

## THE ENIGMA OF POVERTY AND STEPS IN ITS SOLUTION

Diana – Georgiana ȘUHAN<sup>1</sup>, Oana COCA<sup>1</sup>, Gavril ȘTEFAN<sup>1</sup>

e-mail: diana.suhan@agriceda.ro

### Abstract

Many of us are aware of the existence of poverty and its impact on a country, but we often overlook the fact that the best way to combat such a negative phenomenon is to identify and address the root causes that generate it or at least to improve them. The authors aim, through this work, to conceptualize the economic phenomenon of poverty and define it in the context of the current economy. Through an extensive literature review, this article seeks to define the types of poverty, particularly in rural areas, and identify their defining characteristics in the current economy. Rural areas undergo transformation over time due to economic, social, and environmental factors, which is why addressing poverty in rural settings should be integrated and coordinated to tackle these causes and create opportunities for sustainable development in these areas. This economic phenomenon has always been a complex and persistent issue that requires significant efforts to address and ensure equal opportunities for development and prosperity for rural residents. The conceptualization of this phenomenon cannot be reduced to a single cause; it is the result of a combination of interrelated factors. As a result of interpreting the specialized works, we will identify the various perspectives through which this economic phenomenon is defined and the indicators used to measure it.

**Key words:** Rural areas, Relative poverty, Absolute poverty, Specific poverty, Multidimensional poverty

The purpose of this work is to conceptualize and define the types of poverty, rural areas, and to identify their defining characteristics in the context of the current economy. The concept of "rural" is a notion with varied definitions, lacking a universally accepted definition, significantly complicating efforts to compare different countries, including those within the European Union.

Poverty has long been one of the most persistent and complex challenges facing human society. It is an enigma that has sparked the interest of researchers, philosophers, and policymakers throughout history.

However, despite considerable efforts to understand and combat it, the enigma of poverty largely remains unresolved. In this work, we will investigate various aspects of poverty, from its definition and measurement to exploring the factors that contribute to the perpetuation of this phenomenon.

### MATERIAL AND METHOD

This work is based on a literature review conducted through bibliographic research. The sources of information in the bibliographic research were represented by contemporary

scientific publications, published in specialized national and international journals. By synthesizing data from multiple studies, we aim to conceptualize the typology, trends, and general patterns of poverty, with the goal of understanding the causes and identifying solutions to the social issue of poverty in the modern economy.

### RESULTS AND DISCUSSIONS

In the context of addressing the economic and social phenomenon of poverty, defining rural areas can be associated with the specific characteristics and features of these areas that influence poverty. Rural areas are places where agricultural activities and other area-related activities take place, while non-agricultural activities occur in towns and cities (MLDPA, 2016; Rusali M.A., 2013; JOHNSON T.G., 2001).

The European Union has adopted the definition of rural areas according to the Organization for Economic Cooperation and Development (OECD), based on population density. The OECD uses a single indicator to distinguish rural settlements from urban ones, namely the number of inhabitants per square kilometer. Thus, rural settlements are considered those areas where the population density does not

<sup>1</sup> Iasi University of Life Sciences, Romania

exceed 150 inhabitants per square kilometer. This OECD definition represents an internationally recognized standard for rural areas and allows practical comparisons among European Union member states.

Defining rural areas in the context of conceptualizing the economic and social phenomenon of poverty in the modern world includes various elements, among which we can mention (Mihalache F., 2020; Brînzan O., 2006):

- **geographic characteristics** (located outside urban areas and low population density);
- **agricultural economy** (significant agricultural economies where agriculture and related activities are a substantial part of the local economy).
- **access to basic services** (limited access to essential services like quality healthcare and education due to geographical isolation or inadequate infrastructure).
- **urban migration** (the migration of the young population in search of jobs and economic opportunities).
- **economic inequalities** (income inequalities between rural and urban residents contributing to poverty).

These elements are part of defining rural areas in the context of poverty. Similarly, the dominant characteristics of rural areas can provide opportunities for development to address this phenomenon.

For example, the potential for agriculture, agrotourism, and other economic activities specific to rural environments can serve as engines for economic growth and poverty reduction. However, it is crucial that the approach to poverty in rural areas is adapted to their specific conditions, considering local needs and offering practical solutions to improve the quality of life in rural areas.

