POVERTY AND INCOME INEQUALITY IN TURKEY

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PLAGIARISM

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ABSTRACT

One of the most important goals of the states is to provide an equal and peaceful living environment for their citizens. In this context; various policies are implemented to increase the welfare of individuals. States face significant problems in the implementation of these policies. Poverty and inequality in income distribution may be seen as important historical problems. Poverty may be described as the inability to distribute the income earned within the country fairly. It leads to a decrease in social welfare and ultimately to economic and social problems. This thesis discusses primarily the poverty and income distribution issues theoretically and draws an academic framework for the types and measurements of these concepts. The main purpose of the thesis is to address the dimension of these two concepts in Turkey. In this context, the data on the poverty profile and income distribution in Turkey has been examined and the current situation has been interpreted in light of the results. The analysis of the situation in Turkey was based on the parameters of the poverty and income distribution indices which suggested that poverty and income inequality are long standing issues that need to be focused on in terms of social welfare. Effective, holistic and sustainable policies should be developed for these arease, since the data provided by domestic and international institutions show that the improvement in the income distribution and poverty indices is limited in Turkey and the currently implemented policies are insufficient.

Keywords: Poverty, Inequality, Income Distribution, Education, Unemployment

ÖZET

Devletlerin en önemli amaçlarından biri vatandaşlarına eşit ve barışçıl bir yaşam ortamı sağlamaktır. Bu kapsamda, bireylerin refahını arttırmak için çeşitli politikalar uygulanmaktadır. Bu politikaların uygulanmasında devletler önemli problemler ile karşılaşmaktadır. Yoksulluk ve gelir dağılımındaki eşitsizlik konuları tarihsel olarak karşılaşılan önemli sorunlar olarak görülebilir. Ülke içinde elde edilen gelirin adaletli bir şekilde dağıtılamamasının yol açtığı en önemli sorunlardan biri yoksulluk olarak nitelendirilebilir. Yoksulluk, sosyal refahın azalmasına ve nihayetinde ekonomik ve sosyal sorunlara yol açar. Bu çalışmada öncelikli olarak yoksulluk ve gelir dağılımı konuları teorik olarak ele alınmış ve bu kavramların türleri ve ölçümlerine yönelik akademik çerçeve çizilmiştir. Çalışmanın ana amacı bu iki kavramın Türkiye'deki boyutunu ele almaktır. Bu çerçevede Türkiye'deki yoksulluk profili ve gelir dağılımına yönelik veriler incelenmiş olup, sonuçlar ışığında mevcut durum analiz edilmiştir. Yapılan çalışmalar doğrultusunda Türkiye'de yoksulluk ve gelir dağılımı eşitsizliği konularının uzun süredir devam eden, toplumsal refah açısından üzerinde durulması gereken ve etkin, bütünsel ve istikrarlı politikalar üretilmesi gereken alanlar olduğu sonucuna ulaşılmıştır. Yerel ve uluslararası kurumların sunduğu veriler incelendiğinde Türkiye'de gelir dağılımı ve yoksulluk endekslerindeki iyileşmenin sınırlı olduğu ve halihazırda uygulanmakta olan politikaların yetersiz olduğu görülmektedir.

Anahtar Kelimeler: Yoksulluk, Eşitsizlik, Gelir Dağılımı, Eğitim, İşsizlik

DEDICATION

I dedicate this thesis to my family; my wife Şeyma and my daughter Inci Bilge who are motivating factors of my studies.

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1. INTRODUCTION

Poverty is generally defined as the inability of people to meet their basic needs in order to continue their lives. Poverty, has been one of the areas of study that international institutions and organizations, researchers and policy makers consider important, especially in the last decades. Poverty is not only a problem of underdeveloped countries, but also of developed and capitalized countries with different dimensions. In order to be able to develop policies to fight against poverty, it is necessary to determine who the “poor” are. The first step for such an analysis ought to start by defining the poor. Poverty is a multidimensional concept and it can be analyzed according to many different definitions that it has. It is possible to reach different results, depending on the definition and method chosen.

The selection of the analysis type, the suitability of the data and which components are preferred as indicators of welfare are very important for the precision and accuracy of the results of poverty analysis. That is why; methods for international comparison and poverty line are widely used. Poverty line; which act as threshold separating the poor from the non-poor, directly affects the results and the number of the poor. Therefore, each of the indices developed to measure poverty may reflect the dimension and severity of poverty at different levels. In order to analyze poverty from a multidimensional perspective, it is necessary to examine intangible resources, environment, natural factors, individual abilities, rights, and freedoms as well as material resources. Social, geographical and international factors also affect poverty as much as individual factors. Poverty may create a process that starts with an income that does not sustain an individual’s life. It extends to the formation of a process of social exclusion which generally leads to the inability to participate in the society. Policies to be adopted and implemented in situations where poverty is temporary and not very deep differ from those in situations where poverty deepens and becomes chronic.

According to the Turkish Statistical Institute (TURKSTAT) data of 2020, which refers to previous calendar year 2019, the poverty line, which is determined by considering 50 percent of the equivalent household disposable individual median income, the poverty rate increased by 0.6 points and increased from 14,4 percent to 15 percent in 2020. On the other hand, according to 2020 Human Development Report (HDR) of the United Nations Development Programme (UNDP), which measures poverty with the Human Development Index (HDI), Turkey ranks 54th in terms of Human Development with an index value of 0.820. Another important statistic that can be mentioned in terms of poverty and income inequality is the ranking of the countries in the World Happiness Report (WHR). According to report that is published by United Nations (UN); Turkey ranked 93rd in 2020 and then its rank declined to 104th in 2021 report.

Another economic concept that is analyzed in this study is “income inequality”. Income inequality is a serious problem for Turkey and other countries of the world. The problems in income distribution cause other problems such as poverty, social exclusion, etc., and affect a country's economy significantly. Therefore, studies to be carried out to solve the problem are of great importance. Considering the TURKSTAT data of income distribution in Turkey 2020, which refers to previous calendar year 2019, the share of the 20 percent group with the highest household disposable income in total income increased by 1.2 points compared to the previous year and reached 47.5 percent. The share of the 20 percent group with the lowest income decreased by 0.3 points and fell from 6,2 to 5.9 percent. The P80/P20 ratio, which is calculated as the ratio of the income of the 20 percent that receives the largest share of the income to the income of the 20 percent that receives the smallest share, increased from 7.4 to 8.0 in Turkey.

Gini Coefficient, which is one of the income distribution inequality criteria, expresses the equality in income distribution as it approaches zero and the deterioration in income distribution as it approaches one. According to the latest research results of TURKSTAT in 2020, the Gini Coefficient was estimated to be 0.410, with an increase of 0.015 points compared to the previous year. Undoubtedly, Covid 19 pandemic period, which has started at the beginning of 2020 in Turkey, has also had an impact on this results in addition to other economic indicators.

One of the main purposes of this study is to address the poverty and income inequality, which are related concepts, in parallel to economic and social perspectives; by explaining the related concepts, indicators, and their measurement. In addition; this thesis aims to explain the dimensions and consequences of poverty and income inequality in Turkey.

The study consists of six main parts in which, the first part of the study is the "Introduction" and the second part of the study consists of the "Literature Review". In the third part, the general theoretical framework of the poverty concept is explained. The mostly used poverty types including, absolute, relative, objective, subjective, income, human, temporary, new, and rural-urban poverty concepts are explained. In the fourth part, income distribution and inequality terms are elaborated. The four main income distribution types; functional, household, sectoral and regional income distributions are described respectively. Furthermore, income distribution measurement indices including Lorenz Coefficient, Gini Coefficient, Kuznets Coefficient, Pareto Coefficient, Atkinson Index, Theil Index and Percentage Analysis are given. Lastly, factors affecting income distribution are explained. The fifth part of the study is about the poverty and income inequality in Turkey. In this part, the statistical data of TURKSTAT is used to show and interpret the current position of Turkey in terms of poverty and income distribution. The sixth and last chapter includes the summary and interpretation of theoretical content and the information obtained from the results of the poverty and income distribution data. All these results are summarized and comments are made about the current statue of Turkey in terms of poverty and income inequality.

2. LITERATURE REWIEV

The concept of poverty has been studied by many academicians, researchers and institutions for many years. Each of them tried to define poverty with different approaches. That is why, there is no single definition of poverty today. Poverty and wealth are subjective concepts. These concepts differ from person to person, from society to society. Although, there are different views on the concept of poverty in the literature, it is possible to come across some common points in terms of the explanations and its types. In this part of the study, different studies and views about the concepts of poverty and income inequality will be given with a theoretical perspective.

Seebohm Rowntree made the first meaningful definition of poverty in 1901. According to the definition made by Rowntree, poverty is the lack of income to meet the basic physical needs such as food, shelter, clothing of the individual that are required for survival. The issue that should be emphasized while defining and measuring poverty is whether poverty ought to be analyzed with economic indicators or whether it should also take social and political measures into account.

According to Keynes (1936); growth is expected for economic development. As a result, unemployment is expected to decrease and this has a positive effect on poverty reduction. In his view, the causes of poverty are not related to individual choices, unlike classical and neo classical thinkers, government interventions to fight poverty are expected to improve human capital and increase public education opportunities.

McKinley (2006) states that; whether an individual is poor or not may be understood by looking at her/his lifestyle in general. The poor quality of shelter, clothing, transportation and food reveals the poverty of the individual. At the same time, the individual's access to goods and services offered by the state is an indicator of the individual's poverty. If an individual in a society has limited access to goods and services, the individual is considered as poor. In addition, the fact that the individual is not in a sufficient condition financially is one of the most important pieces of evidence of the poverty. Being excluded from society, living in bad environmental conditions and being vulnerable are also indicators of an individual's poverty level.

Marshall (1999), explained poverty not only as a problem arising from the economic crisis, but as a concept that includes isolation and exclusion from society. According to him, there are two types of poverty; absolute and relative. Absolute poverty is the deprivation of the basic cultural and social needs such as housing, education, health, which are the contemporary needs of a person, as well as meeting the amount of calories that should be spent daily. He expressed relative poverty as being deprived of anything that others have when compared to other individuals.

According to Şenses (2006); it is possible to trace the emergence of poverty as a social problem with the main lines from the beginning of the 17th century. While the 17th century liberal theorists, especially John Locke, who was the greatest theorist and pioneer of liberalism, addressed the problem of poverty from the very beginning and defended private property rights. It should not exclude the poor, that the right to livelihood is necessary for the security of the social order and that this is a surplus that will ensure the welfare of the society and the poor. It is observed that the close attention of important thinkers and theorists to the problem of poverty increased gradually in the 18th and 19th centuries, when industrialization-based capitalism began to take root and spread.

According to Aktan and Vural (2002); people who do not have enough income are called poor. In addition to the need for food, there is the need for clothing, shelter, education, benefiting from health opportunities and socio-cultural needs. Poverty is often related to human needs, that are divided into material needs and spiritual needs. Spiritual needs are the needs of a person such as love, identity, creativity, and freedom. For example, we may define an individual who is very rich but lives alone as poor. In addition, human needs may change according to time and situation. While a certain amount of income may be sufficient for a single individual, it may not be sufficient for a married individual depending on the number of children she/he has and the number of people living in the household. In this case, this family may face the risk of poverty. In addition, it is possible for the individual to remain poor if she/he is faced with the risk of being disabled, catching a disease and not getting enough products as a result of war and natural disasters that threaten her/his life. For this reason, it should be analyzed whether the human needs of the individuals are met according to the society and conditions in which she/he lives, but whether these needs may be met throughout her/his life.

Theoretically, the definition of poverty and income inequality suggests that the existence of one is in question in the presence of the other. In this context, the lowest income group may escape poverty in the presence of a fair income distribution. The link between inequality and poverty may be direct or indirect. The direct link refers to the unequal distribution of income and wealth in the economy. Poor individuals do not have enough income and wealth to meet their basic needs and their children's school and health services. The indirect link is related to the economic growth and employment factor between inequality and poverty. The linkage through growth is based on the Kuznets (1955) hypothesis expressed with the inverted U-shaped relationship between inequality and economic growth. In the early period of economic prosperity, income inequality increases with economic growth and individuals who are most affected by high levels of inequality are especially those who live in poverty. Therefore, the negative effect of growth on inequality causes an increase in the level of inequality as well as the increase in poverty which affects the individual or the economy. Akinyemi stated that there is a positive relationship between inequality and poverty (Akinyemi et al., 2019).

Regarding whether there is a direct link between poverty and inequality, the results of empirical studies show that it is quite important to understand the impact of inequality since it affects the household welfare (Pickett & Wilkinson, 2015). Inequality mainly expresses the conditions of the poor individuals. People at the lower end of the income distribution may be too poor to contribute effectively to the accumulation process. Hence, if households and their descendants are not able to escape poverty as the economy grows, the country may remain at an inadequate level of production with persistent inequality. Therefore, the relevant literature emphasizes the multidimensional aspect of poverty (Chakraborty & Das, 2005).

The Nobel laureate economist Amartya Sen (1989) suggested a different dimension to the problem of poverty. According to Sen’s “talent approach”, human life is a set of “doing” and “being”. The roots of the approach go back to Adam Smith and Karl Marx. Classical political economists view people's abilities as functions (actions and assets) that are determinants of well-being. Combinations of functions achieved by people reflect the individual’s abilities under this approach. An important point to be emphasized while defining and measuring poverty is whether the concept of poverty should be defined by considering only economic criteria in addition to social and political criteria.

The concept of poverty is mainly related to consumption, too. According to Friedman (1957) the consumption and income level are in a close relationship. His permanent income hypothesis states that; expected consumption is proportional to permanent income but not to the current level of income. Friedman distinguishes between income as recorded, which he terms measured income and income to which consumers adapt their behavior. In fact, the consumption of a person is determined by longer range income considerations plus transitory factors affecting consumption directly. This is important in terms of the period of poverty that an individual experience.

As mentioned before, the poverty is an area that many institutions focus on. In that context, UNDP’s HDR (1990) define human development as the process of expanding people's options. Income is a good proxy for other people's choices, as access to income is necessary for most of choices. In fact, country experience shows high levels of human development at modest income levels and poor levels of human development at high incomes. For this reason, human development is measured in HDR using health, education and income indicators.

Temiz (2008) stated that; the most important feature of chronic poverty is that it is not possible almost impossible for individuals to get out of poverty. Duration is the main component of chronic poverty which refers to those who have been in poverty for five years or more and this period is subjective in that it differs from country to country. Temporary poverty is higher than chronic poverty in developing countries. Chronic poverty is a long-term condition that affects a large part of the society, especially in underdeveloped countries. Poverty that persists for a period of five years or more is referred to as chronic poverty. As the poverty period gets longer, the hopes of individuals to get rid of this problem gradually decrease. As a matter of fact, while nearly half of the poor in Germany are able to get out of poverty within a year at the latest, the probability of getting out of poverty for individuals who have lived in poverty for the last four years decreases to 20 percent. While the probability of individuals to escape decreases to 10 percent for individuals who have lived in poverty for 9 years; the probability of individuals living in poverty for 12 years or more have no chance to break free from poverty. However, 20 percent of those who have escaped poverty face the risk of poverty again within a year at the latest. In this sense, a very small part of the chronically poor may escape poverty and protect themselves from it for a long time. The combination of severe and chronic poverty very simply produces the worst form of poverty.

Income inequality, another term which expresses general inequality in reaching goods and opportunities is a notion at the heart of social justice theories. However, since the concept of inequality tends to mean different things to people, it may cause lack of certainties in public discussions. Many researchers often use the terms income inequality, monetary inequality or generally inequality in life conditions to distinguish economic inequality from other types of inequalities.

The prominent study of Kuznets (1955) which is defined as “inverted-U curve” defended that inequality is subject to increase in the initial stages of economic growth. Kuznets affirms that the initial stages of growth benefit ex-ante capital owners by causing a surge in investment prospects on one hand and drives down urban wages on the other hand as the cheap human capital flows to urban areas to fulfill the demand. As the supply of labor increases, wages remain low-and the-income scissors begins to widen. However, when the average income reaches a certain level and the industrialization matures, ultimate democratization enables the benefits to “trickle down”, positively affecting equity.

The view that considers inequality as an inevitable consequence of economic growth is stated in the concept of "Pareto efficiency" or "Pareto optimality" as well. The main idea behind Pareto's "optimal" could be summarized as the following: it is not possible to make one person better off without harming at least another's ex-ante income or benefit. The idea behind Pareto's argument could be linked to the initial phase of economic growth, followed by an opening up that puts many countries face to face with the issue of an equitable distribution of the benefits (Pareto, 1906).

According to Deaton (2013); studies on the inequality within countries have also been present in the literature following the industrial revolution. The author claimed that inequality could in fact be seen as a result of progress since different groups among the population see the benefits of progress through different time scales. With the industrialization process of societies, the income of a part of the society began to increase while the remaining part stayed the same or deteriorated. Therefore, economic progress has made the income inequality and poverty more visible compared to previous periods.

Another progress that has important effects on the income inequality is undoubtedly the globalization. According to Stiglitz (2006); globalization and its effects on income inequality vary from one country to another. Although some countries grow fastly, some do not grow as fast and yet some others do not grow at all. Therefore, the pace of a country's integration to the global economy is an important factor for evaluating the effects of globalization on that country. Some countries, such as China and East Asian countries, and even India had more higher growth rates than the other rich countries since the early 1990s. These countries are on the way to converge with the developed ones. On the other hand, most of African countries have not realized economic development and have been suffered by health problems, under-nourishment and political problems.

