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**SOCIAL SECURITY ALL THROUGH THE
ROMANIAN INTEGRATION INTO THE
STRUCTURES OF THE EUROPEAN UNION**

- ABSTRACT -

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Abstract of the doctoral thesis

SOCIAL SECURITY ALL THROUGH THE ROMANIAN INTEGRATION INTO THE STRUCTURES OF THE EUROPEAN UNION

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According to some authors, the history of social policies goes back up to ancient times. But, the turning point in developing modern social policies is represented by the implementation of a model on social insurances in the Germany of chancellor Otto von Bismark in the 1880s. For the first time there were tries for the foundation of a social security system based on principles other than the ones used for aiding poor people. Furthermore, it was for the first time when the modern state actually involved in the social protection of persons. At the end of the 19th century, the systems of social insurances were spread almost in all the European countries and at the beginning of the 20th century the systems of social protection increased their coverage and branched out their supporting measures for all those in need. Nevertheless, one can hardly consider these supporting measures as articulated and integrating. It is during the economic crisis in the 30s when there were numerous talks regarding the state intervention in the economy; it was analyzed state involvement in settling serious social issues. However, it is not until the end of the Second World War that the speeches of policy makers introduced the concept of “social welfare” and laid the basis of the present systems of social security in the European countries and not only.

In Romania, the revolution in 1989 marked the moment of a long and difficult transition from the centralized economy to the market economy. The switch to this new direction has triggered important changes in all the economic and social domains, both at individual level and at the level of the whole country.

By taking into consideration the above – said aspects, I have considered as suitable the start of a study that should analyze the changes occurred in the Romanian system of social security in the last 17 years, but especially the extent to which the social policies and measures taken by the state can provide the social welfare of all citizens.

Ever since the beginning of the transition period, a series of factors came up which have led to the reformation of the Romanian social policies. Consequently, the first steps taken in this reformation process are quite difficult and consist mainly in reparatory measures; the experts say that they intend to

“plug in” the holes left by the former regime with respect to the social protection and for improving the life quality of citizens.

During the years to come, the living standard in Romania has recorded a general diminution and there have appeared several social groups that are extremely vulnerable; but, the determinant factor for developing a special social protection was the formation of awareness regarding the important social costs involved by the process transition. Our study intends to analyze whether there has been taken into consideration an ample strategy regarding the social security system so that it could prevent and indemnify the adverse social effects had over the population groups at high risk or all the measures and policies taken by the state in relation to the social protection represent only the answer to certain situations of crisis.

In 2000 Romania started the process of adhesion to the European Union and the Acquis Communautaire represented one of the access criterion required for all candidate countries. Yet, the implementation of the social acquis requires a differentiated approach with respect to the responsibility and manner that is being used to incorporate this acquis into the social system of the candidate countries, in correlation to the nature of its component parts. This is due to the fact that both the legislation and the standards of the community cover a relatively narrow part, as they limit to:

- the coordination of the social security systems for the immigrant workers;
- the legislation on health and safety at work;
- the legislative framework with respect to equal chances between men and women;
- the legislation on work and working conditions;
- free movement of persons.

As it comes out of the study, additional to these provisions, the social policy represents the problem of each member state and the social security system is the result of several centuries of political efforts and development, so that the European social policy shall have to observe this range of traditions, evolutions, focal points and methods which are individual to each country and which are going to determine the action themes, the methods, means and the social and political development at European level. All these aspects are also valid for the case of Romania that became member of the European Union with full rights on the 1st of January 2007.

For a good and coherent analysis, this paper has been divided into six chapters and the final conclusions that can be drawn are presented at the end of the paper.

The first part of the paper brings in the theoretical approaches currently existing in literature; they aim at the interpretation and explanation of concepts used in this study paper. I could not leave aside the aspects that relate the economic policies to the social policies and a brief analysis of the mechanism

displayed by the market economy underlines the need to involve the state in the process of providing the social welfare of its citizens together with the forms through which this aspiration may be achieved.

By means of a succinct history, with the underlining of the main moments and stages that have led to the strengthening of modern social policies, the experts in this field have devised several patterns and typologies of the state of welfare. It may be a starting point for conducting different policies and social programs, not leaving aside the evaluation of consequences that may result from their implementation for certain states, Romania included, which are in full process of transition; it involves a reorganization and economic changes with an huge social impact.

