

## COMPARATIVE ANALYSIS OF SOCIAL PROTECTION IN GREECE AND ROMANIA, PERIOD 2007-2015

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**Abstract:** *The paper “Comparative analysis of social protection in Greece and Romania, period 2007-2015” has as main goal to analyze the main actions undertaken by the society in social protection for preventing, diminishing or removing consequences of certain events, considered as “social risks” on the population standard of leaving in the two analyzed countries for the 2007-2015 period.*

**Key words:** social protection; unemployed; retired; pensions; people with disabilities.

**JEL Classification Codes:** J21, I24, E24.

### 1. INTRODUCTION

In a modern and complete conception, social protection represents an aggregate of actions undertaken by the society for preventing, diminishing or removing consequences of certain events, considered as “social risks” with direct or indirect influence on the overall population standard of leaving.

By the worrying scale, complex structure, but most important by the volatility (changing the rhythm and directions), unemployment became a macro social problem that makes the subject of a high theoretical, methodological and political ideologies dispute.

The situation of affected persons, as well as the designated social protection system, depends in a big extent on the correlation between the level of economic development and the family quality of life, but also on the social policy promoted by the public institutions, the responsibility and protective role of the family, the overall society attitude for searching job opportunities, and the human capital.

The EU social policy is formed by a set of complementary policies, which were developed and multiplied across time and are acting in the sectors affecting or generating the degree of individual or social well-being. The continuous European community interest on social policy – started after the Roma Treaty (1957) - led in time to the creation of a “social European model”.

One of the most important moments for the social model evolution was around year 2000, when we can see a change from an approach based on minimizing the negative effects on the social structure, to an approach based on the European social system modernization and investment in the human capital- in other words the change form a quantitative approach (minimizing consequences) to a qualitative one (investment in people).



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## 2. LITERATURE REVIEW

As of now, European Union suffers significant changes, both in the economic and social area. The utilization of new technology in the production of goods, but also in the day-to-day life, in the healthcare and other services, contributed a lot on the diversity of life and work conditions. The changes are reflected across the entire human activities specter, on families, persons and intra-community relations. Even if the new reality offers new chances and important possibilities for improving the standard of living, we can notice that it can generate in the same time problems and risks equally important, that are threatening not only individuals or separated groups, but also the European societies as integrated parts.

New demographical data interconnection in Europe, the changes in family structure, but also the new realities in the labor market are influencing the prosperity of societies and people, thus we are facing more and more pressure for change, especially in the social protection area. These adjustments are a result of internal changes in the European countries, as well because of more extensive changes, influenced by the globalization process (Esping-Andersen et al., 2002). The new conditions are creating new necessities, societies and social protection systems. Deregulation, privatization and social protection commercialization, together with the fact that the social protection deviated to the social right, being viewed as a part of production process (Walker, 2005) or even as an adjustable public expense, is reflected through serious consequences on the social security.

In a clear way, is constantly asserted the fact that the power of European economy is not the unique answer for the social challenges across EU. Poverty threatening was referring to 17% of EU population in 2008 (Eurostat, 2010), in absolute values representing 78 Million people and the trend was increasing after the economic crisis. National social protection systems for preventing and fighting against social exclusion have a different efficiency in the various European countries. In the Southern one's, together with the new member state efforts, the focus is on fighting against poverty, even if for most the cases, the social transfer systems are not significantly reducing the problem, but, on the contrary, the poverty percentage increased in the last 10 years (Cace et al., 2010).

One of the major EU challenges is to promote employment and economic growth, without losing the political support by reducing the social protection against employment. "Flexicurity" was one of the most debated subjects of labor policies in the last years. It was a solution for the low employment rate, high unemployment, but also for preserving what has been perceived as the core of social European model, a high degree of people security. (Magnusson et al., 2008)

## 3. RESEARCH AND DATA ANALYSIS

In the last 20 years, the social policy experts launched, in a repetitive way, the necessity signal for re-thinking, re-designing and financing the social development in a Unitarian way, eventually based on cvasi-autonomus social budget. Even so, until now, we can't talk about a global, Unitarian vision in our country, but only about autonomous sectorial conceptions, centered on education, health, social insurance, etc. (Dima, 2013).

