URBAN MANAGEMENT DEVELOPMENT FROM THE PERSPECTIVE OF THE LIVING STANDARD IN BUCHAREST

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Abstract
The paper is based on a current research study developed by the author in order to know the perception of the citizens of Bucharest concerning their living standard and to analyse the changes appeared along the selected period 2008-2011. The work contains the main results of the survey that has taken into account some of the most relevant living standard parameters in dynamic and was applied to the main population categories. The research methodology was based on an interdisciplinary approach which means that both economic and sociological perspectives were considered for analyzing the urban living standard along the above mentioned period. The last part of the paper includes the main research conclusions, a sort of living standard barometer which can be used by Bucharest local public administration later on for designing a sustainable urban management strategy.
Keywords: urban management, urban index, living cost, income range, buying capacity.

1. INTRODUCTION

Several writers have noted that standard of living is generally measured by special indicators such as real income per person and poverty rate (Scudder, 2010; Allen et al, 2005; Furhrman, 1985). More than that there are other researchers who are considering that living standard could be explained by the access and quality of health care, income inequality and educational standards (Jensen et al, 2002). Moreover the scientist are constantly attempting to explain the content of the concept (Longacre, 2010; Fuhrman, 1985), but they don't have an integrated point of view at all. A variety of definitions concerning living standard have been proposed starting from the last century, but even today it is a large discussion on the concept content.

Making an overview on the literature it can be seen that the authors are explaining the living standard concept depending on the perspective considered more or less important by them. Until recently, the concept has been explained based on an economic approach mainly. Looking on an economic dictionary (Black, 2003) the standard of living is an economic indicator used for measuring people's welfare. In order to determine the living standard level, the economists are using economic indicators

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widely. Examples are access to certain goods (such as number of refrigerators per 1000 people), or measures of health such as life expectancy and so on.

Some other writers (Sen, 1989; Balcerovick, 2006) have noted that the concept of living standard has been poorly understood and narrowly defined. It is not just a function of opulence, and cannot be seen as utility but even like “capabilities”. Starting from that point, Bernard Williams (Williams, 2007) considers the conceptual connections among Sen's capabilities, economic welfare, and the broader notion of "well-being", and asks whether the notion raises questions of justice. Along the last years other authors (Kanbur, 2011) consider the implications of the uncertainty in the choice that might be thought to be one desirable capability. A variaty of variables was proposed by other authors. One representative point of view had John Muellbauer (Muellbauer, 2010) offers a specification of choice, and discusses the importance, for assessing capabilities, of the relation between preferences and constraints and between preferences themselves. There are other scholars (Keith, 2008) who explores the issue for those societies in which economic life is not fully "commoditized" and in which, therefore, it does not always make sense to reduce things to a price.

Despite of that it might be considered that living standard is an interdisciplinary concept and needs a more complex approach for a better understanding. If we ask common people to define it, we can find a list of things they associate with living standard. But if we would like to measure it we probably have to look at weather or not they are doing better than their parents (Muellbauer, 2010). In fact this simple perception and approach for explaining living standard is based on an effectively practical thinking.

Going forward we can find that there is a generally accepted measure for standard of leaving at the macro level which is average real gross domestic product per capita. From the economic perspective, GDP is measuring the annual economic output that means the total value of new goods and services produces within a country. Particularly, the real GDP meaning the inflation-adjusted value. In order to avoid the contextual variables arisen in a short period it could be taken into account the average GDP per capita which is showing us how big each person’s share of GDP would be after a division of it into equal portions (Black, 2003). In order to determine the level of this indicator it can be taken into account that it includes value of all goods and services produced within a country’s borders.

The same way of approaching it could be used for a determination of the living standard of the citizens from one city or another. And this is our research premises for starting the survey. In fact, if the real GDP per capita in one city or another is increasing, it means that more good and services are available to consumers and they are able to buy them. And while buying more goods won’t necessarily help them find true welfare. From this perspective we can say that GDP is a good indicator for measuring the

urban living standard. But if we look more carefully we can find out the fact that this economic indicator doesn't take into account several aspects which are important for the citizens especially. So, if it leaves so many things out (United Nations, 2010) can we ask ourselves why the economists is continuing to keep this indicator to measure standards of urban leaving ? If we look carefully we can find out two important reasons. One is because they know very well what this indicator is about and how to calculate it. And the second because it comes up with quantitative measures.

