WELFARE – CONCEPTUALIZATION AND DISTRIBUTION

ROXANA PLEŞA [*]

ABSTRACT: *Analysis of the degree of social and economic welfare of the nation, is a constant concern of analysts from around the world. The relationship between economic growth and social development represents an important scientific and political theme, especially for the former socialist countries of Eastern and Central Europe, it faces at present, with the difficulties of transition, using relatively common strategy of restructuring and transformation of their economic and social structures.*

KEY WORDS: *social development, welfare, well-being, goods and services, income, social security and social inclusion.*

JEL CLASSIFICATION*: I31.*

1. DEFINITION

The concept of social development refers to a community orientation towards achieving a desirable aim, achieved through a process of planned over time, the result of a set of joint actions: strategies, plans, programs (Zamfir, 2007, p.173).

In Romanian literature, measuring social development in particular two research directions, one concerning social welfare/quality of life and the other based on poverty/deprivation and social problems, to which is added in recent years a new perspective, that of social inclusion.

The idea of well-being has always been the attention of researchers. Its formulation was made over time and positions in different reference conditions. Thus, economic well-being is in his conception Dobrotă Niță (1997, p. 274) that part of the human welfare resulting from the consumption of goods and services. This can be regarded as a welfare to individuals (families) and as welfare groups (including people).

---

[*] *Lecturer, Ph.D., University of Petrosani, Romania, rpmita@yahoo.com*

Another definition of well-being, what describes socio-historical conditions, is: "an overview of the possibilities of the individual by society to conduct the existence in optimal conditions, to dispose of the products themselves and to use the services in accordance with their own needs and desires" (de Jouvenel, 1983, apud Mihăilescu, 2000, p.102).

The poles of reference you are individual welfare and society. Harmonization and coordination is achieved on multiple levels, with different means, based on certain concepts, one of which is the concept of Albert Schweitzer, under which welfare is based on respect for life, of everything that contributes to the development of specific capabilities.

2. THE PRIMARY DISTRIBUTION OF WELFARE

2.1. Assets as sources of well-being

In public policy, an important investment decision making criterion is the balance between costs and benefits, i.e. between goods and services traded on the free market or rerouted through social mechanisms.

Well-being of citizens of a State is based on the goods and services available. The services include economists and group assets, classifying them into three categories (public, private and mixed), depending on the combination of two characteristics: rivalry and exclusion from consumption (table 1).

Table 1. A typology of goods on the basis of rivalry and exclusion

	Exclusion	**Non-exclusion**
Rivalry	*Private goods* Are exclusive and rival. The criterion is paying the price.	*Mixed goods* Are rival and non-exclusive. The criterion is "first-come, first-served basis.
Non-Rivalry	*Mixed goods* Are non-rival and exclusive. Access to their use is selective, criteria (payment of fees) or non-material (membership of a group).	*Public goods* Are non-rival and non-exclusive. You do not have access criteria (available to anyone).

Source: adaptation of Platis, 2003, http://ebooks.unibuc.ro/StiinteADM/platis/htm

In the economic sense, public goods provided free of charge to any personae and not as consumption falls. This means that once offered an individual, remains available and others at no extra cost for none of the consumers. Traditionally the main supplier or Manager of this kind of property is the State.

In this group may be part of natural and environmental resources whose consumption is subject to certain limitations so as not to reduce or degrade (air, water, landscapes etc.) or services (such as the national defence) does not provide, market, either because it does not have "buyer", or because the State does not leave on account of market by being public interest services. Primary education and health care services can come into this group, according to the national social policies (Mikesell, 2003, p.167-169).

A State shall allow a limited number of public goods. On this type of property, there is a heavy workload, time of rivalry, increasing demographic pressure upon the asset in question, but also a second overload, caused by exclusion, because increased demand determines the trend of commercialization of the asset in question, and his transformation into a private good, by introducing selective, public good turns into good joint.

Whereas public assets cannot meet the diverse needs of the public, it is desirable to create opportunities and redistribution of income to the trust so that access to the goods, regardless of their type, to be provided in an equitable manner (Buțiu, 2014, pp.99-100).

2.2. Income as sources of well-being

Both economists and Government leaders, the income of the population are one of the main indicators used in the analysis of social policy. In terms of budget, monetary income resources, but butter is considered as income in kind, and inputs in the form of products and services. Typical for Romania, a country with nearly half the population living in rural areas is the income in kind, made in his own household, or material obtained as a reward in Exchange for services.

Income, regardless of the category they fall, are the current resources available to meet the needs of the people. Economic statistics identify two broad groups of income: primary (and market) and redistribution (and income from transfers). Ilie (2000, pp.55-69) shows that there are several landmarks of the income analysis. The first is the given structure (monetary and non-monetary), and the second is that of the distribution (as a variation of size of individual income).

