

SOSIAL-İQTİSADI BƏRABƏRSİZLİYİN İQTİSADI NƏTİCƏLƏRİ

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XÜLASƏ

Gəlirlərin, sərvətlərin və imkanların qeyri-bərabər paylanması ilə xarakterizə olunan sosial-iqtisadi bərabərsizlik mühüm iqtisadi nəticələrə malikdir. Bu məqalə mücərrəd qeyri-bərabərliyin təhsilə və məşğulluğa çıxışı məhdudlaşdırmaqla iqtisadi artıma necə mane ola biləcəyini, bununla da ümumi məhsuldarlığı və innovasiyanı azalda biləcəyini araşdırır. O, həmçinin siyasi qeyri-sabitliyə gətirib çıxara bilən və sərmayələrin qarşısını ala bilən bərabərsizlik və sosial iğtişaşlar arasındakı əlaqəni araşdırır. Konsentrasiya edilmiş sərvət hesabına yoxsulluğun davamlı olması bu problemləri daha da kəskinləşdirir, nəticədə sağlamlıq, təhsil və sosial mobillik nəticələrinin pisləşməsi ilə nəticələnir. Bundan əlavə, bərabərsizlik sosial birliyi pozur, institutları zəiflədir və uzunmüddətli iqtisadi sabitliyə mane olan bərabərsizlik dövrünə gətirib çıxara bilən demokratik əsasları aşındıra bilər. Bərabərliyi təşviq edən siyasətlər vasitəsilə sosial-iqtisadi bərabərsizliyin aradan qaldırılması davamlı iqtisadi artımın təşviqi və daha möhkəm və inklüziv cəmiyyətin təmin edilməsi üçün vacibdir.

Açar sözlər: iqtisadiyyat, bərabərsizlik, sosial bərabərlik, iqtisadi sabitlik, davamlı iqtisadi artım.

ECONOMIC CONSEQUENCES OF SOCIO-ECONOMIC INEQUALITY

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ABSTRACT

Socioeconomic inequality, characterized by the uneven distribution of income, wealth, and opportunities, has significant economic consequences. This abstract explores how inequality can impede economic growth by

limiting access to education and employment, thereby reducing overall productivity and innovation. It also examines the link between inequality and social unrest, which can lead to political instability and discourage investment. The perpetuation of poverty due to concentrated wealth exacerbates these issues, resulting in poorer health, education, and social mobility outcomes. Additionally, inequality undermines social cohesion, weakens institutions, and can erode democratic foundations, leading to a cycle of inequality that hampers long-term economic stability. Addressing socioeconomic inequality through policies that promote equity is essential for fostering sustainable economic growth and ensuring a more resilient and inclusive society.

Keywords: economy, inequality, social equity, economic stability, sustainable economic growth.

ЭКОНОМИЧЕСКИЕ ПОСЛЕДСТВИЯ СОЦИАЛЬНО-ЭКОНОМИЧЕСКОГО НЕРАВЕНСТВА

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РЕЗЮМЕ

Социально-экономическое неравенство, характеризующееся неравномерным распределением доходов, богатства и возможностей, имеет значительные экономические последствия. В этой статье рассматривается, как неравенство может препятствовать экономическому росту, ограничивая доступ к образованию и занятости, тем самым снижая общую производительность и инновации. В нем также рассматривается связь между неравенством и социальными волнениями, которые могут привести к политической нестабильности и препятствовать инвестициям. Сохранение бедности из-за концентрированного богатства усугубляет эти проблемы, что приводит к ухудшению здоровья, образования и результатов социальной мобильности. Кроме того, неравенство подрывает социальную сплоченность, ослабляет институты и может разрушить демократические основы, что приводит к циклу неравенства, который

препятствует долгосрочной экономической стабильности. Решение социально-экономического неравенства с помощью политики, способствующей равенству, имеет важное значение для содействия устойчивому экономическому росту и обеспечения более устойчивого и инклюзивного общества.

Ключевые слова: экономика, неравенство, социальное равенство, экономическая стабильность, устойчивый экономический рост.

INTRODUCTION

Socioeconomic inequality refers to the unequal distribution of income, wealth, and resources among different social groups, leading to disparities in living standards, opportunities, and overall well-being. The economic consequences of such inequality are profound and multifaceted, affecting both individual and societal levels.

Firstly, socioeconomic inequality can hinder economic growth. When a significant portion of the population has limited access to education, healthcare, and employment opportunities, their productivity is reduced. This leads to a less skilled workforce, lower levels of innovation, and ultimately slower economic development. In contrast, more equitable societies tend to experience higher and more sustainable growth because resources and opportunities are distributed more widely, allowing more people to contribute effectively to the economy.

