DISPARITIES OF THE ROMANIAN DEVELOPMENT INDICATORS IN 2010-2015

Gabriel PRICINĂ[*]

Abstract: This article is based on the analysis of the statistical data contained in World Bank publications. Analyzes based on objective data are welcome in the context of economic and social processes that maintain an undesirable state of affairs for an important part of the population. The paradigm of focusing on certain social components by ignoring the assembly may have unfavorable consequences on the configuration of the social edifice. Establishing clear objectives and reporting to developed societies can be a structured and pragmatic way of organizing a balanced and efficient socio-economic system.

Keywords: povery, integration, welfare, governance, disparities.

Introduction

Searches aimed at identifying Romania's best social development solutions are often affected by lack of vision and focus on measures with immediate results, even if they only mean partial and often unsustainable.

This article focuses on two dimensions: an informative one based on objective data and a practical one: revealing the potential and weaknesses in relation to the global society and identifying some landmarks that allow the assessment of the evolution of Romanian society as accurately as possible. We believe that by comparing with other societies an objective knowledge is achieved which can be based on pragmatic social development policies, based on performance criteria that reduce the gap to the developed countries.

Prioritizing needs also involves analyzing the consequences of each development policy. Fostering an economic or social area at the expense of others can have negative effects on the social fabric, with negative effects on initial estimates.

Romania's situation in terms of indicators on poverty and welfare[1]

An institution with global coverage, such as the World Bank, has centralized information for long periods of time, which allows depth analysis and data association

[*] Lecturer, PhD., University of Craiova, Faculty of Social Sciences; Email: gabrielpricina@gmail.com.

[1] World Bank, *World Development Indicators 2017*, Washington DC: World Bank, 2017.

with the succession of geopolitical events (economic growth and downturn, global crises, natural disasters, wars etc.). Indicators are used to measure economic progress, improve life quality, sustainable development; vulnerable people support and reduce gender disparities.

Given the boundaries of an article we selected, for comparison, the first countries in each hierarchy, the last countries in this hierarchy and former communist European countries, whose recent history was similar to that of Romania.

In terms of economic indicators (Gross National Income and Gross Domestic Product), Romania is in the following situation:

Table 1
Indicators of welfare and poverty

	Population 2015 (Mil. inhabitants)	*Share of urban population 2015 (%)*	*Gross National Income 2015 (Billion dollars)*	*Gross National Income/ Cap 2015 (USD)*	*Purchasing power parity[2] per capita (USD) 2015*	*GDP evolution 2014-2015 (%)*	*GDP evolution 2014-2015/ per inhabitant (%)*
	DEVELOPED COUNTRIES						
USA	321,4	82	17994,1	55,980	57,540	2,6	1,8
China	1371,2	56	10838,1	7,900	14,320	6,9	6,4
Japan	127	93	4931,1	38,840	42,310	1,2	1,4
Germany	81,7	75	3739,8	45,790	49,090	1,7	0,9
UK	65,1	83	2846,3	43,700	41,230	2,2	1,4
	FORMER COMUNIST COUNTRIES						
Poland	*38,0*	*61*	*505,6*	*13,310*	*25,870*	*3,9*	*4,0*
Czech Republic	*10,5*	*73*	*191,4*	*18,150*	*31,550*	*4,5*	*4,3*
Romania	***19,8***	***55***	***188,4***	***9,510***	***21,610***	***3,7***	***4,2***
Hungary	*9,8*	*71*	*127,7*	*12,970*	*25,220*	*3,1*	*3,4*
Croatia	*4,2*	*59*	*53,7*	*12,760*	*22,380*	*1,6*	*2,5*
Bulgaria	*7,2*	*74*	*53,7*	*7,480*	*17,880*	*3,6*	*4,3*
Serbia	*7,1*	*56*	*39,3*	*5,540*	*13,420*	*0,8*	*1,3*
Albania	*2,9*	*57*	*12,4*	*4,280*	*11,310*	*2,8*	*3,0*
Macedonia FYR	*2,1*	*57*	*10,7*	*5,140*	*13,730*	*3,7*	*3,5*
Slovakia	*5,4*	*54*	*94,3*	*17,570*	*29,440*	*3,8*	*3,7*
Slovenia	*2,1*	*50*	*45,9*	*22,250*	*31,260*	*2,3*	*2,2*
	POOR COUNTRIES						
Southern Sudan	12,3	19	9,7	0,790	1,630	–6,3	–9,6
Rwanda	11,6	29	8,1	0,700	1,720	6,9	4,4
Nigeria	19,9	19	7,8	0,390	0,950	3,6	–0,5
Togo	7,3	40	4,0	4,280	1,330	5,4	2,6
Sierra Leone	6,5	40	4,0	0,620	1,560	–20,6	–22,3

Note: The savings in this table are ranked according to Gross National Income (GNI).
Source: World Bank.

