



The concept of poverty, the main directions of its reduction

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Annotation:

This article provides information on the nature of poverty and the population of the Republic of Uzbekistan in poverty, their problems, specific recommendations for the reduction and elimination of poverty, and scientific recommendations.

Keywords: Sustainable development, growth rates, poverty, poverty reduction concept, action strategy, entrepreneurship development, innovation, population income, global problems, crises, poverty rate, social protection.

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Introduction. Under the leadership of the President of the Republic, large-scale reforms are being carried out in various spheres on the basis of the principle "Human interests take precedence over everything else.", all this, of course, will improve the living conditions of our people, increase welfare, eliminate unemployment, increase real incomes, financial support of the poor, especially in rural areas, increase real incomes, low-income, serves the social protection of the population in need of social protection, financial support is a constant focus of public policy. Consequently, further development of our economy, further development of production, expansion of small business and private entrepreneurship, as well as foreign investment and its efficient use, development of tourism, development and efficiency of agricultural production, as well as export promotion and exporting is our priority are main directions. Not only are the poor deprived of the opportunity to enjoy the country's rapid economic growth, but they are also unable to contribute to development due to limited opportunities to participate in various aspects of public life. The state provides free secondary education, guarantees a basic

package of medical services, provides specialized assistance to vulnerable groups in "socially important and dangerous" conditions, and provides benefits to low-income families. But more needs to be done¹. To improve this situation, it is not enough just to provide soft loans, to implement measures such as "women's book", "youth book", "iron book". Poverty is seen as an integrated system in socio-economic relations, and this problem can be overcome through self-employment. As a result of changes in the income structure of the population, a large or small part of the population may face this problem. To overcome this problem, it is necessary to develop a program to develop entrepreneurship in Uzbekistan, reduce poverty on the basis of self-employment and improve the mechanism of improving the welfare of the population. In recent years, a number of decrees and resolutions have been adopted in our country to eradicate poverty. In particular, the Presidential Decree PF-5975 of March 26, 2020

¹<https://effect.uz/k/2020/11/06/zbekistonda-kamba-allik-darajasi-kamba-allikni-kamaytirish-uchun-nima-qilish-kerak.html>



"On measures to radically update the state policy on poverty reduction" and the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan on March 26, 2020 and its on the organization of the activities of system organizations".

These documents set tasks to improve the business environment and reduce poverty in the country through self-employment. It requires the development of some theoretical, methodological and practical scientific recommendations for the implementation of the identified tasks. Given these circumstances, the study of this topic is relevant.

Analysis of the literature on the subject

Changes in the income structure of the population, issues related to poverty reduction have been studied by a number of economists, including A. Smith, D. Ricardo, R. Malthus G. Spencer, A.Sen, S. Rauntri and others. [15,27,33,34].

In particular, among the Uzbek economists and researchers MK Pardaev, O. Pardaev, M. Muxamedov B. In the scientific research of Khamidov and others, an in-depth study of poverty has been tried as a separate problem [2,14,19,20,24,25,26,29,36].

Since ancient times, many theories have argued that there will always be inequality as long as humanity is alive. The great philosopher Plato considered the state to be a community of people created by nature itself, and he first argued for the inevitability of dividing the population into two parts: the rich and the poor. However, Plato argued that a scientifically organized society should implement the principles of justice, ensure social stability and internal discipline, as well as the movement to lift out of poverty, the pursuit of a prosperous life throughout human life was considered normal and should be supported²(2021)

²Жамият ва инновациялар – Общество и инновации – Society and innovations Special Issue – 4 (2021) / ISSN 2181-1415 Candidate of Economic Sciences, Associate Professor of Namangan Institute of Engineering and Technology, Namangan, Uzbekistan.



