

# ***Eradication of Social Poverty-Objective of the European Administration***

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**Abstract:** *The scientific paper analyzes social policy, especially poverty like components of this. We identify the main objectives of social policy, the legal framework at national and European levels, making references at indicators that determine the level of poverty in our country. The poverty is a phenomenon which is determined by multiple factors. The theoretical views with accent on economic level of poverty are analyzing and the differences between social policy in Romania and the European social politics.*

**Keywords:** *Social policy, poverty, social exclusion, sustainable development, public authorities.*

**JEL:** *P36; R28, Q48.*

## **Introduction**

Representing a set of goals and instruments through the public power distribute public resources according to legal rules from the humanistic perspective of social justice, social policy has become a particularly role in sustainable development, especially since between social and economic policy are in interdependence: economic growth supports social emancipation, solve social problems and social development contributes to economic efficiency.

The paper addresses issues related to social policy, starting with an overview of theoretical and surprising elements to configure social poverty. Theoretical approaches are examined with emphasis on the phenomenon of poverty, its economic perspective emphasizing European and national landmarks.

## **1. Social causes of poverty**

Poverty is a global phenomenon that has so many social and economic causes. British sociologists believe that the main factors that cause poverty are: overcrowding, insufficient food and lack of global employment. In terms of socio-economic, poverty can be presented from two perspectives: in terms of living standards as a factor in the formation of the social environment in which the individual is active, other, in terms of the individual's own income is insufficient to meet their needs.

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The literature records a first definition of poverty in 1901 that belongs to Seebohm Rowntree: total revenues are not sufficient to meet only the minimum necessary for physical efficiency. In current approaches, poverty is reflected as an inability to turn off a minimum living standard (European Council of December 1984). Analysis of social poverty approach is the area of social policies. From this point of view we consider opportune revealing principles of states and social policy configured in accordance with the established indicators for measuring poverty.

In substantiation and promotion of social policy are taken into account the following principles:

- protection of human dignity;
- elimination of all forms of discrimination throughout the social protection policy;
- promotion of social partnership as a means of control and efficiency of all measures and social policy;
- flexibility, social protection measures that are tailored to real needs of groups and individuals;
- orientation of the objectives and policy measures towards the welfare and empowerment, mobilization and participation of all social forces to boost growth, the employment been the primary source of wealth and individual freedom, the most stable source of health economy;
- gradual decentralization of social protection, and with it, engaging in social welfare activities of economic entities, local government units, the government offices and NGOs, charities and individuals by material, financial and social contributions in accordance with an adequate legal framework.

In this regard, combating poverty is one of social policy goals and measures are determined by the economic situation, the magnitude and profile of poverty, economic policy and philosophy that dominates thinking about this phenomenon.

Any social policy system is composed of various benefits and social services, designed to cover the entire range of basic needs for all age or occupational social segments. All these benefits make up social welfare system for citizens. Social protection is a fundamental element of state policy, because the implementation is done to prevent, reduce or eliminate the consequences of events considered as "social risks" on the living standards of the population. If one takes into account to achieving social protection mechanism, it can be defined as a set of public and private initiatives that provide (M. Molnar, M. Poenaru, 2008, p. 9): social assistance for individuals and households into poverty, social services for individuals/groups who need special care or who otherwise would not have access to basic social insurance to protect people against social or economic risks and shocks that cause reduction or loss of income.

## **2. Measures to combat poverty. National and European landmarks**

In Romania, measures to combat poverty and social exclusion have been developed by Law no. 416/2001 on the minimum guaranteed income, Government Emergency Ordinance no. 5/2003 which, mainly, regulates home heating aid, supporting families in difficulty because of natural disasters, fires and accidents. In 2001 was established the Anti-poverty and Social Inclusion Government Commission as a responsible institution in this area. In the same year, in order to comply the rights of the Rroma people and to prevent their social exclusion was established Ministerial Commission for Rroma people.

