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## Determinant factors of the living level in rural communities in the Southeast region

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# DETERMINING FACTORS OF THE LIVING LEVEL IN RURAL COMMUNITIES IN THE SOUTHEAST REGION

RUXANDRA – EUGENIA POP<sup>1</sup>

**Abstract:** *Within the present paper, some of the most important representative factors for the standard of living of the population in the south-eastern region of our country will be analyzed. It is also desired to present an overview of the current situation regarding the labor market in the territory of this region and the elements that define this market: the degree of development of the area, the supply and demand on the labor market, socio-demographic factors, economic factors. Starting with the 1990s, after the austere communist period, at the national level, from the point of view of the standard of living Romania has stood at a considerable distance from the average recorded at the level of the other European Member States, although, in the last decades, there have been transformations various social-economic level. According to the data, almost half of the population of Romania (40% on average) is affected by the risk of being on the verge of poverty. In order to carry out the present work, the main data used were taken from specialized databases, such as Eurostat, TempoOnline (database of the National Institute of Statistics) and others.*

**Keywords:** *poverty line, standard of living, national economy, unemployment rate*

**Jel Clasification:** *Q15, R1*

## INTRODUCTION

The South-East region of the country (Brăila, Buzău, Constanța, Galați, Tulcea, Vrancea), has a population of 2545.9 thousand inhabitants, in this region there is a great ethnic, linguistic and religious diversity (Russians, Greeks, Turks, Tatars). In 2018, according to the Labor Force Balance, the region's labor resources amounted to 1520.7 thousand people out of which the civilian employed population represented 62.4%. The unemployment rate registered on March 31, 2019 was 4.5%, with 44.5 thousand unemployed registered. From the point of view of participation in the main economic activities, the share of the civil employed population in agriculture is 25.1%, while the share of the civil employed population in services is predominant (44.6%), and in industry and construction it is 30.3%.

Agriculture holds an important share in the region's economy, with agricultural production being significant. The region ranks first in the country in terms of the area of fruit trees. Fisheries and aquaculture, along with fish processing and trade in fish and fish products, are traditional activities in the South-East Region.

The region also has a diversified industry: petrochemical, metallurgical, machine building, construction materials, food and textile industry. In this region there are important industrial centers: combined (iron and steel, petrochemical), shipyards with tradition (from Brăila, Galați, Tulcea, Constanța and Mangalia), pulp and paper factories, combined petrochemical from Năvodari, nuclear power station from Cernavodă. Another important sector for the region, with a significant number of employees, is the naval one.

According to ANOFR statistical data, the most important employers in the region, as number of employees were: ArcelorMittal Galați SA, SC Shipyard Damen Galați, SC Vard Tulcea SA, Arabesque SRL, DGRFP Galați, Damen Shipyards Mangalia, Raja SA.

The specificity of the South-East Region is represented by the disparities between the concentration nodes of the industrial and tertiary activities (Brăila - Galați; Constanța - Năvodari), the isolated complex industrial centers (Buzău, Focșani), areas with tourist specificity (the coast and the Danube Delta) and the large areas with areas of agricultural and wine growing. Thus, Brăila and Constanța counties are characterized by a higher rate of population employed in industry and construction, Buzău and Vrancea with higher percentage of population employed in agriculture, Constanța and Galați in services.

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## MATERIALS AND METHODS

In the present work the following working methods will be used:

- dissemination of existing information in the specialized, domestic and international literature of interest;
- quantitative and comparative analysis of the existing statistical data in the database of the National Institute of Statistics regarding elements of interest for shaping the standard of living of rural communities in Tulcea and Constanta counties.