Birdsall's (2006) views on the development levels of geographical regions and countries, and the inequality of income distribution, as well as the course of poverty for developing countries are important to be mentioned. According to her; global inequality, measured independently between countries and regardless of their geographical location (i.e., ranking all individuals in the world from poorest to richest) is highly complex. This is mostly due to the difference between the average incomes of the rich and poor. But in the last few decades, due to the integration of markets, rapid economic growth in China, India, and other large and poor countries of South Asia; the inequality between individuals decreased because of the shift of a sufficiently large portion of the individuals in the world from the poorest part of the world income distribution to the less poor part, reflecting an improvement. In other words, the beneficial effects of growth on poverty reduction in some large and poor countries mean that the inequality between individuals is reduced. Global income inequality persists and deepens despite seasonal or inter country differentiation and reduction in inequality. Inequality continues to increase between countries and particularly between the richest and poorest countries, due to the ever-increasing gap in the growth rates of successful advanced economies compared to other economies. The rich countries of Europe, North America, and Australia which were already rich with the industrial revolution 100 years ago continue to grow on a per capita basis today and their development continues. Income inequality is also affected by the distribution between countries and individuals.

3. POVERTY

The term poverty was defined by Seebohm Roventree in 1901 for the first time. According to the author; it is the shortage of income for basic needs such as food, clothing, etc., which are vital for survival. Poverty is the state of not being able to meet physical needs. It may also be interpreted as the situation that human beings do not have the income to maintain their bodily existence and that they are faced with hunger and other problems that are caused by hunger.

Poverty appears as a concept that varies between and within countries and individuals. The definition of poverty until the globalization process was expressed with whether a person was able to feed herself/himself. After, the globalization processes the poverty of a specific person has started being evaluated according to the economic situation of the society that she/he lives in.

The monetary definition of poverty measures it taking income or consumption expenditures of individuals or households into account. In the first studies on poverty, the food expenditures that are necessary for a person's survival was considered only. While in later studies, the situation of not being able to meet non-food needs such as access to basic education and health services, clothing or shelter was also included in to the definition. A multidimensional concept of poverty emerges as a result of observing and classifying these differences by evaluating them within certain criteria.

In this part of the study, the general theoretical framework of the poverty concept is explained. There are different approaches that explain the concept of poverty in the economics literature. The mostly used ones including, absolute, relative, objective, subjective, income, human, temporary, new, and rural-urban poverty concepts are explained. Moreover, the causes of poverty which are titled in terms of economic and social-demographic reasons are mentioned. Finally, the mostly used poverty measurement indices are given.

3.1. Poverty in the Framework of Different Approaches

Poverty is not a new phenomenon; it has been analyzed since the existence of humanity. It continues to exist due to the economic conditions and changes in social conditions over time. The industrial revolution and the emergence of capitalism made poverty a popular area of interest and it has become an important research topic for scientists.

The emergence of capitalism came with the industrial revolution and this revolution reshaped the world economy. When industrialization took place, the laborer had to give up being the owner of her/his own labor and what she/he produced with this labor. With industrialization and so capitalism; on one hand, a small group of factory-capital owners became enriched and on the other hand, a large number of laborers-workers that were completely dependent and deprived of all kinds of wealth came into life progressively (Gönel, 2010). Especially with the industrialization process of the 18th and 19th centuries, the division between labor and capital caused severe income inequality and poverty.

The twentieth century is the era of successive wars, brutal genocides, massacres and, peace treaties that changed the fate of nations. Neoliberal economic policies following these events, with the new conditions of globalization and the post-cold war political and economic structure of the world, as well as the free movement of labor and capital accelerated the integration of countries with the world economy. This transformation process had reflections in welfare. While in one group of countries welfare and wealth increased, in another group of countries poverty, polarization and income inequality rose (Gürses, 2007).

When we examine the poverty issue historically, it is seen that prominent economics approaches evaluate the concept with different explanations. In this context; examples that summarize the point of view of prominent thinkers of some economic approaches are given below.

Physiocrats: It is a group of thinkers centered around François Quesnay and were prominent during a short period of fifteen years in the age of Enlightenment. In terms of poverty; Quesnay carried out studies based on the consequences of the poverty for the life of peasants. He mentioned taxation as one of the growth barriers for the welfare of population. He relates taxation to the poverty of the peasants as follows; taxation forces peasants to work in the cities, which means that the peasant can not take care of their farms adequately. In the long run, this leads to the poverty of the country (Charbit, 2002).

Mercantilists: According to mercantilism, the cause of poverty is the deficiencies in the administration of the state. According to the thinker John Law, poverty does not arise from people's unwillingness to work, but from the failure of government policies to eliminate unemployment. The state's inability to cope with unemployment and poor monetary management are the causes of poverty (Anton, 1997).

Classical Economics: According to Adam Smith, the use of resources in the right place and in a way that increases the value of production brings wealth. Allocating resources in the factors that do not increase the value of production brings poverty. Labor must be used in the right place. In Adam Smith's perspective on poverty, the social order comes to the forefront and he argues that widesprad poverty will disrupt the social balance (Smith, 2006).

Neo-Classical Economics: According to Leon Walras, known as the pioneer of the General Equilibrium Theory; poverty is caused by cognitive laziness or bad luck. According to the thinker, there is no wealth other than work, talent or success. However, he distinguished between involuntary poverty brought about by the social system and poverty caused by individual deficiencies (Sorinel, 2013).

Keynesian Approach: The causes of poverty are not related to individual choices. Government interventions to fight poverty are expected to improve human capital and increase public education opportunities. Prosperity can be achieved through investments and an economy without investment will shrink. Keynes, draws attention to unemployment as an important reason for the increase of poverty. According to him the solutions for the elimination of unemployment are duties of the state (Keynes, 1936).

3.2. Types of Poverty

In this part of the study, the concept of poverty will be explained according to different definitions that are used in the economic literature. Absolute, relative, objective, subjective, income, human, temporary, new and rural-urban poverty concepts will be mentioned respectively.

3.2.1 Absolute poverty

The generally accepted approach to define and measure poverty is the absolute poverty. The history of absolute poverty is based on researches conducted in England in the 19th century. Absolute poverty is basically the inability to meet the minimum basic needs for the sustainability of life in the most general framework. In other words;

absolute poverty refers to the proportion of the population that has income or expenditure below a fixed level of real purchasing power parity (PPP) across social groups. When calculating the minimum standards in absolute poverty, a person's daily calorie needs are considered. This calorie calculation is made according to the development levels of countries.

According to UNDP while the calorie need is 3390 level in developed countries, it is 2480 calories for the developing ones and 2070 calories for the (LDCs) less developed countries. Geographical conditions and socio-economic differences affect the differences in calorie needs between countries. A need basket in accordance with the conditions of the country is determined and the individuals or households who do not have sufficient income to finance their needs are considered as poor.

Per capita income levels determined for the absolute poverty line according to the worldwide accepted World Bank (WB) criteria is 1 United States Dollars (USD) per day for the less developed countries, 2 USD for Latin America, 4 USD for Eastern Europe and Turkey, and 14.40 USD for developed countries (State Planning Organization (SPO), 2001).

3.2.2. Relative poverty

According to absolute poverty definition; human beings are not been considered as social beings. The biggest criticism comes from this point of view. Relative poverty is the criticism of absolute poverty. According to this concept, poverty is not only the inability of people to access resources that are accepted by the society, that someone lives in. Relative poverty is; the state of being able to meet the absolute needs of the individual to survive, but being below the level of welfare created in the society due to the lack of resources. Thus, it is understood that the concept of relative poverty is a social aspect of the individual. It compares the welfare status of the individual with other individuals. The most important point in the calculation of the relative poverty type is the calculation of the welfare level of the society (Arpacıoğlu & Yıldırım, 2011).

Income or consumption can be preferred as a measure of welfare in the measurement for relative poverty. Those whose total income is below a certain amount may be considered as poor. For example, in the European Union (EU), people who have less than 60 percent of the median income are considered to be poor. According to TURKSTAT, the baseline for the relative poverty line is equivalent to the median value of per capita consumption expenditure of the 50 percent (Gündoğan, 2008).

The relatively poor individuals may be expressed not as those who are completely deprived of income, but those who may be expressed as low-income earners. Although, the individuals belonging to this group have a permanent income and a minimum standard of living, their income often remains below the average welfare level. Even though; this relevant group partially meet their basic needs, they have insufficient opportunities to meet their needs for education, health, infrastructure, socio-cultural participation, and quality of housing. In this direction, the relative poverty line is important for reflecting the general life expectancy of a nation and revealing inequalities (Kule & Es, 2010).

In sum, while calculating relative poverty, a certain percentage of the average income in the country is determined and those below this average are considered as poor. In this respect, there is a relationship between the concept of relative poverty and income distribution. Boundaries are determined by calculating the income levels between countries or within the country. Individuals or countries are classified as high-income, middle-income and low-income according to their income levels. A country's high-income level does not have a descriptive feature in terms of poverty. In other words, it may not be determined that there is no poverty in a high-income country or it is at a low rate. The most important determinant of poverty in countries is the percentile that individuals receive from income.

3.2.3. Objective poverty

Objective poverty is the creation of the minimum requirement level as a criterion of welfare with normative measures. What is meant by normative criteria are tangible variables such as consumption expenditures, daily calorie intake etc, (Okumuş, 2010).

According to another explanation about objective poverty, it expresses satisfaction with respect to someone's needs and prestige in social life. It aims to determine the effects of poverty by using poverty measurement methods accepted by everyone within the scope of objective criteria. In this approach, measuring poverty and determining the poverty line are not based on subjective evaluations; the calorie value determined by the experts is determined by tangible values that can be measured in the form of income and consumption expenses (Ertem, 2015). In the objective approach, situations that cause poverty and what will be required to save poor individuals from this situation are determined in advance.

3.2.4. Subjective poverty

In the definition of subjective poverty; the concept is evaluated according to personal judgments and the meaning of poverty differs for different individuals within the framework of these values. In other words, it is shaped according to the subjective thoughts and feelings of individuals and is not based on objective facts. In this type of poverty, individuals evaluate their position according to social and cultural existence of the society they live in. They express their poverty according to their understanding and perception of their existence. That is why; it is not possible to measure subjective poverty with known poverty criteria and accounts. There is a situation far from objectivity in which the perceived life style is evaluated from psychological and subjective perspectives *(ibid)*.

As it is explained above; the subjective approach is evaluating the poverty in a more relative perspective. What is important in this approach is whether individuals or households see themselves as poor or not. If poverty is a relative concept, then this relativity may be reflected in best way by the people living it. That idea has led to the understanding that individuals' own evaluations are used in poverty calculations instead of predetermined criteria (Kunduracı, 2009).

In this perspective, poverty is evaluated according to a need scheme created by the individuals themselves. Researchers prefer to make poverty assessments with an objective approach because of difficulties experienced and the margin of error in subjective approaches.

3.2.5. Income poverty

Income poverty is the state of being deprived of income that can meet the basic needs of individuals in order to have a minimum standard of living. The income that will provide a minimum standard of living is expressed as the income poverty line (Okumuş, 2010).

The socio-economic conditions of the country should not be ignored in order to determine a poverty line that can reflect the poverty within the country. In addition, different poverty lines may be created even in different regions within a country. For this, it is necessary to pay attention to the prices of goods and services in the regions and the differences in access to them. The poor are not simply deprived of income and resources; in addition, they are deprived of opportunities, too (Aktan & Vural, 2002).

3.2.6. Human poverty

The human poverty approach, unlike the others does not only base the definition of poverty on income, but also includes needs such as literacy, life expectancy, and health. This approach is based on a capacity approach shaped by Amartya Sen's writings on human freedoms and what it takes to live a worthwhile life (Buğra, 2005).

UNDP (1997) contributed to the efforts to conceptualize poverty by expanding both the discussions around the concept of poverty and the approaches for measuring it. The concept of "Human Poverty" was introduced for the first time with the 1997 HDR of the UNDP. In the same report, the "Human Poverty Index" was developed to measure human poverty. This index is calculated for the developing countries (HPI-1) based on the following three criteria:

- Life expectancy; percentage of population under 40 years of age
- Education; percentage of illiterate population
- An acceptable standard of living;
    - ✓ Percentage of population that does not have healthy drinking water
    - ✓ Percentage of population deprived of basic health facilities
    - ✓ Percentage of children under 5 years of age who are under-nourished and therefore seriously underweight.

The criteria that make up the Human Poverty Index (HPI-2) calculated for developed countries are as follows *(ibid).*

- Life expectancy; percentage of population under 60 years of age
- Education; percentage of functionally illiterate population

- An acceptable standard of living: proportion of people living below the poverty line
- Social exclusion; composed of long-term unemployment rate
- Percentage of population below the income poverty line

In the HDR of UNDP 2010; HPI is replaced with a new index which is named as Multidimensional Poverty Index (MPI). MPI, which complements money-based measures by considering multiple deprivations and their overlap. The index identifies deprivations across the same three dimensions as the HDI and shows the number of people who are poor (suffering a given number of deprivations) and the number of deprivations with which poor households typically contend (UNDP, 2010).

Human poverty, although associated with income poverty, is different from it. While measures of income poverty focus on absolute income, the concept of human poverty may be defined as the lack of basic human ability/capacity such as literacy, malnutrition, short life expectancy, inadequate maternal and child health, and catching preventable diseases. Accordingly, the restriction of access to goods, services and infrastructure-energy, hygiene, education, communication, drinking water that can sustain basic human capabilities is described as the *human* dimension of poverty (Republic of Turkey Ministry of Public Works and Settlement, 2009).

Considering the main criteria of HPI for developed and developing countries, life expectancy, education, social exclusion and living standards according to poverty line seem to be important topics. Hence, inclusion of disadvantaged groups to the society in the context of the phenomenon of poverty gains more emphasis. In particular, it is seen that especially women, children, elderly people, minorities, and immigrants in underdeveloped or developing countries are more affected by poverty.

3.2.7. Temporary poverty

Temporary poverty is a phenomenon that occurs as a result of periodic fluctuations in individual's living standards or income level. This kind of poverty may stem from periodic factors such as economic and financial crises, natural disasters, high inflation, seasonal and temporary unemployment, regional conflicts, and terrorism (Kaya, 2012).

This type of poverty is caused by economic, social, political, and environmental factors and it exists in both developed and developing countries. The length of time for an individual or household to be classified as temporarily or chronically poor varies from country to country. This continuum usually matures when a person has been poor for five years or more, compared to four years in the USA (Arpacıoğlu, 2012).

However, the longer the period of poverty, the greater the severity and impact of poverty. In this context, chronic poverty prevention strategies should be evaluated economically and socially (Kabaş, 2014). At the same time, social security practices, including income security, are vital for poverty prevention. Thus, for the chronically poor, poverty is associated with low income as well as hunger, malnutrition, lack of access to education, healthcare, discrimination, and violence. Individuals in this type of poverty are born as poor, they die as poor, and they even pass their poverty on their children (Zülfikar, 2010). The chronic poverty term is therefore interchangeably used with permanent and intergenerational poverty.

3.2.8. New poverty

What is meant to be expressed by new poverty is the social exclusion and marginalization, especially in terms of economic connections. It refers to the class of the society whose integration is becoming more and more difficult. In Turkey it is generally seen in the plane of the city, especially in the province of Istanbul. This situation, which manifests itself, may be given as an example of new poverty (Buğra & Keyder, 2003).

The new poverty that emerged as a result of capitalist practices in the globalizing world is shaped by the neoliberal policies implemented during this process. The purpose of these policies is to put consumption into an economic order. The new poverty period that is different from the previous periods; since, the rich and poor have to live together in the same social, economic, and cultural environment. The injustice and exclusion that the poor people face becomes unbearable with this type of life (Karakaş, 2010).

The most basic feature of this concept, which has emerged in the developed countries in recent years, is related to the consumption phenomenon which as a result triggers social exclusion. The people who have newly become poor are not able to fulfill their consumption needs in a modern society and therefore are not able to keep up with normal social life.

Since; the newly poor people are not active and effective buyers of the goods and services offered by the market which are considered as the most important social obligations, what primarily defines the newly poor is that they are defective consumers who see themselves as the sources of problems. Because they are “usual suspects” who exhibit behavioral disorders, they do not obey the rules and may not be controlled (Erdem, 2006).

In the distinction between poverty and social exclusion; while poverty focuses more on the problem of distribution, social exclusion focuses on issues of social relations such as insufficient social participation, lack of social integration, and lack of power as well as the problem of distribution (Bölükbaşı, 2008).

In this context, while studies on social exclusion focus on the economic, social, and political processes that drive people into poverty, they also analyze other forms of poverty that lead to the impoverishment of individuals. Social exclusion draws attention to multidimensional deprivation and helps to understand poverty. It is a more dynamic, multifaceted and methodologically plural concept than poverty. In this respect, social exclusion may be considered as both a cause and a consequence of poverty. Consequently, the most fundamental difference between the two is that exclusion is primarily related to the processes, whereas poverty is a more static phenomenon and is seen as an understanding of a situation, condition or set of circumstances (Sapancalı, 2005).

While examining the new poverty issue, it would be appropriate to emphasize the World Happiness Report (WHR) which measures the happiness levels of countries. The WHR is prepared by the UN Sustainable Development Solutions Network (SDSN). The report was first published in 2012. It emerged as an alternative to the approach that measures the development of countries and the life satisfaction of people only with the Gross National Product (GNP) or the HDI and offered an alternative approach that also puts psychological elements into analysis. Respect for different life choices and individual freedoms, perception of corruption, rate of the mental disorders in countries, value judgments and ethical values are taken into consideration in the WHR (UNDP (WHR), 2021).

3.2.9. Rural and urban poverty

In the UN Habitat Report, urban poverty is defined as the situation in which a part of the population living in cities may not be able to reach sufficient resources and housing to provide a historically and geographically determined minimum standard of living for various reasons and is in a position that may cause problems in terms of behavioral and social relations together with shelter poverty (Kalaycıoğlu & Rittersberger-Tılıç, 2002).

