EPISTEMOLOGY OF SOCIAL AND FINANCIAL INCLUSION AT NATIONAL LEVEL – THE DETERMINANT ELEMENT OF THE SOCIAL BALANCE AND THE DIGNITY OF THE INDIVIDUAL

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Abstract: Starting from the concepts of social and financial inclusion, as well as from the reality of the situation of our national economy after the accession to the European Union, the only certainty that we think we can enunciate is that we are still in the process of integrating certain processes such as social and financial inclusion. This certainty is confirmed by the statistical data available at the level of studies, analyzes and reports existing at national and European level. Moreover, at societal and mentality level, the determinant element of social balance and individual dignity is given by the integration of the individual in the process of social and financial inclusion, which we consider to be especially important for some social categories in the EU, and we are still learning to be European. From an economic point of view, Romania is looking for an economic model that ensures sustainable long-term development oriented towards social, economic and social inclusion. In order to understand what this economic model is or should be, we will try to briefly review this concept, followed by a "robot portrait" of the new economic model as outlined in the European Commission's programming documents.

Keywords: social and financial inclusion, equity and societal balance

Introduction

Social and financial inclusion affects individuals and communities in a wide variety of ways, ranging from an individual's level of living (measured by the relative and absolute poverty level) as well as the level of social integration through participation in social relationships in which the majority is involved. Moreover, aspect related to the lack of a job, possible family disabilities, discrimination or intolerance etc.

The social exclusion of some people or categories of people has many causes and takes multiple forms, often passing from one generation to the next. In this respect, within the framework of national and European strategies, one of the important points of the European Union's importance is the promotion of social inclusion, or, in other words, the fight against poverty and social exclusion, and is achieved by setting specific, commonly agreed all countries, through the implementation of national action plans to achieve the objectives, and by developing a system for measuring and reporting on periodic changes. If we were to synthesize, there are three major models of economic and social development [4] in the new information society: the European model, the American model and the Asian model. The European model includes three elements: economic growth, political freedom and social cohesion; the American model includes economic growth and political freedom, excluding social cohesion, while the Asian model includes economic growth and social cohesion, excluding political freedom. We can even customize: the American liberal model (characterized by mass orientation towards personal success, multilateral encouragement of entrepreneurial activity and less emphasis on the social side); the Japanese corporate model (the predominance of corporate ownership and achievements in corporate governance, with an emphasis on national traditions in organizing labor relations); the model of Swedish socialism (the general welfare in which the predominant role belongs to the state-patron) and the French "statist" model (a combination of other models with a strong dirigent emphasis).

Methodology of research

At European level, to monitor the progress made by EU Member States in reducing this scourge, it was done with the help of a system of social inclusion statistics indicators, which allow for a comparative measurement of the evolution of the phenomenon according to the National Institute of Statistics INS) and the European Commission (EC). "In order to build a set of indicators to ensure comparability between EU Member States at the Laeken summit in December 2001, the European Council endorsed a list of 10 primary indicators and 8 secondary indicators to provide statistical data to describe the various aspects of social inclusion, issues that belong to important areas, namely: monetary poverty and inequality, employment, health and education. These 18 common indicators for all countries are complemented by the third category of indicators, the tertiary ones, which make it possible to estimate specific phenomena in different countries. Establishing these indicators required a special effort, generated by the multiple goals they need to meet. First of all, social inclusion indicators need to identify the essence of problems and have a normative interpretation accepted. Secondly, they must be robust and statistically cheesy, in other words, not fluctuate because of irrelevant phenomena for the purpose for which they were created. Another important criterion was the stability and the possibility to be periodically updated to highlight the effects of different social policies. And last but not least, social inclusion indicators must ensure comparability between Member States "[3].

One of the global poverty indicators is given by the Global MPI of 2019 has the same functional form and indicators as in 2018. It continues to use 10 indicators in three dimensions - health, education and living standards - following the same dimensions and weights as the index human development. Each person is attributed a deprivation score according to his own deprivation of household in each of the 10 indicators: the maximum deprivation score is 100%, with each dimension equally; thus the maximum deprivation score in each dimension is 33.3% or, more exactly, 1/3; the dimensions of health and education have two indicators, so each indicator is weighted as 1/6. The standard of living size has six indicators so that each indicator is weighted as 1/18. To identify the poor multidimensional people, depriving the scores for each indicator are summed up to get the household's private score. To distinguish it is used a proportion of 1/3 between poor people and grandchildren. If, the deprivation score is 1/3 or more, that household (and everyone in it) is considered multidimensionality poor. People with a deprivation score of 1/5 or greater but less than 1/3, is considered vulnerable to multidimensional poverty. Individuals with a 1/2 or more deprivation score are considered to be severe multidimensional poverty. [1].

The number of employees, H, is the multidimensional proportion of poor people in the population: H = q

where q is the number of people who are multidimensional poor and n is the total population.

