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Groups and Needs: Response of the Social Protection System in Nowadays Romania

Mihnea PREOTESI¹

Abstract

The poverty percentage in today's Romania is large related to the EU context and compared to other former communist countries. Large differences can be observed in the cases of certain groups which are vulnerable to poverty and social exclusion. For these groups, the most important thing is the intervention of supportive social policies. Besides the higher incidence of poverty and vulnerability, the efficiency of the social transfers in reduction of the poverty (other than pensions) is three times lower in Romania compared to the European average. One of the explanations proposed in this paper refers to the philosophy of the social protection system focused mainly on categorical benefits offered to some large categories presumed to have certain pre-defined vulnerabilities. The rate of the benefits based on testing means is low and the rate of the benefits for supporting those in need of urgent intervention is extremely low. On the other hand, the rate of financial benefits is significantly higher comparing to social services (only 0.7% of GDP, four times lower than the European average). Wasting already insufficient resources by over-addressing certain categories affects those who need the most the support of the social protection system and perpetuates the lack of efficiency of this system in reducing poverty. The over-protection generates in certain cases major social inequities. The analysis starting from the profile of the vulnerable ones will oversee the efficiency and the adequacy/inadequacy of some social protection measures, related to the nature and severity of the identified needs.

Keywords: poverty, vulnerable groups, social benefits, benefits based on testing means, absolute poverty, relative poverty.

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Introduction

The explosion of poverty and social inequality are some important effects of the transition. Compared to other countries that have experienced post-communist transition, Romania and Bulgaria are well below the European average related to the magnitude of poverty and similar to Baltic countries related to the degree of social inequality. In this context, the reduction of poverty is a priority, as identified by the political policy makers, through the recently adopted anti-poverty strategy of the Romanian government.

The costs of the global crisis were superimposed over the social costs of the transition, and their impact is felt differently in various countries and for various groups. Analyses such as Atkinson's (2012) show that those who were already in lower positions closer to situations of deprivation or poverty were those affected the most in the last global crisis, between 2008-2011. On the other hand, in periods of crisis the support for social programs addressed to those affected the most by the crisis is reduced. A factor which influences the social policies addressing the vulnerable ones is the economic context. As Cace shows, the social policies during the stagnation or slow growth periods "creates a difficult environment for the state of welfare's innovations, but a favorable climax for the critics of the social programs" (Cace, 2004: 189).

Portillo, Dominguez and Muniategui, analyzing the transformation of social policy in recent years, observe some general tendencies such as "the convergence of European social policies towards the common ground of containment and reduced social spending"(Gonzalez-Portillo, Dominguez-Antolinez, Muniategui-Azkona, 2015). The last global crisis emphasized the tensions "between the objectives (historical-ideological) for the provision and maintenance of (minimum) levels of welfare for the people, and the demands of a global economic and political system full of uncertainty and inequality). In this context, the cited author considers that the welfare state and welfare itself are in danger. The studies on income distribution indicate an increase in the wealth gap between the poor and the rich , both as a consequence of faster development of urban areas, compared to rural areas, and as a result of the decrease in medium income population (Milanovic, 2002). On the other hand, such a conclusion cannot be generalized. Studies such as that made by Kornia and Kurski show that the phenomenons of the income polarization don't show universally applicable tendencies and are unique, especially in developing nations (Cornia & Kuski, 2001).

The very important delays between Romania and the developed countries of the EU vies, on the one hand, the capacity to produce prosperity while ,on the other hand, the way wealth is distributed, but especially the efficiency of the social protection system in reducing poverty and social vulnerability. Large differences can be observed in the case of certain groups vulnerable to poverty and

social exclusion. , for these groups, the most important thing is the intervention of supportive social policies. The most vulnerable groups will be selected to be addressed by the model proposed, those with the largest probability of increased vulnerability in the future. The analysis will oversee the efficiency and the adequacy/inadequacy of some social protection measures, relating to the nature and severity of the identified needs.

Conceptual and methodological framework

The concept of poverty is a layered and multidimensional one. Poverty can be approached from multiple perspectives: (1) *absolute poverty* - normative approach/lowest level that can provide subsistence/decent living; (2) *relative poverty* - measured through comparing to a poverty level that represents 60% of the median income for an adult; (3) the static approach, which defines the current state of poverty completed by the dynamic perspective, which indicates the vulnerability to the risk of poverty. The perspective of social exclusion is wider than that of poverty and targets several aspects: education, health services, living, and employment.