The definition of rural areas in Romania has not undergone significant changes in recent years, from 2010 to the present, primarily using geographical and demographic criteria to define rural areas, and these criteria have not seen major changes. In general, in Romania, rural areas are characterized by settlements with a population of fewer than 20,000 inhabitants and without urban status (MLDPA, 2016). However, it's essential to note that this definition can vary based on different aspects such as access to services, population density, and predominant economic activities.

Poverty can be defined as a situation where people do not have sufficient resources to maintain a decent, socially acceptable standard of

living in their society (Ștefan G., 2001; Davis B., 2003).

Poverty means that these individuals lack access to a minimum standard of living that provides human dignity. Moreover, poverty can be seen as an incapacity of individuals to exercise their political, economic, and social rights. International definitions of poverty have in common that they associate it with individual needs or living standards, using welfare indicators.

In other words, a society considers there is poverty when one or more individuals do not achieve a minimum standard of economic well-being compared to the society's standards.

According to European statistics (EUROSTAT), the poor are those individuals, families, and groups whose resources (material, cultural, and social) are so limited that they exclude them from an acceptable minimum standard of living in the countries they live in. This definition focuses on material resources since it has not been feasible to include explicitly cultural and social components.

The multidimensional definition of poverty combines three aspects, a standard of living below an acceptable minimum, a loss of autonomy placing individuals in a situation of dependence on the environment they live in, and the inability to escape this situation (Argatu & Păunescu, 2019, Brînzan 2006). In the context of the modern economy and in light of economic, social, and technological changes, there are reinterpretations of poverty.

According to studies analyzed in the field of poverty research, it is a state of material insufficiency involving the lack of access to resources necessary to meet a person's or family's basic needs. Over time, various definitions and concepts of poverty have been developed, and it can be viewed from multiple perspectives. Nelson Mandela argued, "Poverty is not a natural calamity, it is man-made and can be eradicated by the actions of human beings and collective efforts."

Linguist, political, and economic researcher Noam Chomsky stated, "Poverty is not a choice. There is no one who wishes to live in poverty. It is a consequence of a system that leaves people behind." In recent studies addressing poverty, researchers appreciate that poverty cannot be understood solely in terms of low incomes or a lack of material resources. In his book "The End

of Poverty: Economic Possibilities for Our Time" (2005), Jeffrey D. Sachs addresses the concept of poverty in the context of global development. He defines poverty as a state in which people do not have access to the resources needed to meet their basic needs, such as food, clean water, housing, healthcare, education, and access to economic opportunities. Sachs emphasizes that poverty is not just about low incomes but also a lack of access to essential services and opportunities.

Following the analysis of specialized studies, it was noted that 80% of authors define poverty as a deprivation of fundamental human freedoms and opportunities, and addressing this issue is not solely about economic growth but also about addressing the deep-rooted causes of poverty and creating an environment conducive to development (Coca O., 2023; Ștefan G., 2021; Brumă I.S. et al., 2021; MLDPA, 2020; Rusali M.A., 2013; Abrahamson P., 2003; Coca O., 2017).

Poverty is a state of human deprivation and can be eradicated through government efforts, economic development, and resource allocation to meet the essential needs of the global population. Rural poverty is influenced by a complex set of factors such as economic and technological changes, access to services and infrastructure, regional imbalances, sustainability, and the rural environment (Ulman S.R., et al., 2022, Argatu, R., Păunescu C., 2019, Rusali M.A., 2013). Rural poverty is a complex issue and requires consideration of various factors to understand and combat it.

Economic and social changes have led to a reevaluation of traditional poverty concepts, necessitating multidimensional and contemporary approaches. When viewed collectively, the findings suggest that the disadvantages experienced in rural areas are multidimensional, and the groups that suffer the most from disadvantage are those experiencing powerlessness and inequality of opportunity in society as a whole—youth, the elderly, women, people with disabilities, the unemployed, and others. Furthermore, rural disadvantage experiences are much less researched than urban ones. There are many different approaches and concepts of poverty, and experts have provided various definitions and conceptions.