Both the financial schemes and the existent social services networks have been autonomously developed, based on a relatively inspired spirit of imitation and considering the urgent social conjunctures, having at best medium term sectorial forecasts.

### *Unemployed social protection*

Romanian citizens can work with full rights in Greece.

Their local authorities lifted from 1st of January 2009 the restrictions on the labor market for the Romanian and Bulgarian workers. Therefore, the work permit is not anymore mandatory on the Greek territory.

Greece is a parliamentary republic, with the capital in Athens, and the sole official language in Greek. As administrative division, the country is formed of 13 regions, with an autonomous one, Athos Mountain, a monastic state under Greek sovereignty. The official currency is euro.

People working here have the same rights as a Greek citizen. We can enter in the country by just using an ID or valid passport, and the access to labor market is without restrictions. While the worker will have the same salaries rights and work conditions, the family of the worker will benefit from the same right as the native families.

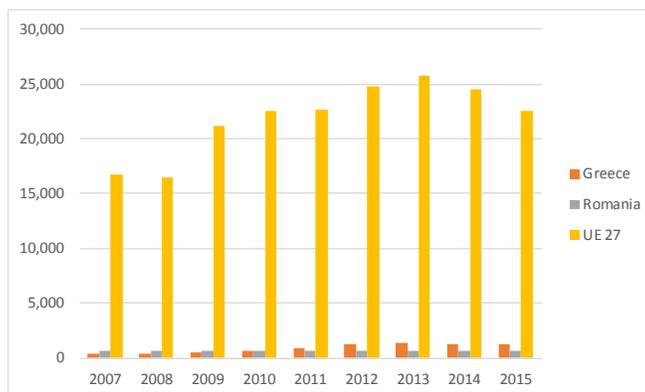
According to Elstat (The National Institute of Statistics in Greece), a number of 1,112,075 persons did not had a working place in the period April-June 2016, representing a decline of 5.8% comparing with the same period from 2015. The highest unemployment rate, of 49.1% is registered among the young population, with the age between 15 and 24. The unemployment rate in Greece almost tripled from 2009 and remains the biggest across EU countries (average of 10.1% in July 2016).

**Table 1. Number of unemployed people in the period 2007-2015**  
(thousands unemployed)

Years	Greece	Romania	EU 27
2007	418.3	640.9	16,695.4
2008	387.9	575.5	16,495.0
2009	484.7	680.7	21,124.9
2010	639.4	651.7	22,516.6
2011	881.8	659.4	22,699.6
2012	1,195.1	627.2	24,797.6
2013	1,330.3	653.0	25,798.8
2014	1,274.4	628.7	24,487.5
2015	1,197.0	623.9	22,575.0

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa\\_ugad&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_ugad&lang=en)

According to the data from table 1, we can observe that the number of unemployed people increased in the analyzed period both in Greece (by 778.7 thousand people) and at EU 27 level (by 5879.6 thousand people). The increase in Greece is due in a big extent to the economic crisis.



**Figure 1. Number of unemployed people in the period 2007-2015**

Source: Based on table 1 data.

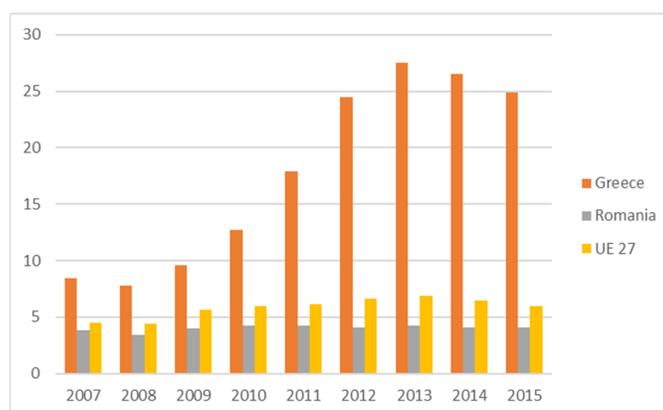
The number of unemployed people in Greece is fluctuating year over year (in 2013 we can see the highest number of unemployed people, i.e. 1.330.3 thousand, while in 2007 we had only