The main cause of urban poverty is individuals who are living in rural poverty and migrating to cities for job and welfare. Poverty which was initially witnessed on the suburbs of cities has come to the city centers with the increase in rural immigration in recent years.

The factors that result in poverty in rural areas are mismanagement, and economic and social policies that exclude these areas. The dichotomy in rural areas emerges between large landowners and small landowners, and this situation increases inequality in income distribution and poverty. Mismanagement increases the costs of rural producers, and poor-quality public services increase poverty. With the economic and social policies implemented, giving priority to cities in social security services and giving more subsidies to capital intensive sectors exclude the rural sector and increase the level of poverty in rural areas (Öztürk, 2008).

3.3. Causes and Consequences of Poverty

Poverty is not such a simple concept that its causes may be gathered under a single title, but it arises from different reasons for different poverty types. While opinions and evaluations on the causes of poverty can change over time, there are also significant differences between the evaluations of different segments of society.

It is possible to collect the causes of poverty under two main headings such as economic and demographic reasons. However, studies investigating the views of different segments of society on the causes of poverty have concluded that these views differ from country to country and within the country depending on the place of residence and development level, beyond factors including, religious belief, race, worldview, education, income level etc, (Şenses, 2006).

Since poverty is a global phenomenon, UNDP made a call to countries to fight against poverty at a global level and with the cooperation of all countries. In this context; it would be useful to mention Sustainable Development Goals (SDGs) and especially SDG1 “No Poverty”, which emphasizes the importance and need for a global effort to be put forward to reduce poverty. According to UNDP; The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs are integrated that is, they recognize that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability. Through the pledge to “Leave No One Behind” countries have committed to fast-track progress for those furthest behind first. That is why the SDGs are designed to eliminate the life-changing problems, including zero poverty, hunger, Acquired Immunodeficiency Syndrome (AIDS) and discrimination against women and girls. Everyone is needed to reach these ambitious targets. The creativity, knowhow, technology and financial resources from all of society is necessary to achieve the SDGs in every context (UNDP, 2021).

3.3.1. Economic Causes

The most important factors causing the concept of poverty, which may be expressed as the inability of people to meet their needs, are considered as economic factors. In this part of the study, economic causes of poverty are discussed. The causes are explained under four subheadings: growth and income inequality, unemployment, inflation and economic crisis.

3.3.1.1. Growth and income inequality

Poverty is closely related to the average income level, economic growth and the degree of inequality in income distribution which refers to the distribution of the total income obtained from the goods and services produced by the individuals living in a country to the individuals in that country (Işığıçok, 1998). Income inequality is the proof that the income distribution in a country is not equally and fairly distributed to the individuals in that country. Inequality in income distribution is generally characterized as an undesirable situation by social scientists. One of the reasons for that view is its adverse effect on economic growth.

Income distribution and inequality affect many economic factors, and these factors also affect income distribution and inequality, too. The concept of poverty should also be considered when evaluating the factors that affect or determine income distribution. There is a positive relationship between income inequality and poverty. As the inequality in income distribution increases, the level of poverty also increases.

According to research made by Kuznets (1955) the connection between *economic growth and income inequality* was expressed as the *"Kuznets Hypothesis".* It suggests that; increase in economic growth will result in per capita income inequality initially. Then, as growth continues, the inequality in income distribution will decrease over the years. As it turns out, there is a connection between income distribution and income level, which is expressed as an "inverted U-curve". According to the Kuznets hypothesis, in the early stages of economic development, the rural populations economic percentage in the economy is higher, this share is limited at the urban level.

Accordingly, the income level in the society is also lower and the Gini Coefficient for the low income is also low. Accordingly, it can be said that; poverty was shared equally. With the increase in the income level, the industry-oriented investments are increasing and this situation causes those working in the industrial sector to earn more income compared to those engaged in agricultural activities in rural areas. As a result, inequality arises in income distribution. This result is the first stage of the Kuznets curve. As the economy matures, the sectoral share of the rural sector decreases and the share of the urban sector increases. Thus, there is an increase in income and inequality begins to decrease *(ibid)*.

Another discussion point in the relationship between growth and poverty is about the factors that cause the effect of growth on poverty. At this point, the two main factors are mentioned; effects of growth on income distribution and labor markets. Therefore, besides the growth rate, income distribution, labor force participation rate, working hours, wage level, key labor market indicators seem to be very important (Şenses, 2006).

There is a strong relationship between income distribution and poverty. The higher the income inequality at a certain income level, the higher the poverty in this direction. In its most general form, income distribution is the name given to the shares that those who contribute to the total income receive from this income. The increase in inequality in these shares leads to financial difficulties over time, and thus hinders the stable growth of the economy (Balcı & Alyu, 2018).

3.3.1.2. Unemployment

An individual who does not have any other income generating investment, will spend her/his savings over time and become cashless and needy in time when she/he becomes unemployed. Considering this situation socially, an increase in unemployment will inevitably have a multiplier effect on poverty, and it will be inevitable for a society to encounter impoverishment. Therefore, in order to reduce unemployment, it is necessary to diversify employment opportunities and increase employment to meet the labor force potential created by the increasing population. Summarily; unemployment, employment and poverty are important concepts that have a bidirectional causal relationship where one affects the other and vice versa.

The accurate determination of the relationship between unemployment and poverty largely depends on the unemployment profile. The age and education level of the unemployed, the reasons for unemployment and the duration of unemployment constitute the main link between unemployment and poverty. In some countries, the unemployed are "financially secure enough to be selective" about their jobs, yet in other countries, the focus is on the poor who are not able to find jobs, and who lost their jobs during a recession or were pushed into poverty suddenly. Another factor to be considered in the relationship between unemployment and poverty is the duration of unemployment. The shift of the unemployment profile towards the long-term unemployment in many countries is also a worrying case in terms of poverty. More than 60 percent of the unemployed in Italy and Belgium are long term unemployed, and this rate reaches higher rates in Germany, Spain, Greece, Hungary, and Ireland (Şenses, 2006).

Underlining the fact, the relationship between unemployment and poverty, social security measures such as unemployment insurance and family/social solidarity elements have an important role. Factors such as unemployment insurance and benefits and whether there is another employee in the family may affect the form of the relationship between unemployment and poverty in different countries. And this shows that this relationship is not as simple as it seems at first glance. In poverty researches, it is observed that besides unemployment, low wages also come to the forefront as an important cause of poverty. Low wages also influence poverty by increasing income inequality and discouraging labor force participation, and family income *(ibid).*

Erdut (2005) expresses that; the rapid growth of the workforce indicates limited employment opportunities in industry and services, leading to reduced labor force participation and the emergence of alternative labor markets. In recent years, the industrial restructuring process has had a profound impact on the labor market, especially in developed and LDCs.

Globalization has profitably integrated global factors of production, it has diverted the labor market, forced workers to be redistributed in terms of labor according to their level of expertise, reduced economic regulation and restructured production, and increased global unemployment (Kulaksız, 2014). As a result, global employment has been adversely affected and hence, unemployment has become a chronic problem which is structurally linked to the poverty.

Unemployment and poverty are more common in underdeveloped economies. However, the developed economies have also been facing these challenges lately due to the global economic recession (Şenkal, 2018). In middle-income countries, the existence of surplus labor force and the lack of sufficient employment do not appear as open unemployment, but as poverty. As there is no or limited unemployment insurance or benefits, those who need to work are forced to work for very low wages or in a temporary job. Since, the employment does not eliminate poverty, the problem of unemployment and poverty are more intertwined in this type of countries (Koray, 2008).

According to Gündoğan (2003); while unemployment is one of the important causes of poverty in general, it ceases to be an obvious poverty factor due to the social policies implemented in some countries. Therefore, the risk of poverty in these countries may not be directly related to the unemployment rate. The most obvious example of this situation is seen in Scandinavian countries. The poverty rates of both the unemployed and the employed in these countries are very close to each other. As a result, if social policy practices are sufficient to prevent poverty in a country, high unemployment rates do not create a serious pressure to the rise in poverty. In addition, low unemployment rates do not always mean that the poverty rate is low when the proportion of the working poor is considered.

3.3.1.3. Inflation

Inflation is defined as a continuous and perceptible increase in the general level of prices. The decrease in real wages due to the increase in the general level of prices in an inflationary environment affects the low-income groups. Since wages are the most important sources of income for the low-income group, this decline is closely related to poverty. For this reason, the anti-inflation policies implemented by governments during periods of high inflation are of great importance in reducing the level of poverty (Akçakaya, 2009).

Inflation negatively affects the income distribution in the country. While the people who have the opportunity to save in an inflationary environment benefit from high real interest rates, the income distribution gradually deteriorates as the people with low-income levels do not have this opportunity. The segment that mostly suffers from inflation is fixed income groups. Income distribution deteriorates to the detriment of lower and middle-income groups who are not able to protect themselves from inflation.

In addition, due to unexpected increases in inflation, the number of lenders and borrowers decreases, and as a result, income distribution deteriorates (Central Bank of the Republic of Turkey (CBRT), 2013). Since the purchasing power of this segment of population is negatively affected, the poverty rate increases gradually when the results of inflationary periods are considered for the poor people. The economic results of inflationary countries like Turkey verify this argument.

3.3.1.4. Economic crisis

An economic crisis may be defined as the sudden and unexpected event that occur in the economy, resulting in consequences that will deeply affect the country's economy in macro and micro terms. The effects of economic crises may occur in different ways according to the characteristics of the countries. A rapid contraction in production, sudden decrease in the general level of prices, bankruptcies, sudden increase in unemployment rate, decline in wages, collapse in financial markets, and recession are the main results of economic crises. The economic crises that break out in different countries also affected the current poverty rates of the countries at different levels. The analysis of the poverty rates of countries before and after the crisis shows the severe negative effect of the crises on the poor. The poverty rates for the period between 1996 and 1998 reflect that before and during the crisis, poverty rates increased from 11.4 percent to 12.9 percent in Thailand; from 11.3 percent to 18.9 percent in Indonesia; and from 21.9 percent to 32.7 percent in Russia. Argentina, which had a poverty rate of 16.8 percent before the crisis, experienced 24.8 percent poverty in 1995 when the crisis emerged (Yılmaz, 2006).

The social consequences of the economic crises in the world continue to be a serious problem. Millions of people who lost their jobs due to the crisis are still unemployed and most of them are without any social security. The children of the vast majority of unemployed people still are out of school and they work in the unregulated informal labor markets. Women and children continue to be the most affected group of people by crises (Şenkal, 2018).

3.3.2. Social and Demographic Reasons

Explaining the causes of poverty with only economic parameters will not be a holistic approach to the poverty phenomenon. Therefore; it will be useful to explain the social and demographic factors of the poverty in order for a better understanding of the subject. Social and demographic factors that cause poverty are discussed under four subheadings in the study. These are population growth, household characteristics, education, and migration.

3.3.2.1. Population growth

As population increases, individuals, acquire access to land and resources; which significantly affects the level of welfare. While the population in industrialized countries has attained a stable structure due to the contribution of the low population growth rates for a long time, many of the underdeveloped countries face intense pressure due to the increase in population and unqualified workforce that increases over time (Şenses, 2006).

High fertility rates (rapid population growth) slow down economic development, increase poverty and exacerbate the problems caused by other factors. It is known that annual population growth is greater than 2 percent and economic development is limited in poor countries with weak states. For example, the population growth of countries in sub-Saharan Africa, one of the least developed regions, is more than 2 percent. Between the 2005 and 2010 period this rate is 2.21 percent. The lowest annual population growth rate was observed in developed regions, in the same period (Kabaş, 2009). High fertility rates, in other words, rapid population growth slows down economic development, increases poverty, and causes adverse living conditions, especially in cities. Rapid population growth puts great pressure on resources, especially land, and increases poverty by increasing the demand for food (Arpacıoğlu, 2012).

3.3.2.2. Characteristics of households

One of the main factors determining the changes in poverty level and profile is the changes in family structures over time and the new household types that emerged as a reflection of socio-economic changes. The increase in the number of children in family composition as a result of rapid population growth in LDCs, changes in family composition as a result of increasing divorces, and the spread of households consisting of students who are somewhat independent from their families may be counted among such changes that cause poverty. Different types of households are affected differently by the changes in the macroeconomy and labor markets in particular *(ibid)*.

Household composition stands out as a very important factor in people's participation in the labor force and thus in determining the poverty level. According to Schiller, two-parent households have a significant advantage over single-parent households in terms of labor force participation. In two-parent households, one parent, usually the father and sometimes the mother, concentrates only on her/his labor market activity, while the second parent prefers to strike a balance between her/his labor market activity and activities such as housework and childcare. However, in single-parent households, the income of this household is lower than in a two-parent household, as this person has to carry out her/his activities in the labor market and at home at the same time. Moreover, if the single parent is a woman, the income of the household is further reduced because the wages of women are generally lower than those of men as a result of glass ceiling in the labor market. In result, the poverty rate among single parent households is therefore higher (Schiller, 2004).

The number of children in a family is a factor that influences poverty in both developed and underdeveloped countries. In the southern regions of Italy, for example, large families in which fathers do not have a secure job and unemployed; children are found to be riskier in terms of poverty. Similarly, it has been observed that families with more than two children constitute a significant part of the poor population in Northern Ireland (Şenses, 2006).

3.3.2.3. Migration

Another basic factor that determines poverty is migration between different settlement areas, especially from rural to urban areas. In developed countries urbanization played an important role in reducing the poverty rate throughout the twentieth century. It is crucial to consider whether this observation is not specific to developed countries, and whether it also applies to the accelerated urbanization process in the LDCs after the post-World War II period. Different segments of the society have different tendencies to migrate. There is a complex relationship between poverty and migration. For example, the spatial mobility of the poor may be less compared to other segments. Likewise, different ethnic groups, the unemployed, and the self-employed may have different tendencies to migrate. Urban poverty occurs as a result of migration from rural to urban areas and the poor in rural areas are pushed to the cities as a result of their low incomes. Migration increases due to the size of the rural-urban income differences and therefore a process of impoverishment emerges accordingly. Thus, urban poverty is considered as a reflection of rural poverty and is associated with the rapid urbanization process *(ibid).*

The process of migration by being forced to leave their habitats generates new difficulties or exacerbates existing conditions for the poor people. As a matter of fact, social mobility resulting in forced migration generally produces a state of poverty and deprivation or deepens this existing situation. While the living space is socio-economically inadequate, efforts to establish a new life in another scale often cause living conditions to become more difficult for the poor people (Tümtaş & Ergun, 2014).

3.3.2.4. Education

Education is cited as one of the main reasons for poverty which has become an important problem in the world with globalization. Low level of education results in working for low wages which causes poor living conditions. As a result, poor living conditions bring along the problem of poverty.

Todaro (1989) indicates that; education is one of the most important sources of income today. The fact that the education rate is generally low in a country causes the labor force to enter the labor market as unskilled labor. Technological developments and globalization decrease the chances of unskilled labor to be employed in such business lines that require skills and knowhow and this situation eventually decreased the wages and directed that unskilled worker to accept low wages. The increase in the number of unemployed and low-income workers also increase the poverty rate in a country. Therefore, one of the most important causes of poverty is the lack of education.

Education inequality is one of the most important factors affecting poverty and there is a strong relationship between educational inequality, inequality of access to education, and income inequality. Equal access to education ought to be one of the fundamental rights of an individual. However, many studies show that the gap in education between different groups is widening in developing countries. If individual talents are normally distributed and educational opportunities are allocated in a skewed order, this may lead to important welfare losses. Like physical capital, equitable distribution of human capital (literacy and nutrition) is a prerequisite for individual productivity and poverty eradication according to Karayılmazlar (2006).

Güloğlu and Es (2011) asserted that; the work life in the urban environment places emphasis on skilled people who are experts in their business. Individuals who want to earn more should receive a good vocational and technical education. People who have migrated away from the region they live in and settled in cities, especially those living in slums, have to be aware that they may experience difficulties for a while to get into such jobs. If these people are not adapted to the requirements of urban life, they will most probably continue to live on low incomes and their problems will persist. The number of unskilled people in the labor market is increasing day by day in Turkey thereby causing an increase in unemployment.

Another important issue that should be emphasized within the scope of the impact of education on the phenomenon of poverty is the issue of women's education. The fact that the education level of women is not high also has a an important effect. Its important role in the family and especially in the development of children, causes a multiplier effect on the deepening of poverty. Education and knowledge is the most important qualification for the individual at the point of earning, the importance of which is increasing day by day in today’s world.

3.3.3. The Impact of Covid 19 Pandemic and Consequences

The Covid-19 pandemic, which has been affecting the whole world beginning by the end of 2019, is a crisis that is intensely discussed with its socio-economic effects as well as others such as human health, education, poverty and inequality. Especially during this period of crisis, in which almost all segments of the society were greatly affected, there was an increase in social problems which fall within the scope of social policy.

Covid-19 and the subsequent economic developments with the pandemic present signs of a global recession. Balun (2021) suggest that Turkish economy will inevitably be affected by this situation and that widespread unemployment may be encountered in the coming period due to the effects of pandemic on the current economic situation of Turkey. The risk of poverty may increase in the face of such a development. Income transfers will become even more important, especially part-time workers and low wages earners, unregistered workers and disadvantaged groups are considered since they are more vulnerable.

Analyzing the consequences of Covid 19 pandemic in terms of poverty, it is stated in the reports, statistics and other studies that part-time and low-wage workers, those who are unregistered, young people, women and immigrants are more affected by the job and income losses caused by this pandemic. Therefore, it is thought that the measures to be taken in order to facilitate access to unemployment benefits, social assistance and public employment programs, especially for this group, and for other segments affected by the epidemic, are important in terms of reducing the effects of the pandemic *(ibid).*

Another issue that should be mentioned in terms of the effects of Covid 19 is income inequality which is an important determinant of poverty. Inequality has increased all over the world during the Covid 19 pandemic period which is still continuing. Many people lost their jobs or had to work for low wages during this period. The existing poverty has deepened due to the fact that states are not sufficient in providing assistances especially for the poor in underdeveloped countries. Although the number of studies reflecting the income loss and poverty rates of the people affected by the pandemic is small, the UNDP Global MPI 2021 shows that the pandemic has led to an increase in poverty and the poor are therefore worse off in terms of health and education (UNDP, 2021).