From the bibliographic study conducted, the following predominant typologies of poverty have emerged:

### I. Absolute Poverty:

•**definition and conceptualization:** this concept refers to the lack or deprivation of essential basic resources for survival, such as food, clean water, housing, clothing, and medical services. Absolute poverty is often defined by an absolute income or resource threshold below which a person or family is considered absolutely poor (FAO 2022, FAO 2021, Brînzan O., 2006). This is a more traditional definition of poverty that focuses on survival.

•**dominant characteristics:** focus on basic survival needs such as food, housing, clothing, and medical services. An absolute threshold is established, indicating the minimum level of income or resources necessary to meet these basic needs.

•**economic indicators:** income, housing costs, food costs, basic medical costs, and other specific survival indicators.

### II. Relative Poverty:

•**definition and conceptualization:** relative poverty refers to a situation where a person or family lacks sufficient material resources to maintain a standard of living considered normal or acceptable in a particular society or community (Ulman S.R., et al., 2021; Constantin G. et al., 2018; Jamie, K., 2020; Brînzan O., 2006). It is based on comparing individual incomes or resources with those of other members of society or with a relative threshold and can vary based on cultural norms and expectations. Relative poverty does not rely on an absolute threshold but on a comparison with the average income or other references. Individuals are considered relatively poor if their incomes are significantly lower than those of the majority of the population. This concept highlights inequality and economic differences in society.

•**dominant characteristics:** comparing individual or family incomes or resources with those of other members of society or with a relative threshold. It does not rely on an absolute threshold but on a comparison with average income or other references.

•**economic indicators:** individual or family income, average population income, cost of living, and income inequalities.

### III. Specific Poverty:

•**definition and conceptualization:** specific poverty refers to the individual perception of poverty. A person feels poor when they believe they do not have sufficient resources to meet their needs and live a satisfactory life (Brînzan O., 2006, Constantin G. et al., 2018). This can vary

from one person to another and can be influenced by subjective factors.

•**dominant characteristics:** focuses on a specific group or context, such as child poverty, women's poverty, poverty in rural or urban areas, ethnic poverty, etc. Definitions and indicators can vary depending on the specific group or context.

•**economic indicators:** indicators specific to the group or context, such as income, access to education, access to healthcare, or access to local resources.

#### IV. Multidimensional Poverty:

•**definition and conceptualization:** this approach considers poverty as multidimensional and takes into account multiple aspects of life, such as education, health, access to services, the environment, and social participation (Brînzan O., 2006, Constantin G. et al., 2018). It focuses on multiple dimensions of poverty and not just financial aspects. This concept recognizes that poverty can have multiple dimensions and cannot be reduced to economic matters alone. This comprehensive approach highlights that poverty can affect different aspects of a person's life and can be experienced in multiple ways.

•**dominant characteristics:** takes into account multiple dimensions of poverty, such as income, education, health, housing, food, water, hygiene, the environment, and more. It aims to provide a comprehensive view of human deprivation.

•**economic indicators:** income, education costs, healthcare expenses, housing costs, food costs, access to clean water, and other relevant indicators for each dimension.

Identifying rural poverty involves analyzing multiple indicators to gain a comprehensive understanding of the situation. As poverty is a phenomenon related to the standard of living of the population, the main aggregated indicators that can provide a broad perspective in identifying poverty at the national level are represented by the Human Development Index (HDI) and the Rural Development Index (RDI):

**a. Human Development Index (HDI):** the HDI is a composite indicator that measures the standard of living of a population, taking into account income, life expectancy, and education. It is calculated by considering gross income per capita, life expectancy, and average years of education.

**b. Rural Development Index (RDI):** this composite indicator measures the overall development of rural areas, including aspects such as infrastructure, public services, and access to

resources. It is calculated by considering multiple indicators relevant to rural development.

Identifying rural poverty involves a multidimensional approach, using multiple indicators to provide a comprehensive picture of this issue. The definition and perception of poverty are influenced by cultural, social, and economic contexts, as well as the contributions of different scientific disciplines such as economics, sociology, and anthropology. Consequently, there is diversity in approaches to understanding poverty, and its definition can vary depending on the specific purpose or context of the analysis.

