BULETINUL Universităţii Petrol – Gaze din Ploieşti	Vol. LXI No. 3/2009	54 - 66	Seria Ştiinţe Economice

Inequality – Approaches from the Perspective of Economic Development

Răzvan-Mihail Papuc

University of Bucharest, Faculty of Business and Administration, Regina Elisabeta Blvd., No. 4-12, Sector 1, Bucharest, Romania
e-mail: razvan-mihail.papuc@drept.unibuc.ro

Abstract

In the last two or three decades an economic, but also cultural and social phenomenon, has been the major concern of the economists because of its consequences but it also troubled the sociologists and political scientists or ordinary people.

Known redundantly as "globalization", this phenomenon gave rise to several theoretical and physical disputes but sometimes even to off-guard physical ones, between the pro and con camps in terms of quantifying its effects and value judgments about its effects.

As the diversity of the economies is obvious beyond any assumptions, the variety of the effects of this process was also evident. Hence a lack of clarity, but also a lack of clear interpretation and communication, the "beyond doubt" of the conclusions of the various studies and research.

The paper intends to deal with some aspects of globalization, more specifically those concerning the relationship between globalization and the problem of inequality. We shall add to a necessary general framework some considerations of inequalities and their development within Romania's emerging economy.

Key words: *globalization, horizontal inequality, vertical inequality, inter-countries, between countries*

JEL Classification: *D63*

Introduction: Which Inequality Are We Referring to?

The discussions about inequality and globalization have temporal horizons that are relatively clearly defined. The sixties or better yet, the end of the sixties are the starting point of the discourse about the modern globalization and its consequences. It is the time of the first openings of international commerce, the increasing interest of the West to the South Asian economies, but also the time in which financial markets are starting to become supra-national in a prominent way.

Another reason is related to a good administrative framework: the data regarding the behaviour of households and their income is increasing, but it is also outlined a global and unitary methodological framework regarding the data collected through population or annual censuses that are related to the social-economic indicators of national statistics. An important role in this standardization is played by the international financial institutions, but also by the UN or later by bodies such as OECD and ILO. In short, the increased interest comes not only from the increasing phenomenon but also due to a more permissive methodology context.

Concerns are emphasized in the eighth decade, against the background of national economic policies that sought to reduce the consequences of the economic crisis of the seventh decade, in order for them to be emphasized in the beginning of the ninth decade against the background of constant liberalizations of the international market's components.

Generally speaking, studies that were made both in periods that are far off the present moment, as well as in periods that are close to us, are analyzing the issue of inequalities in two analytical directions. The first is concerned with the inequality between nations. The second relates to issues of inequality within themselves. In both cases, there are used several methodological approach standards of the subject from which the most popular are the Gini coefficient, the deciles and quintile analysis, Atkinson's index and Theil's method of measuring the entropy. These methods are used both in measuring the inequalities between nations as well as in measuring the inequalities of income within national economies.

As regards the frequency in utilization, most studies use the Gini coefficient. In general, there are made comparisons between nations by measurement and dynamics of GDP, while within the national economies are used comparisons between the categories of income (usually quintiles and deciles from the top and the base of the hierarchy), but also comparisons between the income level based on categories of occupations such as employees with managerial functions and those without, between the income level of those with more or less education, between income of skilled workers and those that are less skilled or between income on the resident areas (rural-urban). Finally, the collection of data regarding the income is made from the agencies that are in charge with the establishment of databases at national or international level or with surveys of households' consumption.

However, the methodological consensus ends here. What follows is a stunning phenomenon, such academic literature, so wide and yet evincing so hesitant conclusions with a scent of verdict that the veil of ignorance may cover us with or without reading it and receiving the information.

The recent literature of this phenomenon comprises on those two directions at least several famous studies which include: Krugman's study (1995) or (2007), on the causes of inequality in America, as a consequence of opening the international commerce, the studies of Bourguignion and Morisson (2002), the Goesling and Firebaugh's (2004), Sala-I-Martin (2002), Milanovici (2002), Martin Ravallion (2003, 2004) Bob Sutcliffe (2004), Piketty and Saez (2006), Bivens (2007), or the OECD report (2008) entitled "Growing Unequal?" These studies approximate the effects of international commerce on income inequalities in the developed countries or the effects of other processes associated with globalization, on the same inequalities. I say "approximate" because I agree with the decision at the end of Krugman's last study on the problem that the question: "How can we quantify the actual effect of the increase of international trade on wages?" is offered a discouraging response, especially that it comes from a Nobel prize laureate for economics: "The answer, given the current state of available data is that *we cannot*." and this in the conditions in which, in the study from1995, he identified a weak effect of the international commerce of income inequities from the U.S. (about one tenth of the income differences represents the contribution of trade with emerging or poor countries). In the 2007 study, the same author this time representing "a conscience of guilt" according to his sayings, declares: "It is no longer safe to assert that the effects of trade on income distribution in wealthy countries are fairly minor."[1]

To provide more substance to this situation of real opacity I shall briefly mention the results of the same studies, with the exception of Krugman's from 1995, summarized above.