Poverty intensity, A, reflects the average proportion of weighted multi-dimensional component indicators that poor people are deprived of. For multidimensional poor only for those with a deprivation score greater than or equal to 33.3%), deprivation scores are summed up and divided by the total number of poor multidimensional people: A = Σq1si / q, where and is the deprivation score of the multidimensional iodine poor personal experiences.

The deprivation score of the aliased multidimensional digest can be expressed as the sum of the associated weights each indicator j (j = 1, 2, ..., 10) in which the person is deprived, si = ci1 + ci2 + ... + ci10.

The MPI value is the product of two measures: multidimensional poverty and poverty rates: MPI = H. A

The contribution of dimension d to multidimensional poverty can be expressed as Contribd = Σj∈d Σq1 cij / n / MPI.

where, d is health, education or living standards.

MPI can be expressed as the weighted sum of the hj hiring rates for each indicator j. The censored calculation rate of indicator j refers to the proportion of people who are multidimensional poor and lack this indicator.

MPI = Σ10

j = 1 cj. Hj

where, cj is the weight associated with the j (either 1/6 or 1/18) and the sum of the weights at 1. The variation of the multidimensional deprivation scores the poor are accustomed to measure the inequality between those people:

V = qS1 (si-A) 2 / (q-1)

All parameters defined above are evaluated using survey data and sampling weights in accordance with the theory sampling rules [1,7].

Research results

In order to be able to detail the epistemology of social and financial inclusion at national level - a determinant of the social balance and individual dignity, as well as the orientation of the national economic model towards a knowledge economy where economic, social and financial inclusion is the foundation for the sustainable development of our society. However, in order to reach the economic model, we consider that elements such as the risk of poverty at national level (severe material deprivation) and the phenomenon of migration are determinants with a direct influence on the overall societal economy. Starting from the Eurostat data and the National Institute of Statistics (NIS), Romania at the end of 2017 had a lack of homogeneity in the distribution of poverty at territorial level, with variations from the national average (however high enough in from + 42% on the diagonal axis of poverty, North-East Region - South-West Region, down to -74% in the capital's area. These data confirm that disparities between regions and the degree of macroeconomic concentration lead economically to certain imbalances, which are directly related to the welfare of the individual and society at the local level [3].

The *prospect of poverty changes radically* when certain specific criteria established at European level are applied (questionable, this is inherent to any more or less subjective but homogeneous classification at EU level). Transylvania and Banat are well below the national average (between -30% and -40%). Moreover, the East-East ratio of the country radically changes between the North-East Region and the South East Region, parity in severe material deprivation with the South Muntenia Region, while, surprisingly, the South-West Region Oltenia (at least as GDP per capita, along with the North East) appears to be less affected (very similar to the North East) to this indicator [13].

Table no. 1. Presentation of the indicator "severe material deprivation" on the development regions of Romania and on the national average

	Indicator Private server privacy (%)	**Compared to the national average**
Romania	19,7	100%
Region North-West	11,9	-40%
Region Centre	13,2	-33%
Region North-East	22,4	14%
Region South-East	25,8	31%
Region South-Muntenia	25,8	31%
Bucharest-Ilfov	19,1	-3%
Region South-West Oltenia	22,0	12%
Region West	13,8	-30%

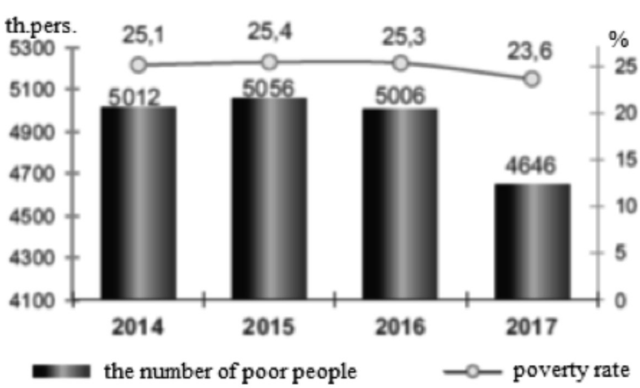
Source: EUROSTAT, 2017

The notion of "severe material deprivation" is an indicator that refers to the lack of possibilities for a person, due to lack of material means, to secure four of the following needs established at European level: (1) payment of rent and utilities; (2) keeping the house at a suitable temperature; (3) deal with unforeseen expenses; (4) eat meat, fish or protein equivalent at least once every two days; (5) one week away from home; (6) a car; (7) a washing machine; (8) a color television; (9) a phone. [3].

The explanation is the major regional differences with regard to another indicator we are fighting for the unpopular number 1 position in the EU, the inequality of income; where at the national average we come with indices somewhere around 7 to 1 among the highest income and lowest income groups. Only at a regional level (where a more in-depth study has not yet been undertaken), if the gaps in the West and in the poorer regions are smaller, it turns out that the gaps are becoming "astronomical". The best example, the Bucharest-Ilfov region, which stands at 139% of the EU average as GDP per capita in 2017 and at -74% the poverty risk compared to the national average, is only -3% when it comes to the deprivation of severe material. Poverty is the situation of those people whose income is so low that it is impossible to achieve a standard of living considered acceptable in the society they live in, faced with multiple disadvantages linked to unemployment, low incomes, precarious housing, inadequate health care, and barriers to access to education, culture, sports and leisure.

