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# POVERTY IN ROMANIA DURING 1918-1945

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**Abstract:** *The study presents the social status of the population in Romania, highlighting the dimensions of poverty between 1918 and 1945 in the European context. Data and information for the survey were taken from a series of publications of statistical institutions of the time, as well as from the works of interbelic and contemporary economists and sociologists. Dominant rural dimensions of poverty are discussed in relation to the effects of agrarian reforms of the time. A series of indicators of urbanization and modernization of Romanian society are also presented. The study contains a brief analysis of the manifestation of poverty during the Second World War (1941-1945), including the effect of successive occupation of the country by the German and by the Soviet army.*

**Keywords:** *social structure, land reform, property, food consumption, German occupation*

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## Introduction

In the hundred years ranging between 1918-2018, the Romanian nation has entered a new pathway through the Unification of the Romanian Principalities in 1918, which saw the initiation of several political and economic processes of deep social impact. Apart from this, Romania has undergone major social and political changes as well, such as the participation in the two world wars, the agrarian reforms of 1921 and 1945, the change to the communist era in 1945 (that saw the completion of agricultural cooperatives in 1962), the industrialization of the national economy in the 70's and 80's, as well the general urbanization and modernization of society. After 1991, the reintroduction of a market economy, held restitution to former owners of some part of agricultural land that had been cooperativized by communists. During this period - 1918-2018 - poverty was present in the Romanian society and it is still existing.

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At the beginning of the twentieth century, Romania was undergoing a rather delayed process of modernization, which was visible through to the struggles of overcoming the extended rural poverty of those years. Human and material resources, albeit modest, were mobilized to study the phenomenon, especially in sociology and economics (Anton Golopenția, Dimitrie Gusti, Stefan Zeletin Ion Ciomac Ion Ghica, D. Pop Martian Constantin Giurăscu etc.).

In socialism, after the 1950's, the poverty topic was placed outside of the public attention and became virtually absent from the official discourse of power, especially as a result of the regime's quest to reduce social inequalities and create a framework for quasi-general employment. At a subliminal level, however, four and a half decades of communism have not allowed this problem to leave collective consciousness. Awareness of poverty persisted especially for the rural population, which was brought into a zone of extreme insecure quality of life, at first by being made accountable for paying massive war debts, and second by having to support the costs of industrialization and urban modernization through agricultural collectivization and controlling prices of agricultural products. On the other hand, the biased reports of the communist regime have massively distorted the statistics pertaining to economic achievements in industry and agriculture. As a result, some indicators related to the socialist period must be interpreted with caution.

After 1990, poverty has returned to public attention due to economic meltdown. The explosion of poverty – both in what the social indicators expressed, but also within the public consciousness - mainly manifested in the 90s. The absolute poverty peak was recorded in 2000 (35.9% of the population) (World Bank, 2003)<sup>1</sup>. In 2007, after Romania has joined the EU, the poverty assessment methods have changed, but the risk of poverty and social exclusion still affected 47% of the population (Eurostat, 2017)<sup>2</sup>.

## 1. Definition of concepts

**The concept of poverty.** Poverty indicates personal deprivation against many dimensions of life. The Human Development Report of 1997 (UNDP) defines poverty as deprivation towards the values that human beings may have or can embody. Human poverty defines this multiple deprivation in monetary terms, expressing poverty in relationship to income levels and consumption of goods and services.

A relevant definition of poverty should also consider a consumers' perspective (satisfaction of needs) and a normal social integration of a person. In terms of *consumption*, poverty means the inability of a person to satisfy the needs included in the minimum consumption basket.

From the perspective of *social integration*, poverty is defined in terms of the minimum conditions necessary for normal functioning of the person in the community to which he belongs. A lack of resources can only be assessed against a poverty line, usually

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<sup>1</sup> World Bank (2003). Romania. Poverty Assessment

<sup>2</sup> Eurostat (2017). People at risk of poverty

expressed in terms of revenue. Depending on poverty, the poverty rate can be determined from a social community.

**The poverty rate** indicates the share of the poor in the total population. The extent of poverty or the poverty gap indicates the distance in incomes of individuals, families, groups, or communities to the poverty line or entity affected income necessary to get out of poverty.

The National Strategy for Combating and Prevention of Poverty (1999) made two types of assessments of poverty: the extreme poverty line, representing 40% of the average cost of household consumption per adult equivalent in 1995, and the threshold of extreme poverty, accounting for 60% of the average consumption expenditures (Zamfir., 2001). Studies that operate with the concept of extreme poverty usually consider three areas: (a) a level of income and / or consumption below the subsistence; (b) housing insecurity, and (c) a minimum endowment of the household. Absolute poverty indicates a subsistence threshold underneath which a person's biological existence is threatened. It is defined as the lack of resources needed to maintain human life. Under that level, essential functions vital to the human person are negatively affected. The subsistence level is defined in terms of the elementary physical / biological and social / cultural needs (Basic Human Needs). This concept is the underlying ultimate limit defining human rights.

**Relative poverty** aims to identify the minimum acceptable living conditions in a given socio-cultural context, within the human community. If absolute poverty refers to the desire to satisfy some needs of quasi-universal minimum, the relative poverty threshold indicates the relationships established in the distribution of wealth (income) within a specific social community. Some dissociation can also be operated between the concepts of *multidimensional poverty*, *profound poverty*, *chronic poverty*, *temporary poverty*, *circumstantial poverty*, or *poverty sensitive to economic growth*. The appearance of a consumption deficit somehow launches the signal of entrance into the area of risk of poverty, which, if persisting, can penetrate other areas of life.

