



MINIMUM STANDARD OF LIVING, A CONSTANT OF RESEARCH AND SOCIAL POLICY WORK OPTION

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Abstract: *The article gives us a true picture of the purchasing power of goods and services from the market. The incomes of many types of customers such as: persons, families, households are a good indicator to measure the poverty in our country, in dynamics, between 1990 and 2013. In the Research Institute for the Quality of Life we used to measure the poverty, using the normative method, which is based on consumption. We calculated two consumer baskets: the consumer basket related to the decent minimum standard of living and the subsistence level consumer basket. We monitored the different types of families in urban and rural areas: active persons and the pensioners. We used equivalence scales in order to calculate the expenditure per household member. The consumer basket is a tool to measure the wealth of poverty of the people from urban and rural areas. Many households have resources below the minimum requirement for a decent living standard as well as below the minimum subsistence standard established by the normative method.*

Keywords: *normative method, incomes, consumption, decent and subsistence minimum living standard.*

A new culture linked to a simpler lifestyle that respects the work itself with low or modest incomes who appreciate a moderate consumption compared to the ostentatious. This does not mean a life of sacrifice but a simpler lifestyle. Those who opt for this lifestyle was observed that enrich their existence pursuits type: lifelong learning, public life, volunteering, participation in community activities, surfing, sports, cultural activities and nature observation or communion with it. They discover, as Elgin said that "Voluntary simplicity is a simple life on the outside and rich interior" (Elgin, 2010). It seems there are more and more followers of a low food supplies, food and service, without hardship to obtain other sources of the satisfaction.

Population and society are changed. Living habits change over time. People adapt of these movements of life, some faster, some slower. Following the evolution of consumption habits and trends of the active population, employed them or the inactive population age-specific habits several steps were necessary configuration and recalculation of the consumption basket for the two types of families. We took into

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account residential environments, with their specific and families employed painting was completed with dependent children parents.

- In the first stage of analysis were developed structures and calculation of consumption baskets in urban, the employees and pensioners (2001) and rural areas, the workers and farmers (2002), the market prices of the years mentioned (Mihăilescu, 2004).
- In the second phase of work was revalued consumption basket of the urban and rural population, the two types of households, at market prices in August 2005.
- The third stage was limited to reshaping the consumer basket, those two areas and types of families (Mihăilescu, 2012). The calculation was performed in March of 2010 prices (Annex 1 and Annex 2).

The Research Institute for Quality of Life analysis of household consumption in Romania has been an ongoing concern since the establishment of the Institute on 1 January 1990. Over time operated several research groups, with concerns in this area, published studies, some theoretical with the segment address specialists, and others more accessible to the general public. Prospects were pursued consumption, revenues and how these revenues can cover consumption needs. It is expressed as purchasing power of goods and services on the market of people at one time or over a longer period of time horizons and changes in short, medium and long study.

RIQL methods were used:

1. Normative method addressed by research teams coordinated by prof. Phd. Cătălin Zamfir, Phd. Gheorghe Barbu (Barbu, 1994) and Phd. Adina Mihăilescu.
2. Method of self-assessment of population and consumption on individual and family income (household) within the research " diagnosis quality of life ", coordinated by prof. dr. Ioan Mărginean and held annually from 1990 to 1999, restarted and then, in 2003, 2006 and 2010.

This continuity in the study of consumption and household income issues in Romania led to defining, structuring and evaluation of minimum living standards in our country. Defining minimum standard of living has two aspects:

1. One related to the usual consumption (food, clothing, footwear, housing, services), tradition, customs, education and training and individual and family participation in society. All these aspects define appropriate minimum standard of living of a certain degree of dignity of the individual and his family. From this level of poverty can talk down to the individual and his family. Usually decent population between the minimum and the subsistence are in relative poverty, as defined in the terms.
2. And one related to the survival of a people, which is defined as the minimum subsistence, so elements of development and social affirmation of the person and his family are provided. From this level down we can talk about absolute poverty.

