



## Concepts of Poverty, Inequality and Social Exclusion

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### ABSTRACT

In this article we are talking about the main social problem, like poverty. And also about inequality and social exclusion.

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**INTRODUCTION.** Poverty and social exclusion are closely related to inequality, but it would be wrong to explain these phenomena by income inequality alone (Sen, 1997). Poverty creates a situation in which, due to inequality, some people find themselves so far from the main line of development of society that, due to the deprivations that have befallen them, they fall short of even the most basic standards. In practice, poverty is often defined and measured in terms of income or consumption. Poverty lines can be defined in terms of absolute human needs (for example, the cost of a minimum food basket and the cost of meeting non-nutrition basic needs) or in terms of relative social standards specific to a particular society at a particular point in time.

**MATERIALS AND METHODS.** The methods of the research are theoretical analysis and generalization of scientific and methodical literature, Internet materials, content analysis, and pedagogical supervision.

Based on this the goal of our research is the study of the causes and consequences of direct violations of

basic human rights. During the research we used methods of induction and deduction, the method of system analysis, a statistical method.

**RESULTS.** One of the main reasons for dissatisfaction with absolute poverty measures is that they do not take into account the problems of deprivation, shame and social exclusion associated with it (Ravallion, 2015). A. Sen argued (Sen, 1983) that human capabilities should be considered an absolute measure, but at the same time "... the absolute approach in the space of possibilities is transformed into a relative approach in the space of material goods." Often, the deprivations experienced by people are intertwined (poor education, limited employment opportunities, etc.), which in turn leads to a decrease in their income. ("When you work, you have friends. Once you lose your job, it turns out that you don't have a single friend"— UNDP Regional Bureau for Europe and the Commonwealth of Independent States, 2011, p. 8).

Unlike poverty, which is a rather static definition of a disadvantaged human condition, social exclusion can be seen as both a process and an outcome. How the process of social alienation pushes people to the periphery of society. It prevents their full participation in social, economic, cultural and political life. As a result, social exclusion reflects the status and characteristics of the person concerned. Social exclusion has many dimensions such as poverty, lack of basic competencies, limited employment and educational opportunities, and insufficient access to social and community networks and events. A comprehensive review of this topic and related literature can be found in Hahn, Kombaz, and Fraser. (Khan, Kombaz, and Fraser (2015)).

The concept of social exclusion in European welfare states has evolved towards the absence of "social rights" (UNDP 2011). For example, R. Lenoir (Lenoir, 1974) defines the "outcast" by contrasting their status with the ideals of civil society and social justice. While poverty is defined in terms of income or material deprivation, social exclusion is defined in terms of social rights such as the right to work, the right to housing, the right to health care or the right to education (Lister, 2004). For A. Sen (Sen, 2000), social exclusion means the denial of freedoms. Individuals may be unable to seize an opportunity due to deliberate policies or social practices (active exclusion) or as a result of a complex interplay of social processes without intentional action on one's part (passive exclusion). The concept of social exclusion places a central role on social bonds and power inequalities (Stewart et al., 2006). According to H. Silver (Silver, 1995), social exclusion breaks the connection between the individual and society.

Because poverty can have political implications, measuring it is a delicate matter. The critical importance of the factor of social exclusion (and its measurement) for the social health of society can be illustrated by the example of the process of European political and economic integration. Since Ireland joined the European Community in 1973 as one of its poorest members, the Community has launched three anti-poverty programs (Room, 1995 and Daly, 2010). One outcome of this was the adoption of a clear definition of poverty: "The poor are individuals, families and groups of individuals whose resources (material, cultural and social) are so limited as to preclude them from living a minimum acceptable life in Member States where they live" (European Council, 1984).

Until now, for the practical measurement of poverty in European countries, the definition of relative poverty, originally proposed by P. Townsend (Townsend, 1979), has been used. This definition takes into account not only monetary indicators, but also aspects of social exclusion, which are given special attention. These two aspects of poverty, shown in the table below, were clearly pointed out by M. Bergman (Berghmann, 1995: 21).

Since the 19th century, a variety of approaches to measuring poverty have been developed for the purposes of international assessments and comparisons. In general, they can be divided according to

their emphasis on livelihood security, basic needs, and relative deprivation. Recently, attempts have been made to take into account aspects of well-being (including wealth or time) or to bring together multiple aspects of poverty into one indicator.

**Living wage.** The concept of a purely physical living wage has been present in scientific research and has been actively used in international and national politics for more than 100 years. Examples include statistics that were first used to describe social conditions in individual countries, and then widely used in international institutions such as UNDP, the World Bank and a number of others.

The use of the "subsistence" minimum for the purposes of determining poverty is criticized for the fact that the needs of people, according to this indicator, are predominantly material in nature. Much of this section builds on the findings of the Rio Group, summarized in the Compendium of Good Practices in Poverty Measurement (2006). Social security reforms in Victorian England attempted to divide the poor into "deserving" and "undeserving" support on moral grounds. Therefore, secondary poverty, which could be the result of suboptimal or even immoral consumption, was distinguished from inevitable poverty, which was defined solely as a situation in which incomes "are not sufficient to acquire the minimum goods necessary for a purely physical existence" (Rowntree, 1901, p. 86). Admittedly, even in the Victorian era, the category of the poor was reputedly much broader, even if the living conditions of these people during that period may have been considered morally acceptable (Veit-Wilson, 1986).

