

Journal of Academic Research in Economics

Volume 10

Number 3

December 2018



ISSN 2066-0855

EDITORIAL BOARD

PUBLISHING EDITOR

DRAGOS MIHAI IPATE, Spiru Haret University

EDITOR-IN-CHIEF

ADINA TRANDAFIR, Spiru Haret University

ASSISTANT EDITOR

GEORGE LAZAROIU, Contemporary Science Association

INTERNATIONAL ADVISORY BOARD

JON L. BRYAN, Bridgewater State College

DUMITRU BURDESCU , University of Craiova

MARIN BURTICA, West University Timisoara

SOHAIL S. CHAUDHRY, Villanova School of Business

DUMITRU CIUCUR, Bucharest Academy of Economic Studies

LUMINITA CONSTANTIN, Bucharest Academy of Economic Studies

ANCA DACHIN, Bucharest Academy of Economic Studies

MANUELA EPURE, Spiru Haret University

LEVENT GOKDEMIR, Inonu University

EDUARD IONESCU, Spiru Haret University

KASH KHORASANY, Montreal University

RAJ KUMAR, Banaras Hindu University, Varanasi

MARTIN MACHACEK, VSB-Technical University of Ostrava

COSTEL NEGREI, Bucharest Academy of Economic Studies

ABDELNASER OMRAN, Universiti Utara Malaysia

T. RAMAYAH, Universiti Sains Malaysia

ANDRE SLABBERT, Cape Peninsula University of Technology, Cape Town

CENK A. YUKSEL, University of Istanbul

MOHAMMED ZAHEERUDDIN, Montreal University

LETITIA ZAHIU, Bucharest Academy of Economic Studies

GHEORGHE ZAMAN, Economics Research Institute, Bucharest

PROOFREADERS

MIHAELA BEBESELEA, Spiru Haret University
ONORINA BOTEZAT, Spiru Haret University
CLAUDIU CHIRU, Spiru Haret University
MIHAELA CIOBANICA, Spiru Haret University
DANIEL DANECI, Spiru Haret University
MIHNEA DRUMEA, Spiru Haret University
DRAGOȘ IPATE, Spiru Haret University
PAULA MITRAN, Spiru Haret University
LAVINIA NADRAG, Ovidius University Constanta
OCTAV NEGURITA, Spiru Haret University
IULIANA PARVU, Spiru Haret University
LAURA PATAACHE, Spiru Haret University
MEVLUDIYE SIMSEK, Bilecik University
ADINA TRANDAFIR, Spiru Haret University

CONTENTS

THE UNEMPLOYMENT RATE AMONG HIGH EDUCATED PEOPLE FROM ROMANIA. A REGIONAL APPROACH	349
MARIA-SIMONA NAROŞ MIHAELA SIMIONESCU	
THE ECONOMICAL EFFECTS AND RESULTS OF JULY 15, 2016 COUP ATTEMPT IN TURKEY	365
NEVZAT TETİK	
FINANCIAL DEREGULATION AND ECONOMIC GROWTH IN NIGERIA: EVIDENCE FROM ERROR CORRECTION MODEL	378
DADA JAMES TEMITOPÉ AWOLEYE EMMANUEL OLAYEMI	
DOES FISCAL DECENTRALIZATION CONTRIBUTE IN ECONOMIC GROWTH?	389
DRITA KONXHELI RADONIQI	
JUVENILE DELINQUENCY: AN INTER PLAY OF INCENTIVES	412
ANN MARY THAMPI GREESHMA MANOJ	
THE ECONOMIC AND SOCIAL POLARIZATION IN THE ACTUAL PERIOD OF GLOBALIZATION	429
TITUS SUCIU ANA-MARIA GERMAN	
ASSESSING THE ASYMMETRIC RELATIONSHIP AMONGST THE IMPLIED VOLATILITIES OF BITCOIN, PRECIOUS METALS AND CRUDE OIL: EVIDENCE FROM LINEAR AND NONLINEAR ARDL MODELS	445
HAZGUI SAMAH	
THE IMPACT OF OWNERS BEHAVIOUR TOWARDS RISK TAKING BY PAKISTANI BANKS: MEDIATING ROLE OF PROFITABILITY	455
MUHAMMAD SAJJAD HUSSAIN MUHAMMAD MUHAIZAM MOSA ABDELNASER OMRAN	
THE IMPACT OF GOVERNANCE ON FDI ATTRACTIVENESS: THE MENA COUNTRIES CASE	466
MGADMI NIDHAL MOUSSA WAJDI	