418.3 thousand). In Romania, the biggest number of unemployed people was in 2009, i.e. 680.7 thousand. At EU 27 level, similarly with Greece, the highest unemployment was in 2013, 25,798.8 thousand.

**Table 2. Unemployment rate in the period 2007-2015 (%)**

Years	Greece	Romania	EU 27
2007	8.4	3.8	4.5
2008	7.8	3.4	4.4
2009	9.6	4.0	5.6
2010	12.7	4.2	6.0
2011	17.9	4.2	6.1
2012	24.5	4.1	6.6
2013	27.5	4.2	6.9
2014	26.5	4.1	6.5
2015	24.9	4.1	6.0

Source: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdec450&plugin=1>



**Figure 2. Unemployment rate evolution in the period 2007-2015 (%)**

Source: Based on table 2 data.

According to figure 2, in the analyzed period, the unemployment rate is significantly increasing both in Greece and Romania, but also at EU 27 level. The biggest increase is in Greece (18.1 percent points), followed by EU 27 (2 points) and Romania (0.3 points). In this period, Greece has an increased and fluctuating trend, biggest value being in 2013 (27.5%), and the lowest in 2008. In Romania, we can see a similar fluctuating trend, the highest value being in 2010, 2011 and 2013 (4.2 %). EU 27 follows the same pattern as Greece and Romania, the highest value being in 2013.

#### *Retiree's social protection*

The history of pension national system development demonstrated that the main factors that shaped across times the public systems and favored the complementary development of private systems have been the economic development and the social model.

A developed country, economically speaking, can afford to build public systems of pension insurance which will promote in a big extent the income safety at advanced age, claiming through legislation, institutions and tailored policies the system participation and complementarity development.

Private pensions are becoming attractive due to their complementarity (vs. public pensions) and are utilized as an extra safety by the persons with decent/comfortable incomes.

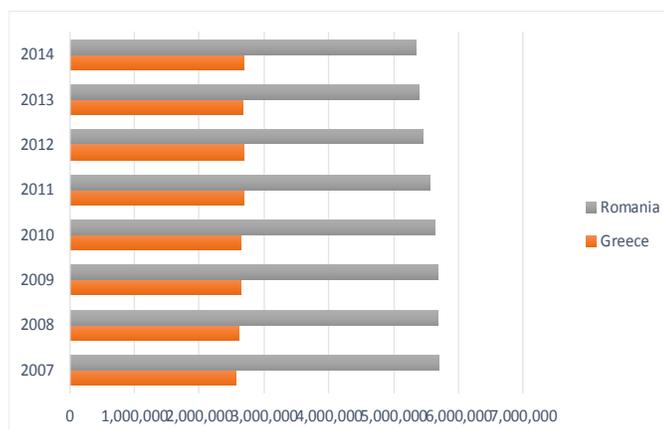
In case the public systems of pension insurance are weak, the pensions become short and there is no minimum guaranteed level (decent) or the principle of minimal social pension is not applied, private pensions are becoming more attractive, as an alternative to the public one's, especially for people with medium-high incomes.

In the last years, public institutions are trying to increase the contribution base through engaging the active population in the system, but the deterioration of economic dependence leads to the source accumulation option for pension incomes, by a bigger and riskier participation to the private insurance system. If the public pillar is based mainly on PAYG system, the private one has as its base capitalization and conservation of power purchase of saved amounts (contributions), by investing the money on the market.