Nowadays a more specific indicators are likely considered both by the economists and sociologists. They are arguing that productivity (Longacre, 2010) is the single most important determinant of citizen's living standards or it's level of real income. Both are good arguments but this is not enough and even not relevant nowadays. Starting from this stage, we would like to point out the fact that approaching the living standard of the people in general and of the urban citizens especially, we have to extend our perspective in order to integrate both economic and sociological perspectives.

According to our view, the economic perspective is considering the cost of living which includes several quantitative economic indicators. The result of that is the quantitative component of the living standard evaluation process. The sociological perspective is based on the social status of the citizens and their social life, the access to culture and education. The result is the qualitative component of the living standard.

As a conclusion it can necessary to understand the fact that the living standard dynamic is based on a deeply analysis of both quantitative and qualitative components and the connections between the key components of both parts. This is why our current survey included both perspective in a very systematic way in order to find out how important is each of them and also how useful are the links between them, when the economist or the sociologists would like to develop their realistic analysis.

According with the vision of Marc Miringoff and Marques – Luisa Miringoff from Fordham Institute for Innovation in Social Policy, (Miringoff, 2001) there are some alternative indicators that should be approached when we speak about an analysis of living standard: the genuine progress indicator, the human development index and index of social health. The content of this indicators are presented shortly in this section of the paper.

The Genuine Progress Indicator

This indicator can include all the parts which are not already considered by GDP. Some specialist are considering this indicator more accurate measure of progress because it covers the following aspects.

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- Crime rate;
- family breakdown indicator;
- household and volunteer work indicator;
- Income distribution;
- Pollution degree;
- Middle- income population;
- Public services accessibility;
- The cost of social assistance;
- Degree of population health;
- Purchasing power of population;
- Medium salary level per family.

The human development index

This indicator is offering a global perspective on the questions of how well people are leaving. It was devised by the United Nations (2010) in the 1990's and it includes three different indicators: life expectancy at birth; education as measured by a combination of school enrolment and adult literacy and standard of living as measured by a variation o GDP per capita that adjusts for price differences between countries. According to the human relativism theory (Colesca, 2010), nowadays the role of this index is increasing.

If we look on statistics (United Nations, 2010) we can find some alarming facts:

- nearly one billion of the world's population don't have access to improved water sources, 2.4. billion lack access to basic sanitation;
- eleven million children under the age of five die each year from preventable causes. It means that more than 30.000 deaths a day;
- approximately 1.2 billion people live on less than $ 1 a day and 2.8 billion live on less than $ 2 a day; etc.

Index of social health

This indicator describes the index as a broad/based gauge of the social well-being of the nation, similar in concept to the Dow Jones Average of Gross Domestic Product. According to their vision there are 16 social indicators to create profiles and rankings, as we can see in Table 1.

TABLE 1 - STANDARD LIVING INDICATORS

No.	Standard living indicators
1	Affordable housing
2	Alcohol-related traffic fatalities
3	Child poverty
4	High school completion
5	Infant mortality
6	Teenage births
7	Unemployment
8	Wages
9	Age 65 – plus poverty
10	Child abuse
11	Health care coverage
12	Inequality in family income
13	Life expectancy
14	Teenage drug use
15	Violent crime
16	Youth suicide

Source: Fordham Institute for Innovation in Social Policy, US

Despite of that we can associate the living standard with the quality of life. The concept life quality can be evaluated properly only if the researchers are taking into account all the economic, sociological, psychological and environmental dimensions simultaneously, because they are interacting each other like a whole. In regard to the economic dimension of the concept of quality of life, it remains extremely important, although it is not the sole solution.

Quality of people life is evaluated, primarily, by elements such as economic wealth, but they no longer represent a single condition to express this indicator: considerations of social and ecological nature become increasingly important.

Even in practice it was observed that the economic development and growth or the economic dimension of quality of life is obtained with smaller final cost and much easier for people better educated, fed, healthy, which makes the fight against poverty, the cause of degradation of social and physical environment, to constitute an imperative objective for ensuring a healthy civil society and to achieve greater social stability, as a good environment to ensure the necessary level of living conveyable.

