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## The paradoxes of efficiency. Housing production in Romania in the early 1970s

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In communist Romania, large state-owned housing ensembles were extensively developed during the first half of the 1960s. They were both an instrument of social progress and an engine of the centrally planned national economy. However, by mid-1960s they began to be questioned: they cost too much. The political discourse started to incriminate the "waste", as the regime was running out of money. In 1966, a law allowed the population to participate in the financing of dwellings, conceding the rights to private property. In 1968, housing norms were modified in order to make apartments cheaper. A 1968 law targeted the economic rationality in the use of land.

This was a major turning point. The Party still demanded more apartments, but with less expense. Prefabrication – a topical issue in early 1960s Romania – seemed to be a solution. Yet prefabrication had already been proven to be an expensive method of cheap building. In spite of all evidence of inefficiency, the heavy prefabricated concrete systems would be widely developed. The increasing gap between discourse and reality was concealed by cosmeticized statistical reports; figures prevailed over real facts.

The paper analyzes the system of housing production in Romania in the late 1960s and early 1970s, giving an insight into how the system worked in terms of economic rationale. It exposes the inescapable contradictions that begun to rule the political decisions in face of economic realities and how they changed the types and standards of housing design and production. By focusing on the politically predefined notion of economic efficiency and its paradoxes – the symptom of a system that has reached its limits – the paper reveals the artificial limit-condition of the system of housing production in communist Romania.

## PAPER

The paper addresses mass housing production in Romania in the late 1960s and early 1970s, focusing on the economic aspects of the architectural and urban product. The communist regime paid a lot of attention to the visibility of its economic success – one of its main ‘legitimation pillars’.<sup>1</sup> However, political reasons prevailed over economic rationales, which resulted in many unsolvable contradictions between the aim of an efficient production and the means of achieving it. The paper will highlight these ‘paradoxes of efficiency’.

Efficiency (*eficiență*) has always been an important issue in the political discourse concerning housing in communist Romania; by the late 1960s it became central to it. The notion was used in a sense that meant not only that the housing production had to be objectively efficient (that is, making the most possible of what was invested), but to be actively economical: producing the most possible *from the least* possible invested. It meant increasing production and saving resources at the same time (the term sometimes used was *economicitate*<sup>2</sup>– ‘economicity’). The paper questions how this particular imperative – not simply efficiency, but efficiency pushed to the limits of its own logics – affected the housing system.

The late 1960s brought about what was then perceived as a ‘change of the housing concept’.<sup>3</sup> The extensive and – in the Communist Party's view – expensive urban development practices

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<sup>1</sup> A.Burakowski, *Dictatura lui Nicolae Ceaușescu. Geniul Carpaților*, Iași, Polirom, 2011, p.29.

<sup>2</sup> ‘Cuvîntarea Tovarășului Nicolae Ceaușescu’, *Arhitectura*, no.2, 1971, pp.3-8 (p.5).

<sup>3</sup> C.Furmușache et.al., ‘Probleme actuale ale realizării ansamblurilor urbane’, *Arhitectura*, no.2, 1969, pp.26-30 (p.28).

pursued up to this moment were refocused with the goal of becoming more intensive (i.e. densely built) and more cost-effective. After this, the state housing production figures kept growing until the end of the communist regime in 1989, supposedly reflecting the growth of the overall economy – although in reality, from the early 1970s on, the economy was in decline.<sup>4</sup> This disjunction, between the housing sector's growing output and an otherwise declining national economy, appears as the first paradox of the notion of efficiency. By addressing several other paradoxes, in relation to the issues of land economy, prefabrication, design standards and privatization, the paper argues that, in spite of the continually growing figures, the late 1960s was the moment when the system of housing production based on 'efficiency' also reached the limits of the feasible, by exhausting its own premises.

### **The Romanian housing system: A short overview of an escalated development**

The main change in housing policies brought about by the communist regime after World War II concerned the role of the state. In the interwar period, the Romanian state had been only indirectly involved in supporting housing development; financial and fiscal incentives were granted to societies for 'cheap housing' (*locuințe eftine*) or to enterprises who built houses for their employees, on land provided by local administrations. The prevailing model was the garden-city, with owner-occupied single family homes.<sup>5</sup> These locally planned productions affected a small segment of the urban population, which itself constituted only a little more than 20 percent of the entire population of Romania at the time.

From the moment the communist regime seized power, it considered housing to be a state issue entirely. The state developed housing programs at the national level and acted directly, as an investor, planner, designer and builder. Collective dwelling types were preferred, not only for economic but also for ideological reasons. Accordingly, there was a major difference in scale, method, type and scope (local vs. national promotion, indirect vs. direct action, single family homes vs. collective estates, marginal interventions vs. impacting the core of society) between the interwar housing approach and that of the postwar communist state housing policy.