Most of the theoretical studies on poverty are focused mainly on three concepts: *absolute poverty*, *relative poverty*, *subjective poverty* (Hagenaars, & de Vos, 1988) In Romania and the EU, the poverty level is estimated through a variety of methods. According to the latest methodology promoted by the EU which offers comparative data for all member countries, we have *the risk of poverty and social exclusion (RSES)* composite indicator: (1) severe material deprivation; (2) relative poverty; (3) households with low work intensity. This composite indicator combines the 3 perspectives on poverty: absolute poverty, relative poverty, and social exclusion. The indicator intersects the static perspective (the state of poverty) on wealth with the dynamic one-the risk of poverty also. One of the controverted concepts, but often used in sociological literature is the *underclass*, which defines the lowest social category (class). The *culturalist* approach divides poor people in poor people that deserve to be helped and poor people that do not deserve to be helped (Preda, 2002), the last ones being the underclass.

For the *structuralism's* adepts, positioning on the lowest level of social space represents a result of a situation which can be defined by objective, using measurable indicators like low income or lack of resources necessary for subsistence. The responsibility for this situation does not belong to the individual but to the society, which develops mechanisms of social exclusion; those excluded are those who belong to the underclass.

Authors like Stanculescu and Berevoescu consider the concept of underclass inadequate for the Romanian society where “a large part of the population

experiments the condition of poverty and at common sense «we are all poor» (Stanculescu & Berevoescu, 2004: 25). Such a perception might represent premises of a low support of population for this under-favored subclass and favorable premises to support some large categories less vulnerable to the poverty risk, but perceived also as under-favored. The of the poverty distribution's characteristics has a certain degree of uniformity and does not favor exclusively certain social profiles: live in poverty those with low salaries (contributors paying taxes and imposts) and pensioners with small pensions and those in incapacity of work and mono-parental families and families living on occasional incomes, as well as those 'who do not want to work' (idem). A substitute for *underclass* is extreme *poverty* – we may use both terms defining a class consisting of persons with different characteristics that have in common the fact that 'they register deficit or lack of resources on all types of capital: economic, human, cultural, social, symbolic' (Stanculescu, 2007: 65-66). Almost all age categories are targeted: "children and young people (...), people in their 30's with no qualification or with industrial qualification that is no longer demanded (...) people (...) too young for anticipate retirement and too old to enter the labor market" (Stanculescu, 2007: 65-66).

These people "are forced to earn their living in the informal sector because the eligible social services and collective support are not accessible or do not cover the basic necessities (...). The subclass members adopt deviant cultural models; have an atypical demographic model defined by high fertility, model precocious of the first birth, consensual union. In consequence, the subclass and *the poor zones* are increasing, more and more children are socialized within these communities with social networks based on proximity, and with few connections to waves of information and change. These children and their parents are disadvantaged regarding their chances in life being disconnected from the social mobility scale" (Stanculescu, 2007: 66). Data of the analysis led to the above results illustrating the situation of Romania in the 2000's. It might be considered relevant also related to the current situation of the Romanian society where the rate of poverty and social vulnerability continues to be high and the characteristics of the poverty distribution continues to have a certain degree of uniformity (a relevant indicator is the high rate of the poverty of occupied people, comparing with European situation). Children and families with children continue to be the categories most vulnerable to risk of poverty and social exclusion.

Certain categories are in objective impossibility to exercise the obligations correlative to the status of citizen as defined by Marshall (1956). Such a category, which is not a class or an occupation, is a category of age – children, which is theoretic beneficiary of certain social rights without correlative social obligations. On the other side, they are in the weakest position of negotiating and "this weak capacity of negotiating represented one of the reasons why an important part of those included in this category are among the looser of the transition" (Preotesi,

2012: 25). The approach makes the distinction between the ones who require unconditional support from the society, constantly and legitimate (like children and people with severe physic/social disabilities) and those in a temporary state of impossibility to ensure a normal social functioning (at least theoretically). We find very relevant the observation regarding the role of the welfare state, which ‘is not mainly to protect on unlimited time a group of ‘permanent clients’, hence to create dependency, but to support successively large segments of population during their periods of vulnerability” (Goodin, *apud*. Preda, 2002: 48). The analysis illustrates rather a situation where the system of social protection addresses mainly the quasi-permanent clients and not the needs of people in special circumstances. The addressability is mainly categorically and not always corresponding to the social needs.