3.4. Poverty Measurement Indices

The first step to be mentioned in measuring poverty is to identify who will be considered as poor and "who are the poor?". First of all, the poor should be defined based on a reliable assumption and according to the minimum poverty threshold. Information on the poor should be collected such as the sources of their income, the size of the household, their access to education and health services, and whether they are exposed to social exclusion and discrimination. The common point in all analysis on poverty is the determination of the poverty line. The main purpose of the poverty line is to determine the poor and the non-poor, or in other words, to determine the proportion of the poor in the total population (Aktan & Vural, 2002).

The definition and measurement of poverty relies on the question of whether only economic as well as social and political criteria should be considered as indicators of poverty. Economic indicators have come to the forefront as a reflection of the fact that poverty studies have shown an economic oriented development until recently.

However, even when poverty is defined purely from an economic point of view, a spectrum of indicators covering many different criteria including income and consumption expenditures are seen in economic literature (Şenses, 2006). Commonly used indices for measuring poverty in literature are the Head Count Ratio Index (HCR), Poverty Gap Index (PGI), Sen Index, Foster-Greer-Thorbecke Index, Human Development Index (HDI) and Human Poverty Index (HPI).

3.4.1. Headcount ratio index

The most widely used index to measure poverty is the ratio of people below the poverty line to the total population which is named Headcount Ratio Index (HCR). The starting point of the developments observed in the measurement methods of poverty, especially after the mid-1970s, was basically the criticisms directed at this index. HCR was found insufficient because it did not consider the number of poor people and did not discriminate between a person just below the poverty line and a person far below it. It was insensitive to the income distribution among the poor population and could not measure the degree of poverty. At the same time, even small changes in the poverty line may lead to large changes in the poverty rate if poor households are concentrated near the poverty line *(ibid).*

The HCR represents the proportion of those below the defined poverty line, “q” to the total population “N”. It represents the share of the population whose income or consumption is below the poverty line.

$$H = q/N$$

For example, if we assume that the number of people under the poverty line in a country is 30 and the total population of the country is 300. According to the HCR this country has a poverty measure of 30/300 = 0.1, that is the poverty rate is 10 percent. With this index, only the poor can be distinguished from the non-poor. The HCR index has many aspects that may be criticized. The most important one of these; it does not give information about the intensity of poverty and does not take the income distribution among the poor into account.

3.4.2. Poverty gap index

The Poverty Gap Index (PGI) is a measure that rates the individuals falling below the poverty line. The purpose of this measurement is to determine the extent of transfer needed to make poor individuals move closer to the poverty line. Thus, it will be possible to make a general assessment about the amount/policy of support that will make the income of poor individuals be closer to the poverty line (Özdemir, 2017).

The concept that is taken as the basis for the formation of the PGI is the income gap. The difference between the poverty line and the income of the individual is equal to the income gap. The income gap may not take a negative value. The increase in the income gap shows that poverty is deepening and exacerbating (Dağdemir, 1999). The PGI is being calculated with the formula given below.

$$P = \frac{1}{n} \sum_{i \in Q} \frac{(z_i - y_i)}{z_i}$$

In this formula, “n” represents population size, “Q” represents the cluster of poor, “y” represents consumption, and “z” represents the poverty line. This index seems to be reliable than HCR, since it helps in calculating the depth of poverty. However, it does not give us information on how the income among the poor is distributed and how many people are poor. Another disadvantage is that it is insensitive to transfers, like the HCR.

3.4.3. Sen index

Amartya Sen (1976) proposed an index that attempts to combine the effects of the number of the poor, the depth of their poverty, and the distribution of poverty within the group.

The most important contribution of the Sen index is that when the income of a poor household decreases, the poverty index should increase and when income is transferred from a poor household to a poor household with a higher income, the poverty index should increase (Şenses, 2006). The index is shown with the formula below:

$$Ps = H\,[I + (1- I)\,G]$$

- Poor person ratio (H)
- Poverty gap ratio (I)
- Income distribution among the poor (Gini Coefficient-G)

Sen Index, which is a weighted poverty measurement method, takes values between 0 and 1 like the Gini coefficient. In the case of complete inequality among the poor, the Sen Index becomes 1, while in the case of complete equality among the poor, the index is 0 *(ibid).*

3.4.4. Foster-Greer-Thorbecke index

The most significant contribution among the comprehensive studies on poverty measurement methods is the index developed by Foster, Greer, and Thorbecke (FGT) in 1984. The importance of this index stems from the fact that it eliminates the main criticisms directed at the previous indices, fulfills the conditions of the two axioms referred to above, and above all, makes an important contribution to at least two issues. The first of the important contributions of the FGT index is about its ability to separate poverty into different subgroups. Through this index, the poor population is divided into different socio-economic or regional groups that are clearly separated from each other, and the poverty rates related to these groups are calculated separately, and when the indices related to the subgroups are weighted by the population shares of the subgroups, it is then observed as the total poverty rate. Thus, beyond the number of the poor, information about the depth of poverty and its relative intensity among different groups is obtained. The second important contribution of the FGT index is that it contains an increasing poverty response coefficient in parallel with the degree of response to poverty, with the approach that increases in incomes of poor groups will provide more benefits than increases in other groups, and that it is sensitive to distribution problems (Foster et al., 1984). FGT index formulation is as follows;

$$P_\alpha = \sum_{i=1}^{q} [\frac{(z - y_i)^a}{z}] \frac{1}{n}$$

$P\alpha$: FGT index

n: Total population

q: Number of poor

y: Per capita income

z: Poverty line

α: Weighing parameter for poverty

In the model the α parameter takes either 0, 1, or 2 values. The higher the value given to this parameter, the higher the index represents the poorest. For α=0; *Poor Person Ratio*, for α=1, *Poverty Gap Ratio*, and for α=2, this formula gives the *Income Equality Coefficient* among the Poor, which allows measuring income inequality among the poor (Dağdemir, 1999).

3.4.5. Human development index

Human Development Index (HDI) developed by the UNDP and which has been in use since 1990, although the measurement methods have undergone some changes over time, attracted the most attention among the composite measures.

Based on a good and long life, access to information, and a high standard of living, the HDI index consists of income, education, and health indicators, associates socio-economic indicators with economic growth, and enables international comparisons to be made by monitoring the situation of developed and underdeveloped countries together (UNDP, 1990).

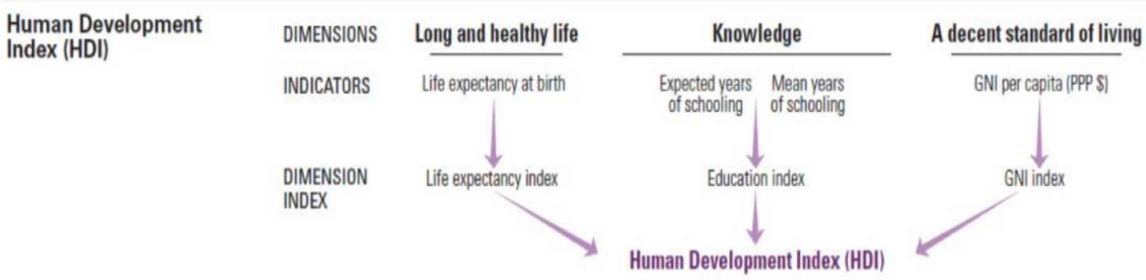
The HDI was developed to measure whether people have a healthy life, education, and sufficient income. It clearly shows the differences between countries in the global sense and the regional differences in the national sense. The HDI shows the values reached by a country in three basic dimensions. These dimensions are;

- Long and healthy life as measured by life expectancy at birth
- Adult literacy rate
- Standard of living as measured by GDP per capita determined by PPP

A schematic indication of how the index is constructed from these three dimensions is as follows.

Figure 1

Components of the Human Development Index



Note. UNDP, 2021. http://hdr.undp.org/en/content/human-development-index-hdi

To calculate the index, a formula is created for each dimension and the maximum and minimum values are used for each indicator. The maximum-minimum values used in the calculation and the index formula calculated for each dimension are given below. HDI is explained as:

$$\frac{(\text{Actual Value} - \text{Minimum Value})}{(\text{Maximum Value} - \text{Minimum Value})}$$

3.4.6. Human poverty index

The Human Poverty Index (HPI) tries to measure poverty in a society with a composite index that includes different characteristics of deprivation in quality of life. The HPI measures current deprivation using the same basic human development criteria as the HDI. In this direction, two different human indices are calculated (UNDP, 2006).

The Human Poverty Index-I (HPI-1) measures poverty in developing countries. HPI-1 assesses deprivation in three dimensions:

- Long life expectancy; measured by the probability of not living to 40 at birth

- Knowledge level; measured by the rate of illiterate adults
- Proportion of people who do not use healthy/quality water resources and economic poverty as measured by the proportion of underweight children

The Human Poverty Index-II (HPI-2) is calculated for developed countries, measures poverty in a similar method for developing countries (HPI-1) and additionally considers the factor of social exclusion.

- A long and healthy life; vulnerability to death at an early age, as measured by the probability of not surviving to age 60.
- Knowledge; exclusion from the world of reading and communication, as measured by the proportion of adults (16-65 years old) who are not functionally literate.
- A decent standard of living; proportion of people below the income poverty line (50 percent of median household disposable income).
- Social exclusion; measured by the long-term unemployment rate, 12 months or more (UNDP, 2006).

4. INCOME DISTRIBUTION AND INEQUALITY

The main objectives of the policies implemented in the economic area is to develop countries, to increase economic and social welfare and to ensure social peace and welfare among individuals. One of the main conditions for achieving these stated goals is related to the fair distribution of the country's income between individuals.

Income is the monetary gain obtained by someone as a result of production and service processes. When the expenses of all the inputs used in the production of goods and services and the depreciation of the tools and equipment are subtracted from the sales price, the portion of the remaining surplus, namely the net added value, to the workers and capital owners who participate in the process constitutes their income (Kepenek & Yentürk, 2000).

In this part of the study, income distribution and inequality terms are elaborated. The four main income distribution types; functional, household, sectoral and regional income distribution are described respectively. Furthermore, income distribution measurement indices including Lorenz Coefficient, Gini Coefficient, Kuznets Coefficient, Pareto Coefficient, Atkinson Index, Theil Index and Percentage Analysis are given. Lastly, factors affecting income distribution including, economic growth, unemployment, demography, inflation, education are explained according to their effects.

4.1. Income Distribution

The concept of income distribution refers to the division and distribution of the national income produced by the people living in the country as a result of the production of goods and services among individuals, social groups, regions, and production factors. Income distribution is basically aimed at explaining income differences. In addition, it is the examination of how the economic and social institutions within the production activities that reveal the national income are in a relationship.

It is very important how much share the economic units get from the national income created. It is also an indicator of the welfare and development level of the society. Thus, income distribution researches give the opportunity to understand and explain the social and political structure of the society in which someone lives. Income distribution reveals the relationship between income inequalities and social and economic institutions, the change in income gap between rich and poor over time, the effects of changes in income inequality on wealth, capital accumulation, growth, and resource distribution (State Planning Organization (SPO), 2001). Unjust income distribution should be considered as a social problem in addition to being an economic problem in countries. The unfair distribution of income brings along the problem that basic needs such as education, housing, health, and nutrition are not met equally among individuals.

There are different classifications for the distribution of income created in a country. As a result of the researches that aim to explain who should distribute the national income and in what way; four basic income distribution types are revealed. These are; functional (factoral) income distribution, sectoral income distribution, individual (household) income distribution, and regional income distribution (Uysal, 2007).

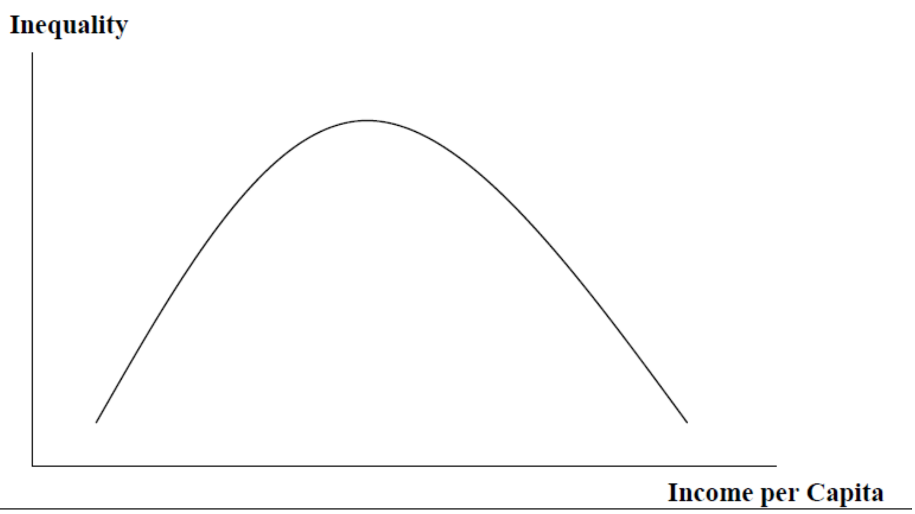
4.2. Income Inequality

Income distribution inequality is an important policy issue as it has become a permanent phenomenon in recent years. Inequality is also important because of its link to the economy, politics and population. Keynes (1936) states that the main fault of the economic society we live in is its failure to provide full employment and the unequal distribution of wealth and income. Krueger (2012) defines income inequality as the unequal distribution of an individual's or household income to various members of an economy. Guiga and Rejeb (2012) define inequality as the factor that minimizes economic growth in the poverty reduction process.

Income inequality gives a clue about the development level of a country, too. According to Kuznets (1955), “As you move from low-income countries to middle-income countries, the inequality in income distribution increases. As you move from middle-income to high-income countries, the inequality in distribution decreases.” The inequality in income distribution is shown as an inverted-U curve known as the Kuznets’ Curve as it is shown in Figure 2.

Figure 2

Kuznets Curve



Note. Kuznets, 1955

Kuznets curve depicts the Gini coefficient on the vertical axis and the per capita income level on the horizontal axis. Accordingly, while the income level in the country increases with the growth process, the income distribution firstly deteriorates and then improves after a certain income level *(ibid).*

4.3. Types of Income Distribution

Throughout the history of economics, different methods have been used to measure income distribution. First of all, various studies have been carried out on income distribution, considering the wage, rent, and rental issues. However, later on other types of measurement emerged. Income distribution types are effective in revealing the income distribution structure of the country, its rates, and the differences between wage incomes. As the distribution is examined in terms of individuals, sectors, and social groups, various types of income distribution have emerged. Four types of these measurements will be explained in this part of the study.

4.3.1. Functional (factoral) income distribution

It is the type of income distribution that shows how the production factors, which are effective in increasing the national income, receive a share from the national income. The factors of production mentioned in this type of income distribution are; land, labor, capital, and entrepreneurship. In other words, it is the type of income distribution that shows how and at what rate the national income is shared between wage, interest, rent, and profit factors. This type of income distribution examines how much production is paid to employees, how much interest is allocated to owners, how much is distributed to the lessors, and how much remains as profit (Eker, 2021).

Although functional income distribution is a good measure of the distribution of national income among social classes, it can only outline the shares of various social groups in national income. However, social grouping is too complex to be included in the quadratic classification of functional income distribution. According to this classification, there is no difference between small trader and big trader, small farmer and big farmer, civil servant, and industrial and agricultural workers. Similarly, a person who is the coordinator of a large company should be from the wage class according to the functional income distribution, but not from the working class in sociological terms (Türk, 1992).

It is possible to calculate the national income based on the functional income distribution. On the other hand, the share of the factors of production in the national income, the wage earners (wages and salary incomes) who earn money with their labor in the society, and the shares of those who earn income through the production factors they have (profit, interest and rent income) are considered. By observing the changes in the shares of factors in national income over the years, the effect of functional income distribution on employment and national income is investigated. If the relative share of wage incomes in national income increases and the share of profit income decreases, investments will decrease, employment will decrease and ultimately the growth rate will be adversely affected (Dinler, 2006).

In sum; functional income distribution is an approach that shows the distribution of income obtained in the production process between production factors and socio-economic groups. Functional income distribution, which is a concept that examines the shares of various production factors from national income, has a special importance in terms of providing information about wages, interest, rent, and profit shares in national income.

4.3.2. Household (personal) income distribution

Personal income distribution refers to the distribution of total income among individuals, families and groups that make up the society. As can be understood from the definition, income distribution among individuals or households is at the forefront in household income distribution. The first goal expected from household income distribution, which is a very good indicator of economic inequalities, is to identify income inequalities between households. Income inequalities in household income distribution are determined by the size of the income of individuals or households. The distribution of household or personal income differs by income type, socio economic groups, occupations, sectors, regions, age and gender, educational status etc., apart from income size. Household income distribution studies also have the feature of being important studies in terms of revealing how all income created in a country during a certain time period is distributed among households or individuals and determining the changes in the social and economic structure of the household over the years (State Planning Organization (SPO), 2001).

Examining household income distribution, two aspects should be considered in terms of method: The first of these is related to whether the individual or the consumer unit will be taken as a unit in the explanation of household income distribution. In this regard, consumer units are generally accepted. The second point is to show those who do not earn income, that is, the unemployed, in the method to be applied in examining the household income distribution. For this reason, the family is taken as the unit in studies on personal income distribution (Aras, 2012).