Postwar Romanian housing programs were an integral part of the planned national economy. In architect Ignace Șerban's words, 'the means of housing development are organically integrated in the economic development system as a whole, and the target cannot be framed between

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<sup>4</sup> B.Murgescu, *România și Europa. Acumularea decalajelor economice (1500-2010)*, Iași, Polirom, 2010, p.369.

<sup>5</sup> P.Derer, *Locuirea urbană*, București, Ed.Tehnică, 1985, p.117.

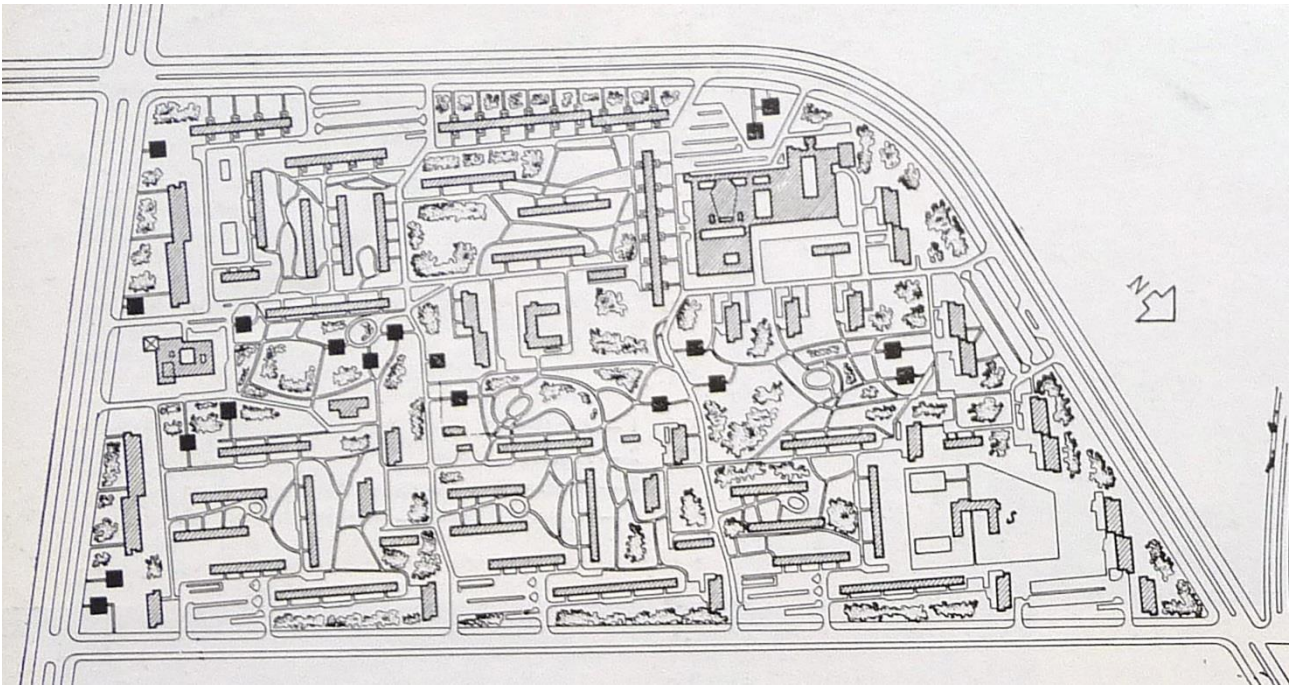


Figure 1: Densification of *Ansamblul Sud 1*, Bucharest (1964-66), by insertions of new housing in 1967-68. Source: *Arhitectura* no.4, 1968, p.36



Figure 2: *Drumul Taberei*, Bucharest (1963-66). Source: *Arhitectura* no.4, 1967, p.25