Estimated on the total available income, excluding the household's own household consumption, the relative poverty rate was 23.6% in 2017. In absolute terms, the number of the poor corresponding to this rate was 4646 thousand people. Under one of the four inhabitants of Romania, they lived in a household whose income was lower than the threshold set at 60% of the median of adult-equivalent income. In the 2014-2017 period, the poverty rate, estimated against the threshold set for the level and distribution of earnings for the year under review, was maintained at high levels by 2016 (between 25.1-25.4%), but in the last year it dropped significantly (23.6%) [3].

Figure no.1. Poverty rate and number of poor people in 2014-2017



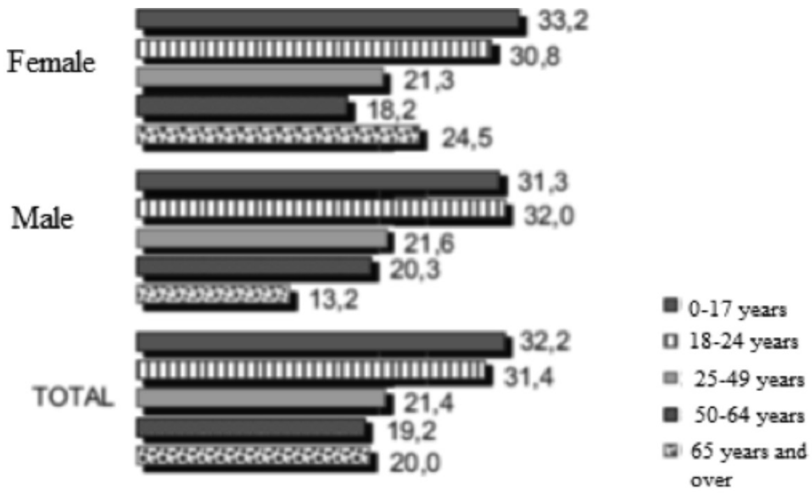
Source: National Institute of Statistics, 2018

The analysis of the poverty rate by gender in 2014-2017 does not reveal any significant differences between women and men. The risk of poverty, however, affects differently the population depending on the age group, the labor capacity at its disposal and, obviously, the income earned.

Throughout the analyzed period, the highest incidence of poverty was among children and young people under the age of 18, about a third of whom were below the poverty line well above adult levels. The trend of the period was downward in this age group, registering a decrease of 5.0% compared to the previous year, i.e. 7.1 percentage points versus the beginning of the period. Poverty in this period was maintained at high rates and among young people aged 18-24, but the difference from the beginning of the period was -2.4 percentage points.

The elderly population (aged 65 and over) is less affected by poverty (1 in 5 of them), the level being below the average for the population as a whole. In the period 2014-2017, the poverty rate among the elderly has grown by 4.3 percentage points. [3].

***Figure no. 2.* Poverty rate by total, sex and age groups in 2017 (%)**

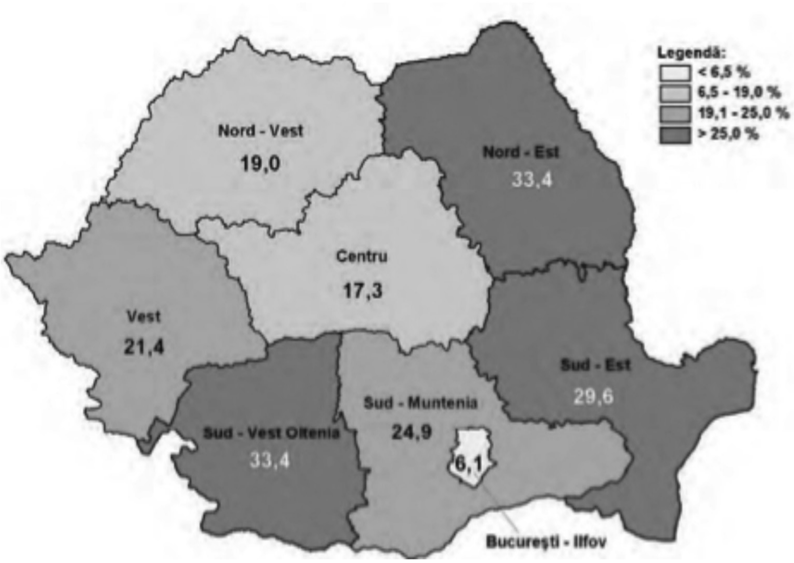


Source: National Institute of Statistics, 2018

Following the evolution of the poverty rate by gender and age groups over 2014-2017, we find that they evolved differently for each category. The most pronounced gender differences we encounter in the age group 65 and over, where in 2017, women reached the poverty rate by 11.3 percentage points higher than men, a characteristic that is maintained throughout the period. Men more affected by poverty than women were those in the 50-64 age group (2.1 percentage points).