Of course, an important part of our study includes the analysis of the European system of social security. The European integration is being accomplished unevenly between one sector and another; thus, there are domains where the European Union displays comprehensive exclusive rights (joint policy on agriculture, commerce, the policy of transports and monetary policy) and domains where the competences of the community are quite restricted, even after 50 years of existence, here included the situation of social policy.

In spite of the fact that the process of European integration relied basically on political and economic desires, as it grows to the Eastern Europe, it has become more clearly the need to take into consideration the social aspects included by this process. Consequently, there have become visible certain social aspects which are common to all the Member States and the development of ideas and talks regarding the social policy carried out by the European Union has produced several general principles on its final purpose, the most important being a decent living standard for all citizens.

At present, the European social policy is being implemented through a good relation of cooperation between each Member State and the certified bodies of the European Union, the main one being the European Economic and Social Committee. This implementation involves the observance of the principle of subsidiarity in the relations between the European Union and the Member States; this means that the European Union settles minimum standards and levels and the Member States can adopt regulations and rules above these minimum requirements. Guidelines and strategies are being established for the following year based on annual evaluations.

All through time there were voices in the European Parliament who wanted a convergence of the systems of social security currently existing in the European Member States towards a European Social Model but they received hostility from the generous systems of social protection belonging to the Member States of the EU, systems which are primarily supported by their citizens. Thus, each Member State is directly responsible for the social protection assured to its population and this gives directly the level of social welfare this population can reach.

Taking into consideration several manners used for the implementation of the social protection and some other variables, such as the dominant political ideology, the social and political culture, the level of the economic development, the social history etc., the experts in this field have identified a number of models or typologies of the welfare states currently existing in the world. Furthermore, the European Commission recommends a classification of the welfare states existing in the European Union, thus resulting four “geo-social groups”. Considering one country as representative for each of the four groups, the analysis underlines the similarities and especially, the differences among their systems. In consequence, the systems of the Scandinavian countries rely on granting of social services; meanwhile the continental countries are considered as countries of transfers, the largest weight being the social benefits under the form of money.

In order to underline the idea that, for now, the Member States are the only ones entitled to decide on their social domains, aspect that makes the difference among them especially regarding the manner used to implement the programs and the measures on social protection, I have performed a budgetary - type analysis of the social security systems existing in the 25 Member States of the European Union until 2007. The analysis includes the evolution of the indicators all through a period of 12 years (between 1993 and 2005), the aspects that have come out of this analysis are the following ones:

- in some European countries, such as Sweden, Denmark and Germany, the weight of expenditures from the GDP on the social protection is much above the European average value, while the Baltic countries display one third of the weight registered by the countries situated at the top;

- the social benefits weight the most in the social protection expenditures, more than 90% in all countries, followed by the costs for the management of social protection schemes (there are certain countries these can reach pretty high values, e.g. 4.9% for the case of The Netherlands);

- money transfers represents the main means for granting of social benefits; they are divided into 8 large functions in compliance with the ESSPROS Manual issued by the European Commission;

- at the EU-25 level, the benefits granted by the social protection schemes classified at the OLD AGE function, followed by the SICKNESS/HEALTH CARE function weight the most of the social expenditures. This aspect underlines the reality that can be noticed during the last years in Europe, i.e. an increase of life expectancy so an increase of the number of persons above 60 years old;

- at the opposite pole there are the benefits for HOUSING function and for SOCIAL EXCLUSION function which situate under 2% of the total of expenditures. I have noticed that all countries have programs, so expenditures assigned for fighting against social exclusion, but not all countries have programs focused on those persons who need a financial support for acquiring a dwelling place;

- the greatest differences are given by the means used to finance the social protection systems. There are some countries, such as Denmark, where the quotas paid by the employers and the employees are very small; the system relies on the Government contributions come from fees and taxes. But there are countries, such as the Netherlands, where the social protection relies mainly on the insurance systems.

Our study goes on with the chapter dedicated to the social policy of the Central and Eastern European countries. The motive is not surprisingly. Romania is part of this group of countries and they all have a common history, a similar economic system, based on the centralized planning. This is the reason why I have tried to grasp the direction of the social policies in this area; an analysis of the social security systems in force in some countries confirms the existence of pretty big differences among them with respect to the legislation, management, regulating procedures, defining the criteria used for granting social protection and providing the main social services etc.