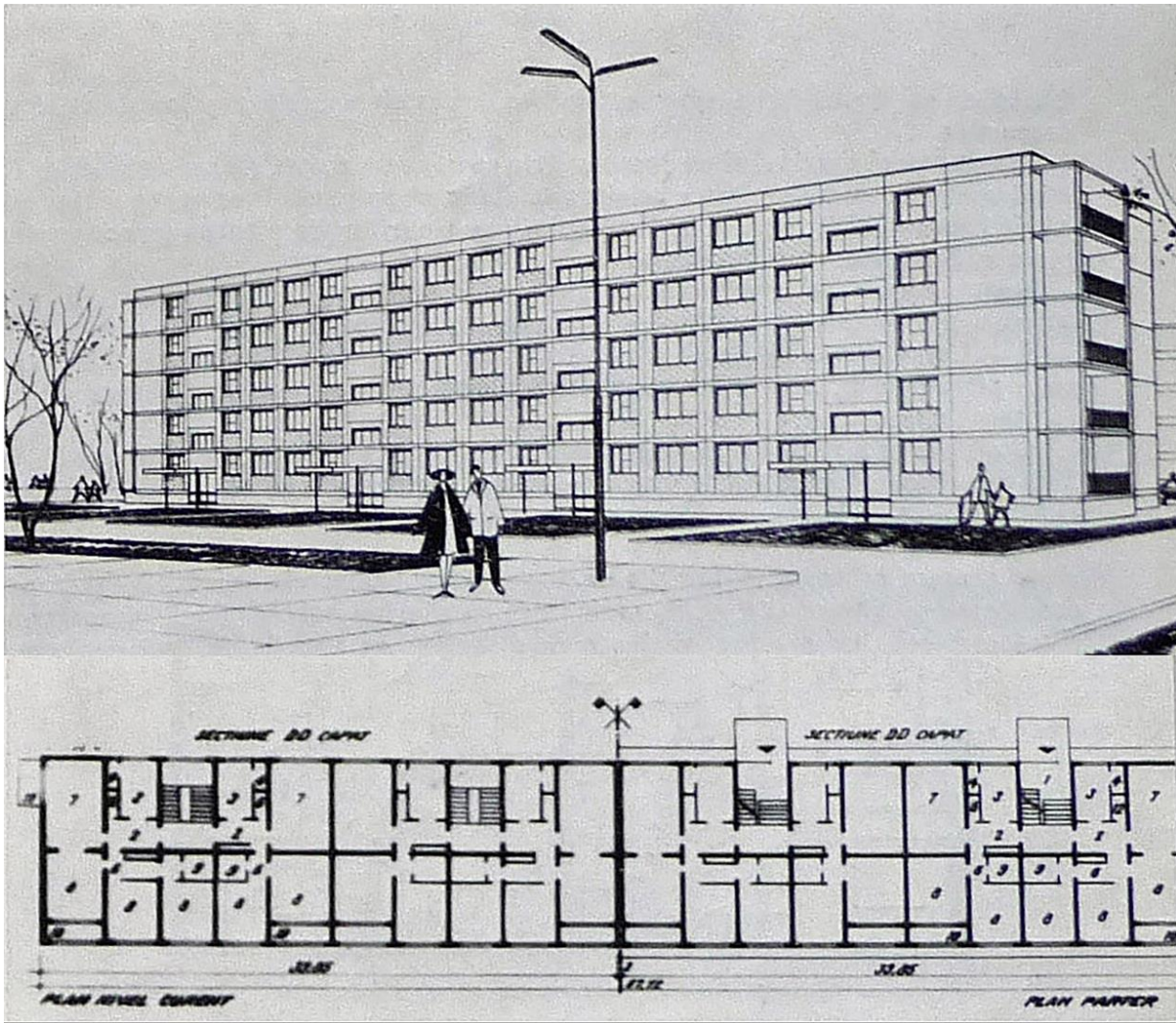


Figure 3: The '2926' series, the large panel project made by the prefabrication plant in *Militari Complex*, Bucharest. Source: *Arhitectura* no.5, 1965, p.21

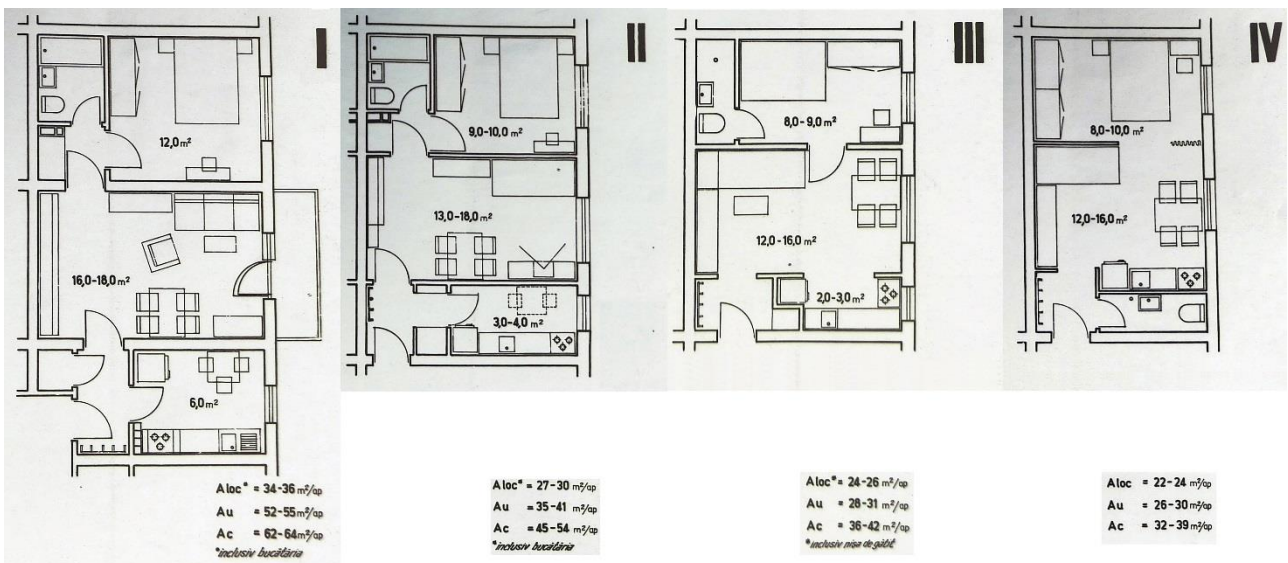


Figure 4 The four comfort categories introduced by *HCM 1650/1968*. Source: *Arhitectura* no.5, 1968, pp.



