The Romanian population’s perceptions regarding income inequalities and discrimination

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Abstract. The issue of income inequalities is a priority for the European Union, the more so as, for the last few years, the effects of the economic recession have caused the reversal of the living standards’ convergence tendency and have put more pressure on social security systems. Across European states, the level of income inequality has risen, causing concerns from the standpoint of sustainable economic growth, as well as from the standpoint of social cohesion, the communal sense of belonging, and discrimination. Among the priorities of the Europe 2020 agenda is reducing poverty, but this objective cannot be attained without addressing income inequalities and, implicitly, its effects, such as social discrimination. The analysis we have performed in this article starts from the results of a social survey with 850 respondents. The social survey had the goal of investigating the population’s perceptions and attitudes regarding inequalities, discrimination and vulnerabilities. The results showed that the majority of the respondents believe that their current incomes are not enough to cover even basic needs or only enough to cover basic needs. Monthly income is influenced by gender and place of residence. The highest-earning areas of economic activity are Information and communications and Real estate transactions, while the lowest-earning are registered in Performance, cultural and leisure activities and other service activities. The respondents also generally agree with the granting of social aids and with the fact that these may help reduce income inequalities, however they do not have a favourable opinion of individuals who may be eligible to receive social aid. Regarding discrimination, the results indicated that this phenomenon is most widespread in the areas of work and employment, education and medical assistance, with common individuals, private employers and state institutions being the main actors who discriminate. The respondents believe that discrimination is most often tied to ethnicity, income level, and sexual orientation, the main reason behind discrimination in Romania being a lack of education. Evidently, the European Union’s concerns in carrying out the process of economic and social convergence are also related to policy areas closely tied to fighting the rise of income inequalities and securing equality of opportunity to a greater degree. For these reasons, studying such phenomena at the level of Romanian society is important.

Keywords: income inequalities, discrimination, sociological inquiry.

JEL Classification: J71, J31.
1. Introduction and literature review

Income inequality analyses the differences in income or consumption registered among the population. Generally, inequality is conceptualized as the degree of dispersion of a distribution, be it income, consumption or any other indicator that measures the well-being of an individual.

At the European level, the degree of inequality has increased in most Member States, affecting the sustainability of economic growth, and consequently the economic and social cohesion. There are also concerns about the inclusive nature of economic growth. When the income produced in a country grows faster than the incomes of the population in that country, it means that the economic growth is not favourable to inclusion and that its benefits are not felt by all households. According to the study carried out by Saez (2016), it has been proven, based on concrete elements, that the increase of the GDP registered in the last years in the United States of America has brought benefits almost exclusively to the households with the highest incomes.

In any society, whether it is highly developed or less developed, there is a certain degree of income inequality, which is not only unavoidable but also necessary for the healthy functioning of an economy (Welch, 1999). However, even if the level of inequalities is not a problem in itself, the causes and consequences of income inequalities and their growth must be considered. And here we refer to a variety of phenomena, from poverty to health and life expectancy, crime, community disruption, intergenerational immobility and the spread of poverty from generation to generation, all of these phenomena being of utmost importance to any society (Salverda et al., 2009). If income inequality influences or is influenced by this kind of phenomena, understanding the income inequalities is a major research topic (Neckerman and Torche, 2007; Burtless and Jencks, 2003).

The framework for analysing income inequality starts from the analysis of the distribution of income of households, which represents the central point of economic inequalities and how they are generated. We must say that there is still no unified theory of income distribution, so even to a lesser degree is there one about income inequality (Atkinson and Bourguignon, 2000). The distribution of household incomes is influenced primarily by the earnings of the members of the households. Therefore, in order to understand the distribution of household incomes we need to focus on how individuals earn their incomes on the labour market, but also on the composition of households in relation to the labour market. From this perspective, the labour market institutions (trade unions, employers, minimum wage regulation) have an extremely strong influence on the distribution of work earnings, with significant differences in the level of earnings between groups of workers according to sex, ethnicity, education, etc.

