

POVERTY AND RURAL POVERTY –STRONG AND PERSISTENT SOCIAL STIGMA OF ROMANIAN SOCIETY

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Abstract

In recent years, poverty has become quite important, affecting a large contingent of population and households, which also involves a sustained effort by the state, through specific forms of protection and social assistance.

There are more and more strong signals to reduce poverty and social exclusion among vulnerable groups, and this starts with knowledge and continuous analysis of the structure of these contingents; main causes and factors that generate and multiply poverty; and identification, implementation and subsequent evaluation and monitoring of appropriate solutions to improve social protection / social assistance systems, that intensify the reduction of poverty and its severe and extreme forms. These actions would lead to the promotion of social inclusion, ensuring equal opportunities for all, but also social solidarity. All these actions and efforts should respond more pronounced and more effectively to current economic and social challenges in line with the dynamics of the social environment. This dynamic has multiplied the tensions faced by social protection / social assistance systems, thus multiplying the need for adequate, coherent, efficient and effective social programs to enhance the poverty alleviation.

In the paper, dynamic analyses will focus on the evolution of poverty and rural poverty over a long period of time, 2007-2019, without detailing them in their multitude of sizes and structures, but only to provide an image of the trend of these phenomena that affect the population, both at national level and especially in rural area. Highlighting this trend and knowing the current situation lead to appropriate decisions in providing adequate support to people and groups vulnerable to these social risks.

Keywords: disparities, dynamics, indicators, poverty, rural poverty

Introduction

The priority objectives in the field of poverty and social exclusion reduction, respectively of increasing social and occupational inclusion are presented in national strategic documents such as: National Reform Program 2017-2020, Government Program, National Strategy on Social Inclusion and Poverty Reduction 2015-2020, Strategy of Rural Development 2014-2020, Sustainable Development Strategy 2013-2020-2030, and so on - all of them also having the rural area as a central priority axis of support and development.

In all these strategic documents, concerns for reducing poverty and social exclusion are highlighted, which continue to be major national strategic objectives, as a result of the increased incidence of poverty affecting a large part of the population, especially in rural area.

According to the Substantiation Note for the approval of the National Strategy on Social Inclusion and Poverty Reduction for the period 2015-2020, at the level of 2012, poverty was 3 times more widespread in rural areas compared to urban ones, while poverty affects 1 in 3 children, and in rural areas 1 in 2 children face poverty. All these aspects suggest that people in rural areas, people with a low level of education, and children in these areas face high risks of poverty, material deprivation and social exclusion. Even if the risk of poverty and social exclusion among children and young people under 18 is declining, e.g. from 52.5% in 2012 to 35.8% in 2019, these incidences remain high. Children and young people are the most affected by this social risk which, therefore, manifests itself and persists with the same increased intensity even at the present time.

At the level of the total population, according to Eurostat data, in 2019, over 31% of Romania's population was exposed to the risk of poverty and social exclusion (over 6 million people),

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while in rural area there were 44.3% (over 3.78 million people); in towns and suburbs, the percentage reached almost 28% (almost 1.5 million people); in cities, poverty affects 14.5% of the population in 2019.

Moreover, in the Romania - European Semester Report 2018, as well as in the National Strategy for promoting social inclusion and poverty reduction for the period 2015-2020, the main categories with increased risk of poverty and social exclusion are stated among young people, families with children, Roma population, people with disabilities, the rural population and the inactive persons, and so on—important groups that are constantly facing poverty and its extreme and severe forms (material deprivation, marginalisation and social exclusion).

Therefore, even if at certain level of poverty or poverty and social exclusion indicators, the trend is slightly declining, the incidence of poverty remains high. Therefore, these population groups become vulnerable, the risk of poverty increase and they will place in the social protection / assistance network.

Some indicators regarding the risk of poverty

In the context of the open method of coordination, a common system of indicators for social inclusion, known as Laeken indicators, has been built for the comparative evaluation of the results of anti-poverty policies in the Member States of the European Union.

The common system of indicators comprises a series of indicators, in multiple structures and dimensions, and countries have had to quantify common indicators in dynamics, in order to ensure international comparability.

