

# A synthetic view on inequalities at the global, European and Romanian levels

## Abstract

Over time, economic and social inequalities at the global level have evolved in the sense of continuously widening income gaps between rich and poor. Of all the continents, the European one has proven to be the most egalitarian, although even in Europe there are relatively large gaps between income levels between different states. One of the countries in which the Gini coefficient has evolved to quite high values compared to the European average is Romania. Through this paper we aim to create a synthetic presentation of the picture of these developments, with particular emphasis on the last 2-3 years. The data used are coming from IMF, WB, Eurostat, NIS Bucharest and other reliable sources.

**Keywords:** incomes, Gini coefficient, rich and poor, social policy

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## Introduction

Over time, economic and social inequalities at the global level have evolved in the sense of continuously widening income gaps between the rich and the poor. Europe has proven to be the most egalitarian continent, although even in Europe there are relatively large gaps between income levels of different states and categories of populations. Through this paper we aim to provide a synthetic presentation of the picture of these developments.

The fundamental indicator of income inequality is the Gini Index. It means how many times higher are the disposable incomes per adult-equivalent of the richest people (from the last quintile (1/5) of the income distribution) compared to the incomes of the poorest people (from the first quintile).

The phenomenon of poverty is generated, primarily, through income inequalities, but it is reinforced especially by educational differences, through differences in the plan of personal development and the health status of people. Typically, the narrowing of income gaps reflects an improvement in the quality of life.

The degrees of freedom of households to meet their own consumption needs vary depending on their disposable income. Households in the first quintile generally cannot afford any other consumption expenses than those for food and (not always) non-food essentials.

## References and methodology

The scientific interest of main economic analysts in the topic of inequalities, existing at different levels of social life, has generated, since the period of classical economics, masterpieces and studies of the widest reference by François Quesnay, Adam Smith, David Ricardo or Karl Marx – these thinkers being, focused on the analysis of manifest inequalities at *the level of social classes*. However, a particularly interesting conceptual perspective belongs to theorists of some recent years, the so-called neoclassicals, such as Vilfredo Pareto, Simon Kuznets or their contemporaries - such as Thomas Piketty or Branko Milanović, who addressed the issue of inequality in terms of *interpersonal distribution of income*.<sup>1</sup>

The main objective of this article is not so much at theoretical level, but to provide a synthetic and comparative description of the presence and spread of economic and social inequalities at global,

European and in Romanian space, especially after 2020, with slightly longer time intervals being used only to reveal the evolution of longer trends at regional/zonal level. The used data belong to international databases or organizations such as the International Monetary Fund, the World Bank, Eurostat, but also to national sources from Romania, such as the Bank of Romania or the National Institute of Statistics in Bucharest.

## Global and European economic trends

Social statistics show that over the last decade, globally, employees with basic or average wages earn a decreasing proportion of total income. In contrast, owners of capital are earning increasingly higher proportions. According to the International Labor Organization (UN Agency), 2019-2022, the share of international income earned by workers decreased by 0.6%. Those who actually work, that are employees, hold only 52.3% of global income.

In order to see deeper in the actual general framework of global economy, we present the main trends in 2024, as follows:

- i Slow economic growth, falling overall inflation and uncertainties in monetary and financing policies. Central banks cautiously adjusted monetary policies, along with the reduction in inflation, but there were also persistent geopolitical risks, concerns about the instabilities that arose in trade areas.
- ii Economic growth in China remained moderate, the United States recorded a slowdown, and the Eurozone recorded modest growth.
- iii The global economy faced the risk of market fragmentation due to rising tariffs and trade barriers (the trigger being the United States, which also involved EU countries, China, India etc.).
- iv Fiscal consolidation: many countries have had to focus on consolidating public finances and strengthening their fiscal positions in order to rebuild reserve funds and manage the growth of state budget debts.
- v Divergences in regional performance: economic growth has been uneven between the major regions of the world, with the United States and the Eurozone still recording growth, although those areas have been severely economically undermined by the decision to logistically and financially support the war in Ukraine.

vi structural transformations in the economy; many countries have become aware of the need for structural reforms.<sup>2</sup>

In Table 1 we see the constant trend of American trade, the increasing trend of Chinese trade and the downward trend of the EU.27 area especially after 2020.

**Table 1** Share in world trade of US, China and EU 27 trade

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
USA	10,6	11,2	11,3	10,9	10,7	10,9	10,4	10,0	10,4	10,8
China	15,3	17,0	16,3	16,0	16,0	16,6	18,8	18,8	18,1	18,1
EU.27	15,6	15,6	16,1	15,9	15,7	15,8	16,0	14,7	13,6	14,8

Source: Eurostat, 2025<sup>6</sup>

Even so, over the past ten years, the EU.27 trade surplus with the US has almost doubled, but the EU.27 trade deficit with China has almost tripled, reaching -304.5 billion euros in 2024.