Poverty is also unevenly distributed in the region. In 2017, the poverty rate was more than 5 times higher in the North-East and South-West Oltenia regions and more than 4 times in the South-East and South-Muntenia regions than in the Bucharest-Ilfov region. [3].

***Figure no.* 3. Poverty rate by development region in 2017**



Source: National Institute of Statistics, 2018

In 2017, the highest rates of poverty were recorded in North-East and South-West Oltenia (33.4%) and South-East (29.6%), and the lowest in Bucharest-Ilfov 6.1%). From analyzing the evolution of the poverty rate in 2017 as compared to 2014, it is observed that almost all regions recorded decreases in the last year. The largest declines occurred in the Western regions (6.1 percentage points), South East (4.4 percentage points), Center (3.1 percentage points) and North East (2.7 percentage points). Poverty rates in the analyzed period were recorded in the South-West Oltenia (5.1 percentage points) and Bucharest-Ilfov region (1.3 percentage points). [3].

Table no. 2. Poverty rate by region, 2014-2017

Development Region	2014	2015	2016	2017
North-East	36,1	35,9	36,1	33,4
South-East	34,0	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
North-West	20,4	19,2	17,1	19,0
Centre	20,4	17,8	20,8	17,3
Bucharest- Ilfov	4,8	5,9	10,2	6,1

Source: National Institute of Statistics, 2018

Theoretically, under certain socio-economic conditions, any person, regardless of her particular situation, may become poor for a longer or shorter period of time. In the case of some people, however, the risk of getting into poverty is always high and almost inevitable. These are people whose physical, mental, educational, occupational characteristics, etc. make it difficult for them to access the welfare levels offered by society and make them vulnerable to the phenomenon of poverty. Of course, those who are affected by some changes that are likely to influence the labor market or the general development of the society at a certain point of time are of course added to these shortcomings.

The demo-socio-economic characteristics of individuals, as well as the types of households they live in, are often influential factors of the emergence and increase of the risk of poverty.

The existence of an occupation, and generally the occupational status, is a feature of the greatest importance in creating a living environment that ensures the well-being or poverty of those persons. Hence the important differences between the poverty rates of the different socio-occupational categories [12,14].

A first distinction in the analysis can be made from the point of view of the existence of an occupation that offers the possibility of making some incomes. In this case, we can see that, as a whole, the occupants are more likely to be at risk of poverty than the unoccupied or inactive, but also within these two categories there is a variety of situations. In 2017, out of the total employed, those below the poverty line accounted for 17.4%, 8.5 percentage points less than those who did not carry out any economic and social activity.

In the case of persons engaged in an economic or social activity of a salary type or on their own, one can notice the differences between the sexes: about one male from 5 and one out of 7 were, respectively, below the poverty line. In contrast, in the unoccupied or inactive people in 2017, the difference between the share of women and men was 6.5 percentage points.

Regarding unoccupied persons, the situation of the unemployed whose poverty rate is very high should be highlighted. In practice, about one unemployed person is poor, with unemployed men having the worst situation compared to unemployed women (more than half of men are in this situation, compared with nearly two out of five women in a similar situation). The relative poverty status does not completely disappear, nor can it be general, but may take more pronounced or attenuated forms, including a greater or lesser number of people, depending on the influence of different demo-socio-economic characteristics of society as a whole or individuals.

In order to complete the "picture" of the phenomenon of poverty, we use specific indicators that characterize its depth, such as: dispersion around the poverty line, income inequality index, and relative median deficit and Gini coefficient. [2,3,5].

Dispersion around the poverty line- defining the poverty threshold as 60% of the median of the distribution of people by the level of disposable income per adult equivalent is a convention, but based on statistical considerations. A first form of measuring the severity of poverty is to calculate poverty rates across different thresholds, more severe or more "relaxed" than the standard 60%. The results could be interpreted as representing the surplus of people who would go into poverty or, on the contrary, get out of poverty if the poverty threshold would have a higher or lower value.

In 2017, it is noted that the poorest (ie those who have an income of up to 40% of the median of the distribution of adult-equivalent income) represent more than half of the total number of people considered poor at the "standard" of 60%.

This may lead to the conclusion that poverty in Romania is very profound, many people having little chance of getting out of this situation in a short time. [3].

Table no.3. Poverty rate at thresholds of 40%, 50%, 60% and 70% of the median of the income available per adult-equivalent in 2017