[2] World Bank, *Measuring the Real Size of the World Economy: The Framework*, Methodology, and Results of the International Comparison Program-ICP.Washington, DC: World Bank, 2013.

The first indicator refers to the total population of countries retained for this analysis. The second indicator refers to the degree of urbanization of each country. Gross national income is part of gross domestic product and measures national income generated both inside and outside the country. Purchasing power parity is a composite indicator that standardizes the price indices needed to provide a basket of goods and services in each household. It is calculated by complex formulas referring to the specificity of each country and the international parity of the national currency.

Romania ranks third, in terms of gross national income, among eastern and central European countries, after Poland and the Czech Republic. Between 2014 and 2015, Romania had a GDP growth of 3.7%, which ranks fourth among the eastern countries. Reporting to purchasing power parity to other companies places Romania on the seventh place in relation to former communist countries, which indicates a discrepancy between the incomes obtained and the purchasing power of the population.

In relation to the developed societies, we find that the communist countries, including Romania, have gross national revenues lower than the purchasing power parity. Romania has among the lowest gross national income value, among the EU member states, per capita. This statistical structure highlights the difference between the level of salaries paid in Romania and the national income obtained from domestic and external sources by resident institutional units. Moreover, lower purchasing power points to the higher risks that threaten citizens in the face of domestic or international economic or social crises or which can occur at an individual level (job loss, illness, natural disasters, etc.).

An indicator that needs to be taken into account is that of urbanization. It is found to be very high in developed countries (except for China) and the purchasing power of citizens is very high. The decline in urbanization is equivalent to a fall in gross national income and purchasing power parity, which indicates that the economy based on agriculture, has a low return. The degree of urbanization highlights the development of non-agricultural economic sectors, which offer a higher return. Moreover, urbanization highlights the coverage of modern services and infrastructure (connections with all types of transport, water supply, sewerage, etc.), an advanced educational system and numerous job opportunities.

By reporting gross national income to the total population, Romania has a 9,510$ per capita, one of the lowest values among European countries. Gross national income per capita is an important indicator in the World Bank's financial analyzes, ranking companies and used in the formulas for calculating the eligibility of loans granted. Comparison with EU member states reveals that Romania is only overtaking Bulgaria, which has a per capita gross national income of 7,480$ / inhabitant. Lower values are only observed for non-EU Eastern countries.

Demographic characteristics of human capital

This set of indicators reveals the internal framework of each society. The first indicators refer to the quality of medical services, the quality of life and the social problems caused by the lack of education of young people. The following indicators highlight the employment opportunities of the working age population. Vulnerable jobs signal's the problems of a non-inclusive labor market that offers temporary opportunities and low possibilities for subsistence. Unemployment is the main consequence of the way the economy operates and the capacity of the economic agents to absorb the available human resources.

The demographic indicators of human capital, used in this article, reveal an overview of aspects emerging from the labor market processes, health and education systems. Compared to the situation in the other countries, we find that in each of these systems there are disparities that involve the intervention of the stakeholders. The interdependencies between social systems will transfer the negative consequences of internal dysfunctions to the other. Thus, neglecting a system at the expense of others or unbalanced favoring one system in relation to the others will have undesirable effects on the entire social system.

Table 2
Demographic indicators

	Under five mortality rate (Per 1000 births) 2015	***Maternal mortality ratio (100,000 births) 2015***	***Adolescent fertility rate (In 1,000 women aged 15-19) 2015***	***Labor force mortality rate (% Of population over 15 years) 2015***	***Vulnerable employment (% of total employees) 2015***	***Unemployment (% of total workforce) 2016***
			DEVELOPED COUNTRIES			
USA	7	14	21	62	6	5
China	11	27	7	71	0	5
Japan	3	5	4	59	9	3
Germany	4	6	6	60	6	4
UK	4	9	14	63	13	5
			FORMER COMUNIST COUNTRIES			
Poland	*5*	*3*	*13*	*57*	*17*	*6*
Czech Republic	*3*	*4*	*10*	*59*	*14*	*4*
Romania	***11***	***31***	***34***	***56***	***28***	***6***
Hungary	6	17	18	54	6	5
Croatia	*4*	*8*	*9*	*52*	*10*	*13*
Bulgaria	*10*	*11*	*37*	*54*	*8*	*8*
Serbia	*7*	*17*	*19*	*51*	*26*	*17*
Albania	*14*	*29*	*33*	*50*	*57*	*16*
Macedonia FYR	*6*	*8*	*17*	*56*	*22*	*27*
Slovakia	*7*	*6*	*20*	*60*	*12*	*10*
Slovenia	*3*	*9*	*4*	*57*	*13*	*9*
			POOR COUNTRIES			
Southern Sudan	93	789	63	–	–	–
Rwanda	42	290	26	85	78	3
Nigeria	96	553	201	65	–	3
Togo	78	368	92	81	–	7
Sierra Leone	120	1360	117	67	–	3

Note: The savings in this table are ranked according to Gross National Income (GNI).
Source: World Bank.