Moene and Wallerstein (2003) showed that a pronounced wage inequality leads to an increase in the demand for redistribution and that the level of social spending is higher in countries with a more even distribution of income. And the effects on poverty reduction depend to a large extent on the magnitude of spending on social protection – there is a theory to this effect, developed by Smeeding (1997) and called “size redistribution theory”, but it is strongly influenced by the way in which the social benefits system is built.
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(Esping-Andersen, 1999; Palme, 2006). In conclusion, we can say that, in accordance with the Rawlsian principle of social justice, any redistribution of income must be in favour of the poor, but the extent to which the poor benefit from this is also given by the socio-demographic characteristics of the population we refer to (Esping-Andersen and Myles, 2009).

In another study, Fournier and Koske (2012) analysed the determinants of earnings inequality for a group of 32 countries by using micro-data from household surveys and taking into account the following variables: number of hours worked, gender, age and the highest degree of education obtained. The study found that women have lower chances of employment than men, and those women who work earn less than men. Moreover, work experience plays a bigger role in poorly paid jobs, if the individual work experience is captured by the age variable, and the working hours lead to a greater inequality of employment income among the employed population. The empirical study also indicated that policies aimed at increasing the graduation rate for upper secondary education should reduce wage inequalities.

Many European and non-European countries face different forms of discrimination on the labour market, namely gender discrimination, discrimination on the grounds of religion, ethnicity, nationality, disabilities, age, political options, economic status, sexual orientation, health condition.

Gender disparities in terms of pay can have many negative effects. Lower wages of women can increase the economic dependence on the partner, which can increase the risk of domestic violence. Secondly, many women are single mothers and the only supporters of the family, so lower wages will increase the likelihood of their families living in poverty. Thirdly, gender differences in the workplace are transformed into inequality even after retirement. As women, on average, live longer than men, they are more likely to live in poverty in old age (Witkowska, 2013).

Hersch (2007) analysed the sources of the gender pay gap between men and women using the regression method and confirmed that gender discrimination plays an important role in the persistent gender pay gap in the United States of America.

Christofides et al. (2010) analysed the gender pay differences for a set of 24 EU Member States, applying different methods of analysis, such as regression based on quantiles and probit models. They used characteristics such as education, company size, marital status, field of activity, age or experience, number of children, income from real estate rents, financial assets, mortgage expenses and occupation. The authors divided the total wage difference into a part explained by the difference between the male and female characteristics of the jobs and an unexplained part, which corresponds to the male advantage versus the disadvantage of women. The unexplained part of the gender pay gap is identified as gender discrimination.

Regarding the minority discrimination, the United States has a long tradition in this area of study. The research has clearly established the persistence of vulnerabilities and inequalities in terms of obtaining jobs, mobility, wages and redundancies for workers belonging to minorities, despite the 50 year existence of civil rights protection (Roscigno et al., 2012;
Huffman, 2004; Pager et al., 2009; Tomaskovic-Devey, 1993). The regression-based decomposition analyses have suggested that certain observable characteristics, such as experience and education, play a role in racial inequalities, although the extent of their contribution is still debated (Neal and Johnson, 1996; Wilson and Rodgers, 2016). Some of these differences are explained by occupational segregation, which in turn is also influenced by discrimination (Hamilton et al., 2011).

In Europe, the Roma are the largest ethnic minority and have been an integral part of the European society for centuries. But despite the efforts made at national, European and international level to improve the protection of their fundamental rights and to promote their social inclusion, many Roma continue to face severe poverty, profound social exclusion, discrimination and barriers to the exercise of their fundamental rights (European Union Agency for Fundamental Rights, 2014). A triple vicious circle is at stake: unsatisfactory socio-economic outcomes are mutually reinforcing; they fuel negative attitudes and perceptions, leading to inappropriate policies; and segmentation is perpetuated by discrimination. A severe lack of data hinders progress, making it difficult to research and develop precise policies (Kahanec, 2014).