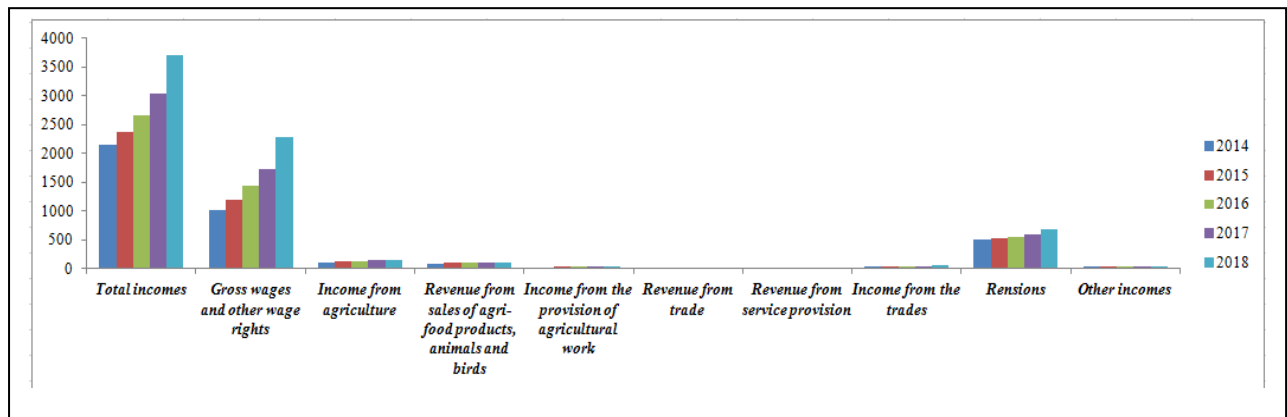
## RESULTS AND DISCUSSIONS

In the specialty literature, several factors have been identified for assessing the standard of living of the population in an area, region. A first defining factor to characterize the standard of living is the **income** and expenditure of the population, referring mainly to the level of gross registered wage. Closely related to this factor are elements related to the labor market, such as: the unemployment rate, the employed population rate. Another important factor is the degree of material deprivation of the population.

Regarding the **incomes**, as a determining factor of the standard of living, based on the statistical data provided by the INSSE, we can say that in 2018, it does not show big differences from one region to another, but higher incomes were registered in capital, in the center of the country and in the North-West region, a lower level being registered in North-East, South-East and South-Muntenia, which can be explained by the fact that high values of the population are recorded in the territory of these regions aging, a lack of alternatives, lower economic efficiency, a low level of foreign direct investment.

Thus, in graph 1, we present the level of incomes registered between 2014 and 2018, according to the main social categories, in the area of interest for the present work:

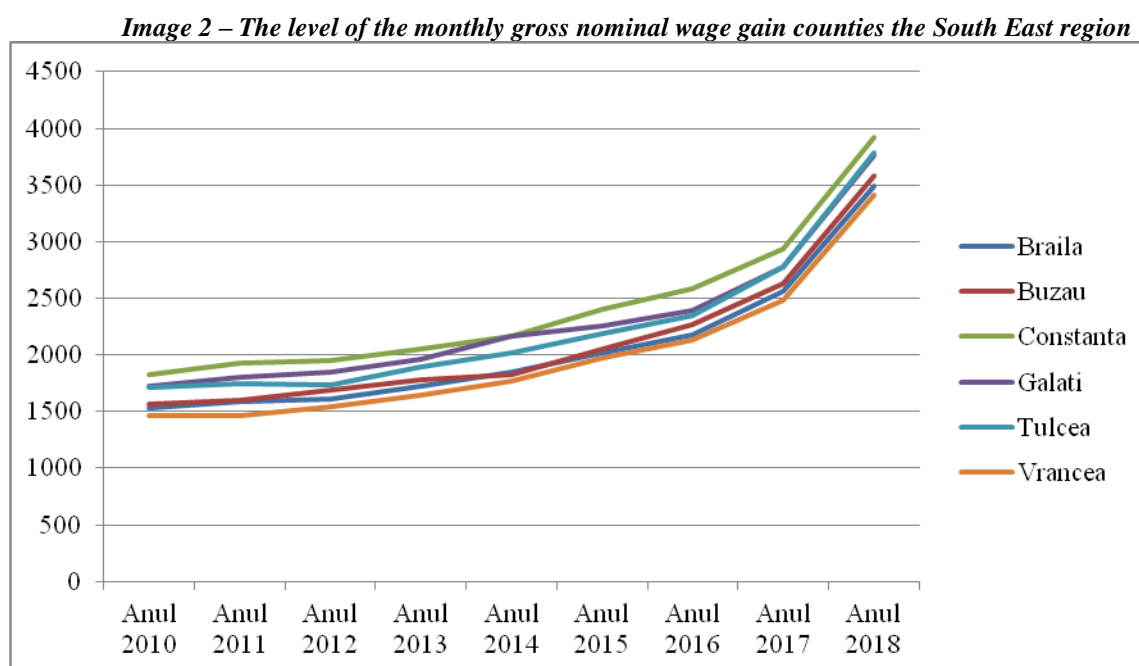
*Figure 1 – Income categories in the South East Region from 2010-2018*



Source: <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

Thus, we observe an increase in all the categories of incomes analyzed, between 2014 and 2019, out of the total incomes, the highest share occupying, as it was natural, the incomes obtained from the gross wages or other material rights.