From the list of these numerous indicators in the paper it will be used only the indicator on the poverty rate calculated at the threshold of 60% of the median income after social transfers (at risk of poverty rate) - the major indicator of the Europe 2020 Strategy, Poverty and social exclusion Area. This indicator will continue to be considered in some of its multiple existing structures, and analyses will be carried out during the period 2007-2019, in order to follow these poverty evolutions.

1. At risk of o poverty

At-risk-of-poverty rate considers only the strictly material dimension, referring to the proportion of people with an equivalent disposable income, after social transfers, below the at-risk-of-poverty threshold, which is usually set at 60% of the national median disposable income per equivalent adult, after social transfers.

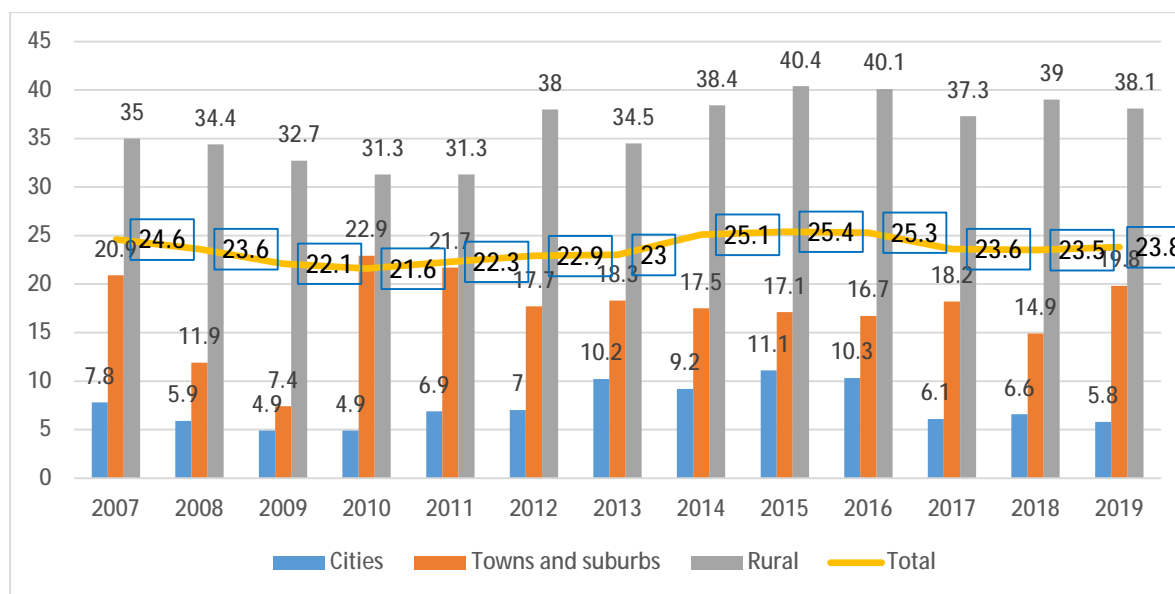
Table 1. Persons in risk of poverty (income below 60%), by degree of urbanisation, 2007-2019 (thousand persons)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cities	622	454	368	364	513	470	651	602	713	620	349	372	325
Towns and suburbs	41	25	17	51	54	815	854	621	803	803	882	743	1.052
Rural	4.534	4.381	4.129	3.964	3.930	3.319	3.095	3.789	3.540	3.583	3.414	3.488	3.254
Total	5.198	4.860	4.514	4.379	4.497	4.604	4.600	5.012	5.056	5.006	4.646	4.603	4.632

Source: Eurostat, [ilc_li43] (last update 17.06.2020). https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li43

The share of people at risk of poverty has been on an upward trend since 2012, reaching a maximum of 25.4% (2015), then placing in a slight decrease (23.5% in 2018) and then increasing slightly in the following year (23.8% in 2019).