**The absolute poverty gap** is indicated by the value of a minimum food basket plus the value of a minimum of non-food goods and services basket. The latter represents an average expenditure of people with minimum food expenditure, who still spend on shoes and to dress, to pay their bills, for maintenance, electricity etc.

**Extreme poverty / severe** is given by the value of minimum basket food (calculated for 2,550 calories / day / person) plus the average expenditure for non-food goods and services. In this case, persons will sacrifice part of the food expenditure to dress, shoe and to pay bills.

After 2002, the relative poverty gap considerably distanced from that of absolute poverty.

**Relative poverty** it is 60% of the median income per equivalent adult. The median divides the population recorded values exactly half-way, half above and half are below this value.

## 2. Evolution of the poor population in Romania during 1918-1945

### 2.1. Rural poverty in the interwar period

**The general socio-economic context.** The completion of the unitary national state after the First World War generated a potential to get out of relative socio-economic underdevelopment. At the beginning of 1919, Romania had an endowment of human and material resources of over two times higher than a decade ago. For Romania, the interwar period was structured in several stages:

- 1919-1922 - the stage of identification and evaluation of damage caused by the First World War;
- 1922-1928 - a stage of recovery and relative economic development potential;
- 1929-1933 - the great economic crisis - inflation, unemployment, increasing impoverishment of the population;
- 1934-1938 - protectionist policies for economic recovery, state intervention in the economy.

So, in the interwar period, Romania has benefited, in fact, only of ten years (and those interrupted by one of the deepest global economic crisis) of effective socio-economic development - decade consisted of 1922-1928 and 1936-1938 periods.

In such circumstances, in 1938, Romania yet reached a peak of its economic development in the interwar period, becoming a country where, although agriculture was still the main branch of activity, the industry recorded its first initiatives. The social evolution of the interwar period manifested itself in a state undergoing modernization, amid a slightly more consolidated economy compared to the pre-war period, in which the economic potential - the natural and the created by labour - increased more than twice. (Axenciuc, 1997, 9225). However, the post-war Romanian economy has been hit by extremely high currency volatility. To get a true picture of post-war inflation, we show dynamics of the leu in the current currency (paper) compared with pre-war gold leu:

**Table 1. Inflation during the period 1913-1938**

1913	1918	1920	1925	1929	1936	1938
One gold lion	1 / 3,6	1 / 10,6	1 / 40,2	1 / 32,2	1/44	1/49

Source: Axenciuc, 1997, p. 226

Thus, in 1938 the Romanian Leu represented 1/49 of the golden Leu. Therefore, in references to that period it is preferable to use indicators of the real economy rather than nominal economic indicators.

In 1920, the degree of urbanization of Romania was inchoative - about 78% of its population living in rural areas. Most of the rural population was struggling even before the war, in poverty.

**The socio-occupational status of population.** Until around 1922, the destructive effects of war were strongly felt, especially by the active population working in a proportion of about 78% in the agricultural sector which had a weak performance in terms of volume of production and the generation of income for farm workers. The workforce, little before the war, became less after. Many of the peasants who participated in the war died or had returned home wounded or disabled. The south part of the country had an especially difficult economic recovery after two years of robberies carried out by the German occupation. All areas of life, such as industry, transport, communications, banking, etc. were disorganized or deeply amputated.

Agriculture recovered quite slow – in 1920 were seeded 8.304.084 ha, compared with the average of 13.092.058 ha during the period 1911 - 1915, giving a crop of only 65% of the one from the years 1911 -1915. The agricultural reform of 1921 produced radical changes in the structure of land ownership through the elimination of many of the great latifundia and transforming the Romanian in an environment of small farms. The agricultural reform initiated in 1921, was eagerly awaited, for two years after the war, by over one million peasants who survived the front. It became possible only after the initial expropriation of about 6 million hectares of land from large landowners - an initiative that could not be lacking opposition from them, knowing that it would significantly mitigate their sphere of social and political influence. After the 11 of November 1918 were carried out a series of expropriations of the Crown Estates, Royal House, Church, etc., after which the laws of agrarian reform were adopted (Hamangiu, General Code of Romania, vol. VIII-X, 1913-1921), ownership being given quite difficult (even after 1927). Through this reform a large number of peasants were given ownership, but many of them did not receive land, although they were entitled to it (Constantinescu, N.N., 1998). Finally, about 1.4 million peasants were given land. During this period, the whole of society, the access to welfare holdings for medium and small peasants and petty bourgeoisie was extremely low. Instead, the vast industrial and financial bourgeoisie has strengthened and prospered. The industrial and banking capital have developed monopolies, which contributed heavily to the total control, of the mass population's access to national wealth. Because of the poverty of the population with small and medium domains of land, often through alienation or division of ownership, formed working class was initially active in the rural areas and afterwards through the development of the industry, in the urban.

The reform has only partially solved the problem of the peasants' way out of poverty, in most cases, the households had to supplement their income through other economic activities to resist at the level of survival. Gradually, by clarifying the situation of those peasants who remained without ownership of agricultural land, it appeared a social pool with potential of migration to urban areas and invigorate the growth of the workforce in industry and services. This population became increasingly present and active in industrial areas in Bucharest, Brasov, Prahova Valley, Jiu etc., but remained consistent in the craft villages.