Theories of inequality on the labour market of people with disabilities concern aspects related to both supply and demand for work. The characteristics of the supply, such as human capital and workers' preferences, as well as the typical demand factors, which include the role of policies, labour market conditions and employer discrimination, explain a substantial part of the disadvantages related to employment and earnings of people with disabilities (Yelin and Trupin, 2000). In terms of human capital, studies have shown that people with disabilities often differ from the rest of the population in terms of skills, education and job choice (Blanck et al., 2007). At the same time, the health status influences the preferences of workers with disabilities, as they often opt for part-time employment contracts, with serious effects on wages (Hotchkiss, 2004).

Age inequality is mainly manifested at the level of two vulnerable groups: young people and people close to the retirement age. Discrimination against young people may be perceived as less severe than discrimination against elder people, because youth is a temporary status. However, the consequences of age-based discrimination on young people can be just as serious for their material and psychological well-being or even their physical health, as is the case among elder adults (Iversen et al., 2009). Sociologists suggest that age segregation that occurs in modern societies is a source of prejudice among age groups, resulting in conflicting attitudes in both directions.

2. Research methodology

Our study is based on the results of a sociological survey that aimed to investigate the perceptions and attitudes of the population regarding inequality, discrimination and vulnerability. Through the representative survey among the Romanian population, information on social attitudes and perceptions regarding inequalities and discrimination, the importance of equality, or the perception of the unequal treatment to which certain groups are subjected, was collected. Also, the opinions of the respondents were examined
regarding the causes and consequences of inequalities and discrimination, respectively the role and personal responsibility, of the community, of the state institutions, of the non-governmental organizations in this issue.

The sample of respondents was constructed to represent the population structure at national level and comprised 800 adults (at least 18 years of age) and a supplement of 50 questionnaires in rural areas. The theoretical margin of error for the entire sample was ±3.46% at a confidence level of 95%. The national sample is probabilistic, random, tristadial, with stratification in the first stage based on the development regions, including all counties. Subsequently, the random selection of the survey areas (areas circumscribed to the polling stations within the localities included in the sample) was made. The sampling points - the areas of the polling stations – were selected with a statistical step. The headquarters of the polling stations represented the starting points in the application of the random route method or the routes for the selection of households with a fixed, predetermined statistical step.

The validation of the sample was based on data from the National Institute of Statistics. The research instrument consisted of a structured questionnaire, and the interviews were conducted face-to-face at the respondents' home between October 31 and November 12, 2019. On average, the interviews lasted 37 minutes.

3. Analysis of population's perceptions regarding income inequalities and discrimination

The analysis of the distribution of income per household indicated at the sample level that 42% of the respondents had average monthly incomes lower than 2000 lei. A percentage of 27% obtain an income between 2000 and 4000 lei, and 17% have an average monthly income per household between 4000 and 6000 lei. An income of over 8000 lei per month was declared by only 4% of the respondents (Figure 1).

Figure 1. Distribution of incomes per household (lei/month)

![Distribution of incomes per household (lei/month)](source: authors' calculations based on data collected in the survey.)
The maximum household income reported per sample was 10100 lei, the minimum being 200 lei, and at the individual level the maximum was 8100 lei and the minimum 0 lei. These data indicate the existence of income inequalities and the fact that almost half of the respondents have very low average monthly incomes, far from the European averages.

The median value of the monthly income at the sample level is 3100 lei/household and 1600 lei/individual. As expected this value is lower in the rural area than the urban area. In the rural area, the median income is 1500 lei at the individual level and 2800 lei at the household level, while in the urban area we have an income of 1700 lei at the individual level, respectively 3500 lei at the household level. There are inequalities between women and men as well, with women reporting lower incomes compared to men. Among women we have an individual income of 1450 lei while the income per household is 3000 lei. In the case of men the income per individual is 1900 lei, respectively 3500 lei at household level. Men in the urban area have the highest incomes – 4000 lei is the median value of the monthly income per household and 2000 lei the individual income, while women in the rural area have the lowest incomes, 2600 lei at the household level and 1333 lei at the level individual (Figure 2).