The European Union’s GDP was estimated at 19.99 trillion dollars (nominal) in 2025, or 29.18 trillion dollars (PPP)<sup>3</sup> representing about one sixth of the global economy. Germany, France and Italy are the largest national economies in the EU.27, generating about 51.9% of the EU.27 GDP (Germany contributes 23.7%, while France accounts for 16.1% and Italy 12.1%). In 2023, the EU.27’s social assistance expenditure represented 26.8% of its GDP.

From the IMF’s economic growth projections in October 2024 (Table 2), we see that after the relative depression predicted for 2025 (as a likely effect of the war in Ukraine), a return to growth was expected in 2026. At the time of the forecast, however, the start of a new war between Iran, the USA and Israel was hard to predict.

**Table 2** IMF economic growth projections in October 2024

	2024	2025	2026
Global level	3,2	2,8	3,0
Euro Zone	1,2	0,8	1,2
China	4,5	4,0	4,0
Germany	0,8	0,0	0,9
France	1,1	0,6	1,0
Italy	0,8	0,4	0,8
Spain	2,1	2,5	1,8
Poland	3,5	3,2	3,1
Bulgaria	2,5	2,5	2,7
Hungary	2,9	1,4	2,6
Romania	3,3	1,6	2,8

Source: World Economic Outlook, 2024 IMF<sup>2</sup>

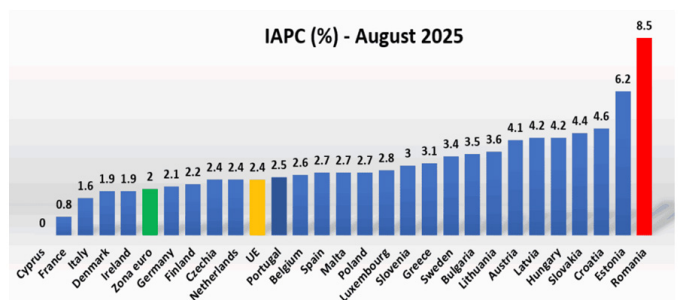
EU.27 banking assets were over \$38 trillion, with France accounting for 26% (\$10 trillion), Germany 18% (\$7 trillion) and Italy 8% (\$3 trillion).<sup>4</sup>

Global assets under management in the EU.27 exceed \$12 trillion, with France managing over 33% (\$4 trillion), Germany 16% (\$2 trillion) and Italy 12% (\$1 trillion).<sup>5</sup>

Paris is and was by far the most economically powerful city in the EU, with a GDP exceeding \$1 trillion.<sup>6</sup> *Euronext Paris* is the largest stock exchange in the EU.27 by market capitalization,<sup>6</sup> followed by the Frankfurt Stock Exchange - the second largest in the EU.27.

The European Union is one of the largest trading regions in the world, with Germany and France as the main economic powers, both in terms of exports and imports. Germany was in 2023, the largest exporter/importer in the EU.27 and the third largest exporter in the

world, with a turnover of \$1.96 trillion in exports and \$1.47 trillion in imports. France was (in 2023) the second largest exporter/importer in the EU.27, with a turnover of 1.05 trillion dollars in exports and over 777 billion dollars in imports<sup>7</sup> (Graph 1).



**Graph 1** Inflation index - European Union states.

Source: Eurostat, 2025<sup>6</sup>

The EU.27 had 161 companies among the top 500 corporations (measured by revenue) in the world.<sup>7</sup> With 30 companies among the 500 largest companies in the world, Germany was in 2023 the most represented country in the European Union in the Fortune Global 500, 2023, ahead of France (24 companies) and the Netherlands (10). With 62 companies included in the 2000 largest companies in the world, France was in 2023 the most represented in the European Union in the Forbes Global 2000, 2023, ahead of Germany (50 companies) and Italy.<sup>8</sup>

The EU.27 economy is a mix of social market economies, with an internal market with free movement of goods, services, capital and labor.

GDP per capita (PPP) in the EU.27 was USD 62,660 in 2024, around three-quarters of that in the United States, which was USD 86,601 (USD 53,059 GDP per capita in Japan and USD 26,310 in China).

EU.27 investments abroad amounted to EUR 17.02 trillion, while foreign investments in the EU.27 amounted to EUR 14.46 trillion in 2023,<sup>9</sup> with EU.27 investments in other countries representing by far the largest foreign investments in the world.

