
THE POVERTY IN THE CONTEXT OF GLOBALIZATION

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Abstract

When we talk about poverty, we consider the lack of financial possibilities of a household, a group of people or a person to have the financial resources to meet their needs for food, shelter and clothing, these being the minimum they must have. household in order to be able to ensure at least a development to the limit of normal for the population. The concept of poverty is more than the lack of financial possibilities, it is also the fact that certain segments of the population in a country, in a region may be below the minimum poverty line and may be in a desperate situation. Poverty is defined by the World Bank as the lack of resources that determine that certain strata of the population are in a disarming situation. Poverty is a complex phenomenon and is determined by a complex of factors that influence poverty in an individual or complex way for some population groups. It follows from the study that we can express a certain level of classification of the indicators or factorial factors that determine poverty. In this sense we can speak of main factors at regional level, at community level, at household level and not lastly at individual level. When we refer to isolation, it means a regional level because there are different regional conditions in the same country, even in the same district, in our county and from here the conditions of coexistence, that is to say, access to the offer that the central administration has to give and appear: regional, local, those struggling to get out of poverty. At the level of the whole community we can talk about the lack of means of transport, the distribution of land the existence or on the contrary the lack of educational or medical centers, a social structure or an organization destined to help the poor population. Going down to the level of the household, it depends on the level of the household members, it depends on the level of education of the household head, the level of health and education of the household members, the structure of the individual income of the household members or total on the household and many other aspects, of which we can talk. and the level of discrimination and the degree of violence within the household. Regarding the

individual, the factors that can contribute to his or her satisfaction or poverty must first of all be considered the age, vulnerable being the young age of the child or the age of the third generation. We can talk about education if there is access, if there is concern and if there is an urge to follow a level of education, at least in general. Sometimes, there is gender discrimination, the possibility of occupying a suitable job, the health status and not least of the ethnicity. There are countries, including Romania, which have several ethnicities, but they must not be viewed in a disproportionate way but in a unitary way, as members of the general collectivity of the respective country. Poverty can be measured by a series of indicators such as demographic indicators, economic indicators and not least social indicators.. Successively, these indicators presented are a system based on which the level of poverty of a population is analyzed. There are a number of tests in which the quality of life is analyzed and on the basis of it the groups or categories of persons who are on the verge of poverty are identified. Poverty can be an absolute one that is connected with the subsistence level of the population and a relative poverty that is defined in terms of social context, needs, human aspirations, etc. For the two categories of groups of people in poverty, the absolute poverty line can be established taking into account the cost of the food necessary for life, the access to health, the possibilities in the household to ensure minimum conditions. And we can talk about the relative poverty threshold, which is based on the ratio between income and consumption, this threshold being set at 60% of the median income available per adult and for the total population. Starting from these elements we can discuss the poverty trend in the European Union and then in a structured way the poverty trend in various states. Of course, we are thinking of Romania here first and we will see that in 2016 more than one fifth of the population of the European Union was at risk of poverty. In this situation there are countries like Romania where almost 25.3% of the population is at risk, Bulgaria - 22.9% and many other countries, even those apparently with good living standards, such as Finland, Denmark which are also in a situation not exactly convenient due to the general evolution of living conditions. In this article, of course, we do not refer to absolute and relative poverty in the countries of the African continent and many of the states in Asia, but we aimed to highlight the situation of the population vis-à-vis poverty and to compare whether or not poverty is the effect of globalization. Two theories have been developed, one that says that poverty is not an effect of globalization because in a globalized politics one struggles precisely to ensure living conditions as close as possible to the members of their community, from each state, from each region, from on every continent. On the other hand, it is also recognized that the process of globalization has the effect of a much deeper stratification

of the population which in general terms leads to a group of the population that holds the majority of national and international resources and an increasing group that moves away from the level of normal living conditions and is in poverty or on the verge of poverty.