The price of social protection is expressed by social service costs which, in particular, mean social security. This term, with grater longevity, was launched by the International Labor Organization and has the primary requirement (M. Preda, 2002, p. 79) for its substantiation a social security system. This system has two components: social security and social assistance system, in a safety network, so that class of citizens, in any case, does not remain vulnerable.

Social assistance are part of the social security system and having as main objective to providing services or cash benefits to insured persons under the impossibility of obtaining wages in certain risk situations (temporary or permanent incapacity for work, maternity, old age, unemployment). Social security system is based on collecting and distributing funds to ensure benefits to those faced with the situation or risk insured by their descendants and includes: pensions, sickness insurance, family benefits such as maternity, unemployment insurance and other social insurance rights such as those for death.

Financing social policies in European Union and in the countries in transition is realized from social contributions and public contributions financed from taxes. In the European Union are developed, generally, the social protection systems which covering a wide range of social risks, ensure a high level of protection through the amount of social benefits, and public spending allocated to social protection are quite high, about 25 -30% of GDP, however, recorded a trend of reduction of those.

In Eastern European countries during transition was recording a serious deterioration in living standards, stagnation or a decline in life expectancy, a drastic reduction of jobs and also an increase of poverty, which determined that a significant population become dependent on welfare system.

Poverty is understood as a multidimensional phenomenon, being approached in several perspectives: economic, psychological, cultural, and sociological. Thus, the economic approach refers to the possibility of earning income and is considered the main cause of poverty. Psychological approach focuses on the psychological effects of deprivation, and includes: disregard of self, aspirations and motivation low. From a sociological point of view, is analyzed the relationship between peoples and society, focusing on values and norms, on the effects on poor individuals, on the participation to the community activities, to the integration into political life.

In the scientific literature is a rich and varied range of conceptual limitations of this phenomenon: poverty can be defined as a state of permanent lack of resources necessary to ensure a decent living, acceptable at the level of community. Are considered poor the individuals and families whose income or resources, especially in the form of educational and vocational training, living conditions and material wealth, are below the average levels of society in which they live.

According to CERC, the Center for the study of costs and revenues in France, poverty combines three premises: a standard of living below a minimum acceptable, a loss of autonomy that places individuals in a situation of dependence on the environment in which they live and the impossibility to exit from this situation.

A definition and an accurate perception of the phenomenon of poverty are necessary because it starts from the premise that poverty is not only a consequence but also an unfavorable factor for economic growth. Thus, an overestimation of poverty would lead to resource allocation (transfer) to a segment of the population that is not entitled to benefit from them, while a low estimate would mean an insufficient allocation of resources and to exclude a certain proportion of the population from social protection.

We can identify a number of factors that produce and sustain social poverty; their knowledge is necessary for undertaking the most effective measures to prevent and combat this phenomenon of increasing magnitude. These can be classified in *structural factors* (limited capacity of the economy to create new jobs which can generate incomes, the unequal system of distribution and redistribution of income; incapacity of individuals because of disability); *the global and conjectural factors* (economy unable to produce enough and efficient, the institutional and technical conditions that block the activities on their own; discrimination on various grounds: ethnic, religious, gender, age); *the derived factors* (behavior problems, alcohol and drugs dependence, inadequate lifestyle demands of the labor market, the adaptation to the situation of poverty, low aspiration level, shortage of human capital - education and lack of qualifications, low investment in training children's, social deficiencies, inadequate resources consumption style); or *social policy factors*: lack of security/ social protection, social security system crises, inability to protect the community by depriving its members of their own resources (elderly people who remain homeless due to deception, theft, corruption etc.); the social protection system failure to protect against the effects of various natural disasters.

### **3. Social poverty in Romania-an empirical analyze**

Poverty is an extremely serious problem in Romania. This is much different than the typical poverty of western prosperous societies, both in size, severity, and in terms of causes and possibilities of intervention in the communities. The proportion of poor in western countries is around 10-15% of the population. In Romania, the extent and severity of poverty have different dimensions.