	cat I 2 rooms	cat II 2 rooms	cat III 2 rooms	cat IV 2 rooms	studio 1 room
inhabitable area, sqm	28-30	24-26	24-26	22-24	10-11
kitchen min area, sqm	6	3-4	kitchenette included in the inhabitable area	cooking place in one of the rooms	sink
bathroom min area, sqm	3,5 completely equipped	2,5-3 completely equipped	WC and shower	WC	- [shared]
loggia or balcony	Yes	yes	-	-	-
ceiling price	-	36-40.000 lei	28-31.000 lei	23-25.000 lei	11.500-12.500 lei

Table 1: Surface standards introduced by the governmental decision (HCM) nr. 127/1968 (cat I) and 1650/1968 (cat II, III, IV, G). Data source: Dorian Hardt, 'Noi tipuri de locuințe de masă', *Arhitectura* no.5, 1968, pp.26-30 (p.26)

absolute limits'.<sup>6</sup> In the first two communist decades, the economy grew, so a substantial 'accumulation fund'<sup>7</sup> could be created in order to fuel investments. From this 'general pot', a housing fund was established at the national level, then distributed into the territory, according to criteria that defined the local 'need' – most often, as architect Marcel Locar remarked at the time, to 'the regions where great industrial objectives are developed'.<sup>8</sup> Local administrations, which were the financial coordinators and beneficiaries of the construction works, allocated the new apartments through local enterprises to state employees, who paid a small rent (established on a square metre basis). In the propaganda's words, apartments were 'given' to workers<sup>9</sup> as a form of 'social salary'.<sup>10</sup>

<sup>6</sup> I.Șerban and V.Avramescu, *1961-1964. Locuința urbană*, București, Ed.Tehnică, 1964, pp.7-33 (p.9).

<sup>7</sup> from 17,1 percent of the GDP in 1956-60 to 33,7 percent in 1971-75; Murgescu, *România și Europa*, p.337.

<sup>8</sup> M.Locar, 'Evoluția construcției de locuințe în Republica Socialistă România', *Arhitectura*, no.4, 1966, pp.18-23, (p.19).

<sup>9</sup> A.Alberti (ed.), *La Roumanie*, Milano, Edizioni del Calendario, București / Institutul de Studii Social-Politice, 1979, p.163.

<sup>10</sup> Locar, 'Evoluția', p.18.

The Party's major political aim was the accelerated industrialization of the entire country and the creation of a large working class – in opposition to the concept of an agriculture-based economy, which the Soviet Union tried to impose on Romania in the COMECON (the Council for Mutual Economic Assistance). In spite of the increasing political independence from the USSR, the Romanian housing programs did, however, follow the Soviet model. After the adoption of socialist realism between 1952 and 1957, the turn to functionalism by the late 1950s and the era of the 'microraion' during the 1960s<sup>11</sup> mirrored Khrushchev's policy of low-cost mass housing production.<sup>12</sup>

The key issue in adopting the functionalist form was essentially economic: the need to achieve mass-scale production. The regime needed a larger workforce for the rapidly multiplying industrial objectives and this workforce needed housing. It was after 1960 that the housing production system started working at mass scale. This fact was remarked at the time by historian Grigore Ionescu, who wrote that the true 'qualitative leap' in housing development was achieved during the third five-year plan of 1960-1965, which brought about the 'big scale systematization activity'.<sup>13</sup> This expansion was acknowledged with pride at the time, as a 'statement of the voluntaristic urbanism in our country'.<sup>14</sup> This was actually just a corollary of the 'voluntaristic investments policy',<sup>15</sup> which distributed funds excessively towards industry, and particularly heavy industry (of which steel was the first priority), compared to other investments. Urbanization was an important political goal in the communist project, a side-effect of industrialization.

The demand for housing remained high, as people attracted by industry kept moving to cities. Constanța, Galați or Hunedoara, for instance, all doubled their population between 1956 and 1975. The urban population grew from 23,4 percent in 1948 to 42,7 percent in 1974 – a considerable increase in absolute terms, as the overall population of Romania also grew, from about 16,5 million to almost 21 million over the same period.<sup>16</sup> But only those who were 'given' apartments could be registered as new city inhabitants. Between 1956 and 1966, the number of urban workers had grown by 69 percent, but that of commuting industrial workers (i.e. potential urban citizens that didn't receive city apartments from the state) grew by 141 percent; by the early 1970s, 42 percent of the industrial workers still commuted from the countryside.<sup>17</sup> Urban housing

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<sup>11</sup> J.Maxim, 'Mass housing and collective experience: on the notion of microraion in Romania in the 1950s and 1960s', *The Journal of Architecture*, Vol.14, no.1, 2009, pp.7–26.