Figure 2. Median value of monthly income by residence and gender (lei/month)

Source: authors' calculations based on data collected in the survey.

In terms of education we observe that there are significant inequalities depending on the studies completed. It can be seen that income increases with the level of education. Of those with primary education, 64.3% have monthly incomes below 2000 lei, while 25.4% earn between 2000 and 4000 lei and only 4.3% have incomes over 6000 lei. For high school and post-secondary school graduates, the incomes are slightly higher, 37.9% of the respondents having an income below 2000 lei and 12.9% over 6000 lei. In those with higher education, the situation is balanced on the four income ranges, meaning that 29.4% have incomes below 2000 lei/month and 26.1% have incomes over 6000 lei/month (Figure 3).
Depending on the field of activity, we note that the highest paid people are those who work in the financial and IT fields. Thus, the highest median value of the monthly income, both at the individual level and at the household level, is reported by individuals in the area of Financial intermediation and insurance (4550 lei at the individual level and 10050 lei per household). Other areas where individuals report higher incomes are Information and communication (3300 lei per individual and 6000 lei per household) and Real estate transactions (3650 lei at individual level, respectively 6300 lei per household). The lowest incomes are reported by individuals who work in Performances, cultural and recreational activities and other service activities, 3500 lei at household level and 1900 lei at individual level (Figure 4).

Source: authors' calculations based on data collected in the survey.
The respondents' opinions regarding the current incomes show that the majority (60%) of them declare that the current incomes “are not enough for the bare necessities” or “are only enough for the bare necessities”. The latter category of respondents is the largest, representing over one third of the sample. The individuals who answered that they had everything they needed, without being restricted from something, were only 5% and most were between 18 and 24 years old. 23% of the respondents said their income was enough for the strictly necessary with some money to spare, while 11% could buy some more expensive things, but they had to restrict themselves in other areas.

**Figure 5. Distribution of subjective estimates of current incomes**

Source: authors' calculations based on data collected in the survey.

Gender distribution is relatively equal for all categories of responses except the first. Of the respondents who answered that the current incomes were not enough for the bare necessities, almost three quarters are female. It is difficult to say whether this is due to the fact that men are more reluctant to recognize financial difficulties or if it is the consequence of an unequal distribution of income and a risk of poverty that disproportionately affects women (Figure 5).

Respondents' attitudes regarding social aids and their impact on income inequalities indicate that most consider this support provided by the state to discourage work, but also play a vital role in the survival of the poor.

Except for the statement “Most of the poor are people who do not work and are guilty for their current situation”, the majority (over 50%) of the respondents agree or totally agree with the statements presented in Figure 6. The smallest percentage of the option of neutral answer seems to apply for the statement “The state is responsible for ensuring the well-being of the citizens”, the only statement that does not mention poverty or poor people. Higher rates of neutral responses in the case of the other statements may indicate that this is an uncomfortable topic for respondents, who then prefer not to make a decision, or that they are unfamiliar with the subject and thus do not have a clear opinion.
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The last two statements show that the majority of the respondents agree that state social aids are important for reducing income inequalities and for the welfare of the population in general. Thus, it is all the more unexpected that the respondents also mostly agree with the statement “The social aid offered by the state encourages poor people not to work”. Together with the high rate of agreement (45%) with the statement “Most of the poor are people who do not work and are guilty for their current situation”, this indicates that although the respondents agree with the granting of social aids and are aware of their importance, they do not have a favourable opinion about the people who could benefit from these aids.

Respondents' perceptions of some government measures outline the way in which these measures affect income inequalities. Thus, 79% of the respondents are of the opinion that the increase of special pensions would increase the level of income inequalities, this being the only measure where the respondents' opinion is approaching a consensus. In the case of the increase of the minimum wage, of the increase of the pensions in the social insurance system and of the introduction of a progressive taxation, there is no majority opinion regarding the effects, although the highest percentages are found in the response category “they reduce social inequalities”.

