

# Interpretation Of The Concept "Poverty" And Increasing The Welfare Of The Population Of Uzbekistan

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*Abstract: The problem of poverty has been worrying human society for a long time. But, despite this, humanity has not been able to solve this problem. And, paradoxically, poverty continues to be an inherent feature of any society. Poverty is multidimensional in nature and causes. It cannot be defeated by increasing benefits, creating jobs, providing access to credit for starting a business, or improving housing conditions.*

**Keywords**— Poverty; social inequality; minimum need; absolute concept of poverty; international poverty line; national poverty line; cost of living; the level of well-being

## 1. INTRODUCTION

The problem of poverty has been worrying human society for a long time. But, despite this, humanity has not been able to solve this problem. And, paradoxically, poverty continues to be an inherent feature of any society.

The fighting against poverty and inequality is one of the main tasks of the socio-economic policy of each state. Until today, there is no single methodology for solving this problem, since each case requires an individual approach in the context of the level, nature and characteristics of the country's socio-economic development.

Poverty is a “pronounced decline in well-being,” that is, the economic state of an individual or a group of individuals, in which they cannot satisfy a certain range of minimum needs necessary for life, preservation and improvement of working capacity, as well as continuation and increase in the number of descendants.

In recent years, in the context of the economic development of Uzbekistan, the issues of poverty reduction and income growth of all segments of the population are a strategic task of the state. In this regard, the President of the Republic of Uzbekistan Shavkat Mirziyoyev, in his Address to the Oliy Majlis dated January 24, 2020, for the first time voiced the problem of poverty and instructed, together with the World Bank and the UN Development Program and other international organizations, to develop a poverty reduction program: “improving the well-being of people and strengthening their social protection will remain among our top priorities. Poverty reduction requires the implementation of a comprehensive economic and social policy - from stimulating entrepreneurial activity to mobilizing the abilities and potential of the population, creating new jobs”<sup>1</sup>.

<sup>1</sup>Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis of the Republic of Uzbekistan dated January 24, 2020. //www.uza.uz.

## 2. METODOLOGY

Poverty is the result of diverse and interrelated causes, which are grouped into the following groups:

- economic (unemployment, economic inequality, including low wages, low labor productivity, non-competitiveness of the industry);
- social and medical (disability, old age, high morbidity);
- demographic (single-parent families, a large number of dependents in the family, overpopulation);
- educational qualifications (low level of education, insufficient professional training);
- political (military conflicts, forced migration);
- regional and geographic (uneven development of regions).

According to experts of the international humanitarian organization "Oxfam", the reasons for the growth of poverty and social inequality in the world, starting from 2010, can also be - tax evasion of wealthy people; cuts in workers' wages; an increase in the difference between the minimum and maximum levels of wages, etc.

Understanding poverty issues, we can distinguish three concepts of poverty: absolute, relative and subjective concepts.

The absolute concept of poverty is based on the comparison of the minimum needs that must be met with the same amount of material resources required to meet these needs. Poor people are people with incomes below the cost estimate of the minimum needs and those who do not adequately meet their basic vital needs.

For this purpose, the World Bank uses an indicator of the level of absolute poverty, which is compared with the level of consumption, which includes the cost of consumption of own products. The level of the absolute poverty line is periodically revised: before 2008 - it was 1\$ per day; from 2008-2015 - 1.25\$ per day; starting in 2016 - 1.9\$ per day.

According to the cited data, today about a quarter of the world's population lives below the official poverty line, when people receive such low incomes that they are unable to reach even the critical minimum in nutrition. The three poorest countries in the world, the Democratic Republic of the Congo, Liberia and Burundi, are below this poverty line.

In addition, about 1.4 billion people live in absolute poverty, or about one in five people in the world - most of them citizens of middle-income countries. Even in a number of wealthy countries, such as the United States and Japan, one in six people live in relative poverty.