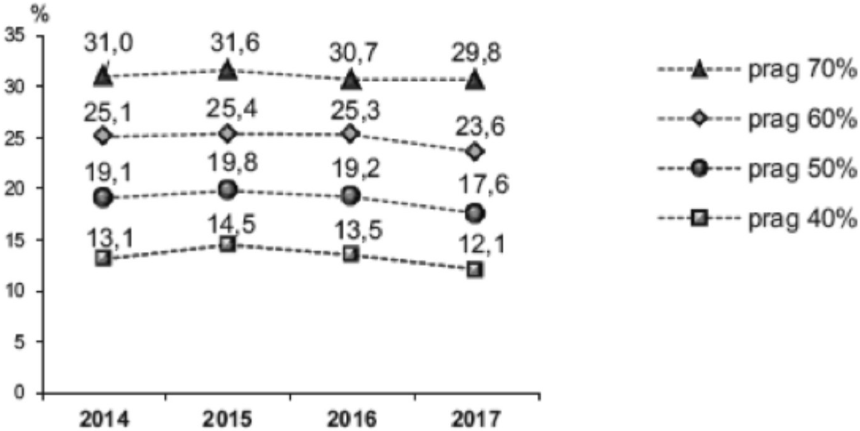
- % -

	Poverty rate	**The ratio to the 60%**
Thresholds of poverty		
40%	12,1	51,3
50%	17,6	74,6
60%	23,6	100,0
70%	29,8	126,3

Source: National Institute of Statistics, 2018

Also, 25.4% of "standard" poor have theoretically the highest chances to get out of relative poverty if the poverty line would be 50% of the median of adult-equivalent earnings. If a poverty line based on an adult-equivalent income equivalent to 70% of the median value were envisaged, the relative poverty area would be vastly expanded, covering 26.3% currently considered.

Figure no. 3. Poverty rate at the 40%, 50%, 60% and 70% thresholds of adult-equivalent earnings over the 2014-2017 period



Source: National Institute of Statistics, 2018

Following the distribution of the population in relation to the 40%, 50%, 60% and 70% of the average during the analyzed period, it is noticed that there was a growth until 2015, but from 2016 the trend was decreasing, continued in 2017.

Income inequality index The S80 / S20 report shows that in 2017 people in wealthy households (part of the income quintile V) earned a total revenue volume of 6.5 times higher than those in the households considered poor (as part of quintile I of distribution). During the analyzed period, the ratio remained around 7, except in 2015, when the peak period was recorded (8.3).

As expected, greater disparities in available cash income are among people under the age of 65 compared to those over the age of 65 who are only dependent on income from social transfers. [3].

Table no. 4. Income inequality index, 2014-2017

	2014	2015	2016	2017
Total persons	7,2	8,3	7,2	6,5
Persons under 65 ani	7,8	8,8	8,0	7,0
Persons by 65 years and over	4,8	6,2	4,4	4,4

Source: National Institute of Statistics, 2018

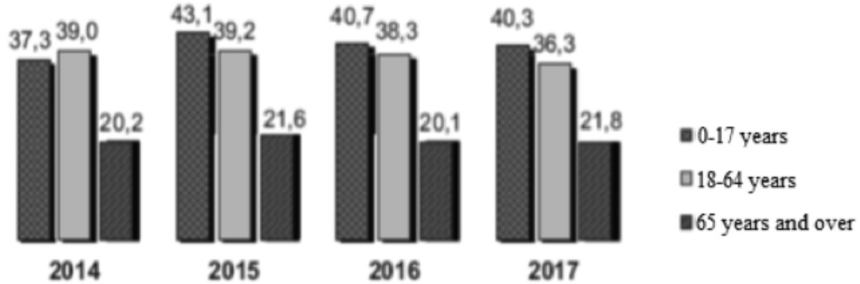
Thus, while for the first age category the income inequality index ranged from a minimum of 7.0 (achieved in 2017) to a maximum of 8.8 reached in 2015, for the second category, its index around 4, except for 2015, when it reached 6.2.

Relative median deficit- the relative median deficit is an indicator of poverty depth, which means the "distance" of a poor person's income to the threshold, from which the person would cease to be considered poor, calculated as a percentage of the poverty line.

In other words, the revenue increases that this person should get to reach the threshold, thus coming out of the poverty sphere.

In 2017, the relative median deficit was 34.5%, that is, it can be said that the poor had on average an available money income that accounted for 65.5% of the poverty threshold set for this year. Overall, the relative median deficit is higher in males than in women, which means that the poor female is at a relatively lower distance from the poverty line. In 2017, this difference increased by 1.4 percentage points (35.1% for males compared to 33.7% for females). In the 2014-2017 period, the relative median income gap experienced by the poor has risen steadily by 2015 (from 34.6% to 38.2%), but by 2016 the trend has been declining gradually, to 34.5% in 2017 [3].

Figure no. 4. Relative median deficit, by age group, in 2014-2017 (%)



Source: National Institute of Statistics, 2018

Children and adolescents under the age of 18 are the poorest, with the highest relative median deficit (40.3% in 2017), followed by adults aged 18-64 (36.3% in 2017). For the elderly, the relative median deficit is lower (21.8% in 2017), so those people are closer to the threshold.

The *Gini Coefficient* - a characterization of the degree of inequality in the available income of the population is also given by the Gini coefficient, whose value in 2017 (33.1%) leads to the conclusion that the dispersion of resources is not very high. From a theoretical point of view, the Gini coefficient can take values between 0 and 1 (or 0-100%). A null value would mean a perfect equality of distribution, that is, all citizens of a country would receive the same level of income. If the Gini coefficient would be 1 (100%), the total income from one country would be made by one person. Obviously, these two situations cannot be met, the inequality always exists, its value being smaller or higher from one period to another, or from one country to another.

