

# **A Decade Later: Understanding the Transition Process in Romania**

## **National Human Development Report Romania 2001-2002**



UNITED NATIONS DEVELOPMENT PROGRAMME - ROMANIA



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## Foreword

This is the seventh Romanian National Human Development Report (NHDR) in a series that started in 1995. During each of these years, UNDP has analyzed a key human development theme, in order to shed light about pertinent and relevant issues, and to be a voice for people's concerns, encouraging policy dialogue between governmental and non-governmental circles. With this perspective, we have chosen to examine the unique process of transition which Romania has been experiencing and from which many lessons have been learned, and to examine the possibility of using this knowledge for the formulation of future policies. This year's NHDR is dedicated to analysing the complexities and challenges of the transition processes.

This 2001-2002 NHDR attempts to offer a contribution to the understanding of the transition process in Romania, stressing the need for a more systemic policy approach and a built-in capacity for change management. The Report highlights the most important trends in the economic, political and social dimensions, as well as the impact on human development.

The message of this Report is that, in a process as complex and intertwined as the Romanian transition experience, good governance and effective management of public resources can be a tactical means to accomplishing people-focused primary ends. The Report also shows the most relevant policy implications of the transition process for human development and for policy-makers, and their mandates to promote the necessary institutional changes.

The NHDR 2001-2002 builds on past NHDRs and thinking, and thus substantially broadens and deepens the analysis of issues. By doing so, UNDP hopes to encourage more public debate and discussions among governmental and non-governmental circles about key lessons from the previous decade, as well as critical issues for the future. As in previous NHDRs, the basis of this Report is the belief that even in the context of a difficult transition process, politics and strong civil society participation can be mutually reinforcing. In addition, the values and ideals of human development can contribute to good policies in the context of transition.

In looking towards the next decade of transition, the NHDR 2001-2002 puts in perspective the lessons of the past and identifies key policy areas. This modest proposal does not pretend to offer a single, universally applicable recipe to Romania's challenges ahead. Instead, the proposal consists of a set of policy guidelines that can help place some key issues back into the public agenda.



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The preparation of the National Human Development Report 2001-2002 for Romania was part of a process that started in early 2001. Contributors, UNDP Staff, and international advisors came together and conceptualized the theme and issues to be analyzed. A group of talented researchers and analysts contributed with inputs. The NHDR benefited from contributions from seasoned Romanian scholars, as well as young emerging talent. Their perceptions, product of different historical references, were combined to further enrich and broaden the scope of analysis.

During the final stage of preparation UNDP colleagues were particularly helpful and supportive. The author wishes to thank Ruxandra Stan and Tatiana Stoian. The preparation of the Report would not have been possible without the support and valuable contributions from IMAS.

The author is especially grateful to Winston Temple, who as UNDP Romania Resident Representative, guided and inspired the preparation process of the NHDR Romania 2001-2002.

Thankful for all the support that the NHDR team has received, the author assumes full responsibility for the opinions expressed in the Report.

Gerardo D. Berthin

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## Overview: Understanding a Complex Process of Transition

The National Human Development Report (NHDR) 2001-2002 for Romania offers a contribution to the understanding of transition processes, stressing the need for a more systemic and virtuous policy approach, as well as a built-in capacity for managing change and complexity.

The main goals of the 2001-2002 Romanian NHDR is to show the problems that the civil society, the state, the international organizations and the private sector have to face when going through different transition processes simultaneously. Romania is a particular case and an ideal research laboratory to understand the process of conceiving a new idea about the State, human development policies, a new civil society and respectively a new public agenda. Having been one of the most closed Eastern European countries prior to 1989, with one of the most authoritarian political systems, with a strongly declining economy and with a population subject to all sorts of deprivations, the Romanian transition experience provides an excellent source to learn lessons.

Under circumstances where multiple transition is occurring and where there are expectations, priorities and commitments to fulfill to a host of external and internal actors, attention is often diverted from the most fundamental objective of transition; human development. In as much as observers of transition process have become accustomed to think of them as linear events, with defined goals such as market economy and democracy, in reality as the Romanian experience confirms, they are far more complex and intertwined with an array of endogenous and exogenous factors.

In the Chapters that follow, this Report analyzes the Romanian transition experience, as a product of a complex web of interactions containing a high degree of uncertainty and linkages. Transition processes, like the Romanian one, have a time line of their own, and sociopolitical conditions and a host of unique factors determine the initial policies that, together with other uncontrollable external developments, shape the rhythm and dynamic of the process. This is why Romania's transition experience can be described as frenzied, fragmented and with multiple objectives and pressures.

During the decade Romanian policy-makers designed comprehensive economic programmes to respond mainly to external agreements, in which stabilizing, liberalizing, and restructuring goals were set and on that basis some basic policies were implemented. The entire process produced general discontent in various sectors of the population. First, because of the challenging initial conditions in Romania, in which after the violent death of Ceaușescu, political forces were not able to rally broader support. And second, ensuing unfavorable external developments (especially the collapse of trade within the Comecon, stabilization and structural adjustment agreements with multilateral donors), made consensus and dialogue virtually impossible.

Predictably, the intensity of these currents of discontent was directly proportional to the adversity of initial conditions and external developments, as well as policy choices of the governing regimes. Therefore, the key to understanding the interaction between the political and economic dimensions of transition in Romania is to focus on why political breakthroughs and impetus gave way to politics as usual, instead of political leadership. Thus, the level of readiness of the population to accept transition reforms was proportional to the level of political capital of governing rulers.

Introduction: There has not been any major change to Romania's human development profile from what was reported in the 2000 National Human Development Report (NHDR). However, the impact of the transition process continues to be reflected in Romania's latest overall human development trends.

Romania's Human Development Index (HDI), constructed and reported every year since 1990, measures average achievements in human development in one simple composite index. The value of the HDI is used to rank and to compare countries and trends. For example, in 2000 Romania's HDI value equaled 0.770, which ranked Romania in the 64 position among 174 countries. In 2001, Romania is still ranked in the upper tier of countries with medium human development, although its HDI value has slightly increased to 0.772. This HDI value puts Romania at a virtual tied with Bulgaria (ranked 57) in the 58th place of 162 ranked countries. In 2001, Romania is ranked right above the TFYR Macedonia (ranked 60 with 0.766 HDI value) and two places below the Russian Federation (ranked 55 with 0.775 HDI value).

Among a group of selected countries from the region, Romania's human development profile since 1990 is the most stable although it also shows a continuous declining trend. Whereas during the same period Turkey and Hungary have experienced a significant human development progress, Bulgaria, Russia and Romania have experienced a decline in their HDI values.

Romania's transition impact on its human development profile becomes even clearer, when it is analyzed in the context of the 13 countries that are considered candidates to join the European Union. Among these countries, Romania would be ranked in the 12th position, on top of Turkey, but tied with Bulgaria.

A balance sheet of Romania's human development during the last decade of transition shows both progress and setbacks. For example, since 1980 the mean years of schooling for students aged 15 and above has increased from 7.8 to 9.5 years. However, the school population has declined by 20%. Also, since 1990, the average annual change in consumer price index has been reduced by 60%. However, the minimum salary has fallen dramatically from its 1989 level, and the proportion of those earning the minimum salary or close to it has increased sharply. Moreover, despite 8 electoral processes during the decade, the transition in Romania was accompanied by an explosive increase in poverty. Electorate participation has been gradually declining and the democratization process has not been decentralized to intermediate levels of government.

Chapter 1: The transition to a market economy in Romania has been slow, erratic and marked with recessive effects. In this dimension, overcoming the industrial policies from the past, making the transition from a centralized to a market economy, competitiveness and bringing substantive changes to Romanian managers and enterprises have been the greatest challenges.

The Romanian economic transition experience provides various lessons. For example, that initial conditions at the start of the transition process generally determine the results and outcomes. The priority of industrial policy in the last decade of socialism in Romania, for example, was to continue to invest in industrial objectives. However, of less importance was considered the modernization of existing technologies, which together with a drastic decrease in technology imports, made many industrial enterprises become almost economically unfeasible after the transition.

Another important lesson coming from the Romanian experience is that during a transition process a coherent industrial policy is a requisite to pilot existing conditions, and articulate them with new inputs. For example, the share of industry in Romania's GDP decreased from 46% in 1985 to less than 28% in 1999. However, its contribution to the export sector is still decisive. In 1997 and 1998 respectively, 97% of the value of exported goods in Romania was produced in the industry sector, while in 1999 the figure was 95%.

It is fair to recognize that free markets can provide the most efficient mechanism for the exchange of goods and services, impersonally matching supply and demand, bringing together buyers and sellers, employers and workers, and constantly setting and resetting prices so that the economy works at peak efficiency. Similarly, that free enterprise provides a mechanism for unleashing human creativity and entrepreneurial ability. However, as the Romanian case demonstrates, barriers often stifle the market, many encouraged by government regulations or lack of strategic and systemic policy response. The Romanian experience also confirms that markets are not automatically or inevitably people-friendly.

The right combination of macro and micro economic policies, along with fiscal and monetary policies can ultimately determine the path towards, and success of, market-oriented reforms. In Romania, initially the IMF recipe was unable to control inflation. Throughout the decade the government was forced to take additional measures, to control inflation and reduce the fiscal deficit. At the same time, the government was forced to decrease subsidies for key sectors of the economy (i.e., agriculture, mining, industry) and as a result there was a rapid decrease in real wages (40% during the first 3 years of the transition). Moreover, in spite of the privatization measures taken in the public sector, very little growth was registered and instead the debt and the budget deficit has continuously shown increasing rates.

In addition, the governmental industrial strategy, whether it was based on incremental techniques (1992-1996) or measures of bankruptcy and liquidation (1997-1999), was not successful in prioritizing key sectors or activities. Thus, the overall volume of the manufacturing industry production recorded a constant decline (except between 1995-1996).

In spite of mostly negative trends throughout the decade of transition, Romanian policy-makers managed to generate transformations in many key areas of the economy. The overall results, however, were mixed. For example:

- By 1994, more than 80% of the arable land owned by co-operative farms were returned to their real owners
- There was an increase in exports, especially between 1992-1995 but there were continuous fluctuations thereafter
- The Industrial Production Index (IPI), decreased almost by 50% between 1990-1993, it showed some signs of recuperation by 1997, but in 1998 the IPI declined again
- As far as GDP, three phases can be distinguished during the decade: 1) Between 1991-1992, characterized by a decrease of 21%; 2) between 1993-1996, characterized by an increase of 17%, and 3) between 1997-1999, characterized by a decrease of 14%
- The number of employees in the decade decreased by 44%, noticeably the great brunt of the impact being absorbed by the agricultural and construction sectors
- The share of GDP changed dramatically in a decade. Whereas the public sector contributed more than 80% in 1990, in 1999 it only contributed 38%. Similarly, the private sector's contribution to the GDP in 1990 was a mere 16%, while in 1999 it has grown to over two-thirds.

The industrial sector in Romania must continue to undergo complementary reforms to address various incomplete processes. For example:

- Completion of privatization and closing down state enterprises which are not viable; restructuring, modernization and refurbishment of current stock of enterprises; adaptation of industrial activities structure; and structural adjustment of foreign trade;
- Currently, Romania has a basic legal and institutional framework necessary to regulate the market competition rules. Despite the existence of these means, however, they are not functioning well yet and cannot fully guarantee a competitive environment in the economy;

- Attention has been frequently focused on the importance of building a sound macroeconomic, political, and legal environment. However, macroeconomic conditions, while necessary, are not sufficient to ensure a prosperous economy and progress in human development;
- The microeconomic foundations of productivity rest on two interrelated areas: the sophistication of company operations and the quality of the microeconomic business environment;
- The pre-transition period contributed to the depreciation of certain fundamental values, not only the managerial and entrepreneurial ones, but also the socio-political ones as well. Moreover, the last decade of transition had its own contribution to the permanence and value of pre-transition elements, as its chaotic approach brought confusion, mistrust and doubt. In Romania, modern business values still coexist with reminiscences of pre-1989 era;
- At this stage of the transition process, six goals are strategically significant for improving management leadership in Romania: 1) transforming managers from administrators of crisis to initiators and leaders of the transition process; 2) encourage the creation of agents of change; 3) build capacity to react rapidly and effectively to environment changes; 4) improve the quality of global thinking; 5) valuing competition; and 6) internalizing social responsibility and systemic thinking.

Chapter 2: Neither a market oriented economic model nor human development can be envisaged in Romania without the strategic participation of the State. The State and society must work out something in the nature of a “political rationale,” or an expression of a “collective compromise” that reconciles the criteria of a market oriented economic formula developed through awareness of human development, and the criteria of values that win the support, even if it is not unanimous, of broad sectors of the political community.

One response to the question of, why Romania has been unable to promote and sustain human development over the last decade, would be because democratic governments have been unable to create, organize and manage decision-making systems that help identify problems, formulate policies, implement activities in pursuit of policy goals and sustain these activities over time. More successful transition experiences in the region and elsewhere indicate that contrary to conventional wisdom, the State there has played a strategic role in the transition process, as an organizer, promoter and chief architect of the policy response to a multitude of challenges.

The Romanian transition experience in the political and governance area shows that the absence of clear visions and integrated strategies may partly explain why the results of the reforms have tended to be overwhelmingly disappointing. There is evidence that shows that governments in Romania selected “off the shelf” reforms derived from one set of assumptions (implicit or explicit) at the same time they selected other reforms based upon quite different, or even directly contradictory premises. The political and administrative leaders made these selections hoping that all the changes to work well together. Yet in practice the sets of reforms not only have not worked together but at the same time the interactions also have proven to be mostly negative.

For transitional regimes, like Romania, the challenge for the political and governance reforms is to restore some legitimacy to government. The values inherent in a new political system must be institutionalized first, to be followed by more market-oriented policies. Similarly, the politization and extreme arbitrariness of the old system must be purged from people's minds before a more decentralized administrative system can be legitimate.

In the grip of pressures to reform, the trend for transition processes is still to make the State revert to those functions over which it exercises a statutory monopoly and leave the regulation of economic activity to the market place. However, as the Romanian experience clearly shows, market oriented policies tend to ignore people and values. The market-place works best when it can be constrained by law and institutions, thus the role of the State becomes a key component of the process. For that reason, and more so in the context of a complex transition process, a reform of the State that relies more on the redefinition than on the reduction of its power must be designed and implemented in Romania.

Political and governance reforms in the context of transition, take place in many dimensions, such as the State apparatus, public administration, political system, and democratic institutions. In Romania, the political and governance reform effort in the last decade has been rather fast and effective in setting the basic framework for democratic electoral politics. However, the democratic transformation and restoration of the State in Romania has been much more slower. This has had a tremendous effect with the population, which has begun to systematically question the credibility and efficacy of the new democratic political system in place.

The State indeed can facilitate interaction between government and political communities to encourage human development and reduce poverty. There are two key aspects of this role: reducing obstacles to collective action and encouraging greater cooperation. To forge these ties, the State can initiate programmes that build up the assets of people and make public services more accessible. The Romanian case confirms that institutional change is considerably more difficult in highly unequal settings. This is why, one of the most important lessons from the Romanian experience in reforming the State is, that it is not enough to argue that the State must be alive in the transition process. It is also necessary to find ways to increase its profile and to lay down the architectural groundwork for a new type of democratic State.

There has been some progress in decentralizing governance in Romania, from capital cities to regions, counties, municipalities and communes, as a means to reform the State and promote better governance. However, taken together measures have been limited. And, despite the impressive number of legal instruments, most do not share yet a clear management public sector vision. These laws have also created several vertical and horizontal unbalances, in terms of resource distribution, decision-making approaches and roles and functions. It is not clear who gets what, and whether distribution policies have a clear objective (production, revenues, taxes).

Romania has taken some significant steps in redefining the scope of government. Pre 1989, Romania had the largest number of ministers of any centrally planned economy outside the Soviet Union. Since 1990, the number of Ministries has fluctuated between 15-24, with a more than 20 specialized agencies. Although this consolidation has been helpful, government remains excessively fragmented. Other major challenges facing Romanian public administration reform are that there are too many agencies, with excessive duplication of tasks and outputs, and almost impossible to coordinate.

Like in the economic dimension, one factor that affected Romania's political transition was the initial conditions, or the starting point. Not only was the Ceausescu regime's legacy, under all aspects, a heavy burden to carry, but also the post-communist transition process has been largely led by a reformist segment of the former bureaucratic elite, which was not entirely disbanded after 1989. To this, one must add the formation of an embryonic party system, which continues to evolve and consolidate. Furthermore, additional reforms are needed to better articulate the Constitution, with the electoral system, political system and democratic representations mechanisms. The whole issue of proportionality vs. uninominal representations needs revision, and the result necessarily would have to involve decentralizing democratic practice to the intermediate levels of government (i.e., county, prefects).

In as much as distrust in government is a phenomenon being experienced even in advanced developed countries, for a country in transition like Romania such a negative perception has important meaning. Not only does it generate apathy from potential civil society constituencies, but also it tends to fragment and weaken small emerging community networks. For Romania, the emergence of civil society has involved a long and arduous process, which is not at all completed. NGOs/CSOs in Romania continue to consolidate their role as service providers, and to further expand their operations from larger more urbanized areas to the more rural and smaller communities. However, civil society activity continues to be mostly donor-driven, with little room for independent programming, project formulation and self-evaluation capacity.

The Romanian transition experience in the political and governance arena during the last decade tosses very unique lessons. For example:

- The scope of change has been exceptionally large, in that both political and economic systems are simultaneously the target of change. This has translated into an extreme information overload for decision-makers, in which errors and delays had to be expected, especially since decision makers had to work with a public administration largely inherited from the old regime.
- Romania's experience of a sudden shift from a clearly non-democratic regime to a mass democracy is also quite distinct from any other pattern of democratization, which historically has featured a more gradual extension of suffrage under limited democracy until mass democracy became the new reality.
- The role of the mass media, or more precisely the interaction of the mass media's role with the transition process and society at large, has also been unique in Romania. There was a sudden increase in the public's exposure to negative mass-media coverage, and viewers often mistook the increased visibility of undesirable phenomena like crime, corruption and poverty for their true growth. This "visibility effect," absent in other democratization experiences, encouraged unfavorable assessments of the whole transition and, consequently, influenced electoral outcomes and the subsequent direction or pace of the economic transition.
- Ultimately, irrespective of which path is taken, political and governance reforms must focus beyond organizations and training, and be as comprehensive as economic reforms. Governance reforms have to be reflected in organizations that are better able to carry out the responsibilities assigned to them. Most public sector organizations that perform well after a reform are the ones that have working cultures stressing flexibility, problem solving, participation, teamwork, shared professional norms, and a strong sense of mission.

Chapter 3: If the goal of the transition process is human sustainable development, the only viable strategy must be aimed at replenishing and regenerating all forms of capital. The policy implications of such an objective are profound. To begin with, sustainability would not mean sustaining present levels of poverty and human deprivation. Instead it would have to mean re-examining wide disparities within the society, strengthening health care and educational systems to guarantee more accessibility and better quality, and designing and implementing a dual environmental policy to manage current needs and protect future resources.

During the last ten years, the transition process in Romania has generated an array of changes, both demographically and socially. Demographically the most interesting were:

- From 1992 (the latest census year) to 1999, the total population of Romania decreased. The most important cause seems to be a decline in the birthrate in combination with an increased death rate.
- Between 1993-1998, more than 120,000 Romanians emigrated while over 38,000 repatriated.
- Only a slight increase in urban population can be noticed from 54% in 1991 to 55% in 1999. Related to the urban/rural ratio is the rate of internal migration, which shows an increase from 11.3 in 1990 to 12.3 per thousand inhabitants in 1998.
- The female/male population in Romania shows some slight but significant changes. In 1990, 50.7% of the Romanian population was female, while by 1999 this figure increased to 51.1%. This trend can be explained mainly by an increase in overall women's life expectancy.
- The average family size in Romania has shrunk, as the number of smaller households (1-2 people) has grown while the larger households (3 to more than 6 people) have continued to decline.
- In 1998 there were 40% more entrepreneurs and 40% more self-employed in Romania than in 1992, while the salaried employees decreased by 25% in the same period. Of major significance is the increase of non-remunerated family laborers, whose number grew eight times between 1992-1998.

Social stratification also changed during the last ten years in Romania. The Romanian experience has confirmed that economic, political and social transformation processes have tended to exacerbate basic human deprivations. Under these conditions, people in Romania have developed survival strategies to cope with the lack of basic human needs such as food, shelter, education and health.

Some of the most important socio-economic changes that can be highlighted are:

- The transition in Romania was accompanied by an explosive increase in poverty. In 1989, an estimated 7% of the population was poor. By 1994, the poverty rate ranged, according to the methodology employed, between 22%-39%. A second wave of impoverishment began in 1997 and by 1999 the poverty rate had reached 42% (an increase of more than 60% over the 1995 rate), while extreme poverty doubled over the same period.
- During the first years of transition, income inequality rose by approximately 50% above its 1989 level. The income differential between the richest 10% of households and the poorest 10% continued to rise; the incomes of the top 5% on the average exceed those of the poorest by a factor of more than 15.
- The minimum salary, intended as a basic guarantee of the dignity of labor and the welfare of the workers, has fallen dramatically from its 1989 level, and the proportion of those earning the minimum salary or close to it has increased sharply.
- Over the past decade the labor market in Romania has shrunk and people have experienced for the first time in many years a sense of insecurity and uncertainty about employment prospects.
- Since 1992, employment policy expenses in Romania increased more than 200 times from 44 billion ROL in 1992 to more than 9,400 billion in 2000. The brunt of these expenditures, on average more than 75% of total during the decade, can be accounted by passive policy expenditures, such as unemployment benefits, support allowances, professional reintegration allowance and severance payments.
- The unemployed re-absorption onto the labor market in Romania during the last decade has not been a systematic one, despite legislation, financing and intervention of international development assistance.
- The State Social Insurance System incorporated in 1991 all other independent insurance systems, thus increasing the pressure on the social insurance budget, which registered a deficit throughout the decade.
- Currently, the social insurance and pension situation in Romania remains uncertain, not only because of the lack of a more coherent policy framework, but also because there are more pensioners and fewer contributors.

Health care reform in Romania has progressed, and has been relatively successful in tackling the challenges of primary care. The challenge is now to replicate such success for the secondary and tertiary dimension, under new tight budget conditions.

Similarly, the reform in the educational system has continued at a much slower pace, including attempts to decentralize financial matters and some decision-making areas. Nonetheless, school capacity in Romania is not being optimized adequately nor is it being given appropriate inputs and resources.

During the transition process, the environmental policy in Romania has not been on the top of the political and economic agendas. The overall environmental infrastructure has been considered to be in better shape than in various other countries in Eastern Europe, but it still lags behind the standards of the European Union.

The European Union annual progress reports (1999 and 2000) on pre-accession, have underscored the small progress made by Romania in the area of environmental policy and legislation, including the approval of the law that made possible the creation of the Environmental Fund. Similarly, after 1989, many legislative initiatives were introduced for the environment protection based on the principle of "human solidarity and common interests." And, Romania has also joined a series of major international conventions concerning the protection and the conservation of environment, including the Kyoto Protocol.

European Union accession for Romania and harmonization in the area of environmental policy involves acquiring in a relatively short period of time the necessary institutional, cultural and financial mechanisms. In a sense, the harmonization process becomes an opportunity for Romania, to organize its environmental institutions and procedures, and to train personnel to interpret, implement and monitor activities. However, it also puts an added burden to the transition process, as it requires major specific resources assigned for environmental policy

Chapter 4: As more lessons continue to be generated by the various transition experiences, like the Romanian one, the challenges of transforming economic and political structures have to be matched by innovations in policy to turn opportunities into human development advances. If policy-makers, in partnership with civil society, are able to compromise in a renewed strategy effort, such a process could be a new source of dynamism, which could, in turn, make it possible to enhance opportunities for human development.

Romania is entering a new decade of transition under the burdens of the previous decade of transition: the recurring economic recessive inertia, the liability of an incomplete State and governance reform, the basic discrepancy between the structures of international demand and the nature and composition of Romanian exports, and an accumulation of lags and shortcomings from the pre-transition process which have led to legitimate but unsatisfied demands, especially by low-income groups.

However, there are also important lessons to take into account as the transition process enters its second decade. The most important perhaps is that, there has to be a comprehensive strategy in place to manage the sometimes frenzied, fragmented, multi-objective and pressure process of transition. During the next decade of transition, there are some crucial policy-areas that need to be tackled. UNDP has drawn an agenda for action. This modest proposal does not pretend to offer a single, universally applicable recipe to Romania's challenges. Instead, the proposal consists of a set of policy guidelines that can help to put some issues back in the public agenda, as well as provide new inputs to discuss their feasibility. Among some of the key policy areas that have been identified are:

- Ensuring quality of economic growth
- Strengthening a Romanian democratic model
- Civil Society engaging constructively policy-makers
- Moving from fragmented to systemic change
- Designing a strategy for multidimensional change
- Encouraging systemic thinking to improve organizational performance
- Changing the traditional concept and expectations of leadership



# Introduction: Understanding Romania's Transition Process a Decade Later

## Understanding Romania's Human Development Profile in the Context of a Multiple Transition Process

There has not been any major change to Romania's human development profile from what was reported in the 2000 National Human Development Report (NHDR). However, the impact of the transition process continues to be reflected in Romania's latest overall human development trends. Romania's Human Development Index (HDI), constructed and reported every year since 1990, measures average achievements in human development in one simple composite index. The value of the HDI is used to rank countries, and to compare countries and trends. For example, in 2000 Romania's HDI value equaled 0.770, which ranked Romania in the 64 position among 174 countries.

There has not been any major change to Romania's human development profile from what was reported in the 2000 National Human Development Report (NHDR). However, the impact of the transition process continues to be reflected in Romania's latest overall human development trends

### Box 1

#### The Human Development Index (HDI)

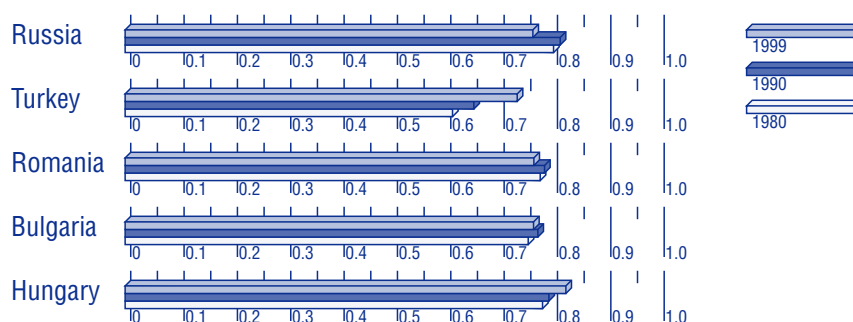
Since it first appeared in the First UNDP Global Human Development Report in 1990, the Human Development Index (HDI) has been rather successful in serving as an alternative measure of development, supplementing economic indicators. It has three distinct components: indicators of longevity, education and income. Within the boundaries of these three components, the HDI has served to broaden substantially the empirical attention that the assessment of development processes normally receives.

However, the HDI must not be seen narrowly as an attempt to focus on a crude index and to catch in one simple number the complex realities of human development. Rather, it should be seen as one of many components, which together provide the necessary inputs to analyze opportunities and obstacles for more human development policies. This is why HDIs have always been accompanied by extensive analysis, a wealth of additional information and by a focus on one social, economic or political feature that influences the nature and quality of human life.

In 2001, Romania is still ranked in the upper tier of countries with medium human development, although its HDI value has slightly increased to 0.772. This HDI value puts Romania at a virtual tied with Bulgaria (ranked 57) in the 58th place of 162 ranked countries. In 2001, Romania is ranked right above the TFYR Macedonia (ranked 60 with 0.766 HDI value) and two places below the Russian Federation (ranked 55 with 0.775 HDI value). As can be seen in Figure 1, among a group of selected countries from the region, Romania's human development profile since 1980 is the most stable although it also shows a continuous declining trend. Whereas during the same period Turkey and Hungary have experienced a significant human development progress, Bulgaria, Russia and Romania have experienced a declined in their HDI values. In 1980, Russia and Romania would have had the highest values among these selected countries. However, in 1999 Hungary's HDI value is the highest. These differences result from a combination of factors, but the policies that were

Figure 1

#### Human Development Index Trends



pursued in each country could be considered a major determinant. Romania's transition impact on its human development profile becomes even clearer, when it is analyzed in the context of the 13 countries that are considered candidates to join the European Union. As can be seen in Table 1, among these countries, Romania would be ranked in the 12th position, on top of Turkey, but tied with Bulgaria. Of these 13 countries, 9 would be in the high human development category, while 4, including Romania in the medium human development category. Most of these countries have been pursuing reform policies during the last decade. However, the impact of these processes has been different in all these countries. The HDI value of a country shows the distance that it has to travel to reach the maximum possible value of 1. In this line of analysis and using the values found in Table 1, while Cyprus shortfall would be 12%, Romania's would be close to 23% almost twice as much as Cyprus. Similarly, while Romania's shortfall would 23% Turkey's would be close to 27%.

Romania's transition impact on its human development profile becomes even clearer, when it is analyzed in the context of the 13 countries that are considered candidates to join the European Union. Among these countries, Romania would be ranked in the 12th position, on top of Turkey, but tied with Bulgaria

**Table 1****Human Development Index Among European Union Candidate Countries (2000)**

EU Candidate Countries	Global HDI Ranking	HDI Value	GDP per capita (PPP US\$)
1. Cyprus	25	0.877	19,006
2. Slovenia	29	0.874	15,977
3. Malta	30	0.866	15,189
4. Czech Republic	33	0.844	13,018
5. Slovakia	35	0.831	10,591
6. Hungary	36	0.829	11,430
7. Poland	38	0.828	8,450
8. Estonia	44	0.812	8,355
9. Lithuania	47	0.803	6,656
10. Latvia	50	0.791	6,264
11. Bulgaria	57	0.772	5,071
12. Romania	58	0.772	6,041
13. Turkey	82	0.735	6,380

Source: UNDP. Global Human Development Report 2001. New York: UNDP, 2001.

**Box 2****What is Human Development?**

Human Development is the process of enlarging people's choices, by expanding human capabilities. At all levels of development the three essential capabilities are for people to lead a long and healthy life, to be knowledgeable and to have access to the resources needed for a decent standard of living. Human development represents a process as well as an end.

But the realm of human development extends further. For instance, the idea of human development and human rights are linked in a compatible and complementary way. If human development focuses on the enhancement of the capabilities and freedoms that the members of a community enjoy, human rights represent the claims on the design of social arrangements to facilitate or secure these capabilities and freedoms.

Other areas of choice highly valued by people include participation, security, sustainability and guaranteed human rights. All of these are needed for being creative and productive and for enjoying self-respect, empowerment and a sense of belonging to a community. Ultimately, human development is development of the people, for the people and by the people.

Source: UNDP, Global Human Development Report, 2001.

The link between income and human development is not necessarily automatic

In the human development paradigm, income is not considered an end but a means to expand the material base for the fulfillment of human needs. However, the link between income and human development is not necessarily automatic. Table 1 shows that there is some correlation between the HDI values and the GDP per capita, as countries with high GDP/per capita (with the exception of Slovakia and Bulgaria) have a corresponding human development level. However, hidden in this relationship is the role that policy actions may have had in strengthening or further attenuating this link. If one is to analyze the policies that have been pursued in the countries with high HDI and GDP/per capita, it is very likely that one will find traces of a healthier and better-educated population, which is capable of being economically more productive. The links between human development and income are mutually reinforcing.

Countries differ in how well they translate income into human development, or what the 1996 global Human Development Report called their "human development efficiency." As can be seen in Table 1, with 40% more GDP per capita than Romania, Poland has a human development shortfall that is 6% more efficient than Romania's. Meanwhile, Turkey's GDP per capita is greater than Romania's, yet its HDI value is lower than Romania's. Similarly, Table 1 shows that at each general level of income countries tend to convert income into human development capabilities more effectively than others. In this line of analysis, among the European Union candidate countries, Cyprus, Slovenia and Malta have the highest efficiency, while Turkey, Romania and Bulgaria have the lowest.

Countries can improve their efficiency of translating growth and income into human development, even under the context of transition. The Czech Republic, Slovakia and Hungary had remarkable increases in efficiency in the last two decades, while at the same time experiencing complex transition processes. Other countries that have experienced transition processes, such as Poland and Estonia, have experienced more moderate growth, and their advances in human development have been slower. And countries like Bulgaria and Romania, which had fairly high efficiency in the 1970s, have had the most adverse impact from their respective transition processes.

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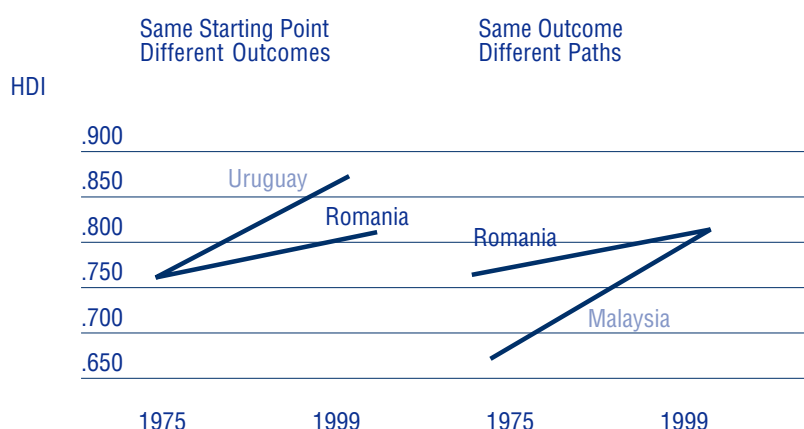
There seems to be a lesson from the diverse experiences of transition among European Union country candidates, which at this stage is relevant to Romania. Transition processes have to be managed strategically, in such a way that income generating and human development policies are adequately articulated. The evidence from the experience of countries like Malta, Slovenia, and the Czech Republic, among others, suggests that similar levels of human development can be achieved with markedly different levels of income. But human development's main concern lies also with the range of human capabilities that make it possible to sustain both economic growth and human development. As can be seen in Figure 2, two countries, like Uruguay and Romania, could have the same starting point, but two decades later end up with different human development outcomes. Similarly, two countries, like Romania and Malaysia, could share the same outcome having experienced two different human development paths.

The current human development profile of Romania confirms two chain reactions in the income-human development cycle in the context of transition. First that the sluggish economic performance of the past decade has slowed down human development progress. And second, that the slow progress in human development has not been sufficient to nourish economic activity, much less income. As can be seen in Table 2, Romania's GDP in 1999 was at least 3 times higher than Bulgaria's but five times less that of Turkey's and 1.5 less than Hungary. However, in spite of achieving a respectable GDP, as can be seen in Table 2, GDP per capita in Romania is almost twice as less as the GDP per capita of Hungary and slightly higher than Bulgaria's. Furthermore, since 1975 Romania has not yet been able to surpass its highest GDP/per capita figure of US\$ 8,822 registered in 1986, while in 1999 Hungary has been able to surpass its highest GDP per capita achieved 1975.

Another important element to understand the impact of transition on Romania' human development profile is its economic contraction trends. As can be seen in Table 2, Romania's GDP per capita annual growth rate between 1990-1999 has been negative, in contrast to Hungary's, which shows a much more positive

Since 1975 Romania has not yet been able to surpass its highest GDP/per capita figure of US\$8,822 registered in 1986, while in 1999 Hungary has been able to surpass its highest GDP per capita achieved 1975

**Figure 2**  
Different Human Progress



Source: UNDP, 2001.

**Table 2**  
Economic Performance Among Selected European Union Candidate Countries (1999)

Country	GDP US\$ billion	GDP PPP US\$ billion	GDP per capita PPP US\$	GDP per capita annual growth rate (1990-99) %	GDP per capita highest value between 1975-99 in PPP US\$
Hungary	48	115	11,430	1.4	11,430 in 1999
Bulgaria	12	42	5,071	-2.1	6,799 in 1988
Romania	34	136	6,041	-0.5	8,822 in 1986
Turkey	186	411	6,380	2.2	6,834 in 1998

Source: UNDP. Global Human Development Report 2001. New York: UNDP, 2001.

**Table 3**

Inequality in Income or Consumption Among Selected European Union Candidate Countries: Share in % (1999)

Country	Poorest 10%	Poorest 20%	Richest 20%	Richest 10%	Gini Index
Hungary	4.1	10	34.4	20.5	24.4
Bulgaria	4.5	10.1	36.8	22.8	26.4
Romania	3.7	8.9	37.3	22.7	28.2
Turkey	2.3	5.8	47.7	32.3	41.7

Source: UNDP. Global Human Development Report 2001. New York: UNDP, 2001.

trend. Generally, these levels of economic contraction would be associated with growing inequality and an increase in poverty. However, in the case of Romania this from a macro perspective is not as visible yet, as is from a micro perspective (See Chapter 3). As can be seen in Table 3, Romania, Bulgaria and Hungary have all three the same levels of inequality, this despite the fact that Bulgaria and Romania have had dismal economic performances over the decade. In the case of Romania and most of the Central and Eastern European countries experiencing transition processes, the rate at which economic contraction translates into higher poverty depends on the initial levels of inequality and distribution of income.

Prior to the transition process, in most of these countries, including Romania, there was a conscious effort to invest in human capabilities. Nonetheless, the transition process has begun to reflect patterns of inequality, which have not been perceived in these societies in a very long time (see Chapter 3).

The defining difference between the economic growth and the human development schools is that the first focuses exclusively on the expansion of only one choice – income, while the second embraces the enlargement of all human choices, whether these are economic, social, cultural or political. It might well be argued that the expansion of income cannot necessarily enlarge all other choices. Income may be unevenly distributed within a society. People who have no access to income, or enjoy only limited access will see their choices fairly constrained. And, it has often been observed that in many societies, economic growth does not trickle down.

**Table 4**

Commitments to Health: Access Services and Resources Among Selected European Union Candidate Countries (1999)

Country	Population Using Adequate Sanitation Facilities (%)	Population Using Improved Water Sources (%)	Population with Access to Essential Drugs (%)
Hungary	99	99	100
Bulgaria	100	100	88
Romania	53	58	85
Turkey	91	83	99

Source: UNDP. Global Human Development Report 2001. New York: UNDP, 2001.

But there is a more fundamental reason why income expansion may fail to enlarge human options. It has to do with the national priorities chosen by the society or the government, much more in the context of a transition process and/or the EU accession process. No one can deny that having a clear objective, vision or a plan is important. However, at the end, the type of choices made by policymakers makes a critical difference. For example, in the context of transition how income is used is just as important as the generation of income itself; choosing to implement policies in a political and institutional vacuum may lead to much less human satisfaction; or the levels of fulfillment of commitments to issues such as health and gender. As can be seen in Tables 4, the results in the health sector reflect a variety of policy choices and priorities in each country. While Bulgaria seems to have prioritized policies related to access to services and resources in the health sector, the same cannot be said about Romania. The health reform process in Romania has yet to materialize more tangible results.

It should also be noted as a complementary observation that accumulating wealth might not be necessary for the fulfillment of several kinds of human choices. In fact, individuals and societies make many choices that require no wealth at all. A society does not have to be rich to afford democracy or more decentralization.

No one can deny that having a clear objective, vision or a plan is important. However, at the end, the type of choices made by policymakers makes a critical difference

A household does not have to be wealthy to respect the rights of each member. Valuable social and cultural traditions can be maintained at all levels of income. And, as can be seen in Table 5, a country does not have to be affluent to treat women and men equally.

**Table 5**

**Gender Related Development Index**

Country	GDI Rank	Value	Life Expectancy at Birth (years)		Adult Literacy (% age 15 and above)		Combined Enrolment Ratio (%)		Estimated Earned Income (PPP US\$)	
			F	M	F	M	F	M	Female	Male
Hungary	35	0.826	75.4	66.8	99.2	99.5	83	79	8,381	11,974
Bulgaria	53	0.770	74.8	67.1	97.7	98.9	76	69	3,951	6,251
Romania	54	0.769	73.3	66.5	97.1	99.0	70	68	4,441	7,711
Turkey	71	0.726	72.1	67.0	75.9	93.2	55	68	3,937	8,772

Source: UNDP. Global Human Development Report 2001. New York: UNDP, 2001.

Many human choices can extend far beyond economic well-being. Knowledge, health, a clean physical environment, political freedom and simple pleasures of life are not exclusively, or largely dependent on income. National wealth can expand people's choices in these areas. But it might not. As the Romanian human development case suggests, in a transition process the use of wealth, not the wealth itself could be decisive. And, unless policy-makers recognize that the real wealth is their people, an excessive obsession with using the transition process to create material wealth may obscure the much wider goal of enriching human lives.

As the Romanian human development case suggests, in a transition process the use of wealth, not the wealth itself could be decisive

## The 2001-2002 National Human Development Report for Romania

### The Objective: Understanding the Transition Process in Romania

In a transition process the capacity for systemic change and reform is closely linked to the capacity of sustainable human development and vice versa. Countries in transition, like Romania, face the challenge to build these capacities. The NHDR 2001-2002 for Romania offers a contribution to the understanding of transition processes, stressing the need for a more systemic and virtuous policy approach, as well as a built-in capacity for managing change and complexity. From a human development perspective, a transition can be said to depend on three elements: 1) the initial economic and sociopolitical conditions, 2) external developments, and 3) government policies. Initial conditions and external developments are elements that generally are beyond the control of policy-makers of a country undergoing transition. Policies, on the other hand, are potentially controllable, although their content and the degree of their controllability also depend on sociopolitical and economic realities.

The NHDR 2001-2002 for Romania offers a contribution to the understanding of transition processes, stressing the need for a more systemic and virtuous policy approach

In as much as observers of transition process have become accustomed to think of them as linear events, with defined goals such as market economy and democracy, in reality they are far more complex and intertwined with an array of endogenous and exogenous factors. Once activated, a transition process can become a vehicle to expand the material base for the fulfillment of human needs. But the extent to which these needs are met depends on the allocation of resources for human development and its uses and the distribution of opportunities. Thus, the link between transition policies and human development is not automatic. But that link can be strengthened through sensible policy actions.

There is also a key link back. Human development requires, among other things, considerable investment in education, health and skills. The result is a healthier, better educated and prepared population that is capable of meeting the challenges of the transition to a market economy and a more pluralistic political system. Many accounts of transition processes explain it in terms of long-term goals, such as less state control, more private enterprise and freer market. But during the first phase of a transition process, other short-term goals are as important, such as political capital, social capital and environmental sustainability.

In the Chapters that follow, this Report will show that transition processes are the product of a complex web of interactions containing a high degree of uncertainty and linkages. Ultimately the web of interactions affects policies and human development, and can make them mutually reinforcing or weakening. When the links are strong, they contribute to each other. But when the links are weak or broken, they can become mutually stifling as the absence of one undermines the other. In the long run transition policies and human development can move together and be mutually reinforcing. This is not to say, however, that in the short-term any transition policy will invariably and automatically translate into human development if other important factors are not in place. Transition processes have a time line of their own, and sociopolitical

Romania's first phase of transition shows the enormous influence politics and policy-making have, which are partly determined by the initial sociopolitical conditions

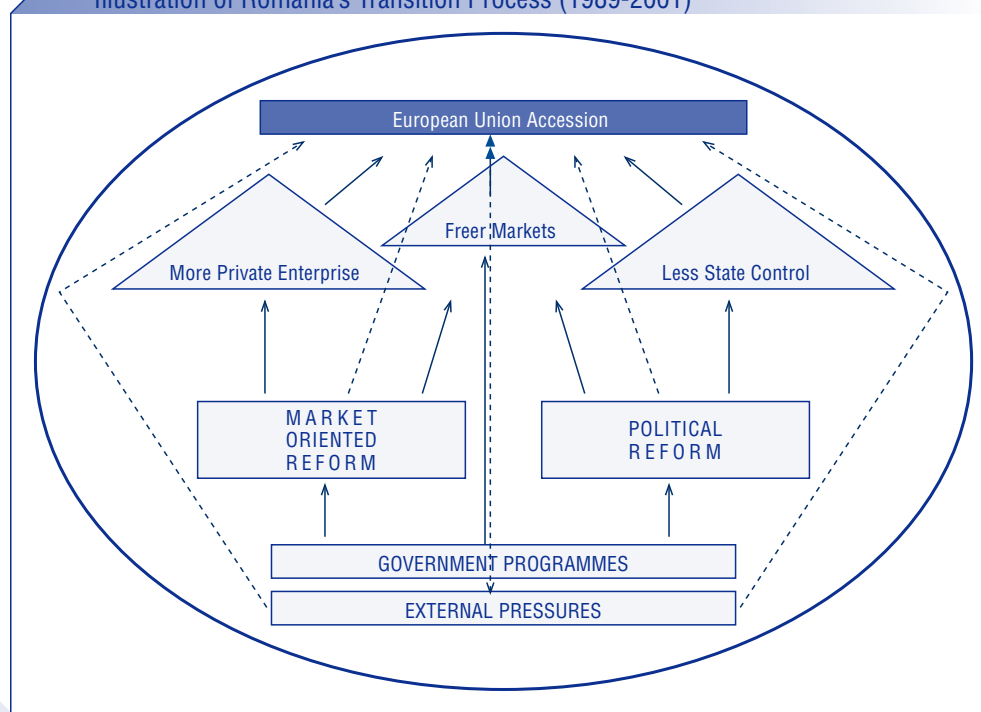
conditions and a host of unique factors determine the initial policies that, together with other uncontrollable external developments, will shape the first phase of the process. This first phase in turn will influence the subsequent course, up to and including the eventual final outcome of the transition.

Romania's first phase of transition shows the enormous influence politics and policy-making have, which are partly determined by the initial sociopolitical conditions. In turn, economic events in the transition are determined in part by earlier policies, which are influenced by sociopolitical factors, and may in turn influence future political developments, and so on. When this complicated web of dynamic interactions is sorted in the case of Romania, it needs to be analyzed under a special framework. Chapter 1 will focus on the economic transition, Chapter 2 will sort its interactions with political factors and Chapter 3 shows the impact of transition on human development. The theme running throughout Romania's experience is the mistaken idea that transitions are short-term linear processes that automatically produce less state control, more private enterprise, and freer markets. However, the reality is far more different. Throughout the decade, in Romania three types of economic transition policies have been implemented. First, macroeconomic stabilization, which involved managing inflation, budget deficit and exchange policy. Second, microeconomic liberalization designed to remove various state-imposed restrictions on economic activity. This involved both general changes in the framework of economic life (i.e., recognition of property rights) and particular reforms such as ending price controls and rationing. And thirdly, fundamental institutional restructuring aimed at, for instance, the privatization of state enterprises, the reform of the tax system, and the creation of wholly new institutions.

Taken together, microeconomic liberalization and institutional restructuring may be said to constitute systematic transformation. The result for Romania has been mixed. Not only has transition brought macroeconomic instability, and in turn, rapid implementation of tough stabilization policies. Market-oriented reforms have also brought important interlinkages and synergies. Economic reform policies have shown different maximum possible speed. Stabilization and liberalization policies, for instance, have already borne some fruits much more rapidly than institutional changes, like reform of the tax system or privatization of state-owned companies.

As can be illustrated in Figure 3, Romania's transition experience during the last decade was frenzied, fragmented and with multiple objectives and pressures. During the decade Romania has had comprehensive economic programmes mainly in response to external pressures (i.e., IMF, European Union), in which stabilizing, liberalizing, and restructuring goals were set and on that basis some policies were implemented at close to the maximum possible speeds. But there were also less radical transition policies, which were implemented at a slower pace or were even interrupted by changes of government. The Romanian experience shows that given the naturally slower pace at which institutional restructuring (including privatization) must proceed, the most energetically implemented transition to a market economy requires

**Figure 3**  
Illustration of Romania's Transition Process (1989-2001)



at least two stages. In the first, the economy undergoes liberalization and stabilization but remains more “market socialist” than capitalist. In a second stage, and assuming that it is successful, the gains of liberalization and stabilization can be consolidated and the transition to the market can be completed and institutionalized.

Similarly, reform measures generated discontent in various sectors of the population. First, because of the challenging initial conditions in Romania in which after the violent death of Ceaușescu, political forces were not able to rally broad support. And second, ensuing unfavorable external developments (especially the collapse of trade within the Comecon, stabilization and structural adjustment agreements with bilateral donors), made reforms unpopular. Predictably, the intensity of these currents of discontent was directly proportional to the adversity of initial conditions and external developments, as well as policy choices of the governing regimes. In addition, in turning disguised employment into open unemployment, economic reforms also increased discontent simply by broadening the scope of general economic freedom. Rapid shifts occurred in the standard of living of various sectors and professional groups as markets replaced the planned socialist economy.

Furthermore in the context of the difficult initial and external conditions sketched above, non-radical reform also produced discontent, though in different ways. Hidden unemployment can be less psychologically painful, but it must be financed through fiscal or quasi-fiscal subsidies, which in turn spur inflation. In turn, inflation and fewer resources bred insecurity and disaffection. Non-radical programmes, which typically feature less liberalization and correspondingly more state intervention, also gave rise to new economic inequalities, with the “winners” being those who can successfully lobby the government. Finally, by challenging entrepreneurial and managerial energies into rent seeking and corruptive activities, soft transition policies that avoid liberalization can destroy the prospects for economic reform.

Therefore, the key to understanding the interaction between the political and economic dimensions of transition in Romania is to realize that any great political breakthrough was followed by a political impetus that soon gave way to politics as usual. The level of readiness of the population to accept transition reform was proportional to the level of political capital of governing rulers. The idea of moving from one system to another produced initially (1989-1996) a special mass psychology and corresponding political opportunities. As the transition process advanced, new political structures became more fluid and the older political elites were discredited. This political impetus, however, quickly gave way to the more mundane politics of contending parties and interest groups (1996-present).

#### The Issues and Components of the NHDR 2001-2002 for Romania

The human development paradigm performs an important service in questioning the presumed automatic link between transition policies and expanding human choices. As it was already argued, such a link depends on many factors. A link has to be deliberately created by public policies, even under difficult and multiple transition processes. This link will not happen in the automatic workings of the market place, or in the process of privatizing the state-owned industries. Following on the National Human Development Report (NHDR) 2000, which analyzed the human development implications of the European Union accession process, the 2001-2002 NHDR for Romania tackles the issue of transition, its policy implications and its impact on human development. The report is an attempt to comprehensively analyze the different and serious problems facing a society in transition, while at the same time to provide policy option paths that could eventually translate political and social action into human development strategies. In doing so, UNDP hopes to encourage more public debate and discussions among public and non-governmental stakeholders about key issues and challenges of the transition. As in previous NHDRs, the basis of this Report is the belief that even in the context of a difficult transition process, economic policies, politics and strong civil society participation are mutually reinforcing. Not only that, but that values and ideals of human development, make for good politics in the context of transition.

The main goals of the 2001-2002 Romanian NHDR is to show the problems that the civil society, the state, the international organizations and the private sector have to face when going through different transition processes simultaneously. Romania is a particular case and an ideal research laboratory to understand the process of conceiving a new idea about the State, human development policies, a new civil society and respectively a new public agenda. Having been one of the most closed Eastern European countries prior to 1989, with one of the most authoritarian political systems, with a strongly declining economy and with a population subject to all sorts of deprivations, the Romanian transition experience provides an excellent source to learn lessons.

During the last decade, the Romanian society has undergone five basic transition processes: 1) from a closed to an open society; 2) from a member-nation of a military pact (Warsaw Pact) to a nation without guaranteed external security, but not totally neutral; 3) from an all-embracing state economy to a mixed economy, where public and private interests are often competing; 4) from a one-party based society to a pluralistic one; and 5) from a society tightly linked to the COMECON to one pursuing accession to the European Union. All of these processes, currently in force, have generated phenomena of no less importance

In addition, in turning disguised employment into open unemployment, economic reforms also increased discontent simply by broadening the scope of general economic freedom. Rapid shifts occurred in the standard of living of various sectors and professional groups as markets replaced the planned socialist economy

By challenging entrepreneurial and managerial energies into rent seeking and corruptive activities, soft transition policies that avoid liberalization can destroy the prospects for economic reform

The report is an attempt to comprehensively analyze the different and serious problems facing a society in transition, while at the same time to provide policy option paths that could eventually translate political and social action into human development strategies

The Romanian people also seem to have acquired a new sense of citizenship, and are gradually learning about the rights and obligations that are required when living under a more democratic system of government

Under the circumstances where multiple transition is occurring and where there are expectations, priorities and commitments to fulfill to a host of external and internal actors, attention is often diverted from the most fundamental objective of transition: human development

A successful transition requires a comprehensive, multifaceted, and properly integrated policy agenda

from a human development perspective. For example, the gradual disappearance of the mentality that the State should always guarantee employment; the appearance of a culture of competitiveness; the gradual emergence of a renewed civic and ecological consciousness; and an increase in public awareness of international issues, such as NATO, European Union, OECD, IMF, the World Bank, Islamic fundamentalism and ethnic conflicts in the former Yugoslavia and Russia (Chechnya), which had been censored up to the early 1990s. During the last decade, the Romanian people also seem to have acquired a new sense of citizenship, and are gradually learning about the rights and obligations that are required when living under a more democratic system of government.