Figure 1. At-risk-of-poverty by degree of urbanisation, 2007-2019 (%)



Source: Eurostat, [ilc_li43] (last update 17.06.2020). https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li43

Differences between areas of residence are strongly affected from the perspective of people in poverty, so that in rural area there are 38% of people in poverty in the last reference year, compared to almost 20% in towns and suburbs and approx. 6% in cities (in 2019). At the rural level, the periods of increase alternate with those of decrease, so that the percentage of people facing poverty starts from 35% in 2007, reaches a maximum of over 40% in 2015, then showing slight oscillations around the threshold of 38%.

In the last year in rural area, 38.1% of people in poverty are registered, which means that over 3.25 million people in rural area are affected by this social risk. Practically, in almost 1 and a half decades, it can be appreciated that in rural area poverty could not be reduced, but, on the contrary, it has increased, despite many actions, programs, directions of action, plans and strategies aimed at the rural areas.

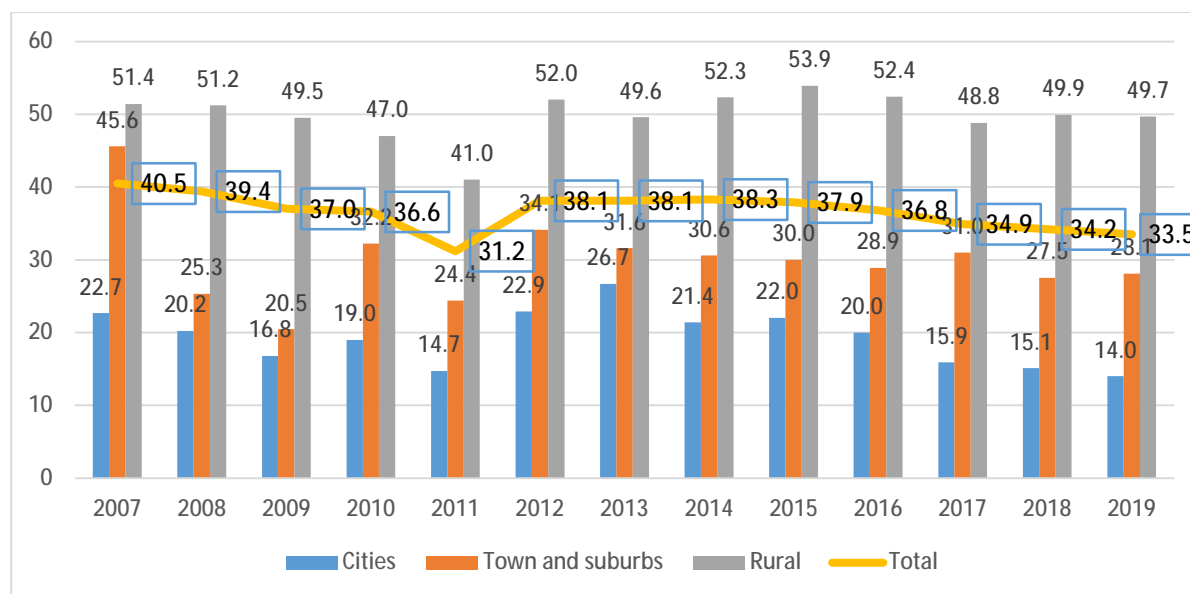
On the other hand, even if these actions aimed at the development of the rural areas, it was not found in the significant reduction of poverty. This confirms once again that pro-poor growth is not aimed directly at the poor people. At the same time, even if at one year there was a slight decrease in the incidence of poverty, this was a conjunctural situation, not a sustainable one, to support the rural population to overcome the state of vulnerability and social risks in the face of poverty and associated phenomena.

Also, analysing this indicator from an international comparative perspective, based on Eurostat data, it can be seen that, unfortunately, Romania occupies an unfavourable position, having the highest poverty rate in the panel of EU28 countries, and in terms of poverty in rural area, our country again has the supremacy (negatively viewed), at a great distance from the EU28 European average and, at the same time, from the entire panel of 27-28 countries.

This should be an alarm signal, especially since the incidence of poverty is high, and poverty affecting a large part of the population, approx. a quarter nationally and almost 40% in rural area.