GENDER INEQUALITY IN WAGE AND EMPLOYMENT IN INDIAN LABOUR MARKET	482
SITA LAMA RAJARSHRI MAJUMDER	
CO-MOVEMENT OF ELECTRIC POWER CONSUMPTION AND INDUSTRIAL GROWTH IN EMERGING ECONOMIES	501
OLANIPEKUN IFEDOLAPO O. EDAFE JOEL	
DIFFERENT ASPECTS OF ECONOMIC DECISION MAKING FOR A CULTURALLY CHARGED ECONOMIC ACTOR: A REVIEW OF LITERATURE	516
SIDDHARTH SINGH	

THE ECONOMIC AND SOCIAL POLARIZATION IN THE ACTUAL PERIOD OF GLOBALIZATION

TITUS SUCIU

Transilvania University of Brasov, Romania

Email: titus.suciu@unitbv.ro

ANA-MARIA GERMAN

Transilvania University of Brasov, Romania

Email: german_ana_maria@yahoo.com

Abstract

The work is divided into three major modules: socio-economic polarization, causes and solutions. In the first part, the authors highlight the consequences of liberalism and of the recent financial crisis, of which the most important is deepening poverty. Among the causes of poverty, the authors consider that only the Christian and economic thinking are really interested in the fate of the folk, of the poor. Analyzing numerous data and facts, the authors conclude that the main causes of the expansion and deepening of economic and social polarization consist in favor of the rich directly or indirectly by their own governments, companies or international institutions. As remedies a viable solution is the rich to help the poor because true wealth consists in giving.

Keywords: globalization; inequality; economic polarization; social polarization.

JEL classification codes: A1, P00.

1. INTRODUCTION

Relying on the results of the investigations developed by the economists, sociologists and other researchers, globalization, besides some positive aspects (research, innovation, diversification of production, labor productivity growth due to the introduction of new technologies, extending and deepening competitiveness that drives not only to developed countries but also includes those countries in development and transition) has many negative effects. The advantages resulting from globalization concern mainly few on the planet, rich and developed countries; the numerous and negative sides affects the majority of the people, the world's poor, developing and transition countries.

Globalization deepens on the polarization of contemporary society both in terms of quantity, comprising more people and countries, as well as in qualitative terms, the rich becoming richer and the poor become poorer. People live in a world increasingly deep polarized. The rich are interacting by economic and social means with the poor. Polarization starts with the US, continues with Europe, extends to Japan and countries from South-East Asia comprising all the countries of the world.

Globalization provides the decrease in the role of the state in making the social regulations and it leaves the economy to the free market conditions that increase the competition. The ones who can not respect the conditions of the free market are eliminated from the economy. As a result of this, not being able to distribute the social welfare equally, the social polarization arises (Kantor, 2007, p. 52; Koç *et al.*, 2013, p. 208). Globalization may have effects on the economy of the countries, the social polarization and the inequality of income distribution. According to some specialists, “the globalization process might affect polarization and income distribution positively” (Koç *et al.*, 2013, p. 208). According to the other specialists, the globalization process “might affect the polarization and income distribution negatively” (Koç *et al.*, 2013, p. 208). The globalization process might have an increasing function on the social and economic polarization and the inequality of income distribution because “the global markets cause an increase more in the earnings of countries, and individuals that have the most productive assets or resources, negative exogeneities result in new incremental costs for poor economies in global economies, and existing rules in global economies work in favour of countries and individuals that have more economic power” (Bas, 2009, p.51).

2. SOCIAL AND ECONOMIC POLARIZATION

Inequality and poverty are related concepts. National poverty levels are measured “as the percentage of the population that has income or wealth below a benchmark thought to represent the minimum needed for an individual to flourish” (Wesley and Peterson, 2017, p. 2). For example, the U.S.A. poverty rate fell from about 22% in the early 1960s to a low of 11% in the mid-1970s after which nowadays, it has varied between 11% and 15% depending on the state of the economy (Census, 2017). According WorldBank data, poverty in Romania (as defined by the \$5.50 per person per day threshold for upper middle income countries) reached 25.7 percent in 2015, continuing its downward path since the peak of the crisis in 2011, when the poverty rate reached 31.6 percent. With 75 percent of the poor living in rural areas, poverty continues to be geographically concentrated in areas with limited opportunities and access to markets.

