

AT THE BEGINNING OF A NEW REGIONAL STRATEGY BASED MOSTLY ON GROWTH. 2020 EUROPE STRATEGY- TARGET ON POVERTY

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Abstract

In the attempt to understand how does the European Union want to develop in the following decade, it is important to find that all its plans took the shape of a new strategy, called The 2020 Europe Strategy. This paper aims to analyze the fifth target of the strategy, poverty and social exclusion and to see how does it is applied for Romania and how can the country diminish this indicator, leaving the last but not one place of the statistics regarding poverty, followed only by Bulgaria. In this respect, it is made a short analysis of the most important social indicators over the population at poverty or social exclusion, at risk of financial poverty, severe material deprivation or from very low work intensity households. The main conclusions were that Romania will continue to have a poor population as it is stated by the European indicators at more than 50% with less and less chances to target the 20% of the population in risk of poverty and social exclusion by the end of 2020.

Key words: goals, objectives, poverty, strategy, targets

INTRODUCTION

Europe 2020 is the European Union's ten-year growth and jobs strategy that was launched in 2010. It is about more than just overcoming the crisis from which our economies are now gradually recovering. It is also about addressing the shortcomings of our growth model and creating the conditions for a smart, sustainable and inclusive growth[2].

Five headline targets have been set for the EU to achieve by the end of 2020. These cover employment; research and development; climate/energy; education; social inclusion and poverty reduction. These are the following:

Employment-75% of the 20-64 year-olds to be employed;

R&D-3% of the EU's GDP to be invested in R&D;

Climate change and energy sustainability: greenhouse gas emissions 20% (or even 30%, if the conditions are right)lower than 1990; 20% of energy from renewables; 20% increase in energy efficiency;

Education- Reducing the rates of early school leaving below 10%; at least 40% of 30-34-year-olds completing third level education;

Fighting poverty and social exclusion- at least 20 million fewer people in or at risk of poverty and social exclusion.

All these established targets have the main purpose to see how it will look the European Union in 2020. They are also translated into country targets, in order to be easier to understand and check the progress of each country. What is the most important fact, is that they are obeying the European functioning principle, meaning that are common goals for all members and also involve interrelated and mutual reinforcement because the education helps the labour market, results of R&D investments raises the competitiveness and create jobs and the greener environment keeps clean the planet and creates new opportunities of green businesses or jobs.

Together with targets, the new strategy brings also new objectives based on smart, sustainable and inclusive growth, such as:

-Digital agenda for Europe;

-Innovation Union;

-Youth on the move;

-Resource efficient in Europe;

-An industrial policy for the globalization area;

-An agenda for new skills and jobs;
-European platform against poverty.

Europe 2020 does not forget about its main priorities as innovation, the digital economy, employment, youth, industrial policy, poverty, and resource efficiency and continues to use the European single market, the EU budget and the EU external agenda to achieve the goals from above.

Fighting poverty and social exclusion is one of the targets where Romania has one of the most highest percentage of people at risk of poverty and social exclusion according to the State of play and progress at national level [4], being followed only by Bulgaria.

Managing to low the poverty and social exclusion is one of the strategy' targets placed before any other industrial investment or economic growth because it is considered to be smart, durable and inclusive growth of the next decade.

MATERIALS AND METHODS

The materials used in this paperwork include European legislation, European statistical information from headline indicators of the 2020 Strategy, Romanian databases from INSSE in order to compare the information, and also the European timeline, The European Semester regarding the moments and duties of the institutions responsible for the implementation of the Strategy. Least, but not last, the research will involve a short analysis of the two European important instruments, Annual Growth Survey (AGR) and Alert Mechanism Report (AMR).

The methods applied will be empirical analysis and comparison, critical remarks and personal opinions about the changes of Romania to point the targets established by the strategy.