In developed countries, the target of social policies is not reducing income inequality, but rather raising the lowest possible income obtained by an individual or a family. The duties and taxes, it is not important which proportion or number of those large receipts, but their cumulative contribution to the State budget. This is perhaps the most significant point of convergence between social and economic policies. The more the State encourages market for profit achievement much can be offered higher salaries and raise taxes more substantial through which the State supports those in critical situations.

For social policies based on egalitarian ideology, income disparities are identified through the Gini coefficient, an important source of information that forms the basis for the formulation of policies to reduce them (Buțiu, 2014, p.101).

The Gini coefficient is calculated as the area between the Lorenz curve, which reflected the population distribution as a function of income, as a percentage of the accumulated and the main diagonal. Theoretical values that we can take this coefficient are in the interval [0,1]. Extreme values are purely theoretical, because zero would register in the case of perfect equality (the percentage of the population value is recorded exactly the same income percentage value) and the value one, in the case of perfect inequality (which assumes that a single individual achieves the whole income) (Buțiu, 2014, p.102).

In table 2 the Gini coefficient values are presented for several countries versus the rank calculated according to development of the United Nations Development Program. The data presented in the table show that the different levels of well-being, Gini coefficients can be close in value.

Table 2. The Gini coefficient Value and position in the hierarchy of development

	Gini Coefficient	**IDU Rank**
Norway	0,258	2
France	0,327	10
USA	0,408	12
Italy	0,360	20
Germany	0,283	22
Hungary	0,269	36
Bulgaria	0,292	53
Romania	0,310	60
Ukraine	0,281	76
Republic of Moldova	0,332	111
Namibia	0,743	125

Source: Human Development Report 2007-2008
*(**IDU**= Human Development Index, represents a numerical expression position among 177 countries).*

Zamfir (1999, pp.185-188) captures more imbalances and distortions in the distribution of wealth achieved through the market, due to individual or structural factors and characteristics of market economy. On one hand, imbalances occur when the individual is limited in obtaining income due to reduced capacity to work, unequal opportunities of winning or the difference between needs and income. On the other hand, by its characteristics, market-oriented economies induce a series of structural distortions in revenues at both the individual and the family.

3. THE SECONDARY DISTRIBUTION OF WELFARE

Norman (1995, pp.1-16) divides the market limits into two groups: those related to efficiency and those related to ethics. In the first group, efficiency, imperfect competition enrols. In the second group, of ethics, of two different forms of externals. The first occurs when a trader's actions affect the well-being in a way that cannot be identified in the market price, whereas the price reflects only the costs and benefits of those directly involved in the transaction.

Second, refers to goods which provide benefits to which nobody can be, their supply exclusive falling under the responsibility of the State.

Considering these limitations of market economy, the welfare State bring corrections based solely on market mechanisms, through secondary distribution or redistribution.

The essence of redistribution is that those who benefit from a good or service are not necessarily the ones who pay for it produces or State favours a transfer of income from assets towards persons' inactive persons with primary income at low income persons with primary. Redistribution is understood as the mechanism by which the transfer of resources from the rich to the poor. (Buțiu, 2014, pp.107-109).

3.1. Social insurances

Are part of the protection/social security which is carried out on the basis of contribution. Are purely financial transfers, contribution type, whereas the beneficiaries are those who had lesser amounts in one way or another to set up an insurance fund, different from the State budget.

Security systems have redistributive in nature in two respects:
(1) the redeployment from those at risk does not apply to those at risk materializes;
(2) the redeployment from those who had lesser amounts more to those who have less in lesser amounts, meaning that the relation benefit contribution not necessarily directly proportional to those who may have contributed more to receive less than the amount contributed by, and those who have contributed for less than I can receive more than they contributed (Buțiu, 2014, p.112).

From the list of high risk to which the individual is exposed along the life, illness and imprisonment are inevitable, and once manifested, limit or cancel the ability of primary incomes. Therefore, the main forms that income from redistribution, are those that protect the individual against two risks facing all along his life.

The system of State social insurance pensions from Romania covers, children's allowances, cases of temporary incapacity for work, the risks of accidents at work and occupational diseases, unemployment allowances.

3.2. Social assistance

Social assistance is a non-contribution transfer of goods and services, based mostly on testing means of livelihood. Testing is, in fact, a diagnosis of the needs in relation to the resources of the beneficiary of the rule.

Social assistance is granted to those who are in need and according to the size and type of need identified. Since social assistance is granted, indicate that the individual is unable to provide the necessary resources through their own effort or may not exceed a critical situation alone, needing support. Support is therefore in relation to the need and is not awarded on the basis of any individual contribution to a particular fund.

