

Social Progress in Romania and other Central and Eastern European Non-Eurozone States

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Abstract: - Our research paper refers to the social progress achieved in the last 10 years by Romania, Bulgaria, Czech Republic, Croatia, Poland and Hungary as non- Eurozone members (CEE-6), compared to the minimum and maximum levels in the EU-28, depending on their economic development levels. This analysis is a part of the larger-scale study regarding the readiness assessment of Romania and other five Central and Eastern European countries (CEE-6) for accession to the Eurozone in terms of the real convergence. We extended the analysis of the real economic convergence to the sphere of social convergence. The purpose of the extended analysis is to compare the living standards in Romania, CEE-6 and other European Union member states (EU-28) and to draw conclusions on the social convergence as a complement to real economic convergence. Using a new analytical tool, the global composite index “Social Progress Index” at different levels of disaggregation, this article reveals the social gaps between CEE-6 and the EU and identifies strengths, and weaknesses for these countries to achieve social progress on the road to real economic and social convergence with the EU. The aim is to provide to the national decision-makers some milestones to remove weaknesses and to turn threats into opportunities in the future social and economic policies.

Keywords:- Wellbeing, Analysis of social progress, Romania, Central and Eastern European countries, SPI 2015

1 Introduction

Our article is based on a recent research study conducted at the Institute for World Economy, Romanian Academy (Câmpeanu et al., 2015) with the overall objective to assess in terms of real convergence the readiness of the 6 Central and Eastern European member states of the European Union (CEE-6)) to adopt the euro. The work extended the analysis of real economic convergence to social convergence by taking into account a global composite index as a measure for qualitative performance and progress for each country. The authors have used a new analysis tool, namely a global composite index - Social Progress Index 2015- carried out for 133 countries by an American organization (Social Progress Imperative, 2015). It is for the first time that a scientific research paper uses the new instrument- the Social Progress Index- to make a comparative analysis of social progress between EU member states, including Romania.

In this article we present the results of a comparative analysis regarding the social progress in CEE-6 and EU-28 and we draw conclusions on social convergence, as a complement of the real economic convergence. Given the change of paradigm in the 21st century, when the international literature reveals more and more objections regarding the use the GDP / capita as a measure of the living standards and progress of nations (Constanza et al., 2009), our work performs a qualitative analysis of living standards in the EU-28, based on the global composite index –Social Progress Index- that measures social progress in the last 10 years. The purpose of this analysis is to verify previous findings on the trend of real economic convergence measured by the GDP / capita (PPP), to compare the standard of living, in terms of quality, in the Central and Eastern European non- Eurozone states with the levels of EU-28 and to draw conclusions on social convergence, as a complement of real economic convergence. In this way, we try to balance the significance of GDP (with its variants) in the analysis of real economic convergence with those components that reflect sustainable prosperity for all.

2 Methodology

The analysis compares the social progress achieved in the last 10 years by CEE-6 non- Eurozone members: Romania, Bulgaria, Czech Republic, Croatia, Poland and Hungary with the average, minimum and maximum levels in the EU-28, depending on the levels of economic development. The benchmarking tool for social progress is "Social Progress Index", a new global composite index developed by Social Progress Imperative, USA and coordinated by the well-known Professor Michael Porter. The authors of the Social Progress Index (SPI) 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)

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 the result of 4 different components aggregation; each of the 12 components of SPI 2015 is quantified on the basis of 3-6 indicators, so 52 indicators are used for each of the 133 countries included by SPI 2015 (Porter, M. at 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 the lowest overall performance on each indicator, in each of the 133 countries analysed for the last 10 years. The statistical data used in the model come from international organizations, based on reports of each individual country or from surveys conducted worldwide by renowned organisms (ex. Gallup World Poll).

Our analysis is focused on the 28 Member States of the European Union out of the 133 countries, in order to determine the minimum and maximum levels registered by Social Progress Index (SPI, 2015) at the aggregate level and at different levels of disaggregation. These levels will be the basis of our comparative analysis between Romania, the CEE- 6 countries and the EU-28 regarding their social progress in the last 10 years.