[1] K r u g m a n , P., VoxEU blog, 2007.

Thomas Piketty and Emmanuel Saez have calculated that between 1972 and 2006, the income held by top 10% of the total population increased by 50% and for the first percentage of population-in terms of income – the increase is 100%. Moreover, the income of 0.1% of the richest grew by 400%, and for a percentage of 0.01% of the richest grew by 700%.

Bivens (2007) has calculated that in 2006 the responsibility of the international trade for increasing the wage inequality in the U.S. economy was quantified at 6.9% (increase percentage of wage inequality between skilled workers and the low skilled), taking into account the fact that in 1995 the percentage was only 4.8%.

Using Bivens' methodology, Lawrence Katz, a Harvard economist has calculated that the international trade increased the wage difference within the developed economies by 15% between 1979 and 2006.

Milanovic (2002) using data obtained from some annual surveys of the households in the period 1988 -1998, concluded that in the period 1988-1993, income inequalities have increased, so as to decline slightly until 1998.

On the contrary, Bourguignion and Morisson (2002), Firebaugh and Goesling (2004), Bhalla and Sala-I-Martin (2002) have shown that income inequalities that were measured through the Gini coefficient, decreased in the 90s (according to the last two authors even from the 80s) as a consequence of the special growth of some emergent economies such as China, India or Russia, which even now benefit from significant increase of 11%, 9.5% and 8.0%.

Wade (2004)[2], quoting Sutcliffe's study (2003) shows the importance of the calculation methods and the omissions-inclusion in the patterns of analyzing the inequality. The demonstration he makes is related to China, its exclusion - inclusion from measuring the Gini coefficient or the percentage of income per capita of other regions of the world compared with the North, produces different results. Thus, China's exclusion reveals the increase of the Gini coefficient and thus the increase of inequality, while its inclusion makes the world more "equal" about income redistribution, at least starting with the 80s.

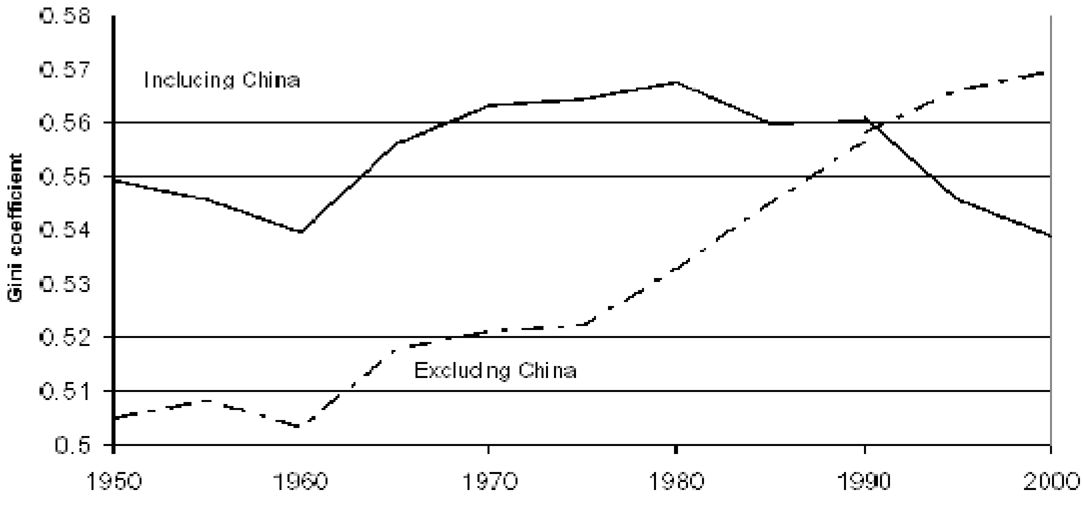

Fig. 1. Inter- country Gini coefficient, 1950-2000, including and excluding China

Source: S u t c l i f f e , B., "World Inequality and Globalization", *Oxford Review of Economic Policy*, Volume 20, No. 1, 2004, based on Angus Maddison, *The World Economy: Historical Statistics*, OECD, Paris, 2003.

[2] W a d e , R., http://repositories.cdlib.org/cgirs/

Similarly, it can be seen in relation to the second indicator: both Latin America and Africa or the whole South, as an entity, have experienced decreases, compared to the reference year, 1950, of the percentage of income per capita from the North income. Only in China, this percentage has grown as compared to the 80s.