Table1. Poverty and Equity Brief, Romania

Poverty	Number of poor (million)	Rate (%)	Period
National Poverty Line	5.0	25.3	2015
International Poverty Line (Income) 4.1 in Romanian Leu (2015) or US\$1.9 (2011 PPP) per day per capita	1.1	5.7	2015
International Poverty Line (Consumption) 4.1 in Romanian Leu (2013) or US\$1.9 (2011 PPP) per day per capita	0.0	0.0	2013
Upper Middle Income Class (IC) Poverty Line (Income) 11.9 in Romanian Leu (2015) or US\$5.5 (2011 PPP) per day per capita	5.1	25.7	2015
Shared prosperity			
Annualized Income Growth per capita of the bottom 40		0.06	2010-2015
Inequality			
Gini Index (Income)		35.9	2015
Shared Prosperity Premium = Growth of the bottom 40		- 1.08	2010-2015
Growth			
Annualized GDP per capita growth		2.9	2010-2015
Annualized Income Growth per capita		1.14	2010-2015

Source: www.povertydata.worldbank.org

Following the European Union standard, the national poverty line in Romania is set at 60 percent of equalized median disposable income after social transfers.

Economic inequality refers to the distribution of income and wealth and, while “these economic variables are of no intrinsic value, they do tend to be positively related to such inherently valuable attributes as good health, longevity, education, general satisfaction and happiness” (Wesley and Peterson, 2017, p. 2). On the background of rising mass unemployment and caused by it, arises the tendency of the economic and social polarization. As P. Rosanvallon (1998) appreciates, increasing inequality destroy all existing conventions system of the '80 years. Wage hierarchy has undergone transformations at the top or at the base in each country. In the US and UK the lowest incomes have strongly decreased, and the highest have increased during 1981-1991. In continental Europe the highest incomes increased by much more than smaller ones (Rosanvallon, 1998, p.83-84).

The impact of globalization on inequality is presented by J.P. Fitoussi and P. Rosanvallon by demonstrating the multidimensional nature of inequality. First, the authors refer to the deepening of two categories of inequalities in industrialized countries. "Traditional" or structural inequalities are those between seniors and leaders of companies on the one hand, and clerks and workers on the other. The

second refers to the inequalities as a result of the discrimination within the same category. If a worker stays unemployed one year from two years, and other is never unemployed, the income of the first one will be half from the other's income. Thus inequalities are widening between different groups of countries. In their view, the financial globalization deepens structural inequalities since it leads to another division between profits and wages in industrialized countries. Free capital has one only rationality: maximum return on investment whatever the country. Individuals go where labor is the best market. Capital needs are highest there, as well as the yield. For a Western capitalist profitability of investments in emerging countries is sometimes triple or quadruple to that which he would obtain in his own country. Financial globalization produces important economic benefits as well: „it should channel savings to countries where returns are higher, enable intertemporal consumption for nations through international borrowing and lending, and allow global portfolio diversification” (Rodrik, 2018, p.8).

Economic polarization conduces to social polarization. According to Eurostat data, Romania is the country with the highest proportion (21.5%) of poor employees within the Europe. Chart inequality is different. A key element of inequality of labor income is the disparity in compensation between highly skilled workers and their less-skilled peers (Perez-Arce *et al.*, 2016). Relatively better equipped in professional qualification, northern countries will tend to export goods with high added value (machine tools, robots), while the southern countries will specialize in the export of goods from unskilled, intensive labor (textile industry). Globalization in industrialized countries is to the detriment of unskilled workers, and in emerging countries is in their favor. (Fitoussi and Rosanvallon, 1999, pp.75-128). The consequences are opposed. Unemployment and poverty grow in industrialized countries, while in developing countries improve. The main losers of globalization are the workers in protected industries and monopolies, who by economic openings will face increasing competition. In the same situation are unskilled workers.

There is no doubt that globalization has made individuals to be more aware about the inequalities in the world. Some workers in China, Africa and India, for example, earn less than a dollar a day working in inhuman conditions by US standards. But to the most of the people not the globalization has caused unhappiness; it just brought it to the attention of the whole world. Many of these workers were employed in factories seemingly miserable - some run by multinationals, others selling their products to them - because their previous employments were worse or because they have not another job before.

Even more edifying are other statistics. Per capita income in Western Europe in the eighteenth century was only 30% higher than in India, China, Africa, in the same period. In one century was radically transformed this difference. In 1870 per capita income in industrial Europe was 11 times higher than in the poorest country in the world. In 1995 per capita income in Western Europe increased 50 times compared to the poorest countries. (Baumann, 2000, p.133). As it is seen, inequality and economic gap between the developed and the developing countries are recorded over 200 years. After a century, the income gap between the two categories of

countries has changed dramatically due to industrialization of countries in Western Europe. Recent studies on inequality emphasize that the gap between these countries are primarily due to globalization.