2. URBAN LIVING STANDARDS A COMPARATIVE APPROACH

Based on the statistic evidences, in Romania in the period 2006-2008, living standard was decreased. Even if we come down at the Romanian cities level along the last years we can find that the urban living standards had a steady trend downward.

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This paper section is offering us a selective comparison between the living cost of the citizens who are living in Bucharest and the living standard of the citizens of London and Berlin. Than the comparative approach is extended to other well known cities over the world in order to see the position of Bucharest citizens there.

Related to the living cost in Bucharest there is already calculated an index of living cost. According to that, Bucharest has an overall cost of living index which equates it with low cost of living locations. The overall cost of living index is comprised of the prices for defined quantities of the same goods and services across all 13 Basket Groups. Bucharest is currently ranked 205 overall, most expensive place in the world for expatriates to live, out of 300 international locations. (Kanbur, 2011).

If we compare the cost of living in Bucharest with the cost of living in London and we will find a huge difference that means cost of living by 62% cheaper than in London, as we can see some selected indicators mentioned in Table 2.

TABLE 2 - COST OF LIVING IN BUCHAREST IN COMPARISON WITH COST OF LIVING IN LONDON

No.	Indicator considered	Cost of living index (%)
1.	Foods	44
2.	Houses	72
3.	Clothes	13
4.	Transportation	78
5.	Personal care	16
6.	Entertainment	62

If we go into details, we can find a more specific comparison in terms of costs for food, transport, entertainment, personal care, clothes and houses. Food in Bucharest is 44% cheaper than in London . Housing in Bucharest is 72% cheaper than in London and clothes in Bucharest is 13% cheaper than in London. Transportation in Bucharest is 78% cheaper than in London; Personal Care in Bucharest is 16% cheaper than in London, Entertainment in Bucharest is 42% cheaper than in London.

Another interesting comparison concerning the living standard is with Berlin. Looking on the statistics we can find a lot of differences between Bucharest and Berlin's living standard. The consumer prices in Berlin are 68.69% higher than in Bucharest. consumer prices including rent in Berlin are 80.43% higher than in Bucharest, rent prices in Berlin are 142.54% higher than in Bucharest; restaurant prices in Berlin are 74.52% higher than in Bucharest; groceries prices in Berlin are 91.28% higher than in Bucharest and the local purchasing power in Berlin is 274.16% higher than in Bucharest.

If we extend our comparison with some indexes of other cities from over the world, we can find that cost of living index in the urban environment is different from one city to another, as we can see in Table 3. These data are based on 1509 entries collected by an international databases in the past 18 months

from 139 different contributors. The evaluation of a standard of living is relative, depending upon the judgment of the observer as to what constitutes a high or a low scale. A relative index to the standard of living of a certain economic group can be gathered from a comparison of the cost of living and the wage scale or personal income.

In the last decade, standard of living in Romania has been significantly decreased based on the statistics published by National Institute of Statistics (2009) and the World Bank. The severe poverty rate decreased by over 50% between the years 2002 and 2006, from 10.9% in 2002 to 4.1% in 2006.

TABLE 3 - COST OF URBAN LIVING INDEX IN BUCHAREST COMPARED TO OTHER CITIES OVER THE WORLD

No	City	Cost of living Index (%)
1.	Bucharest	56.28
2.	New York	100
3.	Prague	72.89
4.	Sidney	135.14
5.	Beijing	52.68
6.	Delhi	40.41
7.	Rio de Janeiro	101.57
8.	Tokyo	128.93

Source: National Institute of Statistics (2009) and the World Bank

Dispute of the fact that severe poverty in Romania and in Bucharest decreased over the last decade, the evidences are showing that the severe poverty is continuing to be a big problem that should be considered by the urban administrations. The trends of the severe poverty in Romania are presented in Figure 1.