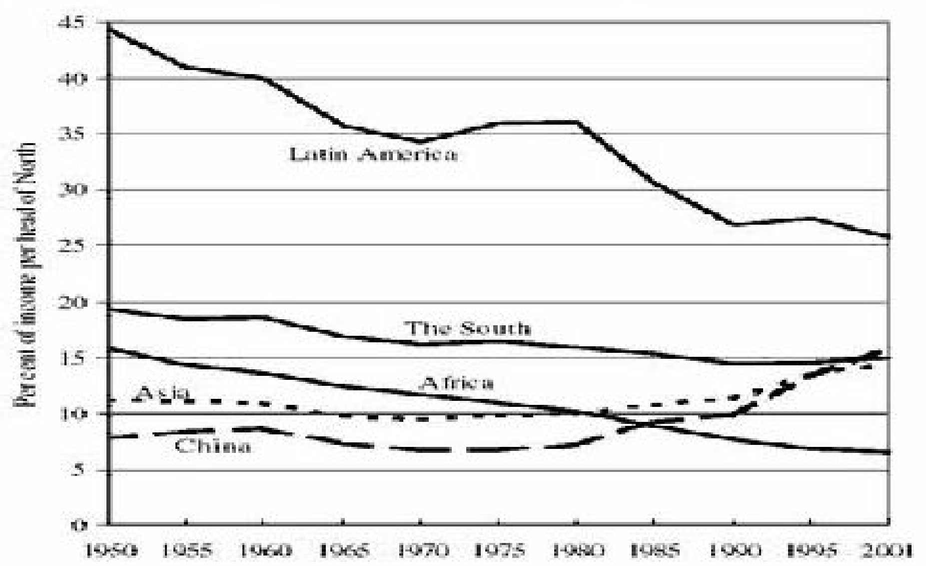

Fig. 2. Income per head as percentage of North

Source: S u t c l i f f e , B., "World Inequality and Globalization", *Oxford Review of Economic Policy*, Volume 20, No. 1, 2004, based on Angus Maddison, *The World Economy: Historical Statistics*, OECD, Paris, 2003.

Using data on wages in more than 70 developed and developing countries, ILO (World of Work Report 2008: Income inequalities in the age of financial globalization) states that "the distance between rich and poor has widened since 1990, following the impact of financial globalization, but also the inability of public authorities to strengthen the middle class venture and those of low income groups."[3] This gap has increased although between 1990 -2007, the number of jobs increased by 30%. The report shows that not the increase in inequality itself is dangerous, but the fact which highlights a long trend, that the part from the value added as a result of economic growth, represented by wages, is constantly diminishing. The economic growth is not accompanied by an increase of wages in GDP, at least for 51 of the 73 countries of the study. The biggest decline of the wage part in GDP is in Latin America and the Caribbean (-13%), Asia and the Pacific (-10%), and the developed economies (-9%). Of the 73 countries-subject of the report in 2/3 there have been increases in inequality of income, the difference of income between the first and last 10% regarding income increasing by 70%. Another significant trend is the increasing income differences between top / management and employee - the environment. USA holds the record with a difference of 520% in 2007 versus 320% in 2003.

The same advanced differences are visible in Australia, Germany, Hong Kong, the Netherlands and South Africa.

This fact makes us witness from 1980 onwards the phenomenon of income concentration in the U.S., the Gini coefficient reaching 0.469 as Alan Greenspan [4] admits, given the fact that in the other developed economies, this coefficient reaches levels of 0.25-0.35. In this regard, USA

[3] T o r r e s , R., *World of Work Report 2008: Income inequalities in the age of financial globalization*, ILO, Geneva, 2008.
[4] G r e e n s p a n , A., The Age of Turbulence, Public Publishing House, Bucharest, 2008, p. 394.

joins some South American economies, dictatorships in Africa or monarchies in the Middle East.

On the other hand, Kitov (2007) using data of the U.S. Census Bureau starting from 1947, has estimated a constant of the Gini coefficient, over this period (1947-2006), due to "a strong growth of the population which has an income (as it is defined by the USCB)."[5]

Greenspan (2008) declares that: although "in the past ten-twenty years, the distribution of national income shares between capital and labour is not too different from the distribution shown in the last half of century ... the supervisory workforce had average hourly salaries of approximately $59 per hour, compared with $17 per hour for the nonsupervisory employees. That means that one-fifth of the total number of employed Americans earned 46 percent of total wages and salaries. In 1997, that percentage was 41 percent."[6]

LIS (Luxembourg Income Survey - 2001) on the European countries shows that the analysis of inequality based on Gini coefficient reveals a diminution in inequalities until the 80s, after that more than 50% of the examined European countries showed increases in inequalities, generally attributable to the globalization factors. For example, Spain, the country with the largest income inequality in 1980, proves to be on the first place and twenty years later, it is followed by an economy widely open to globalization, namely Switzerland. In 2001, the Nordic countries, Germany, Austria and the Netherlands were considered the most egalitarian, according to that study.