Calculation of the two minima decent and subsistence expenses include the following types of both urban and rural areas:

- Supply, rural is envisaged that some of the expenses from a household power, that of self-consumption;
- Food costs are included: meat and meat derivatives, dairy products and milk derivatives, fish, eggs, vegetable and animal fat, vegetables, fruits, sugar, sweets and coffee in quantities determined by nutrition experts at the Institute of Hygiene and Public Health in Bucharest.
- Foods are between 2700 and 3200 calories per day / adult, working in conditions of physical and intellectual environments, but because he had taken an option minimal calculation stopped at 2700 calories / day / adult.
- Food including: expenses related to clothing, footwear, housing and household electrical items, sanitary and hygiene textiles for domestic use, crockery, cutlery, glassware and other household products.
- Housekeeping services related to water, heat, electricity, radio and television transport repair and subscription, telephone, cultural services, healthcare services; maintenance of clothing and footwear hygiene.
- Safety and saving fund to cover various expenses necessary contingencies that occur in people's lives.

Advantages offered by the normative method of research, constituted as option RIQL are:

1. Objectivity, using standards set by professionals: nutritionists, sociologists, economists and consolidation of expenditures for clothing, footwear based on discussions with experts in the field of marketing, other specialists interested in the consumption of public goods and services;
2. Transparency because it allows detailed knowledge of the elements of material, cultural, educational, health, etc. used in the calculation.

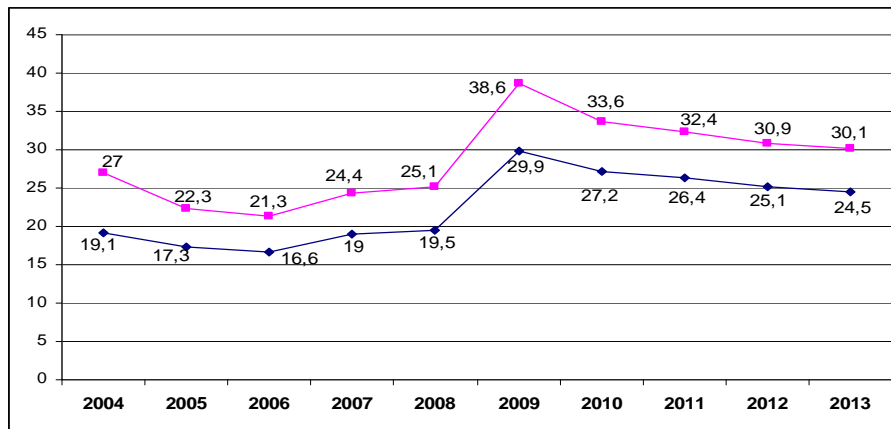
I. Vulnerable group, poor or very poor, which is placed below the subsistence minimum (MS).

This group is represented by single-parent families with one, two, three or more dependent children, the families of two adults with one, two, three or more dependent children and the threshold set out in the Law and the Law VMG/2004 61/1993, republished in 2012, retired couple or are single, but living in an average pension or two minimal pensions (the pension has been granted since 2010), no longer speaking retired couple living just a minimum pension of 350 lei, having their highest share among retired farmers and others. For many low-income pensioners and very small the question of coverage of needs for survival. The situation became more bearable around the years 2008-2009, with the increase of the pension point, but then the 2010-2012 economic crises marked by lowered again the Romanian pensioners living in urban and rural areas. Very low purchasing powers of pensions explain why pensioners in Romania are forced to work after retirement compared to pensioners from other

European countries. The following is the current amounts for income by the number of people (VMG) and family support allowance.

1. Single-parent family with two dependent children in urban areas are one of those families that fall in welfare laws mentioned above. If you look at the chart to see that this type of family income plus allowances for two children can not cover more than a third of the subsistence minimum (MS), a peak occurring in 2009, about 39% of MS (Chart 1).