From the bibliographic study conducted, a series of solutions or paths to eradicate or reduce poverty have also been identified, including the following:

- economic development of rural areas through investments in infrastructure, agriculture, education, and access to labor markets.
- investment in education (quality education can provide people with the skills needed to find better-paying jobs).
- implementation of effective social policies, such as social assistance, food programs, and accessible healthcare, to aid and protect the most vulnerable in society.
- implementation of sustainable solutions that do not exacerbate environmental issues and provide resources for future generations.
- promotion of job creation, especially in sectors with growth potential.
- initiatives for entrepreneurship and skills development to improve the financial situation of rural residents.
- addressing the multiple dimensions of poverty, as this phenomenon can have various aspects, including material poverty, educational poverty, health poverty, and social poverty.
- international cooperation - cooperation between countries can contribute to finding effective solutions to eradicate global poverty.
- continuous monitoring and evaluation of progress and the impact of policies and programs to ensure the effectiveness of measures taken.

#### CONCLUSIONS

1. The diversity of definitions and perceptions of poverty and rural areas complicates the comparison and combat of poverty.

2. Poverty remains a complex challenge, requiring solutions tailored to rural areas.

3. Poverty goes beyond low incomes, involving deprivation of essential services, human freedoms, and opportunities.

4. Addressing poverty involves government actions, economic development, and allocated resources to meet essential needs on a global level.

5. Poverty manifests in various typologies, such as absolute, relative, specific, and multidimensional poverty, each with specific characteristics and indicators. This is why the approach to poverty must be adapted to the particular context and encompass multiple dimensions of human deprivation.

These conclusions highlight the complexity of poverty and the need for a multidimensional approach tailored to the specific characteristics of each community to combat this persistent phenomenon and improve the standard of living in rural areas.

#### ACKNOWLEDGMENTS

This research is financed by the private research organization CEDA CONNECT LTD – Iasi, Romania.