The small, medium and business bourgeoisie and after 1934, the financial and industrial bourgeoisie have thus constituted a new social class more active in social, economic and political terms. Most of the Romanian peasants remained poor after the Agricultural Reform in 1921. Although most of the peasants that were given ownership of land have improved somewhat, within a year or two, their living conditions and have reduced dependence of their household to large landowners, peasants as a social class have always had a joint problem – an extremely difficult life, always under the threat of pedoclimatic factors, working in a weak agricultural sector with low efficiency, without investment or benefiting of very small investment. Many rural households have been destroyed by war or damaged. Livestock suffering from a drastic reduction - only 59% compared to the pre-war period.

In 1930, about 90.6% of Romania's active population worked in the field of land use (Golopenția, 2000, p. 338), meaning that Romania was an essentially agricultural country (Table 2).

**Table 2. The occupational structure of the rural population in 1930 (%)**

Professional classes	Total population	Active population	Assisted
Total in Romania	14.405.989	8.685.998	5.719.999
Land use	86,6	90,6	0,5
Exploitation of the subsoil	0,8	0,5	1,4
Metallurgical industry	1,0	0,7	1,6
Wood industry	1,0	0,7	1,5
Construction	0,5	0,3	0,8
Textile and Manufacturing	1,2	1,0	1,4
The food industry, tobacco	0,6	0,4	1,0
Chemical, paper, printing,	0,2	0,1	0,3
Other industrial enterprises	*	*	0,1
Credit agencies, agencies	*	*	*
Trade	1,6	1,3	2,0
Transport	1,3	0,7	2,3
Public institutions	2,3	1,8	3,0
Miscellaneous	2,4	1,6	3,7
Unreported	0,2	0,2	0,3

Source: Golopenția, 2000, p.338, note: \* Under 0.1

But in 1939, when Romania had managed to go beyond the status of predominantly agricultural country becoming an agrarian-industrial country, its basis economic and social structure did not change much. Over three quarters of Romania's labour force was still working in agriculture and only 10% of the workforce in industry (Hitchins, 1996). For the rural areas of those times it can be spoken of a distribution of non-agricultural occupations, highly uneven in territory, due to varying degrees of education and training of the population. The working population from rural areas was leaving regularly the village to engage in the nearest urban areas, usually in low paid jobs in industry, as labourers or forestry workers in various public works. Alongside with

peasants and workers there were office clerks, employers or titrated clerks. Rural clerks numbered 114.498, despite having relatively low wages (in the rural area being based on the salary scale of the state), but they also had some administrative advantages, which placed them, as well as the urban clerks, at the level of peasants with state or even the kulaks (Golopenția, 2000, p.337-340).

The total number of workers in rural industrial enterprises was 130-140000. *At the base of the social pyramid there were the landless agricultural laborers which are listed in the time statistics in the category "others". Their number amounted to 495.000 people, among them agricultural day laborers being in number of 367.000, forest workers – 128.000 but there are also about 54.000 of servants. These categories of people, when not even living at survival in most cases, they had very poor living conditions. "In 1938, the salaries of men ranged from 36 lei and 43 lei per day, and children between 19 and 29 lei. Carriage day was paid between 123 and 128 lei; the ploughing day was paid between 159 and 182 lei; ploughing a hectare was paid between 375 and 383 lei etc. These are the official prices set by the Ministry. However, they were much lower"* (Georgescu, Romania in the Twentieth Century, Politics and Society, 2015-2016).

**Economic situation of agricultural farms.** Following the land reform of 1921, about 36% of farmers remained landless (in 1934), their share decreased to 30,53% by 1937 (Table 3).

**Table 3. The situation allotment of agricultural land under the land reform in 1920-1921**

The year	1934	1937
Peasants given ownership of land	1.478.663	1.393.353
Landless remaining farmers	830.259	612.124
Farmers entitled to allotment	2.308.922	2.005.477
<b>Expropriated surfaces in order to allot farmers (ha)</b>	<b>6.181.137</b>	<b>5.804.837</b>
<b>The weight of the remaining landless farmers</b>	<b>35,96%</b>	<b>30,53%</b>

Source: Calculated by M. Stanciu, using the data from the Constantinescu, N. N., 1998, p.425

Not only the insufficient agricultural land in ownership certify the poverty of the peasants in Romania, but also the number of domestic animals with potential of use in working the land. In 1935, in Romania there were about 2,2 million horses and 4,5 million cattle. Comparing this livestock to the farmed agricultural area, it gives a return of about 12 horses and 23 cattle per 100 ha. During the same period, however, on the same area of land Netherlands could use 109 animals, Denmark 93, Belgium 88, Germany 71, France 45, Yugoslavia 28 (Golopenția, 1995, p.306).

In the Romanian agriculture there were not made, during the period, soil improvements and the investments made were very low, being reduced to the purchase of tools, some agricultural machinery (4,7 thousand of tractors and 9 thousand of steam engines to replace traction animals, in 1935) and the construction of a minimum necessary of buildings. In 1937, there were about 2,3 million plots for agricultural labour, 2,1 million of harrows, 73 thousand of speeders and 86 thousand of harvesters. The value of the buildings used in Romanian agriculture was of approximately 100 gold francs per

hectare, while in other Central European countries, it was around 500 gold francs and in Denmark they passed 1,000 gold francs per hectare. (Golopenția, 1995, p. 307).