3 The results of social progress comparative analysis in Romania, other CEE-6 and the EU-28

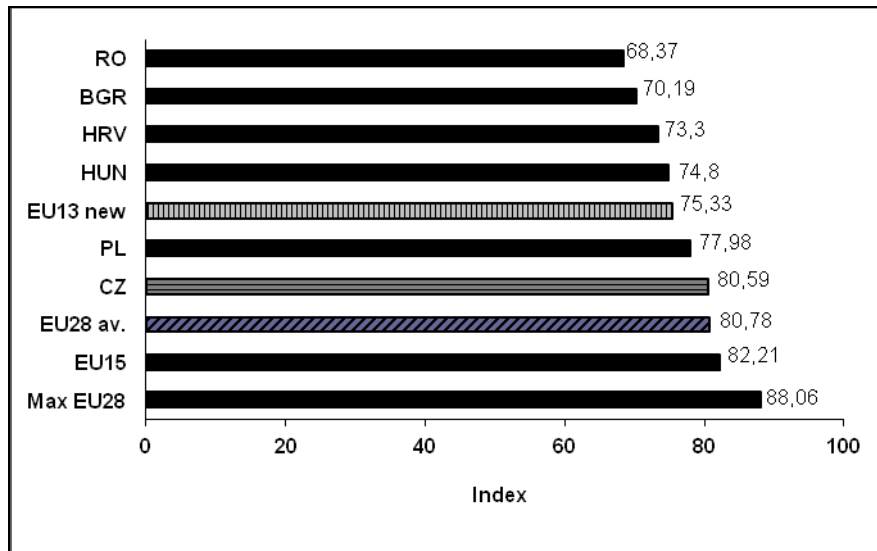
3.1 The global and the European Social Progress Index

In terms of global social progress during the last 10 years, the global hierarchy of top 10 most performing countries includes seven European countries. The 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.

The European Union does not appear as a homogenous group in the hierarchy of the 133 countries covered by the SPI 2015, but only each of the 28 Member States. However, the authors of SPI 2015 advances for the EU-28 a hypothetically score of 80.78 that would place it on the 22 world ranking. They make 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 (18th in the world) and the EU-13 a 75.33 score (32nd).

The global comparative analysis shows that while some EU-28 member states recorded very high social progress in the last 10 years (4 states) and some others high social progress (15 countries including Czech R. and Poland)) there are also countries registering upper middle social progress (7 countries). Romania, Hungary, Croatia and Bulgaria belong to the last mentioned group of countries with upper middle social progress.

Fig. 1 CEE-6: Over performers and Underperformers on Social Progress in the European Union

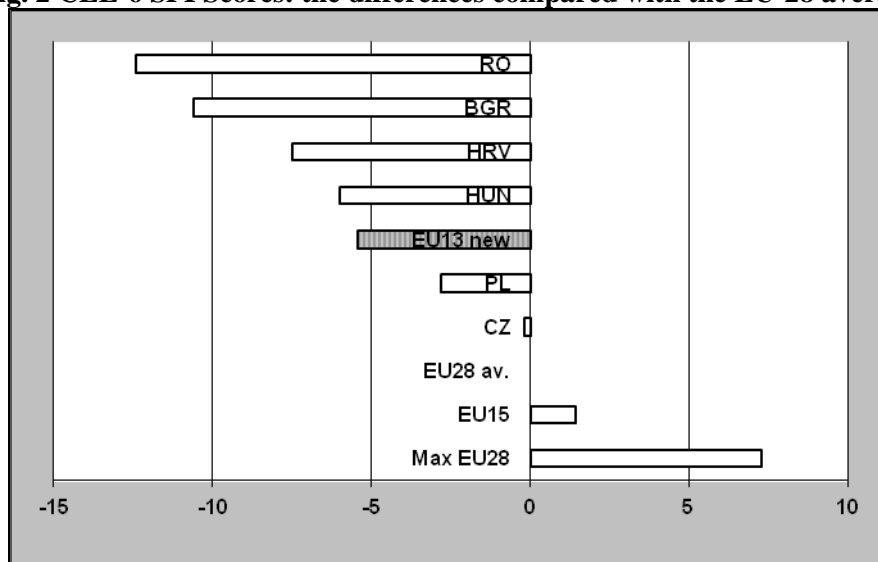


Source: the author, based on SPI 2015 data

In the overall ranking of the 133 surveyed countries in terms of social progress (Social Progress Imperative, 2015), Central and Eastern European non Eurozone members have very different positions: Czech Republic and Poland are between the top 30 countries; Hungary and Croatia rank in the top 40 countries while Bulgaria and Romania belong to the top 50 countries.