The main topic of the NHDR 2001-2002 for Romania is the human development dimension of transition. Under the circumstances where multiple transition is occurring and where there are expectations, priorities and commitments to fulfill to a host of external and internal actors, attention is often diverted from the most fundamental objective of transition: human development. As was already poignantly analyzed in the 2000 NHDR, poverty is Romania's greatest challenge as it prepares to access the European Union. When there are several transitions to go through and nobody really knows how long and how difficult the journey will be, a strategic and systemic plan needs to be put into effect.

UNDP has already recognized that a successful transition requires a comprehensive, multifaceted, and properly integrated policy agenda. This Report seeks to expand the understanding of human development under multiple transitions, as well as sets out actions to promote human development in all its dimensions. It both builds on past NHDRs and thinking and substantially broadens and deepens the analysis of issues necessary to understand the challenge at hand. There are already many lessons in the Romanian experience, for example from 1990-1992 and the difficult 1996-2000 years, where economic growth was sluggish, people's standard of living declined, unemployment increased, international migration rose, a strong feeling of abandonment occurred and social discrimination grew. At a certain point, it appeared that Romania was taking an unusual path - the one of decay with democracy being kept in the window. It was just the discrepancy between the evolution of the world economy and the involution of the Romanian economy that created a feeling of public discouragement, in a country formerly used to relatively homogeneous levels of human development.

During these years, a hopeful note is that the political democratic system has proven to be more sustainable than the failures of economic policies. After more than ten years of policy failures and disappointments, failed-attempts to manage more effectively the transition process and some small successes, the Romanian experience has a message it can pass to others experiencing this process. Only the presence of a strong democratic system with sufficient institutional capacity to encourage and manage change, and actions from a vibrant civil society able to constructively work and monitor governmental action, can enhance the possibilities for economic policies and European Union accession priorities to be successful. This is the case mainly because the power of the democratic system consists of public support. And in turn, public support is a vehicle of, and for, human development, that allows people to feel the policy-making process is given them choices to meet their needs.

Human development is a traditional paradigm, although it faces new circumstances, and encourages new ideas and policies. It gives contemporary expression to the lasting cause of development of the people, by the people and for the people. Under the context of multiple transitions, the three main human development messages of this Report are:

- That a growing market economy can be reconciled with human development goals
- That economic competition can coexist with social cooperation
- That the values and policies underpinning the human development approach make for good electoral politics

The NHDR 2001-2002 for Romania still targets policy-makers, civil society leaders, non-governmental organizations, academics and the private sector. However, it also particularly focuses its messages to the younger and more emerging sectors of Romania. UNDP strongly believes that the principle of human development is applicable to the current challenges facing this generation of Romanians, namely the massive challenges posed to democracy by globalization, the information revolution and the changing nature of work, welfare and social solidarity.

Chapter 1 provides an analysis of the most important economic activities carried in Romania in the context of transition. Emphasis is given to issues of competitiveness, market oriented reform and macro-economic policy. Chapter 2 focuses on the changes in the area of governance. Emphasis is given to the role of the state, public sector management, decentralization and good governance. Chapter 3 analyzes the impact of the transition process on human sustainable development, emphasizing poverty trends, health care reform and environmental issues. Finally, Chapter 4 provides various conclusions and recommendations, intended to enrich the ongoing discussions about the direction of the transition process.

## Romania: Human Development Balance Sheet (1989-2001)

A balance sheet of Romania's human development during the last decade of transition shows, both progress and setbacks. For example, since 1980 the mean years of schooling for students age 15 and above has increased from 7.8 to 9.5 years. However, the school population has declined by 20%. Also, the average annual change in consumer price index has been reduced by 60% since 1990. However, the minimum salary has fallen dramatically from its 1989 level, and the proportion of those earning the minimum salary or close to it has increased sharply. The transition in Romania was accompanied by an explosive increase in poverty. In 1989, an estimated 7% of the population was poor. By 1994, the poverty rate ranged, from between 22%-39%, and from 1997-2001 the poverty rate has increased to over 42%. Moreover, there are 40% more entrepreneurs and 40% more self-employed in Romania than in 1992. Yet, salaried employees decreased by 25% in the same period. Finally, there have been 8 electoral processes since 1990, including 4 local elections, and a relative peaceful transfer of power. Nonetheless, electorate participation has declined and the democratization process has not been decentralized to intermediate levels of government.

### Romania: Human Development Balance Sheet (1989-2001)

Human Development Progress	Human Development Setbacks
Education	
Since 1980 the mean years of schooling for students age 15 and above has increased from 7.8 to 9.5 years.	Overall capacity of schools has increased by 50%, and school personnel by 73% respectively, but the school population has declined by 20%.
Health	
A reform of the health care system has begun to show positive results, especially in the primary sector.	Access to sanitation facilities and essential drugs has declined, despite increase in public expenditures. High tuberculosis case rate (114/100,000).
Survival	
Slight increase in overall life expectancy at birth, especially among women.	Above average infant mortality rate (21/1,000 live births); relatively high maternal mortality rate (41/100,000); the minimum salary has fallen dramatically from its 1989 level, and the proportion of those earning the minimum salary or close to it has increased sharply.
Poverty	
The average annual change in consumer price index has been reduced by 60% since 1990.	The transition in Romania was accompanied by an explosive increase in poverty. In 1989, an estimated 7% of the population was poor. By 1994, the poverty rate ranged, from between 22%-39%, and from 1997-2001 the poverty rate has increased to over 42%.
Employment	
There are 40% more entrepreneurs and 40% more self-employed in Romania than in 1992.	Salaried employees decreased by 25% in the same period.
Democracy	
There have been 8 electoral processes since 1990, including 4 local elections; and there has been a relative peaceful transfer of power.	Electorate participation has declined and the democratization process has not been decentralized to intermediate levels of government.
Environment	
Romania has ratified all major environmental treaties including the Kyoto Protocol; and In 2000 a law approving the creation of an Environmental Fund, was finally giving a green light by Parliament.	Traditional fuel consumption has increased three times since 1980; the number of river sectors significantly degraded remains high; and the Environmental Fund needs additional funding.





## CHAPTER 1

### The Complexities of the Economic Transition, Impact on Competitiveness and Future Perspectives

Overcoming the Industrial Policies from the Past

Making the Transition from a Centralized to a Market Economy: The Romania Story

Economic Transition & Competitiveness in Romania

The Greatest Challenge for Romania: Abandoning Non-Competitive Behavior?

Bringing the Transition Process to Romanian Firms, Managers and Enterprises

# Chapter 1: The Complexities of the Economic Transition, Impact on Competitiveness and Future Perspectives

## Overcoming the Industrial Policies from the Past

Just like most transition countries, during the entire socialist period, Romania was subjected to a process of massive industrialization of its economy, led by the State. Besides the main economic objective of this process, - to develop economic sectors with the highest added value, the former communist regime in Romania also had a secondary objective: new job creation to ensure full employment of labor force. As such, the number of people working in the agricultural sector steadily increased, as well as public investment to ensure economic growth. By the 1980s, the end result of this policy was an industrial sector generating over 60% of the total output of the economy. In spite of this respectable accomplishment, when Romania started its transition process the industrial sector became the biggest liability. It consisted of huge industrial objectives, used old energy-consuming technologies, was oriented especially towards the production of intermediate goods, and it involved big infrastructure and ineffective projects.

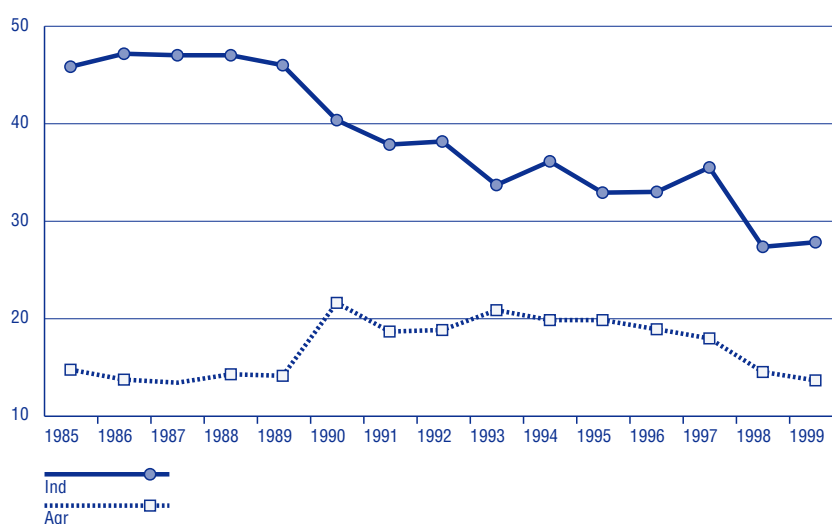
The priority of industrial policy in the last decade of socialism in Romania was to continue to invest in industrial objectives. However, of less importance was considered the modernization of existing technologies, which together with a drastic decrease in technology imports, made many industrial enterprises become economically unfeasible after the transition. According to calculations made in 1996, over 24% of the total material goods produced by state-owned industrial enterprises before the transition were obsolete at the very onset of the transition process. The usefulness of industrial output continued to be undermined throughout the decade, which generally led to huge financial losses for the State, some of which even added negatively to total output.

The industrial heritage of Romania raised serious problems for post-communist governments not only because of its ineffectiveness, but also because it had to be adapted to new market conditions and challenges. The transition process provided very little choices to policy-makers, as it was assumed that one of the most important pillars of the process would be the re-industrialization of the economy. At present in Romania a cube meter of water used in industry produces eight times more added value than it would produce if it were used in agriculture. So the priority of the options seems clear, as industry is absolutely necessary. It is part of a different dilemma, which sub-industrial sectors and activities from the socialist era would need to be abandoned, supported and/or prioritized. To a certain extent, the urgent need to make strategic policy decisions for the industrial sector in Romania is unquestionably reflected in the latest trend. As can be seen in Figure 1.1, the share of industry in the Gross Domestic Product (GDP) decreased from 46% in 1985 to less than 28% in 1999. In as much as the share of the agricultural sector in GDP also shows declining trends, the decline in the industrial sector is more poignant as it involves a drastic reduction of the efficiency level, and a rise in the production costs.

The priority of industrial policy in the last decade of socialism in Romania was to continue to invest in industrial objectives. However, of less importance was considered the modernization of existing technologies

The share of industry in the Gross Domestic Product (GDP) decreased from 46% in 1985 to less than 28% in 1999

**Figure 1.1**  
Romania: Industry and Agriculture Contribution in GDP (1985-1999)



Source: BNR (National Bank of Romania). Annual Report, 1999.

Although the share of industry in the GDP is more reduced now, its contribution to the export sector is still decisive. In 1997 and 1998 respectively, 97% of the value of exported goods in Romania was produced in the industry sector, while in 1999 the figure was 95%. That meant that Romania had to rely more and

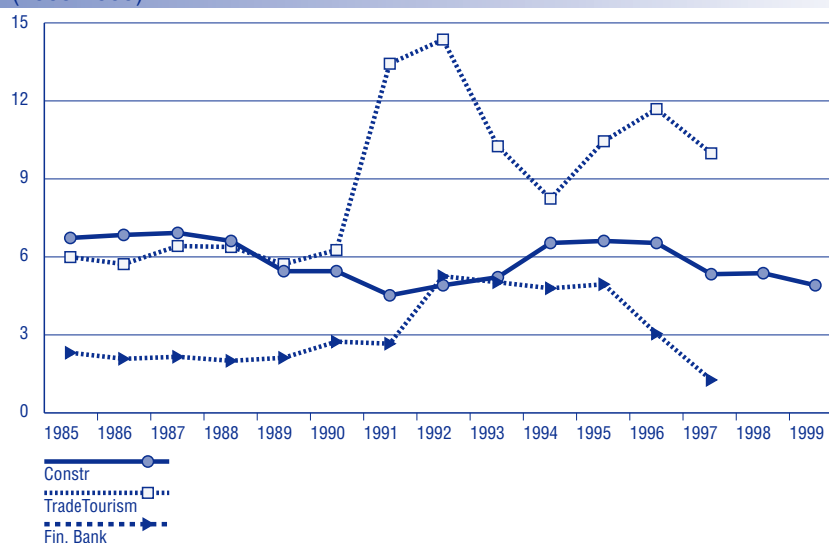
Romania needs a robust and dynamic industrial sector, one that is able to ride the often-irrational rules of the market

more on this sector to guarantee equilibrium in the commercial balance. Furthermore, the Romanian economy is not able yet to develop other industrial sub-sectors that can be more effective in the context of a market economy. As can be seen in Figure 1.2, the share of construction in the GDP has remained steady at about 6% during the entire 1985-1999 period. There has been progress registered in trade and tourism sub-sectors, but the financial and banking services sub-sector have been declining and/or sluggish. It is fair to argue that in Romania industry is a leading sector, but that its evolution directly influences, negatively and/or positively the activities in other sectors.

For all these reasons, it is logical to suggest that Romania needs a robust and dynamic industrial sector, one that is able to ride the often-irrational rules of the market. It is fair to recognize that free markets provide the most efficient mechanism for the exchange of goods and services, impersonally matching supply and demand, bringing together buyers and sellers, employers and workers, and constantly setting and resetting prices so that the economy works at peak efficiency. Similarly, that free enterprise provides a mechanism for unleashing human creativity and entrepreneurial ability. But it is also fair to recognize that barriers often stifle the market, many encouraged by government regulations and/or lack thereof. And that markets are not automatically or inevitably people-friendly, as it does not make a value judgment.

**Figure 1.2**

Romania, Share in GDP of the Construction, Trade, Tourism and Banking Sectors (1985-1999)



Source: BNR (National Bank of Romania). Annual Report, 1999.

From a human development perspective it is important to recognize that, in as much as the market has many advantages, it can also be associated with increasing inequality and poverty

The market rewards those who have either substantial purchasing power or valuable commodities or services to sell. People enter markets as unequal participants and often leave with unequal rewards, even when markets operate neutrally. Thus, from a human development perspective it is important to recognize that, in as much as the market has many advantages it can also be associated with increasing inequality and poverty, as well as large-scale unemployment.

Private capital flows, particularly foreign direct investment, have helped many countries in transition to grow and to enhance human development. But again, the link between foreign direct investment, growth and human development is not automatic. Attracting long-term capital flows and foreign direct investment, calls for liberalizing capital, providing incentives, formulating a conducive industrial policy and implementing pragmatic technology and labor policies. Countries in transition need a comprehensive policy package, not only ad hoc measures as seems to have happened during the last decade in Romania.

The role of government and the State is decisive in this effort. National governance conditions the domestic policy and economic framework, affecting attitudes towards foreign direct investment and operational efficiency and profits. Important in all this is also political openness; that is, ensuring a democratic system, promoting transparency and accountability, unleashing the press and civil society and maintaining political stability through the work of democratic political institutions. Educating people and moving their skills up the ladder are also essential elements for raising productivity and for attracting foreign direct investment. The quality of labor and its skill level could be an important element in capturing global opportunities. Romania might need to complement liberalization policies with technology policies.

Thus, concretely for the Romanian industry to function according to efficiency, competition and comparative advantages principles, this sector must necessarily undergo at least four key complementary reform processes:

### 1. Completion of privatization and closing down state enterprises which are not viable

According to the articles concerning the functioning of the State Ownership Fund (SOF), the process of privatization of industrial companies was supposed to be finished by the end of 2000. But it is still on going, and if present trends continue it might not be finished for a number of more years to come. The actual portfolio of SOF comprises many enterprises with important value assets, but unless they are conditioned to operate under market rules, their productive capacity might be idle. So many of these companies are not viable and the only possible solution is to close them down or condition them to be more viable. Another part of SOF's portfolio consists of enterprises, which, at the beginning of the process of privatization, were considered as being of a strategic interest or of national value and, accordingly, were not subjected to privatization. Or their price exceeded their actual value, and there were not buyers interested in purchasing them in such conditions. There should also be a strategy to make these enterprises less liable and more productive.

### 2. Restructuring, modernization and refurbishment

This process might be a tremendous challenge for both the State and the private sector. Any attempt by the State to reorganize state owned enterprises in order to get a better privatization deal might be considered futile and risky. On the other hand, many private enterprises in Romania do not have yet the capacity to modernize their operations with the required technological component needed to compete globally. Credit in Romania is still comparatively expensive and own resources are even scarcer. In this area, the role of the State could be decisive, on the one side granting real fiscal facilities for the reinvested profit or for the purchase of imported technologies, and on the other, in helping regain the external credibility for better flows of foreign investment.

### 3. Adaptation of industrial activities structure

The Romanian industrial sector has inadequate competitiveness levels for the European and global scenarios. In great part, such inadequacy is the result of the structure of activities and the quality of produced goods. The majority of enterprises in Romania cannot easily change their production structure, as they require new technological investment. The government simply has not been able to explicitly take the lead in a new industrial policy initiative, and prioritized the number and types of enterprises. This has penalized the entire industry, as the presence of enterprises with no economic reason to exist under the new market conditions has distorted the future horizons of many others, which may have some potential. Furthermore, adapting industrial activities will also involve managing and articulating demand and supply. All enterprises, public or private, must be capable of responding to market forces. Today it seems that, while private companies are generally becoming more oriented to the market, many of the state enterprises

The Romanian industrial sector has inadequate competitiveness levels for the European and global scenarios

#### Box 1.1

#### What does it take for foreign direct investment and growth to contribute to human development?

First, investments in infrastructure and services should be linked to human development policies (training, performance incentives). Second, foreign direct investment must be tailored to national priorities, in activities that have spillovers—in creating more employment, bringing in high technology, building future human capital. Third, countries need to minimize the adverse impacts of foreign direct investment (such as creating inequalities), provide domestic enterprises with necessary incentives and protect their interests.

National action on multinational corporations should focus on:

- Providing appropriate incentives. Countries might give economic incentives to multinational corporations, but these should not come at a cost to domestic enterprises.
- Bringing the operations of multinationals under national rules. While keeping the incentive structures for multinationals intact, their operations should be subject to all national rules and regulations—ranging from general laws to economic regulations.
- Ensuring social responsibility. In the absence of an enforceable international framework governing the operations of multinational corporations, pressing companies to adopt voluntary codes of conduct guaranteeing minimum labor standards for all their international operations has become a key strategy for enforcing labor standards.

Sustainable human development demands more of markets. Markets should continue to offer their advantages but that they do so in a more balanced way, combining efficiency, equity and sustainability. Markets are, after all, not an end in themselves. They are a means to human development. Markets should serve people—rather than people serving markets.

Source: UNDP. Human Development report 1996. New York: UNDP, 1996.

The qualitative level of human development as a factor of production in Romania is showing declining trends coupled with the massive emigration of highly qualified persons

continue to be supply oriented, leading to extremely big stocks of produced goods. In Romania this is still possible also because of the relative big monopoly power many public enterprises enjoy.

#### 4. Structural adjustment of foreign trade

Romania must continue to move in the direction of encouraging the export of products with a high degree of processing and added value, while at the same time discouraging exports of raw materials or of goods with a low degree of processing. Such economic policy, if implemented successfully, would have the advantage of stimulating the technical progress and, indirectly, the qualification level of manpower. Another key area will be to strengthen Romania's human development, as a key initiative to improve the qualifications, skills and capacity of people. Specializing in any industry, high-tech, light and/or agro-industrial necessarily involves new people's skills and capabilities. Unfortunately as was shown in the Introduction, the qualitative level of human development as a factor of production in Romania is showing declining trends coupled with the massive emigration of highly qualified persons.

#### Box 1.2

#### Making the Transition to a Market Economy in Romania More People Friendly

People-friendly markets allow people to participate fully in their operation and to share equitably in their benefits. Making markets more people-friendly requires a strategy that maintains their dynamism but supplements them with other measures to allow many more people to capitalize on the advantages they offer. In general, the market suffers from three types of distortions.

1. There are distortions in the workings of the markets themselves. Some may be due to monopoly power as well as to short-term business considerations that make the markets less competitive, less efficient or less respectful of environmental concerns. Others are due to controlled prices, fiscal disincentives and constant government intervention.
2. There are distortions in the form of disparities among people who enter the market. Many people lack the education, the assets, the credit or the skills to be competitive, or simply are excluded on the grounds of sex, race or ethnicity.
3. The market often fails to reflect external costs and benefits, be it pollution (an external cost) or the prevention of communicable diseases (an external benefit). In addition, there are areas where markets are missing altogether. National income accounts do not, for example, include household work, nor do they measure the depreciation of natural capital assets over time.

Traditional discussions of the market have focused more on their efficiency than on their equity aspects. But since the market is only a means towards human development, the ways to build a bridge between the market and people to make it more "people-friendly" need to be closely examined. The measures that would make such a radical transformation possible can be divided into four groups:

1. Preconditions, such as investment in people, giving them better access to assets, extending credit to the poor, ensuring access to information, a liberal trade regime and providing adequate infrastructure. Furthermore, the legal system needs to protect property rights, both from illegal forced seizure from capricious nationalization by the State. Finally, but not least, there should be no barriers to entry on the basis of gender or ethnicity.
2. Accompanying conditions, such as a stable economic environment, a comprehensive incentive system (i.e., correct price signals, a fair tax regime and adequate rewards for work and enterprise), and freedom from arbitrary government actions.
3. Corrective actions, such as protection of competition, consumers, workers, specific groups (women and ethnic minorities) and of the environment.
4. Social safety nets to catch the victims of the competitive struggle—such as the temporarily unemployed—and to protect the lowest income groups, the young, the old and the disabled.

It should be clearly understood that the purpose of people-friendly markets is not to invite governments to introduce more discretionary controls, which rarely work. The basic idea is to protect the interests of everyone who seeks to enter the market.

Source: UNDP. Human Development Report. New York: UNDP, 1993.

At this stage of the transition period, the Romanian economy cannot completely give up industrial activities being carried forward from the pre-transition period. Although some activities from the former enterprises may not have any logical justification from an economic point of view, it would be strategic under a comprehensive industrial policy package to rescue and support those that may have better chances of surviving market competitive forces. This transformation will require strategic thinking, time, financial resources, active participation of the State and the emerging private sector (public-private partnerships).

## Making the Transition from a Centralized to a Market Economy: The Romania Story

For more than eleven years, Romania has been going through a long transition period, characterized by profound transformations and uncertainty. After the collapse of the totalitarian regime in December 1989, a much more clear reality of the challenges ahead sank in. Romania had one of the most controlled and centralized economies in Central & Eastern Europe, unlike other countries in the region (i.e., the former Czechoslovakia, Hungary, Poland), which earlier on had started transforming their centralized economies.

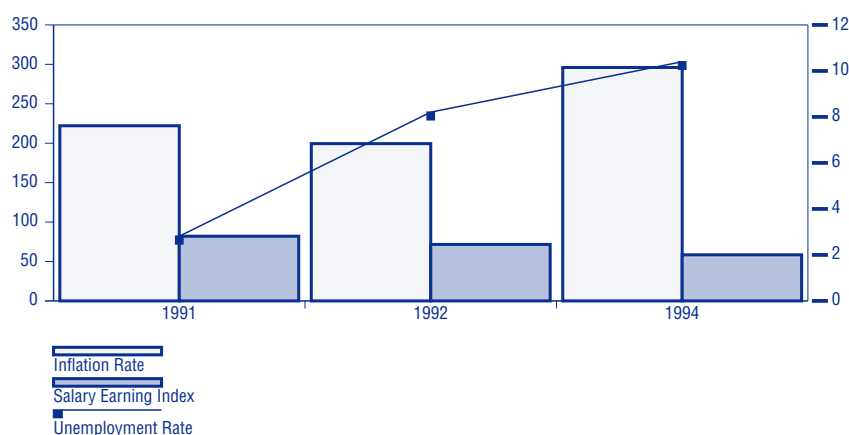
At the beginning of 1990, the public sector was totally dominant, even in agriculture. A big part of the GDP came from heavy industry, in which one could find most of the actively economic population. The macroeconomic reforms adopted after 1990 were gradual and the various governments, afraid of losing popular political support, avoided the "shock therapy" treatment as it happened in other countries in Central & Eastern Europe. An analysis of the macroeconomic policies implemented in Romania during the last eleven years since the transition shows the scope and depth of changes, as well as the difficulties and delays it has experienced.

It could be argued that in Romania since 1990, three types of reform measures have characterized the transition process in the economic area: 1) stabilization measures, which were supposed to create fiscal and budgetary discipline, control inflation and create a competitive exchange rate; 2) liberalization measures, which were supposed to liberalize prices and trade, broaden the tax base and cut marginal tax rates, encourage market determined interest rates and open to foreign direct investment; and 3) structural or institutional measures, which were supposed to build and/or strengthen a legal and institutional system necessary for a market economy, including the privatization of public enterprises, the elimination of monopolies, change in the social security system, legal security for property rights and deregulation. The first type of measures targeted the macroeconomic level while the other two were supposed to influence the economy at the microeconomic level.

More specifically, the evolution of economic reforms in Romania can be divided into two distinct periods: from 1990/1992-1996 and 1996-2000 respectively. Each of these two periods was closely linked to the political agendas of the governing coalitions and to the conditions of conventions/agreements Romania signed with the international financial institutions. The different programmes initiated by the government in the first three years of the transition were aimed at restructuring the economic framework, including the legal status of State Owned Enterprises (SOEs). At first, by promulgating Law 15/1990 the government intended to divide the enterprises into "autonomous & trading companies." The Autonomous Companies initially included 44 units (made up of state and defense monopolies, public companies). In 1990 about 6,300 trading companies were registered. The creation of the State Ownership Fund and five Private Ownership Funds were part of the first privatization programme effort, under the legal framework described in Law 84/1992. This privatization effort was based on the adoption of three programmes: 1) the MEBO method, 2) the mass privatization programme and 3) capital market privatization, facilitated by means of tenders and public offers. This process had no time frame, and continued throughout 2001. Initially, the privatization efforts generated much confusion, as related particularly to the property structure. In an effort to reduce this confusion, the Law of the Land Fund (L18/1991) was passed in 1991, and was subsequently modified and finally completed in 1997.

**Figure 1.3**

Romania, Trends in Inflation, Purchasing Power and Unemployment (1991-1994)



Source: National Institute for Statistics (INS - former National Statistics Commission) Monthly Statistics Bulletin, (1990-2000) and the National Bank of Romania (BNR) various reports (1990-2000)

Initially the IMF recipe was unable to control inflation. Throughout the decade the government was forced to take additional measures, to control inflation and reduce the fiscal deficit

Whereas in 1991, Romania reported US\$ 37 million of foreign direct investment, by 1999 the figure had grown more than 25 times to over US\$ 1 billion

The private sector's contribution to the GDP in 1990 was a mere 16%, while in 1999 it has grown to over two-thirds

The 1990-1993 period was also characterized by the implementation of monetary and fiscal policy measures, which had a quick negative effect on the society as a whole. As can be seen in Figure 1.3, the inflation rate remained in three digits, purchasing power declined and the unemployment rate increased from 3% to 10%. In 1991, Romania also signed an agreement with the International Monetary Fund (IMF), by which the government agreed, among others, to put into practice the stabilization plan, to devalue the national currency and to introduce a new currency exchange structure.

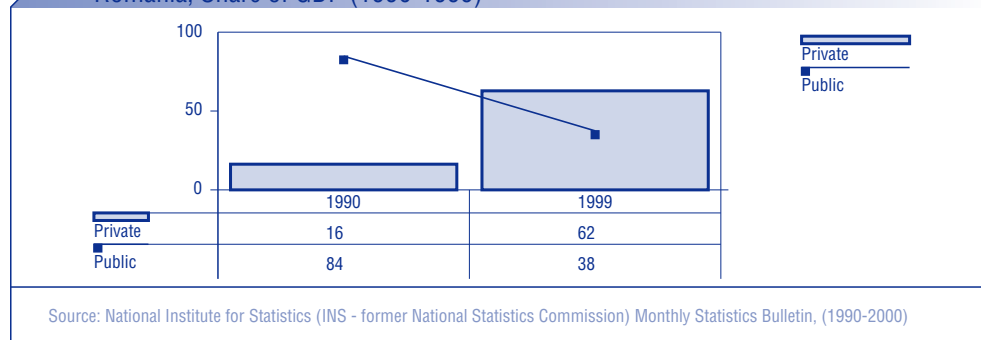
Initially, as can be seen in Figure 1.3, the IMF recipe was unable to control inflation. Throughout the decade the government was forced to take additional measures, to control inflation and reduce the fiscal deficit. At the same time, the government was forced to decrease subsidies for key sectors of the economy (i.e., agriculture, mining, industry) and as a result there was a rapid decrease in real wages (40% during the first 3 years of the transition). In spite of the privatization measures taken in the public sector, very little growth was registered and instead the debt and the budget deficit continuously shown increasing rates. The slow rhythm of privatization did not accelerate the capital flows, although the net foreign direct investment increased rapidly throughout the decade.

Whereas in 1991, Romania reported US\$ 37 million of foreign direct investment, by 1999 the figure had grown more than 25 times to over US\$ 1 billion.

Making the transition to a market economy also involved other key changes and transformations. For example:

- By 1994, more than 80% of the arable land owned by co-operative farms were returned to their real owners
- An increase in exports, especially between 1992-1995 and continuous fluctuations thereafter
- The Industrial Production Index (IPI), decreased almost by 50% between 1990-1993, it showed some signs of recuperation until 1997, but in 1998 the IPI declined again
- As far as GDP, three phases can be distinguished during the decade. 1) Between 1991-1992, characterized by a decrease of 21%; 2) between 1993-1996, characterized by an increase of 17%, and 3) between 1997-1999, characterized by a decrease of 14%
- The number of employees in the decade decreased by 44%, noticeably the great brunt of the impact being absorbed by the agricultural and construction sectors
- As can be seen in Figure 1.4, the share of GDP changed dramatically in a decade. Whereas the public sector contributed more than 80% in 1990, in 1999 it only contributed 38%. Similarly, the private sector's contribution to the GDP in 1990 was a mere 16%, while in 1999 it has grown to over two-thirds.

**Figure 1.4**  
Romania, Share of GDP (1990-1999)



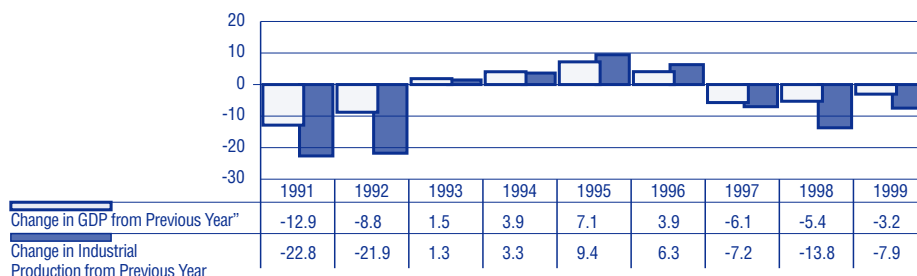
As it will be shown in the following chapters, the economic transition in Romania during the last decade has had an impact in the political and social arenas. However, as will be shown in the following sections, the process of transition in the economic realm has gone beyond macro-economic indicators.

## Economic Transition & Competitiveness in Romania

The economic transition in Romania also involved transforming the main components of an economic system, which had been set-up under a different set of assumptions than what is currently required under a market model. After 1989, policy-makers had to devise ways and means to sustain production and to become more competitive. Reforming the former economic process meant to work in two levels, the domestic and global markets. The challenge for policy-makers was colossal; skip the phases of the agrarian economy and initiate a process of forced industrialization. Romania's race to be integrated into the world economy started from a disadvantageous position. It did not have the most effective industrial structures, or the most appropriate products. Furthermore, resource limitations diminished the possibility to invest large amounts of capital in modernizing the manufacturing industry and/or prioritize the development of key strategic sectors. In such conditions, the added value resulting from the Romanian economic activity continued to decrease and brought about the diminution of product competitiveness. This situation is reflected particularly, in the annual percentage variations of the overall GDP, as well as the industrial sector's contribution. As can be seen in Figure 1.5, since 1991 there has been a close correlation in Romania between the GDP activity and industrial production.

The added value resulting from the Romanian economic activity continued to decrease and brought about the diminution of product competitiveness

**Figure 1.5**  
Romania, Change of GDP and Industrial Production (%)



In general, the dynamics of the manufacturing industry of a country determines the dynamic of the economy, as well as the development of first and third sectors. Paradoxically, in the process of adapting the industrial production to the market, the sectors that reflect the technical progress suffer the most consequences. This is what happened in Romania during the last decade, and can be explained in part by a number of concessions made to State Owned Enterprises, despite the fact that they were idle. This meant subsidizing high energy consuming industries. In 1990, the high-energy consuming industries accounted for one-third of total industries, but in 1997 it had increased to 40%, and by 1998 they still accounted for over one-third of total industries. In contrast, dynamic industries in Romania throughout the whole decade accounted on average for only 21% of total industries.

In consequence, the structural aggregate of manufacturing industry is one of the weak points of the Romanian economy. The governmental strategy, whether it was based on incremental techniques (1992-1996) or measures of bankruptcy and liquidation (1997-1999), was not successful in prioritizing key sectors or activities. The overall volume of the manufacturing industry production recorded a constant decline (except between 1995-1996). In spite of this, during this period some key sub sectors, such as, electric machinery and appliances, radio, television and communication equipment and road transportation showed significant potential. In 2001, the global Human Development Report produced annually by UNDP, introduced the Technology Achievement Index (TAI), which aims to capture how well a country is creating and diffusing technology, as well as building human skills base. The TAI is supposed to reflect the capacity to participate in the technological innovations of the network age. The TAI is not a measure of which country is leading in global technology development, but focuses instead on how well a country as a whole is participating in creating and using technology. Among 72 countries, Romania was ranked No. 35 in the TAI ranking, as a country with potential. On the other hand, in as much as the potential of Romania to participate in the new global technological era seems hopeful, current trends in other areas provide additional signs for cautious optimism. For example, the accelerated decline in the machine and equipment industry. The annual variation index of the production volume indicates that the share of the machine and equipment industry in exports activities has decreased from 29% in 1990 to 15% in 1999.

The structural aggregate of manufacturing industry is one of the weak points of the Romanian economy

In as much as the potential of Romania to participate in the new global technological era seems hopeful, current trends in other areas provide additional signs for cautious optimism

Romania's interaction with the world economy today relies mostly on high energy consuming industries and on the industries using low skilled labor. It follows a product export path with a low added value, whose only aim is to maintain jobs and not to contribute to a broader development objective. Despite the fact that the service sector or third sector has shown impressive contributions to Romania's GDP profile, contributing

in 1999 with almost 44% of GDP, the overall productive structure in Romania remains feeble. Actually, the rise of importance in GDP of the service sector in Romania is not the result of strategic structural reforms but it reflects more the decline of the volume of industrial activity.

The impact of the economic transition process registered in the whole economy can be seen reflected on two additional dimensions. First, in the added value of different sectors to the Romanian economy. As can be seen in Table 1.1, in all sectors there was a decline in the added value. Second, a dramatic modification of the employment configuration occurred. As can be seen in Figure 1.6, from the point of view of the economic structure, the industrial and construction sectors registered a drastic decrease of manpower, without this necessarily translating into an increase in productivity. In contrast to other countries in Europe, Romania has a big share of its population employed in the agricultural sector. Moreover, in comparison to other countries in the region Romania's agricultural sector has much lower production rates. Overall, GDP in Romania is used five times more for consumption than for capital formation. This is another weak point in the Romanian current economic dimension. When the production means are physically worn out and have a low rate of replacement, it usually affects the quality of competitiveness.

**Table 1.1**

Romania, Overall Fluctuation of Added Value in Different Sectors of the Economy

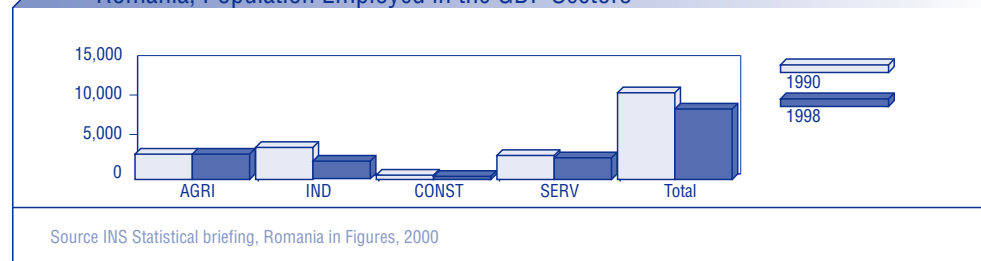
Sectors	1990	1999
Agriculture	100	76.5
Industry	100	83.1
Construction	100	93.4
Service	100	85.5

Source: INS Statistical briefing, Romania in Figures, 2000

Another element that explains the link between the transition process and competitiveness in Romania is income-generating activities. During this decade, as far as taxation and budget are concerned, Romania experienced a continuous decrease of their contribution to the GDP: 25% in 1990 to 18% in 1999. In part this is explained by a sharp reduction of the tax base, as there were less people actively employed, as well as fewer number of active enterprises. For this reason, as of 1998 the government decided to increase the Value Added Tax (VAT). As can be seen in Table 1.2, the trends can be seen very clear, as by 2000 VAT represented two-thirds of the income structure, whereas in 1995 it was only one-third.

**Figure 1.6**

Romania, Population Employed in the GDP Sectors



**Table 1.2**

Romania, Structure of Fiscal Incomes in %

Year	Profit tax	Income tax	VAT and Excises	Custom duties
1995	22.4	27.1	38.8	8.4
1996	20.1	26.7	39.1	9.6
1997	26.6	23.2	39.7	8.4
1998	17.9	16.6	51.0	9.5
1999	19.6	8.5	57.2	9.2
2000	17.4	21.3	62.1	7.6

Source: BNR, Report 2000

The capacity of Romania to become more competitive was also hindered by the recurrent budget deficits. Whereas in 1990, there was a 2.5 billion ROL surplus, in the ensuing years of the decade the deficit increased and by 1999 had grown to over 13,600 billion ROL. At the same time, public expenses were primarily financing consumption at a rate that could not even keep pace with inflation. Purchasing power also gradually but steadily eroded. The only positive trend in this context during the decade was that, savings increased (from 5,136 billion ROL in December 1995 to 44,549 billion ROL in December 2000).

### The Greatest Challenge for Romania: Abandoning Non-Competitive Behavior?

The systemic transformations specific to the transition process demanded fundamental changes in the attitude of the individuals, as well as the processes of manufacturing companies. At the same time, accepting to operate under the rules of the market also meant adopting an adequate institutional framework, capable of stimulating the behavioral changes needed among business owners and consumers. However, although competition could generate long-term benefits for consumers and manufacturing companies alike, it could also in the short-term generate perverse effects. As has already been the case in Romania, liberalization of prices and foreign trade, representing the first seed of a competitive economic structure, can be challenging adaptation processes for consumers and business enterprises. Similarly, as the domestic enterprises dispose of less efficient technologies, their production costs tend to be higher than those of the foreign enterprises. Under these circumstances, a domestic company will be forced to produce at higher prices, and, consequently, would not be able to sell their products, or even considerably reduce the labor force cost by offering lower salaries. Furthermore, the lack of financial means makes recovery or survival almost impossible, and, therefore, attracting foreign partners and/or investors becomes the only option to sustain business activity.

As the Romanian experience shows, the extent to which competition is present and stimulated during the transition period depends on the contribution of three basic factors: 1) consumers with sufficient and sustainable purchasing power, 2) productive economic enterprises, and 3) an adequate governmental policy. In the ideal scenario, the interaction, articulation and synergy among these three elements are key. For Romania, the transition process induced an adaptation of individual behavior to new and more competitive condition. This was, and still is, an arduous on-going process for Romania, as non-competitive behavior is still present. Weak mechanisms of political representation and mediation, coupled with an emerging civil society, are still allowing certain professional groups or unions to have preferential treatment when it comes to income and wages. This causes major distortions in the labor force market, and in the income policy as well. Pressure actions, such as those exercised during the first years of transition by the mining unions, the unions in the railway transport, and industry confederations are well known in Romania. Government officials, in spite of low productivity rates, almost always accepted the claims presented by these pressures groups on the grounds of avoiding further conflict. The accumulated result of these political concessions, can add up to an unequal share of distribution across sectors, especially those that are not well organized to formulate and implement petitions to the government. Moreover, it encourages out-migration and/or a “brain drain” to occur, parallel payment system (tutorage, informal payment of certain medical services) to take place, and ultimately it encourages corruption to flourish.

Although rare and less significant, non-competitive behavior is also manifested in relation with price levels. In a competitive economy, the market price serves well both the consumer and the producer, or what is known as a “win-win” situation. In Romania, unfortunately, during the first years of the transition process, the price liberalization policy, which was an absolutely necessary measure, generated a high erosion of incomes or a “lose-lose” situation. In order to attenuate the negative political effects, policy-makers continued to subsidize many services and products or even maintained control on the prices of some certain products.

The transition process also implied major changes among the business enterprises. The greatest challenge in this process for Romania has been overcoming the monopolistic behavior of many enterprises, which is still preponderantly conferred by the State. For example, at the early phases of the transition process, half of the nominal capital of companies was excluded from privatization; it was those companies receiving the status of REGII (self-governed state-owned authorities). Their activities were considered strategic, and therefore they were entitled to receive higher protection from the State.

The Romanian governments preferring this type of monopolistic status for some companies, reflects the deep-rooted belief that certain activities cannot be efficiently carried out unless the respective producer holds the monopoly power on the market. This is the case of natural monopolies, which due to very high fixed costs, in comparison with the variable ones, cannot operate under competitive conditions. The only acceptable situation, for such exceptions, occurs when the production process requires a network-type technology (i.e., telecommunications, sewage system, water supply, railway transportation). In such specific cases, the existence of a large number of companies, holding each its own service distribution network, would assume enormous costs and, therefore, very high prices, inaccessible for the majority of the consumers. Natural monopolies must be given special attention, though there are no fixed economic reasons for maintaining those companies in the public sector.

The capacity of Romania to become more competitive was also hindered by the recurrent budget deficits

As the Romanian experience shows, the extent to which competition is present and stimulated during the transition period depends on the contribution of three basic factors: 1) consumers with sufficient and sustainable purchasing power, 2) productive economic enterprises, and 3) an adequate governmental policy

The transition process also implied major changes among the business enterprises. The greatest challenge in this process for Romania has been overcoming the monopolistic behavior of many enterprises

One of the most important non-competitive elements in the Romanian business enterprise behavior today is its non-loyal competition. Besides the intrinsic character of this phenomenon, which exists in the developed country economies as well, in Romania, non-loyal competition is very frequently induced by the policies of the State. Generally, non-loyal competition occurs when a business or group of businesses restricts free access of another company into the market. The methods used for this purpose are various, yet, the most frequently used in Romania is that of the “free-rider companies”, owned, to a great extent, by the State-owned company managers. The “free rider” companies have the same objectives as the target companies, sometimes using (either legally or illegally) part of their competitor production capacities. They take over a large part of supplier and beneficiary networks of the state-owned companies, which are technically their direct competitors. By restricting the marketing trading capacities of these companies, the “free rider companies” usually succeed causing their competitors to go bankrupt, and in many cases they proceed with a forced purchasing, before or after bankruptcy.

A second element of the non-loyal competition behavior found in Romania is reflected by constant and continuous arrears in the economy. A major part of the Romanian companies’ outstanding payments from non-reimbursed debts towards various banks, State budget or suppliers can be explained by the insufficient financial resources needed for the payment of such debts, and respectively by the high interest rates, which makes credits an almost prohibited necessity. This situation is also the result of an inflationist policy present throughout most of the transition period in Romania. Financial and fiscal indiscipline in Romania have contributed to the generations of more non-competitive behavior. Contracting commitment between companies is not guaranteed. Generally, such commitments are not observed because there are not sufficient and efficient legislative mechanisms in place yet to enforce commitments and hold those companies accountable. The differences in the depth and pace of the transition process have much to do with the strength of the State’s legislative and institutional framework and how the State uses its power. Levels of foreign and domestic investment, the growth of new private firms, the degree of competitiveness and other measures of transition depend on the State supplying basic institutions and forbearing from its own predation. In fact, by delaying payments, the debtor benefits from a price-cut for the goods purchased from its supplier, yet, it represents, for the latter, the equivalent of a profit loss. This mechanism generates vertical-type non-loyal competition.

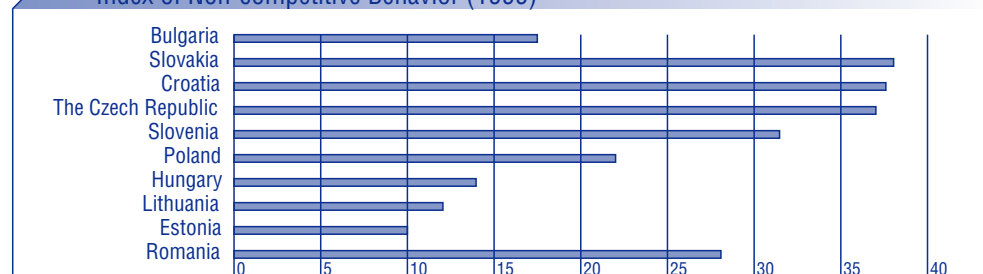
To a certain extent, the privatization process that took place in Romania represents a major stimulus to non-competitive behavior

To a certain extent, the privatization process that took place in Romania represents a major stimulus to non-competitive behavior. By purchasing a company for a lower price than the market price, the new owner will benefit of an inferior replacement cost, fact which will entail - for any investor wanting to establish a company identical as for manufactured products and size - higher costs of physical capital than the costs afforded to the privatized company; therefore the investor will not be able to compete with the existing company and will most likely abandon the project. This is mainly the result of an ambiguous privatization process, through which unintended or otherwise entrance barriers are introduced for any potential investors.

Another form of non-competitive behavior of the Romanian manufacturing companies is the license-granting system for certain activities, mainly in the foreign trade. Besides the corruption elements it can often encourage - preponderantly in the public officers employed by the institutions responsible with the license granting - this practice allows for the companies holding a sole-agent right to practice higher pricing. The non-competitive behavior elements of most Romanian manufacturing companies are still numerous and cover a large diversity. Yet, problems related to the lack of a perfectly competitive framework are not specific to Romania. A survey recently organized in the transition countries (Carlin & all, 1999)<sup>1</sup> indicates that, after ten years of economic and institutional transformations, the competitive elements are still incipient in the majority of transition countries. The state-owned companies still own a market monopoly power, about 30% of them having no competitors, in comparison with only 5-9% of the private companies. The privatized companies are placed somewhere in between the state-owned and the private companies, as for the number of competitors they have to compete with on the market. This set-up demonstrates that the remoter from

**Figure 1.7**

Index of Non-competitive Behavior (1999)



Source: Carlin & all, 1999.

<sup>1</sup>The survey was performed on a 3,000-company sample, in 20 Central and East European countries, (Romanian included), the former USSR and the Baltic countries.

private elements the property-form, the more attenuated the competition would be, and, therefore, the resource allotment in the economy would be more inefficient. However, what is specific to Romania, from the manufacturer non-competitive behavior viewpoint, is the direct intervention of the state.

The authors of the above-mentioned survey calculated an index of the State permissiveness towards the non-competitive behavior of the commercial companies, which is, in fact, equivalent to the non-competitiveness degree of the manufacturing companies operating in the market. Figure 1.7 shows that according to the result of this survey Romania is situated somewhere around the average of the selected countries, and before Slovakia, Czech Republic, Croatia and Slovenia, but after Bulgaria, Poland, Hungary and the Baltic countries.

State-behavior in Romania has also shown some non-competitive tendencies during the past decade. In an ideal economy, operating on market principles, the fundamental social objective of the State would be to guarantee the efficient and equitable allotment of the existing material and human resources. To a great extent, this objective is achieved by the market, under the circumstances where competition represents the fundamental element of the relations between all agents involved in production and consumption activities. Still, there are cases when the market cannot assume the principles of efficient allotment of resources, in which case the state is bound to intervene in order to regulate such deficiencies. Two such situations can motivate the State intervention in the economy: 1) in order to ensure the public consumption goods, either nationally or locally, and 2) for the redistribution of part of national income towards people who, unwillingly, don't dispose of sufficient means of living.

Therefore, it results that the State has no attributions related to the production activity. By definition, the central authority is not a production enterprise, and it cannot create jobs or offer higher salaries to the private sector employees. The state is functional and efficient as long as it limits its intervention to the two cases detailed above. It can also be competitive as long as it can provide the economy, the legal and institutional framework necessary to the manufacturing companies and consumers.

Currently, Romania has a basic legal and institutional framework necessary to regulate the market competition rules. The Consumer Protection Office, the Anti-monopoly Law, the Competition Office, and the Bankruptcy Law are but few examples. Despite the existence of these means, however, they are not functioning well yet and cannot guarantee a competitive environment in the economy. At the same time, it can be argued that the State is the first agent to infringe the competition rules, by protecting and favoring the public enterprises, to the detriment of the private sector, as detailed in the previous section. The policies of subsidizing, keeping inefficient state owned companies, the granting of preferential credit and the pardoning of their budgetary debts, however justified, represent non-competitive elements.

Well-functioning markets can create opportunities for human development, even under a process of transition. But establishing such markets where they are absent, making them work better, and ensuring that poor people have free and fair access are difficult tasks that have to be initiated by the state or by pressures from non-governmental sectors. In the absence of these initiatives, market reforms might fail entirely, and have more unintended consequences for the poor. The lessons from the Romanian experience so far, point to the importance of designing and implementing reforms that are tailored to the peculiar economic, social, and political circumstances. Market-friendly reforms will continue to create winners and losers. The state and its democratically elected officials have an obligation to minimize losers and costs.

However, a point to put into perspective for Romania is that, there is no presumption that making reforms pro-poor means making reforms slowly. In some cases the society can benefit more from rapid market-oriented reforms, especially in areas that directly affect their economic opportunities or that help break down entrenched monopoly privileges. In view of the urgent need to get Romania onto a dynamic, job-creating development path, it is critical that the difficulty of reform and the impossibility of compensating losers do not lead to policy paralysis or hesitation. Furthermore, to make markets work better for human development, macro reforms must be complemented by micro reforms. Improvements in people's access to market and information must also be a priority. Reducing labor market restrictions that limit job creation and stifle competition while promoting core labor standards will remain a key challenge for Romania's economic transition process.

## Bringing the Transition Process to Romanian Firms, Managers and Enterprises

There is broad consensus in Romania about the need to increase the economy's performance. But when the formulas to translate such consensus into practical policy options are discussed, the opinions are most often divergent. There are those who want to follow successful models, such as the Scandinavian or the South East Asian. Others looked at managerial models for answers. And still others want Romania to mirror the successful experiences of neighboring countries, such as Hungary and the Czech Republic. Despite differences of opinion regarding the most appropriate policy options to increase economic performance in Romania, one element appears to be common. The assumption that cultural differences make foreign patterns or models impossible to be emulated or replicated by Romania.

Well-functioning markets can create opportunities for human development, even under a process of transition. But establishing such markets where they are absent, making them work better, and ensuring that poor people have free and fair access are difficult tasks that have to be initiated by the state or by pressures from non-governmental sectors

Attention has been frequently focused on the importance of building a sound macro-economic, political, and legal environment. However, macro-economic conditions, while necessary, are not sufficient to ensure a prosperous economy and progress in human development

At this juncture of the transition process, it is imperative to discuss, if not debate, the most “feasible way” to manage and implement the transition process. This “feasible way” at minimum has to be rooted in three key premises:

1. The transition process is aimed at improving the economic performance of Romania
2. This involves, - no doubt - a cultural change at two levels: business and organizational
3. But, in order to make cultural change happen, new systems (rules, procedures, practices, operation manners) are to be designed and steadily implemented.

Taking into account that this Chapter tackles other areas of the economic dimension, and other succeeding Chapters will tackle political, public administration and social areas, this section will only focus on analyzing the Romanian transition process from the perspective of the manager, firm and enterprise. Given that external opportunities for Romania are still limited, due in part to the very same process of transition, potential internal sources of advantage must be cultivated. Attention has been frequently focused on the importance of building a sound macroeconomic, political, and legal environment. However, macroeconomic conditions, while necessary, are not sufficient to ensure a prosperous economy and progress in human development. Indeed, as a country is incorporated into the global market place, there is less and less discretion about “national policies.” The quality of that interaction depends on a solid strategy, to take advantage of global capital markets. Success ultimately depends on improving the microeconomic foundations of competition.