After the fall of communist regime, Romania has tried with much unconfidence to change the economic mechanism, from planning to market economy, which, in social plan, generated substantial costs. Romanian society did not seem to be prepared to deal with the explosion of poverty. Estimates of the mid of 90s, although different given by the different methodology used, reveals disturbing scale of the phenomenon. The proportion of poor's was 22% (World Bank estimate for 1994) and 39.3% (International Monetary Fund estimate for 1994). According to some calculations made by UNDP (The United Nations Development Program in Romania) (1998) the poverty rate is around 28% in 1996. After a slight improvement in the 1995-96, economic downturn continued in the latter part of the decade, poverty declined rapidly, to reach 44% in 2000 (estimates of White Paper in December 2000). Given the growth in the period 2000-2006 (GDP growth of five to six percent annually), the poverty rate fell in 2006 to 13.8% of the population. However, sociological data indicate an absolute poverty rate, particularly high in the European context, comparable only to some countries of the former Soviet Union.

From an economic perspective, the most important factor in the impoverishment of the population was the economic recession. Drop in gross domestic product in 1989-1993 and 1997-1999 periods was accompanied by an increase of poverty. Between 1993-1996 there was a growth leading to poverty reduction. Thus forming a vicious circle that determined the link between poverty and growth. When GDP declines, the phenomenon of poverty growing. Socially, this is associated with increasing demand for social services, while the necessary budgetary resources are decreasing.

An important cause of occurrence of this vicious circle is the longest period of economic recession that accompanied the transition process, much longer than in most countries of Central and Eastern Europe, which currently affects the Romanian society.

From the perspective of social policy, the vicious circle of poverty and economic recession was fueled by a lack of strategic direction of social policy. This sometimes led to overlapping concepts of social insurance and social assistance. While the social assistance would have to focus to the poor, in fact, the pension system was often "corrected" to solve social problems. For example, following the early retirement measures, much of the active population was spared the experience of unemployment and poverty.

Although the phenomenon of absolute poverty is rare phenomenon in Romania and in Europe, generally, however, puts our country on an unwanted

place in the lead as the level of poverty among the countries of Central and Eastern Europe. Three factors concur to this situation (C. Mihalea Tesliuc, L. Pop, E.D. Tesliuc, 2001, p. 24): differences of income per capita and the distribution of incomes, the poor performance recorded in economic growth, increasing inequality during the transition.

A key element in an analysis of poverty is the household size and structure. According to a 2008 study name AMIGO it was shown that the number of members and the structure of the households are arranged as follows: 25% of households consist of two persons, 21.3% of households consist of single people, 21.1% are made up of three people and households of six people and over represent 6.3% of total.

After the residence, also can distinguish the following statistics: almost half of urban households are made up of three or four members (46.5%), while rural households have a higher frequency consisting of one or two people (49.4%) and those of five and more persons are more common in rural areas (19.7% versus 9.7% in urban areas) (Table 1).

**Table 1: Structure of households by area of residence**

Urban Areas		Rural Areas	
Number of persons	%	Number of persons	%
3-4 members	46,5	3-4 members	49,4
>5 members	9,7	>5 members	19,7

The report concerning the relationship between poverty and environment of residence, both the poverty rate and the number of poor is higher in rural areas where are registered 46% of the population lives, than in urban areas. Despite a constant trend toward convergence, in 2002 risk of poverty continue to be more than two times higher in rural than in urban areas (42% vs. 18%). Rural poverty is 67% of the poor. In rural areas, poverty rate rose from 24% to 30% between 2000 and 2008, while in urban areas it fell from 12% to 9%.

Family background is also determined by the number of dependent children. A large number of children increase the risk of entering a family in poverty. As a result, achieve a significant reduction in long-term life opportunities, school attendance of children in such families. Low educational level always associated with a labor market disadvantage and a lower standard of living virtually closes the vicious circle of poverty.