Analyzing the most important form of income, namely the monthly gross nominal salary, we can say that on the territory of the South East Region its highest level is registered in Constanta and Galați county, at the opposite pole being counties like Brăila and Buzau ( see image 2):



Source: data processing available at <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

What we observe is the fact that the curve that defines the level of the earnings was ascending for all the counties in the South-East region of the country.

Regarding the degree of economic development, it is noted that the GDP registered in the analyzed region followed an upward curve during the years 2010-2016 (see table 1):

**Table 1**

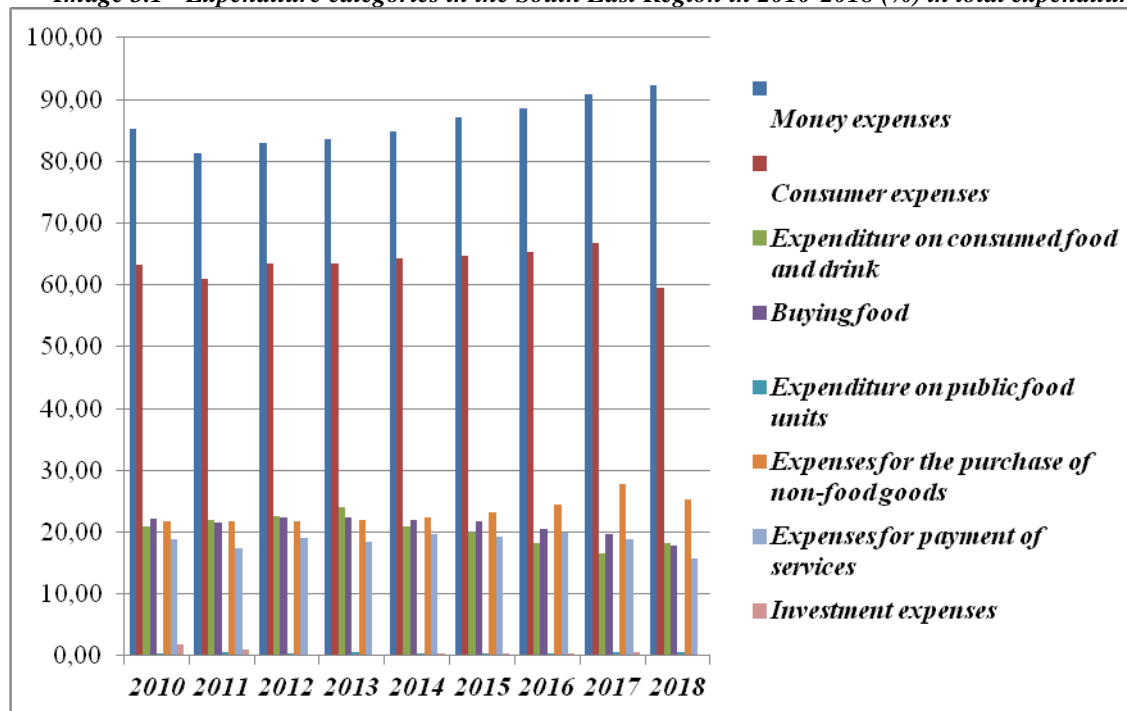
<b>The GDP evolution at the South-East Development Region level</b>								
<b>County</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2016-2010 (%)</b>
<b>Brăila</b>	6123,8	6943,8	6945,8	7410,7	7360,7	7710,3	8382,3	<b>36,88</b>
<b>Buzău</b>	7900,1	8051,6	8714,8	9579,7	9438,8	10258,4	10435,3	<b>32,09</b>
<b>Constanța</b>	21157,3	24891,6	26322,5	30566	33947,8	32791,6	34433,7	<b>62,75</b>
<b>Galați</b>	10912,9	10957,1	11318,6	12195,1	12646,9	12613,6	12970,1	<b>18,85</b>
<b>Tulcea</b>	4467,4	5230,4	4902,8	5252,4	5151,4	5519,2	5944,9	<b>33,07</b>
<b>Vrancea</b>	5745,3	5652,5	6205,9	6620,6	6748,1	7296,6	7743,5	<b>34,78</b>

Source: data processing available at <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

The counties that recorded the highest level of GDP are Constanta and Galați, and at the opposite pole are counties like Tulcea and Brăila. The highest growth during the analyzed period was also recorded in Constanta County.