Poverty and social exclusion. Romania in EU context

The largest differences between Romania and EU 18 (and also, at a lower level, between Romania and EU 8), can be observed in the case of certain indicators like severe material deprivation, and in the case of certain vulnerable groups such as children, and families with children. On a different note, Romania has large disparities between the rural and urban environments, both regarding territory and residence area related to both the incidence of poverty and social development. According to statistic data (Eurostat, 2014), a percentage equal to 38.6% of Romania’s rural population was at risk of poverty, while 29.4% have faced severe material deprivation. INS data on the relation between income and expenses (INS, 2014) shows that half of households have estimated that they have difficulties or great difficulties in keeping up with expenses, which indicates that approximately 4.5 million people in rural households cannot keep up with their expenses. At the same time, 13% of the total population cannot cover one of their basic household needs, having a comfortable temperature in winter.

Table 1. Indicators of poverty, inequality and social exclusion

Indicator	2014 value
Gini Indicator	EU – 31%
	Romania - 34,7%
Risk of poverty or social exclusion (RPSE)	EU 18 - 22,6%
	EU 8 - 24,1%
	Romania - 40,2%
Rate of relative poverty	EU 18 - 17,1%
	EU 8 - 16%
	Romania - 25,4%
Severe material deprivation (SMD)	EU 18 - 7,3%
	EU 8 - 12%
	Romania - 25%
Rate of the poverty risk for children under 18	EU 18 - 20,44%
	EU 8 - 20,33%
	Romania - 39,4%
Poverty risk for families with 3 or more children	EU 18 - 22,8%
	EU 8 - 28,46%
	Romania - 73,1%
Poverty risk for families with 2 adults and 2 children	EU 18 - 13,5%
	EU 8 - 15%
	Romania - 31,1%

Data sources: Eurostat 2014,

http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_50&language=en, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc270&plugin=1>

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Among occupational categories, the most vulnerable, is that of farmer families. Half of these couldn't raise the sums necessary for covering certain expenses (two thirds have failed to pay their electricity bills, and 30% were late on maintenance fees) (INS, 2014). The association between subsistence agriculture, practiced on a wide scale in the rural environment and poverty is one of the constants of

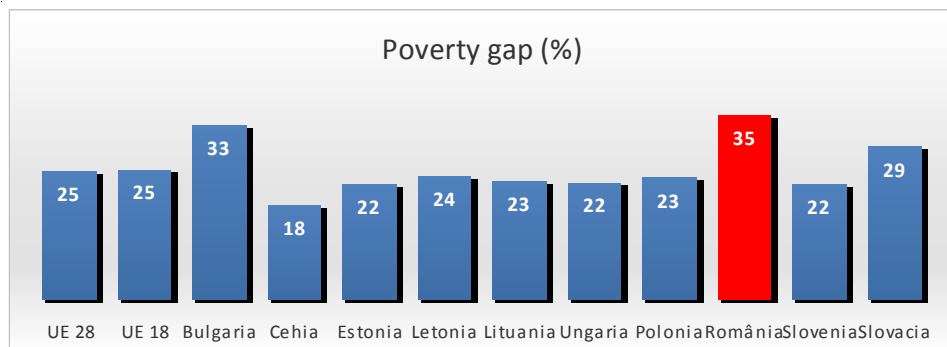
Romanian society after 1990 and was direct consequence of the implementation of two major processes of the Romanian transition: the privatization and restructuring of the industry, and the agrarian reform. Based of demographic evolution and the consolidation process of land properties, it is to be expected that around 2035, the percentage of agricultural laborers among the rural population will be significantly lower. Lacking an obvious evolution in the increase of the secondary and tertiary sectors, this modification of the occupational structure will not also result in the decrease of poverty.

