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From state-owned business to private business

**Romeo Cristea, private pension broker,
52 years old**

Interview done by Gabriela Cristea



I only started my business in 1993. I had acquired the notion that I ought to set up some kind of “private business”. Such a notion had previously been completely foreign to us. I had reached the conclusion that, as an engineer, there wasn’t much that I could still have achieved at the institute where I worked. Research had limited my options. After only three years it was obvious for anybody too see that research activities weren’t going anywhere in Romania. There were no money available for investments in the field and Romania had clearly become a retail market for the rest of Europe!

I watched how things went around me and I set off to do something other than research. That’s how I got to meet a lot of people and to travel to numerous places ... It was a period of transformation for me. I had my vision then and I understood pretty well that I had to do something different. I am somewhat sorry that I hadn’t started doing what I began in 1993 a lot earlier, even as early as 1990. Those who started before me are those who are now richer and have managed to stay in all kinds of business up to now.

Well, 1993 had just begun and I, plucking up all my courage, resigned my job. I felt a bit sorry, but it was for the best. I chose to change my life, learn something new and get into trade instead of remaining a poor intellectual for the rest of

my days. Some acquaintances of mine had tempted me to do so ... They had already got into trade and it was the period when people in Romania were free to own a passport and to travel all over the world. Once they had started traveling, they noticed that they could bring things back with them from the places they had visited, which they began to sell for a nice profit. But that wasn’t something new ... The Romanians, even before 1990, had had this sort of commerce bug in their blood. Whenever they traveled, even if the trip was only as far as Russia, they would take some goods with them and traded them for other things which they would bring back with them, and it was good stuff that people here really wanted to buy. They were also tourists of course ... This situation was continued after the Revolution but at a larger scale and involving more valuable items ... And more money, I might add ...

My business initiative was not very impressive. It wasn’t before some time that I noticed my trade was beginning to prosper. A thought kept popping up in my mind: I, an engineer, was selling things?! But there was really no other solution so I went on with it. I noticed that other intellectuals were doing the same thing, that it wasn’t only uneducated people involved in trade. I wasn’t envious. I even appreciated that people without much education prospered then and are

still prosperous now, even better off than people with a university diploma. They have nothing to lose and they perceived freedom through a different lens. And they were even more daring! They have excellent opportunities of actually achieving something, although their fear of failure is a lot greater! They had the strong desire to win unlike many fellow intellectuals. The latter have no such desire because they have been educated differently.

Coming back to our muttons, those who dared won! I saw traveling to foreign countries first as an opportunity to visit those places. I never went abroad without including in my schedule a few days when I was nothing but a tourist getting familiar with the place. My 18-year old daughter joined me in one of these trips. She visited Beijing and the Great Chinese Wall. Both she and I saw this as a personal achievement. The other day I watched a TV traveling documentary showing wonderful places in India, Thailand, and China ... I had been to all those places, I visited them all and it wasn't without great satisfaction that I remembered having been there.

Regarding the commercial part, I would buy things there, first one or two packs, which I brought back by cargo planes. Later I developed my business because it was already going well. But I lacked experience in the field. I would borrow the money I needed. At the time there were loads of people interested in lending me as much as I wanted. They had already accumulated a significant capital. It was usury, obviously ... getting profit from money lending. 5 % a month was a huge sum if you compare it to the percentage banks charge you nowadays!

But I took my chances and began doing business. The wholesale stores in Bucharest and around the city were getting bigger. It was a very complicated activity: you were up on your toes all day long. You had to have a car to travel, people to help you with the transport, the unloading and the distribution of the goods to different locations, and with the arrangement of various

stores. I had stores in Herăstrău, Europa, Flora, Prisma ... But we weren't very familiar with book keeping ... Especially me, an engineer ... Book keeping, annual balance sheets, monthly balance sheets, all that was foreign languages to me ... I was over the moon with my prosperous business but I also had to pay the money back. Sometimes I couldn't do that, and I had to borrow more money to go abroad again. I was somewhat at peace with the fact that I had a lot of merchandise in my stores, which I would sell sooner or later. That was the biggest mistake many of us made, especially those who paid for their journeys abroad with borrowed money! One couldn't understand that our trade would soon disappear ... It took me personally five years to come to this realization and it wasn't until 1998 that I began to make an assessment of things and to start paying my debts. I had no experience of customs procedures that I could speak of, seeing that my methods of bringing goods into the country hadn't involved going through customs. There were people who had less trouble buying goods. They bought more for less. I bought less for higher prices. When I got back with my merchandise, I had to include everything in the final price: the higher acquisition price, the customs, the shipping etc ... and the final price I ended up asking for my stuff was considerably higher than those of my competition. In time I began closing my stores and I had to re-evaluate the situation. I had to sell what I had managed to acquire up to that point, meaning a thousand square metres of land near Lake Băneasa, in order to pay the 25 000 dollars I owed. And of course I was left with a lot of unsold merchandise ... My trading days were then officially over! I wasn't earning anything and my personal satisfaction was long gone too.

I am still stuck with a few stores from that period but I don't own them. Instead I pay a huge rent for them. It's a grocery store and a computer service store. I can't say that business is good, especially now when people do their shopping at supermarkets. They get better prices

there than at corner shops. My clients are mostly retired people living in the respective neighbourhood. Those who can afford more do their shopping somewhere else ...