From the above table, we find that Romania has the highest infant mortality rate among EU countries. It is overcome only by Albania, a non-EU country. The second indicator – maternal mortality – places Romania at the first place, with a ratio of 31 deaths per 100,000 births. Adolescent fertility is also high in the case of Romania, being exceeded only by Bulgaria. This indicator signals social issues regarding vulnerable groups, lack of education and school dropout.

Workforce utilization rates point to values around 60% in the case of developed countries (except China), but with a low share of vulnerable jobs (which refers to self-employed, family, low incomes under difficult working conditions, often unofficial and lacking trade union representatives). In the case of Romania, we find an average employment rate with fairly high levels of employment relative to other states. However, the proportion of vulnerable jobs is 28%, the highest in the EU. In relation to the unemployment rate, we find that its small proportion is not due to the economy's functionality, but to the development of a labor market with poorly paid, precarious jobs, provided in inadequate conditions and with employees not affiliated with trade union organizations or institutions that can defend their rights.

Characteristics of economy

The indicators used in this article relate to several key elements for an economy. They allow the identification of Romania's position and the understanding of the strengths and weaknesses of the economic framework.

GDP growth refers briefly to net industry output after adding results and lowering intermediate inputs. The current account balance refers to total net exports of goods and services, primary and secondary net revenues. The budget deficit refers to budget revenues and expenditures, excluding the calculation of investments in non-financial goods. It indicates the extent to which the government puts financial resources at the disposal of other sectors of the economy or from abroad, or uses the financial resources generated by other economic sectors in the country or abroad. Government debts represent's the entire stock of fixed-term direct contractual obligations to other entities outstanding at a certain date and includes both internal and external liabilities. The consumer price index refers to the cost changes needed to purchase a basket of goods and services needed in a household, which can be changed at certain time intervals. This is an indicator of inflation. Liquidities include the existing financial mass outside banks, such as non-central government deposits, temporary deposits and foreign currency savings of entities other than the central government, bank and travel checks, bank titles and other securities.

The data in the table below shows that developed countries have the highest cash levels, which, in the case of China, Japan and the UK, exceed the GDP. In the case of the former communist countries, we find that cash have much lower weights and different economic contexts, as the other indicators reveal.

The GDP growth has seen higher values in less developed countries, but they can only be context trajectories. The GDP growth on the background of negative export values reveals the existence of positive internal contexts, but the sustainability of these increases is limited. Moreover, positive values of rising consumer price indices (except Rwanda) are showing positive trends in poorer countries, suggesting a trend towards a rising inflation.

By comparison, we find that developed economies have the highest development potential due to the cash that allows very high government indebtedness rates. The GDP growth is close to that of Eastern European countries, but they are references to much higher total values for rich countries.

Table 3
Economic indicators

	GDP growth 2009-2015 % Average annual growth	*Current account balance % of GDP 2015*	*Central government net % of GDP 2015*	*Central government debts % of GDP 2015*	*Consumer price index % increase 2015*	*Broad money % of GDP*
	DEVELOPED COUNTRIES					
USA	2,1	–2,6	–3,2	97,8	0,1	89,9
China	8,2	3,0	–	–	1,4	202,1
Japan	1,4	3,1	–5,2	196,6	0,8	236,7
Germany	1,8	8,3	0,4	52,2	0,2	–
UK	1,9	–4,3	–4,1	–4,1	0,1	137,2
	FORMER COMUNIST COUNTRIES					
Poland	*2,9*	*–0,6*	*–2,6*	*55,6*	*–1,0*	*64,2*
Czech Republic	*1,3*	*0,9*	*–1,2*	*36,7*	*0,3*	*78,9*
Romania	***1,9***	***–1,2***	***–1,5***	***41,5***	***–0,6***	***40,2***
Hungary	1,5	3,2	–1,7	96,5	–0,1	58,3
Croatia	*–0,8*	*5,1*	*–4,0*	–	*–0,5*	*71,9*
Bulgaria	*1,2*	*0,4*	–	*24,1*	*–0,1*	*83,5*
Serbia	*0,4*	*–4,7*	–	–	*1,4*	*49,5*
Albania	*2,0*	*–10,7*	*–3,0*	*79,8*	*1,9*	*84,7*
Macedonia FYR	*2,3*	*–2,0*	–	–	*–0,3*	*59,6*
Slovakia	*2,6*	*0,2*	*–2,4*	*58,7*	*–0,3*	–
Slovenia	*0,2*	*5,2*	*–3,0*	*76,0*	*–0,5*	–
	POOR COUNTRIES					
Southern Sudan	–10,4	–7,0	–	–	50,2	46,3
Rwanda	7,1	–13,6	–4,2	–	–2,5	21,9
Niger	6,6	–15,0	–	–	1,0	26,3
Togo	4,8	–11,3	–	–	1,8	53,3
Sierra Leone	7,0	–18,2	–3,0	–	8,0	23,8

Source: World Bank.