As a result, farmers' income in Romania was quite small, Romanian grain being exploited in favourable conditions for producers and domestic demand for agricultural products being extremely low (due to the low level of urbanization). Although the state maintained the domestic prices of the cereals above the world prices, the money resulting from the sale did not return to producers but in a very small degree, Romanian farmers were disadvantaged compared to those in Italy, Germany or France (Golopenția, 1995, p. 307).

Rural population which lived from exploiting the land consisted of 4,6 million assisted persons, 4,4 million family members "aids in agriculture", 2,78 million employers, 495 thousand "others", meaning workers for a day, 126 thousand employees and 4.650 owners, rentiers and pensioners. Besides these, there were an insignificant proportion of people living from forestry (800) and from fishing (7,7 thousand). (Golopenția, 1995, p.309-310). Romania's agricultural population lived hence from a number of agricultural exploitations of the land (three quarters of the total), with less than 5 hectares each, and together having a little more than one quarter of the country's agricultural area. The remaining holdings had more than 5 ha, owned, the other three quarters of the country's agricultural area.

**Household income and expenditure.** The polarization of the agricultural ownership has also remained after the land reform in 1921. *The number of farms under 5 ha was 2.460.000, representing 74.9% of total holdings.* Or it is known the fact that the owners of farms under 10 ha which represented 92% of all owners, could provide, only through land exploitation, a minimum of living.

**Table 4. Existing agricultural holdings in Romania after the reform in 1921**

Categories of holdings	farms		Total area	
	Number	weight%	ha	%
Total	3.280.000	100,0	19.759.000	100,0
Of which less than 5 ha	2.460.000	74,9	5.535.000	28,0
Of these, 1 ha	610.000	18,6	320.000	11,6
1-3 ha	1.100.000	33,5	2.200.000	11,1
3-5 ha	750.000	22,8	3.015.000	15,3
5-10 ha	560.000	17,1	3.955.000	20,0
10-20 ha	180.000	5,5	2.369.000	12,0
20-50 ha	55.000	1,7	1.535.000	7,8
More than 50 ha	33,500	1,1	8.460.000	42,8

Source: \*\*\* Statistical Yearbook of Romania 1935, 1936, p.181, ibid, 1939, 1940, p.403



**Table. 5 Distribution of rural households (% of total category) by the number of domestic animals and the area sown**

Animal heads	Trawling cattle					Cows and buffaloes				
	Exploited agricultural area					Exploited agricultural area				
	0-1 ha	1-3 ha	3-5 ha	5-10 ha	Over 10 ha	0-1 ha	1-3 ha	3-5 ha	5-10 ha	Over 10 ha
0	65,2	48,5	27,9	18,5	10,4	51,5	36,1	30,1	22,9	13,3
1	11,9	13,2	12,0	8,5	5,3	36,8	40,4	44,3	45,5	34,8
2	20,6	34,4	5,5	56,2	38,6	10,2	20,3	20,7	23,3	29,9
3-5	2,1	3,6	8,3	16,3	35,1	1,2	2,9	4,5	7,7	18,2
Over 5	0,2	0,3	0,3	0,7	16,0	0,2	0,3	0,4	0,6	4,8

Source: Ministry of Agriculture and Domains. Statistics livestock in 1935, p.32, takeover Golopenția op.cit., p.313

This speaks for itself about the extent of poverty in the Romanian society of the time. The owners who had less than 10 hectares (social class majority) were continuously struggling for economic survival in conditions of an unsustainable agricultural sector supported by other sectors of the economy. The fact that owners had to pay the cost of the land received as a result of the agricultural reform worsened the economic situation of those households.

Only in 1934, it was adopted a law for the liquidation (in fact, conversion) of the agricultural debts, which removed debt burden, but only for those who did not sell the land meantime. The agricultural exploitations over 10 ha in a proportion of 84% had a small number of trawling animals (no more than 5 or less than 5), not to mention the fact that 15,9% of them had at most one or no animal at all. The weight of the peasants who did not have pigs and sheep exceed 60-65% of the peasants with agricultural land between 0-1 ha. Most of the poor at the level of subsistence had no trawling animals (65%) had no cows or buffaloes (51,5%) and no other animals like pigs or sheep, although it is possible that some of them have had some land (up to one hectare).

When it was not possible increasing the household revenues through related activities, *peasants used to reduce the consumption of food and clothing* (Golopenția, 2000, p.321). The poorest peasants - with land up to 3 ha periodically emigrated to work in regions or cities where they could find jobs, leaving their land on the effort of other family members.

**Table 6: The average agricultural income (after deducting production costs) for 159 households in 1933-1934**

Category holding	Income per ha (€)	Revenue/person (lei)	Income/holding (lei)
Less than 3 ha	1.677	865	3.924
3-5 ha	992	757	4.208
5-10 ha	586	803	4.437
10-20 ha	570	1.586	8.628
Over 20 ha	68	350	1.633

Note: households had holdings from 2,50 to 14,98 ha

Source: Golopenția, 1995, p.317

They were forced to rely on *income increase micro strategies* by practicing various trades or activities: carpenter, bricklayer, carpenter, etc., carriage, one day work on the land of others, taking on lease or tithe of agricultural land.