Chart 1. Dynamics for guaranteed minimum income for three persons and two allocations for children related to the minimum for a decent and subsistence living in urban area, 2004 – 2013

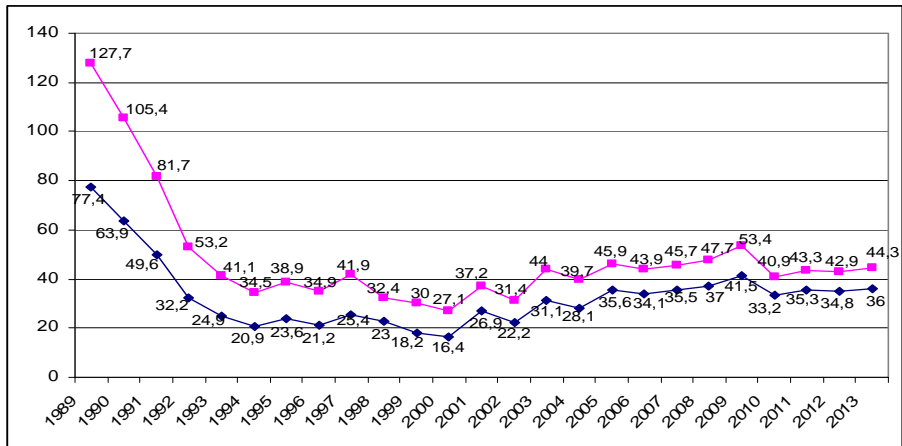


Legend: VMG- guaranteed minimum income for three persons and two allocations for children, MD- minimum decent living basket, MS- minimum of subsistence living basket.

The situation is dramatic in the analysis of a *minimum wage and two child allowances*, the minimum subsistence income covers only the years 1989 and 1990, after which the actual purchasing power of this type of family income did not make ends meet necessities of life. End of interval analysis, 2013, place this family a level of 44.3% from the corresponding basket of subsistence living and 36% of that of a decent (Chart 2).

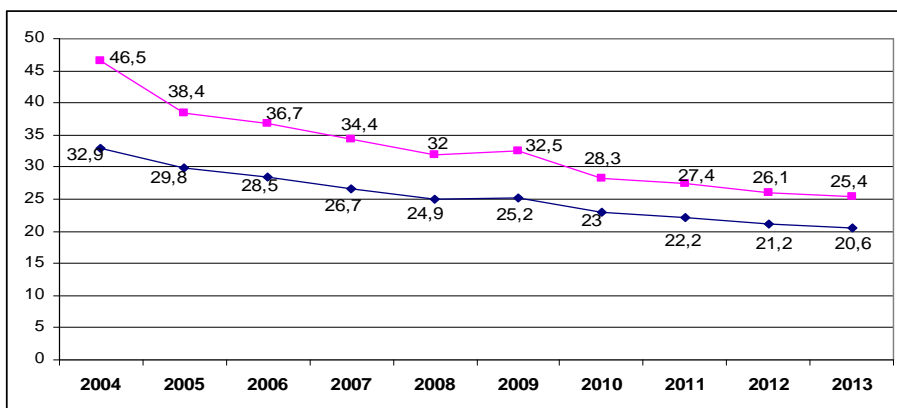
With a *average salary and allowance of two dependent children* who have this income families could buy only half of the goods and services provided in the corresponding minimum subsistence basket, between 1998-2002 less than 80% of the minimum and in the level of standard of living, it was covered just over half in 1993 and 1994, from 1999 to 2003, when the full liberalization of prices and higher utilities to hot water, heat and electricity have caused this came to be unable to cover consumer goods set to a minimum of life.

Chart 2. Dynamics of one minimal wages and of two allocations for children related to the minimal requirement for a decent and subsistence living, in urban area, October 1989 - 2013



2. Family of two adults with two dependent children in urban having income consists of a guaranteed minimum income for four people and two children allowances, VMG granted since 2004 is still in an extremely difficult economic situation. Even the minimum standard of living which in 2004 was covered almost half begins to decrease with each year until finally reaching a quarter of subsistence basket and a decent fifth of the consumption (Chart 3).