As a result, the analysis of the component parts of the social protection systems existing in the Central and Eastern European countries shows that the social insurance systems had a comprehensive character and, structurally, they were almost similar to the ones existing in the Western European countries. As for the pension system, it is much similar in all the analyzed countries and this includes the retirement age, the principle of financing, the right to social services depended on the importance given to certain industries or economic activities. However, the analysis of the family services gives important differences among countries as former Czechoslovakia, Poland and Hungary which chose generous service, while in Romania there was a minimalist and extremely constrained type system.

The political regime of the Central and Eastern European countries stated as compulsory the idea of employment and the right to social protection was a derivative of the status as an employee (normally fulltime working period). Thus, the non-recognition or even the denial of the unemployment status meant practically the elimination of persons found in these situations from the social services. Except the financial support given to the spouse of soldiers in service for a determined period of time, the services for social support were irregular (occasional and exceptional financial support). With respect to the social services provided, the differences were more striking compared to the other component parts of the system for social protection. The former Czechoslovakia, Poland and Hungary developed a large range of nonresidential services for old people and handicapped persons; in Romania this type of service lacked completely.

As a result, we may conclude that, unfortunately, there are domains of the social protection system which have drawn back Romania in the classification valid for the Central and Eastern European countries, but at the same time, this situation represents the starting point for our country in the reorganization of the social security system legally existing until 1989 towards a system based on the

principles of the market economy. The old social security system is considered a residue that relied mainly on the state social insurance system and reduced as much as possible, or even ignored the system of social assistance.

Our study goes on with its most important part, i.e. the analysis of the Romanian system of social security with its two important component parts: state social insurance system and the social assistance system.

An important specific feature regarding the evolution of the social insurance system after 1989 is represented by the great number of persons who take advantage of the social benefits, not only according to the old schemes but also to the new ones, against the diminution up to half of the number of employees (and implicitly of the tax payers) in only 16 years. Consequently, the main component part of the social insurance system is represented by the retirement pensions due to the increasing number of retired persons which exceeded the number of employees at the national level in 2002. To a great extent, the present level of the retirement pensions, and especially its distribution, is determined by the specific features of the old system for the retirement pensions, also valid at present but with certain changes due to the general evolution of the Romanian society and to the economic evolution; there have been necessary some adjustments required by the change of the amount of salaries and pensions due to inflation. These are characteristics that have led to getting relatively low pensions compared to the salary level; this is the reason why the capability of the pension system is not always suitable to defend the retired persons.

In 1991, the system for the social protection of the unemployed persons was legislated for the first time. From that moment on, this system has been subjected to the most ample transformations in the whole social security system. The extension of the transition period and the reorganization of the Romanian economy made necessary the design of a new law for the system of unemployment insurance; we speak here about the Law no. 76/2002 which introduced some new benefits that represent expenditures for certain active measures viewing the stimulating of the employment in addition to the former benefits that represented only a financial support for the unemployed persons.

As for the system of social assistance accomplished by transfers, this meant the implementation of programs and measures for social protection of the underprivileged categories of persons; thus, there have been regulated a series of aids and compensations for the persons in need as a result of the persistent lack of means of subsistence or of the loss of an income source as a result of some emergency situation. But, the most important accomplishment was the implementation of the Law no. 416/2001 regarding the guaranteed minimum income which states the granting of the social aid on condition that the persons who take advantage of this aid should perform a certain amount of working hours for the

benefit of the community. All the benefits of social assistance are granted based on the inquiries carried out for testing of the financial means of the persons who ask for them.

As a result of this analysis, we are able to answer the first question raised; i.e. the reform of the Romanian social security system hasn't been thought as an ample strategy that should cover all the social domains; most of the measures and policies of social protection have been taken whenever necessary, in relation to the needs come up at some moment and sometimes as an answer to a crisis.

To go on, the directives arrived from Brussels and the ones stated by the Lisbon Agenda are benchmarks for Romania which is in process of transition to the market economy and subjected to a reform of the social policy; furthermore, the new status of Romania as Member State of the European Union forces our country to take into consideration the provisions of the above said directives.

This is the reason why I have detailed one of these points, i.e. the co-ordination of the Romanian system of social security with the European system. In compliance with ESSPROS methodology issued by the European Commission, the social protection is monitored by the social protection schemes and the services provided have been divided into 8 large functions: Sickness/Health care; Disability; Old age; Survivors; Family/Children; Unemployment; Housing and at last but not in the least, Social Exclusion. In 2004, an experimental study performed in Romania with the view to implementing ESSPROS methodology identified 26 schemes of social protection that cover all the 8 functions.