The comparative analysis on the social progress index in CEE-6 and EU-28 leads to the conclusion that all 6 countries are underperformers compared with EU-28 average (Fig.1); Czech R. recorded the smallest difference, but Romania and Bulgaria the highest compared with the EU-28 average (Fig.2).

Fig. 2 CEE-6 SPI Scores: the differences compared with the EU-28 average



Source: the author, based on SPI 2015 data

The analysis of data regarding GDP / capita reveals similar tendencies with the social progress scores: Czech R. (27,959 \$ PPP) shows the slightest difference to the EU-28 average, but Bulgaria (15,700 \$ PPP) and Romania (18,200 \$ PPP) presents the highest gaps compared with the EU-28 average.

3.2 Analysis of Social Progress Index disaggregated on dimensions and components

SPI 2015 has three dimensions: Basic human needs, Foundations of Wellbeing and Opportunity. Romania and other five CEE countries outside the Eurozone registered the best performance on Basic human needs with the

smallest differences between the analysed countries. The lowest scores were registered on the Opportunity dimension.

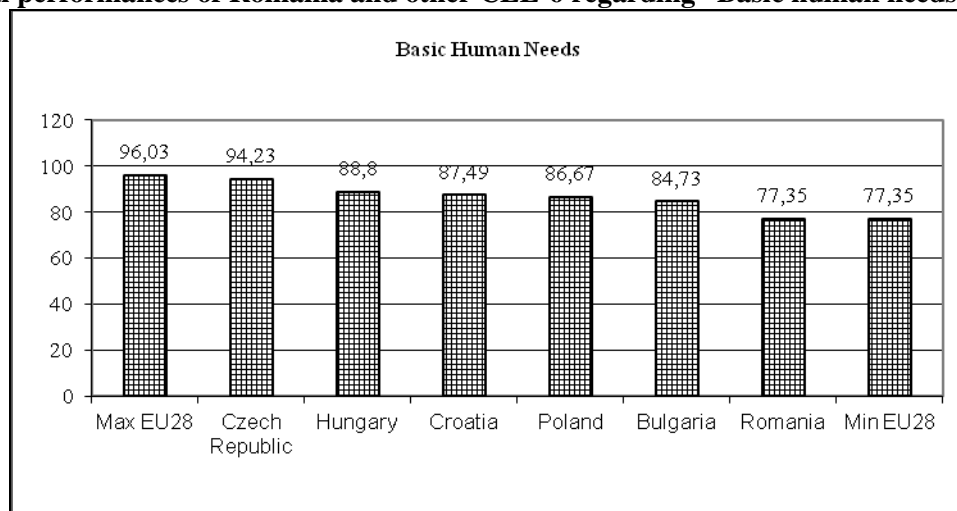
3.2.1 The "Basic human needs" dimension and its components; strength and weakness

The highest scores on Basic human needs dimension were registered by the Czech Republic, Hungary and Croatia, where the gaps against the maximum level of EU-28 (Denmark) were between 2 and 8.5 points.

The comparative analysis between the six CEE countries shows that Romania registered the lowest score which is also the minimum level in the EU-28 (Fig.3). The gap between the Romania's score and the maximum level in the EU-28 (Denmark) to this parameter is nearly 20 points and about 17 points compared to the first ranked in CEE-6, namely the Czech R.

The authors of the Social Progress Index (Porter at al, 2015) found that the Basic human needs of a nation consist of the following four components: 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.