The microeconomic foundations of productivity rest on two interrelated areas: the sophistication of company operations and the quality of the microeconomic business environment. Unless companies operating in Romania become more productive, the economy will not become more productive. Yet the sophistication with which Romanian companies will be able to compete will be strongly influenced by the quality of the national business environment in which they operate. As we have seen, the business environment has much to do with the types of strategies the government puts in motion and the efficiency with which firms can operate. For example, operational efficiency is unattainable if regulatory red tape is onerous, governmental policy is erratic, logistics are unreliable, or firms cannot simply get timely supplies of components or high-quality service for their production machines.

As Michael Porter argued in the Competitive Advantage of Nations, capturing the nature of the business environment at the microeconomic level is a challenge, given the myriad of locational influences on productivity. Porter argued that the effect of location on competition happened via four interrelated influences: 1) input conditions, 2) the local context for strategy and rivalry, 3) local demand conditions, and 4) the strength of related and supporting industries. These form the microeconomic business environment in which a nation's firms compete and from where they draw their sources of competitive advantage. The economic transition is the long-term process of building this array of interdependent microeconomic capabilities and incentives to support more advanced forms of competition.

#### Box 1.3

##### The Engines of Growth in a Transition Process

Economic progress is a fundamental element for human development. Countries in transition face a challenging dilemma, related to fostering economic growth and development. Economic growth is indispensable in the process of transition because human development depends on productive economic activity. The question becomes one of understanding what the engines of economic growth in an economy are and how they work, and, ultimately, of how best to encourage the productive use of a nation's resources to create the opportunity for human development. One of the engines of growth is successful business, for it is at the level of the individual business that wealth creation occurs. Products are created, services are provided, productivity is enhanced and wealth is generated. Without businesses there will be no economic progress, and without economic progress there will be no human progress.

Source: Extracted from Michael Porter, “The Microeconomic Foundations of Competitiveness,” in the World Competitiveness Report, Geneva: World Economic Forum, 1999.

One of the engines of growth is successful business, for it is at the level of the individual business that wealth creation occurs

As related to Romania, factor conditions would refer to the nature and extent of the inputs that firms can draw upon to produce goods or services, including such things as labor, capital, roads, airports and other transportation and communication infrastructure, and natural resources. Factor inputs can be basic, such as cheap labor, basic roads, and also advanced, such as multi-modal systems of transportation, high-speed data communication infrastructure, research and development in high-tech industries, and specialized personnel with advanced degrees. The quantity of the inputs is not nearly as important as their quality and specialization. The quality of local demand in Romania would be a second critical determinant of its microeconomic competitiveness. A demanding customer is a powerful tool for raising productivity. The pressures that the local customer places on a firm, on an industry, and on the nature of competition within local industries tend to raise productivity by enhancing the quality and value of the products, thereby

improving the likelihood that those products will also succeed in export markets. Demanding customers educate local firms about how to improve products and services and force them to upgrade these products and services in a way that will translate directly into higher value for customers and higher prices. On the other hand, if local demand is unsophisticated and a firm is simply imitating products development elsewhere, as has been the case for Romania throughout most of the decade, productivity and international market prices will suffer.

So, given the analysis in preceding sections, where does Romania start its transition towards competitiveness? During the last decade, one of the recurrent statements among political leaders has been, that the changing process is a difficult one, more so because of people's mentality or the lack of readiness on the part of people to assume and confront change. The argument followed, that as long as people would not give up their old habits, a real change would not be possible fast. This assertion could be considered to a certain extent accurate, but also dangerous. It implicitly contains two assumptions: one inviting to complacency rather than action, and the other tending to excessively and erroneously simplify the transition issue to the "mentality factor." Culture and behavior can be factors hindering the speed of the transition process, but because in themselves these are long-terms processes, it might be too early to assess its real impact. At the same time, the notion of linking results with waiting until people experience a change of mentality and more readiness to accept change is ambiguous. Similarly, arguing that the "old" mentality is a mere post-effect of the transition might also result in a simplification of the process.

In order to pertinently consider the values, traditions and customs the business-culture in Romania is based on, it is necessary to take into account 50 years prior to the transition process, as well as centuries of history. Looking back, one finds that a "defending attitude" has always been a constant of the Romanian people, either when having to face the migration waves, or later on, in their relations with the great neighboring empires. This type of neighbors has also deprived Romanians of the exercise of building their very own Romanian empire, and, implicitly, of thinking "big." In this history, compromise and duality became survival instruments. Similarly, it has to be recognized that the vicissitudes of history induced the Romanian people to be tolerant of other cultures and life styles, to have a high degree of adaptability and an outstanding creativity for solving problems. Not to omit the legendary propensity to accepting destiny, with the belief that Evil, as well as Good come from the outside. This belief has translated into popular Romanian proverbs such as: "time will settle any problem" or "what is to happen, will happen."

#### Box 1.4

##### What is Prosperity?

Prosperity is the ability of an individual, group, or nation to provide shelter, nutrition, and other material goods that enable people to live a good life, according to their own definition. Prosperity helps create space in people's hearts and minds so that they may develop a healthy emotional and spiritual life, according to their preferences, unfettered by the everyday concern of the material goods they require to survive. We can think of prosperity as both a flow and a stock. Many economists view it as a flow of income: the ability of a person to purchase a set of goods, or capture value created by somebody else. Others see it as an upgraded notion of income, which is based on purchasing power.

Prosperity is also the enabling environment that improves productivity. Prosperity can be looked as a set of stock. There could be seven kinds of stock, or capital, the last four of which constitute social capital:

1. Natural endowments such as location, subtotal assets, forests, beaches, and climate
2. Financial resources of a nation, such as savings and international reserves
3. Humanly made capital, such as buildings, bridges, roads, and telecommunication assets
4. Institutional capital, such as legal protection of tangible and intangible property, efficient government departments, and firms that maximize value to shareholders and compensate and train workers
5. Knowledge resources, such as international patents, and university and think tank capacity
6. Human development, which represents skills, insights, capabilities
7. Culture capital, which means not only the explicit articulation of culture like music, language, and ritualistic tradition but also attitudes and values that are linked to innovation

Source: Extracted from Michael Fairbanks. "Changing the Mind of a Nation: Elements in a Process for Creating Prosperity," in Lawrence Harrison & Samuel P. Huntington, *Culture Matters: How Values Shape Human Progress*. New York: Basic Books, 2000.

Prosperity is the ability of an individual, group, or nation to provide shelter, nutrition, and other material goods that enable people to live a good life, according to their own definition

The communist period contributed to the depreciation of certain fundamental values, not only the managerial and entrepreneurial ones, but also the socio-political ones as well. Perhaps work was the value that suffered the most. Although work was tenaciously declared "the supreme value of the new society," people's attitude towards work had continuously decayed, it being, perhaps, the subject that is most captured in bitter jokes, such as: "We pretend to work, they pretend to pay us." The sense of "a properly done job" had been gradually replaced by the "it will be all right, anyway" philosophy, implying that no matter how the job was done; the results would be the same. Meritocracy, based on professionalism and competence, was also compromised, as long as promotions happened, it did not matter the criteria. The company

The sense of "a properly done job" had been gradually replaced by the "it will be all right, anyway" philosophy

Business people began to be perceived more and more as selfish individuals building their own fortunes

In Romania, modern business values coexist with reminiscences of pre-1989 era

Romania would need to start producing new managers, who on the one hand can become capable at maximizing performance of firms and/or organizations and on the other to steer business activity into strategic productive enterprises

manager attributions were translated from the strategic level to the basic one, since strategy was a sole attribution of the political structure. Similarly, assuming risks or individual responsibility was considered an undesirable behavior. Formal authority of managers was maximized, to the detriment of the informal authority, the latter being often more important. The idea of the managerial team's consulting the employees was emptied of its content, by mirroring the joint decision-making of the "Labor People's Committees." Undoubtedly, the eleven years of transition haven't succeeded yet in completely wiping out these practices.

Moreover, the last decade of transition had its own contribution to the permanence and value of pre-transition elements, as its chaotic approach brought confusion, mistrust and doubt. The "December 1989" vision proposed the Romanian society a change towards more democracy and market economics. This vision was immediately and unconditionally embraced as an aspiration by almost the entire population, who had automatically decoded the two goals into aspirations for freedom and prosperity. At the political level progress people think Romania is moving in the right direction, but the same cannot be said about the economic path. In the absence of a systemic and well-articulated approach or strategy, the new and emerging democratic political class has not been able - at least until now - to convince the population that the transition to a market economic model will bring prosperity (see Box 1.4). Moreover, in this process gradually but surely, the State seems to have lost its moral authority to convey this message. There is this urgent aspiration, among Romanians, that the basic idea of democratic authority needs to be restored.

Meanwhile, during the same entire period, the image of the manager and entrepreneur was tarnished, as it was affected by various scandals and frauds. Business people began to be perceived more and more as selfish individuals building their own fortunes on the back of illicit businesses, and less as citizens assuming personal risks on behalf of the national interest (creating new jobs and supporting the budget by paying their taxes and duties). The widely spread inclination to generalize this image became a norm, and it did not inspire or stimulated confidence or leadership. Finally, another issue that rampantly has made its way into the popular belief is the idea that a market economic model is a quick means to get rich and, if possible, with as little effort. People taking chances in experiments such as Caritas, SAFI or FNI, were, finally, drastically and fairly penalized. Nothing wrong with it, only that the perverse effect of the penalty was, again, a diminishing confidence in the market economic system.

Under such circumstances, it is not surprising to find out that, on the background of a century old culture, the values and attitudes promoted during the communist period have amalgamated with those promoted during the transition process. This has resulted in a rather paradoxical combination, whose impact upon the managerial and business practices is hard to predict. In Romania, modern business values such as, preferences for foreign investments and private property, option for salary differentiation, professional competence of the top management, the refusal to artificially maintain the existing jobs, coexist with reminiscences of pre-1989 era, such as: the option for the involvement of employees in the company leadership election, preference for a strong protection of the Romanian companies by means of taxes and duties, lack of interest in getting promoted within the company, and the belief that the managerial team's relations with the political circles decisively contributes to a proper development of the company.

As anticipated, this amalgamation of values, beliefs and attitudes can be found at the managerial level as well. The most noticeable effect is the delay of the emergence of new leadership patterns, which are more consistent with the exigencies of a market economic performance. Therefore, after a decade of a rather modest progress in business management practices, the change has become a necessity. This need for change becomes even more urgent, if at least two other current transition processes are taken into account. First, the exigencies of being competitive in a globalized world economy and second, Romania's firm option to become a member of the European Union.

In order to withstand these challenges, Romania would need to start producing new managers, who on the one hand can become capable at maximizing performance of firms and/or organizations and on the other to steer business activity into strategic productive enterprises. The force of the transition to a new competitive culture will be the manager. At this stage of the transition process, six goals are strategically significant for management leadership, as they undergo a transformation process:

1. Transforming managers from administrators of crisis to initiators and leaders of the transition process: This process will require the capacity to understand the evolution and insights of the external environment and the problems facing organizations. On this basis managers must develop their own vision on the company's future. It further requires the ability to transform this vision into a well-articulated strategy, having clear, ambitious and achievable objectives. At the same time, the move from a closed society towards an open one requires managers to be better communicators. In most Romanian companies communication is still very poor and formal. Managers must be able to formulate clear messages and express them in a convincing manner.
2. Encourage the creation of agents of change: Managers must be able to work with, and motivate people. Managers must promote teamwork, consensus building, solve conflicts, encourage meritocracy, celebrate successes, and learn from failures. In addition, managers must be able to

take decisions under uncertain conditions, calculating and taking all the necessary risks and, finally, being accountable.

3. Build capacity to react rapidly and effectively to environment changes: This needs not only a learning process, but also understanding interdependencies with the other areas of society. Open-mindedness, creativity, and positive approach to the learning process will be key requirements for this goal.
4. Improve the quality of global thinking: Not only as related to multi-national companies, but to other potential international opportunities.
5. Valuing the competition: Which requires understanding competition as a factor of improving business activity, know-how and knowledge exchange. It also requires understanding and following regulations and laws, and abiding by the principle of transparency.
6. Internalizing social responsibility and systemic thinking

Romanian managers, firms and enterprises must go through a dramatic but necessary process of transition. Two approaches could be considered. First, the orchestrated consensus approach, by which people's values and attitudes could be prioritized. The basic premise of this approach being that the cultural change must precede the structural and functional changes, in order to maximize performance. This approach could produce a lasting change, but it also has two major limitations. It requires patience as it takes a long time to show concrete results and it is most successful when people support the approach.

Romanian managers, firms and enterprises must go through a dramatic but necessary process of transition

The second approach, generically called the tough leadership approach, proposes the design and implementation of a new system of incentives to encourage cultural and behavioral change. The main premises of this approach, is that the system is a culture generator, and that increasing performance can precede the cultural change. The main advantage of this model is that change may happen in a shorter period of time, and it does not necessarily need broad popular support. These approaches could target various systems in the Romanian business cycle, such as production, marketing, financial and human resources. The point being that, irrespective of approach, it might be necessary to apply a systemic and comprehensive approach.

Clearly there are many other factors that will determine the ability of Romania to succeed in its transition process, for example, sustaining a stable macroeconomic environment, maintaining transparent and efficient government institutions, investing in adequate infrastructure and prioritizing an educated workforce and quality health care. Although these themes have received extensive analysis, research in what is necessary to create success at the firm level among countries undergoing a transition process is relatively spare. Evidence from the past twenty years suggests that macroeconomic policy involving prudent government finances, a moderate cost of government, a limited government role in the economy and openness to international markets promotes national prosperity. Yet a stable political context and sound macroeconomic policies are necessary but not sufficient to ensure a prosperous economy. As important are the microeconomic foundations of transition, rooted in firm operating practices and strategies as well as in the business inputs, infrastructure, institutions and policies that constitute the environment in which a nation's firms compete. Unless there is appropriate improvement at the microeconomic level, political and macroeconomic reform will not bear fruit.

Unless there is appropriate improvement at the micro-economic level, political and macroeconomic reform will not bear fruit

#### Box 1.5

##### Elements of a Transition Process

Transition is a sloppy process and can never occur in an easily described sequence. Despite this, people who want to construct their own transitions will have to have a schema that is shared and some sense of components that are necessary to promote change, as well as a broad scope of skills and insights across many domains. Some potential steps that can be taken by the society undergoing a transition process could be.

- Decoding the current development strategy
- Creating a sense of urgency
- Understanding the range of strategic choices and be informed about them with analyses
- Constructing a compelling vision for the country after transition
- Creating new networks of relationships
- Building productive coalitions
- Developing and communicating short-term wins
- Institutionalizing the changes
- Evaluating and affirming the changes

Source: Extracted from Michael Fairbanks. "Changing the Mind of a Nation: Elements in a Process for Creating Prosperity," in Lawrence Harrison & Samuel P. Huntington, Culture Matters: How Values Shape Human Progress. New York: Basic Books, 2000.

Experiences suggest that for a transition process to be successful not only is it required to have a macro-economic foundation in place but that a “competitive mind-set” that fosters innovation and productivity in the national economy must also exist

Given the growing consensus about the foundations of macroeconomic management, and the emerging understanding of the microeconomic foundations of competitiveness, the question arises; why is creating change so difficult in transition countries like Romania? Is it necessary to have a stable government, a sound economy, and a strong microeconomic foundation before a nation can experience significant gains? Clearly, that would be ideal. But transition processes are often a chicken-and-egg phenomenon. Business leaders will argue that they cannot develop better strategies until the government gets its act together, and government leaders will argue that they can't take any significant steps until the business community demonstrates its willingness to compete and not seek protection from competition. Experiences suggest that for a transition process to be successful not only is it required to have a macro-economic foundation in place but that a “competitive mind-set” that fosters innovation and productivity in the national economy must also exist.

As the Romania economic transition shows, finding answer to the strategic problem it faces is not that difficult, even in the context of weak government leadership and inadequate strategy. The difficulty is in changing the way that people think about their business problems. There is still a legacy from the previous planned economy era and from the comparative advantage thinking, which is embedded in institutions, laws, and policies in Romania, a legacy that has made it very difficult for leaders to make different choices. There are many real political and physical barriers to changing the way firms compete in Romania, such as poor national economic performance, poor infrastructure, and lack of skilled workers. However, business leaders are also to blame for waiting for the national infrastructure to improve before changing the way they think about competition and business strategy. If they cannot begin to find innovative business solutions to their problems, there will be no improvement for Romania as a whole. Ideally, both have to work together to create a dynamic system of mutual improvement.

#### Box 1.6

##### Understanding the Difference between Comparative Advantage and Competitive Advantage

Research into the economic performance of nations throughout the world has revealed that nations having the greatest abundance of natural resources tend to perform more poorly than those that do not have an abundance of natural resources. Although comparative-advantage theory would hold that countries with unique comparative advantages should specialize in their areas of strength, nations that are rich in natural resources and focus on selling those resources in the global marketplace tend to be the poorest on a per capita basis.

The reason for the relatively poor performance of natural resource-rich nations is that natural resources tend to be commodity products, and producers have little control over the prices to be charged. In fact, commodity prices have been steadily declining in real terms for the past twenty-five years. As a result, many nations are actually exporting a greater volume of material but are earning less real money for their efforts. In today's global economy, a comparative advantage in natural resources does not assure economic prosperity.

The same holds true for nations jockeying to take advantage of their comparative advantage in inexpensive labor. When a nation's firms develop export strategies based on low labor costs, they create a self-fulfilling cycle. In order to compete in their chosen segments, they must keep labor costs at a minimum. It therefore becomes impossible for them to increase salaries, for if they do, they will find themselves with uncompetitive products. If this happens, they will either go out of business or look to set up operations in neighboring countries that have even lower wage rates.

Both of these examples - natural resource-based strategies and inexpensive labor-based strategies - can be characterized as comparative-advantage strategies. Both have proven themselves incapable of creating high and rising standards of living.

Source: Extracted from Jeffrey Sachs & Andrew Warner, “Natural Resource Abundance and Economic Growth,” National Bureau of Economic Research, Cambridge, Mass., Working Paper 5398, December 1995.

Romanians have been reluctant to accept governmental actions and a majority has not been satisfied with governmental performance. For example, since 1994 between 70-90% of Romanians have been generally dissatisfied with government activity and actions in the economic area. The issue of corruption has also been a major concern, as well as agricultural policy or lack thereof. In fact, the trend of dissatisfaction in other government activities, such as health care and education, shows the same interesting trend. The only real difference is the intensity of the levels of dissatisfaction, which is higher in the economic activities.

There is also a close correlation between the level of trust in government and the people's self-perception of their standard of living. As can be seen in Figure 2.4, more Romanians perceived in November 2000 their standard of living to be the same or worse than back in 1995. This in spite that social policy objectives have been put as a priority in almost every government plan, and some progress has been registered (see Introduction).

### Emerging Civil Society

The changes occurring after 1990 in the political, economic and social dimensions provided the scenario for the emergence of civil society in Romania. One of the strongest assumptions of the transition process is that a strong civil society activity strengthens good governance and democratic development, by creating a mechanism for people to participate in economic and social activities in their communities and to influence public policies. In light of the experience with the totalitarian society before the transition, it is also assumed that participation could promote and strengthen checks and balances on government power and monitor social abuses (corruption), as well as offer opportunities for people to develop their capacity and to improve their standards of living. Most importantly, it is still assumed that participation from various civil society sectors could create networks that reduce individual opportunism, improve flows of information, foster trust, promote volunteerism and solidarity and make political and economic transactions easier. The Non-governmental (NGO)/Civil Society (CSO) sector as a whole is also considered to be a key democratic actor, because of its potential functional mission to introduce and/or articulate dimensions of citizenship and social participation in state-society relationships and interactions.

For Romania, the emergence of civil society has involved a long and arduous process, which is not at all completed. As a result, civil society in Romania is far from being consolidated, much less playing a more strategic role in the transition process. In as much as there are in Romania distinguishable/emerging actors in the civil society realm (civic movements and associations, radical anti-systemic movements, western style NGOs, nationalistic movements, political parties, the media, religious, cultural and educational organizations), the collective density and intensity are still weak.

The evolution of civil society in Romania has been rather slow, especially when compared to other countries in the region. This is mainly due to the fact that civil society movements have been burdened by cultural and historical legacies, and have lacked a coherent contestatory ideology, as well financial and political capacity to mobilize people. In as much as the presence of civil society movements seems to have continuously grown in quantity throughout the decade, the quality of its activities is still difficult to assess at this time. For example, according to data provided by the Foundation for Civil Society Development and the National Institute for Statistics, the number of NGOs/CSOs in Romania since 1996 has grown exponentially. Between 1996-1999 the number of NGOs/CSOs doubled from 12,000 to close to 24,000. The latest available figures reveal that in 2000 that number has grown to more than 27,000. There is no official number, but there are different estimations that put the actual number of active civil society organizations at no more than 2,000. Another reasonable estimation is the one given by the 1999 Catalogue of Associations and Foundations in Romania, which includes about 5,000 NGOs/CSOs and indicates that only 1 of 5 is active. Among the Roma communities, it is reported that during the last decade more than 100 grass-roots and/or community based groups representing Roma interests were set-up. Of those it is estimated that about one-third remain active.

Although it is much more implicit than explicit, civil and social participation in Romania have constitutional and juridical status. People in Romania can organize and function as foundations, societies, associations or non-profit organizations, provided they are registered and meet the necessary bureaucratic requirements. However, in practice the very same nature of NGO/CSO is still distorted, as lines of distinction, functionally, ideologically, and/or politically cannot be easily drawn yet. Most of the active NGOs/CSOs in Romania (at least two-thirds) are engaged in activities related to culture and entertainment, although many provide much needed social services and educational research that weakened state institutions cannot. It is estimated that one in four NGOs/CSOs in Romania provide social services to children, the young, the poor and the elderly population. This has been made possible to a large extent by the help of foreign assistance. That is, they have been particularly instrumental in the emergence of these NGOs/CSOs. Most of these probably could not exist and endured without external assistance.

Based mainly on the number of NGOs/CSOs, two distinct periods of evolution in Romania can be identified. First, from 1990-1995 when there is a rapid grow and some institutionalization. The majority of these are organized around some professional trades, with emphasis in human and basic rights. During this period, NGOs/CSOs in Romania are more proactive seeking and obtaining funding from donor organizations. For

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NGOs/CSOs in Romania continue to consolidate their role as service providers, and they also further expanded their operations from larger more urbanized areas to the more rural and smaller communities

One very important actor that is emerging in the civil society sector in Romania is the mass media

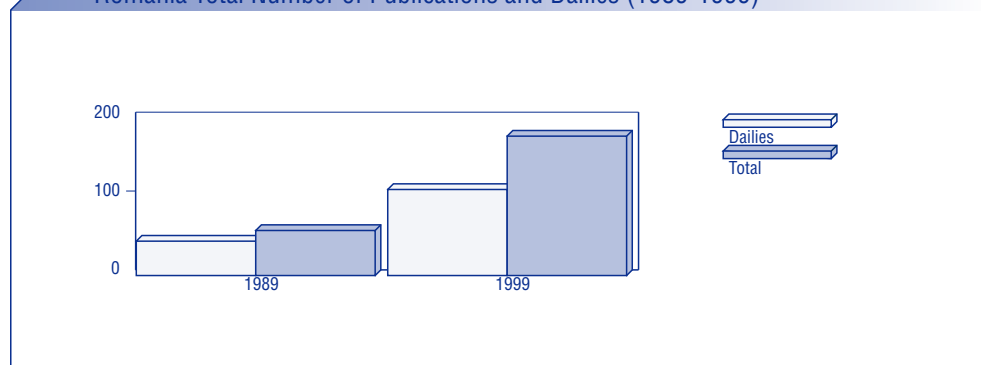
example, it is reported that in 1996, almost two-thirds of the funding for NGOs/CSOs came from foreign donations. Moreover, NGOs/CSOs during this period are more popular in large urban areas such Bucharest than in more rural areas. The second distinctive period is between 1996 to the present. During this time, NGOs/CSOs continued to expand. Donor organizations were more actively seeking NGOs/CSOs to provide them with funding to implement a whole array of development projects. In as much as foreign donors continue to provide most funding (on average as much as one-third) during this period, NGOs/CSOs also receive financial support from other private and governmental entities, as well as raise funding on their own.

During the current period of evolution, NGOs/CSOs in Romania continue to consolidate their role as service providers, and they also further expanded their operations from larger more urbanized areas to the more rural and smaller communities. However, in 2001 the NGO/CSO sector had still a preponderantly urban character. As much as 86% of the organizations operate in cities, of which 52% operate at the county level (42 intermediate units of government). At this level, the density of civil society organizations and NGOs in large cities is 198, in middle-sized cities 161, and in small towns 109. Also in 2001, more than two-thirds of the NGOs/CSOs were concentrated in the counties with an average and above average development level. In the counties with a very low development level, it is estimated that less than 10% of active CSOs/NGOs have operations. An analysis of the distribution and density of NGOs/CSOs places Crişana, Transilvania, Banat and Bucharest in the area with the highest rates, while Dobrogea and Muntenia in the area with the lowest rates.

One very important actor that is emerging in the civil society sector in Romania is the mass media. It was the written media the first social organization from the previous regime that sought greater levels of autonomy. During the first months of 1990, the production costs (paper, printing machine) of various newspapers and magazines were privatized with the help of the state. In addition, the staff of various newspapers was allowed to purchase operation activities through MEBO (România liberă, Scânteia, Adevărul, Scânteia Tineretului, Tineretul liber, Informația, Libertatea). In other cases, new publications emerged (Curierul Național, Expres, Cațavencu, România Mare, Azi, Dreptatea, Dimineața, Revista 22). Most of these "new generation" of newspapers supported, with different intensities, the early policies of transition (one noticeable exception was România liberă). Likewise, opposition forces supported most of the newly established publications. During the early phases of transition, the circulation of these newspapers was limited in numbers and geographical locations, due to high production and distribution costs. In spite of this limitation, written media attracted much attention from the public, as it was at the time the most tangible example of free-expression. Thereafter, as can be seen in Figure 2.5, it has evolved dramatically.

**Figure 2.5**

Romania Total Number of Publications and Dailies (1989-1999)



The electronic mass media privatized at a different pace. Independent local radio stations began to function almost immediately after the transition process started in 1990, although without any legal framework. Back then there was a tacit agreement between radio stations and the government, which involved transmission in exchange for non-interference in politics by the radio stations. The television status was almost the same, with the only difference being the formation of the first independent station (SOTI, in 1990), which gave birth to an important level of autonomy and independence. Television became, after the radio, the most important voice of, and for, political power.

On May 21, 1992, the Audio-visual Act was adopted and Romania became the first ex-communist country to dispose of all legal restrictions against public mass media and to adapt it to the exigencies of a pluralist society. After 1992, the communication means concentrated in a few domestic media trusts (Intact, Antena 1, Radio Romantic, Jurnalul Național, Gazeta Sporturilor, Expres, Evenimentul zilei, Expres Magazin, Radio Total, Media-Pro, Pro-TV, Acasă, Pro-FM, Pro-Sport, Auto-Pro, Pro-TV Magazin, Ziarul financiar). The Romanian legislation does not prevent the incorporation of such trusts. After 1992, the interference of these trusts in the political life of Romania became an issue. For example, in the 1996 election the main

stockholder of Intact Trust became a presidential candidate. Similarly, after 1996 foreign capital began to pour into Romania's mass-media institutions, such as written media (Evenimentul zilei, Libertatea), radio, (Total, Delta), and in television (Prima).

Another process Romania witnessed with relation to the mass media was the emergence of television as a vehicle of political debate and means to shape political opposition and preferences. The talk shows, editorials and programmes dedicated to politics grew steadily over the decade, but more intensely since 1996. Newspapers and television became sources of political identity. For example, Adevărul seems to be especially liked by the electorate of PDSR and PD; the PNL and PD voters like Evenimentul zilei in particular; România liberă is trusted between CDR and PNL supporters, and Jurnalul Național seems to be well received among PRM's sympathizers. A similar analysis allows us to distinguish between the orientations of the audience of main TV stations and political preferences. For example, Antena 1 is most trusted by potential voters of PRM and PDSR; Pro-TV – is well liked among PNL and CDR potential voters; and România 1 seems to attract potential PDSR and CDR voters. In as much as these correlations are not necessarily a cause-effect relation, certainly like in many democratic countries voters seem to identify with particular writing styles, personalities, journalistic approaches and in-depth of information.

NGOs/CSOs and the media in Romania were instrumental in initiating political change in the early 1990s. Later on, some played an indispensable role in humanitarian aid distribution, education, development, legislation, public policy, environmental protection and some were even involved in political parties and grassroots organizations. More importantly, some of these NGOs/CSOs played a pivotal role in the 1996 election that peacefully replaced the former communist elite leadership that had held power since 1990. However, in Romania a transition to a more active and independent network of NGOs/CSOs is a process still in progress. NGO/CSO and the media are just beginning to play an important role in development. The breakdown of the economic model and the context of uncertainty that followed 1989 have conditioned the development of civil society in Romania. The overall result so far is individual survival strategies and the absence of a firm consensus among different organized and non-organized sectors of the society. Thus, the idea of civil society as a catalyst of, and for, citizen involvement in the decision-making process, is still far from becoming a reality in Romania.

Despite the many institutional, legal and organizational constraints, NGO/CSO activity in Romania shows, as a whole, some very interesting general attributes. For instance, there is an organizational and institutional presence and structure. NGOs/CSOs have certain institutional autonomy from the State, and many of these activities operate under a non-profit statute. A peculiar characteristic of NGO/CSO in Romania is that it involves a wide range of service-oriented activities, most of which tends to be supply driven, rather than demand driven. This is explained in part by the availability of funding from donors and international NGOs. Another peculiar characteristic is that, for now at least, it is strongly related to urbanization. Large urban communities, like Bucharest, are host to the majority of NGOs.

Recent studies point to both strengths and weakness in the emerging civil society activity in Romania. For instance, an innovative leadership modality. The divergent capabilities of civil society organizations to perform many activities, is also considered an important emerging strength. Also, the fact that some NGOs/CSOs are serving as incubators for new leadership and political opposition is an emerging factor. However, weaknesses in civil society activity have also been identified. For instance, demographic concentration, resource constraints, limited representation, lack of organizational structure, the presence

Another process Romania witnessed with relation to the mass media was the emergence of television as a vehicle of political debate and means to shape political opposition and preferences

The idea of civil society as a catalyst of, and for, citizen involvement in the decision-making process, is still far from becoming a reality in Romania

#### Box 2.5

##### What Happened to Politics in the Streets in Romania?

On December 22, 1989 a huge crowd gathered in front of the former Communist Party Central Committee building in Bucharest. This was the first and most spontaneous expression of the emergence of a non-censored public space in Romania. In early 1990, there was the first demonstration organized by the newly restructured political parties, who were demanding the dissociation of the leading political party from the State. Immediately after, a "counter-demonstration" by the working people took place and was transmitted live by the only standing television channel (Free Romanian Television). The following day, the headquarters of the historical parties were attacked, on what became known as the miners' assault (mineriada). The National Unity Provisional Council (CPUN) was formed, as a provisional parliamentary government, in great part as a response to the street demonstrations. The street demonstrations ensued and they culminated in the marathonic dialogue at University Square, which lasted three months until June 1990. At issue was the suspension and/or restriction of former political figures in future political activities. In spite of the fact that the outcome of the University Square dialogue was unsuccessful, this event represented a unique moment for "voices in the street," which was unparalleled in the entire transition period. Following June 1990, street politics and voices diminished gradually but surely. Except for a few additional small events, such as the establishment of the Civic Alliance in November 1990 and the visit of the former King returning to Romania from exile in April 1992, the voice in the street became quiet for about a year. Then in September 1991, the Valea Jiului miners organized a violent arrival in Victoriei Square, which led to the change of government. Thereafter, public opinion manifestations in Romania were less frequent and had little impact.

Civil society activity continues to be mostly donor-driven, with little room for independent programming, project formulation and self-evaluation capacity

of personalized leadership, limited community representation, divergence between organized community and civil society activity and community interests, limited presence of volunteerism and lack of clear cooperation and trust. All of these elements act to undermine the work of civil society groups. This is in addition to the fact that civil society activity continues to be mostly donor-driven, with little room for independent programming, project formulation and self-evaluation capacity.

## Understanding The Challenges of Building Governance, Public Administration & A New Decentralized Political Community in Romania: The Main Lessons

The specific nature of the transition in Romania (and elsewhere in Central & Eastern Europe) becomes clear when it is compared with other similar experiences from one state of society to another potentially stable state. For example, the classical transition or the extension of democracy in advanced capitalist countries between 1860 and 1920; the neo classical transition, referring to democratizations process in capitalist countries after the Second World War (West Germany, Italy and Japan in the 1940s; Spain and Portugal in the 1970s; market oriented reform in non-communist countries (West Germany and other Western countries after the Second World War; South Korea and Taiwan in the early 1960s; Chile in the 1970s; Turkey and Mexico in the 1980s); and the Asian post-communist transition (China since the late 1970s). While there is much internal variety in these experiences, they also provide an excellent framework to compare the Romanian experience.

As compared to these, there are several features that distinguish the post communist transition in Romania. First, the scope of change is exceptionally large, in that both political and economic systems are simultaneously the target of change, and these systems in turn interact with changes in the social structure. All of these internal changes in Romania came about in the framework of the dissolution of a totalitarian state. While during the last decade, the transition process in Romania has focused mainly on the economic system, and less on the governance system, the process still meant an extreme information overload for decision-makers. As was shown above, errors and delays had to be expected, especially since decision makers had to work with a public administration largely inherited from the old regime.

It is a bit misleading to conceptualize Romania's experience as a "simultaneous transitions" process. In essence, as we have seen in Chapter 1 and also in this Chapter, it has taken more time to privatize the bulk of the state-dominated economy than to organize free elections and at least some rudiments of the political party system. Given the largely simultaneous beginnings of the political and economic transitions, this asymmetry in speed has produced a historical new sequence. Mass democracy first (or at least political pluralism, and a degree of legal political competition), and market capitalism later. This sequence implied that market-oriented reforms in Romania, which had to be exceptionally comprehensive because of the socialist economic legacy, had to be introduced under a democratic, or at least pluralistic, political arrangement. This has not happened before in any of the three previous transition processes mentioned above. Radical economic reforms elsewhere were introduced under clearly autocratic and rather oppressive regimes (Chile in the 1970's, China since the final years of the decade), or in other cases economic development produced democracy.

Another exceptional feature of Romania's economic and political transitions is the lack of violence after 1989. It is true that the transition in Romania started violently, as there were no negotiations involved in the transfer of power. Yet Romania's experience has been relatively non-violent compared to other transitions in the old communist-dominated East, in particular the former Yugoslavia, the Caucasus and some areas of what used to be Soviet Central Asia. This nonviolent nature of the transition has had important implications for other aspects of the transition. First, the old ruling elites emerged intact from 1989 and profited electorally in the more democratic context until fairly recently. Second, the newly emerging capitalist class included many of the former elites, a circumstance that reduced somewhat the legitimacy of the capitalist transition and fueled some attacks by one part of the former opposition against the part in office. As we have seen above, such political conflicts created stalemate and events helped to discontinue policies from one regime to the other.

Romania's experience of a sudden shift from a clearly non-democratic regime to a mass democracy is also quite distinct from the classical pattern of democratization, which featured a more gradual extension of suffrage under limited democracy until mass democracy became the new reality. Furthermore, another difference is the absence in Romania of competitive party systems prior to the post-communist democratization. In the classical model, the mobilization of previously established working-class organizations into electoral competition with other parties took place.

Two other differences are also of great importance. The classical model of democratization harks back to the time when the idea of using national budgets as engines of economic redistribution was fresh. Under such policy framework there was much scope for a whole array of social programmes, directed at beneficiaries who would then become staunch friends of democracy. The situation in Romania was very different. It inherited an extensive and increasingly inefficient "socialist welfare state" characterized by

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high ratios of budgetary expenditure of GDP. Successful market-oriented reform, moreover, far from allowing any further increases in budgetary redistribution, actually demanded the opposite. In the process, instead of support for democracy, there was much more dissatisfaction with its economic performance.

Another key difference concerns the role of the mass media, or more precisely the interaction of the mass media's role with the transition process and society at large. During the era of classical democratization there was a rather liberal press, no broadcast media, and no fundamental change in the economy. The post-communist transition in Romania combining both political and economic openings came about the age of powerful state-run broadcast media (especially television). Under these conditions the tightly controlled media did not report on any negative aspects. When political liberalization freed these media, they naturally focused on once-forbidden negative stories, a tendency strengthened by the generally low level of professionalism displayed by journalists trained under communism. As a result, there was a sudden increase in the public's exposure to negative mass-media coverage, and viewers often mistook the increased visibility of undesirable phenomena like crime and poverty for their true growth. This "visibility effect," absent in classical democratization, as was shown above, encouraged unfavorable assessments of the whole transition and, consequently, has influenced electoral outcomes and the subsequent direction or pace of the economic transition.

The case of Romania also shows that donors themselves have somehow blunted the sense of urgency, which could play a tremendously positive role during the transition period. As the donor and European Union processes permeate the activities of the government, much more time and effort can be spent simply on handling donors than on developing the capacity to handle problems independently. This situation is particularly likely to occur in a country such as Romania, which was traditionally heavily dependent on Soviet advisors. In this sense, aid and European Union programmes can be inherently damaging to true capacity building.

Furthermore, the transition period tends to be marked by fierce turf battles as the roles of government agencies are drastically redefined. Under such circumstances, external programmes can play an additional counter-productive role. Instead of reinforcing the reforms or truly building the recipient's capacity to "perform appropriate tasks effectively and efficiently" - many programmes undermine them by indiscriminately lending their support to recalcitrant elements of the government along with those that are truly engaged in reform. In fact, there may be a tendency for organizations that are not seriously committed to reform to receive a disproportionate share of attention from donors, because of their weakness and their willingness to devote an inappropriate amount of their resources to playing the donor game.

Another key lesson that can be extracted from the Romanian experience is that, any meaningful capacity building must be linked to the reform agenda and must help the government implement an entirely new approach to its work. Strengthening the wrong institutions can impede the development of true governing capacity. "Strengthening" here not only refers to improving staff skills. By receiving donor support, an organization is strengthened in many other ways as well; it receives an implicit endorsement of its importance, it creates or reinforces a tie to a donor that often develops a stake in the enlargement of the recipient's political power, and it receives a crutch that can help prop it up whether it is pursuing good policies or bad. Under these circumstances, every aid project has a political dimension. Yet many ignore this key aspect.

A related problem is the extreme difficulty of designing and implementing projects that achieve the focus on overall context. That is, can a governance project be designed with a mandate that is broad enough to cover all aspects of the problem, and who should be the proper counterpart for such a project? Furthermore, in Romania the capacity-building process is being driven by the needs of the European Union accession process and is largely donor-driven. This tendency can lead to two additional problems. First, within the donor community there is an astonishing lack of consensus regarding priorities and goals of the transition process. Donors and their teams often do not even make a serious effort to understand the unusual features of post-socialist economies. Although the need to implement deep and broad changes offers a great opportunity to technical assistance projects, many donors ignore this opportunity and focus instead on narrow projects that can produce "outputs" that are easily defined and measured. Second, even when such a consensus exists on paper, there is little evidence of any serious attempt by most donors to design or implement their programmes in a way that ensures that they will advance the reforms.

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Any meaningful capacity building must be linked to the reform agenda and must help the government implement an entirely new approach to its work. Strengthening the wrong institutions can impede the development of true governing capacity

Can a governance project be designed with a mandate that is broad enough to cover all aspects of the problem, and who should be the proper counterpart for such a project?

Although the need to implement deep and broad changes offers a great opportunity to technical assistance projects, many donors ignore this opportunity and focus instead on narrow projects that can produce "outputs" that are easily defined and measured

## The Road Ahead: Some Policy Alternatives to Build Stronger Governance for Human Development in Romania

Romania finds itself in a very critical juncture after more than ten years of transition. There is a lot that has been accomplished during this decade, but the road ahead is long. In spite of this, the case for transition remains strong. Democracy and good governance, with its guarantee of civil liberties, due process of law, and participation of the selection and election of policy makers has tremendous normative appeal. Similarly, although a market economic model generates inequitable outcomes, produces an undesirable mix of goods, and affects negatively levels of output, employment and income, it is by now widely accepted that decentralized, competitive free markets are more efficient than central authority at allocating scarce resources. As such, Romania must decide how to resolve an apparent incompatibility problem between democracy and the market. It can, for example, avoid simultaneity by continuing to favor economic reform or it can search for a more balanced and systemic approach.

As in many other parts in the world, the market vision has become the most popular alternative to reform the state and government in Romania. This view perceives traditional public bureaucracies more as instruments of personal and political aggrandizement by politicians and civil service than as an instrument for unselfish service delivery to the public. Its proponents also believe that public sector agencies face the same managerial and service delivery task as do organizations in the private sector and therefore, are as amenable to the same techniques for managing those tasks. Advocates of a market model of reform argue that an acceptance of the models of traditional public administration is little more than a means of protecting bureaucrats against control and accountability. Market oriented analysis assume that when the rule-based authority structures usually associated with public bureaucracy are removed, or at least de-emphasized, then a flowering of the creative and administrative talent of individuals working in the public sector can occur.

Some of the most passionate advocates of the market approach believe that its successful implementation would result in more effective and efficient public sector

Some of the most passionate advocates of the market approach believe that its successful implementation would result in more effective and efficient public sector. Although the market perspective can be extremely popular with politicians and public opinion, the questions of how well it describes the failings of the old system and what possible avenues of positive change it offers must be asked. Moreover, most proposals for movement away from the old system will be far from costless. As the Romanian experience already shows, the market approach provides little real choice for citizens about whether to search out new levels or varieties of service provision. If Romania should select the path of a strict market model reform, a key question to ask would be whether the society is ready to accept the State as an impersonal force rather than a human agency.

There is also the so-called participatory approach to reform, which at first may seem to be less articulated than the market model. Even with its internal differences, it is possible to extract several common implications of a participatory approach. There is one for the role of the civil service in governing society, as well as for the nature of governance itself. Ideologically, the participatory model is very different from the market model, and it is built upon quite different assumptions concerning human development. Perhaps most fundamentally, this approach assumes that individuals are motivated in their organizational and political lives by solidarity, participation and incentives rather than by materials pay and perquisites.

The prescriptions for institutional design coming from the market and participatory approaches are not altogether dissimilar. In particular, the principal prescription is for decentralization and some transfer of power to take place to lower echelons, as well as to the citizens. Moreover, most versions of the participatory approach recognize the central role of the bureaucracy in making public policy, although advocates of the former consider this involvement more positively. If nothing else, in a participatory approach the bureaucracy is a channel for participation by interest groups, the general public or both. Similarly, involvement of lower-level bureaucrats in decisions is considered as a positive input. Finally, in the participatory approach the political and bureaucratic elites are considered to be equally antithetical to the interest of the citizens, instead of as competitors for power, as it is conceived by a market approach.

There is also a regulatory approach of reform, which contains some elements of other approaches but it also contains some important contradictions to each of the others. If for no other reason, the deregulatory approach is distinctive because it emphasizes a unique set of problems within the public bureaucracy. While the market model tends to emphasize the negative consequences of monopoly and the participatory model hierarchy, the deregulatory approach stresses instead internal regulations within public organizations as the principal source of dysfunctions so often observed in the public sector. Under this approach, many, if not most, of the numerous problems identified within the public sector can be laid at the doorstep of internal regulations.

As the Romanian case demonstrates, past reformers have tended to pile new rules on top of old ones as the preferred means of producing a better public sector. Whenever anything went wrong in administering a programme, the common reaction was to develop a new set of rules and procedures that would prevent the same problem from occurring in the future. Inevitably, new problems would arise that would require even more rules, and each set of internal regulations would create negative, unanticipated results that were solved by yet other rules. Thus the main argument behind a regulatory approach is that internal rules for controlling the public sector are not the solution to the problems of governance, they are the fundamental problem.

Finally, state and governance reform in Romania can take a more flexible approach. This approach would appear to be fundamentally at odds with the participatory approach. The difference is especially true for their treatment of personnel management. The participation model requires strong commitment from public employees and perhaps even from citizens, but a flexible approach appears to treat employees rather shabbily. Flexible government assumes that employees are almost interchangeable parts in the vast machine of government and that they can be replaced almost at will. Moreover, the flexible approach assumes that organizational values at the civil service ethos are of little importance and indeed may be an impediment to good government instead of a potential source of it.

A flexible approach appears to be more compatible with the market model. Therefore, as in so many other issues encountered in administrative reform, a fundamental trade-off of values is implied here. Flexibility and responsiveness can be bought at the price of substantially less organizational memory and less commitment from employers. The selection of one set of values over the other may become a contingency questions. That is under what circumstances should the clever manager or political leader opt for one or the other of these approaches as the principal guide to reform? Most of the discussion of reform in government has tended toward the simple, one-size fits all approach to change, but as the Romanian case reveals, it is almost certainly an oversimplification for the complex dynamics of public sector and governance transitions, and to the efforts to make it work better.

The general conclusion on the basis of the Romanian experience would point to underline that a transition in the governance area necessarily involves institution building. Irrespective of which path is taken, there are a few final elements that both policy-makers and society must consider for the path ahead. First and foremost is that governance initiatives have to focus beyond organizations and training, and be as comprehensive as economic reforms. If reformed institutions and well-trained individuals perform and carry out their assigned responsibilities in a difficult environment full of obstacles, outputs will be limited. Similarly, in as much as civil service and public environment reform often give particular attention to structures such as pay scales and conditions of employment, such reforms will not result in improved output unless public sector management systems are also reformed.

Ultimately, of course, governance reforms have to be reflected in organizations that are better able to carry out the responsibilities assigned to them. Typically, interventions designed to raise organizational performance focus on improving systems for accomplishing particular tasks, introducing new technology, increasing financial incentives for personnel, and strengthening accountability and control mechanisms. However, evidence suggests that organizational culture is more important as a determinant of performance than structures for remuneration and control alone. Most organizations that perform well are the ones that have working cultures stressing flexibility, problem solving, participation, teamwork, shared professional norms, and a strong sense of mission.

Traditionally, training activities designed for the public sector have focused on increasing skill levels, particularly those skills necessary for the European Union accession. Yet public servants in Romania may be more inclined to complain that they do not have meaningful work to do, that the skills they have are not effectively employed in their jobs, and that the quality of their performance is irrelevant to their career development. These complaints suggest that human resource constraints are more likely to derive from the failure to provide people with meaningful jobs and to utilize their skills effectively than from problems related only to training.

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A transition in the governance area necessarily involves institution building

Ultimately, of course, governance reforms have to be reflected in organizations that are better able to carry out the responsibilities assigned to them





## CHAPTER 3

### The Transition Process and Human Sustainable Development: Assessing the Impact

The Transformations in Romania's Social Structures in the Post-Communist Period

Safety Nets in Transition: Employment and Social Insurance and Protection

Health Care: Transition & Reform

Education in Transition: Change & Uncertainty

The State of Environmental Policy under the Context of Transition

## Chapter 3: The Transition Process and Human Sustainable Development: Assessing the Impact

If human development is about enlarging people's choices, people must enjoy equitable access to opportunities. As was shown in Chapters 1 & 2, the transition process in Romania has accentuated disparities at many levels and it has begun to disenfranchise various sectors of the society. But even under difficult processes of transformation, equity in access to political and economic opportunities must be regarded as a basic human right in a human development paradigm. The human development paradigm values human life for itself. It does not value life merely because people can produce material goods or can adjust to transformations and uncertainty. It values life because of its built-in assumption that all individuals must be enabled to develop their human capabilities to the fullest and to put those capabilities to the best use.

At the same time, in as much as current generations in Romania might not get to enjoy the full benefits of democracy and market economics, the next generation should - a right that makes sustainability another essential component of the human development paradigm. The 2000 NHDR for Romania already pointed to the issue of sustainability as related to productivity. In essence, one of the goals of the transition process must be to preserve and enhance all forms of capital, whether physical, human, financial, social and environmental. Towards this goal, the only viable strategy for human sustainable development is to replenish and regenerate all forms of capital. It does not mean preserving every natural resources, species, or environment in its current form. Rather, it is about a broader goal to preserve and enhance the capacity of the society to be productive, healthy, educated, more democratic and to create more opportunities.

The policy implications of such an objective are profound. To begin, sustainability does not mean sustaining present levels of poverty and human deprivation. Thus it means that wide disparities within the society must be re-examined. People have to be healthy and educated, which means that health care and educational systems must be made more accessible and their quality enhanced. A policy for the national use of Romania's natural resources must take into account current needs as well as the reproductive capacity of renewable and non-renewable resources. What is important to understand from a human development perspective, especially in the context of transition, is that everyone should have equal access to development opportunities, now and in the future.

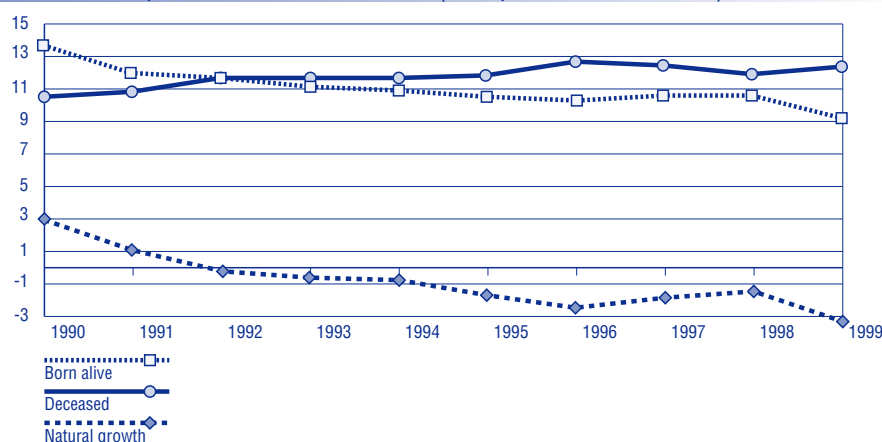
### The Transformations in Romania's Social Structures in the Post-Communist Period

When one details and analyzes the structural social changes that have taken place in Romania during the last decade, it is important to identify the main mechanisms driving this social change. The social structure is the most defining element of a society. It can be defined as a set of established relationships forming a social system, generally made-up of communities, collectivities, classes, categories and groups. Social structures are also known as the "backbone" of social systems. In as much as the social structure can be relatively stable and predictable, it is also continuously subjected to change. During the past decade, Romania's social structure has changed in two dimensions: 1) the different components of the social structure and 2) the society itself.

#### The Demographic Component of Social Structure in Romania; The Horizontal Transition

From 1992 (the latest census year) to 1999, the total population of Romania decreased by approximately 300,000 people, from 22,810,035 to 22,458,022. The causes of this phenomenon are multiple, but the most important of them seems to be a decline in the birthrate in combination with an increased death rate.

**Figure 3.1**  
Romania, Population Trends 1990-1999 (ratio per 1000 inhabitants)



Source: Romania's Statistic Yearbook (1999); Quarterly Statistic Bulletin no. 4/1999, INS

The transition process in Romania has accentuated disparities at many levels and it has begun to disenfranchise various sectors of the society

Data reported show that there has been an increase in the rate of internal migration in Romania

The average family size in Romania has shrunk

As compared to 1990, the wedding rate in 2000 is three times lower

In 1998 there were 40% more entrepreneurs and 40% more self-employed in Romania than in 1992

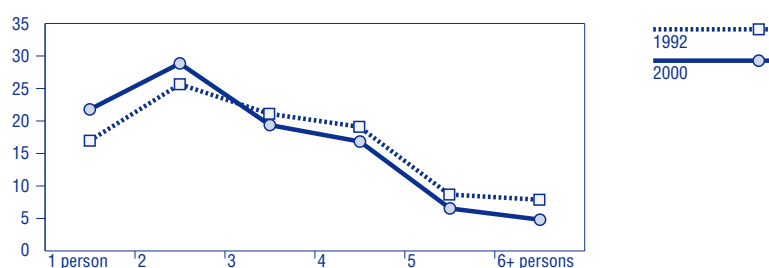
As can be seen in Figure 3.1, the birthrate in Romania continuously decreased from 13.6 in 1990 to 9.1 in 1999, while the death rate increased from 10.6 to 12.4 in the same interval period. Another possible cause in this demographic transition could be emigration. The National Institute for Statistics reports that between 1993-1998, 120,274 Romanians emigrated while 38,052 repatriated.