<sup>12</sup> M.Mărginean, *Ferestre spre furnalul roșu. Urbanism și cotidian în Hunedoara și Călan*, Iași, Ed.Polirom, 2015, pp.103, 147; A.M.Zahariade, *Architecture in the communist project. Romania 1944-89*, București, Ed.Simetria, 2011, p.55.

<sup>13</sup> G.Ionescu, *Arhitectura în România 1944-1969*, Bucharest, Ed.Academiei, 1969, pp.58-59.

<sup>14</sup> B.Grünberg, 'În ce măsură sunt justificate ansamblurile complexe de locuit?', *Arhitectura*, no.4, 1967, p.29.

<sup>15</sup> Murgescu, *România și Europa*, p.338.

<sup>16</sup> C.Lăzărescu et.al., *Urbanismul în România*, București, Ed.Tehnică, 1977, pp.12-13.

<sup>17</sup> G.Sebestyen, *Eficiența economică și socială a ansamblurilor de locuit*, București, Ed.Tehnică, 1975, p.82.

supply could hardly keep up with the demand. The shortage was continually recreated by the accelerated industrialization itself. Paradoxically, the more industry was developed, the more housing could be paid for, but the more shortage was produced too. Industrialization was generating the housing solution and the housing problem all at once.

### Paradox One: Lower Costs Don't Need Efficiency

Housing was considered to be a form of 'unproductive investment'.<sup>18</sup> In reality, it was a proper instrument of production, an important piece in the economic mechanism: indirectly, by providing shelter for the workforce necessary to the accelerated industrial development; but also directly, by its mass scale, as the construction industry itself acted as an important engine of the economy.

However, the substantial economic growth of the first two communist decades,<sup>19</sup> which was behind the escalated housing development,<sup>20</sup> was hardly sustainable. It was not based on productivity, which was quite low, but on a large consumption of resources. The state disposed of virtually all resources in the country – land, enterprises, finance and people were made into just one big economic entity; but this wholeness was the opposite of an efficient system.<sup>21</sup> By the late 1960s, resources began to be exhausted. Moreover, as the regime evolved towards a personal dictatorship, from the mid-1970s on, economic rationales would be totally subdued by the 'fundamentally irrational' system of arbitrary command.<sup>22</sup> Instead of adjusting to the global energy crisis, the economy entered a forced accelerated development based on energy-intensive industrialization and foreign loans.<sup>23</sup> The more the state produced in terms of industry, the less it actually gained financially.

The housing sector was illustrative for this inconsistency. In the mid-1970s, architect Gheorghe Sebestyen, a professor and researcher in the 'efficiency of housing estates' field, remarked that different levels of the system – local beneficiary, housing sector, national economy – understood the notion differently. Interests diverged and what was efficient at the local level was not so at the

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<sup>18</sup> Sebestyen, p.16.

<sup>19</sup> Burakowski, *Dictatura*, p.122.

<sup>20</sup> 82.000 apartments in 1956-60, 226.000 in 1961-65, 344.000 in 1966-70, 520.000 planned for 1971-75; 'Locuința sau despre umanism în arhitectură', *Arhitectura*, no.1, 1972, pp.2-3, (p.2).

<sup>21</sup> Mărginean, *Ferestre*, p.35.

<sup>22</sup> Murgescu, *România și Europa*, pp.320-323, 402.

<sup>23</sup> Burakowski, *Dictatura*, p.205; Murgescu, p.360.

national level, or the other way round. 'In the end, it is the decision-making body that solves the problem', he wrote.<sup>24</sup> In other words, 'efficiency' was politically determined.

Because true economic efficiency escaped control, the political discourse overstated lower costs instead; this could be expressed directly in figures. In 1958, the Party leader himself, Gheorghe Gheorghiu-Dej, indicated the cost limit per unit: 35-40.000 lei.<sup>25</sup> A system of cost ceilings was introduced in 1960.<sup>26</sup> The limit for a 'conventional apartment' (2 rooms, 30 sqm inhabitable area) remained more or less 40.000 lei<sup>27</sup> all through the 1960s, in spite of the fact that salaries increased significantly.<sup>28</sup> In 1968, when Nicolae Ceaușescu, the leader of the Party since 1965, pleaded for 'cheap housing, built faster and with fewer costs', along with 'housing diversification', he specifically named the prices: 'we must have apartments which cost from 20.000 lei to 50.000 lei, including types for about 30.000 and 40.000 lei'.<sup>29</sup> The political power didn't need economic efficiency in order to lower the production costs; they were imposed by decree.