Table 2. Percentage of rural population affected by poverty and deprivation

Percentage of rural population at risk of poverty and social exclusion	50,7 %
Percentage of rural population affected by poverty	38,6%
Percentage of rural population facing severe material deprivation	29,4 %
Percentage of rural population with income below 60% of the median equivalent	18,6 %

Data sources: Eurostat data for 2014, <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>

A relevant indicator for reducing the poverty risk is the poverty gap. This indicator measures the distance to the poverty level - in Romania this indicator has the largest value among the EU countries (35% in Romania, 28% EU average).



Data sources: Eurostat data for 2014, <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>

The profile for households which are poor or at risk

The profile of poverty will be viewed from a two-dimensional perspective, which will focus on one hand on poverty as a current state, characterized by severe material deprivation. The static perspective will be completed by the dynamic one, focused on vulnerability as a risk-generating situation for poverty. The proposed analysis will use, as primary elements two of the indicators included in measuring material deprivation, one of the 3 dimensions of the aggregated indicator- the risk of poverty or social exclusion (AROPE). According to the methodological approach developed on the working group for the Poverty section of *Strategia socioeconomică a României în următorii 20 de ani*, (Vlad, 2016), two types of situations will be defined and operationalized: (1) *Severe material deprivation* (SMD) which will be measured with hard indicators of poverty, which focus on subsistence agriculture and which characterize the groups of people in a state of poverty/severe material deprivation. This indicator of severe material deprivation focuses on the economical impossibility of ensuring the necessary amount of proteins and is operationalized through the situation of *not affording to consume meat, fish or equivalent proteins at least every two days*; (2) *Moderate - vulnerable material deprivation*; the indicator selected to illustrate the vulnerability situation is *I can't cope with unforeseen expenses*.

A complimentary approach uses the perspective of the so called *precarious wealth*. According to the *Dictionary on the Quality of Life* (Marginean & Vasile, 2015), *precarious wealth* defines “a socio-economic situation of a population category, situated between poverty and certain prosperity, which is characterized by a low standard of life, close to poverty, material deprivation, and vulnerability.” The people in this situation can be found in the first 30% of incomes above the poverty level, which have incomes between 60-80% of the equivalent median income. The profile of poor/vulnerable people will be built using the EU-SILC databases for each of the two categories. For each of the two categories, the structure of the household and the structure and level of the primary incomes, and the incomes from social transfers will be identified.

Profile of the vulnerable ones - those suffering from severe material deprivation

The profile of the people belonging to this category is that of the households consisting of either an adult of over 65 years of age, or two adults and three or more dependent children. According to Eurostat, the percentage of households which declare themselves unable to eat meat or fish at least every two days has been relatively constant over the last 10 years, recording a maximum of 26% in 2007 and a minimum of 18% in 2008, with a slight decrease after 2012. It is

relevant that during this period over 15% of those above the poverty level have constantly experienced this situation.

The incidence of poverty measured using the indicator mentioned above is larger in the case of households with at least 3 children and elderly people who live alone. Therefore, the most vulnerable categories are households formed from two adults and three or more dependent children. 94% of these state that they can't deal with unforeseen expenses. Another vulnerable category is that of people that live alone, either elderly or single parents. The situation is critical in the case of people who live alone and have dependent children, which live under the level of relative poverty, 93% of these stating that they cannot cope with unforeseen expenses.

Table 3. Percentage of households that can't afford to eat meat or fish at least every 2 days

Type of household	Households percentage (total)	Percentage of households under the level of relative poverty
Household consisting of a single adult over 65	40%	46%
Single parent with dependent children	33.4%	56.4%
Two adults with dependent children	16.6%	32%
Two adults with 3 or more dependent children	33.7%	32.7%
Single adult	35%	46%
Single adult under 65	28%	46.7%
Two adults with a single dependent child	12.5%	36.5%

Source: Eurostat 2014, <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

The percentage of people who can't cope with unforeseen expenses has grown in between 2008 and 2012, with a slight decay over the past 4 years. In 2014, over half of Romanian households were in this situation.