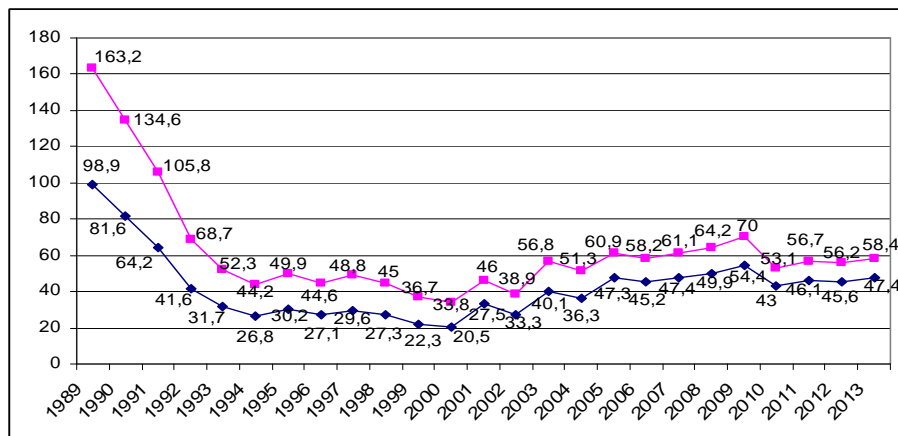
Chart 3. Dynamics for guaranteed minimum income for four persons and two allocations for children related to the minimum for a decent and subsistence living in urban area, 2004 - 2013



Legend: VMG- guaranteed minimum income for three persons and two allocations for children, MD- minimum decent living basket, MS- minimum of subsistence living basket.

If we consider *two minimum wages and child allowance* that family incomes fall since 1991 to 71%, as of next year to reach 47% each year to drop to one-fifth of the minimum decent and a third of minimum subsistence since 1992 (73.8%). Family of two adults with two dependent children in urban income consists of two minimum wages and allowances of two children over the analysis period 1989-2013 is still in a very difficult economic situation. In recent years, this family incomes fell even below the minimum subsistence since 1992 (68.7%) continued to decline sharply in 2002 (38.9%) and in terms of decent minimum he difficulty was to be covered by this income in 1990 (81.6%), reaching 20 %, a fifth in 2000, continuing to maintain the extremely low values until the end. In the final years 2011-2013 described above income did not even cover half of the minimum decent living of the reference year 1989 (Chart 4).

Chart 4. Dynamics of two minimal wages and of two allocations for children related to the minimal requirement for a decent and subsistence living in urban area, October 1989 – 2013



II. Group which is placed at the decent minimum living level and above this level, the middle class in society.

1. *Family of two adults with two average wages* above the minimum decent living at the beginning of the interval. Its revenues have covered one and a half needs a decent minimum in October 1989, 161%. In only eight years, this family has had to satisfy only half of what has allowed in 1989, 80% of the needs of the living, and now, in 2013, they cover 140% of the minimum needs decent.

2. *Family of two adults with dependent children* with income consists of *two average wages and child allowance*, over the analysis period 1989-2013 fluctuated a lot. 1993 and 1994, followed by 1999 to 2002 have enabled this family to be able to cover only 80-90% of the minimum decent level, but still to a much better position than other families previously presented in this article.

Conclusions

The analyses performed in this chapter we can conclude that there were years in which evolution was favorable purchasing power of the general population. There were years only advantageous for certain types of income of the population, and years as a result of unfavorable economic policy measures, such as: rising inflation, increasing foreign exchange which further influenced the purchasing power of the Romanian lei market purchase of goods and services, increasing price of fuel or cubic meter in hot or cold water, etc.

According to the statistical data on the socio-occupational categories of Romania, the most affected by poverty, over the twenty-five years of analysis were: the income decile 1 were located usually families unemployed and farmers; next deciles 2, 3, 4 were placed, the unemployed families, farmers and pensioners living in one average pension insurance or one or two guaranteed minimum pension (social minimum pension has been granted since 2010). Halfway classification in poor-rich scale is placed families of pensioners, and the employees who live with the minimum wage. At the top of the scale for self-assessment of well-being is placed families of pensioners living with two state pension insurance, and employees pay above the minimum wage. Last deciles of income, persons or families who are richer in Romanian society, the employees which are paid above the average wage, self-employed, employers, labor market specialized people working in International Corporations, banks, companies insurance specialists working at the peak of the respective companies. Household income must be said that in Romania the ripples of the global financial crisis, which began in 2010 when total household income decreased compared to previous years. Greater reductions have supported farmers' income, part of the income of pensioners and the unemployed.

