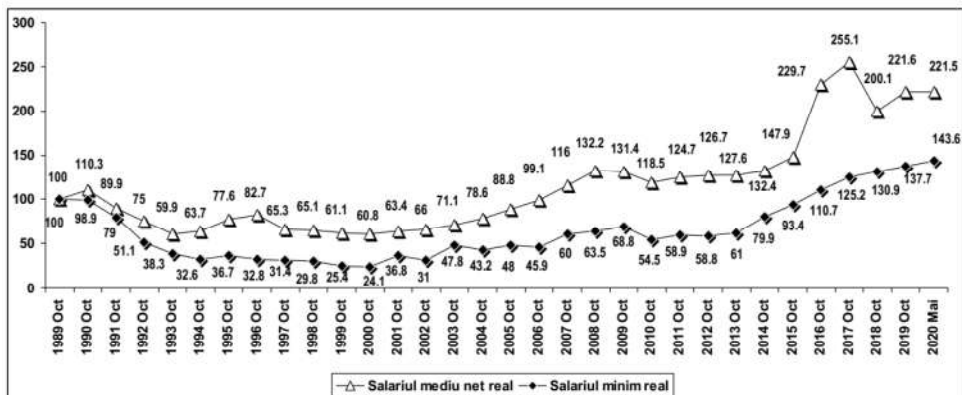
	Weight of profit
EU 18 <sup>3</sup>	40.9%
EU 8	39%
<b>Romania</b>	<b>62.2%</b>

Source: F. Georgescu, 2016, Creșterea economică, dezvoltarea României și reducerea sărăciei, [Economic growth, Romania's development and poverty reduction] p. 13. Available at [http://www.bnr.ro/Prezentari-si-interviuri--1332.aspx?fld\\_issue\\_year=2016](http://www.bnr.ro/Prezentari-si-interviuri--1332.aspx?fld_issue_year=2016).

An important objective for rebalancing the living standard would be the drastic change in the relationship labor/profit: from **62.2%** in favor of profit in 2014, to about **40%** for the future decades.

The value of wages collapsed over the first 10 years of transition, by reaching in 1992 and in the period 1997-2000 the lowest levels. For the past 30 years, in relationship with 1989, occurred only modest increases.

Figure 3. Dynamic of the average net wage and of the minimum net wage in the period October 1989 – May 2020 (1989 = 100%)



Source: Calculations by A. Mihăilescu, based on NIS data series regarding average net wages and those presented on the site of the Ministry of Labor, Family, Social Protection and Elderly for the minimum wages

The process of increasing wages initiated in the years 2011 diminished moderately the distance against the wage level in the other European countries. However, it emphasized the polarization average wage/minimum wage. The average wage increased quicker than the minimum wage.

As result of the *low wage policy*, that dominated the entire policy of transition, the wages' level in Romania was at considerable distance against the European standards in 2019.

Table 19. Minimum net and average wage in the year 2019 (EURO), Romania and EU 28

	Net minimum wage	Net average wage
<b>EU average</b>	<b>872</b>	<b>1,644</b>
Luxemburg (maximum)	1,700	3,500
Bulgaria (minimum)	235	475
<b>Romania</b>	<b>265</b> <b>30.4% din UE</b>	<b>575</b> <b>35.0% din UE</b>

Sources: Wikipedia, Eurostat, Quora, Reddit.

The *minimum wage policy* proved to be not a factor of economic growth, but more an ideology of the **slow economy, of the pro-profit policy**, and of the easy exploitation of the labor force supported by political means. The wage increase must be regarded not as a factor discouraging investments and decrease of economic efficiency, but a factor of motivating innovation and partnerships for efficiency.

The second important category of incomes, complementary to wage, the *pension*, bore more heavily the cost of transition: the pensions collapsed in 2000 by up to 44% from their initial value in 1990, exceeding by just a bit the initial level only in 2008.

The key objective, a **prosperous and balanced Romania**, might be achieved only by a radical change in the wage policy: **a pro-labor policy, balanced in relationship with profit, a policy of increasing wages progressively** for achieving the European standards.

The wage policy for the following 20 years will have as one of the main mechanisms the rebuilding of the **collective bargaining** capacity for wages and for improving working conditions, complementary to employment increase.