### Paradox Two: Density Does Not Value Land

Another way of decreasing the costs per apartment was to economize the 'important national wealth which is land'.<sup>30</sup> But the problem of this type of rationalization was that the value of land could not be translated into money. In the calculation of costs, land was not considered a 'value index' (i.e. with financial expression), but a 'natural index'. Even if all the indexes were correlated in order to control efficiency, Sebestyen admitted, this was not possible 'at the present stage of the science of political economy', because 'land economy has no realistic value equivalent in Romania'. A methodology of control for the rational use of land was introduced in 1967, but Sebestyen showed that its rigidity generated even more inefficiency.<sup>31</sup>

However, if land was not expressed in money, it still needed infrastructure, which was priced, and its cost was high: about 50 percent of the total cost of a housing estate.<sup>32</sup> If the operational costs were included, then it was even more, as green spaces proved especially expensive to maintain.<sup>33</sup>

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<sup>24</sup> Sebestyen, *Eficiența*, pp.23-24.

<sup>25</sup> Mărginean, *Ferestre*, p.151.

<sup>26</sup> Locar, 'Evoluția', p.22.

<sup>27</sup> Șerban and Avramescu, 1961-1964, p.11.

<sup>28</sup> Mărginean, *Ferestre*, p.285.

<sup>29</sup> N.Ceaușescu, Discourse at the Plenum of the Central Committee of the Romanian Communist Party in June 1968, cited by 'Un nou program pentru construcția de locuințe', *Arhitectura*, no.4, 1968, pp.2-3 (p.3).

<sup>30</sup> Derer, *Locuirea*, p.154.

<sup>31</sup> Sebestyen, *Eficiența*, pp.21-22, 26-30.

<sup>32</sup> Furmuzache et.al., 'Probleme', p.28.

<sup>33</sup> 40% of the investment per year; I.Ciubotaru, 'Demografie, industrializare, economie', *Arhitectura*, no.2, 1969, pp.36-

And because all these costs were roughly proportional to the size of land, simply saving land became the main measure of efficiency for housing investments.<sup>34</sup>

Therefore, higher densities were imposed, including on existing estates, in order to end with 'the waste of land'.<sup>35</sup> The 'densification' of *Ansamblul Sud 1* in Bucharest (built between 1964 and 1966, densified between 1967 and 1968), for instance (fig.1), increased density by 20 percent.<sup>36</sup> In *Drumul Taberei* in Bucharest (1963-66, fig.2), the number of apartments was increased after 1967 by about 25 percent, reducing the average cost of a conventional apartment by up to 4000 lei. In other cities, the density increased by 30-35 percent.<sup>37</sup> Green space decreased, in average, from 5 square metre per inhabitant in 1961 to 2,9 square metre per inhabitant in 1976.<sup>38</sup>

A major problem for effectively measuring density was the instrument by which it was calculated. In Romania, unlike other countries – Sebestyen remarked – the density index was not the floor area ratio (the total floor area of the buildings divided by the area of the land), but indexes that measured the inhabitable area (the total surface of the living rooms and bedrooms in all the apartments divided by the area of the land). This was an unreliable index, Sebestyen showed, giving irrelevant differences, so that comparisons between different estates could not actually be made.<sup>39</sup> The fact that the number of rooms per apartment and the inhabitable area per person increased over the years<sup>40</sup> also complicated density calculation. Although increasing density was imperative in communist Romania, its measure escaped precise control.

### Paradox Three: Prefabrication Needs Types, But Not Standardization

Prefabrication seemed the surest way to increase efficiency in housing production. Small-scale prefabrication was introduced as early as 1951. During the 1950s however, the main purpose – speeding production and reducing costs – was not yet achieved: the prefabricated elements were too heavy, too expensive and had to be transported too far. The key problem was the scale of production; the relatively small housing estates could not use prefabrication efficiently.<sup>41</sup>

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38 (p.38).

<sup>34</sup> Sebestyen, *Eficiența*, p.26.

<sup>35</sup> Furmuzache et.al., 'Probleme', pp.26-27.

<sup>36</sup> D.Farb, 'Ansamblul de locuințe din zona de sud a orașului București', *Arhitectura* no.4, 1968, pp.34-41 (p.38)

<sup>37</sup> I.Ciubotaru, 'Probleme economice în sistematizarea localităților', *Arhitectura*, no.4, 1967, pp.8-10.

<sup>38</sup> Derer, *Locuirea*, p.186.

<sup>39</sup> Sebestyen, *Eficiența*, pp.36-37.

<sup>40</sup> from 7-10 sqm/inhabitant in 1960 to 10-12 sqm/inhabitant in 1973; Derer, *Locuirea*, p.189.

<sup>41</sup> Ionescu, *Arhitectura în România*, pp.19, 54, 61.