Economically, globalization appears to offer great benefits to the world. One of the basic ideas in economics is the voluntary exchange which is mutually beneficial to the participants involved. Yet, globalization is a very controversial topic. For instance, on the one side, some critics of globalization see it as a unilateral process from which mostly rich countries and major multinational companies benefit. On the other side of the barricade, others see globalization as the best opportunity for poor countries to raise living standards. How can be interpreted this dispute economically? A detailed look at globalization controversy shows that some critics do not make sense, while others are entitled.

Another economic aspect of globalization is that the distribution of its benefits can be very uneven. For instance, owners of factories that produce goods for multinational companies usually have more to gain than the workers working for them. Therefore, even if everyone stands to gain, follow an increase in inequality (Stiglitz and Walsh, 2005, p.72). The speed of the inequality is determined by the conjuncture: in good times the incomes of the extra rich increase more than proportionally, in bad times they fall, but overall their incomes grow stronger. According to calculations made by the French economist Emmanuel Saez, the income of the richest 1% during the Clinton administration increased by an annual average of 10.7%, and in good years of the Bush administration by 10.3%. During the four presidential terms since 1992 to 2008, the annual revenues increased by 3.94% at the top of the pyramid and by 0.75% at the base. (Löpfe and Vontobel, 2013, p.115)

German authors H.P. Martin and H. Schumann emphasizes that “unprotected integration of developing countries ... without capital, in free trade zones of the highly industrialized countries brings more damage than benefits” (Martin and Schumann, 1999, p. 230). American economic analyst Th.L. Friedman considers that as globalization becomes more comprehensive, benefits are more on the side of the rich. Inequalities grow both within countries and between developed and developing countries (Friedman, 2009, p.230).

Economic inequality influences the economic growth and the efficient use of labor and capital. Countries with high levels of inequality have greater economic growth (Conard, 2016, p. 11). This approche is shown in the following tables: 2, 3 and 4.

Table 2 . The growing and saving rates in rich countries, 1970-2010

	The national income rate growth	The population growth rate	The growth rate of GDP/hab	Private savings
USA	2.8%	1.0%	1.8%	7.7%
Japan	2.5%	0.5%	2.0%	14.6%
Germany	2.0%	0.2%	1.8%	12.2%
France	2.2%	0.5%	1.7%	11.1%
UK	2.2%	0.3%	1.9%	7.3%
Italy	1.9%	0.3%	1.6%	15.0%
Canada	2.8%	1.1%	1.7%	12.1%
Australia	3.2%	1.4%	1.7%	9.9%

Source: Piketty, 2015, *Capitalul în secolul al XXI*, Ed. Litera, Bucuresti p. 236

It can be observed that for the selected countries during the analyzed period, Australia has the greatest national income rate growth (3.2%) and Italy has the lowest national income rate growth (1.9 %) while the greatest population growth rate is recorded in Australia (1.4%) and the lowest population growth rate is recorded in Germany (0.2%). The greatest growth rate of GDP/hab is observed in Japan (2.0%) while the greatest private savings are observed at Italy (15.0%). The differences observed in the growing and saving rates in rich countries are explained by the inequity and polarization.

Table 3. Gross and net private saving in rich countries in 1970-2010

	Gross privat saving	Capital depreciation (-)	Net privat saving
USA	18.8%	11.1%	7.7%
Japan	33.4%	18.9%	14.6%
Germany	28.5%	16.2%	12.2%
France	22.0%	10.9%	11.1%
UK	19.7%	12.3%	7.3%
Italy	30.1%	15.1%	15.0%
Canada	24.5%	12.4%	12.1%
Australia	25.1%	15.2%	9.9%

Source: Piketty, 2015, *Capitalul în secolul al XXI*, Ed. Litera Bucuresti, p. 243

Gross and net private saving in rich countries for selected countries are shown in Table 3 where Japan has the greatest percent at gross privat saving (33.4%), at capital depreciation (18.9%) and at net privat saving (14.6%).

Table 4. World distribution of DGP in 2012

	Population (milions hab)	GDP (bilions Euro)	GDP/hab.	Montly income/hab.
EntireWorld	7050	71200	10100	760
Europe	740	17800	24000	1800
America	950	20600	21500	1620
Asia	4290	30000	7000	520
Africa	1070	2800	2600	200

Source: Piketty, 2015, *Capitalul în secolul al XXI*, Ed. Litera, Bucuresti, p. 93

Real (inflation-adjusted) average annual values for world distribution of DGP in 2012 are shown in Table 4. It can be seen that the greatest DGP is 30000 bilions Euro in Asia, the greatest GDP/hab. is 24000 in Europe and the greatest montly income/hab is 1800 in Europe.