In conclusion, for increasing incomes, the key variable for improving quality of life in the current Romanian context might be achieved by pursuing the following directions:

- A much more active policy for increasing employment (growing the number of jobs, but especially waged employment), complementary with increasing the value of labor.
- Replacing the **low wage policy** with the **policy of projected wage increases to EU levels**: the increase, projected on stages, of the minimum wage, increasing the bargaining capacity of the employees, a political change

program of the relationship between wages/profit in the distribution of the new created value.

- Ensuring a decent and incentivizing wage level for the highly-skilled public personnel with accountabilities: the health system the teaching staff, the research staff.
- Reviewing the social protection and support policy: increasing the value of public social services and of social benefits.

All data lead to one conclusion: in Romania the transition was paid with the highest social cost.

### *Inequality/equality, social polarization*

Another social cost of the transition is the increase in social inequality.

Over the transition period, in Romania, the inequality index from a low level of the Gini index by **24** in 1989, made a leap to **34.7** in 2016, against **30.8**, respectively the EU average. The inequality level in Romania is characteristic for underdeveloped countries.

Table 20. Gini Index

RO 1989	<b>24</b>
EU 28 2016	<b>30.8</b>
RO 2016	<b>34.7</b>

Source: Eurostat

Another indicator from the ones used regarding inequality: the relationship between the income of the richest 20% against the poorest 20%. The relationship was in 2000 by **4.5** and it increased in 2016 to **7.2**. For all indicators of social inequality, Romania is placed on the first or second position in Europe, after Lithuania.

The wage policy became also a mechanism of social polarization. If, in Romania, the average wage records an increase in 2017 against 1989, by **182.6%**, the minimum wage registers an increase by just **119.3%**.

The fiscal policy for the past 10 years emphasizes the inequalities: *regressive taxation*, when the poor and rich pay all taxes at a flat rate by 16%. All countries, with few exceptions, have *progressive taxation*, the poor pay low taxes or none at all, while the share of taxation increases together with the level of incomes.

Moreover, from the perspective of the policy against inequality, Romania is far from Europe. An important objective in building the European Union is limiting social inequality. In Romania, several political leaders regard the high inequality as an inevitable cost, and even as indicators for the success of the transition.

Do the Romanians want a more unequal or more equal society?

Table 21. Do you believe that in Romania the differences between incomes are (2010)

High or much too high	81%
Normal	5%
Low or too low	3%

Source: I. Mărginean and I. Precupețu (coord.), 2011, p. 249

### Poverty: an issue that erupted over the transition period

The transition was characterized by the amplified eruption of poverty in Romania. Five distinct reasons contributed to the rapid expansion of poverty: *underemployment, low economic performance, marked social-economic inequality*, while a small segment of the population was becoming very rich, the vast part of the population went poor, *the regressive incomes' policy* and the *social protection deficit*.

The methodologies for estimating poverty are different, but the estimates are converging, overall.

The first estimate of poverty was realized by Research Institut for Quality of Life (ICCV) in 1994 (Zamfir, 1994). It was estimated that the eruption of poverty during transition occurred in the period 1991-94, reaching in 1993 a level that seemed to many politicians as absolutely exaggerated, **39.3%**.

The situation of poverty did not improve spectacularly even after another 15 years. For the last years, the European institutions began to estimate poverty for all EU countries. Surprisingly, the current data of 2015, even if based on different methodologies, converge with the estimates of the year 1993.

EUROSTAT, social state in 2015:

*Poverty and social exclusion risk (PSE):*

- EU 15 – 23.0%
- EU 8 – 23.5%
- **Romania – 37.3%**

*Severe material deprivation (SMD)<sup>4</sup>:*

- EU 15 – 7.2%
- EU 8 – 10.3%
- **Romania- 23.8%**.

Data source: EUROSTAT (Income and Living Conditions)

In the second stage of transition, the poverty level was maintained to an excessively high level, as the large differences against the European levels continued to exist.

However, worrying is the emergence and increase in size of some communities faced with extreme poverty, the category-types living around landfills

As cumulated effect of all social-economic policies, labor does not guarantee a decent living standard expanding the risk of poverty also to the active segment of the population.

### *Welfare policy*

The main objective of the social policies is to promote the welfare of the community by **balancing its distribution**; to prevent and diminish poverty, and reduce social polarization.