After crossing these stages, the thought to individualize the manner used to implement the social protection in a narrower framework was more than convenient and materialized in a case study in the Jiu Valley.

Generally, transition to the market economy and the reorganization of certain activities or national industries has had a negative impact over the social and economic life of people. This is also the case of the Jiu Valley area, formerly considered the most important coalfield of the country. In this situation, the reorganization of the extractive industry relied on criteria which intended to diminish the economic costs to make more profitable the mining operations. The authorities have chosen to diminish the personnel working at those mines so as to reorganise this industry. Consequently, there followed group dismissals. What followed next were a large number of unemployed persons, with no other working alternatives (due to the monoindustrial character of this area) and high social costs which nobody envisaged so they were not taken into consideration.

Our case study for the situation of the Jiu Valley intended to analyse how state and all those involved in the taking of decisions reacted through their policies of social security in case of the crisis occurred in this area. The conclusions that have come up are the following ones:

- The first measures taken by authorities with respect to the social protection were the compensatory payments granted for the persons that left the mining industry. But, during the first months after the implementation of the Ordinance no. 22/1997 an increased number of dismissed persons, above any expectations, was recorded due to these amounts of money put together with peoples' fear that mines would close sooner or later and they were to lose their jobs.

- The lack of any working alternative in the Jiu Valley (situation never considered by the state authorities at the moment when they started the process of reorganization) meant that most of the dismissed persons could not find a working place after the unemployment benefits come to an end. Thus, the persons in need continued to get some form of financial support through the supporting allowance; at the beginning this support was given for a period of three months but the deadline was extended to eighteen months;

- For a short period of time, this supporting allowance represented a measure for the social protection of needy persons but it did not create dependence of the state financial support due to its low amount. It was not able to cover the people's needs for the everyday life.

- But crisis came up when the period assigned for granting of all legal forms of social protection for the unemployed persons ended; it involved hunger strike of a large number of persons brought to despair. The state authorities responded with the granting of the emergency aids in accordance with the Government decisions. The precedent was created and more dismissed persons resorted to this form of protest; consequently, there went on the granting of these emergency aids at their pressure.

- This mechanism adopted by the protesting persons of the Jiu Valley gave birth to a crisis situation. The state authorities took the decision to go on with the granting of the financial support which had no clear legal framework. As a result, there have been developed the solidarity allowances granted based on social inquiries; their purpose was to determine both the number and the situation of the recipients. The Emergency Government Ordinance no. 118/1999 regulated these status of allowances and thus appeared the National Solidarity Fund; the purpose of these allowances was to grant financial support to all the persons and families found in extremely difficult situations (health problems or other well-grounded situations). The social aids have added to this form of social protection. Law no. 67/1997 has regulated social aids and intended to support both the persons and the families whose income is under a minimum threshold. At that time, the state didn't guarantee the minimum income so for most of the time, the amount of the social aid was totally insufficient to cover at least the everyday subsistence of the persons who applied for these aids.

- Even if arrived later, the Law no. 416/2001 regarding the minimum guaranteed income has brought some hope for the inhabitants in the Jiu Valley. Consequently, there has been decided the granting of social aid based on social inquiries that analyse the existence of financial means. What this law has brought as novelty is the requirement to carrying out a certain amount of working hours for public service. On one hand, the great number of persons who have taken advantage and still take advantage of this law has proven the necessity of such a law; on the other hand, in the absence of any alternative, this is the means to support the disadvantageous categories of persons in the Jiu Valley.

- The measures regarding the financial support are an important part of the social protection granted for the inhabitants of the Jiu Valley but they haven't been able to settle the real problem: the shortage of the working places. That is why a series of programs, projects, strategies and measures have been devised with the view to creating new working places and stimulating the employment. In spite of the fact that the results gained after their implementation haven't had the envisaged effects, we consider that this is the only mechanism to solve the current problems of the Jiu Valley and of its inhabitants.

At the end, we can say that during the last 17 years Romania has seen several legal provisions on the social policy, specific to the market economy which added to the already existing components of the social insurance (for example, the insertion of the unemployment benefits and of the minimum wages), together with other regulations which are part of the social protection, such as the minimum guaranteed income, different allowances for families, handicapped persons, etc. Nevertheless, it has not been reached that level of the social policy aiming at the social and economic development that should provide a high living standard, comparable to the one in the Western European countries. Consequently, Romania has to go on with the reformation of its social security system, first of all taking into consideration the social needs of its citizens and secondly, the regulations and the directives launched by the European Union for the social domain.