3. CAUSES

As M. Beaud (2001) considers, the causes of the serious economic and social inequalities derives from the very nature of „capitalism development in a liberal context” by globalization that generates predominance of monetary and commercial relations. The expansion and deepening of inequality threaten the very fundamental equilibrium of the planet.

Practically, Peet and Hartweek (2015) identifies three kind of theory of development:

- Marxist and neo-Marxist theories argue that modernity yields high material standards of living for a few at the expense of the majority — inequality causes poverty — while the environment is degraded, nature destroyed, culture debased, again to satisfy the consumptive whims of the richest of the world’s people. For socialists, the idea instead is to rationally control the development process through collective ownership, public control, planning, and democratic reasoning.
- Post-structural theory argues that the reason, knowledge, and ideas of progress underlying the modern project are so saturated with Western power that “development” has become the source of many of the world’s problems rather than their solution. The idea of post-developmentalism, instead, is to obliterate developmentalism to create room for social movements to find their own models of change.

- Feminist theories find modern reason to be masculinity in logical disguise, with development practices subjugating women while feigning humanitarianism. For most feminists, the idea is to rethink the meaning and practice of development from critical gendered perspectives that value the experiences and wishes of women as well as men — with postmodern feminists advocating abandonment of the “development” rubric altogether (Peet and Hartwick, 2015, p.311).

Summarizing the causes of poverty, can be noted:

- individual crisis: psychology of poverty believes that the guilty for poverty are the poor themselves, and the society can help them find solutions to their own needs;
- economic and social explanation: the poor are victims of society and may be helped by social policies that encourage job training and house building;
- the inequity of work revenues is visible in time and space (table 5);

Table 5. The total inequity of work revenues in time and space

	Weak inequity	Medium inequity	Strong inequity	Very strong inequity
The richest 10%	20%	25%	35%	45%
-the richest 1%	5%	7%	12%	17%
-the following 9%	15%	18%	23%	28%
The middle 40%	45%	45%	40%	35%
The poorest 50%	35%	30%	25%	20%
The Gini coefficient	0.19	0.26	0.36	0.46

Source: Piketty, 2015, *Capitalul în secolul al XXI*, Ed. Litera Bucuresti, p. 336

- the inequity of capital holding is visible in time and space (table 6)

Table 6. *The total inequity of capital holding in time and space*

	Weak inequity	Medium inequity	Strong inequity	Very strong inequity
The richest 10%	30%	50%	60%-70%	90%
-the richest 1%	10%	20%	25%-35%	50%
-the following 9%	20%	30%	35%	40%
The middle 40%	45%	45%	40%	35%
The poorest 50%	25%	10%	5%	5%
The Gini coefficient	0.33	0.58	0.67-0.73	0.85

Source: Piketty, 2015, *Capitalul în secolul al XXI*, Ed. Litera, Bucuresti p. 337

Table 7. *The total inequity of work revenues and capital holding in time and space*

	Weak inequity	Medium inequity	Strong inequity	Very strong inequity
The richest 10%	25%	35%	0%	60%
-the richest 1%	7%	10%	20%	25%
-the following 9%	18%	25%	30%	35%
The middle 40%	45%	40%	30%	25%
The poorest 50%	30%	25%	20%	15%
The Gini coefficient	0.26	0.36	0.49	0.58

Source: Piketty, 2015, *Capitalul în secolul al XXI*, Ed. Litera Bucuresti, p. 338

The polarization is expressed by Gini coefficient which shows the inequality of income distribution. Regarding the work revenues and capital holding in time and space the Gini coefficient shows a higher inequality.

- political explanation: the source of poverty lies in the institutional dysfunctions of society;
- interactional perspective: studies the ways people perceive and define the elements that affect their lives. The proposed solutions are investments in poor areas;
- social labeling theory: defines the poor as lazy, incompetent, immoral, apathetic;

- cultural explanation: poor create their own culture; (Bran, 2012, pp.181-182)
- Christian conception: considers that poor may be spiritual saved by the rich, and the rich man may be spiritual saved by the poor.

Frank (2017) remarked a factor that conduces in the generation of the extremely high incomes currently enjoyed by the rich. Nowadays, a high-income earner usually marry another high-income earner. Hence, some households have very high income from the two highly paid people while others have much lower earnings of one or two low-wage workers (Galbraith, 2016).