The Gini coefficient emphasizes also the increasing of the inequalities from all countries over the past two decades, except for those with very low-income, according to the calculations of the World Bank's staff, quoted by Choi (2006). While inequality has risen in developing Asia, emerging Europe, Latin America, the newly industrialized Asian economies, and the advanced economies over the past two decades, it has declined in sub-Saharan Africa and the Commonwealth of Independent States (CIS). An interesting aspect is represented by the fact that in a previous phase of globalization (1965-1989), the East Asian countries whose economies grew rapidly, have experienced the diminution of the income inequalities and a better (more equal) income distribution, due to some active economic policies such as land reforms, public housing, investments in health and rural infrastructure, and a manufacturing export-oriented growth strategy. Choi (2006)[7], is making an even deeper analysis of the income inequalities through the Gini coefficient, this time dividing in quintiles by income the population of the analysed countries. Thus, the data shows that rising Gini coefficients are explained largely by the increasing share of the richer quintiles at the expense of middle quintiles, given the fact that the increase of the income was a reality even for the low developed countries. In the past twenty years, the income increase has been a reality for all the quintiles from all regions and for all income groups. However, at the same time, the income inequality has increased especially in the countries with large and medium income and it has increased less in the countries with low and very low income.

From the OECD countries, the largest income inequality is in the USA and Great Britain and the differences in income are increasing.

Differences in income have increased in the case of both full-time employees with university degree as compared to those with medium education, and in the case of the employees from the non-productive sector as compared to those from the productive sector. Differences have increased both in the 80s and at the end of the 90s, despite the growth of the real income of the labour as a whole. Among OECD countries, the increase of the differences can be seen in

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[5] K i t o v , I., *Comparison of personal income inequality estimates based on data from the IRS and Census Bureau*, Oct 2007 MPRA Paper No. 5372.
[6] G r e e n s p a n , A., The Age of Turbulence, Public Publishing House, Bucharest, 2008, pg. 394.
[7] quoted in World Bank, *World Economic Outlook*, pp. 34, 36, 2007.

France and Japan (although the World Bank study from 2007 considers France to be an example of decrease in the income differences), but it is insignificant in Germany or Italy. According to the study made by Burniaux (1998)[8] between the half of the 8th decade and the half of the 9th decade, 20 of 21 OECD countries have experienced significant increases in income inequalities.

Therefore, only a few studies with an impact on inequality issues, as I was saying are creating lack of comfort that is specific to an intricate problem.

How Do We Explain the Differences Between the Socio-Economic Models of the Inequality and the Data's Lack of Accuracy

Does the data tell a coherent story? The following lines will attempt to answer this question seeking explanations for the results of the studies above.

Most studies regarding the argued issue focuse on the results obtained using the Gini coefficient, which represents a scale that goes from 0 to 1 (where 0 shows a perfectly equal distribution of the national income between various categories of participants in creating national wealth, and 1 represents the hypothetical situation of a single owner of this wealth). The usual rate is between 0.20 and 0.60. Where do the differences come from? The ways to obtain data are based on at least two methods: the first is the one which uses surveys of household consumption expenditure of the population, while the others use surveys on that population's income.

For example in U.S. there are studies that are using data obtained both by the IRS, and by the U.S. Bureau of Census, using different methodologies [9]. The author shows that the application of these different methodologies brings a measurable difference between countries by 0.15 points.

The measurement using the consumption expenditure usually reveals a tendency of inequalities diminution, it is used for measurements in poorly developed countries where the income is fluctuating, but it is also difficult to measure taking into account the fact that many incomes are derived from agriculture or independent activities and they are usually unreported or reported truncated. Another problem concerns the definition of consumption or income, and also the items integrated within those two categories. For example, as regards consumption, what is desirable in an economy which is developed as an item in the standard consumption of a household, may not be relevant in a household from a poorly developed country. This is the problem that also occurred in other studies on the households' equipment when in the standard equipment of the households there were microwave ovens and refrigerators. Moreover, the duration of consumption analysis is also a source of differentiation, as well as the variations in reporting occurred as a result of interviewing different people from the same household.