During the analyzed period, the value of the Gini coefficient reached a maximum of 37.4% in 2015, followed by a downward trend until 2017 (when it reached the minimum period of 33.1%). The magnitude of poverty can be better reflected if analyzed, complementary to monetary poverty, material deprivation, and the inability of individuals to ensure normal living conditions for the current stage of society's development. The lack of material goods1 is mainly due to the insufficiency of financial resources. However, it has to be said that material deprivation can be induced by other non-monetary factors, which are related to the characteristic features of persons (gender, age, level of training, health status, occupational status, etc.) or the socio-economic framework in which they live (residence environment, general level of community development, labor market, etc.)[1].

- For the statistical characterization of the material deprivation situations, a system of indicators consisting of three distinct dimensions called "dimensions of social inclusion[2]" namely: material deprivation from an economic point of view, which refers to the economic situation of the household;
- Material deprivation in terms of endowment with durable goods - with reference to the lack of endowment of households in durable goods;
- Material deprivation from the point of view of poor quality of living conditions, including some housing characteristics that influence the quality of life.

Persons declaring that they are affected by one or more of the components of these dimensions, are considered to be economically deprived of economic, endowment goods or living conditions [3].

Material deprivation from an economic point of view - the economic deprivation status could be considered the most difficult form to bear, as it affects many important aspects of household life. The lack of financial possibilities makes some people unable to support the expenses incurred by consuming basic foodstuffs, proper maintenance of the dwelling, payment of current obligations and payments, ensuring resting and restoring conditions outside the household, but also to meet some unexpected financial needs and to add to its own budget.

1 The Survey on Quality of Life allows for a distinction between the lack of a durable asset due to the lack of financial resources necessary for its purchase and its absence from household endowment due to other reasons (members of the household do not want it, it is considered useless, etc.).

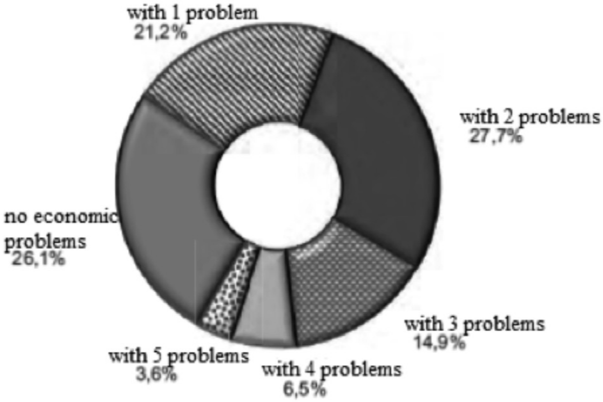
2 A more detailed presentation of the components of material deprivation is presented in the glossary.

In the total population of Romania, persons who in 2017 suffered from one or more economic deprivation deficiencies had a very high share of 73.9%, a weight which decreased by 3.3 percentage points in the last comparative year with 2014. The most frequently encountered situations are those in which the affected persons declare the existence of two problems (27.7%) or the existence of a single problem of 21.2%). Increased difficulties also face people with three, four or five economic problems, which account for a quarter of all deprived people.

In 2017, from the point of view of the incapacity to pay one week of holiday per year or the financial impossibility to deal with unforeseen situations, 65.0% and 52.5% of the Romanian population was in one of these two situations.

Compared to 2014, there is a significant decrease in the number of people who cannot pay a weekly leave per week by 4.5 percentage points, but among those in an unpredictable situation who cannot afford own resources, the situation in 2017 returned to a similar level to that at the beginning of the period under review (a decrease of only 0.2 percentage points). Also, as of 2014, the share of persons who have arrears of rent, utilities or rates has declined significantly in 2017 (by 6.6 percentage points).

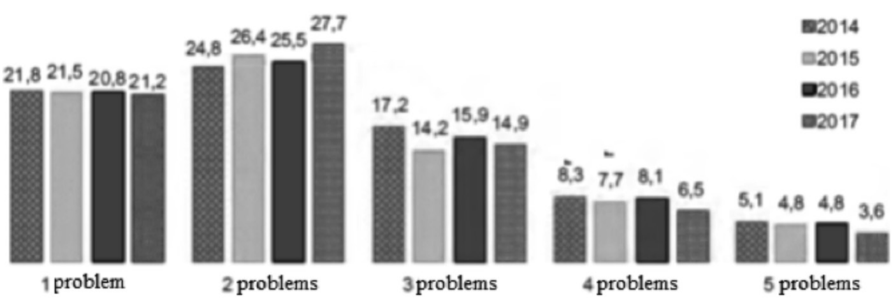
Figure no. 5. Structure of population by degree of material deprivation from an economic point of view in 2017



Source: National Institute of Statistics, 2018

During the last four years the share of economically deprived persons oscillated relatively slightly within the analyzed interval. Significant decreases in 2017 compared to 2014 were recorded: the share of persons with 3 and 4 material deprivation problems (by 2.3 and 1.8 percentage points respectively), suggestive creations were reported to those with no problems of material deprivation (by 3 , 3 percentage points). The close correlation between household incomes and the lifestyle of their members has an impact on material deprivation from an economic point of view and beyond.