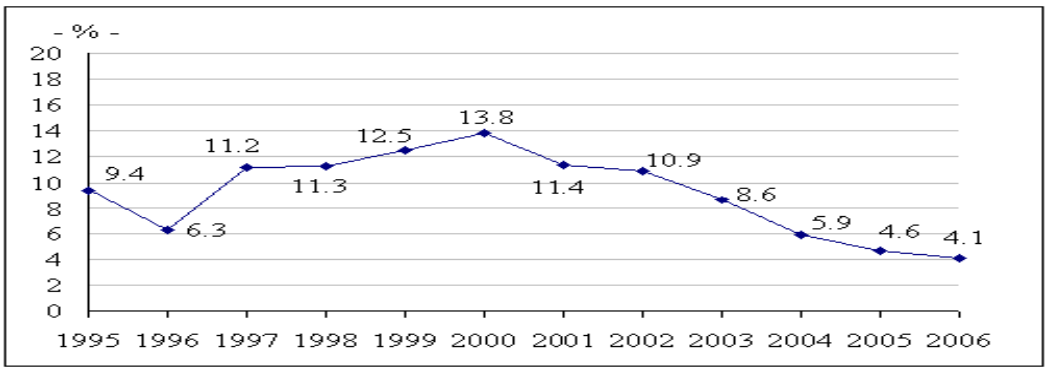

FIGURE 1 – DYNAMIC OF THE SEVER POWERTY RATE IN ROMANIA UNTIL 2006
Source: National Statistics Institute (2002-2008) and World Bank's statistics (2008)

Factors such as discretionary income are important, but standard of living includes not only the material articles of consumption, but also the number of dependents in a family, the environment, the educational opportunities, and the amount spent for health, recreation, and social services. While

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standard of living may vary greatly among various groups within a country, it also varies from nation to nation, and international comparisons are sometimes made by analyzing gross national products, per capita incomes, or any number of other indicators from life expectancy. Overall, industrialized nations tend to have a higher standard of living than developing countries. In the United States, as in the most Western nations, the standard of living has shown a steady trend upward while in some developing countries from Europe a decreasing trend is found in the standard of living.

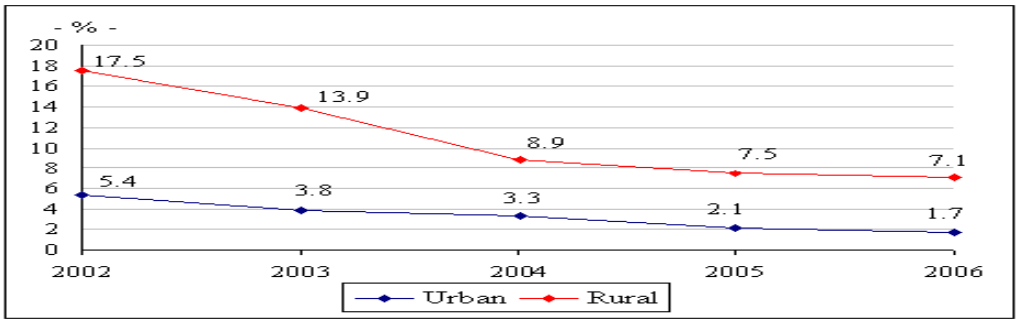

FIGURE 2 - EVOLUTION OF THE SEVERE POVERTY RATE BY RESIDENCE AREA
Source: National Statistics Institute (2002-2007) and World Bank's Statistics (2008)

3. RESEARCH METHODOLOGY

In order to develop a consistent and relevant research about living standard in Bucharest, we starting by defining the main research objective of the survey, continuing by presenting the target group followed by the research methodology and a selective analysis and in the end some research conclusions have been highlighted.

3.1. THE SURVEY MAIN OBJECTIVE

The main objective of our survey was to identify the living standard of the population of Bucharest at the end of September 2011 and the perception of the urban population concerning their living standard changes between 2008-2011. The research survey was developed taking into account the dynamics of two main living standard indicators such as citizen's incomes and the buying capacity of the population living in Bucharest.

3.2. THE SAMPLE

The target group was composed by citizens of Bucharest with the age between 18-75 years old who are living in Bucharest for more then one year.

The sample size was 200 respondents that answered to our five questions since September 3rd until September 30, 2011.

As we can see in the following three figures, the demographic structure of our sample is diversified following the profile of the population of Bucharest. We used three criteria in selecting them: age range (Figure 3), education level (Figure 4) and monthly incomes level (Figure 5).