Keywords: *poverty, poverty line, determinants, demographics, region*
JEL Classification: F22, F62, I32

Introduction

In this article, the authors aimed to make a broader exposition on the concept of poverty, of the factors that determine this process of absolute or relative poverty reduction or expansion, and then try to find an explanation of whether poverty is influenced by globalization. or not. In turn, in this article we have presented the determinants of poverty with emphasis on regional factors, factors at community, household or individual level. To measure poverty, the authors studied and considered that there is a set of indicators that you can use to give a clearer picture of poverty and may contribute to a certain extent to the establishment of regional, national, international programs for reducing poverty and poverty reduction. no, of eradicating poverty. In this context, the problem of eradicating absolute poverty is raised. In the system of indicators thus mentioned, we meet demographic indicators, economic and social indicators, all related to the population structure, age pyramid, the possibility of the members of the households to have income, then the economic indicators from the households or from the society. We are talking about household incomes, consumption and the possibility of saving within households, but at the same time we must also talk about the fact that the savings made in households must find a fertile environment within the regional structures of nations or globally in order to they can be placed in order to bring newly created value and thus contribute to the achievement of additional income that will alleviate the level of poverty. Of course, not without importance are the social indicators that refer to health, education, access to programs and services. There is a population that does not have access or has no opportunities to access a normal level of education, a level of health and so on. In turn, these indicators are inventoried based on household income, household consumption, health and nutrition, education or shelter, these being the minimum conditions to ensure conditions of the poverty line and of exceeding it. When we talk about poverty, we talk about absolute poverty and relative poverty, about the absolute poverty threshold and the relative poverty threshold and on this background an analysis is made of the situation of the current poverty level as well as in relation to the evolution trend of the indicators attesting the degree. of poverty. There are a number

of indicators such as poverty risk rate, material deprivation rate or persistent deprivation rate, all of which are leading to an appreciation of the level and degree of poverty in a country or community. The article uses widely the statistical methods, graphs, tables and others that exemplify and ensure a quicker understanding of the conclusions reached by the authors during the study.

Literature review

Anghelache, Mitruț and Voineagu (2013) highlighted the main aspects of using macro indicators in economic analyzes. Anghelache, Niță and Badiu (2015) analyzed elements regarding financial inclusion. Anghelache, Partachi, Anghel and Niță (2017) studied the positive influence of remittances on poverty alleviation. Poverty measurement is a topic addressed by Briciu (2009), Pop (2009), Ruggles (1992). Goschin, Popa and Roman (2010) studied the macroeconomic perspectives of remittances in Romania and the Balkan countries. A number of researchers, such as Haider, Hossain and Siddiqui (2016), Niță (2018), Ustubici and Irdam (2011), Zheng and Musteen (2018) have investigated the impact of remittances on economic development. Hassan and Holmes (2013) analyzed the correlation between remittances and the real exchange rate. Pasca (2016) conducted a study on remittances in Romania.

Methodology, data, results and discussions

The poverty is a complex phenomenon and a number of factors that influence the poverty of an individual or of the entire household deserve to be studied to better understand this concept. The main determinants of poverty are economic, social or demographic in nature and need to be analyzed at the country level and, especially in the region, as there are differences in the poverty indicators present in a developed country from those present in a developing country. .

The poverty measurement involves a detailed and difficult analysis, the selection of the right indicators and their interpretation must be carefully made so that the results reflect as real as possible the situation of an individual, of a household and not only, of an entire region. Poverty reduction policies can thus be adopted depending on the pressures existing at the region level. Traditional poverty measures use various monetary indicators, but non-monetary ones help to understand poverty as a whole.

These are just a few additional indicators that can be included in the analysis of poverty, in order to carry out a comprehensive study of poverty and at the same time to determine problem situations and to propose more effective poverty reduction policies.

Once the method of measuring poverty is chosen, be it monetary or non-monetary, the poverty line, which draws the line between poor and non-poor, must be established. The poverty line can be relative or absolute, just as poverty can be relative or absolute.

• Global trends in poverty

According to the World Bank, progress in poverty reduction has been recorded over time, in 1990, 1.85 billion people, representing at that time 35% of the population was considered poor.