But even after large panels were introduced on larger scale in the early 1960s,<sup>42</sup> the cost of construction was up to 12 percent higher than with traditional masonry.<sup>43</sup> Prefabricated housing was not cheaper than traditional techniques, Sebestyen admitted later in the 1980s. The huge investments in plants and transport infrastructure made it expensive. But this disadvantage, evident at the local level, disappeared at the national level of the economy, where it was 'more than compensated by the revenue of the prefabrication plants' – he claimed.<sup>44</sup>

In reality, prefabrication plants were hardly efficient either. What was specific to the Romanian system of heavy concrete prefabrication was that productivity was required at the design level first. In order to increase the efficiency of design, the buildings were standardized in their entirety, rather than by component pieces (walls, floors etc.).<sup>45</sup> So there were generic type projects (such as the '1013' and '2926' series – fig.3), but no generic prefabricated concrete elements. Each housing type required its own set of specific components, which could only be used on that building type. A prefabrication plant had to work as many times as possible on a single project,<sup>46</sup> while still making a wide variety of components for it – that is, producing one 'efficient' type, in an inefficient way.

In 1970, state statistics reported that over 25 percent of all state housing estates were built with integral prefabrication<sup>47</sup> (which also meant that almost 75 percent were not). The prefabrication system was far from being effective, and yet it would be forcedly developed, as an important branch of heavy industry,<sup>48</sup> until the end of the regime.

#### Paradox Four: Typification Is Diversification

The political imperative was to increase the number of state-funded apartments, without increasing the housing funds accordingly. As the necessary cost reduction could not be made at

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<sup>42</sup> C.Ciolacu, 'Prefabricarea construcțiilor social-culturale', *Arhitectura*, no.6, 1969, pp.69-70 (p.70).

<sup>43</sup> L.Veiser, 'Unele aspecte economice ale construcțiilor din panouri mari', *Arhitectura*, no.6, 1969, p.69.

<sup>44</sup> G.Sebestyen, 'Condiționări tehnice, economice și sociale rezultând din amploarea problemei locuințelor', in: M.Caffé (ed.), *Locuința contemporană. Probleme și puncte de vedere*, București, Ed.Tehnică, 1987, pp.55-74 (p.56).

<sup>45</sup> Sebestyen, 'Condiționări', pp. 57-58.

<sup>46</sup> In 1967, the new prefabrication plant in Bucharest (the *Militari* Complex) worked on a single type-project, the '2926' large panels series, with a rate of 4500 apartments per year; the construction of the plant took five years, and when it began to produce it was already obsolete; W.Juster, 'Locuințe din panouri mari', *Arhitectura*, no.4, 1968, pp.44-46.

<sup>47</sup> P.Macovei, 'Raportul comitetului de conducere al Uniunii Arhitecților', *Arhitectura*, no.2, 1971, pp.9-22 (p.16).

<sup>48</sup> W.Juster, 'Industrializarea construcțiilor de locuințe', *Arhitectura*, no.5, 1965, pp.20-25 (p.20).

the construction level, architect Mihail Caffé remarked at the time, it had to be done at the level of design, that is, by revising the types and standards of the apartments.<sup>49</sup>

Typification was an important way of controlling housing costs from the very beginning. Institutes in Bucharest (such as IPCT – *Institutul de Proiectare pentru Construcții Tipizate*) designed type-projects (specific plans including cost calculations) or directive projects (generic plans), which were adapted afterwards by the regional project institutes. Housing design became a ‘specialization focused on the technical-economic side’; complying with the price ceiling was ‘one of the basic tasks of the design brief’.<sup>50</sup> The architects’ job was all but reduced to the control of floor area indices.

Paradoxically, it was by ‘diversification’ that the costs could be reduced even more: ‘comfort categories’ were introduced (Table 1, Fig.4). Increasing the physical number of apartments and reducing the average cost per unit was possible, but only by increasing the proportion of low-category apartments. In some cases, 25 percent of an ensemble was in the lowest category.<sup>51</sup> Indices were manipulated; for instance, the kitchen was included in the ‘inhabitable area’, so that density figures looked better.<sup>52</sup> The so-called ‘diversification action’<sup>53</sup> actually legitimized substandard housing, while cosmeticized balance sheets became detached from reality.

### Paradox Five: Privatization Does Not Need A Market

The state housing production system survived, paradoxically, by promoting privatization. Although private property was discouraged in principle, it was not abolished. The regime did not have a coherent policy of housing nationalization.<sup>54</sup> Private ownership homes never ceased to be the prevailing form of dwelling in communist Romania. Of all the new homes built between 1951 and 1967, 72,7 percent were owner-occupied single family houses – most of them in the countryside.<sup>55</sup>

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<sup>49</sup> M.Caffé, ‘Aspecte generale ale diversificării locuințelor’, *Arhitectura*, no.4, 1970, pp.18-19 (p.18).

<sup>50</sup> Șerban and Avramescu, 1961-1964, pp.10-11.

<sup>51</sup> N.Florescu, ‘Unitatea de măsură: ansamblul’, *Arhitectura*, no.2, 1969, pp.35-36 (p.35).

<sup>52</sup> for the II-IV categories (but not for the first); Florescu, p.36.

<sup>53</sup> Furmuzache et.al., ‘Probleme’, p.28.