RESULTS AND DISCUSSIONS

The target set by the EU corresponds to a situation where 96.4 million people are at risk of poverty or social exclusion in 2020. When referring to the number of people at risk of poverty or social exclusion, the indicator includes the number of people affected by at

least one of the three types of poverty, namely income poverty (people at risk of poverty after social transfers), material poverty (severely materially deprived people) and people living in households with very low work intensity[1].

The years until 2009 were marked by a steady decrease in the number of people exposed to poverty or social exclusion. The lowest level was reached in 2009, with around 114 million people at risk of poverty or social exclusion, against more than 124 million in 2005. However, the crisis offset these positive developments and led to a rise in the values of the EU-28 aggregates, with the number of people at risk of poverty or social exclusion increasing to more than 118 million in 2010, more than 121 million in 2011 and more than 124 million in 2012. Monetary poverty affects the highest number of people and severe material deprivation has increased most rapidly, by 7.1 million people since 2010.

Based on recent trends and according to the latest projections, the EU target of reducing the number of people at risk of poverty or social exclusion to 96.4 million by 2020 is unlikely to be met and the indicator might remain close to 100 million[5].

Compared to the European target of lifting 20 million people out of poverty and social exclusion, the aggregated national targets are less ambitious and correspond to reducing the number of people at risk of poverty or social exclusion by around 12 million. As a result of the crisis, vulnerability to poverty and social exclusion has increased in most Member States. Therefore, in 2012, only two countries, Germany and Latvia had met their targets. Poland is very close to achieving its target while Bulgaria, Lithuania, Czech Republic and Finland are moving in the right direction. Italy, Hungary, Greece and Spain are furthest from their respective targets[6].

The crisis has not affected all Member States to the same extent nor with the same intensity and has exacerbated the differences between Member States. In 2008, the distance between the two extremes, namely the Netherlands with 14.9 % of the population at risk of poverty or social exclusion and Bulgaria with

44.8%, amounted to almost 30 percentage points.

People at risk of poverty or social exclusion and its sub-indicators, 2005-2020*

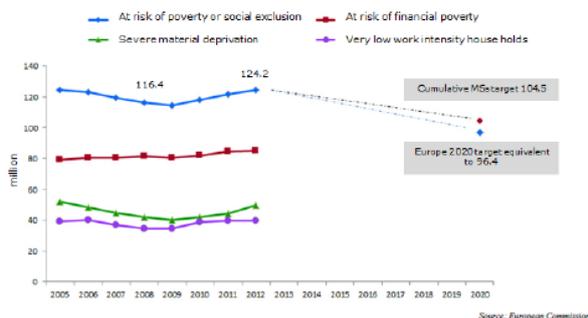


Fig. 1. People at risk of poverty or social exclusion and its sub-indicators, 2005-2020
Source: European Commission

This gap rose to 34.3 percentage points in 2012, from 15% in the Netherlands to 49.3% in Bulgaria. [3].

People at risk of poverty or social exclusion in EU Member States* (% of population)

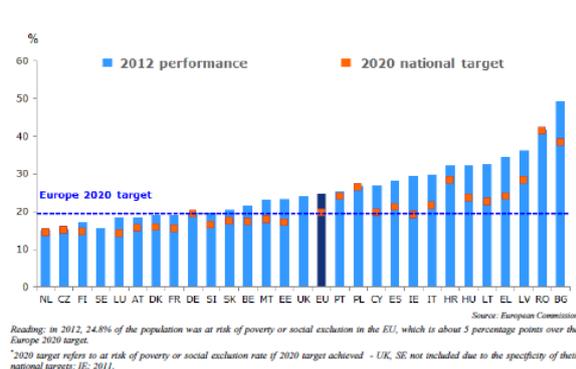


Fig. 2. People at risk of poverty or social exclusion in the EU member states
Source: European Commission

Regarding Romania, Fig.2 shows that the percentage of population in poverty risk is at 40% in 2012 and the national target for this indicator is established at the approximately same value, placing the country on the before last position, only in front of Bulgaria. This fact is serious proof of the low living level of the population and the existence of wealth disparities in the country.