4.3.3. Sectoral income distribution

It is an indicator of the extent to which all production sectors contribute to the national income produced. The share of industry, agriculture, and service sectors in national income is determined within this scope. In high income countries, the share of the industrial sector in national income is higher, while the share of the agricultural sector is relatively lower. In middle income countries, the share of the agricultural sector in national income is higher, while the share of the industrial sector is lower. However, the share of each sector in national income may change over time. Sectoral shares in national income vary depending on the developments in the economic conditions of the countries mostly.

There are three main sectors in an economy: agriculture, services, and industry. Sectoral income distribution is the evaluation of how much these three main sectors contribute to the GNP in an economy. In other words, economic data such as the share of agriculture, industry, and service sectors in national income, the path they follow in the long run, and their contribution to the social product are indicators for the state and they determine which sectors will be encouraged by looking at how the sectors affect the national income distribution and the results of the income distribution according to the sectors. Sectoral income distribution analysis gives information about the development levels of a country. Since the economy in underdeveloped countries is based on agriculture, the share of the agricultural sector in national income is higher. In developed economies, the share of the agricultural sector in national income is low because the economy has completed its industrialization (Kamu-Sen, 2010).

4.3.4. Regional income distribution

It has not been possible to distribute the total income equally between regions in any country. Generally, the distribution difference between regions is low in countries that have achieved economic development, and it is high in underdeveloped economies (Kaya, 2009).

Regional income distribution is expressed as the geographical distribution of the income produced within the current borders of the countries. When the income shares of the countries are examined in terms of their geographical scope, some regions receive a larger share from the income, while some regions do not receive the required share. The inequality of income distribution between regions is basically due to the differences in factors including agriculture, service, technology, health, education and population in each region.

It is important to reduce the development disparities between regions. Because development differences can cause social events, as well as if there are ethnic or religious differences between the underdeveloped regions and other regions, chaotic problems may occur as a result.

The geographical location of the region explains the most basic of inequalities in regional income distribution. Depending on the geographical location; the transportation problems, caused by the distance to the market and the sources, prevent entrepreneurs from investing in these regions. Thus, regional income inequality arises (Altınışık & Peker, 2008).

4.4. Income Distribution Measurement Indices

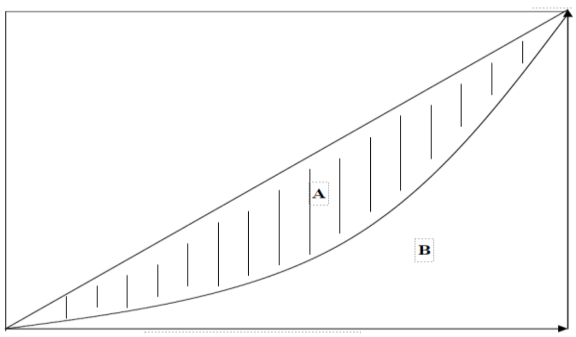
The concept of income distribution has an important place in economics literature. It has come from the past and has become an issue that has critical importance today and concerns all segments of the society. The solution to this problem requires a reasonable level of income distribution in order to lead a life in social peace, stability and prosperity. The unequal distribution of income is an important problem not only in underdeveloped countries but also in developed countries. Measuring this problem to be solved is an equally difficult field of study. In the literature, many methods are used to measure income inequality. The generally used and important methods that would be explained in this study are; Lorenz Curve, Gini Coefficient, Kuznets Coefficient, Pareto Optimum, Atkinson Index, Theil Index and Percentage Analysis.

4.4.1. Lorenz curve

The Lorenz curve is the graphical expression of measuring income inequality. The cumulative percentage share of the population is shown on the horizontal axis of the figure, and the cumulative percentage share of the incomes of the same population is on the vertical axis. The graphical expression of the curve is shown in Figure 3.

Figure 3

Lorenz Curve



Note. Oktay, 2020 (Edited)

The Lorenz curve shows how many people receive how much percentage of the total income in the country, in other words; shows the income distribution. The Lorenz Curve is called the *"line of perfect equality"* to express that if there is equality in income distribution, everyone gets an equal share of income. In other words, if incomes are evenly distributed among individuals, the Lorenz Curve will coincide with the line of absolute equality and take the form of a 45-degree line.

The Lorenz Curve is widely used. There are two reasons for this. First, it shows the personal income distribution independently of the total national income and a currency that changes in value over time. The second reason is that even if the whole or a certain part of the society is addressed, the result is meaningful. For these reasons, the Lorenz curve is a method that can be easily understood and widely used compared to other analysis (Kurtipek, 2011).

4.4.2. Gini coefficient

The Gini coefficient, which summarizes income inequality in a single value, is one of the most used measures to evaluate personal income distribution. The Gini Coefficient has the property of being a coefficient ranging from "0" to "1". If income is shared fairly in a society the Gini Coefficient is "0", if only one person in the society receives the total income, the Gini Coefficient is equal to "1". The value of the Gini Coefficient does not depend on the size of the income level, but on the number of people who fall between different income levels. According to Farris (2010) the Gini index is the most important tool that shows the distribution of income over households, as well as a method that summarizes economic data. It is also used in cross-communal comparison of income and wealth. In addition to being a data used when making comparisons between countries, the Gini Coefficient is also used to monitor the imbalance in the income distribution of a country over time.

The Gini Coefficient is defined as the summary of an inequality statistic derived from the Lorenz Curve, because it is expressed as the ratio of the area A *(the area between the Lorenz Curve and the exact equality line)* to the area A + B *(the area between perfect equality and perfect inequality)*. The Gini Coefficient lies between “0” (perfect equality) and “1” (perfect inequality). Therefore, the larger the coefficient value, the higher the inequality (Oktay, 2020).

The Gini Coefficient is independent of the size of the economy and the size of the population. Moreover, it is compatible with the transfer principle, if income is transferred from a rich person to a poor person, the result of the distribution is more even.

4.4.3. Kuznets coefficient

The Kuznets Coefficient (1955), which is shown in Figure 2, is a measure of Lorenz Curve classified by sectors similar to the Gini Coefficient. The coefficient takes a value between “0” and “1”. This is done for the economy of the sector. If the industry average is equal to the national average, the ratio is zero. The coefficient value is “1” if the total output is produced by a sector or the employment share in that sector is not significant. The Kuznets coefficient is used to evaluate the absolute value of labor and production variances in each sector as a percentage of the labor force in each sector. This ratio is used as a measure of inequality between the average products of the industry.

Kuznets has developed a formula that summarizes sectoral imbalances by relating them to the sectoral percentage distribution of total production. The formula for the Kuznets coefficient is as follows (Akyüz, 2002).

$$\mathrm{K} = \mathrm{Yi}\left(\frac{\mathrm{Xi}}{\mathrm{Yi}}\right) - 1$$

Xi = i, the share of the sector in production

Yi = i, the share of the sector in employment

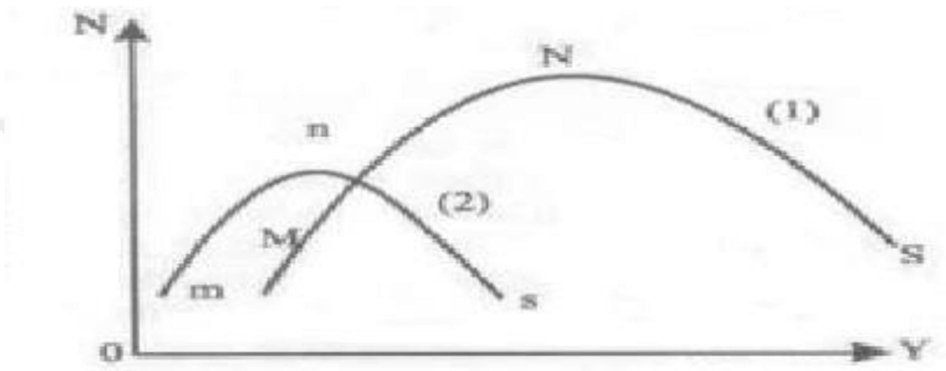
The Kuznets Coefficient is a coefficient that varies between 0 and 1 and shows that the income distribution approaches equality as it approaches “0”, and moves away as it approaches “1”. Considering the situation of the sectors in terms of Kuznets coefficient, if the sector average is equal to the country average, the Kuznets coefficient will be “0”. If the total production in the country is made by a single sector and the share of this sector in employment is very low, the coefficient will be “1” *(ibid).*

4.4.4. Pareto coefficient

Vilfredo Pareto explained the income distribution law by basing it on statistical data in his work *“cours d 'economie politique”* published in 1897. Pareto claims that the distribution of national income in a society will have a pyramid appearance. Pareto's views are shown in Figure 4. In the figure, the top of the pyramid, the apex, represents a few families who have reached the highest income level of that society. As you go down from the top of the pyramid, there are groups with lower income levels. The base of the pyramid represents the largest number of families with the lowest income level. Pareto claimed that income will not be equally distributed among individuals due to differences in individual’s capacities. The curve number 2 in Figure 4 represents the situation where the income distribution is more equitable and a poorer society compared to the curve number 1. This is because the numbered curve is more spread out. As the distance between the vertical axis and the MN, which includes the number of individuals in the lower income group, is short the degree of poverty will be high (Karakayalı, 2002).

Figure 4

Pareto Income Distribution Curve



Note. Karakayalı, 2002

4.4.5. Atkinson index

The Atkinson index is one of the most popular social welfare-based inequality measures. This index is based on social welfare characteristics and the concept of equivalent income. In the Atkinson Index; social welfare function, the value that society attaches to inequality takes a value between zero and infinity. If this value is zero, it means that the society is insensitive to income distribution and the sensitivity increases with the increase in the value (Kubar, 2014). The Atkinson index is formulated as follows:

$$I = 1 - \left[\frac{1}{n}\sum_{i}\left(\frac{Y_i}{\mu}\right)^{1-\varepsilon}\right]^{\frac{1}{1-\varepsilon}}$$

The results of the Atkinson Index may differ according to the degree of society's sensitivity to inequality. Accordingly, an increase in the value of ε means an increase in society's sensitivity to inequality.

4.4.6. Theil index

Theil index is mostly used to compare income distributions between countries. Unlike other indices, it analyzes the income of individuals by comparing them with the approximate average income of the population, rather than comparing personal income distributions with each other. Its formula is shown as below.

$$\mathrm{TB} = \sum_{\mathrm{i}=1}^{\mathrm{n}} [\left(\frac{\mathrm{Pi}}{\mathrm{P}}\right) * \left(\frac{\mathrm{Yi}}{\mu}\right) * \ln\left(\frac{\mathrm{Yi}}{\mu}\right)]$$

Theil index is frequently used because it measures inequalities between and within groups by separating them. On the other hand, in the absence of any income inequalities within the group, (TB) is calculated using the formula as in the example given above. The *i* in the formula represents a group. Pi represents the number of people in group i, P represents the total population and the average income of the people in yi group, and μ shows the average income of the total population (Elveren, 2013).

4.4.7. Percentage analysis

Percentage analysis method is the most obvious method used to measure personal income distribution among the inequality criteria. In this method, which is used to measure the distribution of personal income, households are divided into 5 groups as 1 percent, 100 percent, 5 percent, 20 percent, 10 percent, and the share of each group in national income is compared. In order to calculate the percentage shares of household incomes, the total disposable incomes are sorted from the smallest to the largest, and the percentage share is divided into the number of groups to be analyzed. The disposable income falling into each percentage group is divided by the total disposable income and the percentage shares of the income are obtained. In this analysis method, for an equal distribution of income, each group's share of income and its share from the population must be equal (State Planning Organization (SPO), 2001).

4.5. Factors Affecting Income Distribution

Income distribution is affected by many macro and micro economic factors. In order to understand the principles and content of income distribution, it is necessary to know and examine the factors that affect it positively or negatively. The factors such as economic growth, unemployment, education, population, inflation, taxes, public expenditures and globalization are explained in this study.

4.5.1. Economic growth

Economic growth increases investments and thus the volume of employment. Growth positively affects the income level of the low income segments of the society in conditions where income distribution equality is ensured. But it is a fact that when economic growth and development depend only on the wealthy people, income inequality will be worsened for the low income segment of the population.

The correlation between growth and income distribution is expressed by the Kuznets hypothesis. In this hypothesis, Kuznets argues that income distribution is better in low income countries, but income distribution will deteriorate as economic growth and per capita income increase. In the later stages of economic growth, the inequality in income distribution will begin to decrease. This definition, first increasing and then decreasing, is known by the inverted-U curve (Kuznets, 1955).

Robinson, who developed Kuznets' hypothesis, made a comparison of agriculture-rural sector and industry-urban sector. According to his hypothesis, the income distribution in this sector is relatively better since the agriculture and rural sectors are predominant in the economy at the beginning and the per capita income in this sector is low. However, per capita income in industry and urban sector is high and income inequality is higher. Thus, as income increases in the early stages of development, income inequality also increases. As development continues, disguised unemployment in agriculture disappears, marginal productivity increases and the income of agricultural workers rises, along with migration from rural areas to urban areas. Thus, while the total income rises, there is a convergence between the incomes (Özdemir & Kutlu, 2011).

4.5.2. Unemployment

Firstly, it is possible to get a share from income created by working in a job. In this direction, policies aimed at increasing employment and preventing unemployment should come first among the main targets that political governors should aim, especially investment policies. Considering the income distribution, employment and unemployment problems remain relevant today, as in previous periods. Therefore, it is of great importance to focus on the problem of unemployment when analyzing and taking precautions for income inequality problem.

Unemployment is related to the ability, willingness and readiness to work but not having an income generating job. For this reason, those who are physically unable to work and those who are not willing and ready to work are not considered as unemployed. When unemployment is evaluated as being unemployed despite the desire and ability to work, it may be better understood that unemployment is an economic problem with high social costs as well as important consequences. First of all, the social meaning of unemployment is the inability to use some of the productive resources, especially the labor force. The right to work is the continuation of the right to life of the person who provides for himself or his family (Talas, 1997).

4.5.3. Demography and population

Demographic factors also have important impacts on income distribution. Of these, the two factors that mostly effect income distribution are; population growth and urbanization. It is generally said that income inequality increases with the urbanization of a society.

Especially in developing countries, the inability to make sufficient investments in response to the increasing population, the inability to create new jobs, and as a result, unemployment or the informal sector is growing. Accordingly, income distribution deteriorates against labor incomes. On the other hand, the high rate of population growth causes insufficient services such as education and health, and limited use of these services, especially for low-income groups. This, in turn, human capital investments reduce and this causes the society to receive a lesser share of national income (Arabacı, 2015).

Migration also has effects on income distribution. Migration flow occurs towards the prosperous regions. Immigrants think of achieving the desired level of savings with hard work, a simple life and returning to their hometowns to establish their own enterprises. They transfer money to their families during their migration period. For these reasons, there is a redistribution effect of migration on income (Yüce, 2002).

The size of the household also affects the income distribution in a country, while the size of the household is affected by the decrease in the population growth rate. It is seen that the households in the lower income level are larger than the households in the upper group. As a result of a decrease that may occur or be achieved in the size of the households, an increase can be observed in the incomes of individuals over time and equality in income distribution can be achieved (Selim et al., 2014).

4.5.4. Education

Education is one of the most important factors that determine the sociological and economic welfare and development levels of individuals. The relationship between education level and income distribution is based on the knowledge and skills available to the individual. Individuals have statues according to their knowledge, skills and education levels and their incomes change accordingly. However, opportunity for a good education or being able to develop personal skills is directly proportional to having a good income, too.

Education policies have important impacts on income distribution. First of all, they create equality between family members of different income levels. There is a functional link between education and income policy. A monopolization in education will negatively affect income distribution and unfair competition will occur. The states take some measures to eliminate this unfair competition. Firstly, it imposes some requirements for the teaching stages and gives everyone an equal chance. Secondly, it increases opportunities by providing the necessary materials related to education. Thirdly, the state provides an opportunity for this equal competition by covering some of the education costs (Aksu, 1993).

4.5.5. Inflation

Inflation changes the real value of fixed assets in nominal terms. If inflation is underestimated, a rise in the price level transfers wealth from lenders or bond holders to borrowers. This inflationary redistributive effect of wealth applies to all nominally fixed financial assets; especially money, bonds, savings accounts, insurance contracts, and some pension schemes. In the case of unforeseen inflation, borrowers gain while lenders lose. Therefore, a change in the general level of prices causes a redistribution of wealth not only between sectors but also within sectors (Dornbusch & Fischer, 1998).

Considering the effect of inflationary periods, high-income groups have alternatives to protect themselves against inflation, while fixed-income groups lack these alternatives. Low-income people who are not able to protect themselves will not be able to prevent their income from melting in the face of inflation and their purchasing power will decrease with the rise of prices. As a result, while inflation negatively affects low and fixed-income groups, high income groups will take a position and, in this case, it will not be affected much and thus the general income distribution will deteriorate (Altınışık and Peker, 2008).

Additionally, economic crises increase the inequality of income distribution by causing depreciation of the national currency, unemployment and similar negativities. The severity of these effects also increases in countries where social safety instruments are insufficient.

4.5.6. Taxes and public expenditures

The ratio of direct and indirect taxes in the tax system is important in the income redistribution. Indirect taxes are considered taxes on goods and services, economic and legal transactions and direct taxes are taxes on income and wealth. It is accepted that direct taxes are a more effective tools in terms of ensuring justice in income distribution compared to the indirect taxes. This is because it is clear who will pay the direct taxes first and it is possible to harmonize these taxes with the taxpayer's financial strength. In addition, since these taxes are based on income and wealth, they reflect the ability to pay more realistically than expenditures. Direct taxes can be regulated in a way that takes full account of the taxpayer's ability to pay (Edizdoğan, 1991).