Fig. 3 Social performances of Romania and other CEE-6 regarding "Basic human needs" of SPI 2015



Source: the author, based on SPI 2015 data

Nutrition and basic medical care: the comparative analysis between Romania and the other CEE -6 countries and EU-28 shows that of the four components mentioned above, the highest scores of countries are registered on the component nutrition and basic medical care, with slight variations between countries (about 2 points). It means that there are few problems of malnutrition and food shortages, and basic medical care is virtually assured in all EU countries. On the nutrition and basic medical care component Romania ranks 42 of 133 countries (versus ranks 50 for the total value of aggregate Social Progress Index). We can say that this is a strong point for Romania. However, there are two other indicators within the component - deaths from infectious diseases and child mortality rate - which exercise negative influence on the component' score and constitute weaknesses for Romania.

The component *Water, sewer, and sanitary facilities* registered maximum scores (100) in eight EU Member States, and 5 out of 6 CEE countries are close to the maximum level of the EU-28. Romania is far away from all the countries of comparison, registering a minimum score of the EU-28. The component Water, sanitation facilities, along with component *shelter* are the main weaknesses of the basic human needs of Romania. *Shelter* component recorded one of the lowest score and global rank (127), which means this is the weakest point on which the future Romanian social policies should focus, namely: housing available at reasonable prices as well as the quality of the available electricity.

The *Personal Safety* component: Italy registers the lowest score in the EU-28, with high levels of crime and perceptions of crime, and Romania the lowest level among the CEE-6 countries. In Romania a *positive influence* exerts some relatively low indicators' levels regarding homicide rates, violent crimes, perceived crime and political terror. But the relatively higher traffic deaths (as high as in Poland) have a *negative influence* on personal safety performance component, resulting in a lower score.

3.2.2 The “Foundations of Wellbeing” dimension and its components; strength and weakness

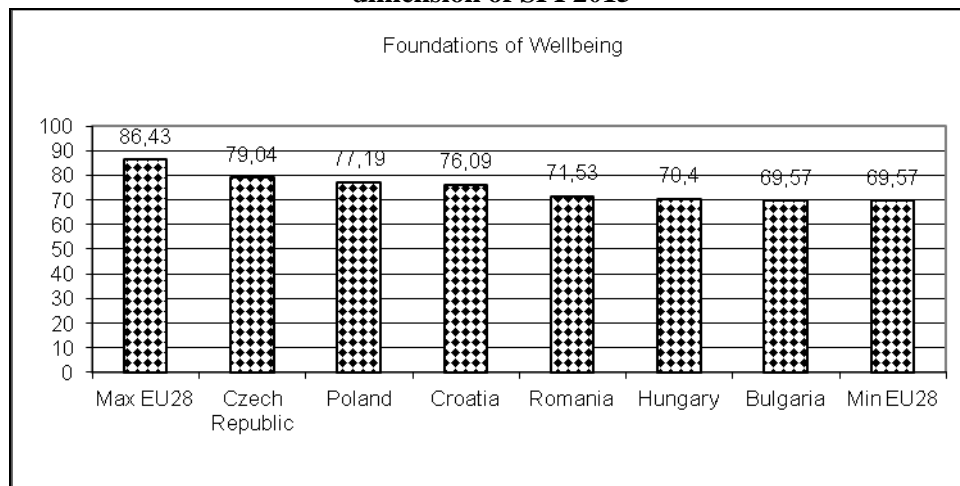
The comparative analysis between the 6 countries of Central and Eastern European non-members of the Eurozone, in terms of Foundation of Wellbeing reveals that the highest scores is recorded by Czech Republic and Poland and the lowest by Hungary and Bulgaria, the latter making the minimum level in the EU-28. On an intermediate position is Romania with a score of 71.53 points.

Compared to the highest score in the EU-28 (Sweden), the Czech R. ranks high in the Top-6 CEE on the dimension Foundation of Wellbeing, and close to Sweden with a relatively small gap (7 points).

The authors of the Social Progress Index (Porter et al., 2015) found that the dimension Foundation of Wellbeing of a nation consists of the following four components: access to basic knowledge; access to information and communication; health and wellness and ecosystem durability.