Basically, for most households, *the most significant revenues came from non-agricultural activities*. In 1935, the gross income of agricultural exploitations of the peasants, came - in a proportion of 35,2% of cereals, industrial plants and power plants – 22,2% came from cattle and 41,5% of auxiliary earnings - paid work, carriage, crafts and trade. **Spending on food, clothing and other necessities** of rural households varied depending on the category of agricultural exploitation (Table 7):

**Table 7. The average consumption expenditure of 159 rural households during 1933-1934**

Category holding	Food expenses / person (lei)	Expenditure on clothing and another necessities / person (lei)
Less than 3 ha	3.492	753
3-5 ha	2.730	941
5-10 ha	3.245	1.189
Over 10 ha	3.685	2.007

Note: households had holdings from 2,50 to 14,98 ha

Source: Golopenția, 1995, p.316

In households with holdings less than 10 ha, only food costs exceeded agricultural income. Therefore, to obtain additional income was not a problem of increasing wealth, but of survival. From the data on the incomes and consumer spending it results that total income (agriculture and auxiliary) per person could not provide for food expenditure / person in agricultural exploitations below 3 ha, but they were covered for those with land over 3 hectares. The total expenditure necessary / person could be assured in households that possessed land of 5-10 ha.

An indicator of poverty is **the number of children forced to work** to increase their family income. In September 1940, out of the 190.000 workers permanent employees working in agricultural exploitations, 54,1% were men, 35,7% women and 10,2% were children. In fact, at the country level, family members of every third family of peasants were forced to work as laborers or permanent employees for others for money or goods. Most of them found their own work in the village, but there were some who went farer for this purpose.

In conclusion, to cover basic needs, rural households with land below 10 ha allocated resources that were insufficient for food or used to dress poorly or were borrowing or selling household possession like cattle or land. Studies show that consumption levels achieved in those households were far from enough: nutrition expenses represented 6/7 of the household's expenses with less than 3 ha, 3/4 for the households with 3-5 ha or 5-10 ha, and slightly under 2/3 in the case of the households with more than 10 hectares of land. In fact, the equivalent amounts of the food consumed came from their own household production (*Sociological survey coordinated by Anton Golopenția and D. C.*

*Georgescu, Current economic situation, volume II, Institute of Social Sciences of Romania, Bucuresti, 1940).*

**The role of rural immigration in increasing urban poverty.** In the third and fourth decades of the twentieth century in Romania urban areas began to expand. The engine of this phenomenon has been the development of industry (between 1886-1938), the development of urban transport, communications, electrification and running water installation in certain areas of towns (around 8-10% of the population had access to sources of running water) (Axenciuc, 1997, p. 295). The modernization of urban life has attracted much of the rural poor, who came looking for a job in industry or in services. Thus, the urban areas massively contributed, although implicitly, to diminishing the social relevance of rural poverty issue.

**Table 8 Developments in household structures in Bucharest in 1930 and 1941**

The year	Population	Households (in%) with:					
		1 member	2 members	3 members	4 members	5 members	6 members
1930	639.040	9,0	23,0	20,6	17,1	12,5	7,9
1941	993.000	12,5	25,0	21,3	16,6	10,5	6,1

Source: Golopenția, 1995, p.379

In 1930, the percentage of the urban population in the total population increased to 20,1% compared to 17,8% in 1910-1912, meaning from 2.887 inhabitants to 3.651 thousand people (an increase of 26%). In Romania there were several larger cities of industrial and commercial type, the rest were agrarian-merchant towns. There were 639 040 people living in the capital in 160515 households, of which 2.508 were collective shelters (hotels, hospitals, barracks, prisons). In urban areas, most of the households had two members (23%) and three members (20,6%).

During 1922-1923, the share of **skilled workers** in some areas reached up to 60%. In 1925 it was adopted legislation favourable to workers by *establishing the rest Sunday and public holidays, the working day of 8 hours* (1928) and *collective labour contracts* (1929). Workers lived, usually in suburbs, in houses of straw of 1-2 rooms located in a small courtyard in the streets without sewerage or running water; their houses were lit with kerosene and heated with wood or coal.

**Table 9. The number of employees in big industry during the years 1932 to 1938**

Branch	1932	1933	1934	1935	1936	1937	1938
TOTAL	152.198	184.777	208.240	230.797	260.934	278.919	289.117
Grocery shop	20.720	28.254	29.828	31.334	33.146	34.724	38.376
Cleaning	13.753	17.179	20.282	22.539	21.685	27.626	28.298
Metallurgical	26.083	31.319	37.796	43.705	55.861	49.529	51.321
textile	38.074	47.681	50.562	54.228	61.703	70.450	74.077
Woodworking	24.056	26.375	31.228	36.309	39.974	44.160	43.326

Branch	1932	1933	1934	1935	1936	1937	1938
Leather	6.647	1.075	9.766	9.853	10.952	11.959	13,366
Paper	8.916	9.686	11.585	12.788	13.915	14.780	15.222
Building materials	9.807	10.690	11.051	13.226	14.910	16.065	15.104
Glass	2.866	4.299	4.634	4.800	5.775	6.088	5.691
Electrotechnics	592	509	621	998	1.469	1.950	2.684
Ceramics	684	710	887	1.017	1.544	1.588	1.652

Source: Georgescu, 2015-2016, p.88

The level of urbanization remained quite low in the interwar period, about 78-80% of the population still living in rural areas. Along with the development of the bourgeoisie, the general population of the city consisted of *the poor* that were looking for a job, *the servants* of the rich and laborers who *worked for a day for modest fees in industry, shop employees* or small *clerk* employees of state institutions.

A dominant feature of the Romanian urban inter-war period was the constant social pressure exerted coming from rural poor, the urban employment, which made it possible to periodically reduce salaries or keep them at low levels.