Secondly, high levels of inequality can lead to increased social unrest and political instability. Disparities in income and wealth often create tensions between different social groups, leading to conflict and instability. This can discourage investment, as businesses are less likely to invest in regions or countries where there is a risk of social upheaval. Additionally, political instability can result in inefficient governance and policy-making, further hampering economic performance.

Moreover, inequality often results in higher levels of poverty, as wealth becomes concentrated in the hands of a few, leaving others with insufficient resources to meet basic needs. This creates a cycle of poverty that is difficult to break, as those at the bottom of the economic ladder have fewer opportunities to improve their situation. Poverty, in turn, leads to poor health outcomes, lower educational attainment, and reduced social mobility, all of

which further exacerbate economic inequality.

In societies with significant socioeconomic inequality, there is often a reduction in social cohesion and trust among citizens. This erosion of social capital can lead to weaker institutions and less effective public services, as people are less willing to contribute to the collective good. Additionally, the concentration of wealth can lead to increased political influence for the wealthy, resulting in policies that favor their interests over those of the broader population, further entrenching inequality.

In the long run, socioeconomic inequality can undermine the very foundations of democracy and social stability. When people feel that the system is rigged against them, they are less likely to participate in democratic processes, leading to lower levels of civic engagement and voter turnout. This can create a vicious cycle where inequality begets further inequality, as those in power implement policies that perpetuate their own wealth and status.

1. ANALYSIS OF THE LEVEL OF UNEVEN SOCIO-ECONOMIC DEVELOPMENT OF REGIONS

Uneven regional development is one of the key challenges faced by many countries, with specific characteristics largely determined by the size of the territory, natural and climatic conditions, national composition, cultural and historical factors, economic spatial heterogeneity, distribution of resources, and the degree of their utilization. In the current stage of productive forces development, under the influence of the rapid introduction of innovations in all spheres of human activity, the widespread dissemination of information technologies and telecommunications systems that are forming a unified information space, as well as the development of network forms of production organization, this problem is taking on new dimensions and features.

The configuration of socio-economic space is characterized by heterogeneity and imbalance, which hinders progress towards sustainable development and leads to an increase in interregional contrasts. The processes of differentiation in the country's economy, which emerged under the conditions of centralized planning, intensified during the transition to a market-based economic model, resulting in a decline in competitiveness and

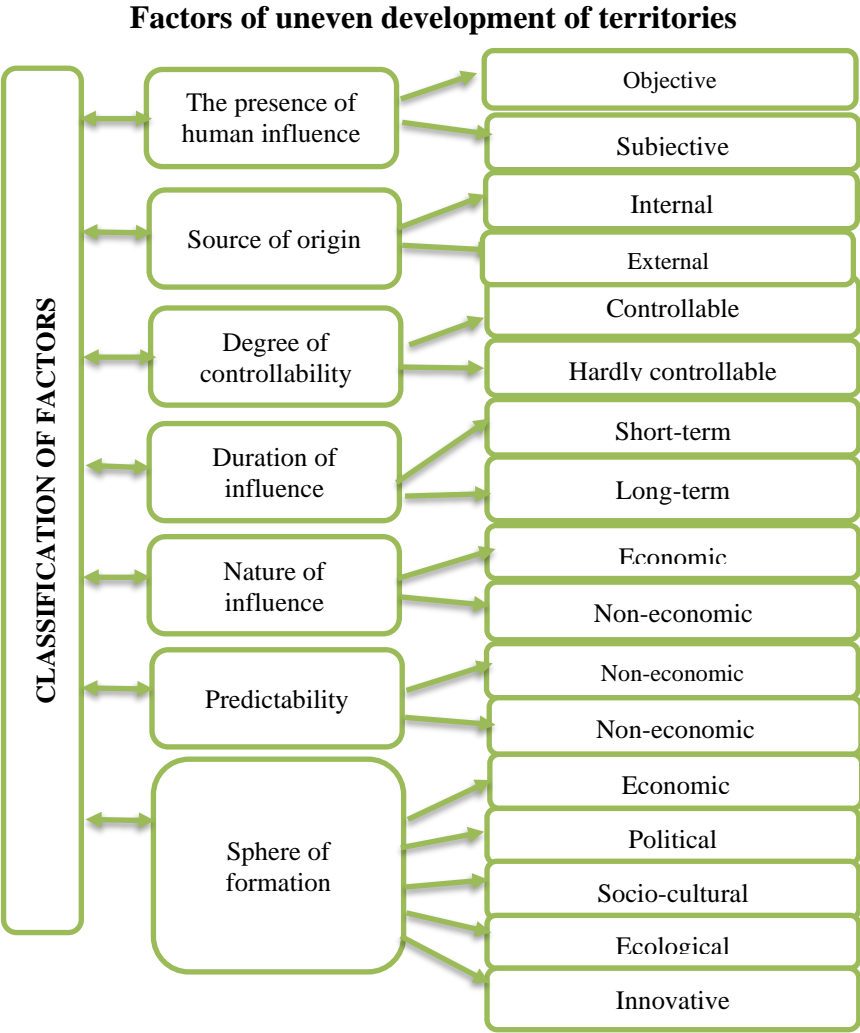
deepening disparities in levels of socio-economic development. These circumstances underscore the relevance of studying the uneven development of regions, its causes, possible consequences, and specific manifestations. It is worth noting that the issue of uneven development has interested scholars and has been studied for more than two hundred years. As the authors of the monograph (Aleksandrova, 2005: 101) correctly point out, which is also confirmed in the work (Uskova, 2015: 42), the unevenness of regional development is a spatial form of the uneven development of society, the changes of which are largely determined by shifts in stages of social development. Over the course of these changes, scholars' perspectives on space and its characteristics have also evolved, with the space itself being transformed under the influence of the development of productive forces and production relations.