Figure no. 6. Weight of material deprived persons economic, by the number of problems, in 2014-2017 (%)



Source: National Institute of Statistics, 2018

The major concern of the European Union for the promotion of social inclusion in the Member States has been materialized by developing an integrated strategy, called EUROPA 2020[3]. This strategy has set itself the target of eliminating the risk of poverty for the Union as a whole for at least 20 million people by 2020. As a statistical tool for monitoring and characterizing the process, a complex indicator of poverty risk or social exclusion (AROPE) was proposed, taking into account the multidimensional nature of poverty. By definition, a person is at risk of poverty or social exclusion if they are in at least one of the following:

- Are below the poverty line (60% of median adult income equivalent);
- is in a state of severe material deprivation;
- lives in a very low-intensity household.

3 *Adopted by the Council of Europe in 2010*

The *first category of situations* is given by the proportion of the poor, i.e. those with a disposable income per adult than the threshold set at 60% of the median of the available income in the total population.

The *second category of situations*, severe material deprivation, refers to the case of people who, due to the lack of financial resources, cannot afford at least four of the nine constituents considered essential for a decent living, such as: in time, without arrears, of rent, mortgage or utility bills; providing adequate heating for the home; the possibility of dealing with unforeseen expenses; pay one week of annual holiday; eating meat or fish at least once every 2 days; owning a color TV; owning a washing machine; owning a phone (fixed or mobile); owning a personal car.

The *third category of situations*, that of people living in a very low-intensity household, refers to people (aged up to 60) of households where work-old adults had an activity equivalent to less than 20% of their work potential in the past year. Under the survey, older people are people aged 18-64 who are not addicted or inactive children [3].

Severe material deprivation - the acute shortage of financial resources makes some people unable to afford goods, making payments or consuming products that, at the current stage of economic and social development, represent a minimum of elements necessary for a decent living.

Compared to 2014, the severe material deprivation rate decreased by 6.2 percentage points, reaching 19.7% of the population in 2017. The total number of persons affected by the severe material deprivation was 3881 thousand people in 2017, of which 48.8% were men and 51.2% were women, proportions close to the previous year. Severe material deprivation affects the population differently depending on age group and household income. In 2017, the incidence of severe material deprivation is higher in children under the age of 18 (21.5%) and in elderly people aged 65 and over (20.6%). Compared to the beginning of the analyzed periods, in 2017 there were significant decreases in the shares of severely deprived persons in the age groups under the age of 18 and at the age of 18-24, decreases by 9,5 and 8,5 percentage points respectively.

What model is being proposed to us for the future? Here we have something concrete, namely the Europe 2020 Strategy, i.e. the new economic strategy proposed by the European Commission on 3 March 2010. Thus, the Commission has identified three key drivers for economic growth, to be implemented through concrete actions at EU and national level:

- smart growth (promoting knowledge, innovation, education and digital society);
- sustainable growth (a more competitive production with more efficient use of resources);
- inclusive economic growth (greater participation in the labor market, skills acquisition and the fight against poverty).

President Barroso synthesizes as follows: "We need to build a new economic model based on knowledge, on a low-carbon economy and with a high level of employment. This battle requires the mobilization of all stakeholders in Europe".

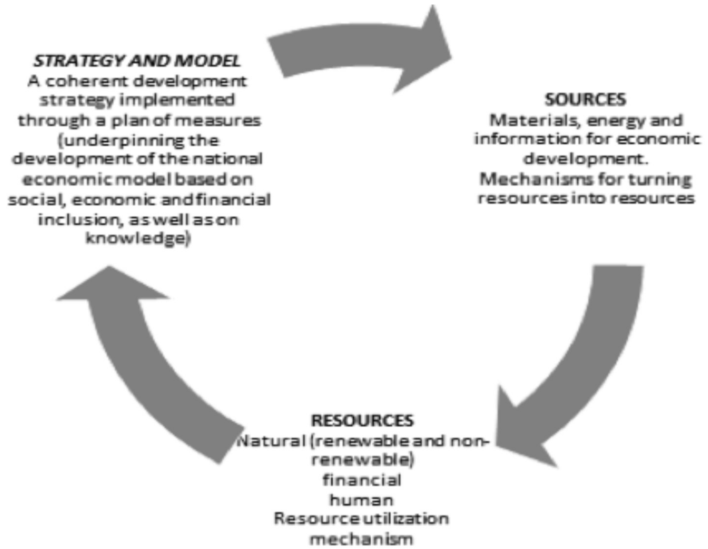
Progress towards these targets will be measured against five benchmarks, representative at EU level, which Member States will be invited to translate into national benchmarks reflecting the starting points:

- 75% of the population aged 20-64 should be employed;
- 3% of EU GDP must be invested in research and development;
- The "20/20/20" climate and energy objectives must be met;
- Early school drop-out rates should be below 10% and at least 40% of the younger generation should have university studies;
- The number of people at risk of poverty should be reduced by 20 million.