According to A.Smith, the nature of poverty in many respects was at the heart of the main liberal ideas of the mid-nineteenth century, and many scientific studies were devoted to it. In accord with A.Smith and D.Ricardo (1951), the concept of poverty will always exist and can only reduce the level of poverty. The English economist Thomas Robert Malthus (1766-1834) said for a constant increase in population relative to the means of subsistence, "The population law" (1798), a law that has existed since the inception of society and is in constant and powerful action. Reflects that the main cause of poverty is related to population growth. The excess part of the population is doomed to starvation, nakedness and starvation due to necessity. As reported by Malthus, the main and constant cause of poverty has nothing to do with governance or the uneven distribution of property. Malthus blamed the state for supporting the proliferation of the poor in the origins of poverty. In opinion of G.Spencer, poverty plays an important role in human personal activity and through it determines the future of man (1906).

In accordance with Amartya Sen, winner of the Nobel Prize in Economics for his work *The Political Economy of Hunger*, poverty is not related to the quantity of goods (material goods), but is determined by the socially conditioned ability of people to obtain these material goods. (1981). According to Rauntri (1901), when analyzing poverty indicators, high and low wages and incomes affect the growth of a country's national wealth. His research has shown that self-identification is one of the most important ways to reduce poverty.

IN UN Economic Commission for Europe's Poverty Measurement Guide: Poverty is the inability of a person to make choices and opportunities throughout his or her life, the existence of barriers to full participation in society, as well as to feed and clothe his or her family, receive education or hospitalization, and work in a field or lack of employment opportunities to earn an income and limited access to credit.

It is also said that poverty is the social stigma, helplessness and helplessness of individuals, households and communities (, New York, Geneva, 2017). In addition, according to a methodology proposed by the World Bank in 2015 in 115 countries, the poverty line on purchasing power parity at 2011 prices for all countries is 1.9, and the poverty line is based on low, medium and high incomes, 9; 3.2; It was recommended to set it at \$ 5.5 and \$ 21.7. In opinion of BakhtishodKhamidov³, chief researcher at the Center for Economic Research and Reforms under the Presidential Administration of the Republic of Uzbekistan, poverty means that there is no opportunity to meet basic human needs (food, clothing, housing, education and health). Insufficient freedom or living on less than \$ 1.90 a day, and a third party understands the constant range of social, educational and health barriers that undermine human participation in society. As reported by Professor M. Muhammedov, "The poor can be divided into two categories, the first of which is the poor who do not want to improve their lives, but are lazy to do so. The second category is people who have become like this for some reason, who want to work, but for some reason are not able to do so.

According to professors M. Pardaev and O. Pardaev, "The population falling into the category of poverty can be divided into three groups. The first is the unemployed, people who have the appropriate qualifications but cannot find a decent job. The second category includes those who are employed but whose monthly salary is not enough to lift their family out of poverty. Third, the stratum of the population that does not have the opportunity to work (disabled, incapable of work, children and the elderly without a breadwinner). In our view, a more second approach would cover the concept of poverty more broadly. Because now there is

³Poverty level in Uzbekistan. What can be done to reduce poverty? BakhtishodKhamidov, Chief Research Fellow, Center for Economic Research and Reforms under the Presidential Administration of the Republic of Uzbekistan.

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a segment of the population that earns low wages and cannot provide for their families. From this it can be concluded that poverty is a feature of the economic condition of a particular social class, that is, an integral part of society, in which they are always in trouble as a result of inability to meet their material and spiritual needs.

Research methodology

In the context of innovative economy, the study of the existing problems in each family in our country used the methods of identification, analysis and synthesis, systematic analysis, observation and questionnaire to reduce poverty.

Analysis and results

There is no single definition of the word 'poverty' in the literature. It requires a number of clearly defined skills and methods to conduct an assessment. To determine who is poor and who is less than whom, it is necessary to define the poverty line based on knowledge of consumption (income), which is commonly referred to as the 'poverty line'.

The most commonly used definitions of the poverty line are as follows:

- Nutrition-based poverty rate. Poverty has certain forms and hunger is one such form. In this case, well-being is measured as the amount of daily calories per capita and compared to the minimum daily energy requirement for that population. The Food and Agriculture Organization of the United Nations sets an average of 1,800 calories per day, with needs adjusted for age, gender, and activity level⁴.

