



## ROMANIA'S SOCIAL PROGRESS IN EUROPEAN AND GLOBAL CONTEXT

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**Abstract** *Our research paper is part of the larger-scale theme regarding the Romania's readiness for accession to the Euro Area in terms of the real convergence. Our analysis extends the real economic convergence to the sphere of social convergence. The purpose of the extended analysis is a) to verify findings on the trend of real economic convergence, measured by the GDP/capita (PPP), b) to compare the living standards in Romania and other European Union member states (EU-28) and c) to draw conclusions on the social convergence as a complement to real economic convergence. For the first time in Romania and the EU we have used in our analysis a new global composite indicator, the Social Progress Index 2015 (SPI 2015, USA). Intended contribution of our SWOT analysis is focused on identifying the strengths, weaknesses, threats and opportunities in the social development of Romania, which could be used as a benchmark by the policy makers in addressing the economic and social policies to eliminate the weaknesses and to transform the threats into opportunities.*

**Key words:**

Real convergence,  
social convergence,  
SPI 2015, Romania,  
EU

**JEL Codes:**

E1, E6, I30, O29

### 1. Introduction

Our article is based on a recent research study conducted at the Institute for World Economy (Câmpeanu, 2015) with the overall objective to assess the readiness of the 6 Central and Eastern European member states of the European Union (EU) to adopt the euro, in terms of real convergence. The work extended the analysis of real economic convergence by using global composite index that measure performance and quality of progress in each country. In this article we present the results of the analysis of the social progress in Romania and we draw conclusions on social convergence, as a complement of the real economic convergence. In this way, we try to balance the significance of GDP (with its variants) for the analysis of real economic convergence with those components that reflect sustainable welfare for all European citizens.

The findings have a high degree of originality, the authors using for the first time in Romania, a new analysis tool, a global composite index - Social Progress Index 2015 carried out for 133 countries by an American organization (Social Progress Imperative, 2015). It is noted that starting 2016 the partnership between Social Progress Imperative and the European Union related to the use of SPI in the EU will become effective for future analyzes on the social progress and the welfare of European citizens.

By analyzing the Social Progress Index in the aggregated and disaggregated levels, we identified strengths, weaknesses, threats and opportunities for

the social progress in Romania. These could be considered benchmarks for the Romanian decision makers in addressing the economic and social policies to remove the weaknesses and to turn the threats into opportunities.

### 2. Change of paradigm in the international literature: from the indicators of economic growth to the composite index

After the World War II, the Gross Domestic Product (GDP) with its variants, has been used to measure the economic progress at the national level. But the GDP per capita is still an indicator used frequently to compare the quality of life in the different countries. Although the GDP per capita does not measure the absolute standard of living at the country level, the argument for the use of the GDP per capita as an indicator of the standard of living rely on the logic that all the citizens of a country benefit from the economic growth of their country (measured by increasing the GDP). But now in the 21-st century, there are a lot of pros and cons opinions in the international literature regarding the GDP per capita use as a measure of the living standards. It is objected that this indicator only measures the quantitative terms of economic growth and not the quality aspect, in the sense that it does not measure the prosperity and the progress of the nations [Constanza, R et al. (2009)]. But, in the analysis of the real convergence is very important to measure just the level of the living standards, as the very definition of the real convergence (conf. The Treaty of Maastricht). The

new vision on the economic and/or social progress wishes to shift the focus of discussions from the "economic growth" to "progress" and from the economic production to "sustainable welfare".

As a result of the debates, several composite indices were developed in the world.

### 3. Methodology of research

Between these new composite indices we have chosen to analyze Romanian social progress by the Social Progress Index, SPI 2015. M. Porter (2015), the "Father" of the Social Progress Index, defines the Social progress as the capacity of a society to meet the basic human needs of its citizens, establish the building blocks that allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential. SPI authors consider this new composite index as a tool to "assess the efficiency with which the economic success of a country shall be converted into social progress and vice versa" (Social Progress Imperative, 2015).

Our analysis reveals the social progress registered in Romania in the past ten years in the European and global context. Following the model of SPI, our analysis is performed at aggregate and disaggregating levels of the index.

#### The Social Progress Index Model (SPI 2015)

The Social Progress Index focuses on the answers to three questions:

- a. Can a country ensure the essential needs of the population?
- b. Are there necessary fundamentals for individuals and communities to develop and sustain the well-being?
- c. Are there opportunities for all individuals in a country to reach their full potential?