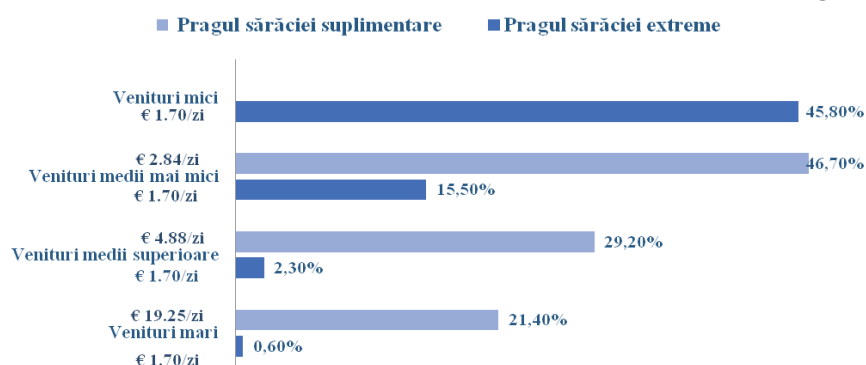
Currently the World Bank has estimated that more than 760 million people, ie 10.7% of the global population still live in extreme poverty, which means that one person survives on EUR 1.70 / day.

In order to make country-level comparisons and to determine populations facing absolute poverty, the World Bank converts the poverty line in each country into dollars. The international poverty line is set at regular intervals, because the cost of basic goods: food, clothing, shelter changes, so the international poverty threshold was set at EUR 1.11 per day, and in 2015 it was updated to EUR 1.70 per day.

Another difficult thing to determine in measuring poverty is that not all countries can be considered at the same level, the poverty line can vary drastically between developed countries and those facing economic difficulties. The new poverty thresholds set by the World Bank are shown in Figure 1, for countries with low incomes 1.70 EUR / day, lower average incomes 2.84 EUR / day, higher average incomes 4.88 EUR / day and higher incomes 19 , 25 EUR / day.

The poverty threshold established in 2015

Figure 1



Source: World Bank

The mission of the World Bank is to reduce the poor population to less than 3% of the total global population.

• **The poverty trends in the European Union**

According to Eurostat, in 2016, 23.5% of the EU population, ie 118.0 million people lived in households at risk of poverty and social exclusion. People at risk of poverty were in this situation as a result of one of the conditions: at risk of poverty, even after receiving social transfers, lacking in material means, they live in households where the work done by members of the household is low.

Eurostat defines the poverty risk rate, after receiving social transfers, as the ratio of people with incomes below the poverty line, set at 60% of the median national income equivalent to the income available after social transfers. This indicator shows people with low incomes compared to other residents of the respective country. The poverty risk rate, prior to receiving social transfers, represents the ratio of persons in the total population with an available income equivalent below the poverty line set at 60% and calculated including social transfers. This indicator considers the possibility of non-existent social transfers. The rate of persistent poverty risk is calculated over a period of three years and shows the percentage of the population at risk of poverty in the current year, but also in the previous two years.

Material deprivation is the forced inability of a person to cover his unexpected expenses, to have a meal based on meat, telephone or car, to allow an annual vacation away from home, bills or bank rates. The rate of material deprivation is an indicator that distinguishes between the people who allow the acquisition of some goods from other people who do not buy the respective goods for other reasons. Within the category of these goods are those listed above, within the definition for material deprivation. The rate of persistent material deprivation is calculated over a period of three or four years and analyzes the inability of a person to cover his expenses for the same goods mentioned above. The indicator that measures people living in households with low-level work is defined by the number of working-age persons who have worked only 20% of their potential in the last 12 months.

The calculation method used by Eurostat for the poverty risk rate refers to the percentage of people in the total population who stated that they are employed, but are exposed to poverty, have an available income below the poverty line.

The calculation formula is:

$$IW\ ARPT_{at_k} = \frac{\sum_{i=j_{at_k}} PB040_i}{PB040_i} \times 100 \quad (1)$$

where:

IWARPT (in work at risk of poverty rate) = rate of poverty risk for working people;

J = population or group of people at risk of poverty.