Western European countries invented, given the difficult conditions left behind the Second World War, the concept of *social state*. EU conferred to the social state a new dimension, by introducing a priority concept-policy objective **reducing social exclusion and promoting social inclusiveness**. The EU objective is to create a homogeneous European society, and reducing social inequality.

The public discourse in Romania advanced almost constantly the estimate that the *social state* consumes excessively much from the budget in Romania. As consequence, this dimension must also be reduced drastically. In reality, social expenditures represent the smallest part of the budget, against the other European countries. The policy of the state for the entire transition period was a factor of increasing the gap against the other European countries<sup>5</sup>.

Table 22. Social protection, 2016, as % in GDP

Countries/EU	% in GDP
EU 28	19.1%
EU 8	14.0%
<b>Countries with the highest expenditures</b>	
Finland	25.6
France	24.4
Denmark	23.4
<b>Countries with low expenditures</b>	
Bulgaria	12.7
<b>Romania</b>	<b>11.6</b>
Lithuania	11.2
Ireland	9.9

Source: Eurostat.

Social protection enjoys less attention than in the other European countries in the case of all former European social countries (EU 8) in the transition strategy, but significantly higher than in Romania which is ranked on the second-last position, after Ireland and Lithuania.

The financing is the lowest for all social protection components, as % in GDP:

Table 23. Public expenditures on protection for some vulnerable groups, as % in GDP as compared with EU 28, 2015

	EU 28	Romania
Elderly	10.3%	8.5%
Illness and other disabilities	2.8%	1.0%
Family and children	1.7%	1.1%
Unemployment	1.4	0.1%
Social exclusion	0.8%	0.2%
Housing	0.5%	0.0%

Source: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Government\\_expenditure\\_on\\_social\\_protection](http://ec.europa.eu/eurostat/statistics-explained/index.php/Government_expenditure_on_social_protection); Total general government expenditure on social protection, 2015 (% of GDP % of total expenditure).png.

The issue of combating social exclusion/promoting social inclusion is present but accidentally in the public discourse. The Romanian policy was mostly oriented on diminishing social support, motivated by better focalizing: *diminishment by focalizing*.

Fundamental social services – education, health, social protection – were, up to 2019, subjected to a pressure for maintaining their financing at survival levels.

Even though the data show that the highest risk of poverty is born by children, the social support for them was not a political topic of interest. Over the entire period of 30 years, the child allocation was placed below the level from 1989 up to 2018. Child allocation exceeded substantially the level from 1989 only as of 2019.

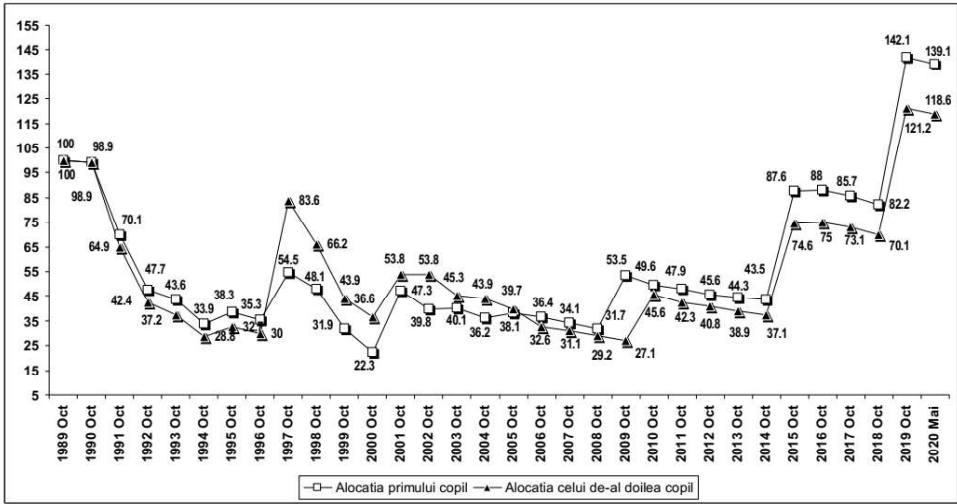


Figure 4. Child allocation depreciation (the case of the first and second child allocation) 1989 = 100

Source: Calculations realized by A. Mihăilescu, based on the time series data provided by the Ministry of Labor, Social Protection and Elderly regarding child allocations

The minimum guaranteed income implemented after several political disputes in 1994, at a rather high level initially, depreciated rapidly its value, after a peak in 2001-2003.