The strength of this dimension of SPI consists in the best performance on the component *Access to basic knowledge* in all 28 countries of the EU, which means relatively high adult literacy, high number of entries in the primary and secondary school, and a good parity between genders in enrolment to secondary education.

Fig. 4 Social performances of Romania and other CEE-6 regarding “Foundation of Wellbeing” dimension of SPI 2015



Source: the author, based on SPI 2015 data

The weaknesses of the Foundation of Wellbeing dimension are recorded differently by component and country: CEE-6 have health and wellness as the lowest performing component, while countries with greater economic development in the EU have the lowest scores on the component sustainability of the ecosystem.

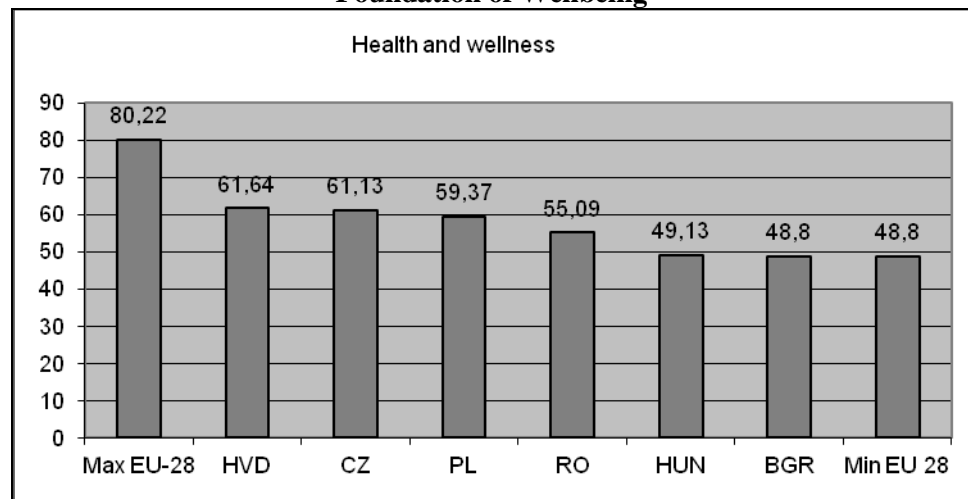
Access to basic knowledge: Spain has maximum score in the EU-28; Poland ranks first in CEE-6 with the highest access to basic knowledge, only 2 points from max level in the EU-28, followed by Czech R.; Romania registered the minimum score in the EU-28, but the gap is relatively small between max and min (less than 7 points); Romania's strength consists of relatively high adult literacy rate and enrolment in secondary school.

Access to information, communication: the scores depend on the development of the number of subscriptions to mobile phone, the number of internet users and press freedom index. Netherlands has the maxim score in the EU-28 on the component Access to information, communications (95.83) and Bulgaria minimum score, with a significant difference between these two extremes, over 20 points. Czech R. and Poland recorded the most significant progress on access to information, communication, being near the highest level in the EU-28. Romania is ahead of Bulgaria but is far from the maximum in the EU (about 18 points) having relatively small number of Internet users and mobile subscriptions; Romania's advantage is high index of press freedom.

Health and wellness: The scores of countries on this component relies on the development of indicators regarding life expectancy, premature deaths attributable to no communicable diseases (cardiovascular, cancer, etc.), obesity rate, deaths attributed to pollution outside the house and the suicide rate. Sweden recorded the max score of the EU-28 as the life expectancy is the highest (over 85 years), but other indicators levels have a negative impact on the health and wellness of the Swedish citizens. Compared with Sweden, CEE-6 recorded

very large gaps; for example Bulgaria, which is at the minimum level of EU-28, the score reaches 60% of the maximum level in the EU; Croatia and the Czech Republic, holding the top two places in the CEE- 6, have scores representing about 75% of Sweden 'score. Romania has a lower score compared with Croatia, Czech R. and Poland, and better one than Hungary and Bulgaria on the component *Health and wellness*. 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.