We are currently witnessing a dynamics of European economic models, the business model being "the most intellectual and the strongest surviving species" if we were to paraphrase Charles Darwin "The species that survives is the one that is capable of adapt best to the changing environment in which it is found". This famous quote summarizes the essence of transforming the business model into the context of the economic model. Applies particularly to business development at an international level, where the organization faces different, yet unexplored, markets. The country's economic model is conditioned by internal resources (human health resource, education, etc.) and medium and long-term management.

A proper way of administering is based on the inventory of sources and resources, followed by the creation of a mechanism for exploiting these resources. The resource-to-resource transformation mechanism is policy-driven at the level of European institutions, state policy at the national level, regional policy and local policy. Also, factors of influence on the economic model can be mentioned: state policy on budget structure, renewable resources, and exhaustible resources (including the different use of resources) [10]. All these factors lead to an increase in consumer-based economy. Regarding these factors, we can say that Romania's economic development model cannot be conceived in the short term, but in the medium and long term, ie more than 10 years. Moreover, the proposed model has to be assumed by the society and implemented on the basis of a clearly defined and sustained strategy [14, 16].

Figure no. 7. Structure of economic model based on economic, social and economic inclusion, as well as on knowledge



Source: own contribution

The most disturbing factors of the economic model are either of an internal or external nature, with a direct impact on the implementation of the plan of measures and the modification of the model of economic development (such as the influence of economic and financial crises, human-immigrants, electoral cycle, etc.) and the impact of technical and scientific progress [10].

Any decision taken has an impact on economic development, but the medium and long term decision maker is in line with the economic development model, ie if at a T1 moment we have a 20% impact on the development model against the T0 moment, we can state that the pattern of economic development is confirmed and can be sustainable in the long run. The model of economic development can be confirmed by the strategies, policies and tactics applied by each economic agent (firms and / or households) in everyday reality. We cannot talk about an economic model without the broad framework of globalization.

A recent report by OECD *"Business and Finance Outlook 2018"* states that globalization has become associated with difficulties for workers with a lower qualification, so that social inequality can be found in large parts of society, both in the economies both advanced and emerging. Certainly, there is much to be done in domestic policy to improve the outcomes, but there is also a strong need for better alignment of domestic and international policies as well as fairer conditions in cross-border business activities.

This implies a commitment of the participating countries in globalized markets for a common set of transparent principles that are compatible with mutual competition, international trade and investment. The extraordinary success that some major emerging economies have had in pulling millions out of poverty over the last decades is one of the positive aspects of globalization. [4]A situation that has also brought many benefits to advanced economies such as cheaper imported consumer goods and increased exports to new-industrialized nations. These successes, coupled with other related developments, such as digitization, technology and innovation, negatively affect low-skilled and medium-skilled jobs in advanced countries. In a sense, the whole process of globalization is being tested and raises questions about the balance between traditional domestic policies and the need for stronger global rules on cross-border activities. With regard to internal policy, advanced economies have not taken sufficient steps to invest in infrastructure, structural reforms, safety networks, retraining of workers, education and support for reactivation of workers, etc. The report analyzes the issues of global governance ("rules"

4 Ioan-Gheorghe Rotaru, "Globalization and its effect on religion", în *Jurnalul Libertății de Conștiință*, Mihnea Costoiu, Liviu-Bogdan Ciucă, Nelu Burcea (eds.), Editura IARSIC, Les Arcs, France, 2014, pp. 532-541;

and "rules") against eight factors - the exchange rate and the management of the capital account; financial regulation and risk; state enterprises and excessive capacity; cross-border cartels; high costs in subscription and cost of capital; cross-border barriers to trade in financial services; responsible business conduct and due diligence in global supply chains [14, 16]. The report provides detailed evidence suggesting that issues (such as inequality, middle class removal and hiring of unskilled workers as advanced workers), often associated with globalization, do not come from "opening up" the economy as such. In contrast, while acknowledging that insufficient domestic structural adjustment policy has been done, the report shows that the lack of a fair competition environment in a number of cross-border areas affecting trade, investment and competition also plays a important role. This evidence requires political action. Leveling the playing field would help reduce the scale of problems to be addressed by domestic policy.

OECD standards can serve as a benchmark in shaping this conversation and can help ensure a more level playing field in trade, investment and corporate behavior so that the benefits of globalization are shared by all. This requires countries participating in globalized markets to engage in a common set of transparent principles that are compatible with mutual competition, international trade and investment.

This is the context in which we find ourselves, that is, we have the classic economic and social models in which, more or less, the Romanian model and the models oriented towards innovation may fall, economic, social and financial inclusion, which determines us to consider that in the context social, economic and financial inclusion, the economic model that would be appropriate to us could be the societal economic model, including knowledge-based, as seen in Brussels or internationally.

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