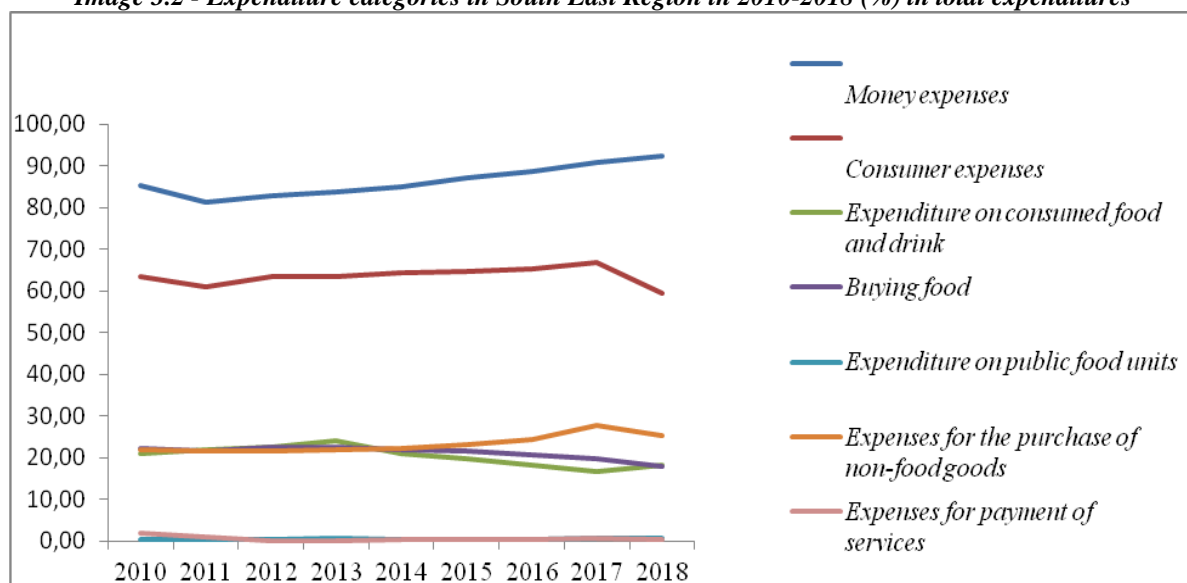
Regarding the level of expenses recorded in the territory of the South-East region of Romania, we submit under analysis image 3.1 and image 3.2:

**Image 3.1 - Expenditure categories in the South East Region in 2010-2018 (%) in total expenditures**



Source: prelucrare după <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

**Image 3.2 - Expenditure categories in South East Region in 2010-2018 (%) in total expenditures**



Source: data processing available at <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