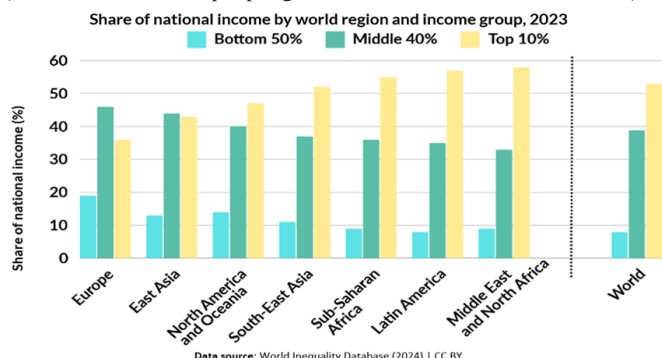
### World and European social trends

Social trends have always been an easily predictable echo of material-economic events and developments in large human communities.

Particularly relevant at global level is the average real growth rate of national income per capita. In the period 1800-2023, this indicator

was of 1.3% per year, during this period the average income per capita, at a global level, multiplying more than 18 times.<sup>10</sup>

We live on a planet of all possibilities (Graph 2) for few people (less than 10% of the people get over 50% of the national income).



Graph 2 Inequality in world, by world regions and by income groups, 2023.

Source: IMF, 2024<sup>2</sup>

Others are living below the limits of survival, (50% of the people get less than 10 % of the total national incomes), although we have a

Table 3 Average national income per capita, monthly, by geographical regions, 2023 (Euro)

North America/Oceania	Europe	Russia Central Asia	East Asia	Middle East/North Africa	Latin America	South/Southeast Asia	Sub-Saharan Africa
3.53	2.69	1.48	1.34	1.13	960	510	240

Source: World Inequality Database, 2024! CC BY<sup>11</sup>

In terms of average national income per capita, Europe ranks second, between North America/Oceania and Russia/Central Asia.

In Europe, the richest 10% of residents earn only 36% of national income.

In the USA, pre-tax inequality was much higher than in other advanced OECD economies in 2023 - the richest 10% of the Americans earned 47% of national income.<sup>11</sup>

But European income inequalities have also increased in the last two decades, although at a much slower pace than in the United States. In Eastern Europe, Romania and Bulgaria remain the most unequal countries, with the richest 10% of residents earning over 40% of national income.

Globally, South Africa ranks first among the most unequal countries in the world, with a Gini coefficient of 63.0 in 2014. In South Africa, the richest 10% of the population owned 71% of the income, and the poorest 60% owned only 7%, with over 50% of the population living in poverty.<sup>12</sup>

The countries with the lowest Gini coefficients in 2023 were those in Northern Europe and some in Central and Eastern Europe.

### Romania - a new period of austerity

In socio-economic terms, the period 2021-2025 were hard times and years of hesitation for the national economy and the social services for the population of Romania. The extremely damaging governments in power applied all kind of unpopular social policies

Charter of Human Rights. But nobody can get at least a decent home and a good education with a 10% from the total income of a nation, when this is distributed to 50% of the population of the country.

We also have a substantial category of people, like a *Middle Class of this Planet* who looks rather precarious than rich (40% of the people who get less than 40% of the national income).

Income growth has been highly uneven across regions and income groups. The most egalitarian region has been Europe, and the least egalitarian has been North Africa and the Middle East.<sup>2</sup>

Westerners have been outperforming the global average in per capita income since the 19th century, while sub-Saharan Africa and South and Southeast Asia have lagged far behind. There have been periods of rapid growth—for example, 3.1% per capita income in Europe between 1950 and 1990, or 4.3% for East Asia between 1990 and 2023.

The global per capita income indicator does not, however, provide a picture of inequalities between countries - which have been increasing since 1980. The poorest half of the population consistently lags behind the richest 10% of the population in all geographical regions, with this gap being larger in the Middle East, Latin America and Africa than in Europe (Table 3).

strongly marked by the impositions of the EU leadership, and also applied economic policies in the interests of the large corporations and other states (Ukraine France, Austria, Hungary), in the field of market economy. These governments also committed Romania to large debts that seriously affected the budget deficit. So, we can see why the general trend of the economy was towards a decrease in the domestic production of goods and services intended for domestic consumption, the most important sectors of the national economy being affected (industry, services, agriculture and construction). In the period 2020-2024, there was also a substantial decrease in external demand for the products of the Romanian manufacturing industry, as well as for the IT sector.

For these reasons and not only, the morale of Romanian society and the satisfaction with democracy regime remained quite low in the years 2021-2024 (Table 4), systematically falling below the EU.27 average, with a somewhat more pronounced decline in 2024, the year when the elections were canceled.

The Bolojan Government, has increased the social impact of poverty (it has reduced pensions and salaries, increased VAT, fired numerous employees, stopped the financing of numerous investments, without eliminating the problem of special pensions, and reduced the contribution of social protection, which already has the lowest share in the EU.27) and all this, without significantly reducing the budget deficit (from 9% in 2025 to 7,6% in 2026).