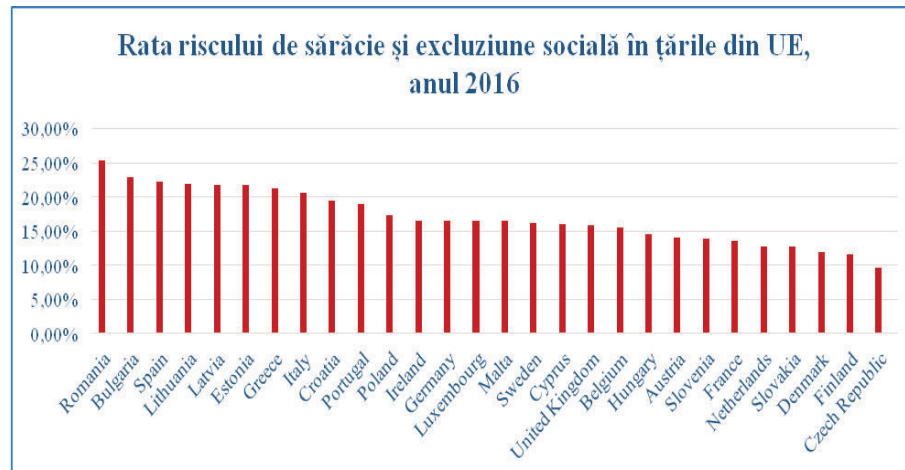
In 2016, according to official data published by Eurostat, 51.9 million people in the EU were experiencing poverty due to incomes, without being deprived materially or with low labor intensity. 15.5 million people were experiencing material deprivation and 13.2 million people were in poverty due to low labor intensity. The three groups intersect, resulting in a group of people of 8.4 million who face poverty where all three risks are present.

The Europe 2020 strategy aims to promote social inclusion, especially by reducing poverty and the number of people at risk of poverty, with at least 20 million people.

Figure 2 shows the poverty rate in the 28 EU countries.

Risk of poverty and social exclusion in EU countries, 2016

Figure 2



Source: Eurostat

In 2016, according to Eurostat, in some EU countries, more than a fifth of the population was at risk of poverty. In this situation, the countries are: Romania (25.3%), Bulgaria (22.9%), Spain (22.3%), Greece (21.2%) and Italy (20.6%). Some of these countries registered increases in the poverty rate

compared to 2015, such an example being Romania, where the highest growth was recorded by 2015, by 1.4 percentage points. Among the EU countries that have lower rates of poverty risk are: Czech Republic (9.7%), Finland (11.6%) and Denmark (11.9%).

Depending on the population of the EU-28 countries, it is possible to determine the number of people at risk of poverty and thus it would show the poverty map in Europe, based on data obtained from Eurostat, in 2016.

Conclusions

From the study carried out, a number of conclusions are drawn, first of all that the global evolution carries with it a greater risk of poverty. The grabbing of resources by a smaller group of individuals from each community, country, or on a larger, international level also has the effect of increasing the poverty level at the lower level of polarization. The second conclusion is that the phenomenon of absolute and relative poverty must be given special attention under the current conditions in which the resources of the world are scarce, even if substitutes of these resources appear, and the population of the countries is constantly growing. It is anticipated that by 2050 the population of the entire world will be about 10 billion people, that is 2.2 billion more than in 2014. It is a global problem, it is an international problem that must be given attention. Another conclusion is that the threshold study, whether absolute or relative, has to be done on the basis of calculated statistical indicators that are compared with the international concepts of UNSD - UN Statistical Commission, the World Bank and other institutions. It would be the Council of the European Union, which has to take care to keep the magnifying glass in the way it evolves, to call it poverty and to see whether or not globalization trends will have an effect. If they will have an effect that is predictable, it means that some mitigation measures must be taken if not poverty eradication. International economic cooperation must be a determining factor in ensuring better conditions for the population in some countries seriously affected by the scourge of poverty.

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