Some time ago, around 1994-6, you could make a living off these stores. The tough period came only later. Even if we owned our business, we still worked for the state. Everybody was talking about freedom but everywhere you looked you saw yet another obstacle to this freedom. Only serious businessmen, true businessmen will pull through. We, the small entrepreneurs, will go extinct! Maybe if you're the owner of a small store, you still stand a chance. You make a decent living, without getting a spectacular profit from your business. That would actually be impossible seeing that rents are astronomical. We still work for others, not for ourselves. We work for the city hall, which asks for huge rents in the case of commercial spaces downtown, we work for the state budget, as its losses too have to be covered somehow and state pensions have to be paid on time. The number of people paying taxes has diminished ... In the 1990s the ratio was four active people to one retired person, nowadays it's one to two.

When I realized that that wasn't working either, I tried something else. As early as the 90s I had become acquainted with life insurances made in foreign currency. I had even began paying some insurance money ... But only those who had enough patience and a broad vision of what this field was to become in time kept paying the insurance bonuses and they are now rich. I began dealing in life insurances in 1999. There were even laws for it. As my tourist commerce ceased altogether in 1998, I had to find an alternative. And I found it eventually. It took me two years to decide whether that was a good financial alternative or not. Beginning with 2001, I've started seeing my job from a different perspective, I've had a vision and I believe in it. This is my main occupation at the moment because there are still many things to be done in this domain. And I've started enjoying my job es-

pecially because we don't sell anything.

These special social and financial programmes need not be sold on the Romanian market. These financial programmes have to be learnt! Our duty and responsibility is to shape the Romanian market. Thus, from the private sector, from the trade sector, I have begun to see things with different eyes and to re-think my strategies. I think that my job suits me and I like it because at this point you have to like people. We are shaping the market in this domain as we speak. The Romanians are not a financially educated people. They have lost the ability to make savings. Financial power is low, that's true, but still, 20 % of the total population is financially strong. And they lack information in this domain, they are not trained and they are not used to value themselves and their families.

Lack of trust could also be an obstacle. Some believe that our transition to capitalism has ended, but that's not true. It is still going on and it will continue, regardless of our joining the European Union or not. We, the Romanians, still have a lot to reform in our way of thinking! Of course people are right to be cautious seeing that we've had so many financial frauds lately! You can't expect them to go blindly for one thing or another! But there were no laws for this field in 1990! This is where we went wrong! We have to compare things with the present situation ... The lack of a proper legislation back in 1990 allowed these pyramidal investment games. They were all personal initiatives taken by people who put their financial interests first, by diabolically skilful people with guts and no ethics who knew exactly what they wanted! There were no laws, so they made their own laws and reached their goals.

I wouldn't want to dwell too much on these things because I would eventually have to end up discussing politics and I don't want that. Truth of the matter is that people were ignorant in the field of finance. They didn't know the first thing about mutual funds; nobody really knew anything about that, actually. Although there

were TV commercials saying that we could rest assured our money was safe... Safe, my foot! The state ensures such a safety! But has the state come up with a law? Have they explained what mutual funds are? People back then and people now haven't the faintest idea what these things are. In Europe, as well as in the States, mutual funds represent risk funds! Who would invest in such funds? Only those people who already have loads of money, money that they can spare and risk by investing it in such mutual funds. FNI (*the National Investment Fund*)! Not to mention CARITAS which was a typical case of such a pyramidal investment game where nothing was sold! ... Nothing at all ... Multi-level marketing systems came only later. They existed back in the 90s but nobody knew about them. Only a handful of companies sell their insurances using a multi-level marketing system. Having been through the CARITAS¹, people have begun to liken financial marketing systems with pyramidal investments. Ignorance brings about distrust!

The State hasn't intervened until late in the 2000 by passing the 199 Law which explained the difference and which forbade pyramidal investment games. Why wasn't this passed back in 1991, 1992 or 1993? This law also explains what a multi-level marketing system is, what a stage marketing system represents and how this system has become the biggest job provider in Romania and worldwide.

I like this system in particular because people are first informed. Nowadays people who think they are done learning have a lot to lose. We, the Romanians, especially have a lot to learn still! If we don't learn, we can't make any progress. My current job, life insurance and private pensions,



transforms you a great deal. I think that this field represents the future because we work with people's way of thinking, because I am confident that someone has to do this sooner or later.

In the end, as you're asking me for three words, three adjectives that would describe life in the 90s, what else can I add? It was ... a pioneer's kind of life, you know, beautiful, pleasant ... hmm, free ... democratically reckless! Meaning, that democracy was misinterpreted! Everybody said that we were a free country and that we would learn more about democracy. In fact, it was all a savage version of democracy! A misunderstood version of democracy ... And that is why we have difficulty reaching the level of business in developed Western countries with a capitalist culture! The very utterance of the word "capitalism" presupposes an effort! It's like we're trapped in a precipice ...

Translated by Alina Popescu

¹ Pyramidal investment game. Both FNI and CARITAS led to the ruin of people who participated in these games.