The female/male population in Romania shows some slight but significant changes. In 1990, 50.7% of the Romanian population was female, while by 1999 this figure increased to 51.1%. This trend can be explained in part by life expectancy at birth, which in the decade, increased for women from 73.2 years in 1990 to 73.3 years in 1999; while men's rate decreased from 69.8 years in 1990 to 69.3 years in 1999. The population structure according to age suffered relatively minor changes in the latest 10 years of transition. Its trend shows a decrease in the 0-14 cohort, from 23% in 1992 to 19% in 1999; and an increase in the 65 and over cohort from 11% to 13%, in the same period.

As far as the urban/rural ratio of population, only a slight increase in urban population can be noticed from 54% in 1991 to 55% in 1999. Related to the urban/rural ratio is the rate of internal migration. Data reported show that there has been an increase in the rate of internal migration in Romania, from 11.3 in 1990 to 12.3 per thousand inhabitants in 1998. Interestingly, the domestic migration data show a permanent decrease of the migration from the rural areas to the urban areas, from 10.7 in 1990 to 4.9 per thousand of inhabitants in 1998 and an increase of the migration rate from urban areas to rural areas from 2.5 to 7.7, respectively.

As far as families and households in Romania, there has been an interesting evolution during the past decade of transition. As can be seen in Figure 3.2, the average family size in Romania has shrunk, as the number of smaller households (1-2 people) has grown while the larger households (3 to more than 6 people) have continued to decline. As already mentioned, one reason for this could be the declining birthrate. However, the transition process has also been a factor for this significant change. For example, after 1990 the number of abortions increased dramatically, which was forbidden before. Also, the uncertain economic situation coupled with rampant inflation, affected income and its purchasing power. There is evidence to suggest that, when making reproductive decisions, households in Romania took the overall economic situation into consideration and controlled more effectively the frequency and the number of pregnancies.

**Figure 3.2**  
Romania Household Size Evolution (1992-2000)



Source: Population and Dwelling Census, 1992; and "Issues Concerning the Population life quality, between July 1998- June 1999."

Another factor that might have affected household size is the increase in the average marriage-age. From 1992 to 1998, the average age for a first marriage rose from 25.4 to 26.4 in men, and from 22.4 to 23.2 in women respectively. As compared to 1990, the wedding rate in 2000 is three times lower. It would seem logical to conclude that the average marriage age trends have also been affected by the economic transition, as young couples in Romania are unable to afford adequate housing, and even worse unable to find a job. This conclusion can be confirmed, because the decline of the rate has been more visible in urban areas. This situation has encouraged the gradual erosion of traditional value-patterns, while at the same time the orientation towards occupation/career development and self-accomplishment has increased.

The occupational structure is particularly important, as it constitutes a major criterion in the social stratification. An analysis of Romania's employment structure shows discrete but significant trends. For example, according to the 1999 IMF Statistical Yearbook, in 1998 there were 40% more entrepreneurs and 40% more self-employed in Romania than in 1992, while the salaried employees decreased by 25% in the same period. Of major significance is the increase of non-remunerated family laborers, whose number grew eight times between 1992-1998.

## Emerging Social Strata in Romania: The Vertical Transition & Poverty

Above the analysis focused on the changes and trends observed in a horizontal dimension of the society. Other major components of the social structure are social hierarchy, social inequality and the establishment of new social strata, which corresponds to a more vertical dynamic. Under the pre-1989 social system, the State was seen as the universal means to absorb active labor force. To a certain extent, the State controlled income and “managed,” the disparities between incomes. In as much as income itself was relatively small, it was supplemented by all kinds of social benefits, such as housing, free health services, free lunch meals, and low cost utilities. This social safety net generated the impression of a society with low differentiations, although the State was expected to minimize social inequality at all costs.

After a decade much has changed in Romania, as in the other transition countries, including social stratification. The economic, political and social transformation processes in place have exacerbated basic human deprivation. Meager assets, inaccessible markets, and scarce job opportunities have locked people in material poverty. Under these conditions, people in Romania have adjusted to live without many fundamental freedoms of action and choice, and often have developed survival strategies to cope with the lack of basic human needs such as food, shelter, education and health. Poverty has many dimensions; it has to be looked at through a variety of indicators - levels of income and consumption, social indicators, and indicators of vulnerability to risks and of socio/political access. So far, much more work has been done using consumption or income-based measures of poverty. But some work has been done on non-income dimensions of poverty, most notably UNDP's global and national Human Development Reports, and the World Bank's annual World Development Report.

The poverty phenomenon presents, in all circumstances, including transition, a two dimensional characteristics for analysis: 1) national dimension for internal comparisons and 2) international dimension for intra-country comparisons. This is extremely important for human development, as it enables to track and analyze changes and trends within a country, as well as compare deficits in relation to neighboring countries. In addition, individuals tend to compare their standard of living with others, and on that basis develop a perception about their social status. For example, a medical doctor in Romania, who does not dispose of a proper income, may consider herself/himself as being poor, even though statistically she/he may not be considered poor because of her/his level of education. These peculiarities make it difficult to balance passive (improving the status of poor segments of the population through social protection measures) and active policies (labor and income).

The transition in Romania was accompanied by an explosive increase in poverty. In 1989, an estimated 7% of the population was poor. By 1994, the poverty rate ranged, according to the methodology employed, between 22% (World Bank, 1997) and 39% (Research Institute for the Quality of Life, C. Zamfir, 1995). A second wave of impoverishment began in 1997 and by 1999 the poverty rate had reached 42% (an increase of more than 60% over the 1995 rate), while extreme poverty doubled over the same period. According to the Government White Book (2001), the poverty rate has reached 44% in 2000. Although the economic collapse has been the main source of structural-economic poverty, distributional poverty caused by increasing inequality in the distribution of resources and inadequate social protection also played a significant role.

The economic crisis was exacerbated by the “inherited” problems of the old system, as well as the incoherent reform strategy and further undermined by the appearance of powerful interest groups. In the absence of any institutional counterbalance, these negative factors led to a sharp decline in the standard of living, mainly due to the erosion of real wages and a drastic reduction in the size of the labor force. Wages - primary source of income for the majority of the population, declined steadily after 1989. In most cases, lost wages were replaced by considerable lower incomes (pension payments, unemployment benefit, social allowance), or even by non-cash income. The underground economy also provided an alternative to the lack of formal employment. However, this survival strategy has major disadvantages and negative consequences, including the absence of social and medical insurance, labor rights and contract protection, as well as any guarantee of decent working conditions. Agriculture, too, was the victim of a failed policy approach as the reestablishment of private land ownership created a structure of property holdings unable to sustain the development of modern production.

During this period, the increase in economic inequality has far exceeded any functional or justifiable level, exacerbating poverty. During the first years of transition, income inequality rose by approximately 50% above its 1989 level. The income differential between the richest 10% of households and the poorest 10% continues to rise; the incomes of the top 5% on the average exceed those of the poorest by a factor of more than 15. The minimum salary, intended as a basic guarantee of the dignity of labor and the welfare of the workers, has fallen dramatically from its 1989 level, and the proportion of those earning the minimum salary or close to it has increased sharply. Thus, a severely impoverished group has now formed in Romania among the fully employed, reducing the motivation for those who have been laid off to reintegrate into the labor force and encouraging active job seekers to join the underground economy.

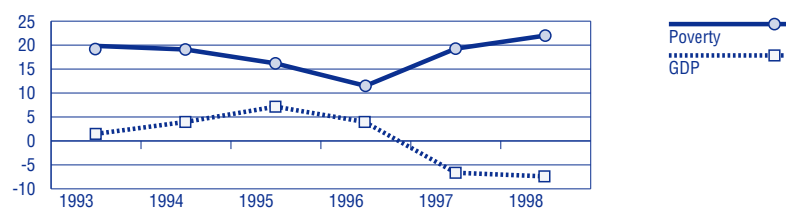
The transition in Romania was accompanied by an explosive increase in poverty

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Poverty in Romania seems to be affecting mainly large households, households where one or both parents are unemployed, people with inadequate educational attainment, the Roma population, people mainly engaged in agricultural activities, households where head is self-employed and rural dwellers. The social groups or sectors most affected by poverty in Romania are households with more than three children and members of the Roma communities, older women who live alone. Like in many other societies, the rural sector in Romania is more vulnerable to poverty than the urban one. For example, in Romania the least developed areas are found in the North-East (Botoşani, Vaslui, Iaşi), the Southern part (Teleorman, Giurgiu, Ialomiţa, Călăraşi) and the Southeast (Vâlcea, Gorj). While poverty remains a big challenge in Romania, social inequality is high but still within the boundaries of rates found in more developed countries. In 1997, Romania's Gini Coefficient Index was 0.30, compared with 0.34 average measure found in development countries.

**Figure 3.3**

Romania, Correlation between GDP Growth and Poverty (1993-1998)



As can be seen in Figure 3.3 poverty in Romania seems to be correlated with trends in GDP. In as much as this link seems clear, poverty has an array of components, which can be divided into two categories: the inherent and the transitional. The first category represents the face of poverty existing irrespective of the economic context. This type of poverty is governed by the discrepancies inherent in the market. Thus State intervention is required, especially in relation to distributive policies and safety nets. On the other hand, the transitional category is more specific to the process of change, and tends to have a temporary character. In addition, transitional poverty is generally accompanied by significant social discrepancies, influenced by: a decrease of assets and access to them, a decrease in real salaries and pensions, and the narrowing of employment opportunities. For example, in 1999 the real monthly average salary represented only 60% of the level registered in 1990. The monthly average pension shows a similar evolution. At the

**Box 3.1**

The United Nations Millennium Declaration: Placing Human Development at the Top of the Policy Agenda (Excerpts)

We, heads of State and Government, have gathered at United Nations Headquarters in New York from 6 to 8 September 2000, at the dawn of a new millennium, to reaffirm our faith in the Organization and its Charter as indispensable foundations of a more peaceful, prosperous and just world. We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.

We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world's people. For while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed. We recognize that developing countries and countries with economies in transition face special difficulties in responding to this central challenge.

We consider certain fundamental values to be essential to international relations in the twenty-first century. These include: Freedom, Equality, Solidarity, Tolerance, Respect for nature and Shared responsibility.

We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want. Success in meeting these objectives depends, inter alia, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems.

We resolve further to halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water. We also resolve to promote gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable. And, to develop and implement strategies that give young people everywhere a real chance to find decent and productive work.

Source: United Nations Development Programme, New York, 2000.

same time, the employed manpower in 1999 represented only 55% of the level registered in 1990. The employment opportunities have been substantially reduced during the transition process. Another important factor that affects transitional poverty is the diversification of consumption of goods and services.

### Box 3.2

#### Balancing the Calculation and Use of Poverty Lines

Poverty lines are widely perceived as occupying a central role in poverty analysis. In fact, setting a poverty line often receives the bulk of attention and intellectual effort in studies of poverty. Poverty lines may be asked to fulfill a number of functions. Most commonly, the line is constructed in order for poverty rates to be calculated. To be convincing in this role, it is often thought that the poverty line should be scientifically and objectively derived. However, all poverty lines incorporate normative assumptions and elements of arbitrariness. No poverty line is therefore truly objective. There are other functions that a poverty line might be asked to include, such as identifying the poor for the construction of a poverty profile, creating a benchmark for public transfers or to stimulate public debate. Therefore, the line must be simple and easy to interpret.

There are numerous approaches to setting a poverty line. Typically these involve first determining a food poverty line and then arriving at an allowance for essential nonfood expenditures. The primary consideration in establishing the food poverty line is to what extent it will reflect actual consumption patterns of the poor and to what extent it will be weighted towards the lowest-cost calories (or some other nutritional criterion). Additional issues arise when the purpose of setting poverty lines is to make comparisons across groups or over time. In this case it is essential that the level of welfare associated with the poverty line be the same in all settings, which are being compared.

New techniques of poverty analysis allow one to make comparisons of poverty without the need to define a specific poverty line or to settle on one particular poverty measure. To the extent that these techniques enter into widespread use, the emphasis and attention paid to the derivation of a poverty line is likely to diminish in the future.

A successful poverty line must therefore balance the sometimes-conflicting demands imposed by the line's differing roles. Too simple a line might appear arbitrary. But too much scientific precision can result in excessive complexity and a lack of transparency. In any event, the poverty line should be considered only a first step in the larger programme of poverty analysis and policy formulation.

Source: Jean Olson Lanjouw, "Demystifying the Poverty Line," UNDP Poverty Reduction Series, 2001.

## Safety Nets in Transition: Employment and Social Insurance and Protection

As a basic component of human development, employment is one of the most sensitive issues of the transition. Over the past decade the labor market in Romania has shrunk and people have experienced for the first time in many years a sense of insecurity and uncertainty about employment prospects. An analysis of the employment situation in Romania must take into account the legal and institutional framework, the dynamic of the labor market and the distribution of resources on passive and active employment policies.

Labor market legislation was modified early on in the transition process. It had been the first time that changes were introduced to the Labor Code since 1973. The changes involved the shortening of the working hours and adjustments to wages in accordance to new and smaller working plans. These changes were followed by the adoption of a legal frame for unemployed registration and social protection (1991); the delineation of a collective bargaining agreement (1996) and framework to settle labor conflicts and disputes (1999). The acceleration of the State Owned Enterprises restructuring process by 1997 and the massive dismissals that followed have been accompanied by a series of ordinances meant to mitigate the social costs of these phenomena (mainly by the introduction of severance payments, such as GOs no.9/1997, no.22/1997, no.7/1998, and no.98/1998).

More recently institutional initiatives complemented the legal ones mentioned above. For example, until the beginning of 1999 the Ministry of Labor and Social Solidarity (formerly Ministry of Labor and Social Protection) was responsible for drafting, implementing and monitoring labor market policies, as well as managing the unemployed social protection system (including the unemployment fund). Then, a new tripartite institutional structure was created, to replace the old employment offices, the National Agency for Employment and Vocational Training (now National Agency for Employment - NAE). While its basic structure remained centralized, it had operational arrangements to work throughout the 42 counties.

Since 1992, employment policy expenses in Romania increased more than 200 times from 44 billion ROL in 1992 to more than 9,400 billion in 2000. This represented an increase from 0.31% of GDP in 1992 to 1.18% in 2000 respectively. The brunt of these expenditures, on average more than 75% of total during the decade, can be accounted by passive policy expenditures, such as unemployment benefits, support allowances, professional reintegration allowance and severance payments. As the decade progressed,

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### Box 3.3

#### Anti-Poverty Initiatives for Human Development

As agreed at the World Summit on Social Development in 1995, a renewed global strategy against poverty needs to be designed, with more resources and a sharper focus and a stronger commitment, while developing countries are being encouraged to launch full-scale campaigns against poverty. In Copenhagen, countries committed themselves to establish their own estimates of poverty, set their own targets and elaborate their own plans. The role of external assistance is precisely to help them build the capacity to follow through on their decisions and resolutions. While some of the countries most successful in reducing poverty have not produced specific plans, they rather constitute an exception. A plan is the evidence of a national commitment, and of an explicit allocation of resources to the task. It is also a means to build a constituency for change. Without such organized public action, market-driven economies are rarely capable of promoting social justice.

Often poverty programmes are too narrow, and are mainly confined to a set of target interventions. Many of these were designed as social safety net to counter major national breakdown neglecting the macroeconomic and national governance policies dimension. Moreover, many poverty programmes are disjointed as external donors provide much of the funding for individual projects, failing to build government's long-term capacity to administer these programmes.

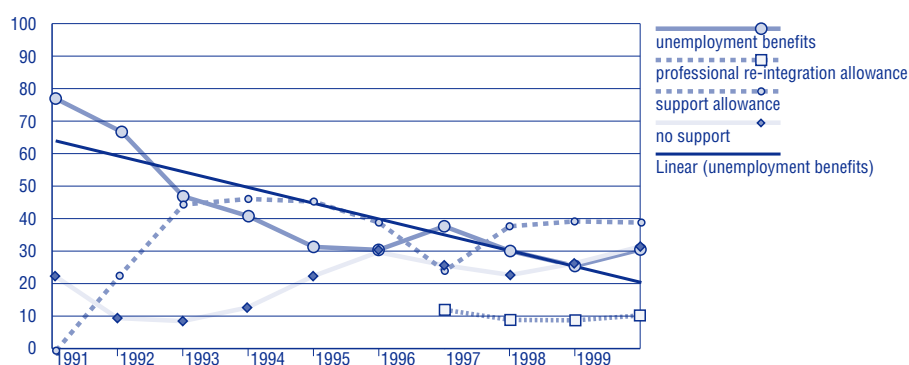
Being a multidimensional problem, poverty should be addressed by a multi-sectoral approach, cutting across government ministries and departments. Effective governance is often the "missing link" between national anti-poverty efforts and poverty reduction. Anti-poverty campaigns have often by-passed and ignored local government. Donors used to favor funneling resources through central governments but now they increasingly rely on civil society organizations. As a result, the critical role of local government, when elected and accountable, continues to be forgotten. If poverty reduction programmes are to succeed, local government must be strengthened, and held accountable both to the central government and to its constituents. In the long run, building stronger and more accountable local government is the only way to make decentralization pro-poor. Popular participation and partnerships with civil society organizations can foster greater transparency and accountability. Setting monitoring and evaluation systems that tie financing to performance can also enhance accountability. But this requires time, resources and capacity building.

The lack of an integrated approach characterizes several poverty programmes. In fact, these are seen primarily as a set of targeted interventions, (a series of small-scale projects) which are not integrated within national policies. Economic and social policies are artificially divided. Also, there is the habit of thinking sectorally, and organizing government departments along sectoral lines. The problem is especially acute with respect to such issues as gender and the environment. The links between these two areas and poverty remain weak.

Source: UNDP. Overcoming Human Poverty. New York, 2000.

**Figure 3.4**

Romania, Evolution of the Social Protection System 1991-2000 (as % of Total Registered Unemployed)



\* Until 1997 the data on unemployment benefits also include the professional re-integration allowance

expenditures for unemployment benefits and support allowances decreased substantially, while severance payments and professional reintegration allowance remained relatively steady. Expenditures for active employment policies, such as training and entrepreneurial credit, have averaged during the decade at no more than 5% of total employment policy expenditures<sup>1</sup>.

As can be appreciated in Figure, 3.4, the social protection system, introduced in 1991 and modified a few times since, was based during the first years of transition, almost exclusively, on granting unemployment benefits and support allowances as a response to the sharp increase in the unemployment rate. Thus, by 1993 an approximately equal number of Romanians benefited from these two types of social protection. Coverage was almost 92% of all the registered unemployed. The sharp increase in the unemployment rate between 1994-1996 decreased the number of beneficiaries, mainly due to financial limitations. Since 1997, the allocation of unemployment benefits registered a constant increase.

The strategy of implementing "passive measures," although politically popular, may have led to a series of adverse effects. On the one hand, by extending the granting of the social assistance to 18 months, active search for a new job was discouraged. On the other hand, a certain level of dependence to the social security was also encouraged. Moreover, the ordinances mentioned above introducing severance payments as a social protection measure distorted distribution of incomes because most beneficiaries received amounts of money significantly exceeding their salary incomes prior to their dismissal.

In most cases, severance payments were paid on a single installment, representing 6, 9 or even 18 salaries. In this fashion, social assistance was understood more as a financial opportunity than as a temporary form of safety net while looking for a new job. Finally, another adverse effect has been the decrease of the contribution to the unemployment fund, due to low employment rates, which had to be covered by the State budget.

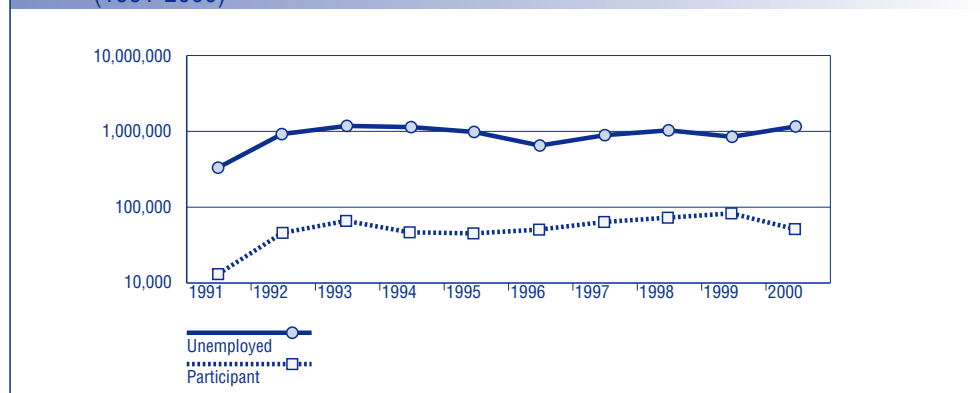
Immediately after 1991, the active social protection measures mainly consisted in employment and vocational training services granted through the Labor Offices and financed by the Unemployment Fund. Starting in 1995, these diversified towards re-conversion programmes and employment generation activities. The professional re-conversion and re-qualification programmes, financed mainly from the unemployment fund, generally involved subsidizing salaries for one year of the unemployed and young graduates. The employment creation component, financed mainly by international finance programmes, intended to stimulate small and medium enterprises, finance public works projects and offer consultancy to the establishment and development of new businesses.

As can be seen in Figure 3.5, according to the National Institute for Statistics the unemployment number in Romania shows three clear stages. First, from 1991-1993, when it grew dramatically from about 337,000 to over 1,160,000; then by 1996, it tapered off to about 656,000; and more recently it has shown a staggering trend, reaching more than 1,160,000 unemployed in 2000. At the same time, as can also be seen in Figure 3.5 the number of participants in employment re-conversion programmes has increased in parallel averaging about 52,000 participants per year, or on average less than 4% of total unemployed. Of these, only one-third was unemployed and on average each year only 4% got a job. Furthermore, out of the unemployed after 1995, only 5% of them attended the professional re-conversion courses and only 21% of those looking for a job after their dismissal were aware of the fact that NAE was offering this type of services.

Social assistance was understood more as a financial opportunity than as a temporary form of safety net while looking for a new job

**Figure 3.5**

Romania, Unemployed and Participants of Employment Reconversion Programmes (1991-2000)



<sup>1</sup>Based on A. Ciobanu & S. Parciog "Background study on unemployment and labor market in Romania", Bucharest, 1999 and own calculations by the NHDR Team based on the budget of unemployment fund of 1999-2000.

The unemployed re-absorption onto the labor market in Romania during the last decade has not been a systematic one, despite legislation, financing and intervention of international development assistance

Even European Union' PHARE<sup>2</sup> initiatives implemented in Romania since 1990, the Programme Of Active Employment Measures (PAEM) financed by PHARE between 1994-1997 and the Programme for The Labor Force Re-Distribution launched in July 1997, did not seem to have visible impact in the area of employment. The unemployed re-absorption onto the labor market in Romania during the last decade has not been a systematic one, despite legislation, financing and intervention of international development assistance. According to data provided by the Ministry of Labor and Social Solidarity, as of May 2000, less than 20% of people assisted were effectively placed into a job.

A similar rather disappointing story explains the dynamic of change during the last decade of the Romanian social insurance and pension systems. The Romanian pension system is entirely public and unique, as the State is the sole supplier of social insurance. As such, the State guarantees citizens the rights to social insurance and pensions, as well as ensures a non-discriminatory treatment for all participants, beneficiaries and taxpayers. Like in many other countries, social insurance and the pension funds are mandatory. The management of the system is carried out, for the time being, by the National Pension and Other Social Insurance Rights House (CNPAS). The social insurance and pension systems funds are realized through the social insurance contributions of the employees or of the individuals earning incomes, and through contributions from the social insurance budget. In Romania, there are four types of retirement categories: 1) social insurance retired people (the majority, representing approximately 69% of the total); 2) the agricultural retired people (representing approximately 29%); 3) social support beneficiaries and 4) IOVR Pensioners. According to the INS, the number of retired and agricultural retired people has grown since 1990, from 62% to 70% in 2000 respectively, while the number of social support beneficiaries and IOVR pensioners has decreased by -84% and -40% respectively during the same time interval.

Before the transition process, the entire working population was somehow engaged in one or another form of social insurance system. Base of a legal framework dating back to 1977, contributions and benefits were relatively simple, and the process had a relative consistency as well. For example, men could retire and start receiving benefits after they turned 62 years of age (if and when they had 30 years of service) and women when they turned 57 years of age (if and when they had 25 years of service). The average salary contribution was 14%. Farmers had their own insurance fund, which came from an 8% contribution of the production value. In contrast to public employees, male farmers could retire at age 65, while women farmers at age 60.

After 1990, however, the entire system was affected by the evolution of economic reform, and the coherence and consistency that had characterized the former system gradually disappeared amidst the exigencies of the transition process and the incapacity of policy-makers and the government to respond and/or adapt the system to unforeseen events. For example, the context of the first attempts of modifying the social insurance and pension system after 1990 was mainly defined by the decrease of social insurance budget, namely of incomes, under the constant decrease of GDP. In 1990 Decree-Law 53/1990 attempted to deal with the agricultural sector, resulting in a higher quantum of pensions and in granting generous treatment to beneficiaries. At the same time, the Autonomous Pension and Social Insurance Peasants House of the Agricultural Cooperatives Union was established and became the new administrator of the pension funds.

Also, in 1990, Decree Law 60/1990 reduced the minimum retirement age for both men and women, to 55 and 50 years respectively. In the case of employees with more service years than the minimum years required by law, they were entitled to retire prior to turning 60, for men, and 55 for women. In these cases, the retirement age could be proportionally reduced with the number of years exceeding the minimum employment years, but not for less than 55 years for men and 50 years for women. A legislative initiative with indirect effects on decreasing the retirement age was Ordinance 50/1990, which allows many employees to automatically graduate to other categories, and thus allowing them to retire at a lower age.

Other major aspect of the transformation of the social insurance system in Romania was the increase of minimum amount of contributions from 14% to 22%. In spite of this increase, and as a result of additional policy measures the number of pensioners grew alarmingly, in the context of a declining number of contributors (see below). In addition, the State Social Insurance System incorporated in 1991 all other independent insurance systems, thus increasing the pressure on the social insurance budget. Similarly, the lowering of the minimum retirement age of farmers to the same level of public employees (Law 80/1992) led to an explosion of agricultural pensioners, and to the management of farmers pension funds being reverted to the Ministry of Labor and Social Solidarity from the Autonomous Pension and Social Insurance Peasants House of the Agricultural Cooperatives Union. After repeated reform attempts and separate measures, finally in 2000 the Social Insurance and Pension Act is drawn and its implementation was planned for 2001.

Currently, the social insurance and pension situation in Romania remains uncertain, not only because of the lack of a more coherent policy framework, but also because there are more pensioners and fewer contributors. Data from the National Institute for Statistics shows that between 1992-2000, the number

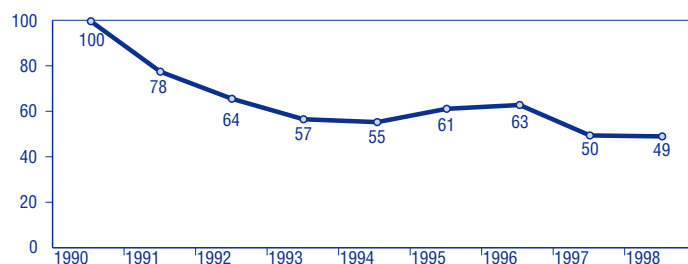
<sup>2</sup>One of Phare's programmes with a major contribution to implementing active measures is the RICOP programme on enterprises restructuring and professional re-conversion, structured on six directions: assistance in finding a new job, financial support to the Unemployment Fund, support for the active measures on fighting unemployment, granting social support, creating employment opportunities for the most affected individuals and, finally, developing a circulating fund for the Small and Medium Enterprises (SME).

The social insurance and pension situation in Romania remains uncertain, not only because of the lack of a more coherent policy framework, but also because there are more pensioners and fewer contributors

of pensioners has increased by more than 45%, while the average number of employees or potential contributors has decreased by as much as 36%. Moreover, in the current situation the value of pensions has decreased steadily (see Figure 3.6). As the number of pensioners grows, the government has to increase funds to the social insurance budget to cover growing expenses, and in turn, as a result of inflation and a decrease in real income values, the average pension value declines.

**Figure 3.6**

Romania, Evolution of the Index of the Real Average Pension of the State Social Insurance Pensioners (1990-1998)



Source: Romanian Statistical Yearbook, 1999.

### Box 3.4

#### Integrating Anti-Poverty Measures in the Policies of Transition

The dramatic fall in GDP in Romania brought an equally dramatic rise in income poverty. The impact of economic decline has been much more widespread, disruptive and costly in people's lives than was expected. In countries like Romania, the search for pro-poor growth strategies is relevant. Just as pro-poor structural adjustment policies are needed, so are pro-poor transition policies. The main policies exacerbating poverty have been cuts in public spending on social services, reductions in welfare provision and removal of consumer subsidies.

The increasing poverty has affected all social classes. One important factor is unemployment. Shrinking public budgets have hurt many sectors, children, women and the elderly. In employment priority is given to men, still seen as the primary breadwinners. And the decline in family income and public services means that women have to take on the added burden of doing more work unpaid, leaving less time for their own needs and development. This change has been particularly difficult for single mothers, whose numbers are on the rise with more divorces, more deaths of middle-aged men and more births to unmarried mothers. Life has become more stressful as people are forced to adopt ever more desperate survival strategies. Such feelings are intensified by cultural values that see poverty as the result of personal failure - even in today's changed circumstances.

The transition to a market economic model was expected to cause disruption but not in such high and intensive levels. The focus so far has been overwhelmingly on radical reform to stimulate economic growth, with little effort to construct new systems of welfare provision. The dismantled social welfare policies have not been replaced by the social safety nets needed in market economies. Economic growth is beginning to revive. But economic growth alone will not solve their problems. The policies for transition need to be re-centered on human development goals, and antipoverty measures that enable people to build up their assets must be incorporated from the outset.

A new strategy is required that strengthens the role of the state in the division of responsibilities among the state, the market and civil society. The state must take the lead in addressing labor market aspects of poverty, creating jobs through retraining and public works, supporting small business, increasing labor mobility and changing housing policies. It also must focus more on social policies - reversing the erosion in access to basic social services, health and education and providing an effective safety net for those left behind. The state should address distributive aspects of the transition - the growing disparities among regions and between winners and losers, poor and non-poor.

The welfare system has to be adjusted to market rules, with targeted improvements. But the key issue is downsizing the universal system of social benefits and redistributing entitlements. So far, governments have proceeded on a piecemeal basis and under pressure from the losers-sectors and social groups. There has been little discussion of the concept of such changes or of the model to follow. Maintaining a basic level of universal benefits should be an important part of efforts to prevent the erosion of gains already achieved in human development in the region.

Source: Extracted from UNDP. Human Development Report 1997. New York: UNDP, 1997

The state must take the lead in addressing labor market aspects of poverty, creating jobs through retraining and public works, supporting small business, increasing labor mobility and changing housing policies

**Table 3.1****Surplus/Deficit of the State Social Insurance Budget (in million ROL) 1990-1998**

	1991	1992	1993	1994	1995	1996	1997	1998
Income	164	486	1,315	2,811	3,925	5,910	13,164	23,331
Expenses	155	404	1,174	2,760	4,090	6,096	13,221	26,539
Surplus/Deficit	9	85	141	51	-165	-186	-57	-3,208

Source: Romania's Statistical Yearbook, 1997, 1999

As can be seen in Table 3.1, since 1995 the State Social Insurance Budget has run a deficit, which is certainly not sustainable in the short and long-term. When the new Social Insurance and Pension Act comes into force in 2001, it will be the first time since 1990 that a comprehensive reform policy will be implemented. Among other elements, the new legal framework will ensure a new calculating formula that standardizes the various categories of pensioners. The calculation formula is based on an average number of points (calculated from each contribution year) obtained at the end of payment years. The yearly points represent the average of points obtained during each month, all during a year. The reform of the pension and social insurance system will be implemented during several stages. The first stage supposes the reform of the current insurance system PAYG. Furthermore, the reform will move in the direction of developing alternative systems, both mandatory and voluntary.

### Health Care: Transition & Reform

At present, three actors play major role in the organization and implementation of a health care system reform in Romania: The Ministry of Health and Family (formerly Health Ministry), the Doctors' College in Romania (founded in 1995) and the National Fund of Health Insurance (established in 1998). Before 1989, the health care system in Romania was organized according to the principle of universal coverage, and of equal and free access to the medical assistance services. The Ministry of Health and Family, along with 42 County subordinate offices, was the sole administrator of the health system, which was fully funded with public funds. As the transition process got underway in 1989, the health care system began to show signs of needing a comprehensive reform. Two objectives have underlined the health care reform process in Romania: 1) the decentralization of the organizational structure and 2) the restructuring of its financing.

#### The Decentralization of the Health Care System

With the passing in 1992 of the Law of Local Administration, the decentralization of the health care system in Romania began. During the first stage, only a redistribution of responsibilities took place within the Ministry of Health and Family and among its county divisions. In 1997, after the legal framework delineating health insurance reform was in place, a much more substantive transferring of financial and administrative responsibilities to lower echelons and/or independent entities took place. An important challenge was to overcome the low rate of primary care, which led to the excessive use of secondary and tertiary assistance given in polyclinics and hospitals. Before 1990, in order to consult a specialist, the patient had to obtain a reference from a general practitioner. After 1990, these references have become less frequent and the role of the general practitioner has dwindled, while hospitals – equipped with sufficient beds, but insufficient medical resources – found it harder and harder to meet a growing demand for medical attention. In addition, the low structure of salaries in the health sector, created the opportunity to encourage illicit payments, and discourage quality attention. The reform policies were precisely aimed initially at addressing the issue of primary assistance, and later in 1999 at reorganizing the hospitals. Between 1994 and 1998 a pilot project was conducted in eight counties, to introduce among other elements, a new management system and the transfer of responsibility related to financing and managing dispensaries from territorial hospitals to county healthcare divisions.

Basically, the reform of primary assistance introduced the figure of the family doctor, who had the role of guaranteeing access to medical services, and of encouraging competition allowing the patient to freely choose her/his family doctor. Thanks to the reform, the family doctor was transformed from a public servant into an independent professional practitioner, since according to the new legal framework the State no longer paid for her/his services, but the Health Insurance Fund did. The transition to a decentralized healthcare system continued, and in 1999 a law delineating the reorganization of the hospitals was passed. In Romania almost all hospitals were under the administration of the Ministry of Health and Family. The new law granted them larger autonomy, especially in budget-related decisions. The new law also stipulates that each hospital must have a managing board appointed by the hospital owner. Gradually, most financial matters will be transferred to local councils.

In 1997, after the legal framework delineating health insurance reform was in place, a much more substantive transferring of financial and administrative responsibilities to lower echelons and/or independent entities took place

A critical situation of many hospitals today is medical equipment scarcity and poor infrastructure. Until 1993, the hospital maintenance expenses had been financed by the central budget. Then they were transferred to local budgets. And, more recently they are managed by the County Health Insurance Funds, although major capital investments remain a central task of the Ministry of Health and Family. This is one of the reasons, why the transition to a decentralized healthcare system must also be supported by a reform in the financing system.

#### Reforming the Financing of the Health Care System

Until 1991, almost exclusively administered by the Ministry of Health and Family, the State Budget was the only financing source of the health care system. Beginning with 1992, the government adopted a series of policies meant to increase resources. As part of that effort, the Health Special Fund was established based on a 2% income tax, as well as on a small tax applied to tobacco and alcohol sales. Also, in 1993 the responsibility for equipping and maintaining the medical units was transferred from the central state to local budgets. Beginning with 1998, the main source of finance for the public healthcare system is the Health Social Insurance National Fund. Contributions to this fund are equally paid by the insured and by the employer. People not earning a steady income (i.e., children, youth, retired and military conscripts) have free access to public health services.

The Ministry of Health and Family covers less than one-third of the entire budget allocated to healthcare, the rest is covered mainly by the Health Insurance National Fund, but also from external financing sources. During the decade several bilateral and multilateral international development organizations have contributed resources to finance the health care sector reform in Romania. For example, in 1992 the World Bank started a project meant to rehabilitate primary assistance, granting a US\$ 150 million loan, and in June 2000, it granted another one amounting to US\$ 60 million for the Social Development Fund. Also, in 1991 the European Union, via the PHARE Programme, allocated approximately 25 million Euro to be used in dispensaries, laboratory equipment, drugs and medical training. In 1997, PHARE approved three new health care initiatives totaling 4 million Euro, this time targeting institutional reform, and reorganizing the public sector. UNICEF also became involved in areas such as, women and child health, family planning, disadvantaged children and supporting social development policies. In addition, Romania has bilateral agreements with various governments for health care-related cooperation and financial support (USAID, UK-DFID, UNFPA, Japanese Agency of International Cooperation and Aid, the Swiss and German governments). In spite of this enormous support, financing and an effective allocation of resources are still a priority.

#### Box 3.5

##### Health Care Reform in Romania: Heading in the Right Direction but Facing a Multitude of Obstacles

- Although the healthcare system in Romania benefits from an even larger percentage of GDP, it is still extremely low compared to other East-European countries
- Access to healthcare services varies from one region to another, and the problem is more intense in poorer regions
- There are no additional measures to encourage orientation of physicians to medical units located in rural areas
- Political instability generates numerous changes that affect adversely the administration and management of the system
- Legislation must be updated or amended regularly to adapt the reform process to the ever-changing political, economic and social circumstance of the transition process
- The same efforts that have made the reform of the primary sector a relative success must be replicated for the secondary and tertiary sectors

#### Romania's Health Trends and the Transition Process

Deaths occurring at 0-1 years of age decrease from 27% to 18%. With Albania, Romania still remains the European country with the highest child mortality rate (21%), attributed to antenatal and malformation conditions. Maternal mortality is also decreasing (from 1.7% to 0.3%), but still remains one of the highest in Europe. The main causes of death remained the same in the past 10 years: cardiovascular diseases, cancer and external causes. In Romania, the incidence of deaths caused by cardiovascular diseases is still extremely high: 35% for deaths under 64 years, and 77% for deaths over 65 years respectively. In contrast, the death rate by cancer, although recently has shown a slight increasing trend, has remained relatively low (19% for deaths under 64 years and 9% for deaths over 65 years respectively). Male mortality due to external causes is increasing, and is 3 times higher than female mortality.

A critical situation of many hospitals today is medical equipment scarcity and poor infrastructure

The same efforts that have made the reform of the primary sector a relative success must be replicated for the secondary and tertiary sectors

With Albania, Romania still remains the European country with the highest child mortality rate

As compared to 1990, the number of people who suffer from psychiatric problems increased by 28% in 1999

Some key factors affecting the overall levels of mortality and morbidity in Romania are: tobacco, drug and alcohol use among younger sectors of the population; excessive pollution, especially in areas with metallurgical, chemical and petrochemical industries; pesticide contamination; and the quality of running water, as well as the quality of its sources (lakes). Similarly, the prolonged transition, the poverty arising from it, the stress factors, the deficiencies in the alimentary regime have led to the deterioration of the overall health condition of the population and to the increase of disparities in access to, and quality of, health services within Romania.

Among infectious diseases, tuberculosis proved to be connected not only to the medical-sanitary activity, but also especially to the population's general level of economic welfare. In 1999, the incidence of tuberculosis increased in 23 counties (out of 42), with rates ranging from 1.5% and 22%. This obviously resulted in an increase of not only the general morbidity rate, but of disparities among regions. The dynamics of the incidence of infectious and parasitic diseases reveal the preservation of an urban-rural disparity. For example, according to the Ministry of Health and Family in 1999 Giurgiu county ranked first, with 32 cases per 100,000 inhabitants, more than twice the Romanian average (15 cases/ 100,000) and more than 5 times the counties with the least sickness rate (Covasna and Gorj with 6 cases/ 100,000).

The main characteristic of the epidemiological situation of HIV/AIDS in Romania was the large number of child infection cases. This situation was due to certain high risk factors during the 1980s (i.e., lack of contraceptive measures, and of sexual education, anti-abortion law, use of non-sterilized syringes). It was reported that as much as 88% of these cases were transmitted from mother to child, via syringes or via nosocomial infection. During the decade, the number of reported cases of AIDS has showed declining trends, but reported cases have remained relatively constant. According to UNAIDS/WHO Working Group on Global HIV/AIDS and STI Surveillance, whereas in 1990 there were 945 cases reported, in 1999 the number dropped to 306.

According to the National Institute for Statistics, in 1990 the number of abortions per 1,000 women aged 15-49 increased to 177.6. This was explained in terms of the anti-abortion law being revoked, and an increased use of abortion as a contraceptive method among women of childbearing age. Numerous sex education programmes addressed mainly to youngsters, as well as increased access to alternative contraceptive methods led to a decrease of the abortion rate after 1990. Between 1990-1998, the number of abortions per 1,000 women aged 15-49 dropped by 74% to 46.5. Birth rate among teenage girls in 1998 also showed a decrease of 23% as compared to 1993. However, these levels still remain high, for European standards.

Mental health and psychosocial welfare are very important aspects of the quality of life. In Romania, it is reported that between 1989-1998, the suicide ratio increased by 23% among men, while the female rate decreased by 27%. As compared to 1990, the number of people who suffer from psychiatric problems increased by 28% in 1999. A special element of the psychosocial welfare situation in Romania problem is the deformed public perception of the psychiatric-disease features. A survey published in April 2000 by the Mental Health Foundation showed that not only the family members and friends have discriminatory attitudes towards people who suffer from psychiatric disorders, but also medical and professional staff. There is no official mental health policy in Romania as of yet, and the allowed budget for this sector represents only 3% of the Ministry of Health and Family budget.

## Education in Transition: Change & Uncertainty

Education holds a strategic position in any socio-economic system and/or process, as it can have tremendous long-term impact, both as means and as ends. Before the transition, the Romanian educational system was centralized under the authority of the Ministry of Education and Research (formerly Ministry of National Education). Budgets, curriculum policies and regulations were all managed centrally and delivered to regional and local echelons for implementation. At the regional level, County School Inspectorates had administrative oversight, as well as ensured teachers' training. Schools had very little autonomy in the decision-making process, much less teachers and other stakeholders (parents).

By 1992, key changes began to take place in the educational system of Romania

By 1992, key changes began to take place in the educational system of Romania. For example, obligatory education period was reduced to 8 years, the size of classes became smaller to ensure a better student/teacher ratio, new didactical and learning methodologies were introduced, and education in minority languages was allowed for the first time ever. The first real initiatives within the framework of a reform programme took place between 1994-1995 with the (separated) financial assistance of the World Bank and the European Union's PHARE Programme. The new Education Act came into force in September 1995 (which was later in 1997 further amended). Also, by 1995 the process of administrative decentralization had started and certain expenses, namely maintenance and reparations, were transferred to the local public authorities. Although the legal frame for the decentralization process is still not clear, in 1998, a new educational monitoring and evaluation system was created to measure students' performance.

By 1997, the educational system in Romania was still highly centralized, as it funded almost 75% of the expenses, while local budgets' contribution was only 14%. In 1999, supplementary responsibilities referring to the pre-school education expenses were transferred to the local public authorities. The Ministry

of Education and Research is still responsible for expenses related to salaries, textbooks, and other expenses related to special education. The national budget will remain the main source of finance in the immediate future, but local contributions are expected to increase. In 2000, over 10% of the state budget expenses and 8% of the local budget expenses were oriented towards the education system. A new criterion to finance educational policy in Romania is also being developed. For example, in 2000 there was a new finance mechanism introduced to allow for more proportionality between budget and activities (i.e., number of pupils). Also, in the financing of public universities a new distinction between the "basic" and "complementary" financing has been introduced in 2000. Universities are now expected to invest in their own structure using partnership with other private and governmental economic agents.

The reform of the educational system in Romania remains a work in progress. There are many initiatives that have been taken that show the path in the right direction. However, there are still numerous obstacles and challenges to overcome, such as the emerging disparities in educational inputs and outputs within Romania. For example, the gross enrollment rates are considerably smaller in the Northeastern area (59%), as compared to the Southern (65%) and South-Eastern (65%) areas. Similarly, there seems to be a growing gap between demand and supply for educational services. For instance statistical trends show that during the last decade while the overall capacity of schools (infrastructure) has increased by 50%, and school personnel by 73% respectively, the school population has declined by 20%. Moreover, at urban level it is reported that 18% of the basic educational units function, to accommodate 60% of the school population, while in the rural area 82% of the basic education units function, to accommodate 40% of the total pupil population. Thus overcrowding in the urban areas and idle capacity in rural areas create disparity inputs and outputs. In some poorer rural areas, there are even schools, which are not equipped with the minimum hygienic requirements or utilities (current water, electricity, sanitary units).

The current structure of public educational expenditures does not give too much room to maneuver. Only programmes being financed with funding from international organizations such as the World Bank and the Development Fund of the Council of Europe provide certain leverage. The present stage of the educational reform in Romania is an ongoing process, consisting of six priorities: 1) Curriculum reform, including educational planning, programmes, textbooks and European Union adjustment; 2) Didactical and learning methods reform, including scientific research; 3) Comprehensive reform for a more effective cultural and administrative link between primary schools, high schools and universities; 4) Improving usage and application of advance technology capability to connect Romania's educational system with global opportunities; 5) School and academic management reform through decentralization and increase of the educational institutions autonomy; and 6) Advanced forms of international co-operation.

It is a complex process in which the reform initiatives coexist with old elements and practices, like in a puzzle. Similarly, the persistence, in different forms, of a diverse set of strategic purposes and objectives clearly is affecting the consistency and continuity of reform efforts. This is why the establishment of an efficient system, suitable for the new education realities of a transition country, with a more efficient and professional management structure, represents a premise for an authentic reform.

## The State of Environmental Policy Under the Context of Transition

During the transition process, the environmental issue in Romania has not been on the top of the political and economic agendas. As in the case of many other countries in transition, in Romania limited attention has been paid to environmental issues and only sporadic control measures have been taken to reduce the potential effect of pollution produced by the chemical, metallurgical, energetic, mining, and cement industries. Many of the agriculture practices of the past relied heavily on the use of chemical substances, such as fertilizers and protection agents for crops, to increase production. But these practices have led to significant effects on water supply and food safety. Despite these facts, a significant increase for the environmental sector has been reported during the last six years. In 1998, expenses in the environmental sector represented 1.6% of the GDP (or about US\$ 571 million) compared to 1% in 1992 (or about US\$ 169 million).

The overall environmental infrastructure in Romania has been considered to be in better shape than in the ex Soviet Union, but it lags behind the standards of the European Union. For example, before the economic transition, less than 65% of the investments planned for water treatment and the control of air emissions had been implemented. When energy restrictions have been applied in various occasions during the last decade, the water treatment units have been the first to be shutdown. As the old productive structure in Romania continues to be transformed, there is a significant reduction of pollution emissions, although it is a temporary phenomenon that may last until new industries begin to fill the landscape again. But this decline also has loosened pollution controls.

As the Romanian economic structure begins to be restructured, potentially pollutant industries begin to emerge, and Romania absorbs the environmental requirements of the European Union, it seems timely to readdress environmental policy. Some progress has been made since 1990, especially with regards to the level of understanding of environmental issues. However, environmental policy has not become

The reform of the educational system in Romania remains a work in progress

The current structure of public educational expenditures does not give too much room to maneuver

During the transition process, the environmental issue in Romania has not been on the top of the political and economic agendas

The overall environmental infrastructure in Romania has been considered to be in better shape than in the ex Soviet Union, but it lags behind the standards of the European Union

The European Union annual progress reports (1999 and 2000) on pre-accession have underscored the small progress made by Romania in the area of environmental policy and legislation

After 1989, many legislative initiatives were introduced for the environment protection based on the principle of “human solidarity and common interests.” Romania also joined a series of international conventions concerning the protection and the conservation of environment

an important preoccupation of policy-makers. After a European Inter-ministerial conference on the environment held in Lucerne in April 1993, Romania and other countries from Central and Eastern Europe have drawn National Action Plans for the Environment Protection (NAPEP). The main focus of the first and subsequently amended NAPEPs in Romania has been to map “the hot spots” or priority areas for environmental policy. For example, Copșa Mică, Baia Mare, Zlatna, Ploiești (Brazi, Valea Călugărească), Borzești, Bacău, Suceava, Pitești, Tg. Mureș, Turnu Măgurele, Tulcea, Ișalnița, Rovinari, Brașov, Govora and the municipality of Bucharest have been identified as hot spots. The last revision of NAPEP in October 1998 contained 91 project proposals at an estimated cost of US\$ 290 million.

The European Union annual progress reports (1999 and 2000) on pre-accession have underscored the small progress made by Romania in the area of environmental policy and legislation. Some particular achievements that can be highlighted are the promotion of a self-financing system for Environment Protection Inspectorates, the drafting of a strategy to adopt the *acquis communautaire* and the creation and implementation of the Environment Fund. Nevertheless, in spite of these efforts the European Union Accession Progress report pointed also to a reduced administrative, evaluation and policy-making capacity for environmental policy in Romania. It noted that progress in harmonization with the European Union legislation, was not significant and that more sustained efforts were necessary to accelerate this process.

#### Environmental Legislation and Activities & European Union Accession

After 1989, many legislative initiatives were introduced for the environment protection based on the principle of “human solidarity and common interests.” Romania also joined a series of international conventions concerning the protection and the conservation of environment. For example: the Ramsar Convention concerning wet areas of national importance, especially as habitat for aquatic birds (1991); the Bern Convention concerning the conservation of wild life and natural habitats in Europe (1993); the Rio de Janeiro Convention concerning biological diversity (1994); the Rio de Janeiro Framework Convention on climate changes (1994); the Geneva Convention on transfrontier pollution at great distances (1991); the United Nations Convention to fight against desertification, passed in Paris on June 17, 1994.

In 1992 Romanian and World Bank experts published a strategic document called “The Charter of the Environment Strategy” and in 1994 an environment protection strategy was also proposed in Romania. The strategy includes the following principles: The Protection of Human Health (supreme principle), Sustainable Development, Pollution Prevention, the Conservation of Bio-Diversity, the Conservation of the Cultural and Historic Patrimony, the Principle the Polluter Pays. In 1995, the Parliament voted in favor of a new framework law for environmental protection. It establishes several principles and also commits Romania to perform impact assessments on a regular basis. The Environmental Law has been the foundation of other regulations, such as the water law. However, to date there are still no regulatory instruments for air quality and waste issues.

**Table 3.2**

Terms for the Harmonization and Implementation of some European Union Environmental Directives in Romania

Directive	Legislation harmonization	Implementation
1. Drinking water (98/83/EEC)	2000	2015
2. Waste urban water (91/272/EEC)	2000	2030
3. Surface water for drinking water (74/440/EEC)	2000	2015
4. Dangerous pollutants in subterranean water (80/68/CEE)	2001	2015
5. Dangerous pollutants in surface water (76/464/CEE)	2000	2030
6. Framework Directive concerning the quality of air (96/62/CE)	2000	2010
7. Framework Directive for waste (75/442/CEE)	2000	2002
8. Storing PCB/PCT (96/59/CE)	2000	2015

Romania declared its intention to become a member of the European Union in June 1995, when it applied for pre-accession. A pre-condition for the accession to the European Union was aligning the legal national system to the existing European Union legislation. This process is called harmonization, which in the environmental area it has specific requirements. It does not only mean the translation of normative documents, but also to adaptation of these to the specific socio-economic and political conditions of

Romania. Moreover, once the normative structure is in place, laws, norms and regulations must be enforced, monitored and followed-up. This means that Romania must acquire the necessary institutional, cultural and financial mechanisms to have such capacity. The environment legislation of the European Union has been developed in the last 30 years and contains today more than 300 normative documents, including directives, regulations, decisions and recommendations. In the case of Romania this translates into harmonizing approximately 70 directives, 21 regulations. As can be illustrated in Figure 3.7, the dimension of change will be quite a challenge for Romania.

#### Financing Environmental Policy: The Critical Issue

The harmonization process becomes an opportunity for Romania, to organize its environmental institutions and procedures, and to train personnel to interpret, implement and monitor activities. However, it also puts an added burden to the transition process, as it requires specific resources assigned for environmental policy. In European Union and other Western countries, environmental policy is considered a production cost and it has been gradually assimilated by different sectors of society. A system of incentives (positive and negative) was created to convince even the most recalcitrant sectors to make the necessary investments. At the end, public pressure also played a significant role. The so-called green movements took advantage of information transparency and electoral accountability and pressured policy-makers to enforce, and invest on, environmental policy.