Source: authors' calculations based on data collected in the survey.

Figure 6. Distribution of attitudes regarding social aids and income inequalities

<table>
<thead>
<tr>
<th>Attitude</th>
<th>Completely disagree</th>
<th>Disagree</th>
<th>Neither agree, nor disagree</th>
<th>Agree</th>
<th>Completely agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state is responsible for ensuring the well-being of citizens</td>
<td>27,3</td>
<td>28,3</td>
<td>19,5</td>
<td>16,0</td>
<td>11,1</td>
</tr>
<tr>
<td>The state should tax the rich more in order to offer more support to the poor</td>
<td>49,6</td>
<td>36,1</td>
<td>37,6</td>
<td>44,7</td>
<td>33,9</td>
</tr>
<tr>
<td>The social aid given by the state encourages poor people to not work</td>
<td>13,0</td>
<td>23,0</td>
<td>24,2</td>
<td>24,1</td>
<td>33,2</td>
</tr>
<tr>
<td>The social aid given by the state is essential for the survival of poor people</td>
<td>7,8</td>
<td>3,6</td>
<td>6,4</td>
<td>4,3</td>
<td>4,9</td>
</tr>
<tr>
<td>Most poor people don't work and are guilty for their current situation</td>
<td>2,4</td>
<td>9,0</td>
<td>12,3</td>
<td>10,9</td>
<td>16,9</td>
</tr>
</tbody>
</table>
“Giving more generous social aid to poor families” is perceived equally as reducing inequalities or having no influence on them. A similar situation is also found for the measure “Facilitating access to education for children from disadvantaged families?” where 44.1% believe that it would lead to the reduction of inequalities, and 45.6% believe that it would have no influence on the inequalities. 53% consider that “Facilitating the return of migrants” would not have an effect on income inequalities, and 27.7% believe that the level of inequalities would increase (Figure 6).

Concerning perceived discrimination, among the characteristics on which this is based, political opinion and sexual orientation particularly stand out. For these two categories there are the most respondents who chose not to give an answer, with 122 refusals for the former and 164 for the latter. This can be explained either by a lack of formed opinion for those two categories, either by respondents considering these topics to be more controversial or uncomfortable.
Over half of the respondents consider that the following characteristics which are targeted for discrimination often or very often are ethnicity (61.2%), sexual orientation (52.3%), and disability (51%). When asked which characteristic discrimination cases in Romania are most often based on, ethnicity was most often selected (30.8%), followed by income levels (13.4%) and sexual orientation (11.1%) (Figure 8). Lack of education is considered as mostly responsible for discrimination cases in Romania. Other reasons brought up were social and income inequalities, and corruption.

Source: authors’ calculations based on data collected in the survey.
Almost one quarter of the respondents (23.1%) said that work and employment is the area in which discrimination occurs most frequently in Romania. Work and employment, education, and healthcare sum up half of the respondents’ answers (Figure 9).

**Figure 10. Distribution of individuals/organisations which respondents believe discriminate most often in Romania**

Source: authors' calculations based on data collected in the survey.

Regarding who discriminates in Romania, nearly one third of the respondents (29.8%) believe the answer to be individuals, followed by private employers (20.6%), and state institutions (16.9%) (Figure 10).

The following three figures present the levels of agreement or disagreement to a series of statements related to discrimination. Most of the statements refer to ethnicity related discrimination, as it has been the most encountered reason for discrimination according to the survey results.

**Figure 11a. Distribution of levels of agreement/disagreement with a series of statements related to discrimination**

Source: authors' calculations based on data collected in the survey.
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Figure 11b. Distribution of levels of agreement/disagreement with a series of statements related to discrimination

Source: authors' calculations based on data collected in the survey.

Figure 11c. Distribution of levels of agreement/disagreement with a series of statements related to discrimination

Source: authors' calculations based on data collected in the survey.