The growth of the Romanian economy slowed down significantly after 2024, amid numerous setbacks caused by the halt in production due to the increase in energy prices and numerous government layoffs.

**Table 4** Satisfaction with democratic regime in EU member states and the EU average, in the period 2021–2024, (on a scale from 1 to 10)

	2021	2022	2023	2024		2021	2022	2023	2024
Austria	4,5	4,5	5,2	5,0	Estonia	5,2	5,8	4,9	4,1
Italy	4,8	4,5	4,7	4,3	Portugal	5,5	5,4	5,2	5,0
Belgia	4,2	4,3	4,5	4,4	Finland	7,0	6,5	7,0	4,9
Latvia	4,1	4,9	4,7	4,8	Romania	3,8	4,2	4,4	3,9
Bulgaria	2,8	2,8	3,1	3,0	France	4,2	4,3	4,0	4,2
Lithuania	4,6	4,5	5,3	5,0	Slovenia	3,4	3,6	3,8	4,0
Croatia	2,9	3,3	3,6	3,2	Germany	4,9	4,9	5,5	5,3
Luxembourg	6,6	5,8	6,0	5,9	Slovakia	3,2	3,6	4,7	4,0
Cipru	3,5	3,7	4,5	3,7	Greece	3,6	3,9	3,8	3,2
Malta	5,1	4,4	4,0	3,7	Spain	4,6	4,4	5,1	4,6
Czechia	3,9	4,8	4,9	5,0	Hungary	3,2	3,7	3,1	2,7
Netherlands	5,4	4,5	5,3	4,8	Sweden	6,2	5,9	6,3	5,8
Denmark	7,6	7,1	6,6	6,4	Ireland	5,9	5,9	6,1	5,7
Poland	2,7	3,2	3,2	4,9	EU average	4,6	4,6	4,8	4,5

Source: Eurostat 2025<sup>6</sup>

Starting with 2025, the social Romania entered an extremely difficult stage, due to the new economic restrictions imposed on the population, through massive layoffs and the quasi-general decrease in purchasing power (Table 5).

**Table 5** Gini coefficient of equivalent disposable income before social transfers (pensions excluded from social transfers), 2019-2024

	2019	2020	2021	2022	2023	2024
EU.27 (as of 2020)	34.8	34.9	35.9	34.9	34.4	34.3
Romania	37.3	36.3	36.5	34.6	33.33	30.8

Source: Eurostat, 2025, Gini coefficient of equivalent disposable income before social transfers (pensions excluded from social transfers).

Record poverty rates in Romania have been a constant in the EU27 for over 35 years. In 2024, almost one in five Romanians still was affected by poverty. About 19.0% of the resident population lived in a household whose income was lower than the threshold of 60% of the median disposable income per adult-equivalent, more than one in six people (17.2%) living in severe material and social deprivation; 615 thousand people up to 65 years of age (4.3%) lived in households with very low work intensity.<sup>13</sup>

After 2024, the poverty deepened and expanded again - Romania having faced tensions and inadequacies in many economic (a chronically deficient balance of payments) and social areas (among the highest rates of poverty and severe social deprivation - especially in families with children - in the EU27, in 2020-2023).

## Conclusion

The World Economic Outlook (WEO, IMF) forecast from October 2024 was quite optimistic, indicating a global economic growth of 3.3% for both 2025 and 2026. This is despite the fact that, in 2024, there was a massive proliferation of armed conflicts worldwide – conflicts that continued throughout 2025 and 2026. As a result of the war in Iran, all forecasts (IMF, WB, and UN) indicate, if not a recession, at least a stagnation of the global economy.

In such a context, it is expected that economic and social inequalities will deepen both between the world's states and between social classes/groups, but also at the level of individual distribution of well-being.

The European Union economy is the second largest economy in the world in nominal terms, after the United States, and the third largest, at purchasing power parity (PPP), after China and the USA. European policies strongly oriented towards the use of green energy, which significantly change the economic relations on the markets of goods and services, to the disadvantage of Europeans, are not likely to lead (at least in the short term) to an increase in the well-being of European populations, in a world that is too little interested in the ecological dimension of the quality of life. This will also act, first of all, in the sense of increasing the welfare gaps between Europeans and the rest of the developed world.

After over three decades of market economy, Romania is still clearly detached from the general European trend towards increasing social welfare, entering an inflationary spiral from April to May 2025, from which it can only be exited at the cost of sacrificing social benefits, social security salaries and pensions, and the exponential increase in the prices of consumer goods and services.

## Acknowledgments

None.

## Conflicts of interest

The author declares that there is no conflicts of interest.

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