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Annex 1. MINIMUM LIVING STANDARDS
(in urban area)

URBAN-decent standard	MONTHS:											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC.
2e+2c												
2010			1.964	1.971	1.974	1.977	2.036	2.039	2.049	2.064	2.074	2.085
2011	2.101	2.112	2.125	2.139	2.143	2.137	2.129	2.122	2.117	2.131	2.140	2.149
2012	2.156	2.170	2.179	2.180	2.184	2.183	2.196	2.208	2.234	2.240	2.241	2.254
2013	2.284	2.292	2.293	2.296	2.301	2.301	2.293	2.305	2.291	2.298	2.297	2.304
2.p.												
2010			1.224	1.228	1.230	1.232	1.264	1.267	1.274	1.281	1.288	1.294
2011	1.304	1.314	1.322	1.331	1.334	1.330	1.325	1.321	1.318	1.326	1.332	1.335
2012	1.340	1.349	1.354	1.355	1.358	1.357	1.365	1.372	1.388	1.392	1.393	1.400
2013	1.419	1.424	1.424	1.426	1.429	1.429	1.424	1.431	1.423	1.427	1.427	1.431
URBAN-subsistence standard												
2e+2c												
2010			1.599	1.605	1.607	1.610	1.651	1.655	1.664	1.673	1.682	1.691
2011	1.704	1.717	1.727	1.739	1.742	1.737	1.731	1.725	1.722	1.733	1.740	1.744
2012	1.750	1.761	1.769	1.770	1.774	1.773	1.783	1.792	1.813	1.818	1.819	1.829
2013	1.854	1.860	1.861	1.863	1.867	1.867	1.861	1.870	1.859	1.865	1.863	1.868
2.p.												
2010			982	985	987	988	1.014	1.016	1.019	1.024	1.030	1.035
2011	1.043	1.051	1.057	1.064	1.067	1.063	1.060	1.056	1.054	1.061	1.065	1.067
2012	1.071	1.078	1.082	1.083	1.085	1.085	1.091	1.097	1.110	1.113	1.114	1.120
2013	1.135	1.139	1.139	1.140	1.143	1.143	1.139	1.145	1.138	1.141	1.141	1.145
URBAN-decent standard												
1.e												
2010			634	636	637	638	657	658	662	666	670	674
2011	679	683	687	692	693	691	689	686	685	689	692	695
2012	697	701	704	705	706	706	710	714	722	724	724	728
2013	738	741	741	742	744	744	741	745	740	742	742	745
2.e.												
2010			1.204	1.208	1.210	1.212	1.248	1.250	1.256	1.265	1.272	1.279
2011	1.289	1.295	1.303	1.312	1.315	1.311	1.307	1.302	1.299	1.307	1.312	1.318
2012	1.322	1.330	1.336	1.337	1.340	1.339	1.347	1.354	1.370	1.374	1.375	1.382
2013	1.401	1.406	1.406	1.408	1.411	1.411	1.406	1.413	1.405	1.409	1.409	1.413
URBAN- subsistence standard												
1.e.												
2010			516	518	519	519	533	534	537	540	543	546
2011	550	554	557	561	562	561	559	557	556	559	561	563
2012	565	569	571	571	572	572	575	578	585	587	587	590
2013	598	600	600	601	602	602	600	603	599	601	601	603
2.e												
2010			980	983	985	986	1.012	1.014	1.020	1.026	1.031	1.036
2011	1.044	1.052	1.059	1.066	1.068	1.065	1.061	1.057	1.055	1.062	1.066	1.069
2012	1.073	1.080	1.084	1.085	1.087	1.087	1.093	1.099	1.112	1.115	1.116	1.122
2013	1.137	1.141	1.141	1.142	1.144	1.144	1.140	1.146	1.139	1.142	1.142	1.146
URBAN- decent standard												
2.e + 1.c												
2010			1.647	1.653	1.655	1.658	1.707	1.710	1.719	1.731	1.740	1.749
2011	1.762	1.771	1.782	1.794	1.798	1.793	1.787	1.780	1.777	1.788	1.796	1.803
2012	1.809	1.821	1.828	1.830	1.834	1.833	1.844	1.853	1.875	1.880	1.881	1.892
2013	1.917	1.924	1.924	1.926	1.931	1.931	1.925	1.935	1.923	1.929	1.929	1.934
2.e. + 3.c.												
2010			2.281	2.289	2.324	2.327	2.396	2.400	2.412	2.429	2.442	2.455
2011	2.474	2.486	2.501	2.518	2.523	2.516	2.507	2.498	2.493	2.509	2.520	2.530
2012	2.539	2.555	2.566	2.568	2.573	2.572	2.587	2.600	2.631	2.639	2.640	2.655
2013	2.691	2.700	2.701	2.704	2.710	2.710	2.701	2.715	2.698	2.706	2.706	2.714