- International Poverty Limit. This poverty line is used by the World Bank for international comparisons, with a poverty line of \$ 1.25, the poverty line being the amount of \$ 2.5 found per day. At the same time, other poverty lines are currently being used, taking into account the development characteristics and stages of different countries. In particular, the poverty rate is set at \$ 3.2 per day for low-income countries and \$ 5.5 per day for high-income countries. There are two other definitions

⁴BakhtishodKhamidov, SEIR. Economic review №5 (245) 2020 325



commonly used in Europe: the relative poverty line and the subjective limit of poverty.

President of Uzbekistan ShavkatMirziyoyev chaired a video conference on February 27, 2020 on measures to reduce poverty through the development of entrepreneurship, we've got to see or hear that our attitude, which isn't true at the time, is really poor. This is wrong. Unfortunately, according to preliminary estimates, 4-5 percent of our population is found to be poor. It is no longer necessary to hide, we need to understand the real problem, the situation of our people living in difficult conditions, to change the worldview of all categories of leaders. At the meeting, President of the Republic of Uzbekistan Sh.M.Mirziyoev assessed the real poverty situation in the country, saying, "Poverty reduction does not mean an increase in salaries or pensions, mass lending. To do this, first of all, it is necessary to train the population, increase financial literacy, create a sense of entrepreneurship, improve infrastructure, educate their children, introduce quality treatment, targeted benefits⁵. The head of state noted that people should be given jobs, not money. For 30 years, nothing has changed by giving them money. The poor should not sleep in the house. "They also need to be trained. Every citizen of Uzbekistan must be ready for life, for globalization and change in the world. The worldview of the poor also needs to change. The sleeping system in the house is over now. You have to convince, you have to convince, you have to do good. Then there is hope for the future. Now we have to give jobs, not money. We need to create opportunities and teach. Nothing has changed with giving money in 30 years. Now, we come to the part where we talk about the middle ground. We teach beekeeping, rabbit breeding, animal husbandry, viticulture, lemon growing, entrepreneurship, craftsmanship, handicrafts to every household. If we don't teach, it won't happen. Giving money and leaving did not work. If we create such an environment, then change will take place.

⁵ <https://www.pv.uz/uz/news/tadbirkorlikni-rivozhlantirish-va-kasbga-tajirlash-orali-kambaallikni-kamajtirishchoralari-belgilandi>
¹⁰ <https://sputniknews-uz.com/socie>
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According to our data, the Kashkadarya region is the most difficult region in terms of poverty. 700,000 people are poor. This is about 21 percent of the total population. In this situation, leaders in Kashkadarya cannot sit still. He must ask himself the question of how we can get our people out of such a difficult situation. Also, 500,000 people are poor in the Republic of Karakalpakstan, 500,000 in the Surkhandarya region, 400,000 in the Namangan region, 210,000 in the Jizzakh region and 130,000 in Syrdarya region⁶.

If we take these numbers by neighborhood, we see even heavier numbers. For example, in Yangiabad mahalla of Parkent district, there are 1,039 low-income and poor people. 906 people in Mirshodi mahalla of Altynsay district and 504 people in Toda mahalla of Boysun district are in a difficult situation⁶. According to a non-governmental, non-profit international organization⁷, the government's care for poverty reduction and assistance to the poor is determined by:

Payment to those who have 1, 2 and 3 children in the amount of 60, 100,120 percent of the financial minimum monthly wage. Providing low-interest loans to help them recover. Renovation of 25 family houses in each district, allocation of housing for 5 families living in emergency or dilapidated areas, purchase of household appliances for 70 families. However, this assistance belongs to only 1% of the population. Support in the education system: providing incentives to the poor with school supplies, providing winter clothing and footwear to lower grade students, giving free access to kindergartens and the Internet. The following assistance is also provided: employment of those recognized as unemployed in the organization of public works, temporary employment (from 2 weeks to 3 months), free placement in training courses for employment. Such problems are still deplorable: high unemployment of potential

⁶ <https://review.uz/oz/post/ozbekistonda-kambagallik-va-uni-qisqartirish-yollari>

⁷ Concept of Development Strategies of the Republic of Uzbekistan up to 2035 year. International non-governmental non-profit organization «BUYUK KELAJAK». Materials prepared 2019 year



workers, a large proportion of workers in the informal sector, lack of qualification, presentation system, abandoned migration accounting system, lack of accurate data on the size and structure of the labor market. The non-governmental and non-profit international organization said that more than eleven million people in the country are shortaged from food⁸.