If there are emphasized the forces that can create locally increasing returns at the individual level and their implications for poverty traps and asset dynamics, it is important to mention that at the microeconomic level exists a positive relationship between wealth and marginal returns (Carter, 2007, p. 4). This assumption is based on the following reasons (Carter, 2007, p. 4):

- risk market considerations may cause some lower wealth households to allocate their assets so as to reduce risk exposure, trading off expected gains for lower risk;
- the underlying income generating process may itself directly exhibit increasing returns to scale because the primal technology exhibits locally increasing returns or because input (output) prices or transactions costs are negatively (positively) related to scale over some significant range;
- high return production processes may require a minimum project size such that only wealthier households can afford to switch to and adopt the high return process.

Income distribution is very important for development, since it “influences the cohesion of society, determines the extent of poverty for any given average per capita income and the poverty-reducing effects of growth, and even affects people’s health” (Stewart, 2000, p.5).

Table 8. *World Development Indicators: Distribution of Income or Consumption*

Country	Reference year	Gini Index (World Bank est.)	Lowest 10%	Lowest 20%	Highest 20%	Highest 10%
Romania	2016	28.3	3.5	8.5	36.9	22.2
USA	2016	41.5	1.6	5.0	46.9	30.6
Japan	2008	32.1	2.7	7.4	39.7	24.8
Germany	2015	31.7	3.1	7.8	39.7	24.9
France	2015	32.7	3.1	7.9	40.9	26.6
UK	2015	33.2	2.9	7.5	40.6	25.4
Italy	2014	34.7	2.0	6.2	41.0	25.5
Canada	2013	34.0	2.4	6.6	40.8	25.3
Australia	2010	34.7	2.7	7.3	42.0	26.5
Countries with highest dispersion						
South Africa	2014	63.0	0.9	2.4	68.2	50.5

Namibia	2009	61.0	1.3	3.3	66.4	51.8
Botswana	2009	60.5	1.1	2.8	65.0	49.6
Zambia	2015	57.1	1.0	2.9	61.3	44.4
Central African Rep.	2008	56.2	1.2	3.3	60.9	46.2
Lesotho	2010	54.2	0.9	2.8	58.2	40.9
Brazil	2015	51.3	1.2	3.6	56.1	40.4
Countries with smallest dispersion						
Azerbaijan	2005	16.6	6.1	13.4	30.2	17.4
Ukraine	2016	25.0	4.3	10.1	35.1	21.2
Slovenia	2015	25.4	3.9	9.6	35.1	21.0
Iceland	2014	25.6	3.9	9.7	35.3	21.3
Czech Republic	2015	25.9	3.9	9.7	35.9	22.1
Finland	2015	27.1	3.9	9.4	36.7	22.4

Source: www.worldbank.org

The economic effects of higher equality/inequality are suggested by table 8. On one hand, “a higher equality leads to larger domestic markets, greater exploitation of economies of scale and hence more industrialization and growth” (Stewart, 2000, p.5). On the other hand, “a higher inequality, leads to higher fertility, since those who are poor and less educated have larger families, and this in turn reduces growth” (Stewart, 2000, p.5).

Analyzing numerous data and facts it can be concluded that the main causes of the expansion and deepening of economic and social polarization consist in favor of the rich directly or indirectly by their own governments, companies or international institutions. Piketty (2015) demonstrates that the time accumulated patrimony recapitalises faster than the wages and production growing rhythm (at a rapid pace than the wages and production growing). This situation shows that the entrepreneur becomes fund holder and stronger dominated the workers. Once created the capital multiply by oneself, faster than the production increasing. Thus, past devour the future (Piketty, 2015, p. 800).

4. REMEDIES

As D. Cohen (1998) believes, the fight against poverty can not be thought separately functioning from the whole social system. The easiest remedy to solve poverty in rich countries is “negative taxation” which consists in granting every person capable of working a “minimum income” guaranteeing them the benefit, regardless of whether the individual finds or not a job. (Cohen, 1998, pp. 144-145). The better solution, in opinion of Piketty is the progressive taxation of capital (Piketty, p. 801).