URBAN- subsistence standard												
2.e. + 1.c.												
2010			1.341	1.346	1.348	1.350	1.385	1.388	1.396	1.403	1.411	1.418
2011	1.429	1.440	1.449	1.458	1.461	1.457	1.452	1.447	1.444	1.453	1.459	1.463
2012	1.468	1.477	1.484	1.485	1.488	1.487	1.496	1.504	1.522	1.526	1.527	1.536
2013	1.557	1.562	1.563	1.565	1.568	1.568	1.563	1.571	1.562	1.566	1.566	1.571
2.e + 3.c												
2010			1.857	1.863	1.866	1.869	1.918	1.922	1.933	1.943	1.953	1.964
2011	1.979	1.994	2.006	2.019	2.024	2.018	2.011	2.004	1.999	2.012	2.021	2.025
2012	2.033	2.046	2.055	2.056	2.060	2.059	2.071	2.082	2.107	2.113	2.114	2.126
2013	2.154	2.161	2.162	2.164	2.169	2.169	2.162	2.173	2.160	2.166	2.166	2.173

Legend: e-employee, c-child.

Annex 2. MINIMUM LIVING STANDARDS (in rural area)

RURAL- decent standard	MONTHS:											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC.
2a+2c												
2010			1.588	1.594	1.596	1.599	1.640	1.644	1.653	1.662	1.670	1.679
2011	1.692	1.705	1.715	1.727	1.730	1.725	1.719	1.713	1.710	1.721	1.728	1.732
2012	1.738	1.749	1.757	1.758	1.762	1.761	1.771	1.780	1.801	1.806	1.807	1.817
2013	1.841	1.847	1.848	1.850	1.854	1.854	1.848	1.857	1.846	1.852	1.851	1.857
2.i												
2010			1.169	1.173	1.175	1.177	1.207	1.210	1.217	1.223	1.230	1.236
2011	1.246	1.255	1.263	1.271	1.274	1.270	1.266	1.261	1.259	1.267	1.272	1.275
2012	1.280	1.288	1.294	1.295	1.298	1.297	1.305	1.311	1.326	1.330	1.330	1.338
2013	1.356	1.361	1.361	1.362	1.364	1.364	1.359	1.366	1.358	1.362	1.362	1.366
RURAL- subsistence standard												
2a+2c												
2010			1.382	1.386	1.389	1.392	1.433	1.436	1.443	1.453	1.460	1.469
2011	1.481	1.488	1.497	1.506	1.509	1.505	1.499	1.494	1.491	1.501	1.507	1.513
2012	1.519	1.529	1.535	1.536	1.539	1.538	1.548	1.555	1.573	1.578	1.578	1.587
2013	1.608	1.613	1.614	1.616	1.619	1.619	1.614	1.622	1.612	1.617	1.617	1.622
2.i												
2010			899	902	904	905	932	934	938	945	950	955
2011	962	967	973	979	981	978	975	971	969	975	979	983
2012	987	993	998	998	1.000	1.000	1.005	1.011	1.023	1.026	1.026	1.032
2013	1.046	1.049	1.050	1.051	1.054	1.054	1.051	1.056	1.050	1.053	1.053	1.056
RURAL- decent standard												
1.a												
2010			512	514	515	515	529	530	533	536	539	541
2011	546	550	553	557	558	556	554	552	551	555	557	558
2012	560	564	566	566	567	567	570	573	580	582	582	585