Table 4. Percentage of households which cannot cope with unforeseen expenses ordered by the household structure

Type of household	Percentage from total	Percentage of households from those over the level of relative poverty
Out of total households	51.5%	45%
Single adult over 65	73.6%	71%
Single parent with dependent children	73.7%	65.2%
Two adults and two dependent children	47%	35%
Two adults and three or more children	60% (67% in 2015)	43%
Single adult	67%	62%
Single adult under 65	59%	48.5%
Two adults with a single dependent child	40.4%	35.5%

Source: Eurostat 2014, <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

Causes of poverty in Romania

The rate of poverty for employed people in Romania is the highest in the EU. Poverty rate among employed people in Romania is the largest of the EU, with a value almost twice than the average EU 8 (EU 8 includes the former communist countries excepting Romania and Bulgaria)

Table 5. In-work poverty in the UE and in Romania (% of total employees calculated for a single household)

	2007	2010	2013	2014
EU 27	10.3%	10.8%	13.1%	13.6%
EU 15	9.9%	10.4%	13.3%	14.00%
EU 8	13.4%	13.9%	11.7%	10.7%
Romania	27.5%	27.3%	22.1%	20.5%

Source: Eurostat, EU-SILC <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>

One of the causes of in-work poverty is the low level of salaries, added to the large share of minimum salary payed employees. In addition to significant differences to the EU developed countries, the minimum salary in Romania is also a low one in comparison with that of the former socialist countries (a lower value is registered only in Bulgaria).

Table 6. Monthly minimum salaries in some of the EU countries (calculated for a single household)

Country	Minimum salaries, EUR (2016)
Luxembourg	1,922.96
France	1,466.62
Germany	1,440.00
Slovenia	790.73
Spain	764.40
Czech Republic	366.35
Hungary	351.29
Romania	276.34
Bulgaria	214.75

Source: Eurostat 2016, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_mw_cur&lang=en

Low level of salaries affects a large proportion of the employees, the share of salaries at the minimum level and around has lately significantly increased. According to a study conducted by Friedrich Ebert Stiftung Romania in 2016, the number of employment contracts recorded in Romania at the minimum salary has been increasing from 8% in 2011 to 44% in March 2016. The number of contracts with amounts above the average salary has been slightly decreasing, according to a study on the distribution of work contracts depending on the salary level. According to the mentioned study, 86% of employment contracts recorded in Romania were below the average salary in March 2016, while almost half (44%) of contracts are at or below the minimum wage. (Social Monitor, a project of Friedrich Ebert Stiftung Romania, <https://monitorsocial.ro/indicator/numarul-contractelor-de-munca-si-salariile-romanilor/>)

A relevant indicator of the prevalence of low salaries is the share of employees who earns less than 2/3 of gross median income. According to the mentioned study, more than a quarter of the employees fall into this category in Romania, while the EU 28 average category is of 17%, taking into account the benchmark represented by the median income is significantly higher in most of the EU countries. On the other hand, only a fifth part of the working poor people are formal employees, the rest being persons in other forms of involvement on the labor market. Less than one-tenth is laboring in agriculture or is one of the 2 million rural field owners working in agriculture (INS databases TEMPO, AMIGO - Employment by activities of the national economy).

There are some relevant reasons which explain the poverty magnitude and causes. The first one is *the state's reduced capacity to accomplish its social function* - insufficient budgeting compared to the severity of the social problems that must be addressed. Second, the problem of the *small local budgets* is made even worse by the lack of funds in the local budgets, especially in rural areas and small towns. Third, we have *a low impact of social transfers* (excluding retirement pensions) in reducing poverty with 3 features: *badly focused addressability* (lack of priority in social budget spending categorized by needs-groups/needs that are under addressed/unaddressed), *corruption*, and the *inefficiency of social programs*.

The proposed analysis will focus on the approach of the impact of social transfers both from the perspective of the efficiency in reducing poverty and from the perspective of tailoring the social protection measures to the problems and groups addressed.