Regarding the income variant of the Gini coefficient, the difficulties that arise are those related to the type of income available for making appraisals: disposable income, personal income, pre- or post- tax income. Similarly, some studies focus only on strictly reported incomes, other studies are taking into account the kind of income as well. In Romania, using the meal vouchers when calculating the income can change the value of the coefficient (a coarse estimate would indicate the fact that using meal vouchers as a form of additional income would raise the average income by 10-15%, depending on their number) as well as the same value may change even if are taken into account the state's expenses to the public health system which is usually used by those with low incomes (from the quintiles and deciles of income) rather than those

[8] quoted in World Bank, *World Economic Outlook*, page 38, 2007.
[9] H e t t i n g e r , P., Measuring Inequality: Conceptual, Methodological, and Measurement Issues, World Bank, *World Economic Outlook*, page 40, 2007.

from the higher quintiles and deciles. For the latter the results of the income measurement may change if various property incomes are calculated, transfers or mobile assets from which they can benefit in a well-paid job such as house rent, transport costs or why not, having lunch at work (which by the middle management appraisals would lead to increases of the *in kind* incomes with 20-30%).

Other methodological precautions should be taken into account also regarding their national representativeness, the exclusions made in the sample development (usually rural areas are excluded, as well as foreign workers that are excluded in some countries such as Romania, whose incomes appear only in the national accountancy, and often not even there). Furthermore, the income obtained from the underground or the grey economy does not allow obtaining clear data on the real size of income.

Another necessary methodological precaution is the one that concerns what we are measuring when talking about inequality on a microeconomic level: inequality of households (regarding income or consumption) or individual inequality. The first method involves many cautions when explaining the results primarily due to the changing size and composition of these households over a period of time (such as the broad sociological household or “the deserted nest”).

The question to be answered is how much of the current inequality growth may be attributed to globalization. To outline a response to this problem, economists use an explanatory model based on Stolper-Samuelson theorem, which can be summarized as follows: in an economic model with two countries with two ample and different factors of production, the growth of trade opening in a developing country (by reducing the custom duties), where the less skilled labour is relatively abundant, will determine the increase of its income and will reduce those with more specialized and higher skills, and consequently will reduce inequality. After taxes on imports will be reduced, the price of an imported product “intensive qualified labour” will decrease, and the same will happen with the income of the highly qualified labour factor, while prices of export products (made with poor qualified labour) will increase. For a developed country with relatively abundant highly qualified labour the opposite will happen and thus inequalities will increase.

Within the developed countries, globalization is increasing the demand for highly qualified labour rather than poorly qualified labour, which is determining the inequalities to grow. The study of Feenstra and Hanson (1999) shows that technological change is the one that increases income inequality within developed countries, especially because it causes a delocation of repetitive poorly qualified labour afferent to technological sectors towards countries with low production costs.

Unfortunately, the implications of the theory regarding the improvement of inequalities within the low developed countries were not verifiable in macroeconomic studies. The available studies at this time have not identified statistically significant relations between globalization and inequality or they have identified negative relations between those two.

Neither the national comparative studies have debated upon the issue of the relation between those two entities, globalization and inequality. For example in China, the reduction of the poverty rates has been accompanied by an increase of income inequalities, up to a value of 0.42 of the Gini coefficient (usually its level is between 0.2 -0.60), but a significant proportion of these inequalities is due to urban-rural inequality and not to globalization.

In short, studies on China conclude like this: "the liberalization of trade reduces the urban-rural income inequalities, leads to a reduced growth of inequalities within the urban area and a decrease of the rural-rural inequalities, and per total it causes a modest decrease of the national income inequalities.

Another assumption conserning theincrease in inequalities as a result of globalization is related to the fact that the latter is associated with an increased international demand for managers, which leads to increasing their income. The increase of the production scale associated with globalization leads to increasing wages and other employee compensations from middle management and top management positions at the expense of "second best performers" from the countries of origin.

Analyzing the impact of economic integration on redistribution, Wildasin (2003) points out the impact of integration on top employees' mobility. Choosing residence they can often choose where to pay taxes. As the tax level attracted from those with higher incomes represents a high proportion of the total of income tax from the developed countries, the fiscal implications become large (for example, in the U.S.A. in 1999, 20% of total income taxes was paid by 0.16% of the total payers, the first 2% of the payers being responsible for 40% of the total income attracted from taxes on personal income.)

Tanzi (1995) stated that increased mobility of capital not only erodes the tax base, reducing the welfare state's ability to fund its programmes, but by shifting taxes onto labour, the capacity of the state to redistribute is reduced.

Garret (1998) has argued that, by forcing welfare states to increasingly resort to loans in order to fund programmes, the international capital markets ends up imposing an increasing premium on large welfare states. The decreasing cost of the exit option increases the relative power of business in policy making (Huber and Stephens, 1998). This fact could exacerbate increases in income inequality.

In addition, it has been widely argued that heterogeneity of domestic political, as well as labour market institutions support heterogeneity of responses to globalization, providing indifference to globalization (Garrett, 1998, Swank (2002).