**Table 3. Retirees number in 2007-2014**

Years	Greece	Romania
2007	2,568,234	5,715,992
2008	2,601,045	5,691,254
2009	2,638,412	5,682,934
2010	2,649,293	5,646,782
2011	2,686,094	5,549,439
2012	2,695,389	5,453,097
2013	2,661,352	5,388,524
2014	2,685,858	5,345,820

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr\\_pns\\_ben&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_pns_ben&lang=en)



**Figure 3. Retirees number evolution in 2007-2014**

Source: based on table 3 data

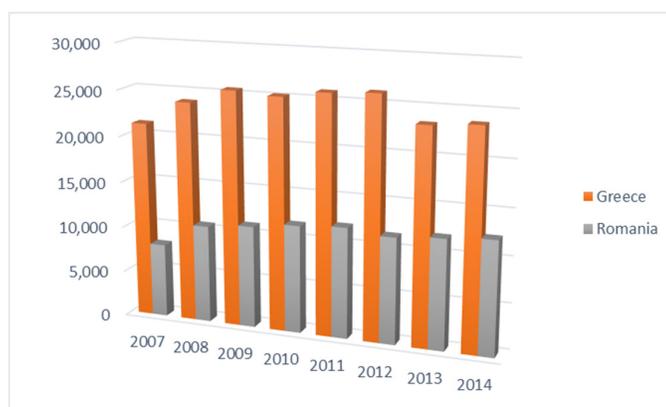
According to the data from table 3, we can notice that in the analyzed period the number of retirees in Greece is fluctuating, with an increased trend (increase of 117,642 retirees). The biggest number is registered in 2012 (2,695,389), while in Romania the biggest number is registered in 2007 (5,715,992).

In the last analyzed year (2014), Greece is under Romania, having around half the number of Romanian retirees.

**Table 4. Pension expense evolution (million euros)**

Years	Greece	Romania	EU 27
2007	21,309.92	8,038.86	1,471,665.44
2008	23,926.26	10,631.75	1,513,522.39
2009	25,509.32	11,120.78	1,548,343.26
2010	25,192.14	11,735.96	1,609,389.28
2011	25,911.03	12,065.70	1,656,117.03
2012	26,183.35	11,563.48	1,722,457.81
2013	23,355.34	11,962.69	1,758,497.58
2014	23,723.94	12,370.76	1,796,901.69

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr\\_exp\\_pens&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_exp_pens&lang=en)



**Figure 4. Pension expense evolution (million euros)**

Source: Based on table 4 data

According to the data from table 4, we can observe in the analyzed period an increase of pension expenses in Greece of 2,414.02 million euros.

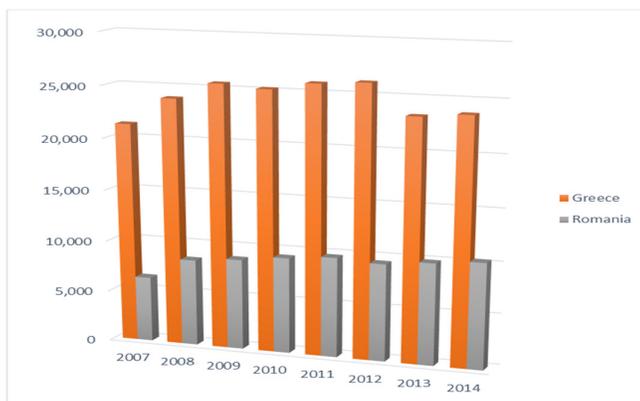
Similar with Greece, both in Romania and at EU 27 level, the value of pensions, in the period 2007-2014 is continuously growing by 4.331.9 million euros, respectively 325,236.25 at EU 27 level.

In 2014, the pension value in Greece is higher than the Romanian one by 11,353.18 million euros.