These 3 questions define the three dimensions of the (aggregate) social progress index: Basic Human Needs, Foundations of Wellbeing, and Opportunity.

Each dimension is formed by the aggregation of 4 different components; each of the 12 components of the SPI is quantified on the basis of 3-6 indicators, so 52 indicators are used for each of the 133 countries analyzed in 2015 (Porter, *et al.*, 2015).

Social progress index aggregated by dimensions and components is measured on a scale determined by the authors from min 0 to max 100 by identifying the best and lowest overall performance on each indicator, in each of the 133 countries analyzed for the last 10 years.

## 4. The results of social progress analysis in Romania

### 4.1. The global and the European context

In terms of social progress during the last 10 years, the best 10 countries in the world include seven European countries, New Zealand, Canada and Australia. Nordic countries are the most performing area of Europe with the highest scores of the Top-10 countries, both in the aggregate index and almost every component thereof. Norway ranks first in the world, with a score of 88.36 followed by Sweden and Switzerland. These countries excel in the "Foundations of Wellbeing" dimension, where they recorded the highest scores in the world and Switzerland in the "Basic human needs" dimension (2nd place in the world after Denmark).

USA and China, the world leaders in the terms of economic development, perform much lower in the social field compared with other competitors on a global scale. US ranks 16 in the world according to the aggregate SPI; disaggregated index reveals that US perform better on the dimension "Opportunity" (8-th place in the world) and has underperformed on the dimensions "Foundations of Wellbeing" (35) and "Basic human needs" (rank 21). In the case of China, the second "champion" of the world economy, the social progress revealed by SPI 2015 ranked it 92 of 133 countries surveyed, with very low score on the dimension "Opportunity" (rank 110 in the world) and a little better on dimensions "Foundations of Wellbeing" (place 88) and "Basic human needs" (71).

The European Union does not appear as an entity in the hierarchy of the 133 countries covered by the SPI 2015. However, the authors of SPI 2015 advanced for EU-28 a hypothetically score of 80.78 that would place the EU-28 on the 22 world ranking. It makes a distinction between core EU-15 and the other 13 states that have joined the EU since 2004. The EU-15 would have 82.21 score (18<sup>th</sup> in the world) and the EU-13 a 75.33 score (32).

Globally comparative analysis (Table 1) shows that some EU-28 member states recorded in the last 10 years very high social progress (4 states) and some others high social progress (15 countries) and upper middle social Progress (7 countries). Romania belongs to the group of countries with upper middle social Progress.

Table 1. Synopsis on the hierarchy of the EU-28 member states in the world Social Progress Scores and ranks

Country	SPI 2015 Score (Rank)	PIB/capita Thous.\$ PCS	Country	SPI 2015 Score (Rank)	PIB/capita Thous.\$ PCS
<b>Very high social Progress</b>			<b>High social Progress</b>		
Sweden	88,06 (2)	43.7	Slovakia	78,45 (25)	26.2
Finland	86,75 (7)	38.8	Poland	77,98 (27)	22.8
Danmark	86,63 (8)	41.9	Cyprus	77,45 (30)	27.3
Netherlands	86,50 (9)	44.9	Italy	77,38 (31)	34.1
Country	SPI 2015 Score (Rank)	PIB/capita Thous.\$ PCS	Country	SPI 2015 Score (Rank)	PIB/capita Thous.\$ PCS
<b>High social Progress</b>			<b>Upper middle social Progress</b>		
UK	84,68 (11)	37.0	Hungary	74,80 (32)	22.9
Ireland	84,66 (12)	44.9	Latvia	74,12 (33)	21.8
Austria	84,45 (13)	44.3	Greece	74,03 (34)	24.5
Germany	84,04 (14)	43.2	Lithuania	74,00 (35)	24.4
Belgium	82,83 (17)	40.6	Croatia	73,30 (37)	20.0
Portugal	81,91 (18)	25.5	Bulgaria	70,19 (43)	15.6
Slovenia	81,62 (19)	27.5	Romania	68,37 (50)	18.2
Spain	81,17 (20)	31.5			
France	80,82 (21)	37.1			
Czech R.	80,59 (22)	27.9			
Estonia	80,48 (23)	25.1			

Source: Synthesis of the author, based on SPI 2015 data

#### 4.2. Analysis of aggregate Social Progress Index in Romania

Romania has improved its social performance measured by SPI 2015 compared with the performance revealed by SPI 2014. With a score of 68.37 in 2015, Romania advanced a place in the global hierarchy, on 50th position (out of 133 countries). SPI dimensions that have positively influenced the upward trend of social progress in Romania are "Basic human needs" and "Opportunity", while "Foundations of Wellbeing" received a score below the level of 2014.