**The extremely low amount and the downturn in real wages of employees** (V. The salaries - Table 10, and inflation - Table 14) have severely restricted the access of the employed population to consumer goods and services. In fact, in the interwar period, wages had suffered two major inflationary waves in the intervals 1916-1926 and 1934-1938. In 1938, **gross nominal average wages** were 1.715 lei in the food industry, textile industry 2.023 lei, 1.654 lei wood industry etc. The statistics of social security, which classifies the categories of insured salary, confirms domination of the lowest wage levels, even in 1938 (salaries up to 600 lei to 1975 lei plus those up to 1.975 lei being received by 66,6% of the insured - Table 11):

**Table 10. The groups of monthly salaries and social security in the mass distribution of employees between 1934-1938**

Groups of monthly salaries	Number of insured
<b>Total</b>	<b>1.06 million - 100%</b>
Up to 600 lei	137.000 - 12.9%
Between 601-1.125	246.000 - 23.9%
Between 1.125-1.975	246.000- 29.8%
Between 1.976-2.475 lei	113.000 - 10.7%
Over 2.476 lei	248.000 - 23.4%

Source: Constantinescu, 1998, p.458

Clearly, at least one third of employees (36,8%) of those with salaries up to 1.125 lei per month living in poverty - if not earning income from other sources - salary income not reaching to cover current consumption needs. Average prices per kg of basic food were relatively high in relation to the average wage: 8,7 lei bread, pork 30 lei, 55 lei sausage, cheese 39,50 lei and 11,5 lei apples. Clothes and footwear were not easy to buy: 1 m of clothing costs 534 lei, 605 lei - a pair of shoes, the monthly rent for a 3-bedroom apartment costs 1.600 lei.

A very difficult period in terms of ensuring basic goods and services has been one of the years 1929-1932, when there was the great international economic crisis of overproduction. Romania was deeply affected by the crisis, especially at the social level, although the domestic industrial production, met the needs of domestic products only up to 50-60%, the rest coming from imports.

**Table 11. The evolution of industrial production and the amount of salaries of workers in the industry between 1928 (base calculation) 1933**

Year	Number of enterprises	Personal (thousand Lei)	Production value (bln. Lei)	Salary amount (bln. Lei)
1928	100,0	100,0	100,0	100,0
1929	94,2	97,1	92,0	100,0
1931	91,4	73,4	54,4	70,1
1932	89,7	73,4	53,3	57,1
1933	87,9	89,4	57,2	64,9

Source: Axenciuc, 1997, p.284

In Romania, however, the crisis was felt in the collapse of industrial commodity prices (20-30%), by extending the working day and intensification of work, the price explosion loans by sharp drop in wages or dismissals of workers, which had bankrupted many companies.

The number of unemployed increased sharply (more than 120.000 are only those registered within the employment offices), without them receive social assistance only sporadically and not all of them were entitled. In times of prosperity the number of the unemployed registered at the employment offices was relatively low 20-30 thousand, but during the crisis it exceeded 100-150 thousand. Together with the unregistered unemployed, the number of the unemployed reached 200-250 thousand, meaning one third of all employees. Unemployment benefits were not stable and generally granted. Social protection was superficial, and few enjoyed it.

**Annual food consumption of the population in Romania.** The year 1936 highlights the high-level food frustrations faced by people.

**Table 12. Some elements of food consumption - Romania compared to other countries in 1936**

Food	Great Britain	US	Switzerland	Germany	Belgium	France	Czech-Slovakia	Italy	Romania
Meat (kg)	65,1	57,5	45,3	43,6	41,2	36,6	25,4	16,1	13,6
Sugar (kg)	43,7	42,8	33,6	22,5	21,6	23,5	24,4	7,0	5,5
Alcohol (l wine, beer)	66,0	63,0	82,0	65,0	165,0	154,0	52,0	100,0	22,0

Source: Golopenția, 2000, p.379

Compared to the consumption in other countries, food consumption in Romania had extremely low average values (Golopenția 2000, p. 385), even if it can be assumed that many of slaughtering animals in the rural Romanian were omitted from the records (this subject is likely to be true but for other countries).

Findings of the surveys on nutrition of the peasants in the interwar period as follows: "insufficient quantitative and qualitative food. Romanian peasant's food was of corn basis, which is incomplete nutrition, because of its protein substances lacking some amino acids such as tryptophan and lysine, cystine and glycine which were of small quantities; also lacks vitamins necessary for growth, as well as to combat rickets and xeroftalmine. Sometimes, however, corn is consumed in insufficient quantity, it is sometimes altered and therefore gives rise to a disease called pellagra, widespread in Romania. In the diet of the Romanian peasant, the corn is consumed with beans, potatoes, cabbage, onions, cucumbers, a little meat and fish, a little milk and derivatives. In conclusion, we find that a large part of the rural population's nutrition consisted of corn of insufficient quantity and sometimes altered, accompanied by insufficient food quality that caused early mortality, organic weakness, lack of normal growth and lower working productivity". " ... *scientific studies and tests gave the following results on the Romanian peasants' diet: a) insufficient caloric intake; b) insufficient intake of animal protein; c) insufficient tern substances (fats and carbohydrates); d) insufficient minerals, except for calcium; e) insufficient vitamins A and D*" (Georgescu, 2025-2016, p.84).