From the perspective of the efficiency of the addressability of social protection measures, a stark contrast between Romania and the EU can be noticed in: the impact of social transfers, other than retirement pensions, on reducing the poverty of vulnerable groups-the rapport is 1:3

Table 7. The efficiency of social transfers in reducing poverty (2014)

Country/group of countries	Rate of poverty pre-transfer	Rate of poverty post-transfer
EU28	26,1	17,2
EU18	25,7	17,1
Bulgaria	27,3	21,7
Czech Republic	17,2	9,7
Estonia	28,4	21,9
Latvia	27	21
Lithuania	27,5	19,2
Hungary	26,6	15
Poland	23,1	16,8
Romania	28,5	25,3
Slovenia	25,1	14,5
Slovakia	19,6	12,6

Source: Eurostat 2014,

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tessi230&plugin=1>

http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_52&language=en

The lowest efficiency in Romania of this type of social transfers in reducing poverty illustrates the difference between the percentage of spending on social protection in GDP between Romania and the EU average, which is 1:10 (0.04% of GDP compared to 0.41%). While the quantitative differences are illustrated by the lowest percentage of public social spending in the GDP, the qualitative differences are those that generate a different approach on social protection. This approach is in the case of Romania oriented almost fully towards monetary grants for large categories of people, identifies as vulnerable. The addressability is oriented therefore on certain categories with predefined vulnerabilities, and not towards compensating the effects of an actually difficult situation in life in real time. On the other hand, monetary social benefits are dominant, while other social services are chronically underdeveloped. Some of the social benefits address the vulnerabilities associated with age, disabilities or particular social situations, like unemployment. Another category of social benefits focuses on either families with children or, more or less, on supporting children from vulnerable families.

An important category of benefits are those granted based on testing needs. Some of these, either semi-permanent or temporary in nature, focus on a very important number of beneficiaries, have a relatively high cost and offer a reduced level of benefits. An important distinction must be made between the benefits that have a certain frequency and continuity and those that are occasional. The first address predefined social situations, while the latter are meant to prevent vulnerabilities caused by certain exceptional situations, operationalized in the situation of *not being able to cope with unforeseen circumstances*.

We can make now a split in two categories: (1) The under-addressed people category (retirees with small pensions, single elderly people, people over the level of relative poverty but vulnerable - cannot coping with unforeseen expenses); (2) The under-addressed needs category (the ones requiring the need of social services, other than medical attention issues). The sum spent in 2014 out of the Ministry of Labor budget for social assistance programs (social assistance benefits and services) was 8,120,534,374 RON. From this sum social services were only given 0.7% (55,689,030 RON).

Categories of needs, households and people over-addressed by the social protection measures

An example that illustrates the poor focus of already low resources in the context of the magnitude of social vulnerability is the cost of compensating the home heating. For the over 1 million beneficiaries of heating aids, 226,603,345 RON were given in 2014. A quarter has gone to the beneficiaries of the centralized heating system, when the state grants with a variable percentage, with no income filter the cost of *gigacaloria* (heat unit, NB) for the users of the centralized heating system.

A category of social protection measures that addresses an important part of Romania's population is that of heating costs compensation. These measures of compensating the population's vulnerability in relation to household heating are varied, in relation to the budget, in regards to addressing different kinds of vulnerabilities and in their level of efficiency of reducing the vulnerability level of the targeted group.

While the population of cities is largely either connected to the citywide heating system or uses personal gas-based heating appliances, the rural population largely relies on wood-based heating. In most counties, using centralized heating networks or personal gas-based appliances is a rarity in the rural areas. The only counties where this percentage approaches 20% of the total number of rural households are Ilfov, Cluj, Brasov and Timis (INS, 2011).

The compensational mechanism which affects the largest percentage of the population (over a third is the one that focuses the consumers of the centralized heating system) relies on two components: a grant on the heat unit price and monetary aids for heating. An analysis whose main conclusions will be presented below, show (according to Preotesi, 2015) that this dual protectionist compensatory approach can be considered discriminatory, from multiple points of view. Positively discriminates is a category of the population compared to the rest of the population - criteria for discrimination not being based on identifying a specific vulnerability. The price of natural gas, which has been on a steady rise compared

to heat unit price in the last years, has no price reductions for people using this type of fuel. The percentage of the population which uses wood or fossil fuels for heating doesn't benefit from any government grants either. The discrimination also has an inter-category component, this grant having a different value in different counties, and even in multiple towns in the same county. The grant has a value between 0 and 76% (with a maximum value recorded in Alba Iulia). Price differences, combined with variety in grant percentage lead to large discrepancies in heat unit price.