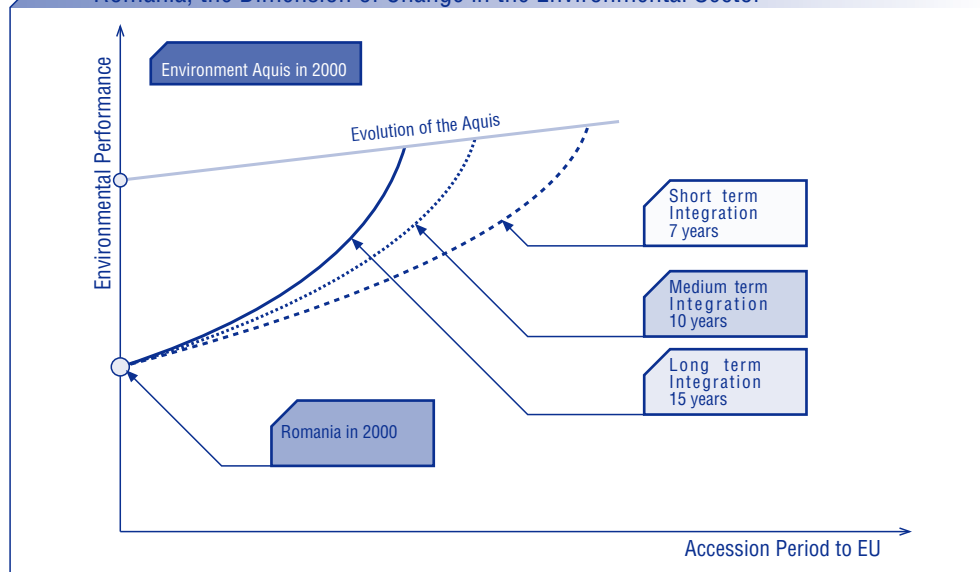
During the last decade, two related issues that have dominated environmental policy in Romania have been: 1) lack of resources and 2) sources of resources. In turn, these issues are intimately related to other issues: product of the transition process, such as new environmental policy framework; severe financial restrictions in industrial enterprises; the rather slow rhythm of privatization; the insufficiency of the financial banking system to provide credit; the underdevelopment of capital markets; inadequate flow and access of information; and the weak organization of the non-governmental sector (NGOs) to mobilize citizen groups and pressure the policy-making decision process.

In theory, once Romania becomes part of the European Union, environment investments will be transformed radically. A great part of the financial burdens will be overtaken by local administration and the private sector. However, today neither the private sector nor local authorities are in a position to assume such a responsibility. While municipal services have been decentralized (heating, water, sewage and waste collection), local administration inherited unfinished projects, infrastructure in different stages of degradation and had no strategic plan to re-build these systems. Not much is known about the capacity of local administrators to manage the various systems they inherited, much less about their environmental consciousness. Suffice to point that while a majority of the more urbanized cities in Romania have a sewage system, as many as 40% do not have a purifying water system (including Bucharest). Similarly, in the great majority of the cities, the heating units might not be endowed with control pollution systems. Furthermore, the waste grounds have no control system for dangerous materials, which probably means that these are being dumped together with regular garbage. And, very few cities have a protection system for subterraneous or surface water, and none for sure has a bio-gas extracting system.

In theory, once Romania becomes part of the European Union, environment investments will be transformed radically. A great part of the financial burdens will be overtaken by local administration and the private sector. However, today neither the private sector nor local authorities are in a position to assume such a responsibility

Not much is known about the capacity of local administrators to manage the various systems they inherited, much less about their environmental consciousness

**Figure 3.7**  
Romania, the Dimension of Change in the Environmental Sector



Air quality in Romania has improved generally but has also deteriorated during the last 10 years

The disposal of solid and dangerous waste is an increasingly bigger problem for Romania

Resolving these and other related issues to European Union standards will require an enormous investment effort. Using European Union and World Bank data, it has been estimated that during the next 20 years, Romania will need over 20 billion Euro. Half of that has been estimated to cover expenses in the water sector, while air and waste will need 25% each of the estimated cost. In addition, the resources needed to enforce the directives are estimated to surpass 15 billion Euro.

As can be seen, the estimated investment effort to adopt, implement and monitor the *acquis communautaire* in the environmental sector is very high and raises a considerable planning problem, with which Romania has not been confronted in the 10 years of transition. And even if some resources become available, Romania still does not have a strategic plan that orients and/or prioritizes measures, investment and expenses. For now, the rational use of the available resources and of those provided by international donors must be enforcement with the principle "the polluter pays." For medium and long term need, one solution could be to build the Environment Fund (see Box 3.6).

### Box 3.6

#### The Environment Fund in Romania: In Need of Funding and Leadership

In 2000 a law approving the creation of an Environmental Fund, was finally giving a green light by Parliament. The necessity of a financial instrument to support environment investments in Romania is very acute due to the multiple problems to be solved. The Environment Fund could be a means to surpass the difficulties with which institutions and the market are faced during the transition period. Once it is fully operational, it could be used for many purposes, such as:

- Support improvement of environment policies and strengthen enforcement capacity
- Help accelerate the process to improve the environment in industrial enterprises and co-finance environment investments
- Finance research & development activities
- Help to improve environment education and training
- Mobilize and increase the involvement of local communities and NGOs

Like the majority of its counterparts in the region, the Romanian Environmental Fund will have a management and a decision-making component. Management will be a responsibility of the Ministry of Waters and Environment Protection. The Law also stipulates a leading body, with a large government and non-governmental representation, to be trusted with the decision-making process. It is not clear how the fund will perform the myriad of tasks it has been assigned, such as income collection, financial management, setting criteria for eligibility of projects, and monitoring and evaluation.

Though its creation is a large step forward for Romania, to date financial limitations are delaying its full potential and implementation.

#### Key Issues for Environmental Policy in Romania

##### The Quality of Air

Air quality in Romania has improved generally but has also deteriorated during the last 10 years. It is known that emissions from stationary sources (especially from industry) have diminished because of the reduction or the closing of production. On the other hand, emissions from mobile sources (automobiles) have become a more important preoccupation, as the number of vehicles that circulate the streets in Romania during the last decade has increased almost three-fold.

Although the activity to encourage the use of fuels without lead has seriously started in Romania, the economic incentives that could help to sustain further and deeply these activities are not part of the policy context yet. For example, the availability of fuel with lower grades of lead, which can cost the same or less than regular fuel with lead. The pollution with SO<sub>x</sub> is also a key issue. It totals over 1 million tons annually and it comes from the use of fuels with a high content of sulphur (coal, oil, crude oil, diesel oil). Since December 2000, through a government decision the Diesel content has been limited from 0.5% to 0.2% and starting with 2005 the limit will be 0.05%, as the European Union legislation stipulates.

##### The Waste Issue

The disposal of solid and dangerous waste is an increasingly bigger problem for Romania. A more consumer-oriented society and the appearance of more products have influenced the growth of the volume of urban waste. The management of solid and dangerous waste in the productive and commercial sector is even more complex. Though some dangerous or toxic materials exist even in the ordinary urban waste, such compounds can be very concentrated. In accordance with the existing data, in 1997, Romania produced approximately 218 million tons of solid and dangerous waste materials, of which more than 95% was industrial, 3% urban and 2% agricultural. In 1998, the volume of wastewaters ascended to over 4.4 million (m<sup>3</sup>/day), of which over 50% came from five cities (Bucharest, Constanța, Iași, Cluj and Timișoara).

Due in great part, to a less modern structure of the regulations of waste management, the practices in Romania are not well developed and rely on so-called waste holes. Over 93% of waste products are disposed in waste holes. Romania still does not have sufficient technological capacity to recycle or reuse waste materials. Only 6% of total waste is recycled in Romania, while less than 1% is incinerated.

The 973 controlled waste holes cover a surface of approximately 11,000 ha, with a volume of nearly 9 million m<sup>3</sup>. As can be seen in Table 3.3, in 1998 there were 257 municipal waste holes and 735 industrial waste holes. Also, of the 735 industrial waste holes, as much as 30% are in populated areas, and 56% are inappropriately situated on riverbanks. Furthermore, in 1997, only 25% of industrial waste holes have been authorized. On the other hand, 85% of the municipal waste holes need long distances for waste to be transported to the disposal place, 23% are located inappropriately on water banks and only 11% of the waste locations have environment authorization.

#### The Quality of Water

The quality of water is closely linked to the way in which the water resources are used in agriculture, industry and municipalities and the pollution of other environment elements. Before 1989, the request for new resources of water was constantly higher, but thereafter, water demand decreased. It is reported that the quality of surface water may have improved some, due in part to less industrial discharge and agricultural pollutants, as well as a to the increased attention paid by the Inspectorates for the Environment Protection to enforce regulations. But the number of river sectors significantly degraded, remains high (as much as 13%).

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**Table 3.3**

Romania, Location of Waste Holes (1998)

Location	Number	Occupied Surface (ha)	Capacity (thousand m <sup>3</sup> )
TOTAL Municipal waste grounds	257	1,031	209,245
TOTAL Industrial waste grounds, from which:	735	10,055	8,754,078
● Oil waste locations	169	2,274	391,462
● Mining waste grounds	186	4,707	7,769,272
● Grounds occupied with ash and slag	110	2,575	576,130
● Simple platforms for industrial waste	255	492	16,452
● Subterraneous stores	15	7	762
Total	982	11,086	8,963,323

There is a series of important environment problems for the surface waters in Romania, among which the most important are: the charge with organic nutrients (nitrogen and phosphor, flow modifications of transport conditions of sediments, contamination with dangerous and oxygen consuming substances and lack of water purifying units. Similarly, the industrial and mining activities in Romania still use classical technologies, partially old fashioned, an inappropriate management of resources, few or no systems or measures to reduce pollution and unsuitable options for waste discharge and treatment.

The subterraneous contamination, especially of the aquatic layers, is one of the most difficult problems facing the environmental sector in Romania. The chemical substances used in agriculture are often completely dissolved in water and very toxic. Reportedly, they may have already contaminated great part of the drinking water supply in the rural areas. The inappropriate safety measures for the storing and the disposal of solid and dangerous waste and the management of industrial wastewater may have also contributed to the degradation of subterraneous waters.

The inappropriate safety measures for the storing and the disposal of solid and dangerous waste and the management of industrial wastewater may have also contributed to the degradation of subterraneous waters





## CHAPTER 4

### Towards the Second Stage of Transition in Romania

Putting the Last Ten Years of Transition into Perspective

Understanding the Current Romanian Reality to Visualize a Compelling Picture of a Desired Future

A Policy Agenda for the Next Decade of Transition

## Chapter 4: Towards the Second Stage of Transition in Romania

### Putting the Last Ten Years of Transition into Perspective

Through all four previous chapters, this Report has offered a contribution to the understanding of the transition process in Romania, stressing the need for a more systemic approach and a built-in capacity for change management. It has analyzed the Romanian transition experience and highlighted the most important trends in the economic, political and social dimensions, as well as the impact on human development. It has shown the most relevant policy implications of the transition process, not only for human development, but also for policy-makers and their mandates to promote the necessary institutional changes.

The implicit and explicit message of this Report is that, in a process as complex and intertwined, as is the Romanian transition experience, good governance and effective management of public resources can be tactical means to accomplish people-focused primary ends. The report has shown the essential interdependence between elements of the transition process and a healthy national economy that supports human development. The report has also used the framework of the human development paradigm, to clarify the challenge inherent in a view of development that is more than economic. Finally, by providing examples, experiences, concepts and visions, the report has attempted to shed additional light in a process that is just beginning to be understood. Analyzing and articulating these elements, are key to understanding the process of systemic change in Romania.

It was shown throughout the Report that there has not been any major change to Romania's human development profile from what was reported in the 2000 National Human Development Report (NHDR). However, the accumulated impact of the transition process continues to be reflected in Romania's latest overall human development trends. For example, in 2001 Romania was still ranked in the upper tier of countries with medium human development, although its HDI value has slightly increased to 0.772. This HDI value put Romania at a virtual tied with Bulgaria (ranked 57) in the 58th place of 162 ranked countries. The preceding analysis has also shown that among a group of selected countries from the region, Romania's human development profile since 1980 remained relatively stable although it has shown a continuous declining trend. Romania's transition impact on its human development profile became even clearer, when it was analyzed in the context of the countries that are considered candidates to join the European Union. Among these 13 European Union aspirant countries, Romania would be ranked in the 12th position.

In as much as observers of transition process have become accustomed to think of them as linear events, with defined goals such as market economy and democracy, in reality as the Romanian experience shows, they are far more complex and intertwined with an array of endogenous and exogenous factors. Once activated, a transition process can become a vehicle to expand the material base for the fulfillment of human needs. But the extent to which these needs are met depends on the allocation of resources for human development and its uses and the distribution of opportunities.

Human development requires, among other things, considerable investment in education, health and skills. The result is a healthier, better educated and prepared population that is capable of meeting the challenges of the transition to a market economy and a more pluralistic political system. Many accounts of transition processes explain it in terms of long-term goals, such as less state control, more private enterprise and freer market. But as it can be learned from the Romanian experience, during the first phase of a transition process, other short-term goals are as important, such as effective management, strategic goals, leadership, political capital, social capital and environmental sustainability.

It was shown throughout all previous Chapters that transition processes are the product of a complex web of interactions containing a high degree of uncertainty and linkages. Thus, the web of interactions between transition policies and human development can make them mutually reinforcing or weakening. When the links are strong, they contribute to each other. But when the links are weak or broken, they can become mutually stifling as the absence of one can undermine the other. In the long run transition policies and human development can move together and be mutually reinforcing, but only if they are accompanied by a coherent economic and political strategy, that is designed, consensuated and implemented in accordance to the Romanian reality.

Romania's first phase of transition shows the enormous influence politics and policy-making can have. In turn, economic events in the transition are determined in part by earlier policies, which are influenced by sociopolitical factors, and may in turn influence future political developments, and so on and so forth. Through its analysis the Report has refuted the simplistic idea that transitions are short-term linear processes that automatically produce less state control, more private enterprises, and freer markets. It has shown a reality that is far more different. As was illustrated in Figure 3 in the Introduction, Romania's transition experience during the last decade was frenzied, fragmented and full with multiple objectives and external pressures, and throughout most of the decade there was no comprehensive strategy or policy-framework to tackle the challenges of change. To that was added Romania's decision to be considered a European Union candidate, which put further pressures to policy-makers and the population at large.

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Romania's transition experience during the last decade was frenzied, fragmented and full with multiple objectives and external pressures, and throughout most of the decade there was no comprehensive strategy or policy-framework to tackle the challenges of change

The Romanian experience demonstrates, that transitions are not so much about comprehensive economic programmes, in which stabilizing, liberalizing, restructuring and economic integration goals are set or even less about radical transition policies. Instead, transition processes have to balance a series of political and economic factors, in such a way that through carefully crafted policies, both factors become part of the same strategy. When opportunities, such as 1989, 1996, and the European Union invitation materialize, there is a need for a greater political breakthrough, one that can be sustained with a more systemic approach that guarantees, goals, consensus from a host of political and social sectors, equilibrium between shock and gradual policies and sequencing. The Romanian experience has also confirmed that the level of readiness of the population to accept transition reforms and change will be proportional to the level of political capital of governing rulers. If instead, important economic and socio-political changes are implemented in the context of the more mundane politics of contending parties and interest groups, governments lose support fast and overall failure might be eminent and its consequences destructive.

### Understanding the Current Romanian Reality to Visualize a Compelling Picture of a Desired Future

Capacity for sustainable human development is closely linked to capacity for systematic change and reform. Developing countries and countries in transition face the challenge to build these capacities. For UNDP, the role of international development cooperation is to support that process by contributing with knowledge, technical assistance and capacity building, and by facilitating the sharing of experience and insights in different areas of a transition experience.

Romania is entering a new decade of transition under the burdens of the previous decade of transition: the recurring economic recessive inertia, the liability of an incomplete State and governance reform, the basic discrepancy between the structures of international demand and the nature and composition of Romanian exports, and an accumulation of lags and shortcomings from the pre-transition process which have led to legitimate but unsatisfied demands, especially by low-income groups.

As was shown in the Balance Sheet presented in the Introduction, some progress was achieved during the first decade of transition, but the overall result is insufficient. Economically, reforms were partial and precarious. Politically, there was substantial and rapid progress in establishing the basic formal framework for a democratic electoral life, but more pluralistic values, behavior and institutions have not trickled down yet. This despite that Romania has also shown signs of considerable vitality during the last decade. For example, politically, there was intense interaction between various social actors; at the economic level there were frequently innovative attempts to overcome the effects of the economic crisis; and as far as institutions were concerned, individuals as well as organized groups demonstrated their ability to adapt to a situation characterized by very rapid changes.

What the analysis in the previous Chapters showed was that the transition process in Romania has been dominated by a dismal economic performance, and the emergence of various failings and shortcomings that were highlighted by the highly unfavorable human development conditions. In this respect, the last decade was, in historical terms, a turning point between the previous pattern of development in Romania and an uncompleted but undoubtedly different phase, which will mark the future of Romania. The last decade was also a decade of painful learning, and could possibly be equated with historical situations, which all countries of late industrialization have to go through. It could ultimately turn out to be the decade that put Romania back on its way to recovery and human development on new bases.

Transitions are difficult processes, and to turn transition policies towards human development seems even more challenging. But discussing and designing a form of transition that can contribute to a new more dynamic production pattern, as well as to human development, is an opportunity that cannot be denied. As some lessons continue to be generated by the various transition experiences, like the Romanian one, will the challenges of transforming economic and political structures be matched by innovations in policy to turn opportunities into human development advances? If policy-makers in partnership with civil society are able to compromise in a renewed strategy effort, such a process could be a new source of dynamism, which could, in turn, make it possible to achieve human development objectives. Below there are some key areas that have been identified as crucial, to escape the myth that transition are linear dead-end processes. The modest proposal does not pretend to offer a single, universally applicable recipe to Romania's challenges. Instead, the proposal consists of a set of policy guidelines that can help to put some key issues back in the public agenda.

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## A Policy Agenda for the Next Decade of Transition

### Change Production Patterns Through Technical Change

Transition processes involve among many goals, changing production patterns within the context of greater international competitiveness, based more on the deliberate and systematic absorption of technical progress by the production process (with corresponding raises in productivity) than on the maintenance of low real wages. In this respect, proper account must be taken of the need for learning and dissemination of internationally available know-how. What is needed is to progress from the “transitory rents” derived from natural resources and service industries to “continuing rents” offered by the absorption of technical change by productive activities.

### Design and Implement an Integrated Competitiveness Strategy & Policies

Emphasis must be placed on the systemic nature of competitiveness. In the international market, competition takes place among economies in which the enterprise forms an integral part of a network of linkages with the educational system, the technological, energy and transport infrastructure, the relations between employees and employers, public and private institutions, and the financial sector. In other words, it is integrated into an entire economic and social system. From this point of view, promoting changes in the pattern of production calls for decided, persistent and above all properly integrated policy efforts.

### Prioritize Environmental Policy

Changes in productive patterns must be compatible with conservation of the physical environment, and consequently the human sustainable development dimension must be fully incorporated into the overall transition agenda. What is needed is, on the one hand, to reserve the negative tendencies towards the depletion of natural resources and the increasing deterioration through contamination and growing industrialization, and on the other hand to take advantage of the opportunities for making use of natural resources on the basis of research and conservation.

A policy for the rational use of Romania's natural resources in the next decade must also be aimed at correcting the shortcomings of the past and making progress in a number of aspects, not only those related to the European Union accession. Natural resources cannot be left at the mercy of a short-sighted system of maximum immediate exploitation, but must be subject to a system of careful management which calculates the appropriate rates of use of non-renewable resources in the light of the present situation and future prospects of the markets and ensures the maintenance of the reproductive capacity of renewable resources. Nor must the natural resources sector be viewed as a mere source of income for transfer to other sectors; instead, steps must be taken to build up productive systems linked with industry and services, so as to heighten the value of the resources and contribute to a process of technological and organizational change which will strengthen their competitiveness. In essence, what this Report is suggesting is that the environmental variable in the transition strategy can no longer be ignored.

### Ensure Quality of Economic Growth

Sustained growth based on competitiveness is incompatible with increasing poverty rates and continued existence of lags as regards equity. This is not to ignore the difficulty of simultaneously attaining equity and growth, for trade-offs naturally arise in connection with the values to be assigned to these objectives and the capacity of the system to absorb and assimilate changes. In this respect, shortcomings in both economic and social policies must be urgently addressed, to balance a weakening social fabric, strong and sustainable social safety nets, and the promotion of market economic and competitiveness policies.

Sustained growth based on competitiveness is incompatible with increasing poverty rates and continued existence of lags as regards equity

### Strengthen a Romanian Democratic Model

Transition economic strategies and policies must be applied within a democratic, pluralistic and participatory context. This will affect the content and scope of economic policies and strategies, the way they are formulated and applied, and the forms of interaction between public and private agents. In this respect, transition policies and strategies must faithfully respect the will expressed by the Romanian people, and must be subject to change and modifications, in accordance with Romanian expressions of opinion and Romanian reality.

### Civil Society Must Engage Constructively Policy-Makers

In democratic societies in transition, the concept of “concerted strategies” takes on decisive importance. Such strategies comprise a set of broad-ranging explicit and implicit agreements between that State and the main political and social actors with regard to transition policies and institutional innovations required in order to achieve them. What is at issue is the legitimization of policy mechanisms and actions, to

encourage understanding and broad support of what it involves and to discourage the domination of the policy agenda by one particular interests group. The capacity of governments to generate agreement on long-term goals and targets, as well as the means to be used to attain them, is directly related with the degree of the policies selected, the effectiveness of their implementation and most importantly the acceptance of these policies by a majority of civil society sectors.

#### Policy Coherence and Systemic Approach

Romania must improve its participation in the international economy, by promoting better linkages of productive activities, and inducing a creative interaction between public and private agents, all with the objective of fulfilling the strategic goal of generating real competitiveness: an objective which brings together all these specific aims and would constitute a guide for changing production patterns. Emphasis should be placed, however, on the importance of a policy framework, which imparts coherence to its various components, and on the need for a reasonable degree of stability and continuity in its applications. Stress should also be laid on the extraordinary importance, to balance more strategically fiscal policy with sometimes-conflicting objectives such as stabilization, growth and greater equity in income distribution.

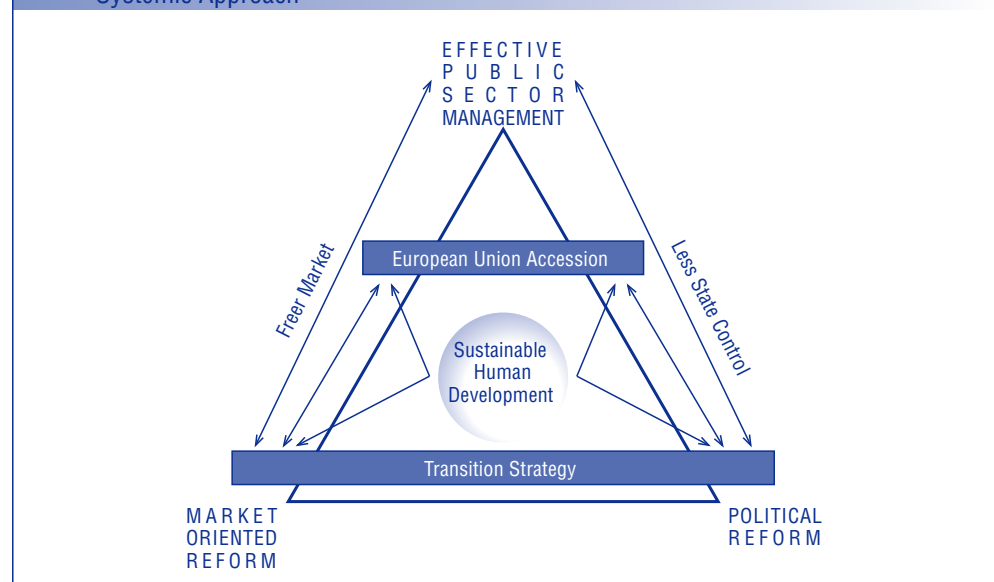
#### Moving from Fragmented to Systemic Change

Moving from fragmentation to systemic change is not simply a matter of improving management skills. It requires rethinking core management processes that give direction to government actions and expenditures as well as strengthening policy-making capability. As can be seen in Figure 4.1, policy-making in this model is seen as an interactive process, not simply an activity. This is especially so since policies to address the various needs of the transition process and European Union accession simultaneously call for the synergistic involvement of many agencies; their interactive participation in the policy process is essential.

Moving from fragmentation to systemic change is not simply a matter of improving management skills. It requires rethinking core management processes that give direction to government actions and expenditures as well as strengthening policy-making capability

**Figure 4.1**

**Illustration of Components and Synergy to Manage Transition Processes with a Systemic Approach**



#### Prioritize People-Focused Objectives

Effective management direction requires that all activities be linked to a priority of human development objectives. This means that all policy actions have to be taken either to achieve human development objectives directly or to achieve objectives that are instrumental to the achievement of human development objectives. Economic, political and social efforts have to add up to something worthwhile. Human development objectives can be about improving the condition of specific people in specific communities and the environments in which they live, or about defining and strengthening the relationship between national, regional and local visions. All other objectives should simply enable the realization of larger national objective, and likewise local and regional objectives should be articulated by the national one.

## Enhanced Governance for Human Development

Enhanced governance means a State apparatus more capable of realizing its democratic political mandate in partnership with civil society. Also, it means being able to provide programmes that address people's concerns and promote human development. And, last but not least, enhanced governance means providing quality services to citizens and delivered more responsively at minimum cost

### Designing a Strategy for Multidimensional Change

Transformation cannot be achieved overnight, nor can it be achieved in a piecemeal way. Restructuring activities will need to be managed in a sequence in which each activity lays the basis for subsequent activities, reinforces and builds upon previous activities, and consolidates the transformation by institutionalizing new structures, institutions and processes. They have to be managed so that existing mechanisms, especially those for planning, budgeting, implementation, and financial accountability are sustained until new provisions, adequately tested and working, replace them. They have to be managed in ways that transform the whole system by coherent stages.

Transformation cannot be achieved overnight, nor can it be achieved in a piecemeal way

### Encouraging Systemic Thinking to Improve Organizational Performance

Systemic thinking is about understanding the transition situation in all of its dimensions, the dynamics of them and how can they better be managed. It is also essential the understanding of the consequence of change through time. Where there are complex dynamic interrelationships, systems thinking steps back from seeing short-term to seeing long-term goals. It is distinguishing from linear cause-and-effect thinking by its appreciation of the interdependence of the many forces at work. During a transition process, systemic thinking must be applied to formal organizations (business, ministries, public administration); natural systems (river beds, watershed, forests); mechanical systems (industrial production, transportation projects); and non-formal social systems (communities). Systems are not objective entities. They are constructs-conceptualizations designed for the purpose of improving the understanding and the ability to create desired outcomes. An accurate picture of current reality can be as important as a compelling picture of a desired future. If government is supposed to be about human development, which is what the public sector should be concerned about, that concern must influence the systemic thinking. For example, the transition experience in Romania during the last decade has brought many concerns, such as poverty, unemployment, distrust in government and the sustainability of the economy and environment. The nature of the concern, and the way these concerns are perceived, determine to a large extent the type of systemic thinking, and in turn the most appropriate policy solution.

### Change the Traditional Concept and Expectations of Leadership

The traditional view of leadership, as special people who set the direction, make the key decisions, and energize the people, is deeply rooted in an individualistic and non-systemic worldview. Traditionally leaders are equated with heroes, great individuals who rise to the fore in times of crisis. So long as such myths prevail, they reinforce a focus on short-term events and charismatic heroes rather than on systemic forces and collective learning. Leadership for a complex transition process, like the Romanian one, has to be centered on subtler and ultimately more important leadership work. In a transition process, leaders' roles differ dramatically from that of the charismatic decision-maker. In a transition process, leaders must be designers, innovators and stewards. These roles require new skills, such as the ability to build a shared vision, to bring to the surface and challenge prevailing mental models and to foster more systemic patterns of thinking. In short, in transition processes, leaders have to be expected to build institutions, through which people are continually expanding their capabilities to shape the future.

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TECHNICAL NOTES

## 1. Calculation of Human Development Indices

### 1.1. Human Development Index (HDI)

The Human Development index (HDI) includes three basic components: longevity, education level and standard of living. Longevity is measured by life expectancy at birth. The educational attainment is calculated as an arithmetical mean between adult literacy (two-thirds weight) and enrolment ratio at all education levels (one-third weight). The standard of living is measured by GDP per capita in USD, at purchasing power parity (PPP).

In calculating the 2000 HDI for Romania, the following steps have been taken. First, values have been established for each component, as follows:

Life expectancy = 70.5 years  
 Adult literacy rate = 97.0% (15 and over)  
 Enrolment rate in the educational system = 66.5%  
 GDP per capita at purchasing power parity = US\$ 5,533

Second, each component is then compared to the minimum and maximum levels established by the UNDP methodology. That is, 25 to 85 years for life expectancy; 0%- 100% for adult literacy rate; 0% to 100% for enrolment rate at all education levels; and US\$ 100 to US\$ 40,000 for GDP per capita. The value of GDP per capita is then adjusted on a logarithmic increasing scale. For Romania in 2000, GDP per capita (PPP) was estimated at US\$ 5,533, in line with the comparative round of 1999 (replacing the former one of 1996), coordinated by OECD and Eurostat.

For the first three components of the HDI, individual indices can be computed as the ratio of the difference between the actual and minimum value and the one between the maximum and minimum value. For the fourth component, the specific index calculation follows the same path, only by taking the logarithm of the respective values.

Life expectancy index:	$(70.5 - 25) / (85 - 25) = 0.758$
Adult literacy index:	$(97.0 - 0.0) / (100.0 - 0.00) = 0.970$
Enrolment educational rate:	$(66.5 - 0.0) / (100.0 - 0.0) = 0.665$
Education attainment index, computed on the basis of the previous indices:	$(2 \times 0.970 + 0.665) / 3 = 0.868$
GDP per capita index:	$(\log 5,533 - \log 100) / (\log 40,000 - \log 100) = 0.670$

The HDI is calculated as an average of the three basic indices, each having an equal weight:

$$(0.758 + 0.868 + 0.670) / 3 = 0.765$$

The HDI methodology has evolved and experienced improvements of various sorts in recent years. For example, starting with the 1995 global Human Development Report the educational attainment index is determined on the basis of the "gross enrolment rate," instead of the "average number of years in education". As far as the maximum real GDP per capita in US\$, several values were used during the previous years. For example, the 1995 Report used US\$ 5,448 (PPP), the 1996 Report US\$ 6,040, the 1997 Report US\$ 6,154 and the 1998 Report US\$ 6,311<sup>1)</sup> respectively. All of these values were estimates agreed on the rounds of the International Comparative Programme (1993).

The HDI computed starting from the 1999 National Human Development Report (NHDR) for Romania followed a different methodology than the one being used before. Thus, the GDP per capita index (PPP) was computed using fixed minimum and maximum values (100 and 40,000 respectively), set by UNDP, and the actual GDP value at purchasing power parity as resulted from the international comparative round.

For years 1999 and 2000, the GDP per capita index in US\$ at purchasing power parity was computed on the basis of the GDP value in US\$ at purchasing power parity resulted from the 1999 comparative round (for 1999 it was US\$ 5,441 per capita). This is the same methodology used for HDI computation in 1995, 1996, 1997, 1998, but applied to the values resulted from the GDP per capita method of comparison – results from 1996 round – for the respective years. The purchasing power parity (PPP) for Romania in the years subsequent to the comparison was derived by multiplying the PPP of the reference year t (1996) with the ratio between deflation in Romania's GDP and the deflation country GDP – comparative basis (Austria) in the year t+i.

### 1.2 Gender Related Development Index (GDI)

The Gender Related Development Index (GDI) uses the same variables as the HDI. The difference is that GDI adjusts the average achievement of each country in life expectancy, educational attainment and income in accordance with the disparity in achievement between women and men. For this sensitive adjustment a weighting formula that expresses a moderate aversion to inequality, setting the weighting parameter,  $\epsilon$  equal to 2. This is the harmonic mean of the male and female values.

<sup>1)</sup> On the basis of the methodology in the UNDP Human Development Report of 1995, 1996, 1997 and 1998

The GDI also adjusts the maximum and minimum values for life expectancy, to account for the fact that women tend to live longer than men. For women the life expectancy variables are 27.5 and 87.5, while for men they stand at 22.5 and 82.5 years respectively. For adult literacy and gross enrolment rate, the minimum and maximum values are 0% and 100%.

Calculating the index for proportional income shares is fairly complex. As in the HDI case, a GDP per capita in US\$ is employed for this purpose, as estimated at the purchasing power parity (PPP). The following variables are also used: total population and the one disaggregated by gender, gender proportion in total population and in civilian active population, ratio between average wage earned by women in the non-agricultural sector and that of men in the same sector. In determining the 2000 GDI the following steps were taken:

a) The index of life expectancy at birth is computed on the basis of:

- Indexed life expectancy:
  - female  $(74.2 - 27.5) / 60 = 0.778$
  - male  $(67.0 - 22.5) / 60 = 0.742$

- Equally distributed life expectancy:

$$[0.511 \times 0.778^{(1-\epsilon)} + 0.489 \times 0.742^{(1-\epsilon)}]^{1/(1-\epsilon)} = 0.760$$

b) The educational attainment index is computed on the basis of two indicators: female and male adult literacy indices, and female and male gross enrolment rate (at all education levels).

- Indexed adult literacy:
  - female  $(95.5 - 0) / (100 - 0) = 0.955$
  - male  $(98.6 - 0) / (100 - 0) = 0.986$
- Indexed gross enrolment rate (at all education levels):
  - female  $(67.8 - 0) / (100 - 0) = 0.678$
  - male  $(65.3 - 0) / (100 - 0) = 0.653$

Educational attainment index is a combination of adult literacy (two thirds) and gross enrolment rate (one third):

- female  $(1/3 \times 0.678 + 2/3 \times 0.955) = 0.863$
- male  $(1/3 \times 0.653 + 2/3 \times 0.986) = 0.875$

Equally distributed education attainment index:

$$[0.511 \times 0.863^{(1-\epsilon)} + 0.489 \times 0.875^{(1-\epsilon)}]^{1/(1-\epsilon)} = 0.869$$

c) Index of proportional income shares is computed using the definition of total salary (WL):

$$WL = W_f \times L_f + W_m \times L_m$$

where:  $W$  – average wage;  
 $L$  – active population.

By dividing with  $W_m L_m$ , we derive:

$$W / W_m L = (W_f / W_m)(L_f / L) + (W_m / W_m)(L_m / L)$$

c<sub>1</sub>) The real GDP per capita values at PPP for women and men were computed using the proportional income shares. These are estimated using the ratio between the average wage earned by women ( $W_f$ ) and that earned by men ( $W_m$ ) from non-agricultural activities, and the proportion of women and men respectively in the civil active population, as follows:

$$V_f = [(W_f / W_m) \times \%F] / [(W_f / W_m) \times \%F + \%M]$$

where:  $\%F$  – proportion of women in civil active population  
 $\%M$  – proportion of men in civil active population

Which comes to:

$$V_f = (0.823 \times 0.483) / [(0.823 \times 0.483) + 0.517] = 0.435$$

c<sub>2</sub>) Distribution of total GDP per capita by gender is based on: GDP per capita at PPP, total population ( $P = 22.4$  million), female population ( $P_f = 11.5$  million), male population ( $P_m = 11.0$  million) and  $V_f$ .

$$\begin{aligned} \text{total GDP at PPP} &= 5,533.4 \times P = 5,533.4 \times 22.4 \text{ million} = 124,143 \text{ million} \\ \text{total GDP female} &= V_f \times \text{total GDP at PPP} = 53,960 \text{ million} \\ \text{total GDP male} &= \text{total GDP at PPP} - \text{total GDP female} = 70,183 \text{ million} \\ \text{GDP/capita female} &= \text{total GDP female} / P_f = 53,960 / 11.5 \text{ million} = 4,706 \text{ US\$ (PPP)} \\ \text{GDP/capita male} &= \text{total GDP male} / P_m = 70,183 / 11.0 \text{ million} = 6,398 \text{ US\$ (PPP)} \end{aligned}$$

c<sub>3</sub>) Gender proportional income shares are computed using the minimum and maximum values of GDP per capita by gender:

- female:  $(\log 4,706 - \log 100) / (\log 40,000 - \log 100) = 0.643$
- male:  $(\log 6,398 - \log 100) / (\log 40,000 - \log 100) = 0.694$

c<sub>4</sub>) Calculation of equally distributed income index

$$[0.511 \times 0.643^{(1-\epsilon)} + 0.489 \times 0.694^{(1-\epsilon)}]^{1/(1-\epsilon)} = 0.667$$

d) The gender related development index (GDI) is computed as an arithmetical mean of the three indices: life expectancy, educational attainment and equally distributed income:

$$1/3 (0.760 + 0.869 + 0.667) = 0.765$$

The gender related development index was recalculated for 1999 based on the same methodology.

### 1.3 The Gender Empowerment Measure (GEM)

The GEM uses variables constructed explicitly to measure relative empowerment of women and men in political and economic spheres of activity.

The first two variables are chosen to reflect economic participation and decision-making power; women's and men's percentage share of administration and managerial positions and their percentage shares of professional and technical jobs. These are broad, loosely defined occupational categories. Because the relevant population for each is different, a separate index for each is calculated and then both are added. The third variable, women's and men's percentage shares of parliamentary seats, is chosen to reflect political participation and decision-making power.

For all of these variables the methodology of population-weighted  $(1-\epsilon)$  averaging to derive an "equally distributed equivalent percentage" (EDEP) for both sexes taken together. The value of the "aversion to inequality" parameter was set as 2, to provide for coherence with the GDI index calculation, so that the amplitude of gender disparities range between a 0% minimum and a 50% maximum value.

The female economic decision-making participation is computed by summing up the indicators for the two occupational groups, at equal weights. The index reflecting power over economic resources is calculated on the basis of GDP per capita.

In determining the Gender Empowerment Measure for 2000 the following steps were taken:

a) The participation in political (parliamentary) decision making is computed using parliamentary representation by gender (9.7% female and 90.3% male). Indexing the variables leads to the following:

$$(0.489 \times 90.3^{(1-\epsilon)} + 0.511 \times 9.7^{(1-\epsilon)})^{1/(1-\epsilon)} = 17.21 \text{ (EDEP \%)}$$

$$\text{The political decision making index: } 17.21 / 50 = 0.344$$

b) The economic decision making index is computed on the basis of the percentage shares of administrative and managerial positions (28.32% female and 71.7% male) and the percentage shares in professional and technical jobs (50.3% female and 90.3% male). The two variables were indexed as follows:

- Computing EDEP for administrative and managerial positions in the public administration and in the social-economic units:

$$(0.489 \times 71.7^{(1-\epsilon)} + 0.511 \times 28.3^{(1-\epsilon)})^{1/(1-\epsilon)} = 40.20$$

$$40.20 / 50 = 0.804$$

- Computing EDEP for specialists with intellectual and scientific occupations:

$$(0.489 \times 49.7^{(1-\epsilon)} + 0.511 \times 50.3^{(1-\epsilon)})^{1/(1-\epsilon)} = 50.00$$

$$50.00 / 50 = 1.0$$

$$\text{Calculation of the economic decision making index: } (0.804 + 1.0) / 2 = 0.902$$

c) The index for share of earned income is computed using the percentage of women in total population (51.1%) and in the civilian active population (48.3%), the female salary versus male salary in non-agricultural sector (82.3) and unadjusted real GDP per capita at PPP (US\$ 5,533).

Using the same method of calculation as for GDI at  $c_1$  and  $c_2$ , the result is as follows:

GDP per capita female at PPP = US\$ 4,706  
GDP per capita male at PPP = US\$ 6,398

These two values shall be used to calculate the specific indices: GDP per capita female at PPP, and GDP per capita male at PPP, respectively.

GDP per capita female at PPP index:  $(4,706 - 100)/(40,000 - 100) = 0.115$   
GDP per capita male at PPP index:  $(6,398 - 100)/(40,000 - 100) = 0.158$

The equally distributed income index is computed as follows:

$$(0.489 \times 0.158^{(1-\epsilon)} + 0.511 \times 0.115^{(1-\epsilon)})^{1/(1-\epsilon)} = 0.133$$

- d) The female participation index is computed as an arithmetical mean of the three indices: political decision making participation, economic decision making participation and equally distributed income:

$$(0.344 + 0.902 + 0.133) / 3 = 0.460$$

#### 1.4. Human Poverty Index (HPI)

The HPI measures deprivations in four fundamental dimensions of human life, which are already reflected by the HDI index, i.e.: longevity, knowledge, decent standard of living and social exclusion. The first deprivation is related to survival or vulnerability to death at a relatively early age. The second relates knowledge or being deprived of the world of reading and communication. The third relates to a decent standard of living in terms of overall economic provisioning. And the fourth relates to non-participation or exclusion.

In constructing the HPI, the deprivation in longevity is represented by the percentage of the people not expected to survival age of 60 (P1); education attainment deprivation is measured in the adult (aged 15 years and over) population who are functional illiterate (P2); the deprivation from a decent standard of living is the share of population living below the income poverty line, set at 60% of the median disposable household income (P3); and the fourth deprivation is non-participation or exclusion, measured by the rate of long-term (12 months or more) unemployment of the labour force (P4).

The poverty index is determined as follows:

$$HPI = [1/4 (P1^3 + P2^3 + P3^3 + P4^3)]^{1/3}$$

## 2. Sources of Data

Throughout the Report and the Statistical Annex various indicators are used. These are meant to reflect the multiple aspects of human development in Romania. The National Institute for Statistics has made most of the data for these indicators available to UNDP. The Ministry of Public Finance, Ministry of Health and Family, Ministry of Education and Research, Ministry of Labour and Social Solidarity, Ministry of Justice and other Government bodies also made data available. Data answering to the objectives of human development meet both national and regional requirements.

## 3. Selected Definitions of Statistical and Human Development Terms

Abortion rate, the average number of abortions per woman during their reproductive life, at the current incidence of abortion  
Adult literacy rate, percentage of people aged 15 and over having attended or graduated school or able to write and read without having graduated from school

Average caloric intake, computed on the basis of daily average food consumption per physical person

Average schooling rate, average number of school years among people aged 15 years and over

Civilian occupied population, persons that have an income generative occupation within one of the national economic sectors, being employed in an economic or social activity on the basis of labour contract or self employed, in order to earn income such as wages, payment in kind etc. (excludes the armed forces)

Demographic dependence, the relation between population defined as dependent (under 15 years and over 65 years)

Discouraged population, inactive persons, available to work in the next 15 days who declared they were searching for a job but in the last 4 weeks, failed to obtain a job for the following reasons:

- they were not aware of the vacancies or failed to find relevant information
- they felt professionally unfit to work
- they did not believe they stood any chances to find a job due to their age, or had already failed to find a job

Dwelling, constructive unit formed of one or more rooms for living, commonly provided with annexes, functionally independent, with separate access used, in principle, by one household

Economically active population, persons fit to work and who constitute available labour force that produces economic goods and services (during the reference period) in the national economy. It includes both the active occupied population and the unemployed

Economically inactive population, persons indifferent of their age, which do not carry out an economic-social activity and that find themselves in one of the following situations: pensioners, household persons, maintained by the state or by other persons or who maintain themselves using other source of income other than work (rent, interest etc.)

Economic dependence, inactive and unoccupied population (unemployed) per 1000 active occupied persons

Enrolment rate, percentage of pupils enrolled at a certain education level whether or not they belong in the relevant age group for that level, as a percentage of the population in the relevant age group for that level

Fertility rate, the average number of children that would be born by a woman during their reproductive life, at the current incidence of fertility

Gender disparities, a set of estimates where all female related data is expressed as a share in the relevant male related data, considered at a level of 100

Gross domestic product (GDP), the main synthetic indicator of the National Accounts System that measures the final results of the resident goods and services producers

Gross domestic product per capita at purchasing power parity, using official exchange rates to convert national currency into US\$ cannot measure the relative internal purchasing power of the currency. GDP per capita in US\$ is therefore calculated on the basis of purchasing power parity (PPP) as converting factor; the PPP is the result of 1996 comparison work within the European Comparison Programme.

Gross disposable household income, includes the gross surplus of household operational income as well as net income resulting from the redistribution process

Higher education, third level of education (International Standard Classification of Education - ISCED levels 5, 6 and 7) where the minimum admission requirement is successful completion of secondary education

Household, the group of two or more persons usually related that live together and share the housekeeping related responsibilities. People living together and doing the housekeeping by their own are considered households of one person. In defining the types of households by activity, the professional status of the declared head of the household was taken into account

Infant mortality rate, number of deaths of infants under the age of 1 per 1000 live births

ILO unemployed definition,<sup>2)</sup> persons aged 15 years and over whom, during the period of reference, fulfill all of the following conditions:

- do not have a job and do carry out no income generative activity
- are searching for a job and, in the last week have resorted to various search methods
- are available to start work within 15 days, if a job opportunity appears

Labour resources occupation rate, represents the ratio between occupied civilian population and total labour resources

Labour replacement rate, population under the age of 15 years in relation to a third of the population aged between 15 and 59 years

Labour participation rate, of the working age population (15-64 years) – working age activity in relation to the total working age population

Labour resources, the segment of the population holding the physical and intellectual capacity to accomplish a useful activity within the national economy. This includes the working age population as well as economically active persons below and over the working age

Life expectancy at birth, the number of years a newborn would live if the present mortality pattern remained the same

Maternal mortality rate, number of deaths among women due to pregnancy-related causes per 100,000 live births

Natural growth, number of live births minus number of deceased

Occupied population, persons aged 15 years and over who for minimum of 1 hour<sup>3)</sup> during the period of reference, carry out an economic or social activity producing goods or services in order to earn income such as wages, payments in kind or other benefits

Population with access to installations and utilities, persons within households who live in dwellings provided by public or private installations and utilities (in their homes or in the building they occupy)

Pre-school education, the first stage of organized education corresponding to level 0 of the International Standard Classification of Education (ISCED)

Primary education, education at first level (ISCED level 1), its main function being to provide basic elements of education

Registered unemployed, persons 18 years of age and over, fit to work which cannot be employed due to the lack of available jobs (Law no.1/1991, republished in 1994) and who are registered with the labour force and unemployment offices

Rural-urban disparities – a set of estimates where all rural are expressed as share in the relevant urban data, considered at a level of reference of 100

Secondary education, second education level, based on minimum four years of previous training and consisting of: gymnasium (ISCED level 2) and the second cycle (ISCED level 3); it provides general and/or specialized education

Support allowance beneficiaries, former beneficiaries of unemployment benefit who, lacking means of living receive financial support (support allowance) until re-employment, but no longer than 18 months since the termination of the legally established period for the unemployment benefit

Total household consumer expenditure, includes all expenditure with consumed food and non-food products, those for the services and counter-value of consumption of own produced food and non-food products

Total nominal household income, includes financial and income in kind consisting of:

- counter-value of consumption of own produced food and non-food products (from production, stocks, labour, gifts etc.)
- counter-value of goods and services that are free of charge or at discount price, from public or private enterprises (excluding the wages rights in kind)

<sup>2)</sup> According to the criteria set by the International Labour Office

<sup>3)</sup> Minimum 15 hours for self employed and unpaid family workers in agriculture

Underemployed population, persons who have a place to work (are employed), but who independent of their will, worked less than normal working hours and are in search of full time activity or additional activity or are available within 15 days for such an activity

Unemployment assistance beneficiaries, persons whose labour contract has been terminated by the employer on grounds other than related to the respective person or at person's request, provided that by reintegration they don't interrupt their work experience; short time employees, graduates who, within the first post graduation year were employed but did not benefit by full specific professional integration assistance; other people who, by law, qualify for unemployment benefit

Unemployed benefiting from financial support, persons registered with the territorial occupation and professional formation agencies (registered unemployed) receiving unemployment benefit, integration allowance or support allowance

Unemployed who do not benefit from financial support, persons registered with the territorial occupation and professional formation agencies who do not benefit from unemployment benefit or support allowance

Unemployment rate, the ratio between unemployed and active population (unemployed plus employed population)





## STATISTICAL ANNEX

### A. HUMAN DEVELOPMENT INDICATORS AT NATIONAL LEVEL

Note: The data for 2000 are provisional

Symbols used in tables

... = data lacking  
- = not applicable

Table 1. Human Development Index (HDI)

	1995	1996	1997	1998	1999	2000
Gross Domestic Product (GDP) per inhabitant: ROL, current prices USD at purchase power parity <sup>1)</sup>	3,180.4 6,095	4,817.8 6,595	11,218.2 6,422	16,495.4 6,153	24,016.2 5,441	35,503.7 5,533
Adult literacy rate (%)	96.9	97.0	97.0	97.1	97.1	97.0
Gross enrolment rate at all education levels (%)	61.6	62.0	62.9	63.9	64.9	66.5
Life expectancy at birth (years)	69.4	69.1	69.0	69.2	69.7	70.5
Index:						
- GDP	0.686	0.699	0.695	0.688	0.667	0.670
- Education	0.851	0.853	0.856	0.860	0.864	0.868
- Life expectancy	0.740	0.735	0.733	0.737	0.745	0.758
Human Development Index (HDI)	0.759	0.762	0.761	0.762	0.759	0.765

Table 2. Gender Related Development Index (GDI)

	1995	1996	1997	1998	1999	2000
Life expectancy at birth (years)	69.4	69.1	69.0	69.2	69.7	70.5
- women	73.4	73.1	73.0	73.3	73.7	74.2
- men	65.7	65.3	65.2	65.5	66.1	67.0
Adult literacy rate (%)	96.9	97.0	97.0	97.1	97.1	97.0
- women	95.4	95.5	95.6	95.6	95.6	95.5
- men	98.7	98.7	98.7	98.7	98.7	98.6
Gross enrolment rate at all education levels (%)	61.6	62.0	62.9	63.9	64.9	66.5
- women	61.9	62.5	63.5	64.8	65.9	67.8
- men	1.3	61.6	62.3	63.1	64.0	65.3
Gross Domestic Product (GDP) per inhabitant – USD at purchase power parity						
- women	4,854	5,399	4,946	4,975	4,586	4,706
- men	7,385	7,839	7,959	7,382	6,334	6,398
Gender Related Development Index (GDI)	0.758	0.762	0.760	0.761	0.758	0.765

Table 3. Index of Women's Participation in Social Life

	1995	1996	1997	1998	1999	2000
Parliamentary participation (%)	4.0	5.3	5.3	5.6	5.6	9.7
Leaders and higher rank civil servants in public administration and economic and social organisations <sup>2)</sup> (%)	28.2	29.1	26.0	24.2	24.6	28.3
Intellectual and scientific occupations <sup>2)</sup> (%)	46.2	49.9	49.7	49.7	49.9	50.3
Women's share of the total population (%)	51.0	51.0	51.0	51.1	51.1	51.1
Women's share of the civilian active population <sup>2)</sup> (%)	46.3	47.0	46.5	47.2	48.3	48.3
Women's average income versus average salary earning in the non-agricultural sectors (%)	79.2	80.8	74.5	78.5	81.9	82.3
GDP per inhabitant, in USD (PPP)	6,095	6,595	6,422	6,153	5,441	5,533
Index of women's participation in social life	0.397	0.421	0.409	0.405	0.401	0.460

<sup>1)</sup> 1996 and 1999 – estimates on the basis of results from the European Comparison Programme rounds; 1995, 1997 and 1998 – estimates on the basis of results from the 1996 European Comparison Programme; 2000 – estimates on the basis of results from the 1999 European Comparison Programme.

<sup>2)</sup> Data resulting from workforce balance.

Table 4. Profile of Human Development

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth (years)	69.8	69.8	69.5	69.5	69.4	69.1	69.0	69.2	69.7	70.5
Population per doctor	551	536	565	567	565	552	546 <sup>1)</sup>	530 <sup>1)</sup>	486 <sup>1)</sup>	490 <sup>1)</sup>
Average Daily Consume <sup>2)</sup> per inhabitant										
- calories	2,846	2,771	2,972	2,886	2,933	2,953	2,933	2,959	2,981	3,020
- proteins	92.9	90.1	96.3	95.1	95.9	94.7	95.8	97.5	96.6	94.7
Gross enrolment rate at all levels of education (%)	58.5	60.3	60.4	61.3	61.6	62.0	62.9	63.9	64.9	66.5
Gross enrolment rate in higher education (%)	12.5	20.2	22.7	22.7	20.9	22.2 <sup>3)</sup>	22.7 <sup>3)</sup>	25.4 <sup>3)</sup>	28.0 <sup>3)</sup>	31.9 <sup>3)</sup>
Employees in Research & Development										
- total staff	81,423	77,155	75,648	65,422	64,138	62,297	57,714	57,125	48,113	37,241
- researchers	37,512	36,630	39,582	35,335	35,094	31,783	30,663	30,723	26,492	23,179
- researchers per 1,000 inhabitants	1.62	1.61	1.74	1.55	1.55	1.41	1.36	1.37	1.18	1.03
TV sets per 1,000 inhabitants	195.9	200.4	201.6	201.8	224.7	231.6	233.7	247.8	259.4	270.8
GDP per inhabitant in USD (PPP)	...	...	3,643	3,790	6,095	6,595	6,422	6,153	5,441	5,533

<sup>1)</sup> Including private sector.