It is considered that the testing has the major advantage to focus resources towards those who are truly in need; disadvantages appear, however, on the one hand, because of the dynamics of poverty that make testing a costly problem, and on the other hand, reinforcing the targeted to person, can lead to stigma.

Social assistance is included in the two main forms of support through transfer: the societal benefits and social services.

3.2.1. Societal benefits

Social benefits, also known as welfare benefits, are components of the national system of social protection. The law governing the social assistance system from Romania, social assistance benefits constitutes "a form of additional or substitute income individual/family obtained through work in order to ensure a minimum standard of living, as well as a form of support in order to promote social inclusion and increase the quality of life of certain categories of persons whose social rights are expressly provided for by law" (Law 292/2011, article 7).

After the purpose of social security benefits required by law 292/2011, these can be:

1). social assistance benefits in preventing and combating poverty and the risk of social exclusion (social aid supported from the State budget for categories of population that are in risk of destitution; emergency aid granted for emergencies due to natural disasters, supported);

2). social security benefits to support the child and family (children's allowances, allowances for children);

3). social security benefits for people with special needs support (allowances for disabled people, care allowances);

4) social security benefits for special situations.

Table 3. Principal social benefits granted in Romania, November 2013

Benefit	Beneficiaries pay	Total amount (lei)
State allowance for children	3 746 675	213 573 172
Family support allowance	245 149	19 340 148
Allowance for parental	169 609	133 089 017
Social assistance (minimum income)	219 791	47 769 174
TOTAL		413 771 511

Source: http://www.prestatiisociale.ro//files/raport_tara_noiembrie_2013

3.2.2. Social services

Aimed at increasing individual and community wellbeing, social services are considered the main instruments of social policy.

A definition of social services, universal, it is difficult to know because they formulated a wide variety and are marked by organizational behavioural patterns.

The Council of Europe uses the term "social services" in order to delimit them from the broader field of welfare services (education services, health services, etc.). Personal social services are provided for individuals, depending on their needs and circumstances, and not as a result of a social category membership.

For Romania, most recent conceptualization of social services to meet the Social Welfare Law, according to which social services represents "activity or set of activities designed to cater for social and individual, family or group in order to overrun situations of difficulty, risk prevention and combating social exclusion, promoting social inclusion and increase quality of life" (Law 292/2011, art. 27).

With the aim of achieving better coordination between the different services in order to improve results for beneficiaries, the Council of Europe (2007, pp. 29-30) is launching the concept of "social services". Integrated social services can assess on a scale with eight steps, each step have the following meanings:

(8) complete separation of services;

(7) ad hoc cooperation limited and reactive response to crises or other pressures;

(6) multidisciplinary teams of professionals;

(5) cooperation and coordination planned and supported;

(4) agencies with complex services with a single location;

(3) effective partnership;

(2) operation of the system;

(1) integration at central level: implementation in all levels of society.

REFERENCES:

[1]. **Buțiu, C.A.** (2014) *Bunăstarea, încotro? Spre o nouă paradigmă în politicile sociale*, Editura Presa Universitară Clujeană, Cluj-Napoca

[2]. **Dobrotă, N.** (1997) *Economie politică,* Editura Economică, București

[3]. **Ilie, S.** (2000) *Aspecte metodologice privind analiza distribuției veniturilor populației,* Revista Calitatea Vieții, XII, nr.1-4/2000, pp.55-69

[4]. **Johnson, N.** (1995) *Private markets in health and welfare: an international perspective*, Oxford: Berg Publishers, pp.1-16

[5]. **Mihăilescu, A.** (2000) *Aspecte ale standardului de viață în România ultimilor zece ani,* Revista Calitatea Vieții, 12(1-4), pp.101-109

[6]. **Mikesell, J.** (2003) *Fiscal Administration,* Wadsworth: Cengage Learning

[7]. **Platis, M.** (2003) *Economia sectorului public,* http://ebooks.unibuc.ro/StiinteADM/platis/htm

[8]. **Zamfir, C.** (1999) *Politici sociale în România*, Editura Expert, București

[9]. Zamfir, C. (2007) *Dezvoltare socială*, Zamfir C., Stănescu S.(coord.) *Enciclopedia dezvoltării sociale,* Editura Polirom, Iaşi

[10]. **Council of Europe** (2007) *Integrated social services in Europe: Report,* Strasbourg, Council of Europe Publishing, pp.29-30

[11]. Legea Asistenţei Sociale nr. 292/2011, publicată în Monitorul Oficial nr. 905 din 20.12.2011

[12]. http://www.prestatiisociale.ro//files/raport_tara_noiembrie_2013