2013	593	595	595	596	597	597	595	598	594	596	596	598
2.a												
2010			973	976	978	979	1.005	1.007	1.013	1.018	1.024	1.029
2011	1.037	1.045	1.051	1.058	1.060	1.057	1.054	1.050	1.048	1.054	1.059	1.061
2012	1.065	1.072	1.076	1.077	1.079	1.079	1.085	1.091	1.104	1.107	1.108	1.114
2013	1.129	1.133	1.133	1.134	1.136	1.136	1.132	1.138	1.131	1.134	1.134	1.138
RURAL- subsistence standard												
1.a												
2010			446	448	449	450	464	465	467	470	473	476
2011	479	482	485	488	489	488	486	484	483	486	488	490
2012	492	495	497	498	499	499	502	504	510	511	511	514
2013	521	523	523	524	525	525	523	526	523	524	524	526
2.a												
2010			847	851	853	855	882	884	888	894	900	906

2011	912	918	924	930	932	929	926	923	921	927	931	935
2012	938	944	948	949	951	951	956	961	972	975	975	981
2013	994	997	998	999	1.000	1.000	997	1.002	996	999	999	1.002
RURAL- decent standard												
2.a + 1.c												
2010			1.332	1.337	1.339	1.341	1.375	1.379	1.386	1.394	1.401	1.409
2011	1.419	1.430	1.439	1.448	1.451	1.447	1.442	1.437	1.434	1.443	1.449	1.453
2012	1.458	1.467	1.474	1.475	1.478	1.477	1.486	1.494	1.512	1.516	1.517	1.526
2013	1.546	1.551	1.552	1.554	1.557	1.557	1.552	1.560	1.551	1.555	1.555	1.560
2.a + 3.c.												
2010			1.844	1.850	1.853	1.856	1.904	1.908	1.919	1.930	1.940	1.950
2011	1.965	1.980	1.992	2.005	2.009	2.004	1.997	1.990	1.985	1.998	2.007	2.011
2012	2.018	2.031	2.039	2.041	2.045	2.044	2.056	2.067	2.091	2.097	2.098	2.110
2013	2.138	2.145	2.146	2.148	2.153	2.153	2.146	2.157	2.144	2.150	2.150	2.156
RURAL- subsistence standard												
2.a + 1.c.												
2010			1.159	1.164	1.167	1.170	1.205	1.208	1.213	1.219	1.227	1.235
2011	1.242	1.250	1.258	1.266	1.269	1.265	1.261	1.256	1.253	1.261	1.267	1.270
2012	1.274	1.282	1.288	1.288	1.291	1.290	1.298	1.304	1.319	1.323	1.323	1.331
2013	1.349	1.354	1.354	1.355	1.359	1.359	1.355	1.362	1.354	1.358	1.358	1.362
2.a + 3.c.												
2010			1.605	1.612	1.616	1.620	1.668	1.672	1.679	1.687	1.698	1.709
2011	1.719	1.730	1.741	1.752	1.756	1.751	1.745	1.739	1.735	1.746	1.754	1.758
2012	1.764	1.775	1.783	1.784	1.788	1.787	1.797	1.807	1.828	1.833	1.834	1.845
2013	1.870	1.876	1.877	1.879	1.881	1.881	1.875	1.885	1.873	1.879	1.878	1.884

Legend: a-agricultural worker, c-child, i-inactive old person.