

PECULIARITIES OF THE ROMANIAN WELFARE STATE

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Abstract: *This paper comparatively analyzes the characteristics of EU welfare states in order to find out the most representative welfare regime for Romania. The examination of Romanian welfare regime includes the analysis of different dimensions of welfare, as well as the structure of social services market. The paper also reveals the weak points of the Romanian social services as well as the directions to be followed in the future to improve them and to ensure a higher level of social welfare for the population.*

Key words: *welfare state, quality of life, economic development.*

1. Introduction

The increase of the standard of living and the ensuring of social welfare represent a social aim of the European Union, as reflected by EU strategy 2007-2012. This objective is particularly followed through a set of economic and social measures, such as the improvement of the health and education systems, safety of workers, decrease of unemployment and reduction of occupational accidents and deaths. The increase of the standard of living for the whole population leads to social welfare.

The EU countries follow different welfare regimes, which makes it difficult the association of the EU with a single welfare regime. In this multidimensional framework, Romania must find a national identity as regards the welfare regime. This should be related to the rapport between disposable resources and social needs. The inclusion of a country into a welfare regime is not a precise and objective attempt, because it has a relative and multidimensional nature. The quality of

health, education and social protection services, as well as unemployment, inequality and social exclusion are just few dimensions of social welfare.

This paper looks at the peculiarities of the EU welfare regimes by analyzing the similarities and discrepancies between them, in order to place Romania into a welfare regime category.

The paper is structured as follows: the first section is the introduction, the second section presents the theoretical area of social welfare, the third section comparatively examines the EU welfare states, the fourth section associates Romania to a EU welfare regime based on the dynamics of the main welfare dimensions in Romania, and the fifth section concludes on the main findings of the paper.

2. The concept and typology of welfare state

Though traces of the Welfare State can be found even throughout 18th century England, it is well established that the

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Welfare State as a concept has developed after The Second Great War. Developing especially through what we now come to call: The Swedish Welfare State Model, the Welfare State represents the redistribution of income in two different forms.

The first would be the vertical redistribution by which the income of highly paid citizens returns to those who have a lower income, by means of social services. The second is the horizontal redistribution, meaning that we will pay during a time period of our lives an amount of money that will be redistributed to us by means of social services, during a different period of our life. The reason this redistribution takes place is because the welfare state represents a policy by which the government tries to affect the quality of life of its people (DiNitto, 1983).

After noticing how countries in Europe and over the world have developed their internal social policies, it has become possible to determine a typology of the welfare state.

First of all, a well renowned typology can be described by considering which institution each state relates to. The three basic institutions that can be traced are: the family institution, the market institution and the state institution. Therefore we can identify three categories of welfare states in connection with these three institutions, i.e. the social state, the liberal state and the conservative state. This typology is best described by Gosta Esping-Andersen, and focuses on the amount of resources that a state would be willing to spend on social policies (Cochrane Allan, 1993).

The liberal state represents that kind of state in which social services are poor and where private social services are encouraged by the state. States that are liberal from the social point of view are usually those states that have neo-liberal policies. In this case, the most important institution is the *market*. The market is the

place through which economic agents prosper, and is opened for private social services, for those who can afford them.

The conservative or corporatist state is that type of state in which social services exist, but the state is not the major deliverer of social policies. Instead, there are nongovernmental organizations that offer social services. Such are fundraising organisations, church organisations, unions and non political related organisations. States that adopt the conservative welfare type are usually states in which the Church, especially the Catholic Church is strong. A major particularity of this type of state is that it relates to what is considered to be the most important institution, i.e. the family.

The third welfare state type is the social one. In this type of social welfare state, the government controls the social policies and the high standard equality between social services is supposed to be achieved. Also, this social model implies that the state will have a clear objective in ensuring social rights to its citizens. A link between the state and its citizens is created through strong and well developed unions.

Nevertheless, studies have shown that there are states which cannot be attached to any of the above types. One example is the Mediterranean state, which lacks social services, but this is not because their governments have chosen the liberal path to social services, but simply because the state is unable to offer high standard services in the social field. The same goes for states in the Balkans. Therefore a fourth welfare state type occurs - the rudimentary welfare type.

The rudimentary welfare type has developed in those countries which would like to afford generous social services, but for different reasons, such as corruption, low funding or inefficient administration, do not seem to be able to have real working social policies. For this reason, in

the rudimentary welfare model, only the basic social needs will be fulfilled by the state (Therborn, 1987).

A different typology could be considered if we take into account the way the state interferes in its own social affairs. The key words we would have to take into consideration are: interventionism and occupation of the free market. From this point of view, the following types of welfare states can be identified:

1. Welfare states where the degree of interventionism is high and where the state has the tendency to limit the free market.
2. Welfare states where the degree of interventionism is high but the state holds back on dominating the free market.
3. Welfare states where the liberal policies prevail and even though the interventionism is low, there still exists a tendency to restrain the free market.
4. Welfare states where liberal politics prevail and the private social services represent the majority on the free market (Pierson Christopher, 1994).

3. A comparative analysis of welfare regimes in the European Union

First, in relation with the first typology explained in the previous section, we analyze the Social Swedish Model, which has become the most known example of social welfare state throughout the European Union.

The Swedish Model has developed after the Second World War, having its climax in the year 1970. Following the theoretical path developed by Ernst Wigforss, the Swedish model has developed through values like equality, freedom, solidarity, security and efficiency. Wigforsses ideas meet a large consensus in literature and state that in the years following the war, in real terms, income has risen from work more than it has increased from capital

(Beck and Beck-Gernsheim, 2002). Developing the labour force was the key of success for the Swedish government. The importance of the labour force is enhanced by the Unions that emerged during that period of time. Because of the internal productivity growth, the standard of living grew in Sweden, almost at the same level as it happened in the industrialized countries from Europe. Other countries that have adopted the social welfare model are either neighbour states like Denmark, Finland or Norway, or states governed by social policies, such as the Netherlands.