Another indicator of interest is the risk of poverty after deducting housing costs, where urban-rural disparities are also high. Thus, there are gaps of more than 3 times at national level, compared to the European average, where there are no differences in poverty rates after deducting housing costs between rural and urban areas, either this urban if viewed from the perspective of cities, or towns and suburbs.

Figure 2. At-risk-of-poverty after deducing housing costs by degree of urbanisation, 2007-2019



Source: Eurostat, [ilc_li48] (last update 17.06.2020). https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li48

There is a significant differentiation in terms of the risk of poverty after deducing housing costs, analysed by degree of urbanization, respectively by area of residence. Thus, in Romania, the risk of poverty after reducing housing costs in 2019 was 14% in cities, and 49.7% in rural area, which means a difference by over 35 pp.

Table 2. At-risk-of-poverty after deducing housing costs by degree of urbanisation, Romania and European average EU28, 2018 (%)

2018	Romania	EU28
Cities	15,1	31,7
Town and suburbs	27,5	30,0
Rural	49,9	31,7
Total	34,2	31,2

Source: Eurostat, [ilc_li48] (last update 17.06.2020). https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li48

The European average for the risk of poverty after deducing housing costs in 2018 is not very differentiated between the level recorded in cities and towns & suburbs and those in rural area, the threshold ranging between 30-32%.

This is not a conjunctural situation, valid only at the level of the last year of analysis, but it is registered throughout the analysed decade. In contrast, in Romania, the differences between the areas of residence are particularly large in terms of the at-risk-of-poverty rate after deducing housing expenses by degree of urbanisation: in rural area, more than 1.5 times higher than in towns and suburbs and 3 times higher than in cities.

In addition, in 2018 there is a trend of decreasing regarding the risk of poverty after deducing housing costs in Romania both at national level (from 34.9% in 2017 to 33.5% in 2019), and at the level of cities and towns & suburbs. On the other hand, in rural area there is an increasing trend of poverty in recent years, with approx. 1 pp. (from 48.8% in 2017 to 49.9% in 2018 or 49.7% in 2019).

2. At-risk-of-poverty and work intensity of the household – low and very low intensity

The lack of opportunities in the Romanian rural areas can be highlighted through the indicator that reflects the share of the population living in households where work intensity is low and very low.

Thus, the indicator refers to people between 0-59 years old living in households where adult members of the household worked less than 20% of their work potential in the previous year.

Table 3. Persons living in households with very low work intensity, by degree of urbanisation, 2007-2019 (thousand persons)

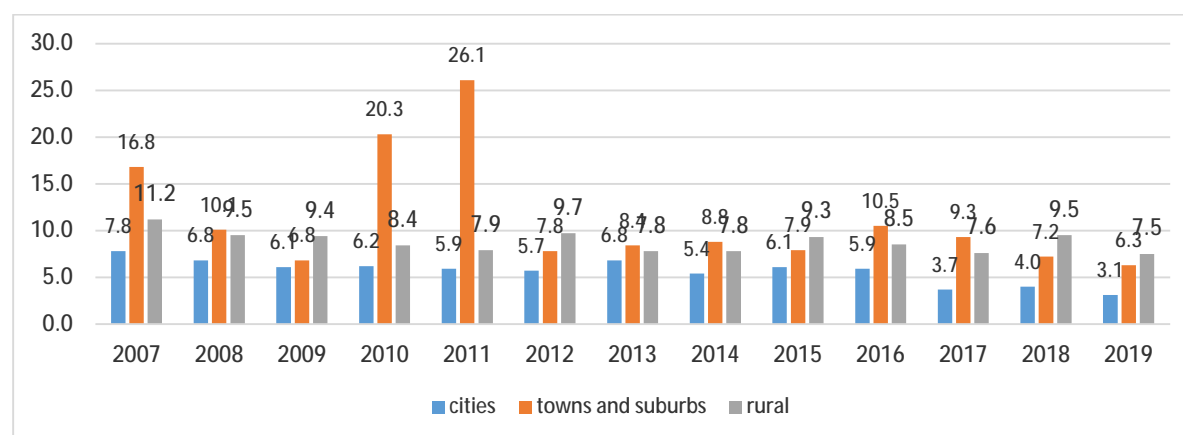
	2007	2008	2009	2010	2011	2012*	2013	2014	2015	2016	2017	2018	2019
Cities	511	428	372	369	345	302	332	273	295	266	155	163	125
Towns and suburbs	29	19	13	39	53	283	311	247	292	396	346	273	255
Rural	1.136	937	895	804	746	638	525	580	606	568	521	634	475