Public expenditures have an effect on income distribution, but the direction and extent of this effect vary according to the type of expenditure. If low-income groups benefit more from public expenditures, public expenditures will have a corrective effect on income distribution; conversely, if public expenditures made for people who are relatively at a good fiscal situation, public expenditures will have a distorting effect.

4.5.7. Globalization

Economic globalization is partly a result of innovations, and technology. Globalization can be defined as the expansion and deepening of international trade, technology, capital and information or knowledge transfers. Globalization also interacts with the liberalization of the capital markets. International trade and financial flows give rise to the global integration. The concept of globalization has been used in many ways throughout the years. With its broadest definition, globalization means the inter-continental flow of goods and services, investment, production and technology. Another important feature of globalization is that, the volume of capital movements has increased to a large extent. Globalization led to an increase in the co-operation between countries (Aydoğan, 2009).

Globalization, has revealed the dimension of the problem of income inequality and poverty depending on social classes. In this context, globalization strengthens global markets and multinational companies, strengthens developed countries and impoverishes LDCs. This has led to significant disparities in income distribution between developed and developing countries. The main reason for this is the unequal distribution of resources. In other words, capital makes the richest richer and the poor poorer (Açıkgöz & Yusufoğlu, 2012).

On the other hand, the globalization process has the effect of changing the income distribution in favor of groups that have the ability to cross international borders by removing barriers to trade and investment. As a result of globalization, capital owners, highly skilled workers and economic units that have the opportunity to obtain their resources from where the demand is highest, increased their welfare. Since the demand for unskilled or less skilled workers and middle managers is more flexible, that is, the services provided by large strata of the working population are national, this segment faces a loss of welfare as they become easily replaceable by people across borders. In addition, increased substitutability of workers forces these individuals to bear a greater proportion of non-wage costs, face greater insecurity and instability in terms of wages and working conditions and receive lower wages and benefits as a result of reduced bargaining power (Rodrik, 1997).

To sum up; the effect of globalization in terms of income distribution and inequality differs considering different segments of the population. It may be said that; the labor force that has opportunity and mobility across countries seem to be advantageous in this picture.

5. POVERTY AND INCOME DISTRIBUTION IN TURKEY

Global dynamics, labor market conditions, low wages, high unemployment rates, poor working conditions, prevalence of the informal sector, inequality in income and resource distribution stand out as the main causes of poverty in Turkey. In addition to all these reasons, factors such as geographical inequalities in employment, education and health, migration, low education rate and the share of unqualified workforce in the active population are among the causes of poverty in Turkey. These factors cause an increase in poverty in the country, making it harder to get out of poverty and the continuation of poverty (Gül & Gül, 2008).

The 1980s were important in terms of Turkey's structural transformation when the economic development and poverty in Turkey are considered. While there was a radical change in the economic and social structure with the new economy program put into practice on January 24th, 1980 the economy shrank and unemployment increased after the crises experienced one after another in the 1990s. As a result of the import substitution policy implemented, high inflation and foreign exchange with the January 24th, 1980 decisions taken as a result of the bottleneck, an export-oriented, policy was started to be followed. After the 1980 decisions, income inequality began to increase, especially against wage earners. In this period, devaluations were made, measures were taken to reduce the incomes of the agricultural sector, inflation increased, and wages decreased (Boratav, 2009).

The combined effects of the globalization process, neo-liberal policies and economic crises caused the deterioration of the income distribution in the country, the deepening of the gap between the social segments and the increase in poverty which result in Turkey to be a country experiencing economic crisis, respectively.

Studies on measuring the dimensions of poverty in Turkey date back to recent years and they are very limited in number. With the 2002 Household Budget Survey prepared by TURKSTAT, the poverty line and poverty rate were announced for the first time by an official public institution. TURKSTAT continued its research on poverty in the following years and individual poverty rates in Turkey were announced on the basis of segmentations over the years. In the aforementioned studies, the rates of individuals earning 1 USD, 2.15 USD and 4.3 USD per person and per day were also calculated and it became possible to compare the poverty level in Turkey with other countries by calculating these internationally accepted indicators.

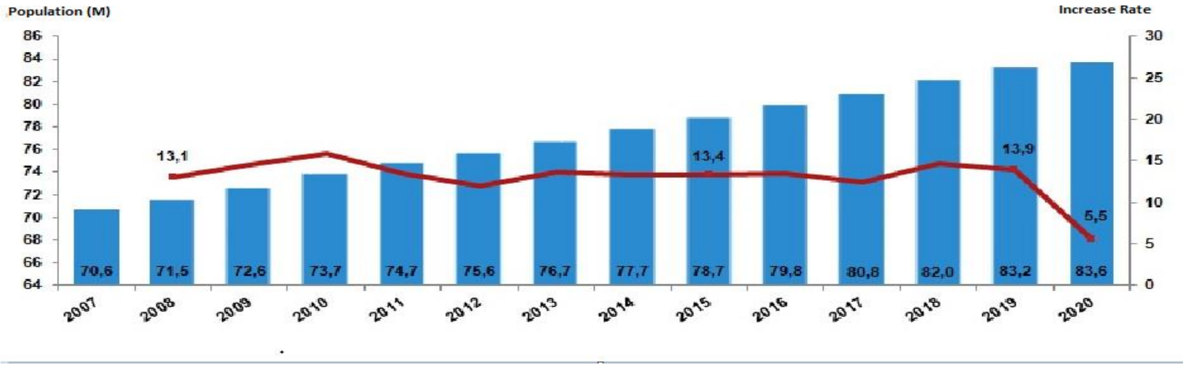
5.1. Poverty in Turkey

The main data source of studies on poverty in Turkey is the household income and consumption expenditure surveys of TURKSTAT, which collects information on household income, expenditure and social status. The population growth rate is the most important factor in determining the policies to be followed in fight against poverty. As a first step, population data will be an important starting point. Moreover, under the title of population potential, it is useful to evaluate the current structure of the household according to the size of the household and to consider it as the basic data on the population axis.

There has been a significant increase in the population of Turkey since the first census in 1927. The censuses made under the name of the General Population Census until 2000 and under the name of the Address Based Population Registration System (ABPRS) since 2000. The data used in this study is compiled from the TURKSTAT website and is given in Figure 5 below.

Figure 5

Population and Annual Population Growth Rate



Note. TURKSTAT Address Based Population Registration System Results, 2020

Examining the population growth rate of Turkey since 2007, there seem to be minor changes in growth rate especially between 2013-2017. While the annual population growth rate was 13.9 per thousand in 2019, it became 5.5 per thousand in 2020, which point out a decrease.

5.1.1. Poverty by household size

The number of individuals in the household is grouped according to the size of the household; poverty determination data, in the form of determining the ratio of poor households and poor individuals is an important source that illuminates our way in studies on poverty. The last study made by TURKSTAT elucidates the household type and poverty rate.

Table 1

Number of the Poor and Poverty Rate by Household Type and Equivalized Household Disposable Income

2019	**%50 - 50%**			**%60 - 60%**		
Household Type	**Poverty threshold (TL)**	**Number of the poor (Thousand person)**	**Poverty rate (%)**	**Poverty threshold (TL)**	**Number of the poor (Thousand person)**	**Poverty rate (%)**
One-person household	10 793	373	9,2	12 952	502	12,3
One-family households	10 793	8 173	13,8	12 952	12 000	20,3
Couple without resident children	10 793	379	4,8	12 952	536	6,7
Couple with at least one resident child	10 793	7 339	15,5	12 952	10 761	22,8
Lone parents with at least one resident child	10 793	454	11,3	12 952	702	17,4
Extended-family households	10 793	3 009	18,2	12 952	4 572	27,7
Multi-person no-family households	10 793	86	9,2	12 952	133	14,1
2020						
One-person household	12 394	485	10,9	14 873	629	14,2
One-family households	12 394	8 881	14,5	14 873	12 962	21,2
Couple without resident children	12 394	607	7,5	14 873	850	10,5
Couple with at least one resident child	12 394	7 738	15,7	14 873	11 327	23,1
Lone parents with at least one resident child	12 394	536	13,2	14 873	784	19,3
Extended-family households	12 394	2 821	18,4	14 873	4 200	27,4
Multi-person no-family households	12 394	81	9,5	14 873	130	15,4

Note. TURKSTAT Income and Living Conditions Survey, 2020

Income references in TURKSTAT Income and Living Conditions Survey are based on the previous calendar year. For this reason, it is necessary to evaluate the information given in the tables as the outputs of the previous year. The data in Table 1 shows the number of the poor and poverty rate by household type and equivalized household disposable income for the years 2019 and 2020.

According to the data, based on the median value of 50 percent, poverty threshold was 10.793 Turkish Lira (TL) in 2019 and it increases to 12.394 TL in 2020, which point out an 14,8 percent increase. When the poverty rate is analyzed by household type at the same median level, it is seen that the family type with the highest poverty rate in both years is the extended household type. While the poverty rate of this family type was 18.2 percent in 2019, this rate increases to 18.4 percent in 2020. On the other hand, the household type with the lowest poverty rate is the household type formed couples without resident children household in both years. While the poverty rate of this family type was 4.8 percent in 2019 data, this rate increased to 7.5 percent in 2020. The fact that the poverty rate has increased compared to the previous year in both family types with the highest and lowest poverty rates may be evaluated as evidence of the general increase in the poverty rate of the society.

In Table 2, for the years 2019 and 2020, the income reference period is the previous calendar year, the cumulative percentage groups ordered according to the equivalent household disposable income and the highest annual equivalent household disposable income according to the household type is given. Based on the average values of both years, it is seen that the household type with the highest annual equivalent personal income is the single-person household group. While the average income of this group was 37,262 TL in 2019 data, it increased to 42,712 TL in 2020. The lowest income group is the extended family household group. While the average annual household income was 22,794 TL in 2019, it is reported as 25,889 TL in 2020. As emphasized in various parts of this study, it is seen that the increase in the number of individuals in the family increases the poverty rate. When the annual average individual income is considered as an important input to welfare and poverty, the data and situation of the last 2 years also confirms it.

Table 2

Cumulative Percentage Groups Ordered by Equivalized Household Disposable Income and the Highest Annual Equivalized Household Disposable Income by Household Type

		Cumulative percentage groups (TL)					
Household type	**Number of individuals (Thousands)**	%10	%25	%50	%75	%90	Mean (TL)
2019							
Total	**80 709**	**9 296**	**14 110**	**21 584**	**33 286**	**50 761**	**28 522**
One-person household	4 064	11 314	20 016	28 347	43 762	63 669	37 262
One-family households	**59 201**	**9 451**	**14 385**	**22 199**	**34 615**	**52 785**	**29 449**
Couple without resident children	7 949	14 792	19 453	27 293	41 576	61 336	35 767
Couple with at least one resident child	47 217	9 082	13 595	21 081	33 046	51 199	28 310
Lone parents with at least one resident child	4 035	10 000	15 483	24 354	38 197	52 218	30 330
Extended-family households	16 505	8 318	12 362	18 417	26 766	37 767	22 794
Multi-person no-family households	939	10 917	17 299	28 000	38 651	58 531	32 941
2020							
Total	**81 873**	**10 414**	**16 021**	**24 789**	**38 408**	**59 702**	**33 428**
One-person household	4 438	11 960	21 851	32 711	51 813	80 000	42 712
One-family households	**61 258**	**10 567**	**16 269**	**25 492**	**39 610**	**61 272**	**34 577**
Couple without resident children	8 067	14 507	21 548	31 185	48 466	77 063	42 051
Couple with at least one resident child	49 134	10 345	15 501	24 389	37 988	59 232	33 413
Lone parents with at least one resident child	4 057	10 121	17 115	26 803	41 569	58 573	33 823
Extended-family households	15 329	9 568	14 330	20 744	30 436	43 209	25 889
Multi-person no-family households	848	12 499	19 363	30 337	45 882	73 253	38 141

Note. TURKSTAT Income and Living Conditions Survey, 2020

In Table 3, poverty threshold, number of the poor, poverty rate, and the poverty gap data are given for 2019 and 2020 years in accordance with the poverty risk percents. Poverty gap ratio informs about poverty level and it represents the severity of poverty. It is too high if it approaches to 100 and it represents a lower poverty risk if it declines. Analyzing the data given in the table, according to the 50 percent poverty risk, the poverty threshold was 10.793 TL in 2019 and it increased to 12.394 TL in 2020.

Table 3

Number of the Poor, Poverty Rate and Poverty Gap by Equivalized Household Disposable Income

	Poverty threshold (TL)		Number of the poor (Thousand)		Poverty rate (%)		Poverty gap	
Risk of poverty	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
%40 - 40%	8 635	9 915	6 710	7 278	8,3	8,9	21,8	23,1
%50 - 50%	10 793	12 394	11 641	12 267	14,4	15,0	24,1	25,9
%60 - 60%	12 952	14 873	17 207	17 921	21,3	21,9	26,3	26,9
%70 - 70%	15 111	17 352	23 024	23 704	28,5	29,0	28,9	29,5

Note. TURKSTAT Income and Living Conditions Survey, 2020

The poverty gap was 24,1 percent in 2019 and 25,9 percent in 2020, reflecting an increase. In the same way, the number of poor and poverty rate values increased in 2020 when compared to 2019. There seems to be a general increase in the all indices, which underline the deterioration of poverty parameters in general according to Table 3 data.

In Table 4, the number of the poor, the poverty rate, and the poverty gap are given according to the relative poverty line based on income calculated by using purchasing power parity between 2012 and 2020 in Turkey. According to data of TURKSTAT which generally takes the 50 percent median into account, the poverty threshold was 4.394 TL in 2012 and it increased to 12.026 TL in 2020. An important reason for this increase is the inflation which has been mentioned before as a significant cause of poverty in this study. The poverty rate which was 15.1 percent in 2012 decreased to 12.3 percent by 2017, and then started to increase again in 2018, and was finally reported as 14 percent in 2020. This shows that there has been an increase in the number of poor in the society in recent years. On the other hand, the poverty gap data shows that the ratio, which was 26 percent in 2012, decreased to 22.1 percent in 2018, and was announced as 25.4 percent in 2020 reflecting an increase once again. This indicates that the risk of poverty has increased in the last two years.

Table 4

Number of the Poor, Poverty Rates and Poverty Gap by Poverty Thresholds Adjusted by Purchasing Power Parity

Years	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
%40-40%									
Poverty threshold (TL)	3 515	3 897	4 312	4 826	5 517	6 166	6 918	8 354	9 621
Number of poor (Thousand person)	6 759	6 128	5 929	5 970	5 749	5 197	5 712	5 942	6 674
Poverty rate (%)	9,2	8,2	7,8	7,8	7,5	6,6	7,2	7,4	8,2
Poverty gap	22,3	21,4	21,3	21,8	19,6	19,8	20,1	20,5	22,4
%50-50%									
Poverty threshold (TL)	4 394	4 871	5 390	6 032	6 896	7 707	8 647	10 442	12 026
Number of poor (Thousand person)	11 131	10 321	10 451	10 503	10 296	9 690	10 647	10 833	11 424
Poverty rate (%)	15,1	13,9	13,8	13,8	13,4	12,3	13,3	13,4	14,0
Poverty gap	26,0	24,5	23,6	23,8	23,0	21,5	22,1	22,4	25,4
%60-60%									
Poverty threshold (TL)	5 272	5 845	6 468	7 238	8 275	9 249	10 377	12 531	14 431
Number of poor (Thousand person)	16 041	15 990	15 801	16 024	16 034	15 318	16 375	16 299	17 176
Poverty rate (%)	21,8	21,5	20,9	21,0	20,8	19,4	20,5	20,2	21,0
Poverty gap	28,3	25,5	25,9	24,9	24,4	24,2	24,3	25,5	25,8

Note. TURKSTAT Income and Living Conditions Survey, 2020

5.1.2. Poverty by income

The concept of equivalent per individual, which is based on income based individual poverty, is the conversion of the total disposable income of the household into individual income, considering the number of individuals in the household. Accordingly, the welfare level of the individuals in the household with the smaller number of individuals from two households with the same income will be higher than the individuals in the larger household. In this calculation, the equivalence scale used by considering the differences in the adult child composition of the households actually determines how many adults the size of each household is consists of (equivalent to). By dividing the total disposable income of the household by the equivalent household size, the equivalent income per individual for each household is obtained. In determining the income-based poverty line of TURKSTAT, 40 percent, 50 percent, or 60 percent of the equivalent median income per capita is used to produce data according to various poverty lines. TURKSTAT uses 50 percent of the individual equivalent median income as the general poverty line.

Table 5

According to 50 Percent Median Number of the Poor, Poverty Rates and Poverty Gap by Poverty Thresholds Adjusted by Purchasing Power Parity

Median (%50)	2012	2013	2014	2015	2016	2017	2018	2019	2020
Poverty threshold (TL)	4 394	4 871	5 390	6 032	6 896	7 707	8 647	10 442	12 026
Number of poor (Thousand)	11 131	10 321	10 451	10 503	10 296	9 690	10 647	10 833	11 424
Poverty rate (%)	15,1	13,9	13,8	13,8	13,4	12,3	13,3	13	14
Poverty gap	26	24,5	23,6	23,8	23	21,5	22,1	22	25

Note. TURKSTAT Income and Living Conditions Survey, 2020

According to Table 5 that shows 50 percent of the individual equivalent median income as the poverty line, poverty rate of Turkey was 15,1 percent in 2012 and 14 percent in 2020, which suggested a deterioration. On the other hand; poverty threshold limit which was 4.394 TL in 2012, became 12.026 TL in 2020. The inflation rate, increase in exchange rates, and recent economic instability in Turkey, seem to be important reasons and triggers for the increasing poverty rate and threshold.