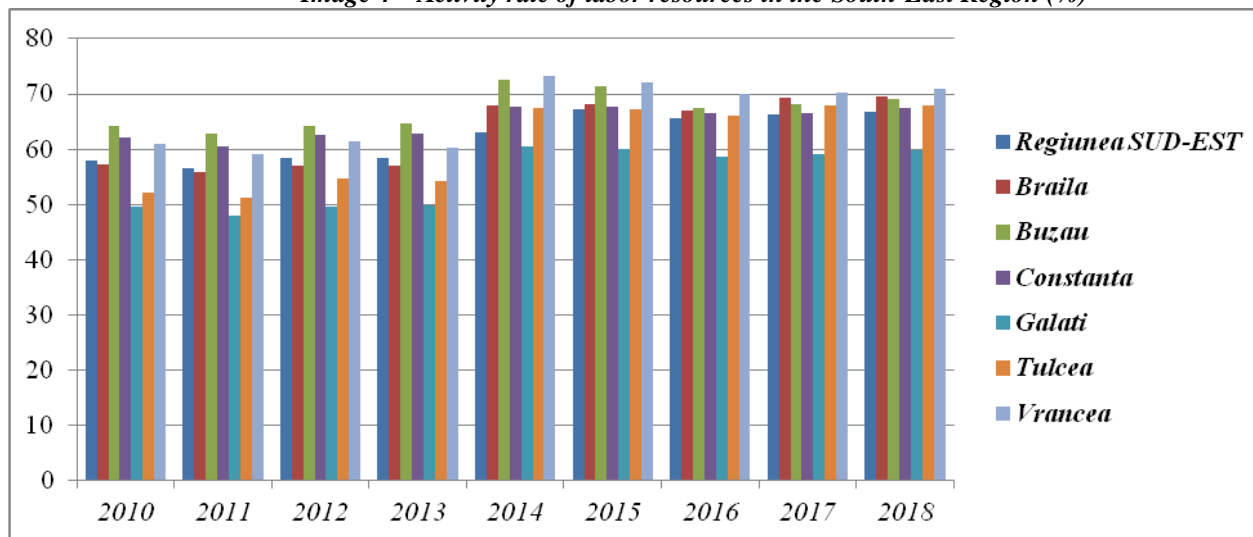
Thus, analyzing the image no. 3.1 and 3.2, we can mention the following:

- the largest share of the total expenses is spent on food and beverages consumed, but also on the purchase of non-food goods;
- the most important decrease is the investment expenses, in 2018 reaching a weight of 0.27%, compared to 2010, when they registered a share of 1.92% of the total recorded expenses;
- the share of expenditures in the level of total expenditures on non-food goods increased from year to year, while the share of expenditures on food expenditures decreased from year to year, which again supports the assertion that the style of food life and consumption of the population has undergone changes in the last time period;

- we also observe a minor increase in the share of expenses incurred within the food units, but we can still say that in this region a small part of the population attends the units with this profile.

Regarding the labor market, we analyze according to the existing statistical data defining elements for the area of interest, such as: the activity rate of labor resources and the unemployment rate.