Observing that social assistance measures are inadequate because they only partially alleviate the sufferings of poverty without a cure, mitigation and eradication of poverty involve the adoption of prevention policies of urgency. They reduce

inequalities by building social housing, by allocating a higher percentage to the education and training sector. Even if global compensation should be viewed with caution because of the heterogeneity of the nomenclatures used, according to G. Ferreol, it seems that the best results were obtained by Germany, Denmark and the Netherlands. Beyond the name used (additional help in the Netherlands, living allowance in Germany), every law aims to guarantee a minimum resource to the persons in difficulty (Neculau and Ferreol, 1999, p.22)

The technical progress extension, which increases labor productivity, leads to the creation of material and financial means to combat global poverty and its eradication in developed countries. According to the Antonelli and Gehringer (2017), when the industrial transformation is completed, the dynamics of economic growth will start a process leading to a reduction in income inequality that may be explained as following (Antonelli and Gehringer, 2017):

- savings increase as income moves upward leading to an increase in the supply of capital;
- the excess savings decrease interest rate levels through abundance of capital;
- capital intensity increases as more per capita can be purchased;
- labour productivity increases and a need to man the new capital;
- the higher productivity is then leading to higher wages that make a larger supply of savings possible (Grafström, 2017, p.5).

In addition, Antonelli and Gehringer (2017) introduced four manners of how the rate of technological change affects the rent component of income distribution via four distinct mechanisms:

- the destruction of existing capital stock;
- the entry of new firms;
- the reduction in mark-ups and monopolistic rents paid as dividend to shareholders of incumbents;
- the increase in savings with a consequent reduction in the rates of interest paid to bond holders (Grafström, 2017, p.5).

The authours conclude this section with questions of M. Beaud: “Is it fair that most of the resources and activities of the Earth to be mobilized to satisfy a minority of its inhabitants, while much of the population lives in conditions of extreme insecurity and poverty? Is it right that satisfying needs of only a part of the mankind, to endanger the resources and essential balances of the globe, having the risk of irreparable prejudice to future generations?” (Beaud, 2001, p.340). Even now are very actuals the words of former US President J.F. Kennedy: “If a free society can't help the many who are poor, can't either save the few who are rich“ (Friedman, 2001, p. 451).

The destiny of man kind is not about chance, but of choice. Growth is the means, and human development is the goal. If it doesn't pay attention to the indissoluble relationship between growth and development, economic growth would only be creative of unemployment rather than creating new jobs. In the last thirty

years the countries that have managed to achieve rapid economic growth have invested in schools, professional qualification, in health care, thereby preventing the gap between rich and poor from widening. Rational and equitable growth is for removing people from poverty.

The curator of Neanderthal Museum in Germany, when asked what factors are responsible for human race survival, replied:

- intelligence that allowed adaptation, communication, progress, innovation;
- synergism of individual qualities in the family, tribe, nation, skill, talent, physical strength;
- spread to avoid critical density;
- diversity of food sources;
- the unique culture that defined the motivation, language, rituals, sacrum, socialization;
- spirituality consisting in collective consciousness. (Bran, 2012, p.194).

E. Laszlo (2008, pp. 47-64) considers that:

- the actual distribution of wealth can not be sustained anymore;
- the actual consumption of wealth can not be sustained anymore;
- the actual pension system can not be sustained anymore;
- Earth can not sustained anymore the human burden.

Laszlo (2008) identifies a New Conscience defined by:

- crossing from extensive development to intensive development;
- crossing from competition to partnership;
- crossing from extern authority to intern authority;
- crossing from separation to all together;
- crossing from mechanics system to life system (Laszlo, 2008, p. 99).

5. CONCLUSION

To find the better solution in the poverty matter, people have to put together the decision makers: governments, employers, trade unions, international organizations. In the era of globalization sustained economic development, especially transnational corporations evade controls of the national states, while its social consequences - unemployment, migration, poverty - accumulates within national states. Government programs can contribute to the impact of increased income inequality.

The gap that extends and deepens always through polarization, between countries with different levels of development and within them, if not stopped now at the last moment, carries within itself the seeds of social disintegration. Thus

conceived, globalization means accepting justice and priority decisions in terms of the strongest.

Neoliberal ideology claims that globalization provides benefits to all sections of society, that reduces poverty and decreases the gap between rich and poor, that ensures equal opportunities for all members of society. These benefits are promised in order to all eviate the wage claims of those who work, to mitigate the protest movements of the poorest and disadvantaged - losers of globalization.

Equality of opportunities that neoliberalism claims is an abstract equality. In our interpretation, equality of opportunities is not only to have the right to education, but also providing conditions for learning, not only the right to work, but also ensuring a job fitted to the skills and training. As remedies the authors believe that the only viable solution is the rich to help the poor, because true wealth consists in giving and not receiving.