The analysis of scientific literature on the issue of uneven regional development has shown that there are definitions of this category that are quite similar in content, differing only in the specific features and characteristics determined by the direction and area within which unevenness is considered. Overall, it can be noted that in many studies, uneven development of a region is equated with differences. Therefore, uneven development of territories should be understood as the existence of differences across a specific set of parameters that reflect a particular area of functioning and development of the region.

Unevenness as a property of a territory is determined by various causes and factors. In the works of several authors, factors influencing regional inequality are identified, but the criteria for classifying these factors are often not provided. However, some authors focus on distinguishing, for example, between objective and subjective factors, as well as internal and external factors that determine the emergence and transformation of regional inequality. Classifying these factors not only enhances the ability to more deeply study the causes of changes in regional development unevenness but also allows for a more precise assessment of the place and role of each factor in this process. It should also be noted that this classification creates broad opportunities for well-founded management of socio-economic development. In this context, it is worth mentioning the work of Paul Krugman, the 2008 Nobel laureate in economics, who identifies two groups of factors: one group is independent of human activity, while the other is

determined by it (Krugman, 1991). By focusing on these human-created factors, it is possible to exert influence on spatial development, mitigate disparities, and reduce their negative impact on societal development. Understanding the possibility and necessity of influencing these processes has allowed for the expansion of the criteria underlying the identification of the following groups of factors (Figure 1).

Figure 1.



Special attention should be given to both objective and subjective factors, which can also be categorized according to other criteria. Objective factors include geographic location (in specific latitudes, in relation to waterways, seas, borders, consumption areas of finished products, areas of concentration of natural resources, etc.); natural and climatic features (climate type, soil type, geomorphological features, configuration of river networks); and the availability of natural resources (the presence or absence of certain types of fuel and energy resources, ores, non-metallic resources, land, forest, and water resources). These factors, in turn, influence the degree of economic development of a territory, the settlement system, and the sectoral structure of the economy. This allows to conclude that objective factors determine the action of subjective ones, which include economic conditions, political and economic institutions, the management system, scientific and technological progress, human capital, social institutions, infrastructure, market conditions, and others (Gubanova & Klesh, 2017: 63).

Each of these factors influences socio-economic processes, and their combined impact shapes the trend in which differences across certain parameters may either intensify or diminish. Meanwhile, the same factor can have varying effects on the development of a specific territory: in some cases, it may positively influence the development of the territory, in others, it may have a negative impact, and in still others, it may have no impact at all.

The characteristics of the modern functioning of economic systems, such as the transition to an innovative type of development and advancements in various fields of science, have led to a decrease in the role of objective factors and an increase in the role of subjective factors. However, it is impossible to completely eliminate factors of unevenness; they are inevitable for any territorial social system. Thus, the diversity of factors and their mutual influence not only determine the complex nature of unevenness but also the possibility of its change.

2. INFLUENCE OF INTERNATIONAL INTEGRATION PROCESSES ON SOCIO-ECONOMIC INEQUALITY OF REGIONS

Integration processes encompass all aspects of the social, political, and economic life of modern society. It has traditionally been demonstrated that

integration positively impacts economic growth, as the absence of trade barriers contributes to the formation of a more efficient economic structure. Contemporary scientific doctrines, such as the new economic geography and the latest theories of international trade, view integration processes through the lens of reducing trade costs, increasing trade volumes, and note their impact on the growth of socio-economic inequality among regions. Thus, economic integration also has negative consequences. This understanding should be based on the results of empirical research using modern econometric methods and the theoretical principles of leading global scientific schools.