<sup>54</sup> M.Șerban, ‘The Exceptionalism of Housing in the Ideology and Politics of Early Communist Romania (1945–1965)’, *Europe-Asia Studies*, vol.67, no.3, 2015, pp.443-467.

<sup>55</sup> M.Stancu, ‘Arhitectura meșteșugărească contemporană a clădirilor de locuit’, *Arhitectura*, no.6, 1970, pp.61-65 (p.61).

During the 1960s, the state focused on urban areas; 90 percent of all the state-funded housing was built in cities,<sup>56</sup> where the shortage was considerable. By the mid-1960s it became clear, however, that the state would not be able to solve the shortage on its own resources. Therefore, private housing built by the inhabitants themselves was first encouraged. A 1966 decree<sup>57</sup> allowed privately owned homes to be built by the population with certain incentives from the state. These included long-term low-interest loans through CEC (*Casa de Economii și Consemnațiuni*), the state-owned savings bank; land for free use from the local councils; ownership tax exemption for 10 years and tax exemption for contracts.<sup>58</sup> The state provided 'technical assistance':<sup>59</sup> the projects were drawn by state design institutes and built by socialist construction enterprises. They had to observe the standard surface limits and building costs established by the law. The process was controlled by a specific state agency.<sup>60</sup>

The policy of encouraging private housing promotion did not last for long.<sup>61</sup> The number of private housing built after the 1966 decree – single-family homes or small-scale condominiums – was relatively small. Moreover, the state was more interested in strengthening its own system of mass production. From the mid-1970s on, in order to own a home, one had to buy an apartment produced by the state system.<sup>62</sup> The buyer either paid the full price, or just an advance and applied for a state loan, sanctioned by the enterprise or institution that employed him/her. Prices were established by the law. The ownership rights were limited: only the inhabitant of the apartment had the right to buy it. Reselling was forbidden, except for well-defined situations.<sup>63</sup> Private renting was considered 'a practice against the principles of the socialist system'.<sup>64</sup> This was housing privatization without creating a housing market.

By the late 1970s, the state planned, designed, financed and built almost all urban housing, a percentage of which was sold: about 37 percent of the annual production was sold in 1977, 40 percent in 1980, and almost 65 percent in Bucharest in 1979-80.<sup>65</sup> Paradoxically, it was by

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<sup>56</sup> Șerban and Avramescu, *1961-1964*, p.5.

<sup>57</sup> HCM 445/1966.

<sup>58</sup> Locar, 'Evoluția', p.19.

<sup>59</sup> M.Moroianu, 'Despre unele proiecte de locuințe individuale', *Arhitectura*, no.1, 1968, p.66.

<sup>60</sup> D.Lupulescu, *Construirea și cumpărarea de locuințe proprietate personală cu sprijinul statului*, București, Editura Științifică și Enciclopedică, 1975, p.30.

<sup>61</sup> M.M.Olteanu, 'Legislație și sistematizare', in Fl.S.Soare (ed.), *Politică și societate în epoca Ceaușescu*, Iași, Polirom, 2013, p.27.

<sup>62</sup> A.Panaiteanu, *De la Casa Scântei la Casa Poporului*, București, Simetria, 2012, pp.68, 78.

<sup>63</sup> Lupulescu, *Construirea*, pp.11, 60-62, 75-78, 89.

<sup>64</sup> Sebestyen, 'Condiționări', p.66.

<sup>65</sup> Derer, *Locuirea*, p.135; in 1977, over 53% of urban homes were privately owned (Sebestyen, 'Condiționări', p.66).

increasing private ownership that the state housing system ultimately supplanted the private production of urban homes.

## Conclusion

The communist state housing system was not economically efficient, in spite of the excessive rhetoric of efficiency. Profit was not an issue and precise instruments to control efficiency were not a priority. Production was based on the consumption of resources, to which the state had unlimited access. Just like the escalated industrial development, which it followed closely, the housing spiral of growth was entirely determined by the political will. In economic terms, the housing production system was pushed to its limits, which resulted in paradoxes.

However, the system survived longer than it would have in a profit-driven economy. This was possible, apparently, because of the biggest paradox of all: the communist regime start behaving like a capitalistic one. 'Diversification', for instance, was not made horizontally – producing varied apartments of even quality – but vertically, introducing difference in comfort and therefore housing status, acknowledging *de facto* social inequality. Privatization was encouraged specifically for financial purposes. Land stopped being considered a natural unlimited resource and became important for the cost-effectiveness of the estates.

This 'paradox' was only superficial though: none of these measures had anything to do with a capitalist economy. In reality, housing diversity was very limited. Privatization was a simulacrum, as the emergence of a housing market was prevented and private property could not be traded. Land value had no precise financial expression. All the measures that might seem inspired from the capitalist system were just expedients, in order for the state to take hold of the last resources available – especially the population's savings – and buy the system some more time. It was the population that paid, by shortages of all kinds, for the inefficiency of a system that was enforced by political will only.