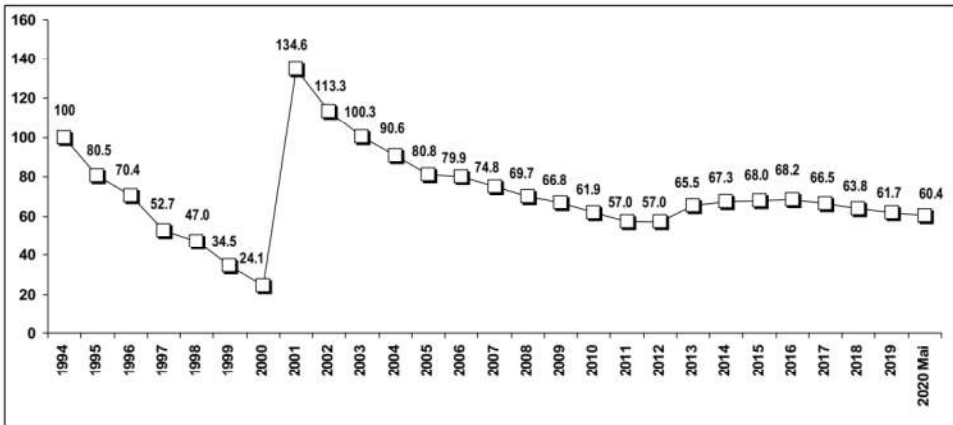


Figure 5. Value of the Minimum Guaranteed Income (MGI) for a person, as % from the national net minimum wage (1994 = 100%)

Source: [http://www.dreptonline.ro/legislatie/legea\\_venitului\\_minim\\_garantat.php](http://www.dreptonline.ro/legislatie/legea_venitului_minim_garantat.php), [http://ec.europa.eu/eurostat/statisticsexplained/index.php/Minimum\\_wage\\_statistics/ro](http://ec.europa.eu/eurostat/statisticsexplained/index.php/Minimum_wage_statistics/ro), <http://www.mmuncii.ro/j33/index.php/ro/legislatie/veniturisalariale>. Calculations realized by A. Mihăilescu.

The low efficiency of the Romanian social policies, as compared with the other European countries is proven by their impact on the poverty level. While the other former socialist countries succeed in diminishing by over **11%** poverty based on social transfers, in Romania this share does not exceed **4%**.

Table 24. Efficiency of social transfers, others than pensions in diminishing poverty

Country/group of countries	Poverty rate per transfer	Poverty rate post transfer
EU 15	26.5	17.1
EU 8	24.1	16.9
<b>Romania</b>	<b>29.3</b>	<b>25.3</b>

Source: EUROSTAT, 2015

Over the last period, several synthetic indicators are promoted regarding social policies of the EU countries. For all these indicators, Romania ranks on the last positions. It is the case of the *social justice*<sup>6</sup>, indicator, where Romania's performance scores **3.9**, ranking on the 27<sup>th</sup> position within the EU, followed by Greece with a score by 3.7, against EU-17 – **6.0**, or EU-8, **5.8**.

The social situation of the roma population poses special issues. The poverty level of the Roma is extremely high. Any support program for exiting the poverty state is faced in the case of Roma with complex difficulties: low level of schooling and skilling, but also with a survival strategy at the poor fringes of the society, that pins them into the poverty and social marginalization situation.

### **Population's state of mind: how do Romanians estimate the transition?**

Up to now we have seen the configuration of the transition and post-transition process in Romania, based on the socio-economic indicators supplied by public institutions. Within a democratic system, it is very important to take account also about how people estimate the reality they live in, the community's state of mind. For illustration, we will quote just a some subjective indicators.

**The direction of transition:** people estimate that the social change process that Romania committed to for the last 30 years heads or not in the right direction?

Table 25. The direction in which society heads

	2010 (IQLR)	DECEMBER 2015 (INSCOP)	DECEMBER 2016 (IRES)	NOVEMBER 2017 (IMAS)	DECEMBER 2017 (IRES)	MAY 2019 (INSCOP)
Wrong direction	80%	52%	61%	71%	75%	76.4%
Right direction	10.5%	34%	34%	24%	17%	18.5%

Source: IQLR database regarding Quality of Life in Romania<sup>7</sup>, and INSCOP, IRES, IMAS researches

The **transition outcomes** are considered as negative by the majority of the population.