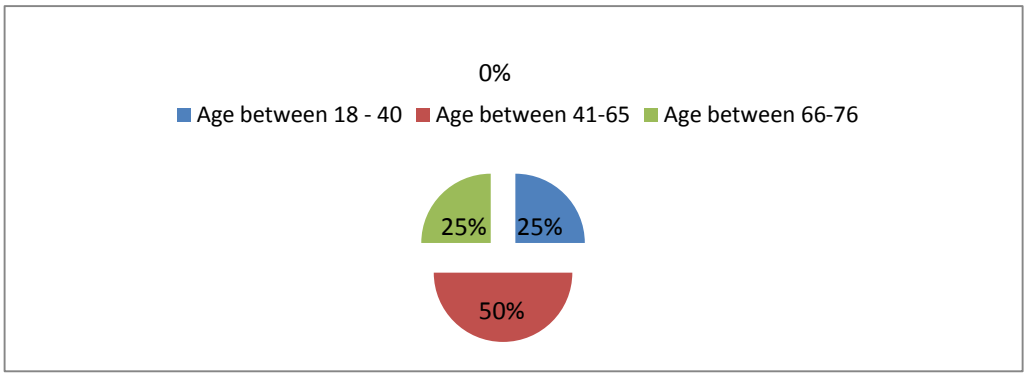

FIGURE 3 – THE PROFILE OF THE RESPONDENTS BY AGE RANGE

From the research perspective was important to cover the main population categories of Bucharest: young people, adults and retired persons.

The demographic profile of the respondents by education level is presented in Figure 4.

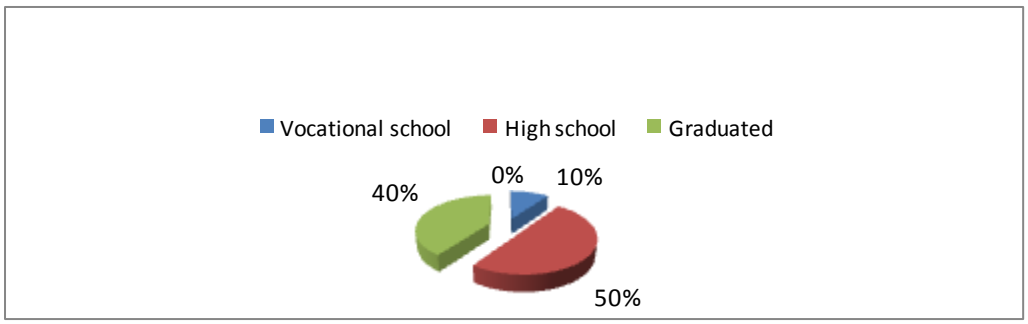

FIGURE 4 - PROFILE OF THE RESPONDENTS BASED ON THE EDUCATION LEVEL

We also define the sample in order to have all educational level represented, trying to maintain a balance between specific categories, as we can see in Figure 4. As we can see in the figure, the structure of the sample included three main categories having three main different educational level which gave us the possibility to find out how much of them have been influences and in what sense by the environment along the analysed period.

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One of the questions addressed was about their wages level and the sources. We discovered that about 45% get more than 300 euro per month and if we add the next category having salaries at higher level more than that, we can say that their wages level compared to other citizens from Europe is very low, but basically it gives them an acceptable capacity to live in Bucharest.

Figure 5 is showing the structure of the sample based o the monthly net incomes of the respondents, which will be correlated with their buying capacity later on.