*Image 4 – Activity rate of labor resources in the South-East Region (%)*

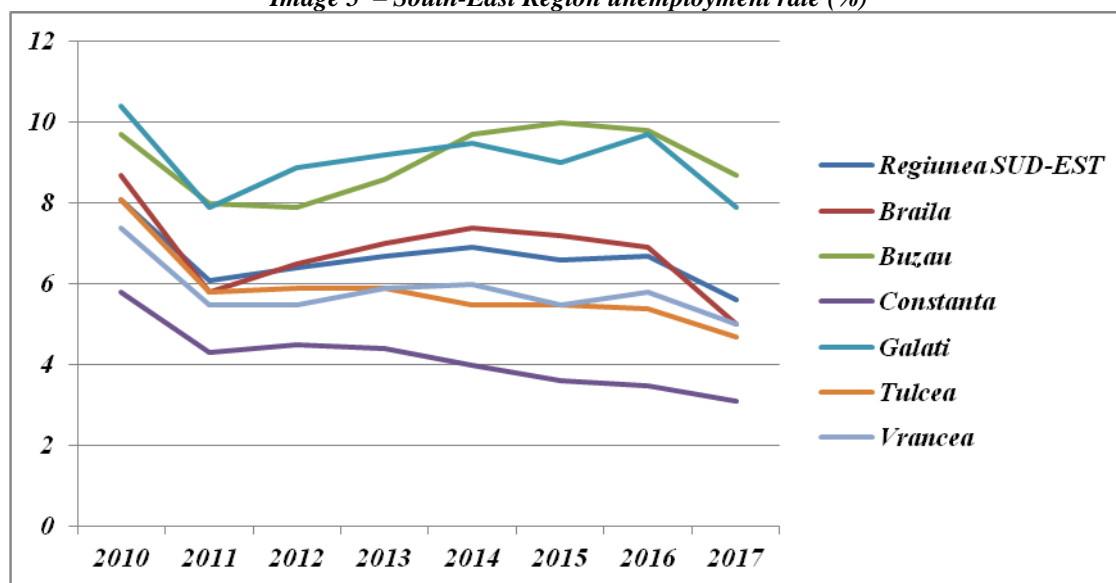


Source: prelucrare după <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

According to the National Institute of Statistics, in 2018, the employment rate of the working age population was 65.5%, increasing compared to the previous year, but still below the average registered at European level. In terms of employment, the most affected are the young people, with a degree of employment slightly over 25%. In the rural area there is employment in the agricultural sector (over 60%). The agricultural sector took over the labor force that did not activate in the industry and offered an activity that provided, for many families, the necessities of food, compensating and supplementing the incomes with a small subsistence production. In the urban environment there is a development of the tertiary sector, with an increase of the population employed in the field of services (80% in 2018), which offers financial opportunities and the resources necessary to ensure the quality of life.

Although the values registered in 2018 for the unemployment rate in Romania are classified below those registered at the European Union level (Eurostat, 2018), the underutilization of the workforce is a permanent concern of the population in Romania, causing a non-homogeneous distribution of the population's income, with effects on standard of living and quality of life. The dynamics of the unemployment rate show a series of fluctuations, but with an upward trend in recent years, reaching locally, values of over 14%. Unemployment affects the population in the urban and rural areas equally, but the Romanian communities are the most affected rural ones, with an aging population.

**Image 5 – South-East Region unemployment rate (%)**



Source: data processing available at <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

Thus, the unemployment rate registered lower values in counties such as Tulcea, Constanta, Braila and higher values in counties like Buzău and Galați.

Another eloquent indicator for drawing the standard of living of the population in the South East Region of the country is the poverty rate (see table 2):

**Table 2 - Poverty rate by regions during the period 2014-2017**

<i>Development regions</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Northeast	36.1	35.9	36.1	33.4
South East	34	32.4	31.2	29.6
South-Muntenia	25.5	30.6	24.8	24.9
South West Oltenia	28.3	32.1	34.2	33.4
West	27.5	19.8	25.1	21.4
Northwest	20.4	19.2	17.1	19
Center	20.4	17.8	20.8	17.3
Bucharest Ilfov	4.8	5.9	10.2	6.1

Source: prelucrare după <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

In 2017, the highest poverty rates were registered in the North-East and South-West regions Oltenia (33.4%) and South-East (29.6%), and the lowest in Bucharest-Ilfov (6, 1%). From the analysis of the evolution of the poverty rate in 2017 compared to 2014, it can be seen that almost all regions have experienced decreases in the last year. The largest decreases were found in the West (6.1 percentage points), South-East (4.4 percentage points), Center (3.1 percentage points) and North-East (2.7 percentage points). Poverty rate increases in the analyzed period were recorded in the South-West Oltenia region (5.1 percentage points) and Bucharest-Ilfov (1.3 percentage points).

## CONCLUSIONS

In this paper we tried to draw an overview of the standard of living in the South East Region, statistically analyzing indicators such as: income and expenditure of the population in the area, the rate of the active population and the unemployment rate, the poverty rate, the level of GDP- of the recorded. Thus, we can conclude the following:

- analyzing the most important form of income, namely the monthly gross nominal salary, we can say that in the territory of the South East Region its highest level is registered in Constanta and Galați county, at the opposite pole being counties like Brăila and Buzau ;
- the curve that defines the level of the earnings was ascending for all the counties in the South-East region of the country;
- the counties that recorded the highest level of GDP are Constanta and Galați, and at the opposite pole are counties like Tulcea and Brăila. The highest growth during the analyzed period was also recorded in Constanta County;
- the share of expenditures in the level of total expenditures on non-food goods increased from year to year, while the share of expenditures on food expenses decreased from year to year, which again supports the assertion that the style of food life and consumption of the population has undergone changes in the last time period;
- although the values registered in 2018 for the unemployment rate in Romania are classified below those registered at the European Union level (Eurostat, 2018), the underutilization of the labor force is a permanent concern of the population in Romania, causing a non-homogeneous distribution of the population's incomes, with effects on the standard of living and quality of life;
- in 2017, the highest rates of poverty were registered in the North-East and South-West regions Oltenia (33.4%) and South-East (29.6%), and the lowest in Bucharest-Ilfov (6,1%).

The lack of alternatives and economic efficiency affects the population in the South East region of the country, especially the population employed in sectors that do not provide the financial opportunities and resources needed to adopt a response and adaptation model.

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