In our country, the issue of social support and the fight against poverty is being addressed at the level of state policy. In carrying out this urgent task, a separate approach for each social stratum is being further expanded. In accordance with the Resolution of the President of the Republic of Uzbekistan dated March 26, 2020 No PP 4653, the Regulation "On the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan" was developed. According to him, the tasks of the newly formed ministry to reduce poverty are as follows:

- Analysis and maintenance of inclusive economic growth, development, implementation and coordination of poverty reduction strategies and programs with public administration bodies, non-governmental organizations, public organizations, international financial institutions, foreign government financial institutions;
- Development of clear supports and mechanisms for poverty reduction, development of criteria and assessment methods for determining the level of poverty, taking into account foreign experience, the normative framework of minimum standards of social security;
- implementation of measures to achieve the goals and objectives of national sustainable development, development of a methodology for calculating the subsistence minimum and minimum consumer basket and systematic work on the study of income stratification and ensuring their compatibility with state target programs;

⁸Concept of Development Strategies of the Republic of Uzbekistan up to 2035 year. International non-governmental non-profit organization «BUYUK KELAJAK». Materials prepared 2019 year
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- Carry out joint work with the Ministry of Employment and Labor Relations of the Republic of Uzbekistan on the qualitative development of the labor market and its structure, analysis and improvement of labor migration processes and the distribution of labor resources;

- Development and implementation of human capital development programs in cooperation with the Ministry of Preschool Education, the Ministry of Public Education, the Ministry of Higher and Secondary Special Education, the Ministry of Health, the Ministry of Physical Culture and Sports, the Ministry of Culture of the Republic of Uzbekistan.

At the moment, the level of poverty may increase further during an economic crisis that could be caused by a coronavirus pandemic. World Bank President David Malpass says the world economy is facing a "deep recession" this year. Nearly 60 million people worldwide are extremely poor due to the coronavirus pandemic⁹.

"In order to develop the economy, we need to quickly learn how to respond to medical emergencies," Malpass explained. In addition, the government needs to support the poor and the private sector.

In our opinion, the level of poverty can be reduced on the basis of the following principles of public policy: to create ample opportunities for honest, well-paid work and to encourage able-bodied citizens to actively and independently provide them with self-employment.

Conclusions and suggestions.

Based on the results of the research, we consider it appropriate to implement the following scientific proposals and practical recommendations to reduce poverty in the country:

First, to increase the entrepreneurial literacy of the population, to form and constantly improve financial and economic knowledge and skills, to involve the population in small business and entrepreneurship, to become one entrepreneur from each family, to create a free competitive environment, to protect private property;



Second, the restoration of permanent jobs in all areas of employment, the creation of new permanent and seasonal jobs;

Third, the development of cooperative relations in agriculture and increase the competitiveness of the industry, the creation of an integrated production chain;

Fourth, the development of systemically active economic measures aimed at improving the living standards of the population for the poor, namely, employment policy, investment, microcredit, taxation, targeted social assistance;

Fifth, a drastic fight against the following conditions that lead to poverty - alcoholism, drug addiction, gambling, human trafficking;

Sixth, the organization of work to prevent overpopulation.

In short, the quality and timeliness of the implementation of comprehensive measures in the identified priorities will ensure the sustainable growth of our national economy this year and further accelerate economic growth in the coming years in the context of the deepening global crisis. This, in turn, covers the measures taken in our country to reduce poverty.

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