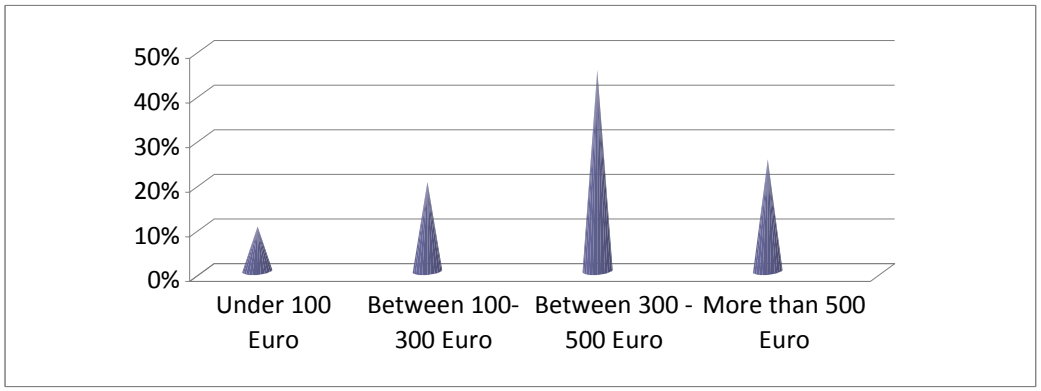

FIGURE 5 - THE LEVEL OF THE PERSONAL MONTHLY NET INCOME OF THE RESPONDENTS

3.3. THE ANALYSIS OF THE RESEARCH RESULTS

The main sources of the monthly wages are the current and permanent activities of the respondents, except the young people unemployed yet who are receiving their financial support fro their own relatives living our of Bucharest. As we can see in Figure 6, the respondents, mainly from the age group 41-65 from Bucharest, are developing extra activities and they are receiving extra-money which helps them to cover their monthly living basket.

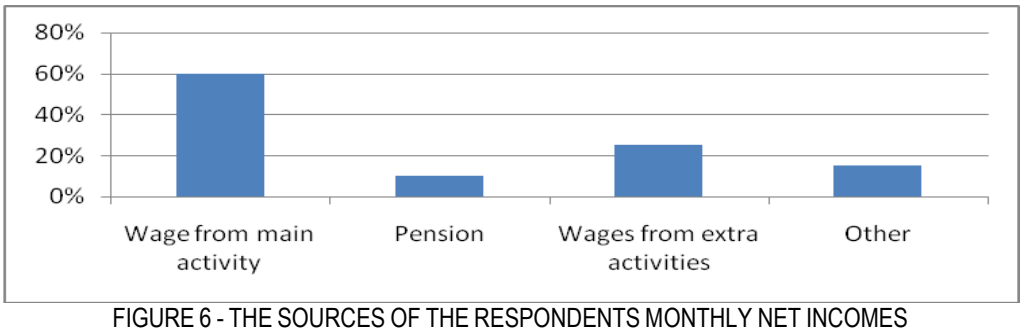

FIGURE 6 - THE SOURCES OF THE RESPONDENTS MONTHLY NET INCOMES

As our survey pointed out, the distribution of the monthly wages is so particular, if we make comparison with other big cities from over the world. As we can see in Figure 7 more than 40% of the wages of the respondents are spent for foods and clothes. And if we add the money spent for transport and

household we can see that approximately 70% of the respondents wages are paid for their current living. The rest of the wages are spent for education and healthcare, but they are below the European average.

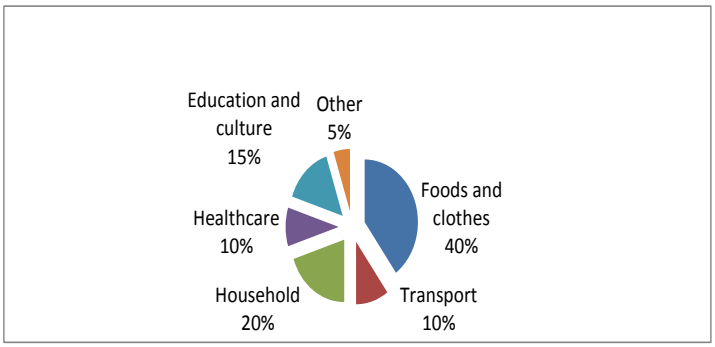

FIGURE 7 - THE DISTRIBUTION OF THE MONTHLY WAGES IN BUCHAREST

One of our questions was about the perception of the respondents on their living standard along the analysed period 2008-2011. Generally, people of Bucharest declared that their living standard has declined, as we can see in Figure 8. The research results demonstrated that the buying capacity of the most respondents influenced negatively their capacity for covering the needs for medium and long term.