The rate of poverty by age shows that those who face the greatest risk of poverty are children, especially teens between 15 and 24 years. That is because on the one hand high dependency ratio in the group and second, by the largest number of children in poor families. Compared with 2003, the year 2006, there is a reduction in the poverty rate among children and young people with over 30%, but the risk of relative poverty continues to grow. Approximately 75% of children belonging to poor rural areas where a child's risk of poverty is three times higher compared to that of a child who lives in an urban area. More than a third of poor

children live in households owned by farmers, with a poverty level seven times higher than that of an employee's child. In 2008, more than one out of four children and one out of five person of 16 to 24 years old lived in poor households (26% and 21%, respectively) (M. Molnar, 2008). It thus appears as a prerequisite for ensuring a higher standard of living constant concern for training; because it was shown that those who have a high level of education earn higher incomes and higher living standards. In Romania, about a third of the population has an average educational level, over a quarter have graduated from high school or post-secondary courses and nearly 6% of the population are college graduates.

Depending on ethnicity, the only group to differ from the average poverty rate is the Roma people, with an extreme vulnerability to poverty and social exclusion forming an exposed group. In 1998, Roma had a nearly threefold risk of poverty: 87% versus 33.8% - national average. In 2006 the Roma population was four times more people that might have been among the poor than the rest of peoples. Most times, Roma households are more numerous and have more children with a lower education level and a tendency to engage in informal activities, all of these being factors associated with a high poverty rates. For other ethnic groups, the poverty rate is the same as Romanian.

In 2008, the poverty rate was of 18% in Romania. It means that almost one out of five persons (3.9 million as a whole) lived in a household which incomes were less than a threshold of 460 lei/month/adult equivalent (M. Molnar, 2008).

Following the current situation, in Romania the poor figure could double by the end of the economic crisis, which will increase the pressure on the public budget (public expenditures).

But the poor in Romania is a small part of the actual needy planet. For example, 80% of the world population lives on less than \$ 10 per day. Of these, over three billion people (ie half of the population) are doing less than \$ 2.50 per day. More than 900 million of who survive on less than a dollar a day. In the international context, the welfare of Romania converges with that of other new EU member states, although the difference is still significant. Social policy must respond with consistent and targeted measures to reduce the impacts of poverty.

#### **4. Steps for social poverty eradication**

At the conference in Brussels on 17 December 2010 was presented the situation of Euro barometer regarding poverty in the European Union, in late 2010. Methods according to this analysis, the European Union 84 million people lived below the poverty line. The main causes identified were: unemployment (70%), low salaries, social benefits at a low, low pensions, the excessive cost of decent housing (25%), lack of education and tradition poverty (5%). The main categories are unemployed and vulnerable elderly and the risk that they fall into poverty is caused by an inability to pay bills, the possibility of becoming homeless, the inability of households to have minimum monthly income constant.

In this context, the United Nations Declaration goal of reducing extreme poverty by 2015 globally acquired new values. The proposed measures in this respect refer to:

- halve, between 1990-2015, the number of people whose income is less than one dollar a day;
- total framing and productive in the workforce, and ensuring a decent job for all, including women and youth;
- halve, between 1990 and 2015, the proportion of people who suffer from hunger.

The European Union was adopted European Platform to Combat Poverty, which proposes that from 2011 until 2020 to implement the following measures:

- ✓ improving access to employment, social welfare, general interest services and education;
- ✓ rational and efficient use of European funds to support social inclusion and combat discrimination;
- ✓ new initiatives in social innovation and new plan of social policy reforms in order to increase their efficiency;
- ✓ partnerships between public and private sector and potential social economy recovery;
- ✓ EU policy coordination in an efficient manner.

2010 has been declared as Year of the Fight Against Poverty and Social Exclusion, proposing principles and priority objectives related to poverty such as: increasing citizen participation in decisions on social inclusion policies and actions, collective and individual responsibility in the fight against poverty and social exclusion, promoting a more cohesive society, reiterating the strong political engagement taken by the EU and the member states to ensure a decisive crash on poverty eradication and promotion to all levels of government. We conclude that the social problem of poverty is complex and only measures consistent, coherent and rational can help mitigate this phenomenon, which affects the world states in general and our country in particular.

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