**Table 5. Pension evolution for the age limit (million euros)**

Years	Greece	Romania	EU 27
2007	21,309.92	6,362.55	1,050,104.40
2008	23,926.26	8,442.68	1,083,317.90
2009	25,509.32	8,831.60	1,115,046.03
2010	25,192.14	9,347.48	1,170,698.18
2011	25,911.03	9,733.39	1,216,602.01
2012	26,183.35	9,475.13	1,282,685.00
2013	23,355.34	9,910.15	1,321,853.86
2014	23,723.94	10,309.56	1,373,610.61

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr\\_exp\\_pens&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_exp_pens&lang=en)



**Figure 5. Pension evolution for the age limit (million euros)**

Source: Based on table 5 data.

According to the data from table 5, we can observe in Greece an increase of expenses for the age limit pensions in amount of 2,414.02 million euros.

Both in Romania and at EU 27 level we can observe increased expenses for the age limit pensions. In Greece, the highest level is in 2012 (26,183.35 million euros), while in EU we see an increase between 2007 and 2014 of 323,506.21 million euros.

**Table 6. Evolution of pensions for disabled people (million euros)**

Years	Greece	Romania	EU 27
<b>2007</b>	2,468.65	653.01	116,314.97
<b>2008</b>	2,707.83	836.32	116,664.65
<b>2009</b>	2,841.53	856.44	115,338.20
<b>2010</b>	2,854.43	841.12	117,616.42
<b>2011</b>	2,815.81	746.95	117,189.58
<b>2012</b>	2,550.34	574.50	117,976.82
<b>2013</b>	2,258.59	519.73	116,076.67
<b>2014</b>	2,173.23	499.06	104,982.44

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr\\_exp\\_pens&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_exp_pens&lang=en)



**Figure 6. Evolution of pensions for disabled people (million euros)**

Source: Based on table 6 data.

According to the data from table 6, during the analyzed period, the value of pensions for disabled people in Greece is decreasing by 299.42 million euros.

Similarly, both in Romania and at EU 27 level we can observe a decrease of expenses with pensions for disabled people of 153.95 million euros, respectively 11,332.53 million euros.

In Greece, the pension expenses for disabled people is quite fluctuating, in the first analyzed interval increasing, while in the last analyzed years was decreasing (the highest value was in 2010- 2.854.43 million euros). In 2014, Greece is spending 1,674.77 million euros more than Romania on pensions for disabled people.

*Social protection for children and disabled people*

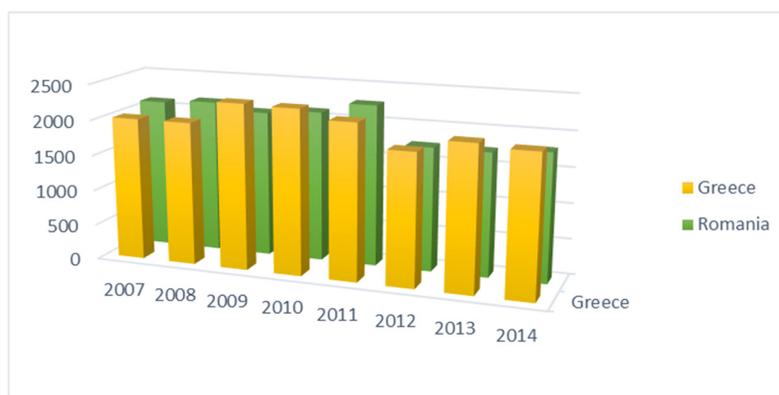
The main aid for the family is the family allowance, raised periodically and paid starting with the child birth until he reaches 18 years or until he finalizes his studies (but max. by 21 years) or, for a child with soft or severe disability that follows studies, by 24 years old. Allowance is paid monthly.

**Table 7. Evolution of expenses related to child allowance in the period 2007-2015**  
(million euros)

Years	Greece	Romania	EU 27
2007	2,009.88	2,109.69	268,337.62
2008	2,009.88	2,154.41	279,721.58
2009	2,327.06	2,055.94	289,888.58
2010	2,311.22	2,115.13	302,784.65
2011	2,183.48	2,265.77	305,975.72
2012	1,854.12	1,743.40	313,100.51
2013	2,029.78	1,739.28	315,176.98
2014	1,981.61	1,801.92	329,087.22

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr\\_exp\\_sum&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_exp_sum&lang=en)

According to the data from table 7, in the analyzed period we can observe that the expenses related to child allowance in Greece is fluctuating, in the first 4 years increasing, and after mainly decreasing. The net decrease in the analyzed period is 28.27 million euros.