Table 26. How do Romanians estimate the changes in the Romanian society after 1989?

	1994	1999	2006	2010
Negative	30%	54%	33%	54%
Positive	24%	12%	24%	13%

Source: I. Mărginean and I. Precupețu (coord.), 2011, p. 260.

In estimating the country's prospects, pessimism dominates. In the peak year of the crisis, 2010, people were more pessimistic about their outlook.

Table 27. In relationship to the present, the living conditions over 10 years will be

	1994	1999	2006	2010
Worse	23%	44%	30%	52%
Better	66%	39%	48%	20%

Source: I. Mărginean and I. Precupețu (coord.), 2010, p. 54.

**How is the country led?** In the first transition year, 1990, the leadership of the country was entrusted with confidence, as most, **40%**, considered that the country is well led and only **19%** that it is led bad. As of the second year of transition, 1991, the population changes completely the evaluation: the political options are evaluated predominantly negatively, and in 2010 a wide consensus is achieved, as **80%** consider that the country is badly managed, and only **4%** consider that the country is led well or very well.

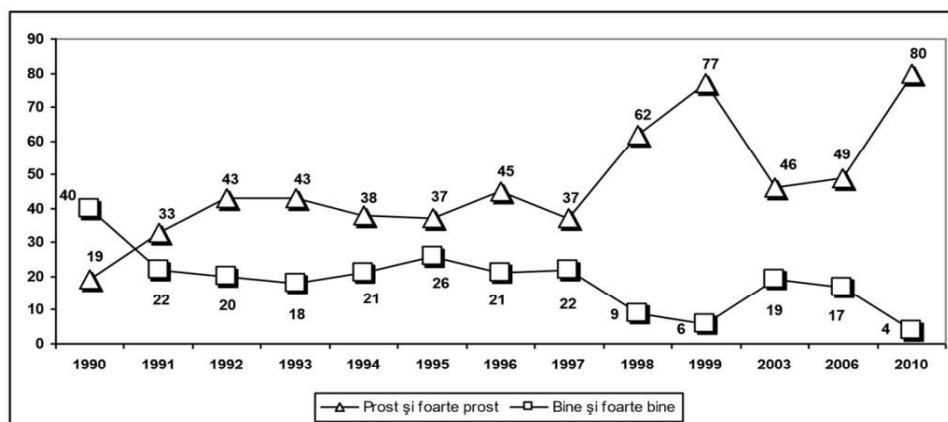


Figure 6. Evaluations of the population regarding the manner in which the country is led (%)

Source: I. Mărginean and I. Precupețu (coord.), 2011, p. 245

The quality of the political life is estimated as very low: **86%**, while **2%** are satisfied, and nobody is very satisfied. (Mărginean, & Precupețu, 2011, 253).

In 2017, the people asked about what worries them most (IRES) indicated freely several issues, but first of all not the state of the economy, but the *political crisis*.

- Political crisis: **27%**;
- Price increases: **24%**.

**How satisfied are Romanians with their life?** In the last period, the interest for a global subjective indicator of *satisfaction with life* developed; each person evaluates the global state of his/her life, whether he/she is satisfied with life, and to what extent. Satisfaction with life depends on the available financial resources, but also on the social-political framework that the society provides: a rational political system oriented on national interest, educational public services, and quality health ones, trustworthy people with whom one lives. This group of indicators was used until lately just in the academic analyses promoted by sociologists. Currently the satisfaction with life indicators begin to be included in the series of indicators provided by national and international statistics.

Table 28. Satisfaction with life: share of very satisfied persons + satisfied (2015)

EU 15	83%
EU 8	76%
<b>Romania</b>	<b>59%</b>
Bulgaria	47%

Source: Eurobarometer 83 (2015).

By the end of the 30 years of social changes, we might evaluate the state of mind of the community: the social cost of transition was much higher than expected. It was not an inevitable cost for a successful transition, but a cost triggered by the faulty management of the entire change process.

### Is Romania at crossroads?

After 30 years of social changes, we might proceed to a final evaluation of their quality.