Humans are not simple organisms that need only energy to exist; they are social beings who must be able to perform the socially significant functions of workers, citizens, parents, partners, neighbors and friends (Lister, 1990). In addition, they are not only consumers of material goods, but also their producers and must be able to play different roles in various social associations. They depend on communal services received on a collective basis. These needs exist in all people, not just the populations of wealthy industrialized societies.

The concept of physical needs is defining for "absolute" poverty, which is sometimes also referred to as "extreme" poverty or "poverty". However, these needs evolve along with changes in society and the structure of demand. The need for material goods, their significance in modern society, and even these goods themselves are not something fixed or unchanging. The quantity, quality and cost of food products depend on the work performed, climatic conditions and social customs. Thus, material needs are socially determined in various respects.

By the early 1970s, the second concept of measuring poverty, the concept of "basic needs", was widely adopted, which was actively supported by the ILO. Two elements were included in the basic needs: the family's minimum consumption needs (ie, the need for adequate food, shelter and clothing, and some household furniture and utensils); and basic public services provided for public consumption, such as safe water, sanitation, public transport, health, education and cultural services. In addition, in rural areas, basic needs also include access to land, agricultural machinery and the ability to farm. The concept of "basic needs" is an expanded version of the concept of a living wage. In addition to material needs, the satisfaction of which is necessary for the physical survival of the individual, the concept of basic needs also includes access to such collective and individual services as health care, sanitation and education. Both in the past and at present, the reduction of the concept of poverty to needs of a material and physical nature seems to be a simpler solution than its interpretation taking into account the failure to fulfill social functions specific to each individual.

The poor are not just victims of distortions in the distribution of resources. They do not have, or are deprived of, the resources necessary to fulfill social obligations and to comply with the customs and laws of society. Awareness of this led to the emergence of the concept of "relative deprivation",

according to which each aspect of poverty has its own threshold level corresponding to the prevailing social norms, passing through which a person usually leaves or is excluded from the ranks of active members of society.

Relative poverty measures are most often used in relatively wealthy countries. For example, the EU definition of poverty and social exclusion combines income poverty, based on an annual relative threshold, with indicators of non-monetary deprivation that do not change over time. One of the five main goals of the Europe 2020 strategy is to reduce poverty by removing at least 20 million people from the risk of poverty or social exclusion by 2020. The main measure of achievement of this goal is the AROPE indicator (proportion of people at risk of poverty or social exclusion), which reflects the proportion of people who meet at least one of the following criteria: x people are at risk of income poverty and after receiving social transfers (their equivalent disposable income remains below the national poverty threshold of 60% of the national median equivalent disposable income); people are experiencing severe material deprivation – unable to afford at least four of the nine basic necessities or people living in non-active households (people aged 0 to 59 live in households in of which adults (aged 18-59, excluding students aged 18-24) were less than 20% employed in the previous 12 months.

In the European Union, people who face at least one of the above risks are considered to be at risk of poverty or social exclusion. In 2015, this category of people in the EU included almost 120 million people (i.e. almost one fourth of the EU population of approximately 500 million people). Approximately 32% of those at risk of poverty or social exclusion across the EU-28 in 2015 faced a combination of two or even all three of these risks.

When analyzing poverty trends, it is important to ask the question: are the poor this year the same people as last year? Were they among the poor for the first time or were they already in this situation before? In other words, it is important to measure poverty over a long period of time. For example, in the Netherlands in the 1980s and 1990s, high economic growth and a significant increase in the number of employed people did not reduce poverty. However, data at the bottom of the income distribution showed that periods of poverty were generally short-lived. In addition to the extent and duration of periods of poverty, consideration should also be given to the extent to which poverty is recurrent (Fourage and Layte, 2005). The higher the mobility or volatility of income and the shorter the duration of periods of poverty, the higher the proportion of the population in poverty at least once during the period under review, and the higher the official poverty rate.

**DISCUSSION AND CONCLUSIONS.** The identification of the components of chronic and temporary poverty in the structure of poverty in the Republic of Moldova for the period 1997–2002 led to the conclusion that poverty in the country was mainly of a chronic nature and more than 90% of people included in the category of the poor suffered from it (Beegle, 2004) . In other words, despite the transition of households from one category to another, a very large proportion of the poor in any given year are likely to remain poor in the next period. Conducted for four years in a row, a survey of a group of households showed that in each period about 25% of households were poor. Only 14% of households were not classified as poor in any of the survey rounds. Although the vast majority of the population experienced poverty in 1997–2002, a significant group of households remained poor throughout the period under review.

Knowing how long a household has been poor is critical to understanding the short and long term effects of poverty. As undesirable as brief periods of poverty are, they are usually not existentially threatening or significantly worsen life prospects if individuals and households can cut spending, use savings, or borrow. However, such measures are unlikely to be sufficient in the long term. Only long-term data allow us to understand the processes behind the statistics in any given period, i.e. the events

that move people into and out of poverty and the resulting consequences for their standard of living. Analyzing poverty over time can also help understand how people get in and out of poverty, which can be useful for governments to build better social safety nets or other social inclusion measures.

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