**Figure 7. Evolution of child allowance expenses (2007-2015)**

Source: Based on table 7 data.

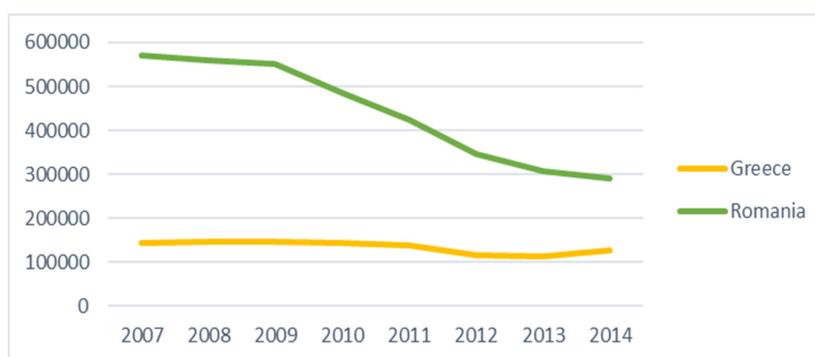
At EU 27 level, the situation is opposite to the one in Greece, the level of child allowance expenses increasing by 60,749.6 million euros.

For 2014, the expenses for child allowance in Greece is higher by 179.69 million euros compared with the same expenditure in Romania.

**Table 8. Disabled people evolution in the period 2007-2014**

Years	Greece	Romania
2007	143,731	569,934
2008	144,985	560,217
2009	147,230	551,719
2010	143,920	484,957
2011	138,093	422,534
2012	114,633	345,729
2013	114,376	307,890
2014	127,279	290,210

Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr\\_pns\\_ben&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_pns_ben&lang=en)



**Figure 8. Disabled people evolution in the period 2007-2014**

Source: Based on table 8 data.

According to table 8, during the analyzed period, we can observe a small decrease of disabled people in Greece (by 16,452 persons), while in Romania the decrease is sharper, of 279,724 persons.

The highest level of disabled people was in Greece in 2009 (147,230), while in Romania the highest level was in 2008 (560,217 persons).

Comparing the 2 analyzed countries at 2014 level, Romania has a higher number of disabled people than Greece (162,931 more persons).

#### 4. CONCLUSIONS

In the analyzed period, unemployment rate is significantly raising in Greece, Romania and at EU 27 level. The biggest increase is in Greece (by 18.1 points), followed by EU 27 average (by 2 points) and Romania (by 0.3 points).

The number of retirees in Greece is fluctuating, but with an increasing trend (increasing by 117,642 persons in the analyzed period). The biggest number registered in Greece is in 2012 (2,695,389 retirees), while in Romania the biggest number of retirees was in 2007 (5,715,992). In the last analyzed year (2014), Greece is under the Romanian level (less by half of Romanian retirees). The expenses for age limit pensions are constantly increasing in the analyzed period in Greece, by 2,414.02 million euros. Both in Romania and at EU 27 level we can observe increased expenses for the age limit pensions. In Greece, the highest level is in 2012 (26,183.35 million euros), while in EU we see an increase between 2007 and 2014 of 323,506.21 million euros.

In the analyzed period we can observe that the expenses related to child allowance in Greece is fluctuating, in the first 4 years increasing, and after mainly decreasing. The net decrease in the analyzed period is 28,27 mil. Eur. At EU 27 level, the situation is opposite to the one in Greece, the level of child allowance expenses increasing by 60.749,6 mil. Eur. For 2014, the expenses for child allowance in Greece is higher by 179.69 million euros compared with the same expenditure in Romania.

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