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ITEM No 3073/53

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RUMANIA

INDUSTRY

ECONOMY

STANDARD OF LIVING

COLLECTIVIZATION OF TRADE

Life And Times Of A Small Furniture Co-Operative.

SOURCE SALZBURG: Confidential source who came out from BUCHAREST on 8 Feb. 1953.

DATE OF OBSERVATION: Until 8 Feb. 1953

EVAL. COMMENT: Interesting report on the management, difficulties in production and wages in a Rumanian cooperative of the furniture branch. It is for the first time that this office is supplied with a price list of standard furniture.

The shortage of raw materials is illustrated by the limited quotas of spare parts. Reference is made to Item Nos. 10538/51 and 15182/52 dealing with the salary system and wages in Rumania.

The report clearly shows that wages are not only depending on the fulfilment of the imposed norms but that the fixed tariffs are ^{also} affected because of miscalculations in the adjustment of the cost of materials to the delivery price fixed by contract.

Article five of the new Constitution defines the present structure of Rumanian economy as follows: 1. Socialist Economy; 2. Small Production; 3. Private Capitalist Economy. It can be seen from this formulation that the Rumanian economy has reached its ultimate phase of Sovietization. There is every reason to believe that within the next year all private economic activities with the exception of that of individual peasants refractory to agricultural collectivization will be swallowed up by this Soviet-inspired regime. The Communist State of Rumania retained 95 per cent of national industry and 75 per cent of internal commerce as "Socialist property" at the beginning of 1952. Private business was restricted even more during the past year; on the other side it is reported (see Item No. 14982/52) that bureaucracy in the cooperatives has complicated their proper functioning and that profits are small in comparison to costs and the large number of employees.

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Carpenters, woodworkers and furniture-makers are in a bad way in Rumania today, according to Subsource, who was the son of a furniture-maker himself and had early training in this trade. The master craftsman is almost a thing of the past, having given way to nationalized massproduction methods, which turn out inferior products as well as inferior workers.

Most carpentry and furniture firms are now nationalized, but a few cooperatives still maintain some degree of independence. Previously they were organized under the "Primarie", but now are under control of the "Sfatul Popular," which takes the place of a council. All of this re-organization follows the Russian example (the equivalent of Sfatul Popular is the Russian word "Sovetobane.") But while these cooperatives have resisted the final form of nationalization, they are so controlled and organized that they are dependent on the state for their existence. State firms, for example, get first priority on raw materials, and cooperatives' requests are fulfilled only when there is enough left over for them. For all intents and purposes, this type of indirect control strangles any initiative a cooperative may have.

Organization & Salaries.

In Subsource's branch firm, approximately 80-85 workers were employed; there were some 200-300 in the entire cooperative. Workers were divided into eleven different categories and were paid an hourly wage according to the following schedule:

I. }
 II. } 1.050 Lei per hour. Three apprentice classes.
 III. }

IV. 1.250 Lei per hour

V. 1.400 Lei per hour

VI. 1.575 Lei per hour

VII. 1.775 Lei per hour

VIII. 2.100 Lei per hour

(Subsource was paid 580 Lei per month gross, 540 Lei net. The 40 Lei went into taxes and a social fund.)

760.-- Lei per month - for the director and/or the top two or three men in the branch.

The branch firm was organized as follows:

1. Director
2. Two technical specialists

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3. Two fiscal officers (Contabils)
4. One planner (Planificator)
5. One norm fixer (Normator)
6. One cashier-secretary (Casier)

The planner was responsible for dividing up the work among the employees and for seeing the work fulfilled. Beyond that, he didn't have much to do.

Subsource described his fellow-workers as a "nice bunch of people" who are fighting the stacked odds against their firm's existence. Office spirit was friendly and cooperative and there was no fear of spies from within. When it came time for Subsource to leave, one worker said: "Goodbye, good-luck, and come back soon on a tank."