## 2.2. Poverty during the Second World War

**Between 1940-1945, poverty in Romania has increased dramatically.** However, the phenomenon itself was discreet, silent almost as the Romanian society of the time realized other priorities as being quite exceptional - the imminence of the war and the loss of countless lives - and did not have at the moment the energy to deal directly with the phenomenon of poverty. After Romania entered the war, when German troops entered the country, the population began the calvary. The full agricultural potential, the country's financial industry was redirected for the purpose of maintenance of the German war machine.

**The radical degradation of social and economic situation of the peasants.** In agriculture, the so-called *agricultural mobilisation program* the main factors that contributed to the deepening the poverty of people was requisitioning agricultural tools, vehicles, horses and workforce aged over 12 years, regardless of gender, to provide intense work in farms to supply agricultural products to the occupants. In such circumstances, the Romanian agriculture has massively deteriorated, the agricultural crops of the years 1940-1941 being very poor.

**Table 13. Peasants land ownership in 1941**

The surface of the exploitation	Number of properties		Surface of land	
	Absolute values	% of total	ha	% of total
1 ha	521.900	23,2	224.000	2,2
3-5 ha	416.200	18,4	1.633.000	16,0
5-10 ha	381.700	16,9	2.632.000	25,8
10-20 ha	101.000	4,5	1.303.000	12,8

The surface of the exploitation	Number of properties		Surface of land	
	Absolute values	% of total	ha	% of total
20-50 ha	31.500	1,4	858.090	8,4
50-100 ha	4.891	0,2	315.000	3,1
100-500 ha	1.234	0,2	870.090	8,5
500-1000 ha	416	*	285.000	2,8
Over 1.000 ha	251	*	550.000	5,4

Source: Constantinescu, 2000, p.55; Note: \* less than 0,1%

Largely, *the situation of land ownership of the peasants changed*, as evidenced by the agricultural census in 1941. In Transylvania, the horthist occupation cancelled the provisions of the agricultural reform of 1921. In these circumstances, one million peasants had no land at all, about 521.900 peasants (23% of all owners) held agricultural areas of less than one hectare of (these used about 2.2% of the total agricultural area) and 35,3% of land owners had agricultural exploitations of 3-10 ha (41,8% of the total surface). All of them would not be able to provide even at the limit of subsistence the meanings for the daily life from agricultural labour, even without paying taxes to the state. On the other hand, those 215 owners who had estates of over 1000 ha, were exploiting an area twice as large as the peasants who worked on agricultural exploitations of under 1 ha.

**Inflation and tax burden.** Typically, inflation acts to deepen and extend the impact of poverty on the population by reducing purchasing power. On the background of the issue of vouchers by the National Bank, of the huge amounts of food and other consumer products leaving the country towards Germany and Italy, the lack consumption products for households expanded rapidly, their prices have soared, and inflation increased sensitively.

**Table 14. Inflation in Romania  
(1938-1947)**

The year	General price index detail in Bucharest (1938 = 100)	The quotation for Switzerland Franc (1938 = 100)
1940	156,3	146,0
1941	271,3	156,7
1942	431,9	...
1943	586,0	...
1944	934,4	...
1945	6.489,5	7.982,6
1946	36.808,6	43.662,6
July 1947	853.163,0	1.890.204,0

Source: Alexandrescu 1986. p. 245, 250; Axenciuc, III, p. 39-40, takeover Murgescu, 2010, p.333

The public budget of the years 1940-1941, which was 77,4 billion lei went at a rate of 67,4% for the military sector. About 45,5% of the direct contributions to the state budget came from wage taxes and taxes on income from industry and commerce accounted for only 18,3%. Therefore, the burden of taxation was carried by the mass of

employees. In addition, since 1939 it was initiated by the State, through the institution of the Autonomous Financing and Amortization House, the payment by the employees of vouchers to support the army. The value of the CAFA vouchers significantly increased in 1940, reaching 12,8 billion lei in January 1941. The population and the National Bank of Romania financially supported both the cost of German troops on national territory and sending food parcels to families of German soldiers. Thus, during 1940-1941, the German soldiers spent and sent packages of food and other products from Romania to their families in Germany worth 34,4 billion lei. In such conditions (NBR put into circulation vouchers worth 160,9 billion lei in the years 1940-1941) inflation increased and domestic market lacked most products required for daily consumption. In Bucharest, the consumer price index increased by 353,9% by 1941 compared to 1939. The cost of living had increased in 1939 at 133,4%, reaching values of 180% in 1940 and 258,8% in 1941 (Constantinescu, 2000, p.53-57).

**Physical and economic deterioration of the urban employees.** The years of war have succeeded in taking by government of anti-popular measures, profoundly anti-labour and repressive. On November 13, 1940 it was issued a decree-law that severely punished any meeting or activity against public order. On April 4, 1941 it was established the execution of sentences in labour camps. On 18 February have been militarized all public and private institutions, that have been placed under control, jurisdiction and military discipline. It was indefinitely extended the workday and break Sunday has become a rarity. Beatings and punishments applied to people working in enterprises and deviated from labour discipline became as frequent as in the army.

In horthist Transylvania, in addition to all this, workers bore a chauvinist oppression of the Hungarian fascists. As a result, up to December 1, 1943, the Romanian General Commissariat for refugees registered 220.000 refugees and expelled from northern Transylvania (Constantinescu, 2000, p. 53-57).

Long-term intensive work regime on the background of massively unbalanced diet and absolute poverty caused serious deterioration of biological condition of most employees in the industry, making them more vulnerable to disease. Statistics on morbidity and mortality began publishing explosive numbers and in 1941 came the first digit on the ravages caused by typhus. This was indeed one of the darkest periods in the history of the Romanian people.