*There is a break in time series in 2012; Source: Eurostat, [ilc_lvhl23] (last update 17.06.2020).

https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_lvhl23

From the perspective of the rural population aged up to 60 living in households with very low work intensity, the percentage in 2019 was 7.5% (almost 0.5 million people). With a total of 475 thousand persons in 2019 living in rural households with very low work intensity, it can be said that the number has varied greatly in recent years (525 thousand people in 2013, then a maximum of 634 thousand people reached in 2018), that means significant changes. Also in 2019 there is a significant decrease compared to the previous year in the number of people from rural areas who live in households where work intensity is very low, which would seem a positive aspect.

Figure 3. Persons living in households with very low work intensity, by degree of urbanisation, 2007-2019 (%)



* There is a break in time series in 2012; Source: Eurostat, [ilc_lvhl23] (last update 17.06.2020).

https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_lvhl23

Because there is a “break in time series” in 2012, it is not possible to rigorously argue the significant decrease registered in 2012 compared to the previous and next years, but it is possible to analyse comparatively the period after 2012, as one without significant evolutions.

In this analysed period, in the rural area, the indicator had an oscillating evolution, alternating years of increase with those of decrease of the share of people living in households with very low work intensity, being between 7.5-9.7%. At a very close distance, with approx. 1-2 pp. are people

from towns and suburbs, whose share was placed on a continuous decreasing trend, from 10.5% to 6.3%. In contrast, in cities, the indicator has been below the threshold of 4% in recent years.

Thus, given the large number of people facing poverty in both urban and rural areas, regardless of the indicator analysed, the risk of poverty remains high for both areas of residence, despite the visible decline in recent year.

Very low work intensity in the household is often associated with an increased risk of poverty, which affects people and households, and where there are also dependent children, this risk is greatly amplified, in persistence and magnitude, making all of them vulnerable. Therefore, these households with dependent children face of the risk of poverty and its severe and extreme forms.

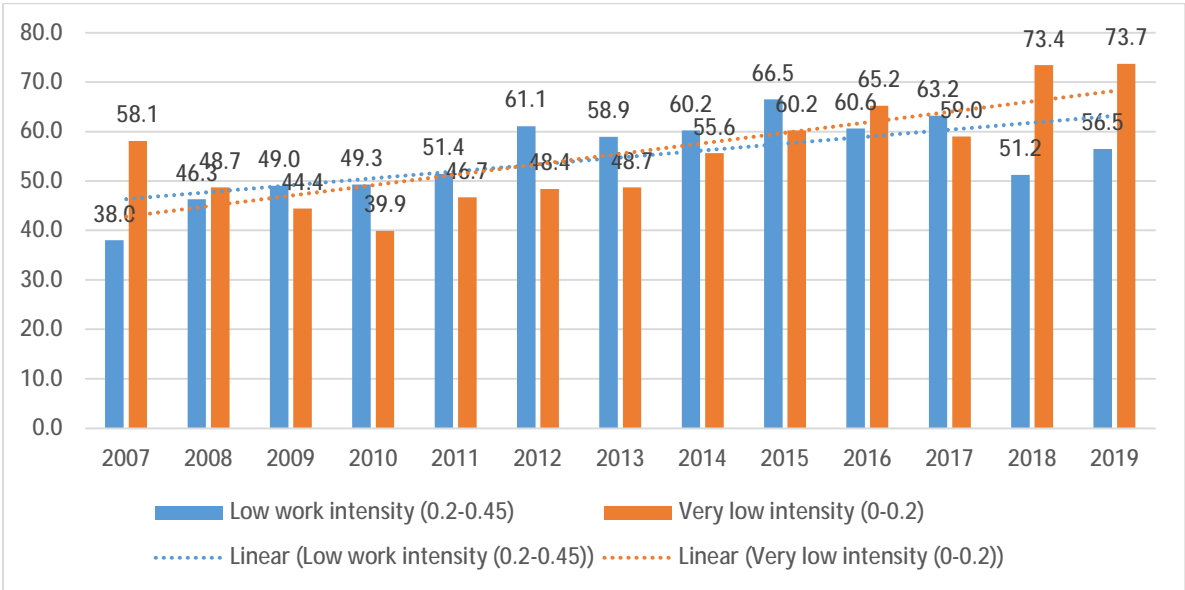
Despite declines, these risks of poverty affect the population, but especially young people and other vulnerable groups, and continue to put great pressure on the individual, the household, the community and also the protection and social assistance systems .