The director is a simple carpenter, an older man, elected by the workers and apparently keyed by the Trade Union. He has no great ability for his job and is not very literate; but this seems to be a common method of the regime - to see that a "harmless" man is named manager. Subsource said the director is responsible only to a degree for the operation of his branch; his bosses in the cooperative must account to the Unions. Subsource said the director was not particularly comfortable in his job, but held onto it zealously because of his higher salary.

Other workers who do not belong to the branch firm's office staff are paid on an hourly basis. But work now is slow and their salaries suffer accordingly. Not only are the firm's contracts fewer and farther between, but management practices also render a hardship on the worker. The firm will get an order, for example, to deliver so many tables at such-and-such a price. After figuring out the cost of materials, it may be that the worker can't be paid commensurate to his hours of labor. But the firm itself is helpless. It must deliver at a set price and if the worker's salary suffer, it's just too bad. Subsource said that this had happened several times in the six weeks he was employed at the cooperative and he saw several workers complaining to the director about their smaller pay. But the director would merely hold up the original order and say: "Așa vrea partidul" - "So says the Party." More than once a worker said he was going to quit the cooperative and go to work for one of the nationalized firms; but the pay there is just about the same and they realize that it wouldn't help any. All in all, it is just another part of the workers' frustration. It has reached the point, said Subsource, where the few remaining skilled workers are now doing sloppy work. They must fulfill a norm in order

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to get paid and so their work suffers accordingly. Where they once prided themselves on their joiner work, they will now, for example, drive in a screw instead of screwing it. Their attitude, said Subsource, is "What the hell!" Combined with the poor training of the apprentices, this means that the furniture output in Rumania today is of very poor quality - joints don't fit, screws come out, pieces fall apart in a short time, etc.

Further, there are big shortages in certain necessary items. Subsource specifically pointed out hinges, screws, keys, door handles - anything metal - as greatly in demand. When these things are not available, the firm doesn't work - it's as simple as that.

Factory machines, too, are in poor repair. Most of them are German-made machines, from 1915-20. They break down frequently and spare parts are difficult to find. Subsource once spent two full days on the telephone trying to find a simple part for a lathe. Subsource said that at the beginning of each year, a factory must make out an estimate of the amount of metals needed for repairs in the ensuing year - so much bronze for a cam, iron for a shaft, etc. - and when that quota is exceeded - it's just too bad. Then the factory must search around on its own for an extra part.

Incidentally, Subsource said that no piece of machinery is permitted to lay idle because of a working defect. If a motor, a machine, an automobile, a big tank, etc., is not in use simply because of a defect, the regime has a right to confiscate it.

In the case of military orders, a factory will be given special attention as to raw materials and its machines. This situation is what kept Subsource's firm in business; for the past year, it concentrated on making furniture, doors and windows, apparently for military kasernes. No one said openly that these items were destined for the military, but Subsource said it was common talk among the workers. Further, there was no difficulty in the allocation to the firm of the necessary materials for these things.

The fact that a big percentage of its output goes to the military does not mean that there will be a shortage of furniture for private consumption, according to Subsource. The reason is that most private citizens couldn't buy new furniture, anyway. It's too expensive. The regime may think it is raising the living standard by lowering the price on such goods, but because the workers are earning less, the lowered price doesn't mean anything.

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Prices of the furniture produced by this cooperative were as follows:

Simple tool, without back	33 Lei
Chair, with rounded seat	95 Lei
Garderobe, made out of nut wood 1,300 Lei. Subsource said garderobes were one of the main items produced by his firm; the worker got paid very little for his labors in making them because of the high cost of materials and the long hours needed to finish one.	
Table, the type used in a restaurant	114 Lei. Subsource's cooperative had a contract making tables for the restaurant Union, T.A.P.L. (Trustul Alimentatiei Publice Locale.)

Summing up, Subsource said that he didn't believe the cooperatives, at least in the furniture business, could last much longer in Rumania. There are too many hardships and obstacles.

End.