Income Inequalities in Romania; Branch of Activity, Factor of Generating Income Inequality in Romania

After 1989, a first factor to generate income inequality was *the economic branch in which the individual operates*. The share of the average net monthly wage in industry in relation to the existing average wage on a national level represents a relevant indicator in this context.

Data from 1990 is an illustration of the effects of the income homogenisation policy and the specific character of a state redistributive economy in which the incomes earned in branches with higher productivity (petro chemistry, machine building industry and steel industry) were allocated to workers from sectors with low productivity or with lack of opportunity on the international market.

The differences between average salaries per branches of activity do not deviate by more than 10-15% more or less than the average wage per economy, and the ratio of the average wage from the best ranked branch and the lowest remunerated employee was only 1.4.

In 1998, differences in average industry wages are much higher, by over 200% and the ratio of wages from the best ranked branch and the lowest ranked is above 4.17. After a decade in 2007 one can notice that the difference between the average wages of the best and the least well ranked branch, 195% is only by 5% lower, but it is noticed *an increase* of the ratio between the average wage of the best ranked and the lowest branch: 4.47.

Compared to the situation recorded at the beginning of transition to market economy, and the situation at the end of 2007, we identify the following *features*:

- o the branches that recorded the lowest levels of payment compared to gross average are fisheries and forestry, agriculture, reflecting the decrease in investment in these sectors; at the same time, low levels of payment against the background of increasing investments were recorded in trade and hotel services, a situation that seems to justify the theories which argue that globalization and integration within the global production network reduce the income derived from services, even though these sectors have high potential;

- on the other hand, there is a powerful increase of the gap compared with the staff's average wage per economy from financial and banking activities, public administration, electricity distribution, transport, storage and telecommunications, activity fields from the sphere of services and less from the production of goods. The only exception is the salary of the extractive industry – a heavily subsidized sector of the state budget;
- in industry, the average salaries from this branch are below the average national wage and the fact that the manufacturing industry, which should reflect the requirements of a modern market economy, is by 16% below the national level, reflects a rather negative aspect of the wage policy in Romania's economy;
- between 1990-2007 one can notice a process of emphasizing the wage differences, the ratio between the average wage of the best and worst ranked branch reaching 4.47 in 2007 (versus 1.4% in 1990).

Table 1. Share of the nominal average net wage per month per branch in relation to the average national wage (%)

Branches of activity	1990	1998	2007	1998/1990	2007/1990
Total	100	100	100	+/- %	+/- %
Agriculture	106.1	73.4	71.79	**-32.7**	**-34.31**
Fishery and forestry	92.7	92.5	56.24	**-0.2**	**-36.46**
Industry - total	98.6	105.0	93.6	**6.4**	**-5**
o Extractive industry	132.9	161.2	173.1	**28.3**	**40.2**
o Manufacturing industry	96.7	92.8	83.5	**-3.9**	**-13.2**
o Energy, gas, water distribution	119.1	176.1	151.3	**57**	**32.2**
Construction	110.9	94.6	84.55	**-16.3**	**-26.35**
Trade	86.8	68.9	78.98	**-17.9**	**-7.82**
Hotels and restaurants	84.2	63.6	62.48	**-20.6**	**-21.72**
Transport, storage and communication	111.3	117.3	119.39	**6**	**8.09**
Financial, banking and insurance activities	94.1	265.1	251.15	**171**	**157.05**
Real estate transactions	110.8	101.9	106.14	**-8.9**	**-4.66**
Public administration	112.1	131.7	191.65	**19.6**	**79.55**
Education	96.5	100.9	112.76	**4.4**	**16.26**
Health and welfare	96.5	81.6	90.98	**-14.9**	**-5.52**
Other branches	80.6	82.3	84.74	**1.7**	**4.14**

Source: The Statistical Yearbook of Romania, National Institute of Statistics, Bucharest, 2008, p. 266

In the economic literature it was considered that starting from Stolper-Samuelson theorem we can consider that an increase in country participation in the international trade would lead to:

- a reduction of the gap between the wages of workers, regardless of the branch of activity;
- a reduction of the difference of salaries between workers and the rest of the employees of the same branch of activity;

Romania has increased participation in world trade, having sustained growth from year to year. Between 2004 and 2007 the total volume has increased annually by over 21%. Unfortunately, the dynamic was much higher on the import side than on export, and the years 2006-2007 have created the biggest imbalances. During the boom in imports, the share of wages of employees from administration and utility distribution are comparsble with the wages per manufacturing branches of goods intended for export.