3. At-risk-of-poverty in households with very low intensity of work

Even at the intuitive level, it is assumed that a low intensity of work of the household would lead to an increase in the poverty rate. But the analysis of statistical data will show us this magnitude, and also its permanence in dynamics. For this, analyses will focus on low and very low work intensities of the household. And then, to analyse the magnitude of poverty, the extremes and quasi-extremes of the work intensity range will be compared.

After the low and very low intensity work of the household, these households are exposed to a rather varied risk of poverty, and the poverty rate increases as this intensity of work within the household decreases.

Figure 4. At risk of poverty, by low and very low work intensity of the household, 2007-2019 (%)



Source: Eurostat, [ilc_li06] (last update 17.06.2020). https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li06

Analyses of the incidence of poverty in households with a low and very low level of work intensity show a very high degree of exposure to this risk among households, the poverty rates being particularly high. Thus, where there are fewer working hours, at the same time equivalent to lower work incomes, poverty also covers a larger mass of such households. For households with low work intensity, poverty generally had an increasing trend in the period 2010-2019, starting from 49% in 2010, reaching a maximum of 66.5% in 2015 and then placing on a trend generally slightly decreasing, reaching 56.5% in 2019. The fact that it has remained at high thresholds of over 55-56% in

the last two years should be an alarm signal (the European average is around 40%). However, there is a decreasing trend in the last 5 years.

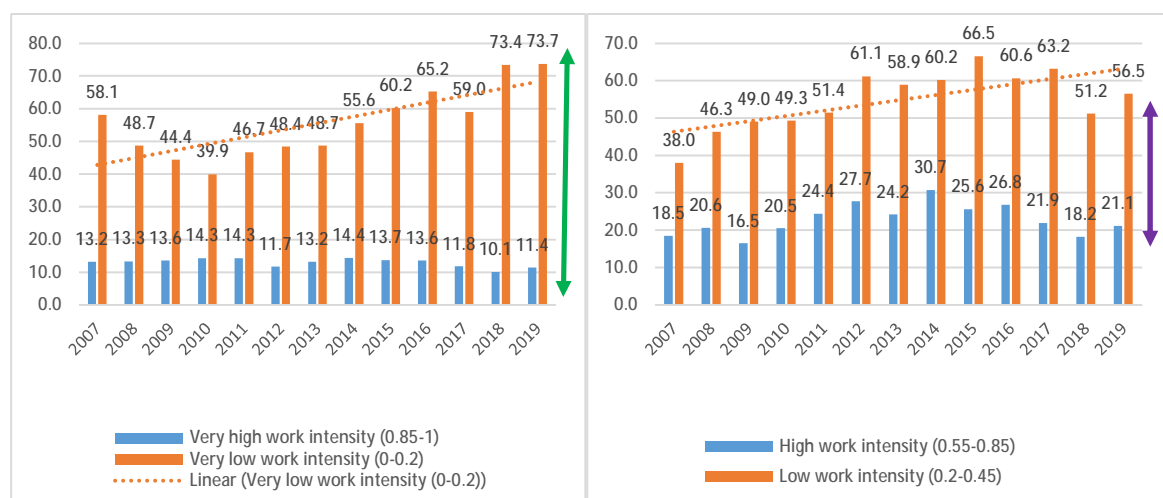
The same affirmation cannot be said about poverty, which affects households where work intensity is even lower. Thus, the exposure of households where work intensity is very low (respectively where people work less than 20 hours of their work potential), is much higher and, unfortunately, not only is in a continuously increase, but also has a sharp pace growth, especially in recent years compared to 2011-2013 period. As a share in the total population up to 60 years old, people from households with very low work intensity accounted for 7.4% in 2018 (National Institute of Statistics, Dimensions of social inclusion in Romania, 2019, pp. 40,