#### 4.3. Analysis of Social Progress Index on disaggregated components. Strengths/ Weaknesses

##### 4.3.1. The "Basic human needs" dimension and its components

Romania has the best performance in the "Basic human needs" dimension, with a score of 77.35 that exceeds the aggregate SPI 68.37.

The 4 components of the "Basic human needs" are: nutrition and basic medical care; water, sewage and sanitation facilities; shelter; and personal safety. These components have different influence on the score, some positively, others negatively.

*Strengths:* Of the four components of the Basic human needs, Romania recorded the maximum score of 97.87 to nutrition and basic medical care, based on aggregated indicators with rather low levels on the depth food deficit, mortality rate and the number of deaths due to the infectious diseases.

*Weaknesses:* *Shelter* component recorded the lowest score, which means the weakest points on which the future social policies should focus, namely: housing available at reasonable prices that Romanian inhabitants to afford to live and the quality of the available electricity.

The component *water, sewage and sanitation facilities* registered a low score (69.05 or 88 rank out of 133 countries) which reveals the weaknesses of Romania regarding the provision of some basic needs, namely the rural access to improved water sources and especially to the improved sanitation facilities.

*Personal safety* component with a score of 75.94, lead to a lower Romania's fulfillment of basic human needs, but to a lesser extent than the two components discussed above, whereas the characteristic indicator values are counterbalanced. Thus, a *positive influence* exerts some relatively low indicators' levels: homicide rates, violent crimes, perceived crime and political terror. But the relatively higher traffic fatalities have a *negative influence* on personal safety performance component, resulting in a lower score.

##### 4.3.2. The "Foundations of Wellbeing" dimension and its components

The 4 components of the "Foundations of Wellbeing" are: access to basic knowledge; access to information and communication; health and wellness; ecosystem durability. The best performances of the Romanian Foundations of Wellbeing are registered for the components: access to basic knowledge and access to information, communication, but the lowest score to health and *wellness*.

*Strengths:* The best performing component of the Foundations of Wellbeing in Romania is *access to basic knowledge*, with a score of 92.74, due to the

relatively high adult literacy rate and upper secondary school enrollment.

The component *access to information, communication* has a relatively good score of 77.25 as compared to the aggregate size "Fundamentals welfare" and to the other of its components. Strength of the *access to information, communication* component is the index of press freedom. However, a positive influence on this component also exerts the indicators mobile phone subscriptions and Internet users, though still at low levels compared to other European countries.

**Weaknesses:** Of the four components of the "Fundamentals welfare", Romania has the lowest score on the component *Health and physical and mental condition*. Three out of the five indicators of this component reveals the low level of health for the Romanian citizens. High values with negative impact are recorded on obesity and suicide rate among the population and deaths due to outdoor air pollution.

There are indicators on *access to knowledge* with low performance, namely: primary and secondary school enrollments and gender parity in secondary enrollment. Romania registered a low score for the ecosystem durability component, especially based on water withdrawals as a high percentage of total annual resources.

#### 4.3.3. The "Opportunity" dimension and its components

„Opportunity" dimension shows the aggregate size of 4 components: personal rights, personal freedom and choice, tolerance and inclusion, and access to advanced education.

The best scores in Romania were registered for personal rights, personal freedom and choice, but the lowest score for tolerance and inclusion as well as for higher education access.

**Strengths:** Romania has strengths in personal rights component, based on respect for political rights, freedom of speech and other freedoms (association, movement), as well as the right to private property.

For the personal freedom and choice component, Romanian indicators' value regarding modern slavery, human trafficking, early marriages and satisfied demand for contraceptive constitute relatively strong points.

Access to advanced education component shows strength in Romanian woman's average years in school.

**Weaknesses:** Of the four components of the "Opportunity" dimension, Romania has the lowest score on the component Tolerance and Inclusion (score 40.9), mainly due to low tolerance for immigrants, religious tolerance and community network for personal safety.

On personal freedom and choice component, Romania has low level of freedom of choice over their own lives and freedom of religion.

Corruption is one of the weakest points of personal freedom and opportunities for Romania.