The total cost of the heat unit grants is very high, in 2011 being estimated at 500 million Euros (according to Price Waterhouse Coopers, 2011). Almost a fourth of this sum is spent just for the beneficiaries of the centralized heating system in Bucharest. According to a decision from the local council of Bucharest, the cost of the heat unit grant approved for 2017 exceed 120 million euros, with similar sums allocated for 2015 and 2016. (15% of the city budget, which includes taxes from people with personal heating systems, is exclusively used for the centralized heating system users, regardless of other social criteria). HG 246/2006 postulates a 10% rate of supportability for the heating expenses in the monthly income of a family. In fact, this average percentage is over 12% for the entire population, while for the users of the central heating system, the average is just 7% (Price Waterhouse Coopers report, 2011). This type of grant for a large and very broad category has no moral or social justifications. The losses registered by the centralized heating distribution system are very significant, over 40% in some cities (and even over 50% in Deva, Resita and Brasov). With an average loss of 29%, and an average grant of 40%, over 70% of the grant is practically given to the companies providing heating to the centralized system to cover their losses.

Positive discrimination of those using the central heating system is replicated on a smaller scale as well with heating aids. When heating on a household level is at least 20% more expensive than using the centralized heating system (difference growing up to 60%, taking into account the average grant, according to Price Waterhouse Coopers report, 2011), this difference is reflected in the differentiated social impact of the comparatively larger cost of the heat unit (*gigacalorie*) and natural gas.

The over 100% increase in natural gas prices over the last 10 years has affected a large percentage of urban population, which, however vulnerable, is not eligible for compensatory measures. The continued increase of natural gas prices strongly affects the budget of families whose family members have an income between the minimum and average salary.

On the other hand, the difference between the maximum value of the heating system aid and that of the individual gas-based heating is under 20% (262 RON, compared to 223 RON as centralized heating system aid). In fact, the real difference counting the theoretical differences in yield, positively pondered with the

value of the aid and negatively pondered with the value of losses in the system, exceeds 30%. In conclusion, this is another case of discrimination between the beneficiaries of centralized heating aid, favored by the aid covering most of the expenses of heating their home.

Another underprivileged category is that of heating aid beneficiaries for homes which use wood as fuel for heating, 90% of which live in the rural environment. When the maximum aid granted is 54 RON, covering these expenses doesn't exceed 46% (Preotesi, 20015: 84) - Both situations which characterize the vulnerability on energetic consumption, focusing on that used for home heating, can have a large negative impact on the environment. City inhabitants are forced to cover a financially unsustainable, largely outdated and highly polluting thermal energy system. Rural inhabitants "are forced to perpetuate a traditional way of living, characterized by minimal regulated energy consumption, but a large amount of quasi-regulated natural resources, with low efficiency and that can have disastrous long term effects on the environment, through large consumption of fire wood, which fuels the partially unregulated deforestation industry" (Preotesi, 20015: 86)

The example presented earlier illustrates a mechanism that perpetuates the lack of efficiency of social protection measures in reducing poverty, through poor focusing of resources and wasting important parts of these to beneficiaries that should not be the target of these programs. It is true that, on the one hand, the resources wasted through the grant on *gigacaloria* cost don't come from those allocated to benefits based on needs testing, but from the budget of the local administration. On the other hand, for a large part of the beneficiaries of these grants, losing them would make the cost of heating their homes prohibitive, but the level of this cost is generated largely by the losses in the system, which is covered by a large percentage of the grant.

The budget for means-tested benefits in 2014, represented only 17% of the total budget for social assistance, the very small percentage of expenses addressed to the poorest 10% of the population illustrates the approach presented earlier and the focus on benefits given through general programs. This lack of efficiency in social transfers for reducing poverty was identified in the aforementioned anti-poverty strategy, which predicted a raise in the percentage of each of the three components of means-tested benefits: guaranteed minimum income, the family support allowance and heating aids.

On the other hand, when half the population declares that it cannot cope with unforeseen circumstances, when these circumstances arise, some as inevitable as they are unforeseen, the resources available from the social protection system are extremely limited. According to a sectoral Ministry report on Evolutions of the social assistance field, 88,835 emergency aids have been paid from local budgets, with a total value of 28,527,834 RON in 2014. From the state budget, through the

Ministry budget, 1,655 emergency aids have been paid, totalizing 3,866,050 lei (MMFPSPV, 2014: 14)

An illustrative image of the importance given by the social protection to giving emergency aid, correlated to wasting money in the system offers comparing the following two situations: (1) Families with minimum guaranteed income can receive funeral aid from the local authorities. In 2014, 2,620 funeral aids have been granted, with a total value of 1.545.218 RON., (2) 9 elderly representative organizations part of the National Council for Elderly people, were granted an almost similar sum (1,520,000 RON) in 2014, to develop an activity for the International Elderly Day, (MMFPSPV, 2014 : 17).