https://insse.ro/cms/sites/default/files/field/publicatii/dimensiuni_ale_incluziunii_sociale_in_romania_2018.pdf).

In these poverty situations, there are many households, and the incidence of poverty is high: in the first years of the analysis, the rate was approx. 40%, because after approx. a decade, to approach 74%, which shows that it has almost doubled in this period. With such a high incidence of poverty among these households (about three quarters of them being exposed to poverty), while maintaining this threshold for a longer period of time (2 years), which means high magnitude and long persistence. That means high poverty affects these households, having a major impact on them. These exposures to poverty are much more sensitive when there are dependent children within the household.

In order to better notice the extent of poverty among households according to this important determinant of work intensity among household's members, the extremes of the structures range, respectively the extremes and quasi-extremes of the work intensity range, will be compared in dynamics during 2007-2019 period.

Figure 5. At risk of poverty by work intensity of household – extremes and quasi-extremes of work intensity range, 2007-2019 (%)



Source: Eurostat, [ilc_li06] (last update 17.06.2020). https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li06

Comparatively, between the extremes of the variation interval regarding the very high work intensity of household vs. very low work intensity there are huge discrepancies, so that if in the case of the household where its members have a very high intensity of work they face poverty in proportion of 11%.

In contrast, when household's members work in the equivalent of less than 20 hours of potential, poverty is very high, the risk being almost 74%, which means that the presence of a job will increase the income of household members and, even if these people are in poverty, this exposure will not be as significant. The two extremes of variation confirm once again the extent of poverty and the significant gap in what means the relationship between poverty alleviation and the labour market, respectively with employment among household's members.

4. In work poverty

Another indicator that joins the risk of poverty (for 23-25% of the population) and the risk of poverty and social exclusion (31-47%) refers to in-work poverty. It has long time been considered that the poor are the ones who do not have a job, that poverty is associated only with unemployment, or that work would be the sure way to reduce poverty, or having a job means to be out of poverty, etc. But statistics have shown that these are just desideratum and that, in reality, even if a person has a job, it is possible to earn a low income and fall into poverty. We cannot talk about being below the national minimum wage, but we are referring to a certain type of contract, with a shorter contract duration, part-time contract, or economic areas where work incomes are lower, or person's qualifications/skills are lower, etc. Therefore, in-work poverty refers to the situation in which the work income is below the poverty line (60% of the median income) and does not allow the person and / or family to leave the sphere of poverty.

Although we do not have statistical data on the in-work poverty rate by residence in any structure, but only at national level, we mentioned it here, as it is still a large number of people who, although working, are also at risk of poverty (in-work poverty indicator refers to employed people, employees or other employed persons except employees, as self-employed). Therefore, the presence of work does not automatically eliminate the risk of poverty among them, Romania registering the highest rate of in-work poverty in the panel of the 35 countries, as shown by Eurostat data and as mentioned in the Eurofound Report (Eurofound, 2017, In-work poverty in the EU, pp. 37, https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1725en.pdf).

Eurostat data show that in the more than 10 years of analysis, at national level, in-work poverty is declining in recent years, with a rate reaching 15,7% in 2019 (19% in 2011-2012). Thus, in 2019, it is found that 1 in 7 people face in-work poverty, while almost 1 in 4 people are in poverty and almost 1 in 3 people are in poverty and social exclusion situations.