The main transition objectives, to which is added also Romania's accession to the EU, have been all achieved.

Neither finalizing transition, nor EU accession have meant, however, that the accrued social and economic problems of Romania have been automatically solved. Additionally, several issues of our society aggravated, while new issues emerged.

The available statistical data indicate that Romania underwent an extremely difficult period and continues to rank at distance against the other European countries for the majority of the social-economic indicators, including here the comparison with the group of the other former socialist countries (EU-8). It is hard to believe that this situation will change spectacularly in the future under the conditions of a vision crisis.

What is Romania now? We are an underdeveloped capitalist country with poor economic efficiency, and high social and economic imbalances, and public institutions with a low capacity of supporting the process of social-economic development.

Romania's performances for the past 30 years are not impressive. The economy displays dramatic crises and modest increases, though there were years of important growth. There are unsolved chronic crises: agriculture and industry are in a state of confusion, lacking strategic vision; underdeveloped public functions facing severe social issues, like demographic decrease, underemployment, and poverty far from being significantly diminished. As well, the political factor, supposed to be the engine of development, seems to be locked in conflicts for power that express actually the lack of vision.

More than ever, Romania is at a crossroads. We enter inevitably into a new stage of our history. We might continue on the path we engaged on up to now, but the future does not seem by far the one we wish for. Or, we need rather to **disengage** from the process that kept us in a bottleneck: a new vision, new options, and change decisions. In brief, ***a program for the social and economic development of the country.***

The past 30 years were dominated by the **economy/society imbalance**. It is obsessively considered that ***economy is the key to the future***, the state of the society is just a simple outcome of the economic growth. However, a radical change is needed in the political concept. ***The social is the main resource of society's development, including of the economy.*** A development program for the Romanian society has become critical.

The social crisis of Romania is expressed in the crisis of the political system that became increasingly more a hindering factor, rather than a development source.

The social policy enjoyed only marginal attention being focused more on the marginal social issues: some "vulnerable" groups and even these only modestly supported. The Romanian society is still dominated by the vision of Romania as annex of the world economy. The alternative is to assume responsibility for creating a new global development program of the Romanian society, and it is the time to explore it.

Exiting the current crisis, which was aggravated brutally by the CORONAVIRUS presupposes a political reorientation. At its core should be placed a new ***model of society***: a society built on a new model of social-economic development of the country, that would ensure moderate prosperity and equitably distributed. New directions follow to be taken into account: overcoming the scission economy/society, and the economy should gain direction towards ensuring the prosperity of the population.

Moreover, politics should abandon the counterproductive focus on narrow party interests that are warranted by a continuing, in the meantime turned demoralizing, conflict. Its mission should become to project and build the future.

Additionally, and most of all, the quality of life for the entire community must be gained effectively, not just verbally, and be an operational objective of the social-economic programs. Some steps have been already taken: *quality of life* takes center stage in the *Romania's Development Strategy for the Next 20 Years* proposed by the Romanian Academy. It is an objective to be achieved: a set of indicators with the help of which we ***monitor*** and ***evaluate Romania's progress.***

## Notes

<sup>1</sup>EU members, the former socialist countries.

<sup>2</sup>Former communist countries, save for Romania and Bulgaria, regarded as registering better results during transition.

<sup>3</sup>The available data are partial: for EU 18 we have data for only 14 countries and for EU 8 just for 4.

<sup>4</sup>Severe material deprivation, situation defined by the existence of at least 4 types of deprivation from a list of 9 categories of deprivation.

<sup>5</sup>Right at the beginning of the nineties, the Research Institute for Quality of Life warned about the chronic gap between the social policies in Romania and EU: C. Zamfir, coord., *Politici sociale în România: 1990-1998*, 1999, *Raportul social al ICCV: După 20 de ani, Opțiuni pentru România, 2010 [Social policies in Romania: 1990-1998; 1999; IQLR Social Report: After 20 years. Options for Romania, 2010]*.

<sup>6</sup>The indicator is formed based on 6 indicators: social prevention, equitable education, labor market access, social cohesion and non-discrimination, health, and intergenerational justice.

<sup>7</sup>The data used are extracted from the RIQL presented in I. Mărginean, I. Precupețu, 2010, and I. Mărginean, I. Precupețu, 2011.

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