

DIMENSIONS OF POVERTY AND SOCIAL EXCLUSION AMONG BULGARIAN POPULATION

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Summary. In its essence, poverty is an indicator that synthesises the results of a country's economic development and social policy. The destructive consequences of population's low welfare and unsatisfactory living standards lead to numerous negative effects, which is the reason searching for the balance between economic growth and social security to be one of the unresolved political management tasks.

Key words: poverty, social exclusion, education

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МАШТАБИ БІДНОСТІ ТА СОЦІАЛЬНОГО ВИКЛЮЧЕННЯ СЕРЕД НАСЕЛЕННЯ БОЛГАРІЇ

Анотація. За своєю суттю, бідність є показником, що синтезує результати економічного розвитку та соціальної політики країни. Руйнівні наслідки низького рівня добробуту населення та незадовільного рівня життя призводять до чисельних негативних ефектів. З цієї причини пошук балансу між економічним зростанням та соціальною безпекою є одним з невирішених політичних управлінських завдань.

Ключові слова: бідність, соціальне виключення, освіта

Poverty is the state or condition of the individual or his family, whereby its low income (or lack thereof) does not allow the family or individual to meet their needs, according to the minimum accepted by society. Therefore, poor are those who, at a certain stage in the development of the state and their lives, are at the lowest level of public prosperity and have no certainty about their existence. Poverty is an indicator that synthesizes the results of a country's economic development and social policy.

The poverty line in general for the country in 2017 is at the highest level for the surveyed period - BGN 351.08 (EUR 179.51) average monthly per member of a household. At this level of the line below the poverty line, there were 1 665.3 thousand persons or 23.4 % of the country's population. Compared to the previous year, the poverty line grew by 13.9 %. It should be emphasized that the relative share of the poor population increases by 2.4 percentage points (Table 1).

The social protection system is essential to reducing poverty. Data for 2017 show that if household income includes retired pay income, but excludes other social transfers (benefits, social and family allowances and supplements), the poverty level increases by 5.8 percentage points. Accordingly, when excluding retired pay and other social transfers, the poverty level increased to 44.8% or 21.4 percentage points.

The change in the S80 / S20 coefficient in the period 2013–2017 shows that in Bulgaria the income inequality increases and reaches its highest level – 8.2 after the country's accession as EU member, while the quintile ratios in the EU remain

and ranged between 4.9 and 5.2. Bulgaria is the EU country where income inequality is highest and is quite above the EU average.

Table 1

Major Indicators of Poverty

	2013	2014	2015	2016	2017
Poverty line average monthly amount - BGN (euro)	285.9 (146.2)	323.80 (165.6)	325.80 (166.6)	308.20 (157.6)	351.10 (179.5)
Persons below the poverty line - thousands	1528	1578	1586	1639	1665
Relative share of the poor -% of the population	21.0	21.8	22.0	22.9	23.4
Relative share of the poor before receiving social transfers -% of the population	41.8	46.2	42.9	45.5	44.8
Relative share of the poor before receiving the social transfers, with included pensions -% of the population	26.7	27.3	28.4	27.9	29.2
Income relation between the poorest and the richest 20% of the population (S80 / 20) ³	6.6	6.8	7.1	7.7	8.2
Gini's coefficient ⁴	35.4	35.4	37.0	37.7	40.2

Source: National Statistical Institute (NSI). www.nsi.bg

Gini's statistical data confirms the growing income imbalance in the country as well as the social stratification of society. For the monitored period, this index in Bulgaria has steadily increased from 35.4% in 2013 to 40.2% in 2017 (see Table 1). The data shows an average level of income differentiation since Gini coefficients of more than 50% are considered problematic.

Obviously, the distribution of income in Bulgaria is relatively more unequable compared to EU countries, this difference increasing over the reviewing period. These conclusions are important in view of the growing incomes in the country in recent years. The rising inequality in 2017 indicates that the incomes of the underprivileged population are rising to a lesser extent than those of the richer. The probability of social pressure on the poorer classes in the country is increasing.

Table 2

Allocation of employees by poverty and education in 2017 (%)

Educational degree	Including:	
	Above the poverty line	Below the poverty line
Elementary and lower education	34,4	65,6
Primary education	67,5	32,5
Secondary education	91,4	8,6
Higher education	98,2	1,8

Source: National Statistical Institute (NSI). www.nsi.bg

³ This ratio is one of the main "Laeken indicators" to measure income inequality, poverty and social exclusion introduced in the European Union in 2001.