<sup>2)</sup> Data concerning daily average consume per inhabitant for 1990-1995, expressed in calories and proteins, were calculated according to the methodology for food balance calculation.

<sup>3)</sup> Including post-secondary and foremen schools.

Table 5. Human Development Related Deprivation

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	
Children aged 7-14 not attending school (%)	9.5	9.3	8.7	8.1	6.7	5.6	5.0	3.0	3.2	2.8	
Illiterate adult population (%)	-	3.3	3.3	3.2	3.1	3.0	3.0	3.0	3.0	3.0	
Mortality											
- infant (per 1,000 live births)	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6	18.6	
- aged 0-4 per 1,000 inhabitants	4.9	5.1	5.2	5.5	5.0	5.3	5.3	5.0	4.6	4.5	
- maternal (per 100,000 live births)	66.5	60.3	53.2	60.4	47.8	41.1	41.4	40.5	41.8	32.8	
Proportion of underweight live births (%)	7.9	8.2	10.9	8.6	8.8	8.9	9.2	9.0	8.7	8.9	
Registered unemployed <sup>1)</sup>											
Number of unemployed	337,440	929,019	1,164,705	1,223,925	998,432	657,564	881,435	1,025,056	1,130,296	1,007,131	
Unemployment rate (%)	3.0	8.2	10.4	10.9	9.5	6.6	8.9	10.4	11.8	10.5	
Women's unemployment rate (%)	4.0	10.3	12.9	12.9	11.4	7.5	9.3	10.4	11.6	10.1	
Women's share of the total number of unemployed (%)	61.8	60.6	58.9	56.6	55.2	54.1	48.6	47.3	46.9	46.8	
Percentage of:											
- unemployed receiving unemployment benefits <sup>2)</sup>	78.8	64.9	47.2	41.2	31.8	30.8	49.7	39.3	34.2	30.5	
- unemployed receiving support allowances	-	25.8	44.3	46.1	45.8	39.4	24.7	38.1	39.5	38.9	
- redundant workers receiving severance payments according to the Government Ordinance No. 98/1999	-	-	-	-	-	-	-	-	3.4	5.3	
Percentage of unemployed not receiving unemployment benefits (%)	21.2	9.3	8.5	12.7	22.4	29.8	25.6	22.6	22.9	25.3	
Unemployed ILO <sup>3)</sup>				1994	1995	1996	1997	1998	1999	2000	
Number of unemployed				971,023	967,924	722,957	736,534	773,028	822,007	777,768	
Unemployment rate (%)				8.2	8.0	6.2	6.4	6.8	7.2	6.8	
Rate of women's unemployment (%)				8.7	8.6	6.9	6.5	6.5	6.7	6.1	
Weight of young unemployed (age under 25) in total (%)				45.8	43.8	50.3	46.1	44.6	38.9	37.4	
Weight of unemployed women in total (%)				49.7	49.6	50.4	46.3	42.8	42.0	40.8	
Inflation	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Average annual rate of inflation (%)	5.1	170.2	210.4	256.1	136.7	32.3	38.8	154.8	59.1	45.8	45.7

<sup>1)</sup> NAE recorded unemployed by the end of the year.

<sup>2)</sup> Including the support for professional integration.

<sup>3)</sup> Unemployed according to ILO methodology, resulting from the Labour Force Survey in Households (AMIGO), March 1994 and 1995, 4th quarter 1996, 1997, 1998, 1999, 2000.

Table 6. Health

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Mortality rate (per 100,000 inhabitants) by cause:										
- circulatory diseases	658.2	707.7	712.3	709.9	736.1	786.0	761.5	738.6	737.0	701.8
- tumors	144.7	153.0	158.9	162.2	165.5	170.3	173.6	174.6	176.7	184.0
- respiratory diseases	91.3	94.0	79.7	80.6	75.8	86.2	77.6	70.8	74.4	66.1
Infant mortality rate (per 1,000 live births)	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6	18.6
Maternal mortality rate (per 1,000 newborn)	66.5	60.3	53.2	60.4	47.8	41.1	41.4	40.5	41.8	32.8
Percentage of persons aged 5 and above who stand no chance to live to the age of 60	18.1	18.3	19.1	19.7	20.2	20.9	21.1	20.9	19.9	18.5
New cases of infections and parasitic diseases <sup>1)</sup> (per 100,000 inhabitants):	2,717.3	2,870.6	3,172.9	3,713.0	3,728.6	3,038.9	3,163.6	3,403.6	3,005.1	3,330.0
- of which: TB	61.6	73.4	82.5	87.3	95.0	98.6	95.8	101.2	104.1	105.5
AIDS cases (per 100,000 inhabitants)	7.4	9.8	11.6	13.8	16.4	19.7	22.8	25.5	27.1	30.0
- of which: children	6.9	9.2	10.8	12.8	15.0	17.7	20.4	22.4	23.5	25.1
Population per doctor	551	536	565	567	565	552	546 <sup>2)</sup>	530 <sup>2)</sup>	486 <sup>2)</sup>	490 <sup>2)</sup>
Population per medical assistant	184	183	186	175	177	177	185 <sup>3)</sup>	183 <sup>3)</sup>	189 <sup>3)</sup>	188 <sup>3)</sup>
Hospital beds (per 1,000 inhabitants)	8.9	7.9	7.9	7.7	7.6	7.6	7.4 <sup>2)</sup>	7.3 <sup>2)</sup>	7.3 <sup>2)</sup>	7.4 <sup>2)</sup>
Medical examination per capita in local health clinics	2.5	2.7	2.7	2.7	2.6	2.7	2.5	2.3	2.2	2.2
Number of private health centres:										
- medical centres. total	...	...	1,979	1,917	2,650	3,347	3,636	3,637	3,820	4,698
- dental centres	...	...	1,755	1,946	2,422	2,761	3,033	2,973	3,405	3,937
- laboratories <sup>4)</sup>	...	...	...	706	930	1,122	1,241	1,337	1,510	1,699
- pharmacies	...	...	2,096	2,247	2,648	3,028	3,284	3,605	3,859	4,214
Public expenditure on health as share of GDP (%)	3.3	3.3	2.7	3.1	2.9	2.8	2.6	3.1	3.9	4.1
Annual average consumption <sup>5)</sup> of alcohol (liters per capita)	8.0	9.0	8.6	8.7	9.0	8.9	9.3	8.1	7.3	7.3

<sup>1)</sup> In local health clinics.<sup>2)</sup> Including private sector.<sup>3)</sup> Including private and joint sectors.<sup>4)</sup> Medical and dentistry.<sup>5)</sup> Consumption supply in alcohol equivalent 100%.

Table 7. Education

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross enrolment rate (%) in:										
- primary education	92.4	93.8	96.9	99.7	99.5	99.1	97.5	99.8	100.0	100.0
- gymnasium	88.9	86.1	86.5	84.3	86.7	86.4	92.3	94.3	93.9	94.7
- secondary education <sup>2)</sup>	76.1	65.7	63.7	66.1	68.6	69.1	68.6	67.8	69.4	71.7
- higher education	12.5	20.2	22.7	22.7	20.9	22.2 <sup>1)</sup>	22.7 <sup>1)</sup>	25.4 <sup>1)</sup>	28.0 <sup>1)</sup>	31.9 <sup>1)</sup>
Enrolment rate in pre-school education (%)	51.9	53.3	50.2	55.2	58.4	60.4	62.8	64.2	65.2	66.1
Rate of continuation into secondary education (%)	-	88.4	98.0	93.6	94.6	93.5	95.4	95.9	92.5	95.1
Number of pupils and students per:										
- 100 persons aged 6-23	58.5	60.3	60.4	61.3	61.6	62.0	62.9	63.9	64.9	66.5
- 1,000 inhabitants	175.3	175.4	174.4	175.7	176.6	178.1	178.2	178.0	176.4	176.3
Number of pupils and/or students per teaching staff in:										
- primary education	17	16	16	15	15	15	15	15	15	15
- gymnasium	20	20	20	21	20	20	19	19	19	18
- secondary education <sup>2)</sup>	14	13	12	11	11	11	12	12	13	13
- higher education	19	17	16	15	15	15	14	13	13	13
	15	19	20	19	19	16 <sup>1)</sup>	16 <sup>1)</sup>	17 <sup>1)</sup>	19 <sup>1)</sup>	21 <sup>1)</sup>
Pupils in secondary technical education as share in the total enrolment in high schools / vocational schools (%)	75.5	70.3	67.3	67.3	67.5	68.3	67.8	67.4	62.6	63.9
Students in technical universities (including Chemistry, Mathematics and Physics) as share in the total number of students (%)	57.5	37.0	30.9	27.4	28.1	27.0	27.4	27.6	27.7	25.9
Students in private universities as share in the total number of students (%)	-	26.5	30.7	31.0	25.4	26.4	30.7	31.9	28.8	28.3
Pupils enrolled in special education for children with disabilities:										
- total	43,616	45,007	46,816	49,608	52,139	52,503	52,433	52,430	50,785	48,145
- in primary education and gymnasium	30,365	3,167	33,085	35,358	36,362	36,704	36,953	37,423	36,729	34,805
Pupils enrolled in primary and secondary education with teaching language other than Romanian (%):	5.0	5.0	5.1	5.0	4.8	4.8	4.9	4.8	4.9	4.9
- of which: Hungarian language	4.6	4.6	4.6	4.5	4.3	4.3	4.4	4.3	4.4	4.4
Public expenditure on education, share of GDP (%)	3.6	3.6	3.2	3.1	3.4	3.6	3.3	3.3	3.2	3.1
Expenditure on higher education as share of total public expenditure on education (%)	12.0	12.5	11.7	14.0	14.2	17.8	15.9	19.0	16.7	10.8

<sup>1)</sup> Including post-high and foremen education.<sup>2)</sup> High school, vocational and foremen.

Table 8. Culture and Communication

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Subscriptions (per 1,000 inhabitants)										
- radio	122.0	113.0	105.4	173.1	195.8	184.6	181.1	176.5	160.4	136.2
- television	154.7	155.3	152.9	178.3	183.9	182.2	178.2	174.7	165.2	154.4
- phone <sup>1)</sup>	98.3	101.1	104.5	109.6	116.8	124.3	135.5	143.5	149.0	153.3
Number of books published (per 100,000 inhabitants)	12.6	16.1	26.9	17.9	24.3	31.8	28.7	27.8	35.1	45.3
Number of readers subscribing to public libraries (per 1,000 inhabitants)	246.8	235.4	258.3	251.2	253.0	257.5	256.4	273.2	270.3	268.5
Number of volumes lent by public libraries (per 1,000 inhabitants)	2,764.0	2,749.3	3,221.8	3,380.4	3,281.7	3,375.9	3,340.6	3,363.6	3,401.9	3,460.9
Visitors of museums (per 1,000 inhabitants)	355.0	324.8	392.9	351.8	371.3	390.0	405.7	485.5	392.6	427.6
Cinema attendants (per 1,000 inhabitants)	2,908.9	2,022.2	1,481.8	1,140.0	749.8	559.1	417.9	303.7	186.8	198.3
Theatre and concert attendants (per 1,000 inhabitants)	204.3	216.2	200.1	155.5	169.4	167.6	170.5	176.1	151.6	171.4

<sup>1)</sup> Fix telephony network subscriptions of natural persons.

Table 9. Violence and Criminality

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Prisoners:										
- total	60,883	69,143	83,247	95,795	101,705	104,029	111,926	106,221	87,576	75,407
- per 100,000 inhabitants	263	303	366	421	448	460	496	472	390	336
Proportion of the total number of prisoners of (%):										
- women	10.7	10.3	10.7	12.2	10.9	10.6	10.9	10.9	10.4	13.7
- minors	6.2	6.6	8.3	9.5	9.6	10.0	10.5	10.5	10.0	8.9
- repeat offenders	5.7	5.7	6.1	7.8	9.5	10.5	10.7	12.7	13.8	13.5
Number of inmates in prisons and juvenile institutions										
- total	22,799	25,515	23,899	23,411	25,714	23,645	27,256	38,095	38,587	36,806
- per 100,000 inhabitants	98	112	105	103	113	104	121	169	173	164
Homicide cases (per 100,000 inhabitants)	6	7	5	6	6	6	7	6	6	5
Rape cases (per 100,000 women)	11	11	8	7	9	8	9	7	6	5
Theft and robbery (per 100,000 inhabitants)	123	158	175	211	227	230	234	210	164	134
Economic crime (per 100,000 inhabitants)	1	1	1	2	1	1	1	1	*)	*)
Suicide cases (per 100,000 inhabitants)	9.3	11.6	12.2	12.7	12.3	12.5	12.7	12.6	12.2	12.6
- of which women	4.5	4.9	5.0	5.1	4.6	4.3	4.2	4.2	4.4	4.5

\*) Under 0.5

Table 10. Employment

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Occupied civilian population (thousands)	10,458.0	10,062.0	10,011.6	9,493.0	9,379.0	9,022.7	8,812.6	8,419.6	8,629.3
- of which women	4,887.8	4,646.7	4,669.5	4,303.9	4,357.4	4,178.3	4,163.2	4,057.0	4,180.9
Occupied civilian population in the private sector (%)	41.0	43.8	49.2	50.7	51.5	57.5	61.8	66.7	70.4
Occupied civilian population (%) in:									
- agriculture, total	33.0	36.0	36.5	34.5	35.5	37.6	38.1	41.2	41.4
of which, private sector	85.2	86.7	89.2	89.7	90.5	93.3	94.2	95.9	97.0
- industry, total	37.1	35.8	34.4	33.6	34.3	32.0	30.7	24.4	23.2
of which, private sector	11.3	14.3	21.0	26.2	27.6	35.3	42.4	45.3	54.6
- services	29.9	28.2	29.1	31.9	30.2	30.4	31.2	34.4	35.4
of which, private sector	29.0	26.3	32.2	34.5	32.9	36.5	41.4	47.0	49.6
Occupied civilian population in public services (%):									
- health	2.9	3.1	3.3	3.5	3.6	3.5	3.6	3.3	4.0
- education	4.1	4.3	4.4	4.6	4.7	4.7	4.8	5.1	4.9
- public administration	1.1	1.2	1.3	1.4	1.3	1.4	1.5	1.7	1.7
Number of employees (thousand persons)	6,627.4	6,385.3	6,200.6	6,047.7	5,893.9	5,399.1	5,181.6	4,658.7	4,646.3
Employees as share of the total occupied civilian population (%)	63.4	63.5	61.9	63.7	62.8	59.8	58.8	55.3	53.8
Employees in private sector as share in the total occupied civilian population in the private sector (%)	10.6	16.5	22.6	28.4	27.8	30.1	33.3	33.1	34.4
Female employees as share in the total number of employees (%)	42.3	42.0	42.8	43.6	44.1	44.4	45.8	46.8	47.5
Economic dependence ratio (‰)	1,178.1	1,260.8	1,268.6	1,386.6	1,407.7	1,496.6	1,551.9	1,667.1	1,599.3
Labour force occupation ratio (%)	79.6	76.1	75.6	71.5	70.1	67.3	66.0	63.0	64.6
Labour force replacement ratio (%)	110.1	106.3	102.7	99.0	95.7	93.1	91.6	89.8	87.1
Real wage index (1990=100)	71.3	59.4	59.4	66.5	72.7	56.3	58.2	56.0	58.6
Expenditure for active employment measures % of the unemployment fund expenditure	1.5	1.1	1.4	14.8	11.2	2.2	2.7	2.3	2.2

Table 11. Participation in the Labour Force

	1994	1995	1996	1997	1998	1999	2000
Active population <sup>1)</sup> in total population	52.2	53.4	51.4	51.4	50.2	50.6	51.0
- women	47.3	48.5	45.6	45.9	44.5	45.2	45.5
Labour participation rate among the active population (age 15-64) (%)	69.7 <sup>2)</sup>	71.1 <sup>2)</sup>	70.1	69.4	67.6	67.6	67.8
- women	63.1 <sup>2)</sup>	64.7 <sup>2)</sup>	62.7	62.2	60.1	60.4	60.5
Participation rate among young population (age 15-24) (%)	48.7 <sup>2)</sup>	49.3 <sup>2)</sup>	49.4	47.0	44.2	42.6	43.4
- women	41.7 <sup>2)</sup>	42.8 <sup>2)</sup>	42.6	40.7	37.6	34.9	36.7
Participation rate among the aged (over 50) (%)	47.1	50.5	46.1	47.4	45.6	46.9	46.6
- women	40.9	44.7	38.9	40.6	38.5	40.4	40.6
Structure of active population by professional status <sup>3)</sup> of which:							
- employees	62.9	60.6	61.7	59.8	59.4	58.0	56.5
- employers	1.2	1.3	1.2	1.3	1.2	1.0	1.1
- self-employed	17.1	20.7	18.6	19.3	19.9	21.0	21.8
- non-paid family workers	14.0	13.4	15.0	16.4	16.4	17.1	17.6

<sup>1)</sup> Active population includes occupied population and unemployed. Source: Labour Force Survey in Households (AMIGO), March 1994 and 1995, 4th quarter of 1996, 1997, 1998, 1999, 2000.

<sup>2)</sup> Minimum age is 14 years.

<sup>3)</sup> The unemployed were classified according to their professional status at the last job.

Table 12. Unemployment

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Registered unemployed<sup>1)</sup></b>									
Number of unemployed	929,019	1,164,705	1,223,925	998,432	657,564	881,435	1,025,056	1,130,296	1,007,131
Unemployment rate (%)									
- total	8.2	10.4	10.9	9.5	6.6	8.9	10.4	11.8	10.5
- men	6.2	8.1	9.0	7.9	5.7	8.5	10.4	12.1	10.8
- women	10.3	12.9	12.9	11.4	7.5	9.3	10.4	11.6	10.1
Unemployment service beneficiaries as share of total registered unemployed (%):									
- beneficiaries of unemployment benefit <sup>2)</sup>	64.9	47.2	41.2	31.8	30.8	49.7	39.3	34.2	30.5
- beneficiaries of support allowance	25.8	44.3	46.1	45.8	39.4	24.7	38.1	39.5	38.9
- beneficiaries of compensatory payments under GO No. 98/1999	-	-	-	-	-	-	-	3.4	5.3
Expenditure with unemployment services, % in overall budget expenditure	1.8	2.5	2.6	2.3	1.7	3.5	3.8	3.7	3.4
Average unemployment benefit to net average earning ratio (%)	29.6	28.0	35.8	30.2	29.6	39.3	32.4	32.5	31.8
Number of unemployed undergoing retraining	37,432	49,470	25,478	22,794	20,409	23,575	27,157	30,559	26,410
			1994	1995	1996	1997	1998	1999	2000
<b>Unemployed ILO <sup>3)</sup></b>									
Number of unemployed			971,023	967,924	722,957	736,534	773,028	822,007	777,768
Unemployment rate (%)									
- total			8.2	8.0	6.2	6.4	6.8	7.2	6.8
- men			7.7	7.5	5.6	6.3	7.1	7.7	7.4
- women			8.7	8.6	6.9	6.5	6.5	6.7	6.1
Unemployment rate among young people (age 15-24) (%)									
- total			22.5	20.6	19.4	19.0	20.8	20.4	18.5
- men			20.2	18.8	16.6	17.3	20.1	20.2	19.4
- women			25.7	23.1	23.1	21.4	21.7	20.6	17.3
Incidence of long-term unemployment (as share in total unemployed) (%):									
- 6 months and over			58.8	70.4	64.7	59.2	62.0	59.3	70.8
- men			53.0	69.6	62.9	54.1	63.3	58.0	68.3
- women			64.6	71.1	66.4	65.2	60.2	61.1	74.5
- 12 months and over			45.3	47.0	50.2	46.7	46.3	43.8	56.5
- men			39.6	46.2	48.0	41.4	46.5	41.6	53.6
- women			51.0	47.9	52.3	52.9	45.9	46.8	60.8
- 24 months and over			22.9	26.0	29.9	24.8	24.4	21.4	28.7
- men			18.9	25.8	28.8	22.5	24.8	20.0	
- women			27.1	26.2	31.1	27.5	23.8	23.5	31.3
			1994	1995	1996	1997	1998	1999	2000
Under-occupied <sup>4)</sup> people in active population (%)			3.1	3.2	3.8	2.7	2.9	0.5	0.5
- women			2.8	2.9	3.1	2.1	2.1	0.2	0.2
Discouraged people in active population (%)			4.1	2.3	2.3	2.4	2.8	3.0	3.0
- women			5.6	3.3	3.0	2.7	3.3	3.9	3.9

<sup>1)</sup> Unemployed registered with Labour Force Employment Offices, at the end of the year.

<sup>2)</sup> Including benefits for integration into the labour force.

<sup>3)</sup> According to criteria of the International Labour Organisation (ILO).

<sup>4)</sup> The scope of active population was changed since 1999 according to ILO standard definitions.

<sup>5)</sup> and <sup>4)</sup> Source: Labour Force Survey in Households (AMIGO), March 1994 and 1995, 4th quarter of 1996, 1997, 1998, 1999, 2000. In 1994 and 1995 the minimum age was 14 years.

Table 13. Demographic Profile

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total population on 1st July (thousand persons)	23,185.1	22,789.0	22,755.3	22,730.6	22,681.0	22,607.6	22,545.9	22,502.8	22,458.0	22,435.2
Annual population growth rate (%)	-0.09	-1.71	-0.15	-0.11	-0.22	-0.32	-0.27	-0.19	-0.20	-0.10
Birth rate (per 1,000 inhabitants)	11.9	11.4	11.0	10.9	10.4	10.2	10.5	10.5	10.4	10.5
Mortality rate (per 1,000 inhabitants)	10.9	11.6	11.6	11.7	12.0	12.7	12.4	12.0	11.8	11.4
Natural growth rate (per 1,000 inhabitants)	1.0	-0.2	-0.6	-0.8	-1.6	-2.5	-1.9	-1.5	-1.4	-0.9
Marriage rate (per 1,000 inhabitants)	7.9	7.7	7.1	6.8	6.8	6.7	6.5	6.5	6.2	6.1
Divorce rate (per 1,000 inhabitants)	1.6	1.3	1.4	1.7	1.5	1.6	1.5	1.8	1.5	1.4
Infant mortality rate (per 1,000 live births)	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6	18.6
Total fertility rate	1.6	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3
Total abortion rate	5.29	4.35	3.61	3.24	3.04	2.73	2.08	1.61	1.52	1.51
Number of abortions per live births	3.15	2.66	2.34	2.15	2.12	1.97	1.47	1.14	1.11	1.10
Proportion of population aged 0-15 (%)	24.7	24.2	23.5	22.8	22.2	21.5	20.9	20.5	18.8	18.3
Proportion of population aged 65 and above (%)	10.7	11.1	11.4	11.7	12.0	12.2	12.6	12.8	13.0	13.3
Demographic dependence ratio (%)	50.8	50.4	49.6	48.8	48.1	47.4	47.0	46.9	46.6	46.1
Internal migration, departures (thousand people)										
- total	262.9	293.2	240.2	266.7	289.5	292.9	302.6	276.2	275.7	244.5
- urban	79.7	111.5	96.1	117.4	135.8	148.9	156.6	150.5	157.8	140.6
- rural	183.2	181.7	144.1	149.4	153.7	144.0	146.0	125.7	117.9	103.9
Departure rate (per 1,000 inhabitants)	11.3	12.9	10.6	11.7	12.8	13.0	13.4	12.3	12.3	10.9
Number of emigrants (thousand persons)	44.2	31.2	18.4	17.1	25.7	21.5	19.9	17.5	12.6	14.8
Proportion of population aged 26-40 in the total number of emigrants (%)	24.6	32.7	30.8	34.4	42.4	38.8	40.6	30.7	33.7	38.8
1960					1995		2000		2001	
Population (thousand people) (on 1st January)			18,319.2		22,712.4		22,455.5		22,430.5	
1960 - 1995							1995 - 2000			
Average annual population growth (%)				0.6				-0.3		

Table 14. Women and Capabilities

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Female life expectancy (years)	73.1	73.2	73.2	73.3	73.4	73.1	73.0	73.3	73.7	74.2
- 1970=100	105.1	105.3	105.3	105.5	105.5	105.2	105.0	105.5	106.0	106.7
Total fertility rate:										
- level	1.6	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3
- 1970=100	54.1	52.4	49.7	48.6	46.2	44.8	45.6	45.4	44.9	45.1
Maternal mortality rate (per 100,000 newborn)	66.5	60.3	53.2	60.4	47.8	41.1	41.4	40.5	41.8	32.8
Gross enrolment rate (%) in:										
- primary school	91.8	91.7	88.6	91.1	91.3	92.1	96.6	98.8	99.0	99.2
- secondary school	82.9	77.9	70.5	71.2	72.9	73.8	80.0	81.4	82.6	84.2
Trends in gross enrolment rate. 1980=100 (%)										
- primary school	93.6	93.5	90.3	92.9	93.1	93.9	98.5	100.7	100.9	101.1
- secondary school	79.5	74.7	67.6	68.3	69.9	70.7	76.7	78.0	79.2	80.7
Female students per 100,000 women										
- number	843	950	1,006	1,039	1,463	1,534	1,566	1,811	2,044	2,488
- 1980=100	115.5	130.1	137.8	142.3	200.4	210.1	214.5	248.1	280.1	340.8
Proportion of illiterate adult women (%)	...	5.0	5.0	4.8	4.7	4.6	4.6	4.4	4.4	4.5

Table 15. Participation of Women in the Economic Life

	1992	1993	1994	1995	1996	1997	1998	1999	- % - 2000
Proportion of women in:									
- civilian occupied population	46.7	46.2	46.6	45.3	46.5	46.3	47.2	48.2	48.5
- active population	47.9	47.5	47.7	46.3	47.0	46.5	47.2	48.0	48.3
Women in the total number of employees:	42.3	42.0	42.8	43.6	44.1	44.4	45.8	46.8	47.5
- workers	37.3	36.4	37.0	37.7	37.9	38.6	39.1	40.2	40.3
Women in the total civilian occupied population in sectors such as:									
- agriculture	54.5	52.8	52.8	49.5	52.0	51.2	51.3	51.6	51.9
- industry	41.7	41.4	41.2	41.1	41.3	40.8	41.8	42.5	43.5
- trade	54.9	51.8	54.0	53.4	53.4	52.7	51.9	53.0	50.8
- financial, banking and insurance services	66.9	67.7	68.9	69.6	66.5	69.8	70.1	71.0	71.8
- education	67.0	66.4	65.5	67.0	66.8	61.7	66.9	66.4	67.3
- health and social assistance	74.1	73.7	73.6	74.7	75.6	75.3	76.1	75.9	77.7
									- % - 2000
Women in the total occupied population <sup>1)</sup>			46.2	46.0	44.9	45.5	45.4	45.8	45.9
Women in the total occupied population by professional status:									
- employees			41.1	40.5	41.8	42.3	42.9	43.8	44.4
- employers			24.8	27.4	23.3	21.5	25.6	19.1	25.4
- self-employed			41.7	43.1	35.8	34.8	33.1	32.0	31.8
- unpaid family workers			73.4	74.8	70.6	71.6	71.0	71.2	69.6
- members of agricultural firms or cooperatives			55.9	46.2	40.0	38.7	27.4	34.9	42.9
Women in the total occupied population by groups of occupations:									
- high officials and managers			26.8	28.2	29.1	26.0	24.2	24.6	28.3
- intellectual-based occupations and scientists			46.1	46.2	49.9	49.7	49.7	49.9	50.3
- technicians, foremen and assimilated			59.9	60.2	59.3	61.6	60.8	62.9	62.7
- civil servants			75.6	74.9	75.6	71.9	72.5	73.7	72.7
- services and trade staff			75.7	71.8	72.4	74.5	73.4	72.9	70.7
- farmers and qualified agricultural, forestry and fishery workers			56.6	56.1	53.1	53.3	51.9	51.5	50.8
- trades-people and skilled craftspeople, machinery and installation maintenance staff			29.9	27.9	27.2	26.9	27.6	27.3	28.3
- other			27.0	26.3	26.8	26.7	28.8	27.8	27.9

<sup>1)</sup> Source: Labour Force Survey in Households (AMIGO), March 1994 and 1995, 4th quarter of 1996, 1997, 1998, 1999 and 2000.

Table 16. Gender Disparities

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth (years)										
- women	73.1	73.2	73.2	73.3	73.4	73.1	73.0	73.3	73.7	74.2
- men	66.6	66.6	66.1	65.9	65.7	65.3	65.2	65.5	66.1	67.0
Gross enrolment rate in secondary education <sup>1)</sup> (%)										
- women	76.5	67.2	65.6	67.9	70.0	69.3	69.7	69.0	70.8	73.0
- men	75.8	64.4	61.8	64.4	67.3	68.9	67.5	66.6	68.0	70.4
Gross enrolment rate in higher education (%)										
- women	11.6	20.2	22.9	23.3	21.6	23.4 <sup>2)</sup>	24.4 <sup>2)</sup>	27.9 <sup>2)</sup>	30.8 <sup>2)</sup>	35.7 <sup>2)</sup>
- men	13.4	20.3	22.5	22.2	20.3	21.1 <sup>2)</sup>	21.0 <sup>2)</sup>	23.1 <sup>2)</sup>	25.2 <sup>2)</sup>	28.4 <sup>2)</sup>
Occupation rate for labour resources (%)										
- women	81.0	77.5	72.8	73.0	67.1	67.1	63.3	63.5	61.5	63.5
- men	83.8	81.5	79.1	78.1	75.6	73.0	71.2	68.5	64.4	65.7
Employees as share in the active population (%)										
- women	60.7	51.5	50.3	49.5	54.3	55.1	52.0	51.0	47.5	47.7
- men	73.2	64.4	62.8	60.4	60.5	61.9	56.7	54.1	49.9	49.0
			1994	1995	1996	1997	1998	1999	2000	
Unemployment rate <sup>3)</sup> (%)										
- women			8.7	8.6	6.9	6.5	6.5	6.7	6.1	
- men			7.7	7.5	5.6	6.3	7.1	7.7	7.4	
Unemployment rate among young people (15-24) <sup>3)</sup> (%)										
- women			25.7	23.1	23.1	21.4	21.7	20.6	17.3	
- men			20.2	18.8	16.6	17.3	20.1	20.2	19.4	
Incidence of long-term unemployment (over 12 months) <sup>3)</sup> (%)										
- women			51.0	47.9	52.3	52.9	45.9	46.8	60.8	
- men			39.6	46.2	48.0	41.4	46.5	41.6	53.6	
Average gross salary in October (ROL)										
- women			178,938	270,544	415,325	853,832	1,231,820	1,781,439	2,707,434	
- men			227,648	342,399	546,315	1,120,686	1,538,433	2,149,957	3,243,123	

<sup>1)</sup> Secondary, vocational, apprenticeship and re-education.

<sup>2)</sup> Including post-secondary and foremen.

<sup>3)</sup> According to ILO criteria.

Table 17. Incomes, Consumption and Social Expenditures

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross domestic product per capita in:										
- ROL, current prices	95.01	264.6	880.5	2,189.7	3,180.4	4,817.8	11,218.2	16,495.4	24,016.2	35,503.7
- USD, at purchase power parity	...	...	3,643	3,790	6,095	6,595	6,422	6,153	5,441	5,533
Proportion of gross disposable household income as share of GDP (%), of which:	61.0	64.4	65.9	68.1	72.8	73.1	74.5	75.5	...	...
- net salaries	32.7	29.4	26.2	24.4	25.6	24.7	19.6	25.5	...	...
- provisions of social protection	9.6	9.2	9.1	9.0	9.5	9.1	9.9	10.6	...	...
Average net salary earning per month, ROL: <sup>1)</sup>	7,460	20,140	59,717	141,951	211,373	321,169	632,086	1,042,274	1,522,878	2,139,138
- public sector <sup>2)</sup>	7,664	20,787	61,850	147,076	222,276	340,158	685,847	1,367,291	1,803,153	2,451,133
- private sector	6,278	18,701	54,572	132,321	184,917	281,744	531,185	819,740	1,236,381	1,749,460
- commercial companies	...	...	...	135,706	203,702	315,935	612,768	1,047,554	1,523,193	2,153,508
- state corporations	...	...	...	190,426	282,711	437,784	899,825	1,216,658	1,949,804	2,611,338
- state institutions	...	...	...	131,855	186,180	260,766	522,072	1,029,014	1,552,309	2,114,876
Net minimum salary <sup>3)</sup> (ROL)	5,635	10,271	33,227	53,974	75,000	97,000	25,0000	350,000	450,000	700,000
Proportion of social security expenditures (%):										
- in GDP	10.1	9.6	9.3	9.3	9.7	9.3	10.0	10.9	11.3	11.9
- in overall general budget	25.6	23.2	27.2	26.9	27.6	27.2	29.0	30.2	27.7	31.5
Proportion of public expenditures for education (%):										
- in GDP	3.6	3.6	3.2	3.1	3.4	3.6	3.3	3.3	3.2	3.1
- in overall general budget	9.0	8.7	9.3	9.0	9.8	10.5	9.5	9.2	7.8	8.3
Proportion of public expenditures for health (%):										
- in GDP	3.3	3.3	2.7	3.1	2.9	2.8	2.6	3.1	3.9	4.1
- in overall general budget	8.4	7.9	8.0	8.9	8.3	8.2	7.6	8.5	9.7	10.8
Average annual consumption per inhabitant: <sup>4)</sup>	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
- meat (including edible organs) and meat products (equivalent fresh meat) - kg	54.4	49.6	51.6	49.6	51.2	50.2	48.5	51.2	48.3	46.3
- fish and fish products - kg	6.7	4.2	2.1	2.6	2.8	2.9	2.0	3.0	2.2	2.6
- milk and dairy products (equivalent milk, butter excluded) - l	163.3	163.7	176.9	179.5	188.6	192.7	192.4	194.4	194.0	193.0
- vegetal and animal fats (gross weight) - kg	16.5	14.4	14.1	12.9	14.2	14.3	13.0	13.4	14.5	16.5
- eggs - pcs.	241	196	190	194	197	199	186	201	206	208
- sugar and confectioneries (sugar equivalent) - kg	26.4	24.4	23.7	24.5	23.5	24.8	19.9	20.5	20.9	23.0
- cereal products (equivalent flour) - kg	145.3	146.5	159.6	158.6	162.4	160.6	169.8	166.7	166.3	165.8
- potatoes - kg	48.0	60.0	73.9	66.7	71.0	73.4	81.7	84.1	86.1	86.5
- vegetables and vegetable products, melons - kg	111.4	123.8	135.1	133.3	140.4	141.8	135.9	145.9	156.0	134.3
- fruit and fruit products (equivalent fruit) - kg	45.7	47.1	64.3	47.8	45.8	50.5	44.5	45.8	43.4	44.5

<sup>1)</sup> Until end 1999, the net salary earning was calculated by deducting the tax from the gross salary earning; starting 2000, this was calculated by deducting the employees' contribution for unemployment, social securities, health securities and the tax.

<sup>2)</sup> This applies only to full state-capital companies.

<sup>3)</sup> In October of each year.

<sup>4)</sup> Disposable for consumption: the data were recalculated, according to the food balance methodology.

Table 18. Structure of Household Incomes and Expenditures

							- % -
		Total per household	employees	Household composition:			employers
				farmers	pensioners	unemployed	
Total gross income		100.0	100.0	100.0	100.0	100.0	100.0
- salary income	1996	41.8	70.0	8.1	14.5	23.2	20.1
	1997	37.9	66.8	5.7	12.5	18.4	20.6
	1998	39.6	71.1	6.0	13.5	21.6	24.5
	1999	38.5	74.0	6.2	12.6	23.9	22.1
	2000	36.3	74.7	5.9	11.6	26.0	24.1
- equivalent value of consumption of agricultural products (food and non-food) from own resources	1996	30.6	20.1	57.1	39.8	39.1	10.5
	1997	31.7	20.7	57.7	40.4	35.9	13.4
	1998	29.1	17.7	55.1	37.5	33.1	12.1
	1999	29.0	16.3	56.0	37.3	33.4	11.9
	2000	31.2	16.1	59.9	39.5	33.5	11.5
- own-account activity incomes	1996	3.7	1.3	6.1	1.5	7.0	50.4
	1997	3.6	1.3	5.2	1.4	6.1	55.2
	1998	3.7	1.1	6.3	1.3	5.2	53.6
	1999	4.1	1.1	8.2	1.8	5.9	60.3
	2000	3.6	0.8	7.0	1.6	4.5	52.8
- incomes from provisions of social protection		15.6	3.7	6.5	35.5	17.2	1.7
		17.8	5.6	7.2	36.9	19.0	2.5
		18.7	5.6	8.1	38.3	22.6	3.3
		20.6	5.1	6.8	40.2	22.6	2.6
		20.2	4.4	4.9	38.2	18.7	3.5
- other incomes		8.3	4.9	22.2	8.7	13.5	17.3
		9.0	5.6	24.2	8.8	20.6	8.3
		8.9	4.5	24.5	9.4	17.5	6.5
		7.8	3.5	22.8	8.1	14.2	3.1
		8.7	4.0	22.3	9.1	17.3	8.1
Total consumption expenditures		100.0	100.0	100.0	100.0	100.0	100.0
- food and beverages	1996	57.6	56.4	57.6	58.6	65.5	48.1
	1997	58.8	58.1	58.8	59.4	63.3	51.0
	1998	57.2	54.8	58.8	58.9	63.2	46.8
	1999	53.5	50.9	57.0	54.6	59.6	44.2
	2000	53.4	50.6	57.4	54.3	60.1	36.2
- clothing and footwear	1996	9.1	11.3	7.3	6.9	7.5	11.8
	1997	7.5	9.5	6.3	5.3	7.5	10.9
	1998	7.4	9.7	6.0	5.2	7.2	12.3
	1999	6.3	8.5	5.1	4.5	6.0	9.7
	2000	5.4	7.7	4.4	3.7	5.1	5.0
- housing and durable goods	1996	19.5	15.7	25.5	23.7	15.6	12.9
	1997	19.3	14.4	27.4	23.7	15.3	14.8
	1998	19.6	15.6	26.2	23.3	16.4	13.5
	1999	22.1	17.6	27.0	26.3	18.1	15.9
	2000	24.3	19.7	28.4	27.8	19.0	34.9
- medicines and medical care	1996	1.8	1.5	0.7	2.5	1.0	1.2
	1997	2.0	1.6	0.7	2.8	1.3	1.9
	1998	2.3	1.8	0.8	3.2	1.6	2.3
	1999	2.5	1.9	0.9	3.4	1.4	2.6
	2000	2.5	1.9	1.0	3.5	1.5	1.5
- transport and telecommunications	1996	5.2	6.3	5.4	3.5	3.7	12.4
	1997	6.0	7.9	3.5	4.1	6.3	12.9
	1998	6.6	9.0	4.2	4.4	5.0	15.6
	1999	7.6	10.4	4.8	5.3	6.4	17.2
	2000	6.9	9.7	4.2	5.1	5.9	11.7
- culture and education	1996	3.0	4.1	1.2	1.9	2.7	8.2
	1997	2.7	3.9	1.1	1.8	2.3	3.0
	1998	3.2	4.5	1.5	2.2	2.6	4.7
	1999	3.4	4.9	1.6	2.3	3.2	4.8
	2000	3.2	4.8	1.5	2.3	3.3	5.4
- other expenditures	1996	3.8	4.7	2.3	2.9	4.0	5.4
	1997	3.7	4.6	2.2	2.9	4.0	5.5
	1998	3.7	4.6	2.5	2.8	4.0	4.8
	1999	4.6	5.8	3.6	3.6	5.3	5.6
	2000	4.3	5.6	3.1	3.3	5.1	5.3

Note: The data in tables 18-27 have as source the Integrated Household Survey. The structures were calculated on the basis of average income/expenditures data per household, in current prices.

Table 19. Proportion of People Living under the Poverty Threshold by Total Number and Types of Household<sup>1)</sup>

Types of household	Poverty threshold 60% of the average expenditure per person			
	1995	1996	1997	1998
Persons living in poverty in total households:	25.27	19.85	30.81	33.82
of which in households of				
- employees	21.28	16.33	27.28	29.65
- employers	4.01	2.75	8.68	10.12
- farmers	51.88	41.03	55.07	57.36
- unemployed	54.15	46.57	60.36	25.61
- pensioners	17.80	13.97	22.62	59.78
Persons living in poverty in total households:	25.27	19.85	30.81	33.82
of which in households made up of				
- 1 person	5.12	3.52	5.50	7.01
- 2 persons	8.10	4.84	10.90	12.87
- 3 persons	15.16	11.29	20.88	24.00
- 4 persons	22.64	17.84	30.55	35.46
- 5 persons	39.05	30.71	47.50	51.86
- 6 or more persons	58.07	50.60	66.17	68.19
Persons living in poverty in total households:	25.27	19.85	30.81	33.82
of which households in:				
- urban areas	19.01	15.27	25.41	28.21
- rural areas	32.75	25.32	37.28	40.53

Table 20. Structure of People Living in Poverty<sup>1)</sup>

	Poverty threshold 60% of average expenditure per adult	
	1997	1998
Total:	100.0	100.0
- employees	42.2	39.0
- employers	0.2	0.2
- farmers	16.3	16.2
- unemployed	9.7	11.1
- pensioners	24.3	25.9
Total people living in poverty:	100.0	100.0
of which in households made of:		
- 1 person	1.2	1.4
- 2 persons	6.2	6.7
- 3 persons	15.0	15.6
- 4 persons	25.5	27.6
- 5 persons	21.1	20.1
- 6 and more persons	31.0	28.6
Total people living in poverty:	100.0	100.0
of which households in:		
- urban area	45.0	45.5
- rural area	55.0	54.5

<sup>1)</sup> Data not available for 1999 and 2000.

Table 21. Human Poverty Index

	1995	1996	1997	1998	1999	2000
Proportion of people with no chance to live over the age of 60 (%)	22.50	23.10	23.30	22.90	21.80	20.30
Proportion of illiterate adult population (age over 15) (%)	3.10	3.00	3.00	2.90	2.90	3.00
Poverty rate based on a threshold of 60% of the average expenditure per person (%)	25.27	19.85	30.81	33.82	...	...
Long-term unemployment rate (%)	3.75	2.36	1.83	3.52	3.77	3.67
Human poverty index	19.04	17.15	21.89	23.50	...	...

Table 22. Creation and Utilisation of Gross Domestic Product

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Domestic Product (billion ROL, current prices)	2,203.9	6,029.2	20,035.7	49,773.2	72,135.5	108,919.6	252,925.7	371,193.8	539,356.9	796,533.7
Gross added value as share in the Gross Domestic Product (%) in:										
- agriculture, forestry, fishery	18.8	19.1	21.0	19.9	19.8	19.2	18.0	14.5	13.4	11.4
- industry and construction	42.2	43.1	39.0	42.7	39.5	39.7	36.1	32.8	31.9	32.4
- services	34.8	40.6	36.9	33.7	36.0	36.6	38.4	44.3	45.1	46.6
Share in the Gross Domestic Product of (%):										
Final consumption	75.9	77.0	76.0	77.2	81.3	82.6	86.4	90.2	87.1	86.3
- by households	60.1	62.2	63.2	63.2	67.3	69.1	73.6	75.1	72.1	70.0
- by public administration	15.1	14.3	12.3	13.7	13.7	13.1	12.3	14.2	12.7	12.5
- by private administration	0.7	0.5	0.5	0.3	0.3	0.4	0.5	0.9	2.3	3.8
Gross fixed capital formation	14.4	19.2	17.9	20.3	21.4	23.0	21.2	18.3	18.0	18.5
Exports	17.6	27.8	23.0	24.9	27.6	28.1	29.2	23.5	29.1	34.1
Imports	21.5	36.2	28.0	26.9	33.2	36.6	36.2	31.6	33.4	39.9
Gross savings	26.9	24.5	26.9	24.9	19.9	18.3	14.3	10.6	...	...
State budget expenditure	24.4	27.0	21.5	22.0	22.0	21.8	21.1	21.1	20.5	20.6
Private sector contribution to the Gross Domestic Product	23.6	26.4	34.8	38.9	45.3	54.9	60.6	62.0	63.3	64.5

Table 23. Trends in Economic Performance

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Domestic Product										
- billion ROL, current prices	2,203.9	6,029.2	20,035.7	49,773.2	72,135.5	108,919.6	252,925.7	371,193.8	539,356.9	796,533.7
- annual growth rate (%)	-12.9	-8.8	1.5	3.9	7.1	3.9	-6.1	-4.8	-2.3	1.6
GDP growth rate per capita (%)	-12.8	-7.2	1.7	4.0	7.4	4.3	-5.8	-4.6	-2.1	1.7
Average annual inflation rate (%)	170.2	210.4	256.1	136.7	32.3	38.8	154.8	59.1	45.8	45.7
Exports (%) in the GDP	17.6	27.8	23.0	24.9	27.6	28.1	29.2	5	29.1	34.1
Tax revenues (%) in the GDP	33.2	33.5	31.3	28.2	28.8	26.9	26.7	28.2	31.4	27.2
Overall budget surplus/deficit (%) in the GDP	3.2	-4.6	-0.4	-2.4	-2.9	-4.1	-3.9	-4.1	-4.0	-4.7
	1980-1989			1990-1998			1990-1999		1990-2000	
GDP annual growth rate (%)										
- total			1.40		-2.25		-2.25		-1.85	
- per capita			0.90		-1.85		-1.90		-1.55	
Average annual rate of inflation (%)			3.30		101.70		95.30		90.10	

Table 24. Overall Budget Income and Expenditure<sup>1)</sup>

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total income (billion ROL)	923.7	2,252.2	6,784.9	15,956.4	23,177.3	32,619.5	76,760.3	117,685.3	191,461.2	263,355.1
Share in total income (%) of:										
Tax revenue, of which:	79.2	89.7	92.4	88.0	89.8	89.7	87.3	88.3	85.7	83.3
- tax on profit	12.0	14.2	11.1	12.0	12.1	10.9	14.0	9.4	8.9	7.7
- tax on salary	18.1	20.3	19.5	20.2	19.8	20.4	18.2	15.8	14.8	9.9
- taxes, duties and VAT	22.4	22.1	25.6	22.6	25.3	26.1	25.2	31.2	29.9	26.3
- custom duties	2.7	3.5	4.0	3.5	4.5	5.1	4.4	4.9	4.1	3.3
- social insurance contributions	24.7	29.1	27.4	24.8	24.7	25.1	21.6	24.9	24.6	28.3
Non-tax revenues	13.6	8.3	6.9	11.6	9.9	9.7	11.6	10.3	5.0	4.6
Capital revenues	7.1	2.0	0.7	0.4	0.3	0.5	0.8	0.1	5.0	0.3
Total income as share in GDP (%)	41.9	37.4	33.9	32.1	32.1	29.9	30.6	32.0	36.7	33.1
Total revenue as share in GDP (%)	33.2	33.5	31.3	28.2	28.8	26.9	26.7	28.2	31.4	27.2
Total expenditures (billion ROL)	866.7	2,500.0	6,858.5	17,153.3	25,284.9	37,038.6	86,544.0	132,871.0	212,110.0	300,456.2
Share (%) in total expenditures of expenditures with:										
- education	9.0	8.7	9.3	9.0	9.8	10.5	9.5	9.2	7.8	8.3
- health	8.4	7.9	8.0	8.9	8.3	8.2	7.6	8.5	9.7	10.8
- family allowance	4.7	3.0	3.0	3.1	2.3	2.1	3.6	4.0	2.8	2.3
- unemployment	0.8	1.8	2.5	2.6	2.3	1.7	3.5	3.8	3.7	3.4
- pensions	15.3	15.5	18.9	18.8	19.6	20.3	18.4	19.7	18.8	18.9
- social assistance	1.2	0.5	0.5	0.3	1.0	0.9	0.7	0.5	0.4	0.4
- national defense	9.0	7.8	6.1	6.9	6.0	5.6	7.4	7.1	4.8	5.5
- public order	2.7	2.7	3.6	4.6	4.4	4.4	3.3	4.2	3.7	5.4
- public authorities	2.5	2.7	3.0	3.4	3.5	3.3	3.1	3.8	3.4	2.6
- scientific research	1.6	2.2	1.7	1.8	1.6	1.2	0.9	0.8	0.5	0.5
Share of social security (%) in:										
- total budget expenditure	25.6	23.2	27.2	26.9	27.6	27.2	29.0	30.2	27.7	31.5
- GDP	10.1	9.6	9.3	9.3	9.7	9.3	10.0	10.9	11.3	11.9
Share of defense expenditure (%) in GDP	3.6	3.2	2.1	2.4	2.1	1.9	2.5	2.5	1.9	2.1
Overall budget surplus/deficit as share in the GDP (%)	3.2	-4.6	-0.4	-2.4	-2.9	-4.1	-3.9	-4.1	-4.0	-4.7

<sup>1)</sup> Source: overall general budget, Ministry of Finance.

Table 25. Economic Out-Flows

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Coverage of imports by exports (%) FOB/FOB	79.4	75.4	81.3	93.7	83.4	76.6	81.0	76.0	87.1	86.0
Dependency on foreign trade (exports plus imports as share of GDP)	39.1	64.0	51.0	51.9	60.8	64.7	65.4	55.0	62.4	73.9
International reserve <sup>1)</sup> (number of months for which imports can be covered)	1.3	1.5	1.7	3.1	1.8	2.1	3.6	2.7	2.8	3.3
Current account balance, million USD	-1,012	-1,564	-1,174	-428	-1,774	-2,571	-2,137	-2,968	-1,469	-1,359
1990-2000										
Average annual rate of export growth (%)	7.20									
Average annual rate of import growth (%)	4.60									

<sup>1)</sup> Gold excluded.