**Impact of the war losses on poverty.** Human and material losses suffered by Romania were considerable. In human plan Romania lost a total of about one million people dead, missing or displaced (prisoners and deportees who have returned in the first years after the war). Materially, Romania's total losses were estimated at about 3,7 billion US dollars (the year 1938), of which about one billion before August 23, 1944, 1,2 billion from August 1944 to May 1945 and January 5 billion in implementation of the Armistice Agreement. The largest share had a compensation to the Soviet Union.



**Table 15. War compensations delivered by Romania to the Soviet Union**

Category of goods	Amount	Value	
		dollars	% of total
Petroleum products	10.1958 million tons	150,000,000	50.00
Cereals	682.700 tons	16.0025 million	5.33
Animals	990,000 heads of which: 200,000 cattle, 100,000 pigs, 500,000 sheep, 190,000 horses	19,801,796	6.60
Wooden material	1,967,483 m3	18,000,000	6.00
Ships	355 pieces	19,656,823	6.55
Industrial machinery		28,034,893.5	9.35
Railway equipment	490 locomotives, 6,000 freight wagons, 1,200 tanks	48.504 million	16,17

Source: Alexandrescu, 1986, p.39

Beyond the massive loss of human resources, the table above shows a fairly large part of war compensations paid by Romania to the USSR that were likely to exacerbate starvation which occurred in the country during the first years after the war.

The Armistice Convention of 12 September 1944 fixed compensation due by Romania amounting a total of 300 million dollars (35 US dollars at parity for an ounce of gold), spread over six years. The 300 million dollars meant in fact over 55% of Romania's national income in 1945. They were paid in products, calculated at 1938 prices (which were much lower than at the end of the war).

**Domestic food consumption** was quite problematic and poor even in peacetime (v. Georgescu, op. cit., 2015-2016, p. 84), and after 1940 with big new restrictions could barely be covered. There were no grain reserves made during the years with more abundant production, while the Germans were discretionary reducing the stocks of foodstuffs for domestic consumption of the Romanians, redirecting grain to Germany and Italy and supporting the German Army that was living on our territory with discretionary resources obtained in Romania.

To all of this, considering in addition the usurious practices becomes easy to understand that poverty had long ago reached the limits of endurance for the Romanian population.

On February 10, 1947, when it was signed the Treaty of Peace with the Allies, it contained 40 articles which granted Romania the status of a defeated country that was not entitled to recover material losses suffered by the Axis countries after 1944, moreover, Romanian goods that were in Allied countries could be seized in war compensations account.

## Conclusions

Leaving the sphere of political influence of the Ottoman Empire (1918), Romania became economically dependent on the West. The national agriculture remained more than half a century, at the medieval stage until close to 1960. Overall, there has been some economic progress in the early part of the twentieth century, the urbanization and some industrial development. The bourgeoisie was formed relatively slow - more through the development of trade and banking and less through industrial development. The state has developed a slow administration, with few officials, even if formal institutions were replicated by the West. Peasant class together with urban workers bore the brunt of social development effort, in conditions of extremely difficult access to social welfare and especially to educational institutions that were the key to any development. *The households of most of the population, even when living in urban areas, were perpetually reproducing rural traditional societal structures deeply marked by attitudes of living at the limit of survival in chronic poverty.* Thus, Romania is building slowly with hesitant steps on the outskirts of the western development, which persisted until World War II, after which it joined the Soviet sphere of influence. In the first part of the twentieth century, while 2-3 decades, Romania's economy has grown more inertial at the social basis under the impulse of survival, and at the top - in a spirit of imitation in the image of the West.

In areas throughout the interwar period, social polarization has remained stable in terms of the land reform of 1921. The Romanian urban areas generated the bourgeoisie, the working class becoming more consistent through the contribution of the working population from the rural poor but able workforce.

*The return period of relative wellbeing, after 1933* was abruptly ended by the start of the Second World War, when the country again had to go through massive destruction and robbery.

*In the interwar years, Romania had the highest proportion of poor people in the total population of European countries.* After the reform of 1921, 74,9% of Romanian rural households had less than 5 hectares of land, adding to the population that 30,54% of those peasants who remained landless even in 1937. Most affected by poverty was the peasant class, being the largest at that time. Romania's population worked more and consumed less, which was a prerequisite of survival for most of the population.

On the assumption of the rural overpopulation of Romania, supported by some social analysts of the time and later taken by several other authors (v. Golopenția 2000, p.325, Axenciuc, 1997), used as the main explanation of the impact of the phenomenon very extended rural poverty in the interwar period - this can be discussed using other explanations than the strictly demographic. Simple argument of surplus population - inspired Malthusian (Malthus's theory was largely invalidated by subsequent demographic and social developments of his time) does not stand alone in explaining the phenomenon of rural poverty in interwar Romania.

At that time, the basis European societies (and not only) consisted mostly of large families. The European countries of the time, however, suffered less from hunger and poverty than the peasant families in Romania. By studying other causes such as the *extreme polarization of the population's incomes on the grounds of legitimizing social-economic inequalities by the ruling classes, or the chronic bankruptcy of the political-state systems in the management of national wealth, or the poor involvement of states in the economic support of small holdings of medium-sized enterprises to increase agricultural yield, and last but not least, the deliberate maintenance by the aristocratic classes of the masses for centuries of illiteracy* could bring another light in the spheres of the widespread impact and persistence on the long-term of the phenomenon of rural poverty in Romania.

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