If we were to take an example of corporative welfare state, then one particular country stands out: Germany. In Germany, even though the state provides social services, the social assistance services are channelled through nongovernmental organizations, like Church foundations, fundraisers and the German Union.

Another important corporative country in the European Union is France. Liberal from a political point of view, France encourages labour through its social policies. For these reasons and also for providing limited but strong public social service, we include France in the corporative social type.

The Liberal Welfare Model is not typical for the European states. It is mostly usual for countries outside Europe like USA, Japan, New Zealand or Australia. Even so, one important country in Europe, Great Britain has adopted this model in which the state has almost no role concerning the social policies, the market being totally occupied by private services. If we were to compare England's case with that of Germany, we would see that the same nongovernmental organizations aim to help those with social needs, but the number of these organisations is far lesser than in a corporative state like Germany (Atkinson, 1995).

As mentioned earlier, the Rudimentary Type is particular for the Mediterranean countries like Spain, Italy, Greece or countries from the Balkans, like Bulgaria, Slovenia and Romania.

The Mediterranean and Balkan countries are welfare states where the liberal policies prevail and where, even though the interventionism is low, there still exists a tendency to occupy the free market. Corporative states could be easily included in the second category of welfare states where the interventionism is high but the state holds back on occupying the free market, whereas the socialist model of Sweden would fit in the first category of states where the interventionism is high. The final category of welfare states that are liberal and tend to have a free market is fitted by the neo/liberal states such as England and non-European countries such as USA, Japan, Australia etc.

In conclusion, the EU countries seem to be far more concerned about developing social policies and services than any other country or international institution.

4. The place of Romania on the European map of welfare regimes

Romania entered the European Union in 2007. Robust and consistent social policies have been developed in Romania after the Second Great War, when, during the communist regime, the state conquered the entire free market. Therefore, social services became a matter of the state, which gained complete control in this area. Given that a democratic system has prevailed after 1989, the architecture of the social sector has changed and the social policies have adapted to a new structure.

If we were to include Romania in one of the social patterns presented in the previous sections, we would reach the conclusion that Romania fits the model of the rudimentary welfare state (Ioviţu, 2000). The inclusion of Romania into this

model can be explained by the fact that the Romanian government has provided poor social services across years, which have been unable to support a high or at least decent standard of living, according to the European social policy. Romania cannot be included in the social welfare state type, because the state is still unable to cover the entire population's needs. Furthermore, Romania cannot be included in the category of liberal welfare states because the private social services market is poorly developed here. The main reasons behind the poor Romanian social services are corruption, decreasing workforce, economic difficulties and poor infrastructure. It is for these reasons that, even though the state strongly interferes in the social policies area, it has failed to cover the full market share in this domain.

In the past five years, the private social services have entered the Romanian social services market. Though they were first rejected by the population, they have gradually been accepted and nowadays they are widespread especially in the field of insurance and health services. The private education and pension services have also gained importance on the Romanian social services market.

All over the world where the government has not been able to totally cover the social services market, nongovernmental organizations interfere on the market, helping those in need of social services. Such an organisation that has developed over the past years in the health sector is SMURD (Florin Lazar, 2010). Providing emergency health services all over the country, SMURD is now one of the top Romanian social services providers, demonstrating that the social policies market is still opened for improvement in Romania.

The governmental health policy is conducted by authorities according to the national priorities and the public financial

resources. The economic growth allows but does not guarantee the increase of public health expenditure. In turn, the investment in health is a precondition of a decent standard of living.

At present, the health system confers Romania the worst position in the EU. In order to improve it, the public expenditure and programmes in health should take into consideration two major facts: the population aging process and the importance of health-specific prevention activities. The natural aging process requests specific health services for the aging population, which are absent at present in Romania. This process will also involve the increase in the total health public expenditure and the increase in the share of health expenditure for the elderly into the total health expenditure. As the public health budget is always constrained by Romania's restrictive economic and social governmental policies, special attention should be particularly given to the elderly. But this seems to become a reality only in the far future.

Following the way of the European Union in the field of social policy, it is likely that Romania will further develop its social services, until they reach the performance of the EU social policy.

In the years to come, Romania has to continue developing the services sector, trying to adopt the patterns that have worked in well developed countries like France, Germany or Sweden. Another important direction of development is the extension of private social services until they cover a considerable part of the entire social services market. But the development of social services must be well determined at a regional level. This is important because the penetration of private services on the social services market leads to the increase of income inequality. In Bucharest or in other

economic developed regions such as Cluj, Timisoara or Iasi, there are far more private services on the market nowadays than in less developed regions in the country.

It is a matter of economic growth, whether these services will reach a high standard in a short period of time, or whether a long period of time and development is required.

5. Conclusions

The main objective of this paper is to identify Romania's welfare state regime, which is important for a better understanding of the orientation of the Romanian social policy and of its future social development. The analysis indicates that Romania follows the rudimentary welfare state regime at present, which is similar to a low social development. The lack of private social services, the low quality of social services and the inappropriate covering of social services nationwide are the most important reasons behind the association of Romania with this welfare state category.

The empirical section of the paper considers that the most representative drivers of social welfare in Romania are health, education and social benefits. Better prospects for the dynamics of social welfare and for Romania's transition toward a superior welfare regime mean the improvement of social services. This is constrained by the budgetary resources and the scope and direction of economic policies. In other words, social policy is interconnected with economic policies.

The economic recession induced by the global crisis has started a period of restrictive macroeconomic measures all over the EU and in Romania as well, which has negative implications for the increase of social welfare in the years to come.

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