Table 26. Urbanisation

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Urban population (%)	54.1	54.3	54.5	54.7	54.9	54.9	55.0	54.9	54.8	54.6
Urban population growth rate (%)	-0.5	-1.5	0.3	0.2	0.2	-0.4	-0.1	-0.5	-0.4	-0.5
Population in cities of more than 75,000 inhabitants										
- % of total population	9.1	9.1	9.1	9.1	9.1	9.0	9.0	9.0	9.0	9.0
- % of total urban population	16.8	16.7	16.7	16.6	16.5	16.4	16.3	16.3	16.3	16.4
Population in cities of more than 200,000 inhabitants										
- % of total population	13.3	14.0	14.1	14.2	14.3	14.3	14.4	14.3	14.3	14.3
- % of total urban population	24.6	25.8	25.8	25.9	26.0	26.1	26.1	26.1	26.1	26.1
The largest city: Bucharest										
- population (thousands)	2,107.2	2,065.7	2,066.7	2,060.6	2,054.1	2,037.3	2,027.5	2,016.1	2,011.3	2,009.2
- growth rate (%)	-0.9	-2.0	0.1	-0.3	-0.3	-0.8	-0.5	-0.6	-0.2	-0.1
				1960	1995			2000		2001
Urban population as share in the total (%)				32.1	54.9			54.6		54.6
				1960-1995			1995-2000			
Urban population average annual growth rate (%)				2.15			-0.35			
				1970-1975			1990-2000			
Average annual population growth rate in Bucharest (%)				1.49			-0.55			

Table 27. Rural-Urban Disparities

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Rural population (%)	45.9	45.7	45.5	45.3	45.1	45.1	45.0	45.1	45.2	45.4
Life expectancy at birth (years) - total	69.8	69.8	69.5	69.5	69.4	69.1	69.0	69.2	69.7	70.5
- rural	68.9	68.8	68.8	68.7	68.5	68.0	67.8	68.1	68.7	69.5
- urban	70.4	70.5	70.0	70.0	70.0	69.8	69.8	70.1	70.6	71.3
Population aged 0-14 (%)	24.7	24.2	23.5	22.8	22.2	21.5	20.9	20.5	18.8	18.3
- rural	25.0	22.3	21.8	21.5	21.3	21.1	20.9	21.0	19.8	19.7
- urban	24.4	25.8	24.8	23.9	22.9	21.9	20.9	20.0	17.9	17.0
Population aged 65 and over (%)	10.7	11.1	11.4	11.7	12.0	12.2	12.6	12.8	13.0	13.3
- rural	14.3	15.1	15.5	15.9	16.3	16.5	17.0	17.2	17.4	17.6
- urban	7.7	7.8	8.0	8.2	8.5	8.7	9.0	9.2	9.4	9.7
Demographic dependency rate (%)	50.8	50.4	49.6	48.8	48.1	47.4	47.0	46.9	46.6	46.1
- rural	60.0	55.4	55.6	55.9	56.4	56.7	57.6	58.6	59.3	59.7
- urban	43.7	46.4	44.9	43.5	41.9	40.5	39.3	38.5	37.6	36.5
Birth rate - total (‰)	11.9	11.4	11.0	10.9	10.4	10.2	10.5	10.5	10.4	10.5
- rural	12.9	12.9	12.7	12.7	12.3	12.0	12.4	12.4	12.3	12.3
- urban	11.0	10.2	9.6	9.3	8.9	8.8	8.9	9.0	8.9	8.9
General fertility rate – number of live births per 1000 women at fertility age (15-49)	48.7	46.6	44.3	43.3	41.1	39.9	40.6	40.6	40.2	40.3
- rural	63.7	62.1	60.7	60.6	58.2	56.3	58.1	58.2	57.9	57.9
- urban	39.2	36.7	33.9	32.5	30.7	29.9	30.2	30.1	29.7	29.7
Infant mortality rate - total (‰)	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6	18.6
- rural	25.8	25.7	26.4	27.2	23.9	25.6	25.0	23.3	21.5	20.8
- urban	19.6	20.8	19.7	20.1	18.2	18.5	18.5	17.3	15.2	16.1
Enrolment rate in primary education and gymnasium (%)	90.5	90.7	91.4	91.9	93.3	94.4	95.0	97.0	96.8	97.2
- rural	76.2	86.3	87.8	90.1	91.0	92.7	94.5	96.0	96.4	96.2
- urban	103.2	93.8	93.7	93.1	94.8	95.6	95.4	97.7	97.1	98.1
Number of pupils per teaching staff in primary education and gymnasium - total	17	16	15	15	15	15	15	15	15	15
- rural	14	13	13	13	13	13	13	13	13	13
- urban	19	18	17	17	17	16	16	16	17	16
Population per doctor - total	551	536	565	567	565	552	546 <sup>1)</sup>	530 <sup>1)</sup>	486 <sup>1)</sup>	490 <sup>1)</sup>
- rural	1,189	1,192	1,245	1,356	1,426	1,461	1,475	1,525	1,698	1,649
- urban	379	386	410	382	378	372	360	345	306	309
Population per medical assistant - total	184	183	186	175	177	177	185 <sup>2)</sup>	183 <sup>2)</sup>	189 <sup>2)</sup>	188 <sup>2)</sup>
- rural	590	591	603	523	555	557	584	568	651	667
- urban	116	119	122	113	113	113	119	117	119	118
Subscriptions per 1000 inhabitants										
radio - total	122	113	105	187	196	185	181	177	160	136
- rural	90	84	78	140	165	147	148	129	127	108
- urban	149	138	128	226	221	215	208	215	187	160
television - total	155	155	153	178	184	182	178	175	165	154
- rural	101	102	102	118	130	126	121	126	123	121
- urban	200	200	196	228	228	228	225	215	200	182
Average living space per capita (m <sup>2</sup> )										
total – on 31 <sup>st</sup> December	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0	12.1	12.1
- rural	11.5	11.6	11.7	11.9	12.0	12.1	12.3	12.4	12.5	12.4
- urban	11.2	11.3	11.3	11.3	11.4	11.5	11.6	11.7	11.8	11.9

<sup>1)</sup> Including the private sector.<sup>2)</sup> Including the private and joint sectors

Table 28. Natural Resources

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total land area (thousands ha)	23,839.1	23,839.1	23,839.1	23,839.1	23,839.1	23,839.1	23,839.1	23,839.1	23,839.1
Forests as share in total land area <sup>1)</sup> (%)	28.0	28.0	28.0	28.0	28.1	28.1	28.0	28.5	27.1
Agricultural land (%)	39.3	39.2	39.2	39.2	39.2	39.2	39.2	39.3	39.4
State property as share in the total land area <sup>2)</sup> (%)	51.8	52.0	51.6	50.1	50.0	51.1	51.0	38.9	35.5

<sup>1)</sup> Forests and woodland.<sup>2)</sup> 1992-1998 public and joint sectors.

Table 29. Environment

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Pesticides on agricultural land (kg/ha)	1.7	1.6	1.5	1.4	1.2	1.0	0.9	0.8	0.6
Expenditures on environmental protection (million ROL, current prices)	67,635	238,825	516,727	956,166	1,496,580	3,661,575	5,709,864	7,981,991	8,885,375
Share of total expenditure for environmental protection (%) on:									
- pollution control	84.6	87.4	86.9	84.3	86.0	88.4	88.0	89.8	95.9
- protection of natural environment	3.0	5.4	5.4	9.7	9.6	7.0	6.3	5.8	2.2



## STATISTICAL ANNEX

### B. HUMAN DEVELOPMENT INDICATORS AT DISTRICT LEVEL

Table 1. Human Development Index (HDI)

Statistical regions	1999 Gross Domestic Product per inhabitant at purchase power parity (USD)	Life expectancy at birth (years) 1997-1999	Adult literacy rate % 1999	Gross enrolment rate at all education levels 1999/2000	Human Development Index 1999
ROMANIA	5,441	69.7	97.1	64.9	0.759
REGION 1 – NORTH-EAST	3,891	70.1	97.0	61.5	0.738
REGION 2 – SOUTH-EAST	5,299	69.6	97.0	60.8	0.752
REGION 3 - SOUTH	4,717	69.6	95.2	59.8	0.740
REGION 4 – SOUTH-WEST	4,957	69.6	95.7	63.6	0.748
REGION 5 - WEST	5,621	69.2	97.8	68.8	0.763
REGION 6 – NORTH-WEST	4,750	68.7	97.3	65.7	0.747
REGION 7 - CENTRE	5,497	70.1	98.5	62.9	0.762
REGION 8 - BUCHAREST	10,452	71.5	98.9	84.7	0.831

Table 2. Human Development Indicators

	Life expectancy at birth (years) 1998-2000	Adult literacy rate (%) 1999	Gross enrolment rate at all educational levels 1999/2000	Life expectancy index 1998-2000	Education index 1999
ROMANIA	70.5	97.1	64.9	0.758	0.864
NORTH-EAST	70.8	97.0	61.5	0.763	0.852
Bacău	70.4	97.0	59.2	0.757	0.844
Botoşani	70.0	95.3	57.7	0.750	0.828
Iaşi	70.9	97.2	71.9	0.765	0.888
Neamţ	70.6	97.7	57.6	0.760	0.843
Suceava	71.6	98.0	59.4	0.777	0.851
Vaslui	71.0	96.0	57.2	0.767	0.831
SOUTH-EAST	70.3	97.0	60.8	0.755	0.849
Brăila	70.7	97.7	59.6	0.762	0.850
Buzău	71.5	96.1	59.5	0.775	0.839
Constanţa	68.8	97.8	65.2	0.730	0.869
Galaţi	70.8	97.2	61.4	0.763	0.853
Tulcea	68.2	96.0	55.8	0.720	0.826
Vrancea	71.6	96.6	57.1	0.777	0.834
SOUTH	70.6	95.2	59.8	0.760	0.834
Argeş	71.4	97.7	65.3	0.773	0.869
Călăraşi	69.7	93.2	56.6	0.745	0.810
Dâmboviţa	70.7	95.6	62.9	0.762	0.847
Giurgiu	69.6	89.9	52.8	0.743	0.775
Ialomiţa	69.9	94.7	55.3	0.748	0.816
Prahova	71.1	97.9	60.1	0.768	0.853
Teleorman	70.3	91.1	56.4	0.755	0.795
SOUTH-WEST	70.6	95.7	63.6	0.760	0.850
Dolj	70.2	95.6	71.0	0.753	0.874
Gorj	70.9	96.6	62.4	0.765	0.852
Mehedinţi	70.5	95.4	59.6	0.758	0.835
Olt	69.9	94.9	58.9	0.748	0.829
Vâlcea	71.9	96.3	60.8	0.782	0.845
WEST	69.9	97.8	68.8	0.748	0.881
Arad	69.9	97.5	63.3	0.748	0.861
Caraş -Severin	69.5	97.5	62.8	0.742	0.859
Hunedoara	69.5	97.8	64.0	0.742	0.865
Timiş	70.4	98.3	78.9	0.757	0.918
NORTH-WEST	69.5	97.3	65.7	0.742	0.868
Bihor	68.5	97.3	68.5	0.725	0.877
Bistriţa-Năsăud	71.0	97.4	56.8	0.767	0.839
Cluj	71.4	98.3	79.5	0.773	0.920
Maramureş	69.0	95.9	60.9	0.733	0.842
Satu Mare	67.3	97.5	60.2	0.705	0.851
Sălaj	69.5	96.8	56.1	0.742	0.832
CENTRE	70.8	98.5	62.9	0.763	0.866
Alba	70.9	98.0	65.6	0.765	0.872
Braşov	71.2	99.2	67.7	0.770	0.887
Covasna	71.4	98.5	56.8	0.773	0.846
Harghita	71.0	98.7	54.9	0.767	0.841
Mureş	70.0	97.9	59.0	0.750	0.849
Sibiu	71.0	98.8	67.8	0.767	0.885
BUCHAREST	72.2	98.9	84.7	0.787	0.942
Bucharest Municipality	72.5	99.4	89.7	0.792	0.962
Ilfov	70.1	95.1	50.4	0.752	0.802
URBAN	71.3	99.0	80.3	0.772	0.928
RURAL	69.5	94.7	44.6	0.742	0.780

Table 3. Gender-Related Development Index

	Life expectancy at birth (years) 1998-2000		Gross enrolment rate at all educational levels (%) School year 1999/2000	
	Women	Men	Women	Men
ROMANIA	74.2	67.0	65.9	64.0
NORTH-EAST	74.2	67.5	63.7	59.4
Bacău	73.7	67.3	61.0	57.4
Botoşani	74.0	66.2	60.5	55.1
Iaşi	74.4	67.6	75.1	68.9
Neamţ	74.3	67.2	58.7	56.5
Suceava	74.7	68.6	61.3	57.5
Vaslui	74.2	67.9	59.1	55.4
SOUTH-EAST	74.4	66.5	61.5	60.1
Brăila	75.3	66.4	60.5	58.8
Buzău	75.4	67.8	59.5	59.6
Constanţa	72.7	65.2	65.7	64.7
Galaţi	75.0	67.0	62.2	60.6
Tulcea	72.1	64.7	56.5	55.1
Vrancea	75.4	67.9	58.9	55.3
SOUTH	74.4	67.0	59.8	59.8
Argeş	75.2	67.8	65.1	65.5
Călăraşi	73.1	66.5	56.4	56.8
Dâmboviţa	74.8	66.9	62.8	63.1
Giurgiu	73.3	66.1	52.7	52.8
Ialomiţa	73.9	66.3	55.5	55.0
Prahova	75.0	67.3	60.3	59.9
Teleorman	74.0	66.9	56.6	56.3
SOUTH-WEST	73.9	67.5	63.6	63.5
Dolj	73.2	67.3	71.0	71.0
Gorj	74.4	67.7	62.6	62.1
Mehedinţi	73.7	67.5	59.0	60.1
Olt	73.7	66.4	59.5	58.2
Vâlcea	75.2	68.7	60.3	61.4
WEST	73.5	66.4	69.1	68.5
Arad	73.5	66.5	63.7	62.9
Caraş-Severin	73.0	66.1	61.7	63.9
Hunedoara	73.3	66.0	64.1	64.0
Timiş	74.0	66.9	80.0	77.8
NORTH-WEST	73.1	66.1	67.3	64.3
Bihor	72.1	65.1	69.5	67.5
Bistriţa-Năsăud	74.3	67.9	59.2	54.6
Cluj	74.8	68.2	81.8	77.3
Maramureş	72.8	65.5	62.3	59.6
Satu Mare	71.7	63.3	57.2	55.1
Sălaj	72.6	66.5	60.8	59.6
CENTRE	74.7	67.3	63.6	62.2
Alba	74.8	67.4	67.7	63.6
Braşov	74.9	67.8	67.1	68.2
Covasna	75.4	67.8	58.4	55.3
Harghita	75.0	67.5	56.1	53.7
Mureş	73.8	66.4	59.7	58.4
Sibiu	75.0	67.1	68.6	66.9
BUCHAREST	75.7	68.5	86.6	82.9
Bucharest Municipality	76.0	68.9	92.1	87.3
Ilfov	74.4	66.2	47.8	53.0
URBAN	74.9	67.8	82.1	78.6
RURAL	73.5	65.9	44.4	44.9

Table 4. Profile of Human Deprivation

	Unemployment rate <sup>1)</sup> (%) 2000	Female unemployment rate <sup>1)</sup> (%) 2000	Proportion of unemployed <sup>1)</sup> who did not benefit from unemployment services (%) in 2000	Children aged 7-14 who did not attend school (%) School year 1999/2000
ROMANIA	10.5	10.1	25.3	3.2
NORTH-EAST	13.2	12.3	33.1	1.0
Bacău	9.5	8.4	12.7	2.1
Botoşani	16.7	14.1	42.1	-
Iaşi	10.9	10.1	32.5	0.3
Neamţ	16.6	16.9	50.2	1.4
Suceava	12.2	12.4	36.1	2.0
Vaslui	15.4	12.8	12.2	0.6
SOUTH-EAST	11.4	11.3	23.4	4.1
Brăila	15.3	11.9	42.9	4.2
Buzău	12.7	11.3	15.8	1.8
Constanţa	10.0	12.5	23.7	6.4
Galaţi	12.6	14.3	16.2	2.2
Tulcea	11.4	10.7	21.2	6.7
Vrancea	6.1	4.6	19.5	3.3
SOUTH	10.4	9.7	15.2	3.6
Argeş	7.0	6.9	6.0	1.7
Călăraşi	11.9	8.1	6.5	3.7
Dâmboviţa	10.8	10.1	10.0	4.0
Giurgiu	8.0	6.4	15.0	2.9
Ialomiţa	13.1	11.0	23.4	4.7
Prahova	13.5	14.3	19.1	4.2
Teleorman	9.0	8.4	23.3	4.2
SOUTH-WEST	11.6	10.8	32.4	3.2
Dolj	12.3	11.2	32.0	1.7
Gorj	12.8	12.6	38.5	5.0
Mehedinţi	10.3	8.8	18.0	3.6
Olt	9.5	8.1	15.6	2.7
Vâlcea	12.5	12.7	49.1	4.3
WEST	10.4	10.4	26.6	4.1
Arad	8.4	7.4	23.0	4.7
Caraş-Severin	9.7	10.8	14.1	4.6
Hunedoara	16.4	17.5	34.3	5.9
Timiş	7.6	7.2	24.5	1.9
NORTH-WEST	8.5	7.9	29.9	3.6
Bihor	4.6	3.6	21.2	4.1
Bistriţa-Năsăud	12.7	12.3	31.8	5.0
Cluj	11.3	11.3	34.6	3.9
Maramureş	9.2	8.5	30.7	1.4
Satu Mare	4.5	3.4	13.7	3.2
Sălaj	10.0	9.6	30.6	4.4
CENTRE	10.3	10.7	19.4	5.9
Alba	12.9	15.2	21.5	2.2
Braşov	11.4	13.2	17.2	6.3
Covasna	11.2	10.4	25.1	6.8
Harghita	9.9	8.7	27.3	9.0
Mureş	7.1	6.4	5.4	6.3
Sibiu	10.3	9.8	23.8	5.1
BUCHAREST	5.8	6.7	13.0	0.9
Bucharest Municipality	5.7	6.8	11.7	4.8
Ilfov	6.2	6.1	20.8	0.3
URBAN	-	-	-	2.9
RURAL	-	-	-	3.6

<sup>1)</sup> Unemployed registered with labour force and employment offices; \*) Including Ilfov district.

- Table 4 continued -

Proportion of adult population without secondary and higher education (%) 1992	Infant mortality rate (per 1,000 live births) 2000	Maternal mortality rate (per 100,000 newborn) 2000	Proportion of the population without electricity (%) 1992	Proportion of the population without access to running water (%) 1992	
24.6	18.6	32.8	2.0	45.6	ROMANIA
25.9	23.0	32.0	3.5	59.2	NORTH-EAST
36.4	28.3	11.1	3.8	52.5	Bacău
26.6	26.8	-	5.2	66.0	Botoşani
26.2	22.5	52.6	1.6	52.0	Iaşi
23.0	23.9	14.7	3.4	57.2	Neamţ
33.9	16.7	41.9	2.6	66.7	Suceava
	21.2	58.0	6.2	66.5	Vaslui
26.1	19.1	29.4	1.8	45.8	SOUTH-EAST
33.0	14.5	-	0.5	49.2	Brăila
20.8	19.4	19.4	2.7	62.9	Buzău
25.8	22.3	39.1	0.8	23.4	Constanţa
28.5	16.9	55.8	1.4	42.9	Galaţi
31.2	17.0	37.0	2.1	51.6	Tulcea
	22.0	-	3.9	62.6	Vrancea
22.4	19.3	34.5	1.5	61.2	SOUTH
39.3	21.4	-	2.0	50.1	Argeş
29.8	22.0	53.7	2.2	72.4	Călăraşi
43.6	15.0	52.2	1.3	66.1	Dâmboviţa
37.3	15.5	103.6	2.1	76.2	Giurgiu
26.6	28.2	29.0	1.0	70.3	Ialomiţa
42.8	18.3	35.9	1.0	47.7	Prahova
	17.2	-	1.6	72.1	Teleorman
29.8	17.1	53.3	2.2	61.0	SOUTH-WEST
21.6	20.9	51.7	1.2	56.9	Dolj
28.5	14.7	47.5	2.3	58.2	Gorj
31.3	18.9	32.5	2.7	57.0	Mehedinţi
26.7	16.5	39.2	2.1	70.2	Olt
	12.2	93.6	3.7	62.6	Vâlcea
25.1	18.3	31.9	0.8	29.3	WEST
23.7	13.8	21.5	0.7	40.3	Arad
18.6	19.2	-	1.1	27.0	Caraş-Severin
18.7	15.1	21.2	0.8	22.1	Hunedoara
	23.5	63.6	0.6	28.5	Timiş
23.7	17.3	16.5	3.1	44.9	NORTH-WEST
25.9	24.7	44.1	1.5	47.5	Bihor
19.3	14.0	-	5.2	55.3	Bistriţa-Năsăud
23.6	14.5	-	1.6	28.0	Cluj
21.6	15.3	16.3	6.3	46.8	Maramureş
25.4	16.3	-	2.4	53.6	Satu Mare
	16.0	34.0	3.4	55.1	Sălaj
22.3	16.1	32.8	2.1	31.9	CENTRE
11.8	17.2	25.3	4.2	42.7	Alba
18.6	14.7	17.5	0.8	13.3	Braşov
17.9	13.8	37.4	1.5	36.4	Covasna
21.5	14.5	26.8	2.9	38.7	Harghita
14.1	20.3	44.5	3.0	43.7	Mureş
	13.3	43.5	0.7	24.6	Sibiu
15.4	12.9	38.7	0.3	14.6	BUCHAREST
	12.7	45.5	0.3*)	14.6*)	Bucharest Municipality
	14.4	-	...	...	Ilfov
12.5	16.1	29.6	0.4	12.3	URBAN
38.4	20.8	35.6	4.0	84.3	RURAL

Table 5. Health

	Infant mortality rate (per 1,000 live births)	Maternal mortality rate (per 100,000 live births)	Mortality rate by medical cause (per 100,000 inhabitants) 2000		New cases of infections and parasitic diseases (per 100,000 inhabitants) 1999
	2000	2000	Circulatory diseases	Tumors	
ROMANIA	18.6	32.8	701.8	184.0	3,005.1
NORTH-EAST	23.0	32.0	586.1	164.9	3,387.2
Bacău	28.3	11.1	550.8	153.9	3,602.5
Botoșani	26.8	-	722.1	198.9	1,707.9
Iași	22.5	52.6	507.6	161.4	3,700.7
Neamț	23.9	14.7	569.6	170.4	3,636.2
Suceava	16.7	41.9	591.3	171.6	4,320.2
Vaslui	21.2	58.0	657.4	138.1	2,401.2
SOUTH-EAST	19.1	29.4	633.0	169.9	2,109.2
Brăila	14.5	-	688.0	214.0	2,926.1
Buzău	19.4	19.4	795.6	184.1	1,148.3
Constanța	22.3	39.1	502.7	175.1	2,084.7
Galați	16.9	55.8	541.3	147.1	2,320.7
Tulcea	17.0	37.0	754.4	134.6	1,934.3
Vrancea	22.0	-	683.9	159.3	2,359.4
SOUTH	19.3	34.5	799.5	178.9	1,820.4
Argeș	21.4	-	718.4	163.1	1,451.2
Călărași	22.0	53.7	792.8	189.0	907.4
Dâmbovița	15.0	52.2	728.5	177.0	2,778.3
Giurgiu	15.5	103.6	990.5	188.9	2,179.1
Ialomița	28.2	29.0	757.7	174.9	1,596.0
Prahova	18.3	35.9	709.4	181.5	1,529.1
Teleorman	17.2	-	1,082.2	188.7	2,328.5
SOUTH-WEST	17.1	53.3	813.4	160.2	3,412.7
Dolj	20.9	51.7	880.7	168.2	4,630.5
Gorj	14.7	47.5	679.6	125.5	4,531.8
Mehedinți	18.9	32.5	849.3	175.7	2,254.5
Olt	16.5	39.2	828.5	172.7	1,840.9
Vâlcea	12.2	93.6	775.8	151.8	3,011.4
WEST	18.3	31.9	790.0	200.4	2,550.6
Arad	13.8	21.5	914.7	240.8	1,977.7
Caraș-Severin	19.2	-	834.8	182.8	2,149.5
Hunedoara	15.1	21.2	728.1	174.2	2,450.9
Timiș	23.5	63.6	726.9	201.5	3,232.0
NORTH-WEST	17.3	16.5	765.5	192.5	4,084.0
Bihor	24.7	44.1	858.6	199.0	2,832.9
Bistrița-Năsăud	14.0	-	660.9	162.1	5,646.6
Cluj	14.5	-	781.1	226.0	3,561.7
Maramureș	15.3	16.3	645.3	171.0	5,101.5
Satu Mare	16.3	-	752.6	196.0	3,694.9
Sălaj	16.0	34.0	900.5	163.5	5,085.3
CENTRE	16.1	32.8	644.0	188.1	4,541.6
Alba	17.2	25.3	759.2	186.3	6,351.1
Brașov	14.7	17.5	536.3	184.5	4,509.3
Covasna	13.8	37.4	647.0	158.2	3,108.3
Harghita	14.5	26.8	706.6	169.0	2,521.9
Mureș	20.3	44.5	665.1	216.3	3,794.8
Sibiu	13.3	43.5	612.8	186.6	6,280.5
BUCHAREST	12.9	38.7	626.6	238.3	2,171.9
Bucharest Municipality	12.7	45.5	618.7	243.1	2,153.9
Ilfov	14.4	-	683.0	204.1	2,303.7
URBAN	16.1	29.6	500.0	178.4	3,092.1
RURAL	20.8	35.6	942.2	190.8	2,899.4

- Table 5 continued -

TB cases (per 100,000 inhabitants) 1999	Population per Doctor 1999	Medical assistant 1999	Hospital beds (per 1,000 inhabitants) 1999	Medical examinations per inhabitant in local health clinics 1999	
104.1	486	189	7.3	2.2	ROMANIA
107.0	632	213	6.9	2.0	NORTH-EAST
116.3	845	252	5.1	1.8	Bacău
77.3	824	216	7.9	0.6	Botoşani
115.5	291	151	9.7	2.6	Iaşi
131.5	846	219	5.6	2.2	Neamţ
85.6	1,240	309	6.2	2.6	Suceava
108.8	1,047	214	6.8	1.2	Vaslui
110.6	687	195	6.0	1.9	SOUTH-EAST
80.6	776	177	7.0	2.6	Brăila
83.9	635	213	6.3	1.9	Buzău
138.6	505	186	6.0	2.0	Constanţa
123.2	862	195	6.1	1.7	Galaţi
131.7	1,012	201	6.0	1.3	Tulcea
86.4	789	209	4.7	1.3	Vrancea
105.5	881	241	5.7	1.9	SOUTH
93.7	661	212	5.6	2.1	Argeş
112.6	1,032	284	5.7	1.9	Călăraşi
111.0	905	242	5.8	2.0	Dâmboviţa
157.8	1,051	291	3.9	2.2	Giurgiu
120.5	1,234	204	4.1	1.7	Ialomiţa
73.0	848	268	6.4	2.1	Prahova
128.0	1,006	222	6.4	1.4	Teleorman
116.2	536	198	6.6	1.9	SOUTH-WEST
135.7	355	196	6.9	1.8	Dolj
96.2	650	199	6.7	1.6	Gorj
111.9	697	207	7.0	1.8	Mehedinţi
133.5	755	225	5.7	2.2	Olt
83.9	678	171	6.7	2.4	Vâlcea
107.8	415	171	9.3	2.5	WEST
99.9	542	180	8.0	2.7	Arad
104.6	628	174	7.7	2.1	Caraş-Severin
102.9	540	158	9.5	2.9	Hunedoara
118.7	274	173	10.7	2.2	Timiş
94.4	481	169	8.1	2.7	NORTH-WEST
78.0	566	170	9.0	2.9	Bihor
64.1	761	190	5.8	2.5	Bistriţa-Năsăud
96.4	253	138	10.1	3.2	Cluj
116.4	723	180	8.0	2.2	Maramureş
102.4	816	201	5.7	2.4	Satu Mare
109.0	778	193	6.9	2.7	Sălaj
70.2	492	176	8.0	3.1	CENTRE
71.2	588	180	7.7	3.1	Alba
85.6	491	184	6.6	3.2	Braşov
37.7	734	192	10.0	2.9	Covasna
51.7	647	185	8.7	3.4	Harghita
91.9	377	155	8.6	2.8	Mureş
49.1	454	181	7.9	3.2	Sibiu
124.0	203	147	9.3	2.0	BUCHAREST
117.7	184	134	10.1	1.9	Bucharest Municipality
170.3	884	480	3.6	2.5	Ilfov
101.3	306	119	12.0	2.3	URBAN
108.0	1,698	651	1.6	1.9	RURAL

Table 6. Education

School year	At all educational levels	Gross enrolment rate (%)		Enrolment rate in
	1999/2000	Primary education and gymnasium 1999/2000	Secondary education (high/vocational school) 1999/2000	preschool education (%) 1999/2000
ROMANIA	64.9	96.8	69.4	65.2
NORTH-EAST	61.5	99.0	60.9	61.7
Bacău	59.2	97.9	61.1	65.8
Botoşani	57.7	100.9	56.7	60.3
Iaşi	71.9	99.7	63.3	57.1
Neamţ	57.6	98.6	63.9	60.7
Suceava	59.4	98.0	58.5	64.9
Vaslui	57.2	99.4	60.7	60.3
SOUTH-EAST	60.8	95.9	67.0	62.2
Brăila	59.6	95.8	67.3	71.9
Buzău	59.5	98.2	71.5	64.2
Constanţa	65.2	93.6	73.0	59.1
Galaţi	61.4	97.8	63.8	56.1
Tulcea	58.8	93.3	61.2	80.0
Vrancea	57.1	96.7	58.6	56.1
SOUTH	59.8	96.4	67.1	58.7
Argeş	65.3	98.3	80.6	65.9
Călăraşi	56.6	96.3	55.3	59.6
Dâmboviţa	62.9	96.0	67.2	54.3
Giurgiu	52.8	97.1	41.4	49.9
Ialomiţa	55.3	95.3	58.3	56.0
Prahova	60.1	95.8	71.7	56.4
Teleorman	56.4	95.8	66.6	65.2
SOUTH-WEST	63.6	96.8	73.8	64.4
Dolj	71.0	98.3	77.0	58.1
Gorj	62.4	95.0	70.0	68.0
Mehedinţi	59.6	96.4	72.3	64.1
Olt	58.9	97.3	69.4	67.0
Vâlcea	60.8	95.7	78.6	68.1
WEST	68.8	95.9	71.6	69.3
Arad	63.3	95.3	69.3	72.5
Caras-Severin	62.8	95.4	67.3	75.6
Hunedoara	64.0	94.1	76.3	57.0
Timiş	78.9	98.1	71.9	73.7
NORTH-WEST	65.7	96.4	69.3	73.5
Bihor	68.5	95.9	73.5	70.5
Bistriţa-Năsăud	56.8	95.0	61.4	70.2
Cluj	79.5	96.1	77.5	76.3
Maramureş	60.9	98.6	64.8	67.8
Satu Mare	56.1	95.6	61.6	80.4
Sălaj	60.2	96.8	71.6	81.4
CENTRE	62.9	94.1	68.8	76.7
Alba	65.6	97.8	72.7	74.4
Braşov	67.7	93.7	72.6	66.9
Covasna	56.8	93.2	63.2	87.1
Harghita	54.9	91.0	65.0	91.1
Mureş	59.0	93.7	63.1	77.4
Sibiu	67.8	94.9	72.8	72.8
BUCHAREST	84.7	99.1	86.5	57.1
Bucharest Municipality	89.7	99.7	92.6	57.6
Ilfov	50.4	95.2	42.1	54.2
URBAN	80.3	97.1	106.9	67.1
RURAL	44.6	96.4	14.4	63.5

- Table 6 continued -

Graduation rate into high/vocational school (%) 1999/2000	Number of pupils per teaching staff in			School year
	Primary education 1999/2000	Gymnasium 1999/2000	Highschool 1999/2000	
92.5	18.6	12.8	10.3	ROMANIA
89.9	18.5	13.2	10.0	NORTH-EAST
89.2	20.2	13.5	10.5	Bacău
84.4	17.9	13.2	10.5	Botoşani
90.4	17.7	14.6	8.8	Iaşi
98.9	18.1	12.6	11.2	Neamţ
86.8	18.7	12.8	9.4	Suceava
89.7	18.1	12.2	10.7	Vaslui
92.9	19.7	13.5	10.7	SOUTH-EAST
92.2	20.4	14.9	9.4	Brăila
96.6	17.8	11.9	10.3	Buzău
94.5	21.4	14.0	10.9	Constanţa
93.8	21.3	14.2	11.0	Galaţi
87.9	17.5	12.9	10.8	Tulcea
87.4	18.2	12.5	12.1	Vrancea
87.9	19.2	13.3	11.6	SOUTH
97.3	17.9	11.3	10.6	Argeş
85.1	19.9	16.2	10.4	Călăraşi
87.8	18.3	12.8	12.2	Dâmboviţa
55.0	19.8	14.5	12.4	Giurgiu
80.7	19.8	15.6	13.7	Ialomiţa
93.2	20.5	14.2	11.6	Prahova
89.9	19.1	11.6	12.9	Teleorman
93.1	18.3	12.7	9.5	SOUTH-WEST
97.0	18.6	12.2	8.1	Dolj
90.7	18.7	13.3	9.3	Gorj
90.2	18.3	12.1	10.5	Mehedinţi
87.1	18.4	12.7	11.6	Olt
98.7	17.2	13.1	9.9	Vâlcea
90.9	18.4	13.4	9.5	WEST
91.3	17.7	14.7	7.8	Arad
85.8	16.8	12.4	9.6	Caras-Severin
94.7	19.8	15.1	10.7	Hunedoara
90.4	18.9	12.2	10.1	Timiş
91.3	17.4	11.2	10.3	NORTH-WEST
94.8	16.6	11.3	9.5	Bihor
86.2	17.3	11.3	14.2	Bistriţa-Năsăud
98.3	17.7	10.9	9.4	Cluj
87.3	18.4	11.6	10.4	Maramureş
85.1	18.0	11.4	10.4	Satu Mare
91.7	15.8	10.5	12.2	Sălaj
94.9	17.2	11.5	8.9	CENTRE
92.8	17.6	12.5	8.0	Alba
99.2	20.9	13.1	9.4	Braşov
90.9	16.4	12.3	6.6	Covasna
95.4	15.2	10.3	8.3	Harghita
92.0	15.6	9.8	10.3	Mureş
95.1	17.2	11.8	9.6	Sibiu
102.7	20.9	14.2	12.6	BUCHAREST
108.6	21.3	14.3	12.6	Bucharest Municipality
52.3	18.7	13.8	13.9	Ilfov
131.4	20.8	14.4	10.4	URBAN
25.4	16.6	11.0	9.2	RURAL

Table 7. Culture and Communication

	Subscriptions (per 1,000 inhabitants) 2000		Readers subscribing to public libraries (per 1,000 inhabitants) 1999	Number of volumes lent by public libraries (per 1,000 inhabitants) 1999
	Radio	Television		
ROMANIA	136.2	154.4	270.3	3,401.9
NORTH-EAST	97.4	106.6	264.1	4,347.1
Bacău	142.9	96.5	241.1	2,975.6
Botoşani	74.1	101.7	224.6	4,298.3
Iaşi	123.1	110.4	334.8	7,048.3
Neamţ	87.9	119.6	230.5	3,610.3
Suceava	66.2	92.3	257.3	3,501.0
Vaslui	60.6	126.6	266.7	3,997.8
SOUTH-EAST	126.3	157.3	246.5	3,285.1
Brăila	108.8	180.5	204.1	3,092.5
Buzău	108.2	138.1	233.5	2,683.7
Constanţa	190.2	172.4	266.8	3,661.1
Galaţi	114.9	168.0	267.5	3,680.0
Tulcea	90.0	137.9	242.3	4,171.5
Vrancea	88.3	125.8	235.2	2,287.8
SOUTH	134.0	154.1	225.1	2,466.2
Argeş	120.6	154.0	261.5	2,651.7
Călăraşi	101.4	127.3	187.1	2,329.7
Dâmboviţa	165.9	123.2	219.1	2,359.3
Giurgiu	153.5	129.4	135.4	1,377.8
Ialomiţa	55.6	158.9	173.9	2,848.8
Prahova	167.0	195.4	274.0	2,846.9
Teleorman	116.8	146.6	206.7	2,156.6
SOUTH-WEST	140.7	143.5	237.0	2,819.7
Dolj	114.0	164.1	236.2	2,810.0
Gorj	196.5	141.1	243.0	2,867.6
Mehedinţi	193.9	128.1	262.8	2,748.2
Olt	108.2	126.4	233.3	2,920.8
Vâlcea	134.3	141.9	217.9	2,726.5
WEST	152.5	189.5	405.6	3,620.8
Arad	158.4	198.3	293.7	3,054.8
Caras-Severin	115.3	139.2	224.9	2,676.7
Hunedoara	111.1	179.9	307.5	3,676.7
Timiş	198.5	216.3	651.8	4,459.0
NORTH-WEST	103.9	139.6	286.7	4,211.8
Bihor	147.7	163.0	233.2	3,340.5
Bistriţa-Năsăud	68.8	94.3	196.4	2,178.7
Cluj	121.9	168.0	453.7	8,309.7
Maramureş	69.2	90.0	242.6	2,818.8
Satu Mare	89.9	158.2	212.4	2,234.4
Sălaj	85.3	135.3	264.7	3,258.6
CENTRE	142.9	172.5	292.1	3,283.0
Alba	94.3	139.2	296.7	3,520.1
Braşov	172.5	188.3	280.6	2,722.2
Covasna	88.1	177.7	299.3	3,201.2
Harghita	121.3	151.0	298.1	3,285.3
Mureş	158.3	181.9	261.0	2,880.9
Sibiu	168.6	181.0	338.1	4,453.8
BUCHAREST	230.9	208.7	248.5	2,942.5
Bucharest Municipality	242.4	208.7*)	267.5	3,228.3
Ilfov	147.6	...	109.2	851.5
URBAN	159.7	182.0	350.8	4,823.2
RURAL	107.8	121.1	172.9	1,680.1

\*) Including Ilfov district

Table 8. Women and Capabilities

	Gross enrolment rate in high school education (%) 1999	Life expectancy at birth (years) 1998-2000	General fertility rate (‰) 2000	Maternal mortality rate (per 100,000 inhabitants) 2000
ROMANIA	52.6	74.2	40.3	32.8
NORTH-EAST	42.6	74.2	51.6	32.0
Bacău	43.2	73.7	45.9	11.1
Botoşani	41.4	74.0	56.8	-
Iaşi	44.2	74.4	53.1	52.6
Neamţ	42.9	74.3	45.1	14.7
Suceava	41.1	74.7	52.8	41.9
Vaslui	41.7	74.2	60.2	58.0
SOUTH-EAST	50.8	74.4	39.7	29.4
Brăila	51.4	75.3	35.6	-
Buzău	56.8	75.4	41.9	19.4
Constanţa	58.4	72.7	36.5	39.1
Galaţi	45.0	75.0	42.0	55.8
Tulcea	40.9	72.1	38.5	37.0
Vrancea	44.8	75.4	45.0	-
SOUTH	50.8	74.4	40.4	34.5
Argeş	62.5	75.2	36.8	-
Călăraşi	39.8	73.1	46.8	53.7
Dâmboviţa	51.9	74.8	41.1	52.2
Giurgiu	31.3	73.3	44.3	103.6
Ialomiţa	44.9	73.9	45.7	29.0
Prahova	51.9	75.0	37.3	35.9
Teleorman	52.9	74.0	40.8	-
SOUTH-WEST	58.2	73.9	41.1	53.3
Dolj	63.4	73.2	42.7	51.7
Gorj	49.0	74.4	41.5	47.5
Mehedinţi	60.5	73.7	38.7	32.5
Olt	54.8	73.7	41.2	39.2
Vâlcea	61.0	75.2	40.0	93.6
WEST	55.1	73.5	35.1	31.9
Arad	55.2	73.5	38.2	21.5
Caraş-Severin	50.5	73.0	35.0	-
Hunedoara	58.4	73.3	34.0	21.2
Timiş	55.0	74.0	34.1	63.6
NORTH-WEST	52.0	73.1	41.1	16.5
Bihor	59.2	72.1	42.7	44.1
Bistriţa-Năsăud	42.4	74.3	47.1	-
Cluj	59.8	74.8	33.3	-
Maramureş	45.8	72.8	43.7	16.3
Satu Mare	43.8	71.7	40.8	-
Sălaj	55.5	72.6	46.9	34.0
CENTRE	51.5	74.7	38.8	32.8
Alba	55.3	74.8	38.5	25.3
Braşov	55.5	74.9	31.8	17.5
Covasna	45.1	75.4	43.4	37.4
Harghita	49.8	75.0	41.9	26.8
Mureş	48.3	73.8	44.1	44.5
Sibiu	50.7	75.0	37.8	43.5
BUCHAREST	70.8	75.7	27.9	38.7
Bucharest Municipality	75.9	76.0	26.6	45.5
Ilfov	33.7	74.4	37.9	-
URBAN	82.9	74.9	29.7	29.6
RURAL	8.1	73.5	57.9	35.6

Table 9. Unemployment

	Number of registered unemployed 2000 - thousand persons -	Unemployment rate (%) 2000	Female unemployed as share of the total (%) 2000	Young people as share of the total <sup>1)</sup> (%) 2000
ROMANIA	1,007.1	10.5	46.8	29.4
NORTH-EAST	213.6	13.2	45.5	37.8
Bacău	26.2	9.5	41.6	29.6
Botoşani	35.1	16.7	42.2	45.5
Iaşi	39.0	10.9	45.6	45.9
Neamţ	44.9	16.6	50.4	28.7
Suceava	37.9	12.2	49.6	37.2
Vaslui	30.6	15.4	40.2	39.1
SOUTH-EAST	139.8	11.4	48.0	27.4
Brăila	26.1	15.3	40.8	28.8
Buzău	27.4	12.7	42.9	24.6
Constanţa	30.5	10.0	58.2	24.5
Galaţi	33.6	12.6	51.6	27.8
Tulcea	12.0	11.4	47.7	29.9
Vrancea	10.1	6.1	38.2	36.3
SOUTH	150.7	10.4	44.2	29.6
Argeş	21.5	7.0	46.6	30.2
Călăraşi	15.3	11.9	32.0	23.2
Dâmboviţa	25.1	10.8	44.2	32.1
Giurgiu	8.8	8.0	39.5	26.0
Ialomiţa	15.4	13.1	40.0	29.5
Prahova	45.5	13.5	49.4	31.8
Teleorman	19.0	9.0	44.7	28.0
SOUTH-WEST	125.4	11.6	44.1	31.6
Dolj	42.0	12.3	43.9	29.6
Gorj	22.9	12.8	45.8	31.9
Mehedinţi	14.6	10.3	40.3	28.1
Olt	20.3	9.5	40.4	27.4
Vâlcea	25.7	12.5	47.9	44.2
WEST	95.7	10.4	47.6	24.1
Arad	17.4	8.4	40.4	23.9
Caraş-Severin	14.8	9.7	52.3	27.9
Hunedoara	39.2	16.4	48.9	30.6
Timiş	24.3	7.6	47.9	12.4
NORTH-WEST	109.0	8.5	45.9	24.7
Bihor	13.6	4.6	39.8	27.3
Bistriţa-Năsăud	17.2	12.7	46.2	33.8
Cluj	37.8	11.3	48.8	21.8
Maramureş	21.3	9.2	46.0	20.3
Satu Mare	7.4	4.5	36.9	22.1
Sălaj	11.6	10.0	48.7	26.7
CENTRE	122.4	10.3	50.5	28.5
Alba	26.4	12.9	58.9	24.5
Braşov	30.7	11.4	57.0	29.4
Covasna	11.3	11.2	45.2	24.4
Harghita	16.1	9.9	42.8	28.7
Mureş	18.9	7.1	42.7	29.9
Sibiu	19.0	10.3	45.9	33.1
BUCHAREST	50.6	5.8	55.2	20.0
Bucharest Municipality	43.7	5.7	56.6	20.5
Ilfov	7.0	6.2	46.5	16.9
URBAN	-	-	-	-
RURAL	-	-	-	-

<sup>1)</sup> Registered unemployed beneficiaries of cash rights.

- Table 9 continued -

Incidence of long-term unemployment <sup>1)</sup> (%) 2000		Beneficiaries of unemployment services as share of total unemployed (%) 2000			
More than 6 months	More than 12 months	Unemployment benefit <sup>2)</sup>	Support allowance	Compensatory payments	
69.9	47.1	30.5	38.9	5.3	ROMANIA
73.6	51.2	23.9	39.2	3.9	NORTH-EAST
72.4	51.8	29.3	51.3	6.7	Bacău
73.9	51.2	22.1	34.4	1.5	Botoşani
79.2	53.3	22.8	41.6	3.0	Iaşi
74.0	47.0	17.6	28.0	4.2	Neamţ
69.8	50.4	24.3	36.6	3.0	Suceava
71.9	53.0	31.3	50.8	5.7	Vaslui
66.4	48.4	33.9	39.4	3.3	SOUTH-EAST
69.6	51.7	24.1	31.7	1.3	Brăila
66.5	49.5	34.1	46.1	4.1	Buzău
55.5	39.9	38.3	34.7	3.4	Constanţa
73.2	52.9	38.4	41.8	3.6	Galaţi
65.0	47.0	32.3	42.3	4.2	Tulcea
69.7	49.6	32.7	43.5	4.4	Vrancea
69.0	48.5	31.7	45.0	8.2	SOUTH
61.8	41.9	40.1	43.4	10.5	Argeş
68.8	47.7	35.3	53.2	4.9	Călăraşi
74.8	52.3	32.5	47.8	9.6	Dâmboviţa
66.0	49.2	34.7	46.6	3.7	Giurgiu
68.3	49.1	32.6	41.1	2.9	Ialomiţa
69.7	47.1	26.0	43.2	11.7	Prahova
71.0	54.8	29.6	42.9	4.2	Teleorman
69.1	47.6	27.9	36.1	3.6	SOUTH-WEST
63.5	43.1	28.6	33.9	5.5	Dolj
74.5	55.4	22.6	35.8	3.1	Gorj
70.9	43.6	37.6	43.0	1.4	Mehedinţi
73.2	52.4	31.8	47.8	4.8	Olt
68.3	46.6	22.6	26.9	1.4	Vâlcea
73.2	49.7	29.9	40.0	3.5	WEST
73.0	49.6	35.1	41.1	0.8	Arad
71.8	44.7	36.5	46.6	2.8	Caraş-Severin
74.1	54.9	23.8	39.1	2.9	Hunedoara
73.0	46.1	31.8	36.8	6.9	Timiş
70.9	44.0	29.0	36.0	5.1	NORTH-WEST
70.5	44.6	35.0	37.9	6.0	Bihor
68.1	35.6	34.1	32.2	1.9	Bistriţa-Năsăud
69.8	51.5	23.0	38.3	4.1	Cluj
74.9	38.5	29.2	32.6	7.5	Maramureş
61.0	35.2	40.4	34.5	11.5	Satu Mare
79.3	49.9	26.5	39.5	3.4	Sălaj
66.7	39.5	38.7	34.3	7.6	CENTRE
55.6	23.4	54.3	18.0	6.2	Alba
72.4	48.8	31.4	37.0	14.4	Braşov
71.0	52.1	29.3	40.3	5.4	Covasna
63.4	43.9	36.4	35.1	1.3	Harghita
71.3	37.1	37.6	48.9	8.1	Mureş
67.0	38.3	37.8	33.9	4.5	Sibiu
71.1	43.0	36.4	40.7	9.9	BUCHAREST
70.4	42.6	38.3	40.6	9.4	Bucharest Municipality
75.6	45.5	24.5	41.7	13.0	Ilfov
-	-	-	-	-	URBAN
-	-	-	-	-	RURAL

<sup>1)</sup> Registered unemployed, beneficiaries of cash rights; <sup>2)</sup> Including benefits for labour force integration.