Table 4. Risk of poverty and social exclusion, Risk of poverty and In-work poverty, 2007-2019

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Risk of poverty and social exclusion	47,0	44,2	43,0	41,5	40,9	43,2	41,9	40,3	37,4	38,8	35,7	32,5	31,2
Risk of poverty	24,6	23,6	22,1	21,6	22,3	22,9	23,0	25,1	25,4	25,3	23,6	23,5	23,8
In-work poverty risk	17,4	17,7	17,4	17,9	19,1	19,0	18,4	19,8	18,8	18,9	17,4	15,3	15,7

Source: Eurostat, (last update 17.06.2020). Poverty and social exclusion risk: [ilc_peps01], https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_peps01, (last update 17.06.2020); Poverty risk: [ilc_li02], https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_li02, (last update 17.06.2020); In-work poverty risk: [ilc_iw01], https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_iw01, (last update 17.06.2020).

A general dashboard at national level with the main indicators on poverty and social exclusion shows that in 2007-2019 periods they had quite oscillating evolutions, with increases towards the middle of the interval and then with a decreased trend compared to these maximum values. Thus, in recent years, these indicators have generally been on a declining trajectory, but remain high at the present, so that more than 4.63 million people still face poverty, while more than 6.07 million people are at risk of poverty and social exclusion. Even if a person has a job, it does not mean that it is completely protected against the risk of poverty, so that more than 15% of those who have a job and earn an income from work are still below the poverty threshold. This picture of indicators is highlighted at national level, the rural area presenting even more significant vulnerabilities in terms of poverty and its associated forms, respectively severe and extreme poverty, material deprivation, marginalization and social exclusion.

In addition, as mentioned by Lincaru et al. (2018), citing the World Bank, marginal rural areas are scenes with severe deficiencies that bring together people with poor education, are found in the informal sector, live in precarious conditions, with low infrastructure and basic utilities. The authors note that these marginal areas have a number of other weaknesses due to the combination of several factors such as low income household's concentrations, low level of education and relevant skills in

the labor market, high number of children in the household, etc., so a lot of vulnerabilities that lead to social risks associated with poverty and its extreme forms.

Conclusions

Therefore, throughout the analysed period 2007-2019, it can be seen that some indicators, whether national or specific to the rural area, show that poverty is persistent over time, which largely affects the population. In addition, although the trend in recent years is slightly declining, the fact that the values remain quite high both nationally, but especially in rural area, they should be a warning sign and still be considered in national priorities. At the same time, even if there have been some decreases in recent years, the values remain high at the present time. Comparing them with the rates recorded in other EU28 countries, these high incidences place Romania in unfavourable places, with the highest poverty rates in the panel of 28 countries. In terms of poverty in rural areas, these incidences again have the supremacy (negatively viewed), at a great distance from the European average EU28 among the entire panel of 27-28 countries. The high rates permanently registered in the analysed period, even though some of them have declined over time, make poverty and social exclusion significant social risks for vulnerable categories, being necessary combined and sustained efforts to attenuate these high incidences. At the same time, in the rural areas, these vulnerabilities are further amplified, the risks of poverty, as well as those of poverty and social exclusion having significant magnitude and persistence, with notable intensities.

Over time, numerous strategies, action plans, measures, directions of action, initiatives at national, regional, county, rural, and local level that directly concern the individual / household, as well as zonal strategies that directly concern the community as a whole have been implemented. Even if this broad spectrum of sectoral policies, programs and interventions that have targeted either the entire population or various vulnerable groups facing various social risks had results over time, and their effects are visible by reducing the incidence of poverty in recent years, these efforts must be sustained, continued and amplified, with the major aim of reducing poverty and social exclusion and improving the quality of life of the population, especially in rural areas where vulnerabilities are more pronounced and persist over time.



ACKNOWLEDGEMENT: *This paper was accomplished through Nucleu-Program, implemented with the support of the Ministry of Education and Research, Project PN 19130201, Contract 19N/2019 (Această lucrare a fost realizată prin Programul-nucleu, derulat cu sprijinul MEC, Proiect PN 19130201, Contract 19N/2019).*

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