Discrimination and different treatment based on criteria other than the social ones represents a widespread practice in many cases, besides the one presented earlier. Another relevant example is the fact that all retirees, regardless of wealth are exempt from paying for public transportation in Bucharest. Granting this benefit to a single category with no selection based on testing meanings represents without a doubt discrimination with no moral or social justification. The effects reflect on all other public transport users through the high prices and low quality of the services. Like the grant on the heat unit cost, poorly focused resources dedicated to social protections come from the budgets of the local administration. In the case of children's allowance, the recently adopted version is a relevant example one to wasting resources that should be used to reduce social vulnerability by directing them towards an already privileged social category.

Although it implicitly forces a certain condition of contributing, this social benefit can't be in fact considered a contributory one, but rather a categorical one. A relevant comparison can be made with a contributory benefit, like the social insurance pension. In the case of contributory pensions the minimal contribution is 15 years. The contribution for benefiting from the pension for the age limit and full seniority is a minimum of 35 years. The medium rate of replacing the salary through the pension is under 50%. Compared to the 35 years of contribution which provide a value close to the aforementioned percentage, the period of granting the pension is under half from the contribution, accounting for the average life expectancy.

In the case of children's allocation, with a contribution of at least 2 years, the rate of income replacement is 85%, and the benefit is granted on an equal period to that of the contribution. In this context, the current situation in which, according to a recent communicate from the Ministry of Labour (MMFPSPV, 2016), a third of the resources dedicated to this categorical benefit are consumed by 0.17% of the beneficiaries is an aberrant one. It represents an illustrative example of wasting already insufficient resources.

Conclusions

The explosion of poverty and social inequity represented important costs of transition. Comparing with the old UE member states and also with other UE countries, which faced the post-communist transition, puts Romania and Bulgaria outside the European landscape as regards the magnitude of poverty. Very large differences are noticeable at certain groups vulnerable at risk of poverty and social exclusion, where the priority of supportive intervention of social policy is the most important. The largest differences between Romania and the countries old members of UE and also between Romania and former communist countries UE members are registered on certain indicators like severe material deprivation and in the case of certain vulnerable groups like children and families with children. The poverty rate of children is double comparing with the UE average 18 and UE 8 and in the case of families with at least 3 children the difference is even higher. Almost a third of the families of two adults and two children are in risk of poverty and social inclusion and 73.1% of the families with 3 or more than 3 children are in this situation.

Beside the higher incidence of poverty and vulnerability, the efficiency of the social transfers, other than pensions, in reduction of the poverty is three times lower in Romania comparing with the European average. One of the explanations of this situation proposed in this paper refers to the philosophy of the social protection system focused mainly on categorical benefits offered to some large categories presumed to have certain pre-defined vulnerabilities. The rate of the means-tested benefits is low and the rate of the benefits for supporting those in need of urgent intervention is extremely low. On the other side, the rate of financial benefits is significantly higher comparing to social services, which represent only 0.6% of GDP (almost four times lower than the European average). Wasting resources, already insufficient, by over-addressing certain categories affects those who need the most the support of the social protection system and perpetuates the lack of efficiency of this system in reducing poverty.

Over-protecting some categories which do not need protection generates in certain cases major social inequities. Illustrative in this case is the situation generated by annulling the limit for the mother allowance. 90% of the possible future parents were under the maxim limit of 3,500 RON per family and increasing the limit increased the average allowance from 951 RON in 2015 to 1400 RON (MMFPSPV, 2016). But this increased average was caused mainly by only few hundreds of persons that consume a third of the allocated resources. To offer *prices* to few hundreds of families which raise one child with an absurd amount of money, the equivalent of 100 minimum wages, and to leave in poverty more than a million of children represent not only a failure of the social protection system, but a failure of an entire society unable to develop antibodies necessary to reject such flagrant inequities.

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