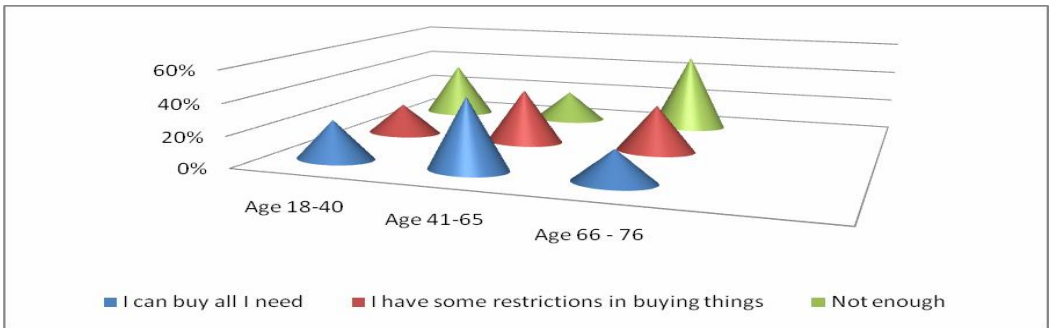

FIGURE 8 - BUYING CAPACITY OF THE RESPONDENTS

At the same time the perception regarding living standards, as we can see in Figure 9 was influenced by the depreciation of the financial status of most respondents, mainly from the retired category.

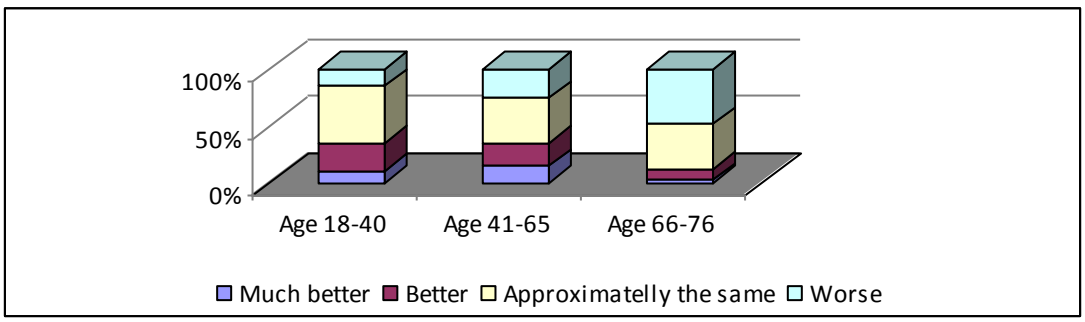

FIGURE 9 - PERCEPTION OF THE RESPONDENTS CONCERNING THE LIVING STANDARD BETWEEN 2008-2011

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It was interesting to find out the perception of the citizens living in Bucharest and how they feel their living standard dynamic. It is well known that each person can have an own perception on that. This is why using this survey we gave them possibility to answer how they feel their living standard at the end of September 2011 compared to their standard in 2008. Thus, as income decreases for many respondents, the probability to consider to have in 2011 a standard living worse then in 2008 also decreased. The above figure shows that their perceptions were changing in time and most of the respondents are saying that their living standard was characterized by a steady trend downward, but there are also a significant part of the respondents with an improved perceptions along the study research period.

4. CONCLUSIONS

In this research paper, the changes of the living standards in Bucharest were investigated in order to find out the most important changes arised along the last three years. As we demonstrated through this paper when it comes to Bucharest population, living standard decreased in 2011 comparate to 2008, as 27% of the total respondents with only one exception the active population from Bucharest who appreciated that in 2011 they are living better then in 2008.

On the other hand we found out that more than 40% of the respondents in 2011 are living worse comparate with 2008, mainly from the retired category and approximatelly 40% from the medium level age are living the same.

As they declared their buying capacity has been reduced substancially, mainly due to reduction of their monthly income. Both factors are influencing their living standard which declined for most of the respondents. This is chritical if we make a comparison with other European capital and it is so far away from the European Union main objective concerning reducing disparities between the citizens living in different urban areas in Europe.

From the economic and social perspective of the living standard, we are able to say that the quality of life in Bucharest should be substantially improved and that means that the local public administration must overcome two obstacles: the first is the economic dimension and that is related to improving the whole economic activity of the city, and the second is the social dimension and it means to increase the access of the citizens to the public services, culture and education.

Lack of an effective and integrated urban management strategy for improving the living standard of the citizens in Bucharest.

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