In order to analyze the income poverty in Turkey, education level of the individual is an important indicator to be mentioned. Education is a significant phenomenon for productivity and economic growth. Just as poverty reduces the level of education, a low level of education also brings poverty. In addition, not benefiting from educational opportunities causes the permanence of poverty. Tables 6 and 7 present the education level of an individual since it is one of the most important determinants of economic statutus and income level.

Table 6

Number of the Poor by Education Level and Equivalized Household Disposable Income

		Number of Poor (Thousand person)				
Years	**Risk of Poverty**	**Illiterate**	**Literate with no degree**	**Less than high school**	**High school or equivalent**	**Higher education**
2012	%50 - 50%	1 800	1 044	3 948	566	66
	%60 - 60%	2 336	1 355	5 839	892	114
2013	%50 - 50%	1 577	938	3 696	537	115
	%60 - 60%	2 222	1 324	5 952	881	175
2014	%50 - 50%	1 667	1 043	3 731	553	90
	%60 - 60%	2 297	1 418	5 861	910	153
2015	%50 - 50%	1 637	957	3 808	576	129
	%60 - 60%	2 189	1 375	6 039	1 038	213
2016	%50 - 50%	1 523	929	3 734	642	150
	%60 - 60%	2 053	1 290	5 872	1 079	274
2017	%50 - 50%	1 451	843	3 566	599	139
	%60 - 60%	2 005	1 200	5 632	1 036	296
2018	%50 - 50%	1 529	906	3 708	639	207
	%60 - 60%	2 016	1 275	6 057	1 143	351
2019	%50 - 50%	1 405	840	4 114	791	251
	%60 - 60%	1 895	1 230	6 296	1 361	422
2020	%50 - 50%	1 386	928	4 296	1 042	336
	%60 - 60%	1 861	1 289	6 486	1 621	538

Note. TURKSTAT Income and Living Conditions Survey, 2020

The data in Table 6 is prepared according to 50 percent and 60 percent of the individual equivalent median income as the poverty lines. In both median levels, the people who are illiterate and literate with no degrees constitute the majority of poor in Turkey, which means low education level is an important cause for poverty of individuals as it is expected. On the other hand, as the education level increases the proportional poverty level tends to decrease.

Table 7

Poverty Rate by Education Level and Equivalized Household Disposable Income

Years	Risk of Poverty	Illiterate	Literate with no degree	Less than high school	High school or equivalent	Higher education
2012	**%50** - 50%	30,1	26,1	13,5	5,9	1,1
	%60 - 60%	39,1	33,8	20	9,3	1,9
2013	**%50** - 50%	26,6	23,7	12,4	5,6	1,8
	%60 - 60%	37,5	33,5	20	9,1	2,7
2014	**%50** - 50%	27,7	25,1	12,5	5,7	1,3
	%60 - 60%	38,1	34,2	19,6	9,3	2,2
2015	**%50** - 50%	27,2	23,7	12,8	5,6	1,6
	%60 - 60%	36,3	34,1	20,3	10,2	2,7
2016	**%50** - 50%	26,2	24,1	12,5	6,2	1,7
	%60 - 60%	35,3	33,5	19,6	10,4	3,2
2017	**%50** - 50%	25,4	21,7	11,7	5,5	1,5
	%60 - 60%	35,1	30,9	18,5	9,6	3,3
2018	**%50** - 50%	27,5	23,6	12,1	5,8	2,2
	%60 - 60%	36,2	33,2	19,8	10,3	3,7
2019	**%50** - 50%	26,1	22,4	13,4	6,9	2,5
	%60 - 60%	35,2	32,8	20,4	11,9	4,2
2020	**%50** - 50%	26,7	25,7	14	8,3	3,2
	%60 - 60%	35,8	35,7	21,2	12,9	5,1

Note. TURKSTAT Income and Living Conditions Survey, 2020

In Table 7 according to 50 percent median the poverty rate is 26,7 percent for illiterate individuals, while it is 3,2 percent for the individuals with higher education in 2020. In 2012 according to 50 percent of the individual equivalent median income, the poverty rate for the individual with higher education was 1,1 percent and it increased to 3,2 percent in 2020. This result shows that income of educated individuals in Turkey has declined. High unemployment rates and inflation may be listed as important reasons for these results.

It is important to cite Amartya Sen (2004) who stated that education increases people’s ability to earn income, thus increasing their quality of life and freedoms.

5.1.3. Poverty by expenditure

The income and expenditure habits of the households may also be considered as important indicators of poverty. It is known that the increase or decrease in income seriously affects the consumption routines. People try to meet their basic needs such as food, shelter and clothing as a priority, with the income they earn while spending.

Table 8 shows the distribution of household income from 2002 to 2019 by consumption expenditures. A significant portion of household income goes to housing or rent expenditures which was 27.3 percent in 2002. Housing expenditures declined to 24.1 percent in 2019 in terms of the total expenditures. The second most important expenditure item is food and non-alcoholic beverage expenditures. While the share of the expenditures on food and non-alcoholic beverages in total expenditure was 26.7 percent in 2002, this ratio decreased to 20.8 percent in 2019. Approximately 15 percent of the income was spent on transportation expenses between the period of 2002 and 2019. The expenditure rates in these three headings show that the share allocated to basic needs is quite high. On the other hand, it is observed that an average of 2.1 percent was allocated to health, and 2,7 percent to entertainment and culture expenditures, which may be considered as important indicators for the welfare and development leves of a society.

Table 8

Distribution of Household Consumption Expenditures

Survey year	Number of household	Total	Food and non alcoholic beverages	Alcoholic beverages cigarette and tobacco	Clothing and footwear	Housing and rent	Furniture, houses appliances and home care services	Health	Transpor tation	Commun ication	Entertainment and culture	Educational services	Restaurant and hotels	Various good and services
2002	16 446 644	**100,0**	26,7	4,1	6,3	27,3	7,3	2,3	8,7	4,5	2,5	1,3	4,4	4,6
2003	16 744 495	**100,0**	27,5	4,1	6,2	28,3	5,7	2,2	9,8	4,3	2,2	2,0	4,1	3,5
2004	17 096 537	**100,0**	26,4	4,3	6,5	27,0	6,6	2,2	9,5	4,5	2,5	2,1	4,5	3,9
2005	17 549 020	**100,0**	24,9	4,1	6,2	25,9	6,8	2,2	12,6	4,3	2,5	1,9	4,4	4,1
2006	17 689 552	**100,0**	24,8	4,1	5,9	27,2	6,2	2,2	13,1	4,2	2,2	2,1	4,2	4,0
2007	17 337 894	**100,0**	23,6	4,3	5,9	28,9	5,9	2,4	11,1	4,5	2,1	2,5	4,5	4,2
2008	17 794 238	**100,0**	22,6	3,8	5,4	29,1	5,8	1,9	14,1	4,4	2,5	2,0	4,4	4,1
2009	18 427 322	**100,0**	23,0	4,1	5,1	28,2	6,2	1,9	13,6	4,2	2,6	1,9	5,2	4,0
2010	18 808 172	**100,0**	21,9	4,5	5,1	27,1	6,3	2,1	15,1	4,1	2,8	2,0	5,4	3,7
2011	19 311 637	**100,0**	20,7	4,1	5,2	25,8	6,4	1,9	17,2	4,0	2,7	2,0	5,7	4,3
2012	20 051 454	**100,0**	19,6	4,2	5,4	25,8	6,7	1,8	17,2	3,9	3,2	2,3	5,8	4,2
2013	20 476 409	**100,0**	19,9	4,2	5,3	25,0	6,6	2,1	17,4	4,0	3,1	2,4	5,9	4,3
2014	21 372 124	**100,0**	19,7	4,2	5,1	24,8	6,8	2,1	17,8	3,7	3,0	2,4	6,0	4,3
2015	21 824 712	**100,0**	20,2	4,2	5,2	26,0	6,1	2,0	17,0	3,7	2,9	2,2	6,4	4,3
2016	22 296 723	**100,0**	19,5	4,4	5,2	25,2	6,3	2,0	18,2	3,7	2,8	2,3	6,4	4,2
2017	23 032 955	**100,0**	19,7	4,5	5,0	24,7	6,3	2,2	18,7	3,4	2,7	2,3	6,2	4,4
2018	23 599 727	**100,0**	20,3	4,0	4,8	23,7	6,5	2,2	18,3	3,8	2,9	2,3	6,5	4,9
2019	24 221 512	**100,0**	20,8	4,3	5,0	24,1	6,4	2,2	16,5	3,6	3,1	2,5	6,5	5,1

Note. TURKSTAT Household Consumption Expenditures Survey, 2019

Table 9

Distribution of Household Consumption Expenditure by Quintiles Ordered by Income

Survey year	Expenditure types	%20 First quintile	%20 Second quintile	%20 Third quintile	%20 Fourth quintile	%20 Last quintile
2018	Total consumption expenditure	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**
	Food and non-alcoholic beverages	28,7	25,8	22,6	19,6	15,4
	Alcoholic beverages, cigarette and tobacco	5,0	4,4	4,7	4,2	3,1
	Clothing and footwear	4,1	4,5	4,7	5,2	5,0
	Housing and rent	31,4	27,6	24,9	22,6	20,3
	Furniture, houses appliances and home care services	5,9	6,1	6,0	6,7	6,8
	Health	2,3	1,9	1,9	2,1	2,5
	Transportation	9,3	14,4	16,4	20,3	21,6
	Communication	3,2	3,5	4,0	4,3	3,7
	Entertainment and culture	2,1	2,1	2,5	2,5	3,8
	Educational services	0,5	0,9	1,2	1,9	3,9
	Restaurant and hotels	4,3	5,6	5,9	6,4	7,8
	Various good and services	3,1	3,4	5,2	4,3	6,0
2019	Total consumption expenditure	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**
	Food and non-alcoholic beverages	30,7	26,8	22,6	20,6	15,3
	Alcoholic beverages, cigarette and tobacco	4,7	5,0	4,7	4,7	3,6
	Clothing and footwear	3,8	4,6	4,9	5,0	5,6
	Housing and rent	31,2	28,2	25,7	23,8	20,1
	Furniture, houses appliances and home care services	5,3	5,8	6,0	6,9	6,9
	Health	2,0	2,3	2,0	2,2	2,4
	Transportation	9,0	12,2	16,5	16,3	20,0
	Communication	3,5	3,8	3,8	3,7	3,5
	Entertainment and culture	1,8	2,0	2,7	3,1	3,9
	Educational services	0,9	1,0	1,3	1,9	4,4
	Restaurant and hotels	4,0	5,0	5,8	6,5	8,1
	Various good and services	3,2	3,6	3,9	5,4	6,5

Note. TURKSTAT Household Consumption Expenditures Survey, 2019

The consumption expenditures of the income groups separated according to the quintiles in order to see the difference between the low-income groups and the high-income groups expenditures show that the most important subject in the expenditures of the first quintile of the low-income group is housing and rent expenses, as expected according to Table 9 data. While the ratio of this type of expenditure in total income was 31.4 percent in 2018, it declined slightly to 31.2 percent in 2019. The low-income group transfer a significant part of their income to the problem of housing, which is one of the basic needs. The share of this expenditure subject in the total income of the last quintile group, which is in the highest income group, is 20.3 percent in 2018 and 20.1 percent in 2019 respectively. The second highest expenditure subject of people in the low-income group was food expenditures, which is another basic need. While the share of this type of expenditure in total revenue was 28.7 percent in 2018 data, it was recorded as 30.7 percent in 2019. In the light of Table 9 data, the fact that basic needs such as housing and food expenses have a share of approximately 60 percent in the budget of low-income people may be considered as an important indicator in terms of welfare and poverty analyses.

5.2. Income Distribution and Inequality in Turkey

In order to examine the income distribution in Turkey individual, functional, sectoral, and regional types of income distribution are analyzed to reveal the situation of these income distribution types in order to understand the income inequality position and the policies that are implemented to struggle with inequality.

The Gini Coefficient is a measurement method created to measure the size of inequality in income distribution. The coefficient takes values between zero and one.

Table 10

Gini Coefficient Data of Turkey

Years										
2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
0,402	0,404	0,402	0,400	0,391	0,397	0,404	0,405	0,408	0,395	0,410

Note. TURKSTAT Income and Living Conditions Survey, 2020

According to Table 10 data the Gini Coefficient over the years generally follows a course without major changes. 2014 was a year in which the most equitable period was experienced in income distribution with the lowest coefficient. The latest data which is in 2020, the reference data refer to previous year, shows us that; there is a deterioration in the value of Gini Coefficient which means that income inequality is increasing and the distribution of income is worsening in the society.

5.2.1. Personal income distribution

Personal income distribution is a type of distribution that shows the distribution of income among individuals and households. Personal income distribution type measures income inequality by examining only the size of the income of individuals or households, regardless of their sociological status.

Table 11

Personal Income Distribution According to 20% Population Tranches

Years	20% First quintile	20% Second quintile	20% Third quintile	20% Fourth quintile	20% Last quintile
2006	5,1	9,9	14,8	21,9	48,4
2007	5,8	10,6	15,2	21,5	46,9
2008	5,8	10,4	15,2	21,9	46,7
2009	5,6	10,3	15,1	21,5	47,6
2010	5,8	10,6	15,3	21,9	46,4
2011	5,8	10,6	15,2	21,7	46,7
2012	5,9	10,6	15,3	21,7	46,6
2013	6,1	10,7	15,2	21,4	46,6
2014	6,2	10,9	15,3	21,7	45,9
2015	6,1	10,7	15,2	21,5	46,5
2016	6,2	10,6	15	21,1	47,2
2017	6,3	10,7	14,8	20,9	47,4
2018	6,1	10,6	14,8	20,9	47,6
2019	6,2	10,9	15,2	21,4	46,3
2020	5,9	10,6	14,9	21,1	47,5

Note. TURKSTAT Income and Living Conditions Survey, 2020

This measurement method divides households into different groups and provides an overall assessment of income inequality. The most widely used method is defined as the 20 percent household method. In the Income and Living Conditions Survey of TURKSTAT 2020, individual income distribution results are shown according to 20 percent population segments. The P80/P20 shows how much the share of the highest 20 percent of total income in the country has increased compared to the share of the lowest 20 percent of total income. The lowest 20 percent group in Turkey had 5,1 percent in 2006 and 5,9 percent in 2020. According to the TURKSTAT research; while the share of the 20 percent group with the highest equivalent household disposable income in total income increased by 1.2 points compared to the previous year, to 47.5 percent, the share of the 20 percent group with the lowest income decreased by 0.3 points and fell to 5.9 percent in 2020. In sum, the results of Table 11 shows that; nearly the half of the income produced in the country is shared between 20 percent group of the country, which is not a fair picture in terms of income distribution

An important issue that worth attention is the impact of education level on the income distribution of the country. The TURKSTAT 2020 data analysis is made by taking into account the mean values on the Table 12. The average income level increased as the education level increased between 2011 and 2020 period. While the average income of people with higher education was 63,085 TL in 2020, this amount was recorded as 41,855 TL for high school graduates, and 16,785 TL for illiterate individuals. These results clearly demonstrate the importance of education for a higher income and living standard.

Another conclusion that may be drawn from the Table 12 is that the average income has increased over the years. While the average income was 14,159 TL in 2011, this amount increased to 43,118 TL in 2020. In countries, where inflation rates are relatively high, such increases generally do not indicate real income increases.

Table 12

Mean Annual Income at Main Job by Level of Education

Level of Education	Years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total	14 159	15 157	17 255	19 051	21 514	24 976	28 299	30 748	34 733	43 118
Illiterate	6 015	6 111	7 017	7 782	8 410	10 815	11 581	12 043	14 129	16 785
Literate with no degree	7 513	7 471	8 320	10 433	11 463	13 204	15 306	16 835	18 279	22 936
Less than high school	10 857	11 528	12 795	14 137	16 164	18 471	21 388	23 437	26 833	32 838
High school or equivalent	14 952	15 649	17 442	19 385	21 870	24 829	28 260	30 485	34 115	41 855
Higher education	25 263	26 756	30 857	32 480	34 801	39 536	43 821	46 755	51 888	63 085

Note. TURKSTAT, Income and Living Conditions Survey, 2020

5.2.2. Functional income distribution

In terms of studies on functional income distribution, an important analysis that should be emphasized is the income obtained according to working status. The data in Table 13 shows that the average income level has increased in general from 2012 to 2020. It has been observed that the average income of men for all years is higher than that of women, and one of the reasons for the high rate of women’s low income is considered to be the disadvantaged situation of women in the income distribution. According to 2020 data the average income figure is 43,118 TL, while this amount was 45,648 TL for men and was 35.828 TL for women.

Table 13

Mean annual Income at Main Job by Employment Status

Employment status	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Total	**15 157**	**17 255**	**19 051**	**21 514**	**24 976**	**28 299**	**30 748**	**34 733**	**43 118**
Regular employee	15 928	18 110	19 772	21 930	24 375	27 449	30 106	34 286	42 006
Casual employee	5 861	6 322	7 667	8 605	10 003	11 634	13 280	14 769	17 577
Employer	35 680	39 632	44 587	47 386	67 640	83 542	88 285	95 495	125 698
Self employed	11 834	13 356	14 629	17 644	20 417	21 999	24 134	27 127	33 207
Male									
Total	**15 962**	**18 125**	**20 074**	**22 673**	**26 438**	**29 742**	**32 589**	**37 072**	**45 648**
Regular employee	16 478	18 709	20 470	22 782	25 498	28 502	31 555	36 167	43 974
Casual employee	6 669	7 187	8 610	9 667	11 093	12 864	14 843	16 784	19 434
Employer	35 671	39 679	45 402	48 722	68 689	83 469	89 107	97 244	127 908
Self employed	12 959	14 582	16 038	19 093	22 088	23 679	25 938	29 116	35 255
Female									
Total	**12 363**	**14 350**	**15 681**	**17 956**	**20 645**	**24 003**	**25 405**	**28 214**	**35 828**
Regular employee	14 328	16 444	17 838	19 767	21 637	24 872	26 619	29 968	37 392
Casual employee	3 126	3 272	4 052	4 605	5 357	6 481	8 166	9 033	10 572
Employer	35 781	39 033	34 960	35 116	59 835	84 105	82 037	80 893	105 767
Self employed	6 179	7 333	7 907	10 483	11 797	13 160	14 303	16 425	21 516

Note. TURKSTAT Income and Living Conditions Survey, 2020

Considering the employment status; it has been observed that the average income of employers is generally higher than other employee status. This also applies to female employers. The average income was 125,698 TL, while this amount was 127,908 TL for men, and it was 105.767 TL for women. Another important result of the Table 13 is that; according to the employment status of the individuals' the most disadvantageous group was found to be the casual employees. Their income is the lowest throughout all the years for both men and women.