Table 2. The volume of international trade during 2000-2007

Year	Total volume of trade	The annual dynamic of the volume of trade (% compared to the previous year)	FOB Export	The annual dynamic of the export (% compared to the previous year)	CIF Imports	The annual dynamic of the import (% compared to the previous year)	FOB/CIF Balance
2000	25508	100	11273	100	14235	100	-2962
2001	30105	118.0	12722	112.9	17383	122.1	-4661
2002	33556	111.5	14675	115.4	18881	108.6	-4206
2003	36815	109.7	15614	106.4	21201	112.3	-5587
2004	45216	122.8	18935	121.3	26281	124.0	-7346
2005	54823	121.2	22255	117.5	32568	123.9	-10313
2006	66596	121.5	25850	116.2	40746	125.1	-14896
2007	80871	121.4	29549	114.3	51322	126.0	-21771

Source: The Statistical Yearbook of Romania, National Institute of Statistics, Bucharest, various editions

On a first review after the period of economic growth (2000-2007) one can notice that the average net wage received by workers retains, in general, the difference due per branch of activity 124% in 2000 and 139% in 2007, and the ratio between the wage of the average worker from the best and worst ranked branch maintains: 3.0.

Thus we find that the gap between the average monthly wages of workers from the best and lowest ranked branch in 2007 is less than over a third compared to the overall gap between the average monthly salaries per branches of activity: 3.0 versus 4.47.

Table 3. The share of the nominal average net wage per month obtained the industry workers in relation to the workers' existing average national wage (%)

Years of analysis	2000	2001	2002	2003	2004	2005	2006	2007
Total – national level	100	100	100	100	100	100	100	100
Fishery and forestry	61.3	71.8	59.75	65.38	65.87	60.27	67.69	67.10
Hotels and restaurants	68.8	73.7	69.04	74.76	76.59	70.95	71.52	75.35
Agriculture, hunting and forestry	72.6	72.2	72.14	74.28	75.00	73.12	74.27	77.42
Trade	64.5	66.4	66.87	73.08	72.22	76.46	77.95	79.10
Real estate transactions and other services	79.0	81.1	76.78	78.85	78.57	76.96	74.89	79.23
Health and welfare	65.1	72.2	69.97	70.43	71.23	73.96	81.47	80.26
The other activities of the national economy	71.0	70.3	74.61	76.92	78.97	78.46	77.79	83.23
Education	78.0	76.8	73.99	79.09	87.90	85.98	91.58	91.87
Manufacturing industry	96.8	95.4	93.50	95.19	97.62	97.50	97.86	97.29
Construction	88.2	88.4	88.24	91.59	93.65	93.16	95.25	99.23
Public administration and defence	81.7	83.0	87.00	90.63	84.52	91.82	104.29	103.35
Financial intermediations	165.6	126.6	127.55	120.43	132.74	140.57	130.63	106.58
Industry	109.7	108.5	106.81	106.25	107.94	109.85	109.49	108.52

Table 3 (cont.)

Transport, storage and communications	137.6	142.9	150.15	143.51	140.28	132.72	131.85	129.16
Heat and electricity, gas and water	167.7	168.7	165.94	162.74	160.12	175.46	183.15	178.06
Extractive industry	185.5	190.0	195.67	185.34	186.31	195.99	196.78	206.32

Source: The Statistical Yearbook of Romania, National Institute of Statistics, Bucharest, 2008, page 266

Does the Economic Growth, the Increase of the Exports Volume Lead to the Reduction of the Income Differences between Employees (others than those Considered Workers) and the Workers within the Same Economic Branch?

Income difference between the net average wage per branch and the wage of the workers of the same branch is much higher between the employees and the workers from the financial intermediation sector, followed by those from administration, at the opposite being those from the extractive industry and energy and electricity, gas and water. In other words, in order to work within the fields of finance and administration it is more important to graduate from some forms of higher education, also leading to income increase during life! The causes are different for the two sectors, but the results are obvious. If in the case of increasing wages in the financial sector we can assume the high level of its economic efficiency, reflected in increasing profits but also in the obtained economies of scale, then, for the public administration we can identify as causes both the explanations that are shaping through the concept of power resources theory (the advanced syndication of this sector and the union discipline determined the pressures on the political class to be paved with high wage increases, whose coverage can not be expressed by considerations of economic efficiency), but also through the financial support programs of the European Union, pre and post-adhering, which also included high amounts of financial compensations for running those programs. Also, some legislative provisions have led to increasing the wage level, such as the minimum wage earned by a university graduate in this sector.