REFERENCES

- Antonelli, C. & Gehringer, A. (2017). Technological change, rent and income inequalities: A Schumpeterian approach. *Technological Forecasting and Social Change*, 115, 85–98.
- Bari, I. (2000). *Globalizare și probleme globale*. Bucharest: Ed. Economică.
- Bauman, Z. (2000). *Globalizarea și efectele ei sociale*. Bucharest: Ed. Antet.
- Bauman, Z. (2000). *Modernitatea lichidă*. Bucharest: Ed. Antet.
- Bas, K. (2009). Globalization and inequality in income distribution. *Journal of Çukurova University Institute of Social Sciences*, 18(1), 49-70.
- Beaud, M., (2001). *Istoria capitalismului de la 1500 până în 2000*. Chișinău: Cartier Publishing House.
- Bran, F. (2012). *Globalizarea: Manifestări și reacții*. Bucharest: Ed. Economică.
- Carter, M. (2007). The economics of polarization and the design of public policies to mitigate inequality. Prepared for the Workshop “Problems of Inequalities in the Developing World” Project on Democracy and Development Princeton University.
- Census (2017). *Poverty status of people by family relationships, race, and hispanic origin: 1959–2016*. In Historical Poverty Tables: People and Families — 1959–2016. Suitland: U. S. Bureau of the Census. Available online: <https://www.census.gov/data/tables/time-series/demo/income-poverty/historicalpoverty-people.html> (accessed on 14 June 2018).
- Cohen, D. (1998). *Bogăția lumii, sărăcia națiunilor*. Eurosong & Book Press.
- Fitoussi, J. & Rosanvallon, P. (1999). *Noua epocă a inegalităților*. Iași: Institutul European Publishing House.
- Frank, R.H. (2017). *Success and luck: Good fortune and the myth of meritocracy*. Princeton: Princeton University Press.

- Friedman, T. (2001). *Lexus și măslinul. Cum să înțelegem globalizarea*. Bucharest: Ed. Fundației PRO.
- Galbraith, J. K., (1997). *Societatea perfecta*. Eurosong&Book Press.
- Galbraith, J.K. (2016). *Inequality: What everyone needs to know*. New York: Oxford University Press
- Gardels, N. (1997). *Schimbarea ordinii globale*. Bucharest: Ed. Antet.
- Grafström J. (2017). *Technological change and wage polarization – The illiberal populist response*. Ratio Institute, Box 3203, 103 64 Stockholm, Sweden.
- Kantor, P. (2007). Globalization and the American model of urban development: Making the market. *Metropolises, I*, 31-68.
- Koç, A., Ata, A., & Çirkin, Z. (2013). Empirical investigation on globalization and social polarization: Cross country analysis. *International Journal of Economics and Financial*, 3(1), 206-213.
- Laszlo, E. (2008). *Punctul haosului*, Bucharest: Ed. Pro.
- Löpfe, P. & Vontobel, W. (2013). *Multinaționalele bogate, cetățenii săraci*. Ed. Globo.
- Johnson, P. (2001). *O istorie a lumii moderne 1920-2000*. Bucharest: Ed. Humanitas.
- Martin, H. & Schumann, H. (1999). *Capcana globalizării. Atac la democrație și bunăstare*. Bucharest: Ed. Economică.
- Molnar, M. (1999). *Sărăcia și protecția socială*. Ed. Fundației România de Măine.
- Neculau, A. & Ferreol, G. (1999). *Aspecte psihosociale ale sărăciei*. Iași: Ed. Polirom.
- Peet, R. & Hartwich, E. (2015). *Theories of development: Contentious, arguments, alternatives*. New York: Library of Congress Cataloging-in-Publication Data.
- Perez-Arce, F., Ernesto F. L., Amaral, Haijing, H., Carter & C. Price (2016). *Inequality and opportunity. the relationship between income inequality and intergenerational transmission of income*. https://www.rand.org/pubs/research_reports/RR1509.html (accessed on 6 June 2018).
- Piketty, T. (2015). *Capitalul în secolul al XXI*. Bucharest: Ed. Litera.
- Postelnicu, G. & Postelnicu, C. (2000). *Globalizarea economiei*. Bucharest: Ed. Economică.
- Reich, R. (1996). *Munca națiunilor*. Buchaest: Ed. Paideia.
- Rodrik, D. (2018). Populism and the economics of globalization. *Journal of International Business Policy*. (accessed on 1 June 2018).
- Rosanvallon, P. (1998). *Noua problemă socială*. Institut European Iași.
- Soros, G. (1999). *Criza capitalismului global. Societatea deschisă în primejdie*. Iași: Ed. Polirom.
- Stiglitz, J. & Walsh, C. (2005). *Economie*, Bucharest: Ed. Economică.

Wesley, E. & Peterson F. (2017). Is economic inequality really a problem? A review of the arguments, *Social Sciences*, 6, 147.