The comparison between men and women indicates that women are worse off. Although this situation arises from the cultural and social structure of the country, certain changes are experienced with the advancement of the developing technology and education level.

The empowerment of women in the name of gender equality and poverty reduction is among UNDP's objectives. Gender equality is the key to human development according to UNDP. The Gender Inequality Index (GII) has been developed to measure this inequality. GII considers women's participation in the workforce, reproductive health, and participation in education. A high value indicates high inequality. By using the data of 162 countries in 2019, the value for Turkey has been calculated as 0.306 and she ranked 68 within 162 countries (UNDP, 2020).

Another issue that should be utilized in the analysis of the functional income distribution is the income earned by the individual according to their occupational activities. Since each of the individuals living in the society and participating in the active labor force operates in an occupational group, the distribution of income among occupational groups also stands as a topic that needs to be examined. Table 14 shows that average income has increased over the years. Considering the data of 2020, the average income is 43.118 TL. The highest income group is the managers whose average income is 110,824 TL. Professionals are in the second place with 62,826 TL followed by technicians in the third place with 46,199 TL. The lowest average income is obtained by those who are engaged in jobs and do not require qualifications such as elementary occupations and their average income is 24,970 TL. There is no coincidence that managers, professionals, and people with technical skills receive a higher share of income. The fact that these people, who are expected to be more educated than other groups, have a higher income once again reveals the effect of education on income distribution and welfare.

Table 14

Mean Annual Income at Main Job by Occupation Group

Occupation group	Years 2012	2013	2014	2015	2016	2017	2018	2019	2020
Total	**15 157**	**17 255**	**19 051**	**21 514**	**24 976**	**28 299**	**30 748**	**34 733**	**43 118**
Managers	35 452	42 094	42 943	48 557	59 655	72 707	80 975	83 698	110 824
Professionals	26 866	30 564	32 721	35 442	40 235	43 617	46 214	52 024	62 826
Technicians and associate professionals	18 286	21 733	23 916	26 083	28 862	32 135	33 296	37 959	46 199
Clerical support workers	15 537	17 568	19 604	21 249	22 373	25 644	27 223	32 699	38 642
Service and sales workers	13 513	14 831	16 388	18 342	20 760	24 104	25 470	28 980	35 117
Skilled agricultural, forestry and fishery workers	11 103	12 712	13 194	14 934	18 359	17 808	19 931	22 684	26 305
Craft and related trades workers	11 131	12 374	13 941	16 108	18 095	20 804	22 947	26 464	33 125
Plant and machine operators and assemblers	12 595	13 887	15 633	17 672	19 614	22 232	24 828	29 140	35 346
Elementary occupations	8 073	9 407	10 440	11 737	13 311	15 926	17 395	19 614	24 970

Note. TURKSTAT Income and Living Conditions Survey, 2020

Table15 analyzes the functional income distribution with the ratio analysis of the distribution of income to 20 percent quintiles according to income type. The population, which is in the last 20 quintile and obtains the largest portion of the income in the society, when all income types are taken into account, earned 49.1 percent of the total income in 2019 and 50.4 percent in 2020. The income ratios based on quintiles show that the first quintile with the lowest income receives the highest share from jobs with a casual income, and the 2020 ratio is 29.6 percent. The same group has the lowest rate in income types such as rental income, pension, and survivors' benefits. These results reveal the disadvantaged situation of this quintile in terms of social security and personal income.

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Table 15

Distribution of Annual Equivalized Household Disposable Income by Quintiles

	%20 First quintile		%20 Second quintile		%20 Third quintile		%20 Fourth quintile		%20 Last quintile	
	2019	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
Total	**5,1**	**4,8**	**9,8**	**9,4**	**14,6**	**14,2**	**21,4**	**21,1**	**49,1**	**50,4**
Wage and salary	4,5	4,0	9,8	9,4	14,5	14,1	22,4	23,5	48,8	49,0
Casual	27,9	29,6	25,0	26,7	17,1	18,6	16,7	15,5	13,4	9,6
Entrepreneurial	4,3	4,0	7,9	8,0	11,5	11,2	16,5	14,9	59,8	61,9
Agricultural	9,4	9,3	15,3	16,9	20,0	18,9	20,2	21,4	35,1	33,5
Non-agricultural	2,9	2,6	5,7	5,6	9,0	9,2	15,5	13,2	67,0	69,3
Rental income	1,4	2,7	3,3	3,0	7,7	7,7	16,7	14,1	70,9	72,5
Property income	3,2	4,1	5,5	6,4	8,6	9,8	13,6	16,1	69,2	63,7
Social transfers	4,4	4,2	10,9	9,5	19,6	18,0	25,9	23,7	39,1	44,5
Pensions and survivors' benefits	2,9	2,7	10,3	8,8	19,8	18,0	26,6	24,3	40,4	46,2
Other social transfers	21,3	21,6	17,8	17,7	17,0	17,9	19,3	17,0	24,6	25,7
Inter-household transfers	9,8	9,5	12,8	12,9	14,3	16,5	22,6	21,4	40,6	39,6
Other incomes	26,2	26,7	22,3	22,1	21,4	22,0	17,7	16,0	12,4	13,2

Note. TURKSTAT Income and Living Conditions Survey, 2020

5.2.3. Sectoral income distribution

Another type of income distribution is sectoral income distribution that shows how much the economic activities in an economy may contribute to the income obtained. When the economic activities in the economy are mentioned, service, industry and agriculture sectors are mentioned. It is a type of distribution that shows how much of the national income these sectors account for within the country's economy and how it has changed over time (Üzümcü & Korkat, 2014).

The sectoral income distribution shows some indicators about the development levels of countries, too. Since country classifications are made according to the level of development, countries that are characterized as developed have less agricultural activities and more industry and trade incomes. Agricultural activities are intensely included in the economies in the countries that are classified as underdeveloped. In that context; the average income level of individuals working in agriculture, industry, construction, and service sectors, which are classified as main sectors in Turkey, are given in Table 16 below.

Table 16

Mean Annual Income at Main Job by Branch of Economic Activity

Branch of economic activity	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total	**15 157**	**17 255**	**19 051**	**21 514**	**24 976**	**28 299**	**30 748**	**34 733**	**43 118**
Agriculture	10 346	11 886	12 471	14 064	17 375	16 996	18 991	21 807	25 263
Industry	13 778	15 896	17 747	20 757	24 616	29 292	31 414	35 174	44 355
Construction	12 286	14 659	16 208	18 159	21 720	24 951	27 123	32 236	42 227
Service	17 397	19 516	21 345	23 724	26 852	30 407	33 029	37 169	46 034

Note. TURKSTAT Income and Living Conditions Survey, 2020

According to Table 16 data, the general average income increased from 15.157 TL in 2012 to 43,118 TL in 2020. It is observed that a similar increase trend is experienced in all four main sectors and the average income is higher in the service sector. The industrial sector comes in second place, and the workers with the lowest average income are in the agricultural sector. The average income of the workers in the agricultural sector in 2020 is 25,263 TL, which corresponds to approximately 55 percent of the average wages of workers in the service sector which is 46,034 TL in the same year. This situation indicates that the difference is high and the poverty rate of those working in the agricultural sector is higher due to low income.

5.2.4. Regional income distribution

The extent of inequality in income distribution varies from country to country, and it is inevitable that there are great changes between regions in the countries, too. The income obtained within the country is realized at a certain level according to the field of activity in which the regions are dealing with to ensure their livelihood. Naturally, the income and distribution of income between a region where trade is intense and a region where agricultural activity is intense will be different from each other.

The diverse effects of income distribution and inequality should be taken into account; since, dealing with the issue unilaterally may be misleading. In that context; the geographical, economic and sociological differences between regions are of great importance in explaining the differences. Table 17 below shows the distribution of the Gini Coefficient by regions in Turkey.

Table 17

Regional Gini Coefficient by Household Disposable Income

	Years and Gini Coefficient										
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
TR1 İstanbul	0,355	0,358	0,374	0,381	0,357	0,378	0,398	0,430	0,427	0,417	0,445
TR2 West Marmara	0,371	0,378	0,380	0,359	0,370	0,382	0,395	0,402	0,418	0,387	0,379
TR3 Aegean	0,387	0,400	0,391	0,382	0,373	0,378	0,387	0,387	0,379	0,367	0,381
TR4 East Marmara	0,328	0,323	0,342	0,329	0,351	0,353	0,346	0,361	0,356	0,322	0,326
TR5 West Anatolia	0,358	0,364	0,357	0,388	0,393	0,385	0,394	0,374	0,387	0,360	0,387
TR6 Mediterranean	0,388	0,395	0,396	0,394	0,392	0,392	0,396	0,388	0,393	0,371	0,394
TR7 Central Anatolia	0,369	0,363	0,361	0,343	0,365	0,362	0,386	0,358	0,370	0,368	0,364
TR8 West Black Sea	0,345	0,333	0,337	0,329	0,339	0,358	0,368	0,359	0,373	0,358	0,353
TR9 East Black Sea	0,328	0,337	0,332	0,328	0,333	0,336	0,369	0,342	0,347	0,364	0,365
TRA North East Anatolia	0,372	0,373	0,370	0,385	0,394	0,378	0,352	0,334	0,347	0,338	0,349
TRB Central East Anatolia	0,384	0,383	0,356	0,350	0,367	0,355	0,370	0,352	0,336	0,330	0,337
TRC South East Anatolia	0,382	0,378	0,348	0,362	0,361	0,363	0,349	0,347	0,371	0,367	0,368

Note. TURKSTAT Income and Living Conditions Survey, 2020

TURKSTAT 2020 data that evaluates Turkey under 12 different regions shows that the Gini coefficient values are lower in all regions of Turkey except TR1-Istanbul region that is calculated as 0.445 for the 2020. This result; shows that the income distribution in Istanbul, which has a very important place in terms of the Turkish economy and population, is worse than the rest of the country suggesting reflections on poverty rates. Although there are differences in the ratios of the Gini Coefficient in the remaining 11 regions, it is seen that there are no differences in income distribution that will indicate a striking result.

6. CONCLUSION

Poverty has continued and most probably will continue to exist in both developed and developing countries. Many studies are carried out at both national and international level for the fight against poverty. The global effort to combat poverty needs to be demonstrated jointly. For this purpose, projects and programmes are announced in order to gather both developed and developing countries around the same goal to eliminate poverty and hunger as top priorities and to reduce the current number of poor individuals. As an example of these efforts, UNDP; The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Since the most basic right of an individual is the right to live; experiencing the lack of food, income expenditure, which causes an individual to be deprived of her/his right to live, and deprivation of all kinds of opportunities that will affect her/his income and spending capacity are also types of poverty. In this situation; poverty may be examined in a wide range starting from income poverty to capacity poverty. The inability of an individual to participate in the society she/he lives in, not even to be included in the decision-making process that will affect herself/himself and her/his life, may lead to economic, social, and cultural exclusion, too. In that contex; it is important to emphasize again Amartya Sen’s (1989) talent/capacity approach; which not only base the definition of poverty on income, but also includes needs such as literacy, life expectancy, and health.

According to many researchers, economic growth and development are critical for poverty reduction. Therefore, one of the most basic methods of combating poverty has been policies to encourage economic growth. However, in the empirical studies, the direction and size of the causality between inequality, growth, and poverty may not always be as expected.

Since; income distribution and poverty concepts are closely related, it is important to analyze them together. The unequal distribution of income in a society brings with it an increase in poverty. Inequality in income distribution causes the incomes of the individuals in a country to deteriorate primarily in terms of consumption, health, and education, leaving the poor worse off. While the socio-cultural living standards of the individuals in the high-income group are quite high, the situation is the opposite for the individuals in the low-income group. And this situation causes social reactions. For the welfare of countries, society and most importantly individuals, the distribution of income between groups should be realized in a fair and beneficial way.

The facts of ensuring income distribution justice and reduction of poverty, which constitute the cornerstone of this study, have not been totally possible in the world and in Turkey until today, and stable policies have not been implemented within the framework of the necessary rules in general. Along with these reasons, the problem of poverty and income inequality has reached high levels today, deepening day by day. The dimension of poverty is increasing with the insecure and risky environment created by globalization.

The governments should implement stable, consistent, and long-run precautions to fight and prevent income inequality and poverty. It is vital that cooperations with non-governmental organizations should act together with a holistic view during the implementations of such policies. In this context; governments' fiscal policy resources are important resources that are available to governments within the scope of improving and achieving a fairer income distribution.

By implementing fiscal policies, regulating public expenditures, and public revenues, income distribution justice may be improved to some extent. If the collection of direct and indirect taxes, fines and fees among public revenues may be treated fairly and the secondary redistribution may be realized in a just way, serious improvements could be observed in terms of fair income distribution and poverty reduction.

The extent of poverty in today's world is alarming. As a result of the measures taken today, it seems very difficult to give a positive answer to the question of what kind of trend poverty will have in the future. This is also true for Turkey. At this point, neo-liberal models do not seem to constitute an adequate framework for combating poverty. Over time, the theoretical conflict created by neo-liberal policies, which play an important role in the spread and deepening of poverty throughout the world and the neo-liberal models determined in the fight against poverty, ultimately accelerate the failure of policies to fight against poverty.

In this study, Turkey's poverty and income distribution profile is given with TURKSTAT data for various years. The analysis of the income distribution and poverty data in Turkey reflects that an important reason for the deterioration of income distribution in Turkey is caused by the implemented economic and social policies. Along with the continuation and increase of political instability, economic and financial crisis emerged due to the problems such as the increase in inflation rate and unemployment. In line with the public finance policies, economic imbalances, and public expenditure; income inequality has risen and the income distribution has deteriorated during the recent years.

After the last local economic crisis in 2001, economic improvements have been achieved throughout the country with the economic reforms that prioritized institutional structuring and economic stability. This situation had also reflections in the income distribution and poverty data. The social and economic reforms carried out in the European Union (EU) membership process, which accelerated in the early 2000s and was kept in the forefront politically, had a significant impact on economic stability and social policies.

Today, the extent of poverty has increased even more with the Covid 19 pandemic, which has caused various economic and social problems, primarily in the field of health throughout the last two years. The increase in the number of people who lost their jobs or had to work for lower wages during the pandemic period increased poverty even more. In this context, it is important that the social assistance provided by the states reach the right people on time.

Taking into account the general picture about the social, political, and economic policies of Turkey in terms of income inequality and poverty reduction; effective and stable programs have not been implemented thoroughly. Since the already existing problems of poverty and income distribution may not be prevented, they increase day by day and these problems affect not only the economy but also social and political situations.

In summary; the problem of income inequality brings along the problem of poverty. In order to prevent poverty, it is important to prioritize improving the living conditions of the poor and preventing the accumulation of income in the hands of a small segment of the society. In addition, economic and social policies based on economic growth, improving social welfare, reducing regional inequalities, creating equal opportunities for education, health, and improving opportunities for a fair income distribution should be implemented simultaneously. In the fight against both inequality and poverty, total cooperation is required not only of the individuals, but also of the states, private sector, non-governmental organizations, and international organizations. In this context; some specific policy steps to reduce poverty and income inequality may be listed as follows for Turkey:

- In order to combat poverty; education, health, social security, migration, and economic policies should be implemented and the fight against poverty should be supported by other policies based on a holistic view. The coordination and cooperation of all public institutions and organizations related to social policies is required.
- An important problem in terms of social policies implemented within the scope of anti-poverty policies is the informality about the number of poor in Turkey. Therefore; the economic and social policies to prevent informality, that would be implemented together with policies to fight poverty, should be evaluated together.
- It is not possible for the entire poor individuals to know the follow-up of the social assistance provided within the scope of the fight against poverty. This issue gained more importance especially with the Covid 19 pandemic era. At this point, it is important to ensure the integrity of the legislation to update the more effective use of social aids.

- In the fight against poverty, it is important to carry out economic and social policies that provide all kinds of support at the point of increasing women's participation rates in employment, since women have a multiplier effect on families and societies. The situation of women and children in poverty and income distribution depicts a worser picture compared to other segments of the society in general. Within the scope of combating poverty, it is important that social policies for women and children be separated and carried out.
- As with women and children, the elderly should be encouraged not only through financial support, but also through their participation in social life and active aging. Social policies, in which the necessary measures are taken to solve the accessibility problem, should be implemented.
- Equality of opportunity should be provided in education, which is an important tool that will break the chains of child poverty in the long term.
- Another group that stands out in terms of poverty in Turkey is immigrants. It is important to take necessary measures to prevent immigrants and refugees from gathering in certain regions due to social exclusion problems. It is vital to implement policies that ensure a social cohesion for immigrants and refugees, not only through social assistances but also with social works.
- Considering the difference between the criteria of urban poverty and rural poverty, policies should be evaluated separately in terms of rural and urban societies.

As a final word for reducing poverty and income inequality in Turkey; success in the fight against poverty is possible by realizing the necessary conditions for everyone in the society to live equally and humanely. This happens by firstly questioning the existing economic and social systems.

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