Romania's poverty level evolution had a linear evolution from 2008 to 2012, its significant increase being registered in 2009 due to an economic raise.

Fig.3. emphasized after 2009 a slight evolution, but keeping the same trend.

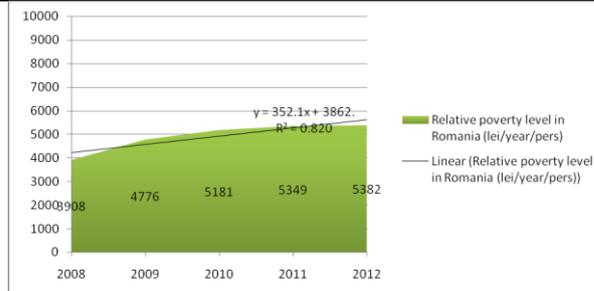


Fig. 3. Relative poverty level in Romania, 2008-2012
Source: data processing over Living level- Relative poverty level, INSSE- TEMPO online

Deepening our analysis, the national statistics show, as emphasized in the Fig.4., that the relative poverty rate had a same overall trend both on main developed regions as in total, registered the usual economic and not new gaps between Bucharest-Ilfov region, but county in reality, and East or West regions.

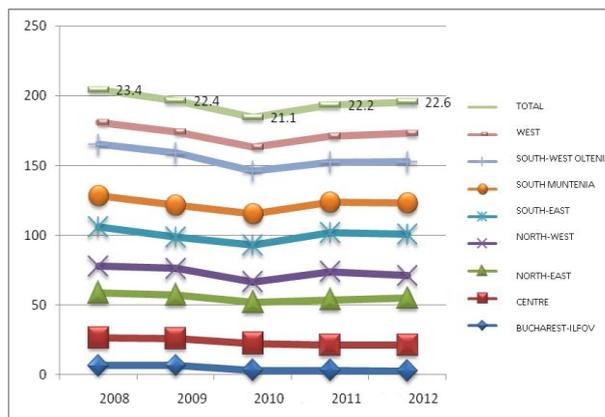


Fig. 4. Relative poverty in Romania by macro-region, 2008-2012
Source: data processing over Living level- Poverty relative rate on regions, INSSE- TEMPO online

If it were to measure the poverty relative rate on regions, it is clear that major discrepancies are undoubtedly high, and all eight regions follow the same trend.

Analysing the same poverty indicator from another economic prospective, emphasizes that in 2012, more than 6% of people had more than 5 economic problems, approximately 20% had no problems and the difference of more than 70% had between 1 and 5 economic problems which highlights the urge of this social situation.

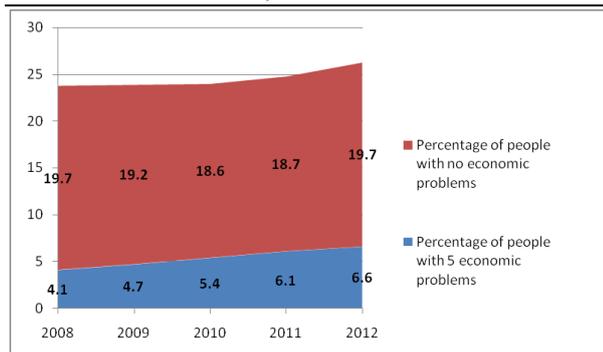


Fig. 5. Percentage of people with economic problems compared to people without economic problems

Source: data processing over Living level- Poverty relative rate on regions, INSSE- TEMPO online

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CONCLUSIONS

Having an overview on the poverty and social exclusion indicators, even stated on an European strategy helps designing the actual living level and its perspectives.

Regarding Romania in this indicators, national targets are even lower than Bulgaria and the population with serious economic problems is increasing year by year.

To fight against this problem, the Government should take correct decisions not only on social measures, but also on education, but this is the subject of a future research.

ACKNOWLEDGMENTS

This research work was co-financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

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