⁴ A main indicator used by Eurostat and the World Bank to measure income inequality, which shows the degree of differentiation within the range of 0 to 100 percent.

The data in Table 2 presents the educational level, which has a significant impact on the risk of poverty in the employed persons. The highest relative share of the employees with elementary or without education - 65.6 %. As the educational level increases, the relative share of the poor among workers is drastically decreasing – roughly twice for primary education and over 7 times for those with secondary education. It is noteworthy that the very low share of working poor with tertiary education is only 1.8 %.

Social and economic changes in recent years have put the country in front of a number of challenges. Looking for a balance between economic growth and social security is one of the unresolved tasks at the moment. Transformation in country's economic system has led to a drastic decline in production, rising unemployment and markedly declining real incomes for the population. At the same time, the destructive consequences of low population welfare and poor living standards lead to a number of negative effects such as the increment of crime, the emergence of an informal economy and an increase in the number of people employed in shadow economy, and the emigration of the population. They represent a serious obstacle to successful economic development. These facts give us a clear idea that the Bulgarian population lives in poverty and deprivation. The lack of a middle class or those identified as such can be said to be "working poor".

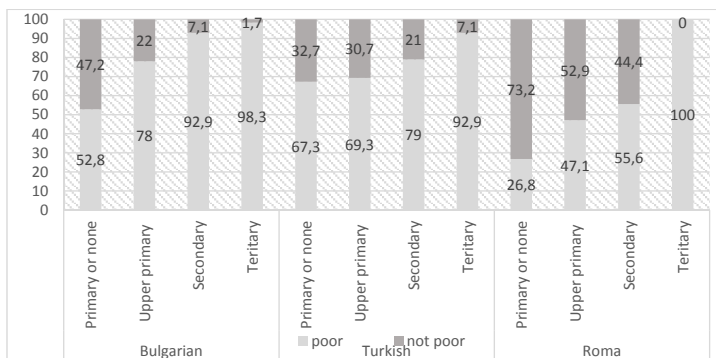
The «education» problem is of a fundamental importance in terms of the development of the economic and social life of every society. It is not by chance that the increase in the level of education of the population and the encouragement of research and development fall among the main priorities of both the European Union and each of the Member States. The high level of education on the one hand creates prerequisites for improving the economic and social status of the individual and on the other hand the presence of highly educated and qualified specialists provides a favorable environment for the development of the SRI⁵. Educational trends outlined are adequate to the "Europe 2020" strategy. One of the main goals of the strategy is to raise educational levels, and in particular to reduce the existing level of early school leaving under less than 10 % and to increase the relative share of the population with tertiary or equivalent higher education.

The level of the education influences the material situation of the population in Bulgaria. This influence is represented by the data in Figure 1. The data shows the share of persons at risk of poverty, according to the level of education completed. These are people with disposable income lower than the poverty threshold, which is set at 60 % of the national average disposable income (after social transfers).

In summary of the above data and indicators, it can be concluded that high income inequalities cause higher costs in the field of education and health. The worsened social indicators such as educational level, health status, access to basic goods and services, and index of human development are a consequence of the problems of economic development during the transformation of the economic

⁵ Александрова, Александрина; Проблемът „образование“ в Европейската общност; Издателство: Наука и икономика ИУ - Варна, 2018; ISBN: 978-954-21-0957-0; стр. 505 http://research.ue-varna.bg/admin/kcfinder/upload/files/TOM_II-497-506.pdf

system. Moreover, these signs are also a negative precondition for the subsequent economic and social development of the country. The effects of income inequality in the economic system are strongly influenced by the macroeconomic environment and the impact of its factors.



Source: National Statistical Institute (NSI). www.nsi.bg

Figure 1. Relative share of the employed Bulgarian population grouped by education stage, risk of poverty and ethnicity

For countries that have transitioned from a planned to a market economy, along with meeting the EU membership criteria, the negative consequences have been overcome with difficulty in varying degrees. This depends mainly on the consistency and timeliness of the state policies used. In Bulgaria over the past few years, the importance of the fact that inequality, extreme poverty and social exclusion have both social and economic effects is increasingly being taken into account. Overcoming them is a type of investment that returns to the future for a higher level of economic efficiency and social justice. As part of the EU, our country already has better opportunities to combat inequality, poverty and social exclusion, guided by the principles and values of the European Community.

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