Over three quarters of respondents (>75%) disagree or completely disagree with the statements “It would bother me to have a work colleague with a disability”, “I refuse contact with individuals who are much less educated than me”, and “I believe there is something wrong with an older person who isn't married yet”. Over two thirds (>66.6%)
disagree or completely disagree with the statements “Women and men are not equal, so they can't fulfil the same social roles” and “I would be extremely uncomfortable if I found out that a work colleague had a different sexual orientation”. Over half (>50%) disagree or completely disagree with the statements “It would be unacceptable for my own child to marry someone of a different religion”, “If I owned an apartment/a house, I wouldn't want to rent it to someone of a different nationality/ethnicity/etc.” and “Older generations are less capable than younger generations” (Figure 11a, b, c).

The statements where less than half of the respondents (<50%) disagree or completely disagree are “It would be unacceptable for my own child to marry someone who is roma”, “Roma people employed in services (trade, hospitality) would certainly be turned down by most clients”, “Younger generations are poorly prepared and have no perspectives” and “Most roma people live on social aid and don't want to work”. The last statement also has the highest rate of respondents agreeing or completely agreeing with the expressed opinion, that being half of the respondents (49.9%).

4. Conclusions

In general, it is considered that a certain degree of inequality can be an incentive for investing in human capital, promoting mobility and encouraging innovation. The economic incentives, important for economic growth, are based on the possibility that a person can achieve better results through his/her own efforts. However, when the level of inequality becomes too high, it can jeopardize economic growth. This is especially true when inequality is determined by the increase in poverty at the bottom of the income distribution ladder. In this situation, a vicious circle is created when the people at the bottom of the income distribution do not have the resources to invest in their skills and education and they may not be able to reach their maximum potential, which harms global economic growth. In addition, income redistribution can also help stimulate demand in the economy, as low-income households tend to spend more.

The answers provided in the survey showed that the monthly income obtained by the respondents is influenced by gender and residence environment, the lowest incomes being reported by women from rural environment and the highest incomes being reported by men from urban areas. The most successful areas of economic activity from the point of view of the obtained income are Information and communication and Real estate transactions. At the opposite end, the lowest incomes are obtained in the field of Performances, cultural and recreational activities and other service activities. Compared to the previous year, 2019 registered a decrease in the levels of savings and revenues, but an increase in the level of expenses.

Most respondents assess that their current incomes are not enough for the bare necessities or only for the bare necessities. Respondents generally agree with the provision of social benefits and the fact that they can reduce income inequalities, but they do not have a favourable opinion about the people potentially eligible to receive social benefits. As for income inequality policies, in most cases there is no consensus on their impact.
Inequalities in a society have many determinants, but discrimination is a fundamental cause of inequality. The effects of discrimination are particularly serious, frequently leading to marginalization, exclusion and poverty, as vulnerable groups are not able to enjoy the economic, social or cultural rights they should benefit from under the law. The link between discrimination and inequality has been studied mainly in relation to the labour market and to the health and education services sector, the main areas in which the two phenomena manifest.

Discrimination on the labour market, for whatever reason or form, within the potential reduction of the labour supply, can adversely affect the economic performance of the state, so it is necessary to take measures to reduce inequalities and increase the number of employees from these vulnerable social groups. Reducing the inequality rate will increase the quality of life, intensify the activity of enterprises and reduce the unemployment rate and social differentiation.

Respondents find that discrimination is most often related to ethnicity (31%), income level (13%) and sexual orientation (11%). Also, respondents consider that people with disabilities are discriminated against often or very often (51%). The main reason cited by the respondents as being responsible for the discrimination in Romania is the lack of education. The areas in which respondents believe that discrimination is the most widespread are Work and Employment, Education and Healthcare. The main actors that discriminate are individuals, private employers and state institutions. The media and the church seldom discriminate, according to the respondents’ opinions.

More than one quarter (29%) of the respondents consider that it would be unacceptable for their own child to marry a Roma person. Also, half consider that the Majority of the Roma live on social assistance and do not want to work. Of the respondents who say they have faced discrimination, most argue that these were related to ethnicity or the income level.

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