#### REFERENCES

- Abrahamson P., 2003** - Researching Poverty and Social Exclusion in Europe, *Journal of European Social Policy*, 13(3), 281-285
- Argatu R., Păunescu C., 2019** - Romania and its poverty-alleviating competitiveness: a Central and Eastern European outlook. In A. Dima & S. Hadad (Eds.), *Proceedings of the International Conference on Business Excellence*, Vol. 13, Issue 1 (pp. 435-447), Warsaw, De Gruyter Poland
- Brînzan O., 2006** - Rural Development, Aurel Vlaicu University Publishing, Arad, Arad, ISBN: 10 973-752-094-7
- Brumă I.S., Vasiliu C.D., Rodino S., Butu M., Tănăsă L., Doboș S., Butu A., Coca O., and Ștefan G., 2021** - The Behavior of Dairy Consumers in Short Food Supply Chains during COVID-19 Pandemic in Suceava Area, Romania. *Sustainability*, Vol. 13 (6).ISSN–online: 2071-1050.Doi: 10.3390 / su13063072. Impact Factor (2021): 2.576 (yellow zone). Corresponding author. Accession number WOS: 000645691000001
- Coca O., 2017** - The evaluation of innovation in agriculture. A meta-analytical study of literature. *Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development*. Vol. 17 (1). ISSN - print: 2284-7995/ ISSN – online: 2285-3952. pp. 111-119. Impact Factor (2021): 0.34. Corresponding author. Accession number WOS: 000407960600014
- Coca O., Creangă D., Viziteu Ș., Brumă I.S., and Ștefan G., 2023** - Analysis of the Determinants of Agriculture Performance at the European Union Level. *Agriculture-Basel*, Vol. 13. ISSN – online: 2077-0472. Doi: 10.3390/agriculture13030616. Impact Factor (2021): 3.408 (red zone). Accession number WOS: 000983477800001
- Coca O. and Ștefan G., 2023** - Navigating Economic and Financial Analysis: A Practical Guide for Students and Professionals. Iași, Taida Publishing, ISBN 978-606-514-645-7. 314 pages
- Collins D., Morduch J., Rutherford S., Ruthven O., 2010** - *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*
- Constantin G. et al., 2018** – Rural Life in 20th Century Romania, Romanian Academy Publishing, Bucharest, ISBN: 978-973-108-819-8
- Cooper H., Hedges L.V., and Jeffrey C. V., 2019** - *The Handbook of Research Synthesis and Meta-Analysis*, Russell Sage Foundation Publishing, ISBN: 978-0-87154-005-8
- David B.G., Ravi Kanbur S.M., Kumar Sen A., 2006** - *Poverty and Inequality*, Stanford University Press, ISBN: 0-8047-4843-8
- Davis B., 2003** - *Choosing a Method for Poverty Mapping*, FAO, Rome, ISBN: 92-5-104920-3
- Food and Agriculture Organization of the United Nations, Rome, 2021** - *Rural Poverty Analysis: From Measuring Poverty to Profiling and Targeting the Poor in Rural Areas*, ISBN:978-92-5134968-7
- Food and Agriculture Organization of the United Nations, Rome, 2022** - *Measuring Rural Poverty with a Multidimensional Approach: The Rural Multidimensional Poverty Index*, ISBN 978-92-5-135618-0, ISSN 2664-746X (online)
- Jamie, K., 2020** - *Agricultural and Development: Current Trends and Future Prospects*, Syrawood Publishing House, USA, ISBN:978-1-68286-858-4
- Jeffrey D.S., 2005** - *The End of Poverty: Economic Possibilities for Our Time*, The Penguin Press, ISBN: 978-0-14303-658-6
- JOHNSON T.G., 2001** - The Rural Economy in a New Century, *International Regional Science Review*, DOI: 10.1177/016001701761012953
- Mihalache F, Croitoru I. 2011**, *Romanian Rural Environment: Evolutions and Involutions. Social Change and Entrepreneurship*, Expert Publishing, ISBN 978-973-618-276-1
- Ministry of Development Public Works and Administration, 2020** - *Rural Areas in Decline: Challenges, Actions, and Perspectives for Territorial Governance*, Directorate of Policies and Strategies, December 2020
- Ministry of Development Public Works and Administration, 2016** - *Romania's Territorial Development Strategy, Polycentric Romania 2035, Territorial Cohesion and Competitiveness, Development and Equal Opportunities for People*
- Rusali M.A., 2013** - *Economic Development of Rural Areas in Romania*, Digital Data Cluj Publishing, 65:77, ISBN: 978-973-7768-84-1
- Salverda W., Nolan B., and Smeeding T. M., 2009** - *The Oxford Handbook of Economic Inequality*, Oxford University Press, ISBN: 978-0-19960-606-1.
- Ștefan G. 2001** - *Rural Economy*, University of Agricultural Sciences and Veterinary Medicine Iași
- Ștefan G., Coca O., Creangă D.E, Mursa G.C., and Mihai C., 2021** - The Impact of the Crisis Generated by COVID-19 on Population Concerns. A Comparative Study at the European Union Level. *Transformations in Business & Economics*, Vol. 19 (2B). ISSN –

online: 1648-4460. pp. 703 – 719. Impact Factor (2021): 1.824. Corresponding author. Accession number WOS: 000 6 30908 100 004

**Thomas, A.R. Fulkerson, G. M., 2016** - Reinventing Rural: New Realities in an Urbanizing World, Lexington Books, USA, ISBN: 978-1-4985-3409-3

**Ulman S.R., Mihai C., Cautișanu C., Brumă I.S., Coca O., and Ștefan G., 2022** - Environmental Well-being in the Context of Sustainable Development: Evidence from Post-Communist Economies. *Frontiers in Environmental Science*, Vol. 10. eISSN: 2296-665X. Doi: 10.3389 /

fenvs. 2022.1027352. Impact Factor (2021):5.411 (yellow zone). Accession number WOS: 000 8772 70200001

**Ulman S.R., Mihai C., Cautișanu C., Brumă I.S., Coca O., and Ștefan G., 2021** - Environmental Performance in EU Countries from the Perspective of Its Relation to Human and Economic Well-being. *International Journal of Environmental Research and Public Health*, Vol. 18 (23). ISSN – online: 1660-4601. Doi: 10.3390/ijerph182312733. Impact Factor (2021): 4.614 (red zone). Corresponding author. Accession number WOS: 000735037100001.