Romania's situation is approaching the trends followed by non-EU countries. There is a slight increase in the GDP (1.9%), a decrease in exports, which shows the decrease of the competitiveness of Romanian products on the international markets, a deficit of 1.5% of GDP, for the period 2009-2015, government debt of 41,5% of GDP (almost half) and 40.2% of GDP of cash, amid a slight decline in inflation of -0.6%.

By comparison we find that Romania has the lowest cash compared to the former communist states, which shows that, due to the decrease in exports, the sources of income are narrowing and the current needs, such as the budget deficit compensation and the control of the budgetary expenditures, become dependent on the financial international markets. Under the conditions outlined above, the probability of external borrowing is dependent on higher interest rates and numerous conditions, which increases the cost of investment in economic development and allows direct intervention by creditors to protect their own profits.

Conclusion

By reporting the main indicators of Romania to those of developed countries, such as the USA, the country with the highest values of the indicators and Germany, the European country with the highest indicators, we find that the situation is as follows:

Table 4

Comparation

	Share of urban population 2015 (%)	***GNI / Cap 2015 (USD)***	***Parity of individual purchasing power (USD) 2015***	***GDP growth 2009-2015 (%)***	***Infant mortality***	***Maternal mortality***	***Use of labor force***	***Vulnerable jobs***
USA	82	55,980	57,540	2,1	7	14	62	6
Germany	75	45,790	49,090	1,8	4	5	60	6
Romania	*55*	*9,510*	*21,610*	*1,9*	*11*	*31*	*56*	*28*
Compared to the US (%)	*67,07*	*17,00*	*37,56*	*–0,2*	*157,1*	*221,4*	*90,3*	*466,7*
Compared to Germany (%)	*73,33*	*20,79*	*44,02*	*0,1*	*275,0*	*620,0*	*93,3*	*466,7*

Source: World Bank.

By comparing the indicators, we find that between Romania and the two countries there are major discrepancies in the degree of urbanization and indicators of the economic dimension, which indicates that the modernization of the country is at an intermediate stage, insufficient in terms of competitiveness.

We recall that the values of the various economic indicators, among which the per capita gross national income for this article, are included by international financial organizations in calculating the eligibility of each country's funding. However, the low values due to internal disparities will have a negative impact on the amount of interest and guarantees required to obtain loans. It follows that the financing of development projects will be done through more expensive loans than in developed or communist countries, where these are higher.

The indicators presented above show that in Romania the degree of urbanization and, implicitly, the degree of modernization and development of economic sectors with high profitability is much lower than in the advanced states, which results in a very low gross national income per capita, in relationship with developed societies. The quality of public health services is much lower, as indicated by values much higher of infant and maternal mortality. By comparing the proportions in the table above, we find that in the Romanian society there are problems of harmonization of the different social components with effects on the gravity of the social problems.

The use of labor is close to that of the two advanced countries, but it is noted that a significant share of the Romanian labor force is occupied in vulnerable jobs, which shows low productivity and a very low level of income generated.

The GDP growth does not reveal a dynamic that will reduce existing gaps, suggesting retention in the area of influence of developed economies, which implies the risk of taking on crises and imbalances, and perhaps a negative trade balance.

The disparities that we find between development indicators affect in the long run the possibilities of the Romanian society to ensure a sufficient balance between income and life quality. The government deficit shows that the balance between expenditure and revenue has a negative balance under a debt of 41.5% of GDP. Please note that government spending also includes spending on equal opportunities in society or the distribution of welfare to all social strata. However, the deficit of 1.5% of GDP, while reducing exports by 1.2%, affects the public budget and the necessary resources. Indicators of infant and maternal mortality signal the needs of the public health system and indicators of low-productivity labor (28% of total employees), this highlight's labor market difficulties and explain to a significant extent the low economic yield and the percentages reduced of gross national income per capita.

The potential of the Romanian economy is close to the former communist countries, but comparisons with advanced societies and the situation in the Central and Eastern European countries suggest a neglect of the human resource and the potential it represents in ensuring a coherent social development.

Note: *The interpretations and processing of the data contained in this article belong to the author and do not reflect the World Bank point of view views.*