### 5. Conclusions and SWOT analysis of social progress index in Romania on dimensions, components and indicators

The conclusions of the research study on the social progress of Romania in the last 10 years are presented in a SWOT analysis with highlighting the key strengths, weaknesses, threats and opportunities (Table 2).

Our research will continue with a comparative analysis of the Social Progress Index in the aggregate and disaggregated levels in Romania, the EU-28 as well as in 5 Central and Eastern European member states of the EU, non members of the Euro Area.

The aim is to provide to the decision-makers in Romania some milestones to remove weaknesses and to turn threats into opportunities in the future social and economic policies.

Table 2. SWOT analysis of the Social Progress Index in Romania

Strengths	Weaknesses
<p><b>The "Basic human needs" dimension</b></p> <ul style="list-style-type: none"> <li><i>Nutrition and basic medical care:</i> relative low levels of the depth food deficit, mortality rate and the number of deaths due to the infectious diseases.</li> </ul> <p><b>The "Foundations of Wellbeing" dimension</b></p> <ul style="list-style-type: none"> <li><i>Access to basic knowledge:</i> the relatively high adult literacy rate and upper secondary school enrollment.</li> <li><i>Access to information and communication:</i> press freedom, mobile phone subscriptions and Internet users</li> <li><i>Ecosystems durability:</i> biodiversity</li> </ul> <p><b>The "Opportunity" dimension</b></p> <ul style="list-style-type: none"> <li><i>Personal rights:</i> respect for political rights, freedom of speech and other freedoms (association, movement), as</li> </ul>	<p><b>The "Basic human needs" dimension</b></p> <ul style="list-style-type: none"> <li><i>Water, sewage and sanitation facilities:</i> rural access to improved water sources and especially to the improved sanitation facilities</li> </ul> <p><b>The "Foundations of Wellbeing" dimension</b></p> <ul style="list-style-type: none"> <li><i>Health and physical and mental condition:</i> life expectancy, number of deaths between 30-70 years of non-communicable diseases</li> <li><i>Access to knowledge:</i> primary and secondary schools enrollments</li> <li><i>Ecosystem durability:</i> water withdrawals as a high percentage of total annual resources</li> </ul>

Strengths	Weaknesses
<p>well as the right to private property.</p> <ul style="list-style-type: none"> <li>• <i>Personal freedom and choice</i>: low levels of modern slavery, human trafficking, early marriages and satisfied demand for contraceptive</li> <li>• <i>Tolerance and inclusion</i>: Women treated with respect, Tolerance for gays, Discrimination and violence against minorities (low)</li> <li>• <i>Access to advanced education</i>: woman's average years in school.</li> </ul>	<p><b>The "Opportunity" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Tolerance and Inclusion</i>: low tolerance for immigrants and religious tolerance. community network for personal safety.</li> <li>• <i>Personal freedom and choice</i>: Corruption</li> <li>• <i>Access to advanced education</i>: low number of universities in the global hierarchy</li> </ul>
Threats	Opportunities
<p><b>The "Basic human needs" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Personal safety</i>: relatively higher traffic fatalities</li> <li>• <i>Shelter</i>: housing available at reasonable prices and the quality of the available electricity</li> </ul> <p><b>The "Foundations of Wellbeing" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Access to basic knowledge</i>: gender parity in the secondary enrollment</li> <li>• <i>Health and physical and mental condition</i>: obesity and suicide rate among the population and deaths due on outdoor air pollution</li> </ul> <p><b>The "Opportunity" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Tolerance and inclusion</i>: community network for personal safety, discrimination and violence against minorities</li> <li>• <i>Personal freedom and choice</i>: low level of freedom of choice over their own lives</li> </ul>	<p><b>The "Basic human needs" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Personal safety</i>: low levels of homicide rates, violent crimes, perceived crime and political terror</li> <li>• <i>Shelter</i>: access to electricity</li> </ul> <p><b>The "Foundations of Wellbeing" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Access to information</i>: mobile phone subscriptions and Internet users</li> <li>• <i>Ecosystem durability</i>: low level of greenhouse gaz emissions</li> </ul> <p><b>The "Opportunity" dimension</b></p> <ul style="list-style-type: none"> <li>• <i>Personal freedom and choice</i>: relative low levels of modern slavery, human trafficking and early marriages</li> <li>• <i>Access to advanced education</i>: low level of inequality in access to education</li> </ul>

**Source:** author based on SPI 2015

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