Fig.5 Social performances of Romania and other CEE-6 regarding the component *Health and wellness* of “Foundation of Wellbeing”



Source: the author, based on SPI 2015 data

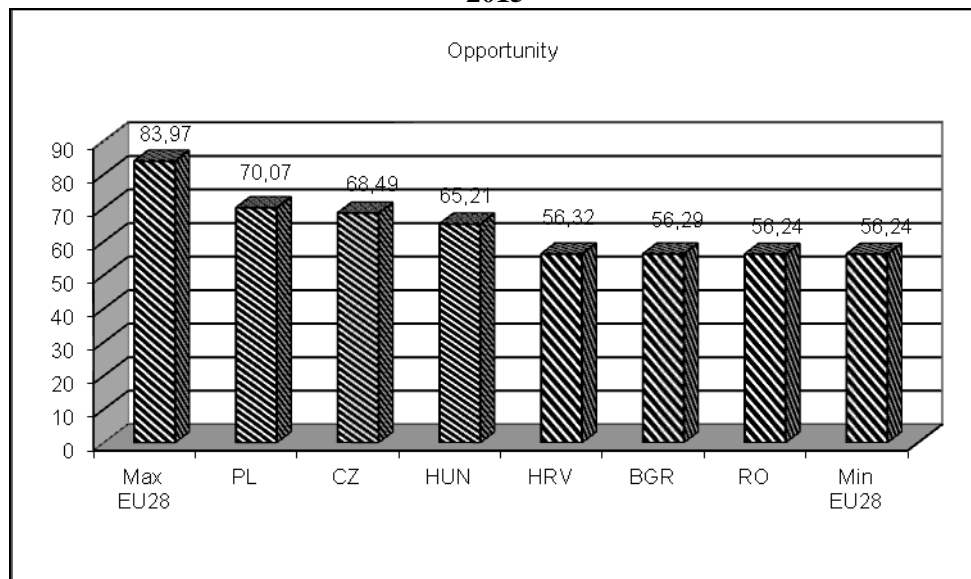
Ecosystem durability: this component of the Foundation of Wellbeing dimension was computed by the authors (SPI 2015) taking into account indicators on greenhouse emissions, water withdrawals as a percentage of total annual resources and biodiversity. The comparative analysis of the EU-28 performance on this component reveals low scores in most developed countries, so the maximum score in the EU-28 recorded in one of the new EU member states, namely Slovenia and the minimum level in Ireland (55% of the maximum level of EU-28). Czech Republic and Croatia are in top CEE-6 while Bulgaria and Hungary are situated on the last places. Romania recorded a score relatively close to the maximum level in the EU-28 (83%), with relatively low greenhouse gas emissions and high level of biodiversity and habitat. The weakness of ecosystem durability in Romania consists in water withdrawals as a high percentage of total annual resources.

3.2.3 The “Opportunity” dimension and its components; strength and weakness

This dimension of SPI measures the prospects of a country in terms of social progress. In general, the scores of the EU Member States are comparatively lower than the other two dimensions of the Social Progress Index. „Opportunity” dimension shows the aggregate size of 4 components: personal rights, personal freedom and choice, tolerance and inclusion, and access to advanced education. Maxim scores of the EU-28 are registered in UK on two of the Opportunity’s four components (namely personal rights and access to advanced education); in Finland on personal freedom and in Ireland on Tolerance and Social Inclusion.

The best performance of the CEE-6 countries is recorded on *personal rights*, except Hungary which perform better on personal freedom and choice. Romania has strengths in personal rights component, based on respect for political rights, freedom of speech and other freedoms. 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.

Fig. 6 Social performances of Romania and other CEE-6 regarding “Opportunity” dimension of SPI 2015



Source: the author, based on SPI 2015 data

Weaknesses are registered in Bulgaria on two Opportunity’s components with minimum scores- personal rights and personal freedom, and in Malta on access to advanced education. The lowest performance of the CEE-6 countries is recorded on the component *Tolerance and Social Inclusion*. 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. Corruption is one of the weakest points of personal freedom and opportunities for Romania.

4 Conclusion

The real convergence helps to reduce economic and social disparities between EU member states and contributes to raising living standards.