Table 10. Demographic Profile

	Population (thousands) 2000	Average annual population growth rate (%)		Birth rate (per 1,000 inhabitants) 2000	Mortality rate (per 1,000 inhabitants) 2000	Fertility rate (‰) 2000
		1980-1990	1990-2000			
ROMANIA	22,435.2	0.5	-0.4	10.5	11.4	40.3
NORTH-EAST	3,823.5	0.5	0.2	13.0	10.5	51.6
Bacău	752.8	0.6	0.3	11.9	10.1	45.9
Botoşani	463.8	0.1	-0.1	13.5	12.4	56.8
Iaşi	836.8	0.8	0.3	13.8	9.7	53.1
Neamţ	586.2	0.6	0.1	11.5	10.4	45.1
Suceava	717.2	0.7	0.3	13.3	10.1	52.8
Vaslui	466.7	0.3	0.1	14.6	11.0	60.2
SOUTH-EAST	2,934.3	0.7	-0.2	10.4	10.9	39.7
Brăila	385.7	0.3	-0.5	9.2	11.8	35.6
Buzău	504.5	0.1	-0.4	10.1	12.3	41.9
Constanţa	746.0	1.5	-0.1	10.3	9.6	36.5
Galaţi	644.1	0.7	-0.1	11.1	9.7	42.0
Tulcea	262.7	0.4	-0.4	10.2	11.8	38.5
Vrancea	391.2	0.4	-0.1	11.1	11.7	45.0
SOUTH	3,465.5	0.1	-0.4	10.0	12.3	40.4
Argeş	671.5	0.4	-0.2	9.7	11.0	36.8
Călăraşi	331.8	-0.1	-0.3	11.2	12.7	46.8
Dâmboviţa	551.4	0.3	-0.3	10.4	11.5	41.1
Giurgiu	294.0	-0.5	-0.7	9.8	14.7	44.3
Ialomiţa	304.3	-0.1	0.1	11.2	12.0	45.7
Prahova	855.5	0.5	-0.3	9.7	11.4	37.3
Teleorman	456.8	-0.6	-0.8	8.9	15.5	40.8
SOUTH-WEST	2,399.8	0.3	-0.2	10.1	12.2	41.1
Dolj	744.2	0.3	-0.4	10.4	12.8	42.7
Gorj	394.8	0.9	0.1	10.6	10.7	41.5
Mehedinţi	321.9	-0.1	-0.2	9.5	12.9	38.7
Olt	508.2	-0.1	-0.5	9.9	12.5	41.2
Vâlcea	430.7	0.3	0.1	9.8	11.4	40.0
WEST	2,041.1	0.3	-0.8	9.3	12.2	35.1
Arad	476.3	-0.1	-0.7	9.8	13.8	38.2
Caraş-Severin	353.2	0.3	-1.3	9.0	12.8	35.0
Hunedoara	523.1	0.6	-0.8	9.0	11.4	34.0
Timiş	688.6	0.2	-0.5	9.3	11.3	34.1
NORTH-WEST	2,844.0	0.4	-0.5	10.7	12.0	41.1
Bihor	620.5	0.3	-0.6	10.9	13.1	42.7
Bistriţa-Năsăud	326.3	0.9	-0.1	12.2	9.9	47.1
Cluj	719.9	0.2	-0.4	8.8	12.0	33.3
Maramureş	531.0	0.8	-0.5	11.5	10.8	43.7
Satu Mare	390.1	0.4	-0.7	10.8	12.8	40.8
Sălaj	256.3	0.2	-0.5	11.4	12.8	46.9
CENTRE	2,642.2	0.5	-0.8	10.4	10.5	38.8
Alba	395.9	0.2	-0.7	9.9	11.6	38.5
Braşov	628.6	0.9	-1.0	9.2	9.2	31.8
Covasna	230.5	1.0	-0.3	11.6	10.4	43.4
Harghita	341.6	0.5	-0.6	10.9	10.9	41.9
Mureş	601.6	0.3	-0.4	11.2	11.4	44.1
Sibiu	444.0	0.2	-1.2	10.4	9.9	37.8
BUCHAREST	2,284.7	1.1	-0.5	8.0	11.1	27.9
Bucharest Municipality	2,009.2	1.4	-0.6	7.8	11.0	26.6
Ilfov	275.5	-0.9	0.3	9.8	11.9	37.9
URBAN	12,244.6	2.2	-0.3	8.9	8.9	29.7
RURAL	10,190.6	-1.3	-0.4	12.3	14.4	57.9

- Table 10 continued -

Abortions per live birth 2000	Infant mortality (per 1000 live births) 2000	Proportion of population aged 0-14 (%) 2000	Proportion of population aged 65 and over (%) 2000	Dependency ratio (%) 2000	
1.1	18.6	18.3	13.3	46.1	ROMANIA
0.9	23.0	21.0	12.7	50.9	NORTH-EAST
0.9	28.3	20.5	11.9	47.9	Bacău
1.3	26.8	21.2	15.0	56.8	Botoşani
1.2	22.5	20.8	11.3	47.5	Iaşi
1.0	23.9	19.7	12.9	48.4	Neamţ
0.5	16.7	21.9	12.9	53.4	Suceava
0.7	21.2	22.2	13.6	55.9	Vaslui
0.9	19.1	18.5	12.7	45.4	SOUTH-EAST
2.6	14.5	17.4	14.2	46.0	Brăila
0.6	19.4	17.7	16.4	51.9	Buzău
0.7	22.3	18.3	9.9	39.4	Constanţa
0.8	16.9	19.1	11.3	43.6	Galaţi
0.3	17.0	19.1	11.6	44.4	Tulcea
0.4	22.0	19.4	15.0	52.5	Vrancea
1.4	19.3	18.0	14.9	49.0	SOUTH
1.4	21.4	17.7	12.8	43.7	Argeş
1.3	22.0	19.4	15.2	53.0	Călăraşi
1.0	15.0	19.4	13.5	49.2	Dâmboviţa
0.8	15.5	18.0	18.4	57.4	Giurgiu
2.6	28.2	19.6	14.2	51.1	Ialomiţa
1.2	18.3	17.1	13.9	45.1	Prahova
1.8	17.2	16.5	19.2	55.5	Teleorman
1.2	17.1	18.2	14.7	49.0	SOUTH-WEST
1.1	20.9	17.2	15.4	48.4	Dolj
0.9	14.7	20.3	12.3	48.4	Gorj
0.6	18.9	17.9	15.5	50.1	Mehedinţi
1.4	16.5	18.3	14.7	49.4	Olt
1.6	12.2	18.3	14.9	49.5	Vâlcea
0.9	18.3	17.5	13.0	43.8	WEST
0.6	13.8	17.4	14.8	47.5	Arad
1.3	19.2	17.8	13.2	44.8	Caraş-Severin
0.4	15.1	18.0	11.6	42.0	Hunedoara
1.2	23.5	16.9	12.7	42.1	Timiş
0.7	17.3	18.8	12.5	45.5	NORTH-WEST
0.8	24.7	18.4	13.6	46.9	Bihor
0.3	14.0	21.3	11.8	49.4	Bistriţa-Năsăud
1.0	14.5	16.0	13.5	41.7	Cluj
0.7	15.3	20.3	10.5	44.4	Maramureş
0.4	16.3	19.8	11.0	44.6	Satu Mare
0.3	16.0	19.8	14.2	51.5	Sălaj
1.0	16.1	18.2	12.4	44.0	CENTRE
0.8	17.2	18.1	13.6	46.5	Alba
1.1	14.7	17.1	10.8	38.7	Braşov
1.3	13.8	19.3	11.9	45.4	Covasna
1.2	14.5	18.9	12.5	45.7	Harghita
1.0	20.3	18.3	13.8	47.3	Mureş
0.6	13.3	18.7	11.6	43.5	Sibiu
2.5	12.9	13.9	13.7	38.1	BUCHAREST
2.8	12.7	13.5	13.6	37.2	Bucharest Municipality
0.9	14.4	17.1	14.1	45.3	Ilfov
1.2	16.1	17.0	9.7	36.5	URBAN
1.0	20.8	19.7	17.6	59.7	RURAL

Table 11. Child Survival and Development

	Medically assisted births - % of total births - 2000	Underweight children - % of total live births - 2000	Infant mortality rate per 1,000 live births 2000	Mortality rate among children under the age of 5 per 1,000 live births 2000	New cases of dystrophic children under the age of 3 per 1,000 children under the age of 3 1999	Children in care institutions 19 May 1997 Total Female	
ROMANIA	99.0	8.9	18.6	22.2	14.3	98,872	41,716
NORTH-EAST	98.8	8.0	23.0	27.5	23.1		
Bacău	97.1	9.7	28.3	34.2	23.8	3,228	1,518
Botoşani	99.3	7.5	26.8	31.7	7.9	3,183	1,321
Iaşi	99.0	8.1	22.5	26.7	26.9	5,678	2,531
Neamţ	99.1	8.4	23.9	27.5	6.5	2,882	1,395
Suceava	99.5	6.3	16.7	19.3	16.5	3,848	1,653
Vaslui	98.7	8.9	21.2	23.5	23.4	1,966	1,009
SOUTH-EAST	98.2	8.8	19.1	25.8	13.0		
Brăila	99.1	9.4	14.5	17.0	22.3	2,692	941
Buzău	99.1	9.0	19.4	23.1	8.2	2,436	795
Constanţa	98.2	9.2	22.3	26.2	17.1	2,349	1,047
Galaţi	99.6	8.9	16.9	21.2	7.4	2,837	1,086
Tulcea	98.5	8.8	17.0	21.9	13.1	1,337	451
Vrancea	98.4	8.1	22.0	25.8	13.0	1,826	905
SOUTH	98.9	9.6	19.3	22.4	11.7		
Argeş	99.5	8.3	21.4	24.4	9.4	2,978	1,843
Călăraşi	97.9	10.4	22.0	26.0	13.0	637	271
Dâmboviţa	99.2	10.4	15.0	17.1	16.7	2,112	633
Giurgiu	97.9	10.9	15.5	19.0	9.5	648	264
Ialomiţa	98.3	9.9	28.2	32.5	27.6	1,128	372
Prahova	99.1	8.8	18.3	20.8	5.4	2,916	1,116
Teleorman	99.1	10.4	17.2	20.1	8.4	1,069	546
SOUTH-WEST	98.7	9.2	17.1	21.0	31.7		
Dolj	98.6	9.3	20.9	25.0	87.7	2,602	1064
Gorj	98.7	8.8	14.7	18.0	4.7	988	433
Mehedinţi	97.8	9.5	18.9	25.0	16.0	532	220
Olt	99.2	9.4	16.5	19.8	9.0	1,915	872
Vâlcea	98.7	8.9	12.2	15.4	3.2	2,027	709
WEST	99.6	9.7	18.3	22.2	9.4		
Arad	99.7	8.8	13.8	18.3	16.5	2,200	750
Caras-Severin	99.3	8.4	19.2	23.6	9.3	1,701	720
Hunedoara	99.5	11.2	15.1	19.3	9.3	1,580	598
Timiş	99.7	9.7	23.5	26.6	4.3	2,856	1,080
NORTH-WEST	99.3	7.6	17.3	20.4	9.5		
Bihor	98.9	7.9	24.7	27.9	11.5	3,731	1,524
Bistriţa-Năsăud	99.0	8.3	14.0	17.0	2.0	1,808	1,046
Cluj	99.4	7.4	14.5	17.2	6.7	3,052	1,235
Maramureş	99.9	6.8	15.3	18.2	18.5	2,727	1,170
Satu Mare	99.5	8.3	16.3	19.3	5.9	2,989	1,212
Sălaj	98.7	7.4	16.0	20.4	7.6	1,236	491
CENTRE	99.3	9.9	16.1	19.3	8.9		
Alba	99.5	8.9	17.2	19.0	8.3	2,166	836
Braşov	98.8	10.0	14.7	18.4	11.4	2,618	1,173
Covasna	99.2	9.0	13.8	19.4	7.1	493	201
Harghita	99.3	9.8	14.5	17.4	6.7	1,227	566
Mureş	99.8	11.0	20.3	24.0	5.5	2,346	924
Sibiu	99.0	9.8	13.3	15.0	14.1	2,743	1,387
BUCHAREST	99.8	9.0	12.9	15.4	6.4		
Bucharest Municipality	99.8	8.6	12.7	14.5	7.3	8,801	3,525
Ilfov	99.6	11.1	14.4	19.9	1.3	784	283
URBAN	99.7	8.6	16.1	18.8	12.8	-	-
RURAL	98.5	9.2	20.8	25.1	15.5	-	-

Table 12. Women's Condition

	Life expectancy at birth (years) 1998-2000	Female enrolment rate in all levels of education 2000		Women as share of civilian occupied population (%) 2000	Total number of unemployed	Women in: 2000			
		Secondary (% of female aged 15-18) <sup>1)</sup>	Higher (% of female aged 19-23) <sup>2)</sup>			Total teaching staff	Health care staff	Members of Parliament	Public Administration
ROMANIA	74.2	70.8	30.8	48.5	46.8	67.3	77.7	9.7	58.5
NORTH-EAST	74.2	65.2	23.6	49.4	45.5	66.3	78.0	8.9	57.7
Bacău	73.7	65.7	14.9	47.5	41.6	64.4	73.0	18.7	63.3
Botoşani	74.0	62.3	9.2	51.6	42.2	64.9	76.9	10.0	53.6
Iaşi	74.4	68.0	59.6	50.0	45.6	62.2	79.0	5.9	58.3
Neamţ	74.3	66.7	6.3	49.3	50.3	81.9	83.8	8.3	63.0
Suceava	74.7	60.9	17.0	48.4	49.7	65.4	79.5	7.1	54.5
Vaslui	74.2	66.8	2.0	50.2	40.2	65.3	73.1	-	52.4
SOUTH-EAST	74.4	68.7	18.1	48.5	48.1	71.2	79.8	14.8	59.5
Brăila	75.3	68.8	14.4	54.9	41.0	70.0	78.0	25.0	64.7
Buzău	75.4	70.0	5.2	49.3	43.1	72.7	79.7	-	50.0
Constanţa	72.7	75.1	29.9	45.2	58.4	68.8	80.8	6.3	63.8
Galaţi	75.0	65.6	23.9	44.7	51.5	69.5	83.3	30.8	62.5
Tulcea	72.1	64.3	4.7	50.9	47.5	84.4	78.8	-	61.9
Vrancea	75.4	62.6	10.9	51.8	38.6	68.4	75.0	25.0	54.5
SOUTH	74.4	67.3	12.6	47.8	44.3	72.2	78.4	5.6	58.9
Argeş	75.2	79.9	20.9	48.0	46.5	68.6	81.2	-	57.6
Călăraşi	73.1	55.8	4.0	49.0	32.0	63.3	69.7	14.3	58.8
Dâmboviţa	74.8	67.6	22.2	47.4	44.2	68.5	80.3	-	63.9
Giurgiu	73.3	41.5	2.4	49.8	39.8	74.2	76.9	-	57.1
Ialomiţa	73.9	59.9	5.0	48.8	40.3	63.2	79.3	16.7	62.5
Prahova	75.0	72.0	12.1	46.1	49.5	86.3	77.3	11.8	64.4
Teleorman	74.0	66.2	5.2	48.0	44.7	69.4	80.4	-	47.1
SOUTH-WEST	73.9	72.2	21.1	48.0	44.1	66.7	75.8	12.0	52.8
Dolj	73.2	74.5	43.8	48.7	43.8	66.7	75.0	18.7	53.8
Gorj	74.4	68.3	17.6	46.9	45.9	62.7	78.2	-	57.7
Mehedinţi	73.7	70.0	8.8	48.3	40.4	66.7	85.0	14.3	53.6
Olt	73.7	69.8	8.3	48.1	40.4	64.1	75.4	20.0	47.1
Vâlcea	75.2	76.7	9.0	47.3	47.9	74.3	70.1	-	53.1
WEST	73.5	71.1	40.7	47.9	47.5	67.7	79.2	7.1	58.6
Arad	73.5	69.7	25.6	46.8	40.2	61.9	79.5	10.0	57.1
Caraş-Severin	73.0	64.2	19.3	46.3	52.0	79.6	79.7	14.3	52.6
Hunedoara	73.3	75.8	20.8	45.3	49.0	72.7	81.8	-	65.5
Timiş	74.0	72.1	72.5	51.0	47.7	64.4	76.9	7.1	60.5
NORTH-WEST	73.1	70.7	35.8	49.9	45.9	69.9	76.2	5.0	55.1
Bihor	72.1	72.7	41.6	51.0	39.7	79.2	75.2	-	58.3
Bistriţa-Năsăud	74.3	66.5	7.6	48.0	46.5	66.7	76.9	-	46.9
Cluj	74.8	78.7	77.1	48.8	48.7	64.4	71.9	6.7	58.8
Maramureş	72.8	65.9	18.0	50.1	46.0	69.4	79.4	18.2	59.3
Satu Mare	71.7	64.5	6.1	50.0	36.5	70.8	80.0	-	47.6
Sălaj	72.6	71.2	7.1	51.2	49.1	72.3	81.6	-	58.8
CENTRE	74.7	70.7	27.4	48.5	50.5	67.1	78.4	1.8	59.9
Alba	74.8	74.4	30.2	48.8	58.7	65.8	83.9	-	56.3
Braşov	74.9	73.7	37.9	48.3	57.0	76.0	82.7	7.7	67.6
Covasna	75.4	67.9	12.0	48.7	45.1	68.0	77.5	-	50.0
Harghita	75.0	70.3	8.1	49.9	42.9	56.8	76.4	-	57.1
Mureş	73.8	62.8	21.8	48.0	42.9	63.7	76.0	-	61.5
Sibiu	75.0	74.6	39.1	48.1	45.8	68.8	74.1	-	60.9
BUCHAREST	75.7	88.0	79.6	46.9	55.0	58.0	75.6	21.2	62.3
Bucharest Municipality	76.0	95.5	89.2	46.7	56.5	58.1	76.3	23.3	62.6
Ilfov	74.4	34.0	0.5	47.7	45.7	56.1	68.6	-	59.3
URBAN	74.9	109.4	52.6	-	-	-	-	-	-
RURAL	73.5	13.6	0.2	-	-	-	-	-	-

<sup>1)</sup> Secondary;<sup>2)</sup> Including post-secondary and foremen.

Table 13. Human Capital Formation

	Average enrolment duration (years) 1992		Secondary education graduates (% of the population aged 15 and over) 1992		Higher education graduates (% of the population aged 23 and over) 1992		Secondary education graduates <sup>1)</sup> (% of the population at graduation age) 1999	Higher education graduates <sup>2)</sup> (% of the population at graduation age) 1999	Graduates of technical universities (% of total graduates) 1999	Employees working in research and development (per 100,000 inhabitants) 1999
	Total	Fem.	Total	Fem.	Total	Fem.				
ROMANIA	8.3	7.7	71.9	69.1	6.6	5.3	71.5	16.9	21.3	214.2
NORTH-EAST							64.4	11.4	24.9	91.0
Bacău	8.0	7.4	72.2	68.7	5.1	4.3	66.1	4.8	23.0	87.6
Botoşani	7.0	6.3	64.1	59.9	3.3	2.6	57.4	0.2	-	17.5
Iaşi	8.2	7.6	67.6	64.3	7.6	6.7	64.2	40.0	24.0	233.1
Neamţ	7.9	7.4	71.6	68.7	4.6	3.9	70.3	-	-	61.1
Suceava	8.0	7.6	75.1	72.6	4.4	3.6	62.3	4.5	37.6	35.9
Vaslui	7.2	6.6	65.9	62.5	3.4	2.7	64.8	-	-	37.2
SOUTH-EAST							67.7	7.0	29.3	77.6
Brăila	8.1	7.5	70.6	66.9	5.2	4.1	69.8	4.2	11.5	60.2
Buzău	7.4	6.7	66.2	61.6	4.2	3.2	71.5	1.5	-	24.1
Constanţa	8.8	8.1	74.4	71.9	7.5	5.6	72.1	12.4	29.2	54.6
Galaţi	8.1	8.5	71.1	67.7	5.8	4.8	64.4	12.0	35.5	214.3
Tulcea	7.6	6.8	72.6	69.1	3.9	2.9	66.7	-	-	37.5
Vrancea	7.5	6.9	68.1	64.8	3.9	3.1	58.6	0.3	-	10.0
SOUTH							72.5	4.6	27.2	132.1
Argeş	8.5	7.8	73.7	70.2	6.4	4.9	89.9	10.0	19.8	291.3
Călăraşi	6.6	5.7	63.5	58.9	2.6	2.1	55.3	-	-	192.8
Dâmboviţa	7.7	6.8	69.9	65.3	4.3	3.4	68.6	8.6	22.3	60.7
Giurgiu	6.1	5.1	62.2	58.6	2.3	1.7	43.9	-	-	27.4
Ialomiţa	6.9	6.1	64.0	59.3	3.2	2.6	62.1	-	-	-
Prahova	8.3	7.5	69.4	65.2	6.4	5.1	82.4	4.6	47.3	177.6
Teleorman	6.5	5.6	60.5	55.5	3.0	2.4	68.5	-	-	10.9
SOUTH-WEST							76.3	8.9	18.6	128.5
Dolj	8.0	7.2	66.9	63.1	6.5	5.4	74.9	22.8	18.3	326.6
Gorj	8.4	7.5	76.6	73.3	5.3	3.8	78.0	6.3	28.1	34.9
Mehedinţi	7.8	6.9	71.3	66.2	4.8	67.4	74.2	2.9	25.0	49.2
Olt	7.4	6.6	69.5	64.6	3.7	2.9	70.6	-	-	11.6
Vâlcea	8.0	7.2	71.8	68.0	5.2	4.0	85.7	3.2	-	69.6
WEST							71.8	24.1	22.7	104.1
Arad	8.1	7.4	72.9	69.5	5.2	3.7	69.1	15.7	8.3	69.9
Caraş-Severin	8.2	7.4	74.0	70.0	5.0	3.6	69.7	7.6	23.2	59.6
Hunedoara	8.8	8.0	78.0	75.2	6.4	4.7	76.9	10.5	48.1	86.7
Timiş	8.9	8.3	75.3	74.0	8.6	6.7	70.9	46.6	21.9	164.2
NORTH-WEST							70.8	19.8	19.4	98.5
Bihor	8.3	7.7	73.6	71.0	5.5	4.0	76.9	22.9	19.1	105.7
Bistriţa-Năsăud	7.9	7.3	73.2	70.4	4.5	3.4	63.2	0.3	-	82.5
Cluj	9.0	8.5	73.6	71.2	9.1	7.5	71.1	52.3	19.5	191.7
Maramureş	8.0	7.4	76.3	74.4	5.4	4.0	68.9	6.4	20.2	30.3
Satu Mare	8.2	7.7	77.3	75.2	4.4	3.2	64.8	0.4	-	49.4
Sălaj	7.8	7.2	74.0	71.1	4.0	2.9	80.2	-	-	55.3
CENTRE							73.9	13.8	29.5	165.0
Alba	8.4	7.8	74.8	71.5	5.2	4.0	78.7	11.7	2.1	106.4
Braşov	9.7	9.2	81.3	80.6	8.8	6.9	75.3	24.1	42.7	458.2
Covasna	8.5	8.2	79.4	78.9	4.3	3.3	67.5	1.1	-	36.4
Harghita	8.5	8.1	80.0	78.7	3.8	2.8	70.9	0.6	-	15.2
Mureş	8.4	7.9	75.9	73.1	5.0	3.9	69.0	9.1	12.8	48.5
Sibiu	9.3	8.8	80.5	80.1	7.2	5.4	79.5	23.1	30.8	140.9
BUCHAREST							81.7	55.7	16.7	1,110.2
Bucharest Municipality	10.2	9.6	70.4	69.9	16.5	13.3	86.4	62.8	16.7	1,122.6
Ilfov							46.5	-	-	1,019.9
URBAN	10.0	9.5	78.0	77.1	11.4	9.1	109.0	29.6	21.3	-
RURAL	6.4	5.7	64.8	59.2	1.3	1.0	16.7	-	-	-

<sup>1)</sup> Secondary;<sup>2)</sup> Excluding post-secondary and foremen.

Table 14. Human Development Profile

	Enrolment in higher education <sup>1)</sup> (% of the population aged 19-23) 1999	Employees working in research and development (per 100,000 inhabitants) 1999	Annual number of theatre and concert attendants (per 1,000 inhabitants) 1999	Television subscriptions <sup>2)</sup> (per 1,000 inhabitants) 2000	Population per doctor 1999	Population with access to electricity (%) 1992	Private vehicles per 1,000 inhabitants 2000
ROMANIA	28.0	214.2	151.6	154.4	486	98.0	131.5
NORTH-EAST	19.6	91.0	89.3	106.6	632	96.5	78.3
Bacău	11.9	87.6	90.0	96.5	845	96.2	104.7
Botoşani	5.5	17.5	194.8	101.7	824	94.8	54.3
Iaşi	53.0	233.1	88.8	110.4	291	98.4	76.4
Neamţ	4.3	61.1	19.6	119.6	846	96.6	88.1
Suceava	13.2	35.9	116.7	92.3	1240	97.4	80.8
Vaslui	1.3	37.2	25.8	126.6	1047	93.8	46.6
SOUTH-EAST	15.9	77.6	169.1	157.3	687	98.2	129.4
Brăila	11.9	60.2	107.9	180.5	776	99.5	101.5
Buzău	4.7	24.1	17.3	138.2	635	97.3	128.5
Constanţa	27.8	54.6	197.1	172.4	505	99.2	191.2
Galaţi	21.4	214.3	79.3	168.0	862	98.6	110.9
Tulcea	3.3	37.5	74.3	137.9	1012	97.9	77.6
Vrancea	6.9	10.0	583.7	125.8	789	96.1	105.4
SOUTH	12.1	132.1	40.6	154.1	881	98.5	117.1
Argeş	21.3	291.3	47.7	154.0	661	98.0	189.3
Călăraşi	3.5	192.8	-	127.3	1032	97.8	65.6
Dâmboviţa	21.3	60.7	-	123.2	905	98.7	118.0
Giurgiu	1.9	27.4	66.7	129.4	1051	97.9	151.4
Ialomiţa	3.7	-	-	158.9	1234	99.0	82.0
Prahova	11.5	177.6	98.8	195.4	848	99.0	100.4
Teleorman	3.7	10.9	10.0	146.6	1006	98.4	80.1
SOUTH-WEST	19.0	128.5	93.7	143.5	536	97.8	114.3
Dolj	40.8	326.6	125.4	164.1	355	98.8	128.8
Gorj	15.2	34.9	193.1	141.1	650	97.7	118.1
Mehedinţi	7.6	49.2	11.2	128.1	697	97.3	117.3
Olt	6.4	11.6	58.8	126.4	755	97.9	101.7
Vâlcea	8.1	69.6	51.1	141.9	678	96.3	98.5
WEST	38.5	104.1	106.0	189.5	415	99.2	193.4
Arad	23.6	69.9	205.3	198.3	542	99.3	165.6
Caras-Severin	19.9	59.6	38.7	139.2	628	98.9	148.5
Hunedoara	20.0	86.7	58.2	179.9	540	99.2	109.9
Timiş	68.2	164.2	108.5	216.3	274	99.4	298.6
NORTH-WEST	31.5	98.5	160.4	139.6	481	96.9	129.8
Bihor	37.5	105.7	108.6	163.0	566	98.5	120.5
Bistriţa-Năsăud	5.0	82.5	-	94.3	761	94.8	128.8
Cluj	70.7	191.7	163.7	168.0	253	98.4	166.5
Maramureş	14.6	30.3	250.1	90.0	723	93.7	102.4
Satu Mare	4.4	49.4	173.4	158.2	816	97.6	124.2
Sălaj	5.2	55.3	274.9	135.3	778	96.6	115.2
CENTRE	25.6	165.0	138.7	172.5	492	97.9	161.4
Alba	24.6	106.4	53.4	139.2	588	95.8	107.2
Braşov	39.4	458.2	132.5	188.3	491	99.2	156.0
Covasna	9.0	36.4	268.6	177.7	734	98.5	129.9
Harghita	6.6	15.2	105.5	151.0	647	97.1	118.6
Mureş	18.6	48.5	203.5	181.9	377	97.0	226.9
Sibiu	36.6	140.9	93.9	181.0	454	99.3	177.9
BUCHAREST	75.3	1,110.2	507.1	208.7	203	99.7	176.3
Bucharest Municipality	84.5	1,122.6	576.4*)	208.7*)	184	99.7*)	176.3*)
Ilfov	1.4	1,019.9	...	...	884	...	...
URBAN	48.5	-	-	182.0	306	99.6	-
RURAL	0.2	-	-	121.1	1,698	96.0	-

<sup>1)</sup> Including post-secondary and foremen; <sup>2)</sup> The number of subscriptions and private vehicles was divided by the population as at 1st January 2001.

\* Including Ilfov district.

Table 15. Human Development Critical Aspects

	Infant mortality rate per 1,000 live births 2000	Abortion cases per live birth 2000	Number of premeditated murders per 100,000 inhabitants 1999	Registered unemployment rate (%) 2000
ROMANIA	18.6	1.1	6	10.5
NORTH-EAST	23.0	0.9	7	13.2
Bacău	28.3	0.9	5	9.5
Botoşani	26.8	1.3	15	16.7
Iaşi	22.5	1.2	8	10.9
Neamţ	23.9	1.0	7	16.6
Suceava	16.7	0.5	7	12.2
Vaslui	21.2	0.7	4	15.4
SOUTH-EAST	19.1	0.9	9	11.4
Brăila	14.5	2.6	6	15.3
Buzău	19.4	0.6	6	12.7
Constanţa	22.3	0.7	8	10.0
Galaţi	16.9	0.8	12	12.6
Tulcea	17.0	0.3	8	11.4
Vrancea	22.0	0.4	11	6.1
SOUTH	19.3	1.4	5	10.4
Argeş	21.4	1.4	2	7.0
Călăraşi	22.0	1.3	9	11.9
Dâmboviţa	15.0	1.0	6	10.8
Giurgiu	15.5	0.8	8	8.0
Ialomiţa	28.2	2.6	4	13.1
Prahova	18.3	1.2	5	13.5
Teleorman	17.2	1.8	4	9.0
SOUTH-WEST	17.1	1.2	6	11.6
Dolj	20.9	1.1	5	12.3
Gorj	14.7	0.9	6	12.8
Mehedinţi	18.9	0.6	11	10.3
Olt	16.5	1.4	6	9.5
Vâlcea	12.2	1.6	6	12.5
WEST	18.3	0.9	4	10.4
Arad	13.8	0.6	4	8.4
Caras-Severin	19.2	1.3	2	9.7
Hunedoara	15.1	0.4	5	16.4
Timiş	23.5	1.2	5	7.6
NORTH-WEST	17.3	0.7	3	8.5
Bihor	24.7	0.8	3	4.6
Bistriţa-Năsăud	14.0	0.3	2	12.7
Cluj	14.5	1.0	3	11.3
Maramureş	15.3	0.7	3	9.2
Satu Mare	16.3	0.4	3	4.5
Sălaj	16.0	0.3	2	10.0
CENTRE	16.1	1.0	7	10.3
Alba	17.2	0.8	9	12.9
Braşov	14.7	1.1	3	11.4
Covasna	13.8	1.3	6	11.2
Harghita	14.5	1.2	12	9.9
Mureş	20.3	1.0	6	7.1
Sibiu	13.3	0.6	10	10.3
BUCHAREST	12.9	2.5	4	5.8
Bucharest Municipality	12.7	2.8	4 <sup>*)</sup>	5.7
Ilfov	14.4	0.9	...	6.2
URBAN	16.1	1.2	-	-
RURAL	20.8	1.0	-	-

\*) Including Ilfov district.

Table 16. Social Instability Phenomena

	Convictions per 100,000 inhabitants 2000	Number of premeditated murders per 100,000 inhabitants 2000	Suicide cases per 100,000 inhabitants 2000		Rape cases per 100,000 women 2000	Theft and robbery per 100,000 inhabitants 2000	Divorces per 100 marriages 2000	Live births outside marriage per 100 live births 2000
			Total	Women				
ROMANIA	336	5	12.6	4.5	5	134	22.6	25.5
NORTH-EAST	116	4	10.9	3.5	7	135	23.6	18.3
Bacău	311	2	4.1	2.1	3	103	31.9	21.7
Botoşani	305	3	14.3	1.7	10	99	25.1	15.0
Iaşi	394	6	13.7	4.1	9	170	19.9	18.6
Neamţ	259	5	12.3	5.3	5	103	20.1	17.2
Suceava	462	3	9.2	3.8	7	119	24.1	12.1
Vaslui	536	5	14.1	3.4	12	230	19.1	25.9
SOUTH-EAST	366	6	12.3	3.7	8	172	27.2	27.2
Brăila	334	7	10.3	1.5	2	155	30.5	24.6
Buzău	294	9	7.7	1.9	10	123	25.0	26.8
Constanţa	309	5	16.2	6.6	8	162	26.8	30.2
Galaţi	458	5	10.4	3.4	7	239	28.5	23.5
Tulcea	365	6	23.9	6.8	13	156	21.6	28.4
Vrancea	450	6	8.1	1.5	12	172	28.8	30.1
SOUTH	270	3	11.4	4.8	5	100	21.4	32.9
Argeş	199	3	11.7	3.8	6	61	18.4	21.5
Călăraşi	246	6	8.4	1.8	6	131	26.4	43.9
Dâmbovi a	318	5	10.1	2.8	2	76	23.7	33.0
Giurgiu	192	4	16.0	9.3	3	72	14.5	44.2
Ialomiţa	383	2	13.1	6.4	5	218	25.6	41.2
Prahova	285	2	10.9	6.3	4	107	21.0	25.7
Teleorman	283	2	11.5	4.3	9	87	22.5	40.4
SOUTH-WEST	401	4	11.6	4.5	7	111	15.9	28.7
Dolj	306	3	10.9	3.2	7	108	12.6	35.9
Gorj	437	2	11.6	5.0	5	108	11.7	20.0
Mehedinţi	584	3	9.9	7.3	14	184	18.9	32.8
Olt	388	6	14.6	5.4	7	113	15.2	29.9
Vâlcea	412	4	10.4	3.2	2	64	23.9	19.8
WEST	340	3	14.8	5.1	4	129	27.0	27.1
Arad	404	4	16.0	4.5	2	102	29.6	29.0
Caraş-Severin	328	2	10.5	2.8	7	124	22.3	32.5
Hunedoara	410	2	15.9	5.6	6	185	43.8	24.0
Timiş	284	3	15.4	6.3	2	106	15.3	25.3
NORTH-WEST	354	2	15.8	5.6	4	145	20.8	20.1
Bihor	404	3	20.8	7.5	3	197	18.0	25.4
Bistriţa-Năsăud	329	2	0.6	-	2	95	22.7	16.9
Cluj	316	2	14.3	4.7	4	136	19.6	19.1
Maramureş	418	1	11.6	4.1	5	128	23.1	14.4
Satu Mare	384	2	27.6	8.5	3	182	22.9	22.7
Sălaj	196	2	17.8	9.1	2	85	19.0	22.2
CENTRE	322	3	19.6	6.6	4	143	25.3	28.8
Alba	345	1	15.5	4.0	4	110	24.3	20.2
Braşov	232	3	15.9	6.9	6	123	27.8	29.8
Covasna	247	6	36.0	9.4	1	84	24.9	31.7
Harghita	284	6	31.3	11.0	3	120	20.8	28.6
Mureş	467	3	19.9	6.8	5	238	20.4	32.8
Sibiu	303	3	10.7	3.1	4	122	31.2	27.8
BUCHAREST	252	4	5.2	2.2	4	140	19.2	26.5
Bucharest Municipality	239	4*)	5.6	2.5*)	4*)	140*)	20.5	24.4
Ilfov	346	...	1.8	-	...	...	9.0	38.5
URBAN	-	-	10.4	4.1	-	-	28.4	23.0
RURAL	-	-	15.4	5.0	-	-	14.5	27.7

\*) Including Ilfov district.

Table 17. Urbanisation

	Urban population as share of total (%)				Urban population average annual growth rate (%)		Population in cities of more than 100,000 inhabitants 2000	
	1970	1990	1999	2000	1970-1990	1990-2000	% of total population	% of total urban population
ROMANIA	36.9	54.3	54.8	54.6	2.7	-0.3	30.9	56.6
NORTH-EAST	25.3	42.8	43.9	43.5	3.2	0.4	24.1	55.4
Bacău	31.2	49.2	50.2	49.8	3.0	0.4	27.6	55.4
Botoşani	16.5	38.1	39.7	39.3	4.2	0.3	27.3	69.4
Iaşi	31.9	50.4	50.3	49.9	3.3	0.2	41.3	82.9
Neamţ	23.8	39.1	40.6	40.3	3.3	0.4	21.2	52.5
Suceava	22.4	34.5	35.6	35.3	2.9	0.5	16.4	46.4
Vaslui	21.7	41.4	43.2	42.7	3.4	0.4	-	-
SOUTH-EAST	34.9	56.6	57.1	56.8	3.3	-0.2	35.5	62.5
Brăila	42.9	67.1	66.5	66.4	2.8	-0.6	59.9	90.2
Buzău	19.0	39.8	41.4	41.1	4.0	-0.1	28.9	70.2
Constanţa	51.8	73.1	73.0	72.6	3.7	-0.2	45.2	62.3
Galaţi	42.1	59.1	60.1	59.8	2.8	0.1	50.8	84.9
Tulcea	27.6	47.9	48.7	48.6	3.2	-0.2	-	-
Vrancea	20.4	38.2	38.3	37.9	3.5	-0.2	-	-
SOUTH	23.8	40.2	41.8	41.6	3.1	0.1	12.6	30.2
Argeş	23.9	43.4	48.1	47.9	4.0	0.9	27.7	57.9
Călăraşi	17.2	38.4	39.5	39.2	4.0	-0.1	-	-
Dâmboviţa	16.7	31.3	31.3	31.2	4.1	-0.3	-	-
Giurgiu	13.1	29.0	30.8	30.8	3.8	-0.1	-	-
Ialomiţa	18.3	39.7	41.5	41.2	3.9	0.4	-	-
Prahova	41.5	52.4	52.2	51.9	2.0	-0.4	29.1	56.1
Teleorman	19.2	33.0	34.6	34.4	2.4	-0.4	-	-
SOUTH-WEST	25.1	43.5	45.5	45.3	3.2	0.2	22.8	50.3
Dolj	31.8	49.8	51.7	51.6	2.6	-0.1	42.0	81.3
Gorj	23.1	40.9	42.7	42.5	4.0	0.6	-	-
Mehedinţi	28.6	45.8	48.9	48.5	2.6	0.5	36.0	74.2
Olt	18.0	39.0	40.0	39.9	4.3	-0.2	-	-
Vâlcea	20.8	38.1	41.1	41.1	3.6	0.8	27.7	67.4
WEST	47.3	62.7	62.3	62.2	1.9	-0.9	25.1	40.4
Arad	40.8	53.4	51.7	51.6	1.5	-1.0	38.4	74.5
Caraş-Severin	43.6	58.3	57.2	57.0	2.0	-1.6	-	-
Hunedoara	61.9	75.1	76.1	76.0	1.6	-0.7	-	-
Timiş	42.8	62.0	61.6	61.6	2.5	-0.6	47.9	77.7
NORTH-WEST	34.7	51.6	52.7	52.6	2.6	-0.3	29.1	55.5
Bihor	32.4	48.6	49.7	49.5	2.4	-0.5	35.6	71.8
Bistriţa-Năsăud	17.2	36.5	37.0	37.0	4.7	0.1	-	-
Cluj	48.9	66.9	68.9	68.6	2.2	-0.1	45.7	66.6
Maramureş	40.1	53.0	53.6	53.5	3.0	-0.5	28.2	52.7
Satu Mare	31.9	46.6	46.4	46.3	2.5	-0.7	33.1	71.5
Sălaj	17.3	39.3	42.2	42.0	4.3	0.2	-	-
CENTRE	42.8	61.0	60.6	60.3	2.7	-0.9	24.2	40.2
Alba	38.1	55.3	58.9	58.8	2.3	-0.1	-	-
Braşov	62.0	77.4	75.8	75.6	3.1	-1.3	49.3	65.2
Covasna	33.0	53.9	52.3	52.0	3.8	-0.7	-	-
Harghita	30.2	47.1	45.6	45.4	3.3	-1.0	-	-
Mureş	33.9	51.7	51.5	51.2	2.4	-0.4	27.1	53.0
Sibiu	51.1	68.1	68.5	68.1	2.1	-1.2	37.8	55.5
BUCHAREST	85.8	89.7	88.8	88.8	1.9	-0.6	87.9	99.0
Bucharest Municipality	100.0	100.0	100.0	100.0	1.9	-0.6	100.0	100.0
Ilfov	4.2	7.2	7.2	7.0	2.5	0.1	-	-
URBAN	36.9	54.3	54.8	54.6	2.7	-0.3	-	-
RURAL	-	-	-	-	-	-	-	-

- Table 17 continued -

City	Population 2000	Largest city of the county Average annual population growth rate (%)		
		1970-1975	1990-2000	
ROMANIA				
NORTH-EAST	999,693	3.9	0.3	NORTH-EAST
Bacău	207,573	3.4	0.5	Bacău
Botoşani	126,621	3.8	0.2	Botoşani
Iaşi	345,795	2.8	-0.1	Iaşi
Piatra Neamţ	124,189	4.5	0.5	Neamţ
Suceava	117,615	3.1	0.9	Suceava
Vaslui	77,900	7.5	0.5	Vaslui
SOUTH-EAST	1,232,380	2.9	-0.3	SOUTH-EAST
Brăila	230,962	1.9	-0.7	Brăila
Buzău	145,610	2.9	-0.2	Buzău
Constanţa	337,216	2.4	-0.6	Constanţa
Galaţi	326,956	2.0	0.1	Galaţi
Tulcea	94,706	3.5	-0.1	Tulcea
Focşani	96,930	3.7	-0.2	Vrancea
SOUTH	794,459	2.9	0.1	SOUTH
Piteşti	186,163	4.8	0.7	Argeş
Călăraşi	76,636	1.3	0.1	Călăraşi
Târgovişte	98,028	5.3	-0.3	Dâmboviţa
Giurgiu	71,893	1.9	0.1	Giurgiu
Slobozia	55,308	7.7	0.6	Ialomiţa
Ploieşti	249,054	1.5	-0.4	Prahova
Alexandria	57,377	3.1	-0.3	Teleorman
SOUTH-WEST	731,196	3.9	0.3	SOUTH-WEST
Craiova	312,358	2.1	-0.2	Dolj
Tg. Jiu	97,259	3.0	0.5	Gorj
Drobeta Tr. Severin	115,979	4.5	0.8	Mehedinţi
Slatina	86,351	6.0	-0.2	Olt
Rm. Vâlcea	119,249	5.3	1.1	Vâlcea
WEST	683,611	1.7	-1.0	WEST
Arad	182,846	1.2	-1.1	Arad
Reşiţa	92,776	2.1	-1.8	Caraş-Severin
Hunedoara	78,435	0.4	-1.4	Hunedoara
Timişoara	329,554	1.7	-0.7	Timiş
NORTH-WEST	985,440	3.1	-0.2	NORTH-WEST
Oradea	220,626	2.5	-0.4	Bihor
Bistriţa	86,556	4.3	-0.1	Bistriţa-Năsăud
Cluj-Napoca	329,310	1.6	0.1	Cluj
Baia Mare	149,780	3.3	-0.2	Maramureş
Satu Mare	129,153	2.6	-0.7	Satu Mare
Zalău	70,015	6.9	0.4	Sălaj
CENTRE	824,592	2.8	-1.1	CENTRE
Alba-Iulia	71,638	3.9	-0.3	Alba
Braşov	309,671	1.8	-1.6	Braşov
Sf. Gheorghe	66,341	4.2	-0.9	Covasna
Miercurea Ciuc	46,021	4.9	-0.5	Harghita
Tg. Mureş	163,184	2.6	-0.6	Mureş
Sibiu	167,737	1.5	-1.2	Sibiu
BUCHAREST	2,028,600	1.5	-0.6	BUCHAREST
Bucharest Municipality	2,009,200	1.5	-0.6	Bucharest Municipality
Buftea	19,400	2.6	0.1	Ilfov
-	-	-	-	URBAN
-	-	-	-	RURAL

Table 18. Natural Resources

	Total land area (ha)		% in total land area		Forests		Proportion of private sector in the agricultural land (%)	
	1999	2000	Agricultural land 1999	2000	1999	2000	1999	2000
ROMANIA	23,839,071	23,839,071	61.8	62.3	28.5	27.1	77.6	95.7
NORTH-EAST	3,684,983	3,684,983	57.7	57.9	33.5	32.2	81.9	98.3
Bacău	662,052	662,052	49.3	48.9	42.5	40.3	83.1	98.9
Botoşani	498,569	498,569	77.8	78.8	11.5	11.5	93.9	98.8
Iaşi	547,558	547,558	69.4	69.5	18.1	17.7	75.9	97.6
Neamţ	589,614	589,614	48.2	48.1	44.2	44.2	80.6	97.8
Suceava	855,350	855,350	40.9	40.9	53.4	50.8	81.3	97.4
Vaslui	531,840	531,840	74.6	75.6	14.8	13.3	76.5	98.8
SOUTH-EAST	3,576,170	3,576,170	65.2	65.3	16.0	15.0	72.2	93.2
Brăila	476,576	476,576	81.0	81.0	5.5	5.5	62.3	80.2
Buzău	610,255	610,255	65.9	65.9	26.8	26.8	79.1	98.1
Constanţa	707,129	707,129	80.0	80.4	5.0	5.0	58.3	98.7
Galaţi	446,632	446,632	80.3	80.3	9.8	8.1	78.3	93.6
Tulcea	849,875	849,875	42.7	42.7	13.1	10.9	89.3	89.2
Vrancea	485,703	485,703	52.6	52.6	39.8	37.4	74.3	98.3
SOUTH	3,445,299	3,445,299	71.1	71.1	19.6	19.3	74.9	96.1
Argeş	682,631	682,631	50.5	50.5	41.9	40.9	98.3	98.3
Călăraşi	508,485	508,785	84.1	84.2	4.4	4.3	60.5	92.0
Dâmboviţa	405,427	405,427	61.6	61.6	29.8	29.8	77.5	98.4
Giurgiu	352,602	352,602	78.6	78.6	10.9	10.8	69.0	91.3
Ialomiţa	445,289	445,289	84.0	83.9	5.8	5.8	69.8	99.6
Prahova	471,587	471,587	59.3	59.2	32.4	32.3	71.8	97.8
Teleorman	578,978	578,978	85.6	85.7	5.0	4.5	78.3	96.1
SOUTH-WEST	2,921,169	2,921,169	62.3	62.3	29.3	28.5	86.9	96.4
Dolj	741,401	741,401	79.4	79.4	11.0	11.0	82.2	95.7
Gorj	560,174	560,174	44.7	44.7	48.9	48.9	79.2	95.4
Mehedinţi	493,289	493,289	59.7	59.7	30.3	30.1	78.7	97.1
Olt	549,828	549,828	80.0	80.0	10.6	10.6	96.0	96.0
Vâlcea	576,477	576,477	42.7	42.7	50.7	47.0	99.2	99.2
WEST	3,203,317	3,203,317	58.5	61.2	35.5	31.5	82.2	90.9
Arad	775,409	775,409	66.0	66.0	27.4	26.2	86.6	96.2
Caraş-Severin	851,976	851,976	42.6	46.9	52.4	45.7	68.1	63.3
Hunedoara	706,267	706,267	41.9	49.2	52.2	43.8	89.4	99.3
Timiş	869,665	869,665	80.8	80.8	12.5	12.5	83.2	98.7
NORTH-WEST	3,416,046	3,416,046	60.8	61.5	30.7	29.4	72.9	97.6
Bihor	754,427	754,427	66.2	66.2	25.9	25.9	69.3	98.7
Bistriţa-Năsăud	535,520	535,520	52.5	56.3	39.2	35.4	74.4	98.4
Cluj	667,440	667,440	64.0	63.5	25.2	22.8	66.5	98.0
Maramureş	630,436	630,436	49.4	49.4	45.9	45.9	83.7	92.3
Satu Mare	386,438	441,785	62.3	71.9	27.5	18.3	76.3	98.4
Sălaj	441,785	386,438	71.9	63.9	17.7	24.7	72.5	99.2
CENTRE	3,409,972	3,409,972	56.9	56.9	36.5	35.1	75.1	98.1
Alba	624,157	624,157	52.2	52.7	36.8	33.2	74.9	98.6
Braşov	536,309	536,309	55.5	55.5	37.2	37.2	71.6	96.9
Covasna	370,980	370,980	50.2	50.2	44.8	44.8	65.3	98.0
Harghita	663,890	663,890	61.2	61.2	35.0	35.0	69.3	98.9
Mureş	671,388	671,388	61.8	61.8	32.0	30.6	98.1	98.3
Sibiu	543,248	543,248	56.7	56.5	37.1	34.3	61.2	97.1
BUCHAREST	182,115	182,115	63.7	65.1	14.1	14.2	73.0	85.6
Bucharest Municipality	23,787	23,787	22.7	22.9	2.6	2.6	68.2	76.2
Ilfov	158,328	158,328	69.9	71.4	15.8	16.0	73.2	86.1
URBAN	-	-	-	-	-	-	-	-
RURAL	-	-	-	-	-	-	-	-

- Table 18 continued -

Arable land		Proportion of agricultural land (%) of		Vineyards and orchards		
1999	2000	Grazing and meadows		1999	2000	
63.5	63.1	32.8	33.3	3.7	3.5	ROMANIA
63.8	64.1	33.0	32.9	3.2	3.0	NORTH-EAST
57.0	57.1	39.5	39.5	3.6	3.4	Bacău
75.4	75.8	23.2	22.9	1.4	1.3	Botoşani
65.8	66.1	28.6	28.5	5.6	5.4	Iasi
60.0	60.0	38.6	38.5	1.4	1.4	Neamt
50.9	51.1	48.1	48.0	1.0	0.9	Suceava
70.2	70.6	24.2	24.3	5.5	5.1	Vaslui
77.8	77.8	16.9	16.9	5.4	5.2	SOUTH-EAST
89.1	88.9	8.5	8.8	2.3	2.3	Brăila
63.6	63.8	29.5	29.4	6.9	6.8	Buzău
85.6	85.7	10.7	10.9	3.7	3.4	Constanţa
81.3	81.5	12.3	12.3	6.4	6.2	Galati
79.9	79.9	16.8	16.8	3.3	3.4	Tulcea
57.6	57.8	29.7	29.8	12.7	12.5	Vrancea
80.2	80.2	15.7	15.7	4.2	4.1	SOUTH
49.5	49.5	42.6	42.6	7.9	7.8	Argeş
96.6	96.6	1.4	1.4	2.0	2.0	Călăraşi
69.9	69.9	25.7	25.7	4.4	4.4	Dâmboviţa
93.6	93.6	3.2	3.2	3.2	3.2	Giurgiu
93.2	93.2	4.9	4.9	1.9	1.9	Ialomiţa
51.6	51.6	38.8	38.7	9.6	9.7	Prahova
91.4	91.3	6.2	6.4	2.4	2.4	Teleorman
68.4	68.5	25.7	25.6	5.9	5.9	SOUTH-WEST
82.8	83.0	12.5	12.3	4.7	4.7	Dolj
41.3	41.3	50.2	50.2	8.5	8.5	Gorj
63.3	63.3	30.5	30.4	6.2	6.2	Mehedinti
87.5	87.5	8.0	8.1	4.6	4.4	Olt
33.7	33.9	58.0	57.8	8.3	8.3	Vâlcea
58.4	55.9	39.4	42.0	2.2	2.1	WEST
68.0	68.0	30.1	30.1	1.9	1.9	Arad
35.0	31.8	61.2	64.8	3.8	3.4	Caras-Severin
30.0	25.5	68.6	73.3	1.4	1.2	Hunedoara
75.5	75.9	22.6	22.2	1.9	1.9	Timis
48.6	48.0	48.6	49.2	2.9	2.8	NORTH-WEST
60.6	60.6	36.3	36.3	3.1	3.1	Bihor
35.5	33.1	60.8	63.5	3.7	3.4	Bistriţa-Năsăud
41.8	41.9	56.3	56.5	1.8	1.6	Cluj
26.9	26.9	71.1	71.0	2.0	2.0	Maramures
69.8	69.8	26.5	26.5	3.7	3.7	Satu Mare
51.1	49.9	45.7	47.0	3.2	3.1	Sălaj
39.6	39.6	58.8	58.9	1.6	1.5	CENTRE
40.4	40.4	57.4	57.7	2.2	2.0	Alba
39.7	39.7	59.3	59.3	1.0	0.9	Braşov
46.3	46.3	53.0	53.0	0.7	0.7	Covasna
22.8	22.8	76.8	76.8	0.4	0.4	Harghita
53.6	53.6	44.2	44.2	2.2	2.2	Mures
37.8	37.9	59.4	59.5	2.8	2.6	Sibiu
94.3	94.1	2.1	2.5	3.6	3.5	BUCHAREST
84.3	84.5	9.6	9.3	6.1	6.2	Bucharest Municipality
94.7	94.5	1.7	2.2	3.5	3.3	Ilfov
-	-	-	-	-	-	URBAN
-	-	-	-	-	-	RURAL

Table 19. Environment

	Sedimentary powders		Air pollution 1999		
	Locality	Frequency of exceeding maximum permitted concentrations (%)	Locality	Polluting substance	Frequency of exceeding maximum permitted concentrations (%)
ROMANIA					
NORTH-EAST					
Bacău	-	-	Comănești	NH <sub>3</sub>	20.45
Botoșani	-	-	-	-	-
Iași	Iași	50.00	Iași	NH <sub>3</sub>	1.04
Neamț	Piatra Neamț	10.50	Săvinești	Suspended sulphate	7.80
Suceava	Verești	8.33	Suceava	Suspended sulphate	9.77
Vaslui	Vaslui	95.83	-	-	-
SOUTH-EAST					
Brăila	-	-	-	-	-
Buzău	-	-	-	-	-
Constanța	Ovidiu	22.00	Constanța	NH <sub>3</sub>	3.34
Galați	Galați	18.67	-	-	-
Tulcea	Tulcea	8.75	-	-	-
Vrancea	Focșani	12.50	-	-	-
SOUTH					
Argeș	Câmpulung	83.33	-	-	-
Călărași	Călărași	12.12	-	-	-
Dâmbovița	Fieni	16.60	Târgoviște	Suspended particles	68.48
Giurgiu	Giurgiu	12.50	-	-	-
Ialomița	-	-	-	-	-
Prahova	-	-	Ploiești	Suspended particles	20.46
Teleorman	-	-	Turnu Măgurele	Suspended particles	2.95
SOUTH-WEST					
Dolj	Craiova	22.57	Craiova	NO <sub>2</sub>	2.90
Gorj	Rovinari	18.31	-	-	-
Mehedinți	-	-	-	-	-
Olt	-	-	-	-	-
Vâlcea	-	-	Râmnicu Vâlcea	Suspended particles	8.40
WEST					
Arad	-	-	Arad	Suspended particles	61.00
Caras-Severin	Caransebeș	22.22	Reșița	Suspended particles	14.03
Hunedoara	Șoimuș	55.56	Hunedoara	Phenols	1.61
Timiș	Sânicolau Mare	45.40	-	-	-
NORTH-WEST					
Bihor	-	-	-	-	-
Bistrița-Năsăud	-	-	Bistrița	NH <sub>3</sub>	5.27
Cluj	Câmpia Turzii	25.00	-	-	-
Maramureș	-	-	Baia Mare	Lead and compounded	49.32
Satu Mare	-	-	-	-	-
Sălaj	-	-	-	-	-
CENTRE					
Alba	Zlatna	50.00	Zlatna	Lead and compounded	58.33
Brașov	Brașov	31.76	Brașov	Suspended particles	24.18
Covasna	-	-	-	-	-
Harghita	Chileni	66.67	Gheorghieni	Suspended particles	21.92
Mureș	-	-	Târgu Mureș	Suspended particles	19.07
Sibiu	-	-	Copșa Mică	Cd	81.23
BUCHAREST					
Bucharest Municipality	-	-	Bucharest	Suspended particles	6.47
Ilfov	-	-	-	-	-

- Table 19 continued -

	Sedimentary powders		Air pollution 1999		
	Locality	Frequency of exceeding maximum permitted concentrations (%)	Locality	Polluting substance	Frequency of exceeding maximum permitted concentrations (%)
ROMANIA					
NORTH-EAST					
Bacău	-	-	Bacău	NH <sub>3</sub>	0.33
Botoşani	-	-	-	-	-
Iaşi	Iaşi	42.86	-	-	-
Neamţ	Piatra Neamţ	50.00	Roman	Suspended particles	67.00
Suceava	-	-	Suceava	Metyl mercaptan	29.53
Vaslui	Vaslui	100.00	-	-	-
SOUTH-EAST					
Brăila	-	-	-	-	-
Buzău	-	-	-	-	-
Constanţa	Constanţa	100.0	-	-	-
Galaţi	Galaţi	29.08	-	-	-
Tulcea	-	-	-	-	-
Vrancea	-	-	-	-	-
SOUTH					
Argeş	Câmpulung	33.33	-	-	-
Călăraşi	Călăraşi	16.66	-	-	-
Dâmboviţa	Doiceşti	81.82	Târgovişte	Suspended particles	62.92
Giurgiu	-	-	-	-	-
Ialomiţa	-	-	-	-	-
Prahova	-	-	Ploieşti	Suspended particles	18.75
Teleorman	-	-	Turnu Măgurele	NH <sub>3</sub>	3.29
SOUTH-WEST					
Dolj	Işalniţa	20.83	-	-	-
Gorj	Rovinari	91.70	-	-	-
Mehedinţi	-	-	-	-	-
Olt	Piatra Olt	27.27	-	-	-
Vâlcea	-	-	Căzăneşti	HCl	2.65
WEST					
Arad	-	-	Arad	Suspended particles	88.10
Caras-Severin	Caransebeş	100.00	Reşiţa	Suspended particles	29.52
Hunedoara	şoimuş	41.30	Brad	Suspended particles	28.40
Timiş	Utvin	58.30	-	-	-
NORTH-WEST					
Bihor	-	-	-	-	-
Bistriţa-Năsăud	-	-	Bistriţa	NH <sub>3</sub>	7.07
Cluj	Turda	13.88	-	-	-
Maramureş	-	-	Baia Mare	Lead and compounded	84.89
Satu Mare	-	-	-	-	-
Sălaj	Zalău	58.30	Zalău	NH <sub>3</sub>	15.60
CENTRE					
Alba	Zlatna	41.70	Zlatna	Lead and compounded	3.45
Braşov	Braşov	75.00	Braşov	Suspended particles	44.66
Covasna	-	-	-	-	-
Harghita	Vlăhiţa	58.33	-	-	-
Mureş	-	-	Târgu Mureş	Suspended particles	14.46
Sibiu	-	-	Copşa Mică	Lead and compounded	77.05
BUCHAREST					
Bucharest Municipality	-	-	-	-	-
Ilfov	-	-	-	-	-