Table 4. Income differences between employees (others than workers) and workers in relation to the national income obtained by those occupational categories

Total	2000	2001	2002	2003	2004	2005	2006	2007
	s/m	s/m	s/m	s/m	s/m	s/m	s/m	s/m
Agriculture, hunting and forestry	4.1	3.3	3.3	3.8	5.6	1.9	-2.4	-5.6
Fishery and forestry	1.8	-1.3	1.7	-3.0	-2.4	6.1	-9.4	-10.9
Industry	-5.5	-5.2	-5.5	-5.6	-7.8	11.3	-14.2	-14.9
Extractive industry	-13.5	-16.5	-19.1	-15.9	-23.5	29.0	-21.7	-33.2
Manufacturing industry	-4.7	-4.6	-4.1	-5.1	-6.8	10.0	-13.4	-13.8
Heat and electricity, gas and water	-8.4	-8.8	-11.3	-7.4	-9.5	17.8	-27.5	-26.7
Constructions	-1.3	-1.7	-2.2	-4.0	-5.8	9.0	-13.3	-14.7
Trade	5.6	7.1	4.6	2.1	1.1	-0.6	-2.8	-0.1
Hotels and restaurants	-4.3	-3.9	-4.9	-7.4	-8.0	10.0	-9.9	-12.9
Transport, storage and communications	-4.9	-7.4	-9.0	-4.5	-8.1	4.4	-9.1	-9.8
Finnancial intermediation	80.2	119.1	135.0	137.0	128.0	-136.2	130.3	144.6
Real estates tranzactions and other services	21.9	17.9	24.0	18.1	19.1	-19.6	21.1	26.9
Public administration and defense	60.3	55.7	48.1	52.4	56.5	-64.1	77.6	88.3

Table 4 (cont.)

Education	17.8	18.5	26.3	19.5	20.3	-25.1	31.6	20.9
Health and welfare	17.7	14.6	14.2	14.9	15.7	-16.7	13.6	10.7
The other activities of the national economy	17.8	15.5	15.9	11.5	10.8	-10.9	8.0	1.5

Source: The Statistical Yearbook of Romania, National Institute of Statistics, Bucharest, various editions

As a trend we notice that the income earned by the workers from the productive areas has increased, unlike those from the services, which shows the reconnection of the Romanian economy to international trade, but also a situation that we can also notice in the international statistics regarding labour, namely that services sector, with notable exceptions, do not create jobs with high wages, due to a poor productivity of these activities.

Conclusions

Even if the data we had does not allow us to achieve a highly reliable picture of inequalities within the Romanian economy at least some *aspects* may be outlined as follows:

- The decrease of Romania's GDP until 2000, when the economic growth resumed, as a consequence of restructuring the national economy, made us witness the increase of the inequality in wage income between the branches of the national economy.
- Changing the structure of branches of the GDP is also reflected by an evolution of wage inequalities. Thus the branches that are diminishing their share in the GDP have also the lowest levels of wage income (agriculture), except for the extractive sector due to some political and not economic elements. The industry knows a decrease in wages compared to the national average, primarily due to diminishing the manufacturing sectors.
- At the same time, in the sectors in which there are more investments than in the other sectors of the economy (as was the case of trade within large spaces and hotel services), the wage level is lower than the national average, which can be explained by the poor skills required in these services (but not the weak productivity) and by the seasonal nature of some hotel activities.
- On the other hand, the trade in large spaces is responsible for the decrease of the income from another perspective as well: a large number of small companies which had as main activity retail trade were forced to stop their activity because of the competition of the large commercial spaces, which determined the decrease of the income derived from those activities.
- A natural situation (by the economic evolutions from the developed countries) is the increase of the wages in the banking sector, well above the national average, a sector where we can see a correlation of this development with the evolution of productivity, which is explainable by increasing the profits from the banking services.
- A rather innovative situation is represented by the wage situation from the public administration, above the average per economy, partly explained by some legal provisions (for example, the provision regarding the minimum wage for the administration staff with higher education or those regarding the increases granted to persons from administration who manage public funds), by considerations related to the high ability for negotiating the wages of the employees in this sector.

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Inegalitatea – abordări din perspectiva dezvoltării economice

Rezumat

În ultimele două–trei decenii, un fenomen economic, dar şi cultural şi social, prin urmările avute, a ocupat prim planul gândirii economiştilor, dar în egală măsură pe cea a sociologilor ori politologilor sau pe cea a publicului larg.

Cunoscut sub numele de superfluu de „globalizare", acest fenomen a dat naştere unor dispute teoretice, dar uneori şi fizice cu garda jos, a taberelor pro şi contra, în ceea ce priveşte cuantificarea efectelor sale şi judecățile de valoare asupra acestor urmări.

Cum diversitatea economiilor este o evidență dincolo de orice alte prezumții, şi varietatea efectelor acestui proces a fost una evidentă - de unde o lipsă de lizibilitate, dar şi de interpretare şi comunicare clară, "dincolo de orice dubiu" a concluziilor variilor studii şi cercetări.

Articolul îşi propune să trateze anumite aspecte ale globalizării, mai precis cele privind relația dintre globalizare şi problema inegalităților. Unui necesar cadru general îi vom adăuga considerații asupra inegalităților şi evoluției acestora în economia emergentă a României.