The goal of our research work is to compare the standard of living, in terms of quality, in some Central and Eastern European countries (CEE-6) with the EU-28’ levels and draw conclusions on social convergence within the EU, as a complement to economic real convergence.

To this end we have conducted a comparative analysis of social progress in Romania and other CEE-6 countries and EU-28 using the new global composite index Social Progress Index 2015.

The main conclusions refer to the following aspects:

- The Central and Eastern European non Eurozone states have a number of common elements, either as strengths or weaknesses, which might have originated in the common history of 45 years of communism.
- There are differences regarding some aspect of social progress, both compared to the EU-28 and between CEE-6, due to the different level of economic development, with significant differences in GDP / capita (for example 15,000-18,000 euro in Bulgaria and, respectively Romania; over 27,000 in the Czech Republic or over 40,000 euro in the most developed countries of the core EU-15).

The SWOT analysis performed for Czech R., Hungary, Poland and Romania allows us to reveal the strengths and weaknesses of social progress recorded in the last 10 years in each of these countries.

The common *strengths* we can mention for Czech R., Hungary, Poland and Romania are the following: *Nutrition and basic medical care; Personal safety; Access to basic knowledge; Personal freedom and choice; Personal rights and Access to advanced education.*

Our SWOT analysis didn’t reveal *common weaknesses for all the 4 countries*. This means that we can give some milestones to the decision makers from each country to remove their own weaknesses and to turn threats into opportunities in the future social and economic policies.

Table 1 SWOT comparative analysis of the Social Progress Index: Strengths

Strengths	Czech R.	Hungary	Poland	Romania
The “Basic human needs” dimension				
<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.	x	x	x	x
<i>Personal safety, in special:</i> Low levels of violent crimes, perceived crime and political terror	x	x	x	x
<i>Shelter:</i> housing available at reasonable prices	x			
<i>Shelter:</i> Access to Water, sewage and sanitation facilities	x	x	x	
The “Foundations of Wellbeing” dimension				
<i>Access to basic knowledge:</i> relative high adult literacy rate	x	x	x	x
<i>Ecosystem durability:</i> water withdrawals as a high percentage of total annual resources	x		x	x
The “Opportunity” dimension				
<i>Personal freedom and choice:</i> low levels of modern slavery, human trafficking, early marriages and satisfied demand for contraceptive	x	x	x	x
<i>Personal rights:</i> respect for political rights, freedom of speech and other freedoms (association, movement), as well as the right to private property.	x	x	x	x
<i>Tolerance and inclusion:</i> Women treated with respect, Tolerance for gays				x
<i>Access to advanced education:</i> woman’s average years in school.	x	x	x	x
<i>Tolerance and inclusion:</i> community network for personal safety		x		
<i>Tolerance and inclusion:</i> community discrimination and violence against minorities (low)	x	x		

Source: the author based on Câmpeanu et al, 2015

Table 2 SWOT comparative analysis of the Social Progress Index: Weaknesses

Weaknesses	Czech R.	Hungary	Poland	Romania
The “Basic human needs” dimension				
<i>Water, sewage and sanitation facilities:</i> rural access to improved water sources and especially to the improved sanitation facilities				x
<i>Shelter:</i> housing available at reasonable prices		x	x	x

<i>Shelter: Access to Water, sewage and sanitation facilities</i>				X
The “Foundations of Wellbeing” dimension				
<i>Health and physical and mental condition: High obesity and suicide rate among the population</i>			X	X
<i>Access to basic knowledge: upper secondary school enrolment.</i>	X			X
<i>Ecosystem durability: water withdrawals as a high percentage of total annual resources</i>			X	X
The “Opportunity” dimension				
<i>Tolerance and Inclusion: low tolerance for immigrants and religious tolerance. Community network for personal safety.</i>				X
<i>Personal freedom and choice: Corruption</i>	X			X
<i>Access to advanced education: low number of universities in the global hierarchy</i>		X		X
<i>Tolerance and inclusion: community discrimination and violence against minorities</i>			X	X

Source: The author based on Câmpeanu et al, 2015

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