The intensification of regional inequality in the context of integration processes is examined through the lens of economic growth. Several scholars have conducted comprehensive studies on the interrelation between globalization, regional inequality, growth, and development of countries, using the experience of European countries as a basis. The study of the interdependence between economic growth (as an inherent attribute of integration processes) and inequality explains the positive effect of redistribution on economic growth (Aghion et al, 1999: 1624).

The relationship between economic growth and inequality in the 2000s was primarily analyzed in economies with similar participants. The research often focused on the interactions between endogenous technological changes, which arise from improvements in the quality of innovations, and the dynamics of wage structures (Aghion, 2002: 871).

The refinement of the methodological framework for measuring regional inequality in the context of integration and globalization processes was undertaken by A. Heshmati. He concludes that there is an interdependence between inequality and income distribution in several major countries worldwide during the period from 1950 to 2000. A similar, but earlier, study was published in 1977. A. Heshmati discusses the widely used Gini coefficient, moving away from a one-sided consideration of income inequality and introducing the concept of "inequality beyond income"—which includes disparities in professional skills, education, opportunities, happiness, health, and well-being. In his subsequent works, A. Heshmati continues to explore inequality, particularly in the context of its impact on growth, as well as the interdependence between growth, income redistribution, and poverty (Heshmati, 2004: 16).

A significant amount of research has been conducted on China's regions during the country's accession to the WTO. Studies covering the second half of the 20th century identified three peaks of inequality, occurring at the end of the 1950s (Great Famine), the late 1960s and 1970s (Cultural Revolution), and the late 1990s (period of openness and global integration). Econometric analysis determined that regional inequality in China can be attributed to three main factors: the decline in the share of heavy industry in GDP, the level of decentralization, and the degree of economic openness (Kanbur & Zhang, 2005: 91).

In the economic literature, there are studies that, based on the analysis of the impact of globalization on increasing regional inequality, challenge the attractiveness of China's accession to the WTO. These studies argue on the following (Wan et al, 2001: 28):

- The intensification of globalization positively correlates with growing inequality, has a significant impact on inequality, and this impact increases over time.
- Capital is the most important factor driving the dynamics of inequality between regions.
- Regional inequality is influenced by economic reforms, particularly those associated with privatization processes.
- The influence of factors such as the level of education, the distribution of economic activity, urbanization, and the dependency ratio on interregional inequality gradually decreases over time.

The influence of international integration on a country's domestic economy is not always positive—emerging structural shifts often lead to an increase in regional inequality. The impact of integration on regional inequality is often assessed through economic growth, economies of scale, and changes in transportation costs. Empirical studies of regions are predominantly based on countries in Latin America, Europe, China, and South Africa. Some works in this area provide recommendations for policies aimed at mitigating socio-economic inequality.

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the relationship between socioeconomic inequality and regional development is deeply influenced by both objective and subjective

factors, with international integration processes playing a significant role in shaping these dynamics. The review of literature and empirical studies highlights the complexity of these relationships, as well as the dual impact of integration on regional inequality. While integration can drive economic growth and efficiency by reducing trade barriers and promoting innovation, it can also exacerbate regional disparities, particularly in countries with significant economic heterogeneity.

The studies on China's experience during its WTO accession illustrate how globalization and economic openness can lead to increased regional inequality, influenced by factors such as the shift away from heavy industry, decentralization, and the varying levels of capital investment. Similar patterns have been observed in other regions, indicating that the benefits of integration are not evenly distributed and may, in fact, deepen existing inequalities.

Given these findings, it is crucial to develop policies that can mitigate the negative effects of integration on regional inequality. This includes:

- **Implementing targeted economic policies:** Governments should focus on reducing disparities by promoting balanced regional development. This can be achieved through targeted investments in infrastructure, education, and healthcare in less developed regions.
- **Strengthening social safety nets:** To counteract the negative impacts of economic reforms and privatization, especially in regions that are more vulnerable to inequality, social safety nets should be enhanced to protect the most disadvantaged populations.
- **Encouraging equitable economic growth:** Policies should aim to distribute the benefits of economic growth more evenly across regions. This could involve fostering innovation and entrepreneurship in lagging regions and supporting sectors that can drive inclusive growth.
- **Monitoring and adjusting integration policies:** Continuous monitoring of the effects of international integration on regional inequality is essential. Policymakers should be ready to adjust policies in response to observed increases in inequality, ensuring that integration benefits the entire country, not just specific regions.
- **Promoting decentralization with caution:** While decentralization can empower local governments, it must be accompanied by adequate resources and capacity-building to ensure that all regions can benefit from integration

and economic growth.

Overall, a nuanced approach that considers the specific needs and characteristics of each region, coupled with proactive policy measures, is necessary to harness the benefits of international integration while minimizing its potential to exacerbate regional socioeconomic inequality.

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