In most foreign and CIS countries, it is customary to measure the absolute level of poverty<sup>2</sup>. For example, the US government in 2012 set the poverty line at 23050\$ in annual income<sup>3</sup> for a family with 4 people<sup>4</sup>. Despite this, many Americans remained below this poverty line. Thus, we can conclude that if a state has a certain line or limit of poverty, it does not insure either the state or the vulnerable segment of the population against poverty. In the CIS countries, indicators of the subsistence minimum and the national poverty line are used to estimate absolute poverty.

The subsistence minimum is a cost estimate of the consumer basket, which includes the minimum sets of food, non-food goods and services necessary to preserve human health and ensure his life, as well as mandatory payments and fees. Or the cost of living establishes the line beyond which a person will not be able to satisfy the most necessary needs, beyond which poverty turns into misery. The composition of the subsistence minimum in many CIS countries is determined by law and revised at different intervals at different times (table 1).

**Table 1:** Proportion of the population living below the national poverty line (in % of the total population)<sup>5</sup>

Country	2015	2016	2017	2018
Azerbaijan	4,9	5,9	5,4	5,1
Armenia	29,8	29,4	25,7	23,5
Belarus	5,1	5,7	5,9	5,6
Kazakhstan	2,7	2,6	2,6	4,3 <sup>6</sup>
Kyrgyzstan	32,1	25,4	25,6	22,4

<sup>2</sup>Absolute poverty means dissatisfaction or partial satisfaction of primary needs.

<sup>3</sup>Cash income includes wages, income from self-employment, nominal investment income, social security payments, unemployment.

<sup>4</sup>The poverty threshold is differentiated depending on the size and age composition of families.

<sup>5</sup>Statistical assessment of poverty and inequality in the CIS countries (before the global pandemic). //www.dx.doi.org.

<sup>6</sup>In Kazakhstan, from January 1, 2018, the composition of the subsistence minimum has been changed.

Moldova	9,6	...	...	...
Russia	13,4	13,2	12,9	12,6
Tajikistan	31,0	30,3	29,5	27,4
Uzbekistan	12,8	12,3	11,9	11,4

National Poverty Line - Based on estimates of the cost of the food and non-food basket. The calculation of the food basket should provide a daily physiological norm per capita. For example, in Armenia the daily rate is 2232 kcal, in Kyrgyzstan - 2100 kcal, in Tajikistan - 2250 kcal.

Despite the fact that according to the World Bank, Uzbekistan is included in the group of countries with an average level of national income per capita (\$ 1,533 per person per year), in 2018 Uzbekistan took the 8th place in the list of the poorest countries in the world<sup>7</sup>. Today the population of Uzbekistan is three times poorer than neighboring Kazakhstan and six times poorer than the Russian Federation. "According to preliminary calculations, 12-15 percent or 4-5 million of the population of Uzbekistan is in a state of poverty," living primarily in rural areas and small villages. This means that the daily income of this category of the population does not exceed 10-13 thousand sums.

One of the most difficult challenges facing the country is the lack of employment opportunities, while the differences between rural and urban areas remain large. High unemployment and low wages are the reason for massive labour migration to Russia and Kazakhstan. Remittances from labour migrants account from 12 to 15 percent of the country's GDP. In the field of public administration, further reforms are still required to improve the decision-making system taking into account all segments of the population, to increase the transparency and openness of government bodies. Other urgent tasks are to raise public awareness of the principles of human rights and ensure their observance, ensure access to justice for socially vulnerable groups of the population, and promote gender equality.

Uzbekistan faces a number of environmental challenges, exacerbated by the country's geography and climate, its rapidly growing population and economic activities that harm its fragile ecosystem. It is urgently task of ensuring access of the population to drinking water against the background of the Aral Sea disaster with its socio-economic and environmental consequences and negative impact on the health and life of the local population. The Universal Declaration of Human Rights establishes that everyone has the right to a standard of living which is necessary to maintain the health and well-being of himself and his family, including food, clothing, housing, medical care and necessary

<sup>7</sup>According to the report of the international company "Focus Economics".

social services, the right to security in case of unemployment, illness, disability, widowhood, old age or any other case of loss of livelihood due to circumstances beyond his control.

It is necessary to revise the existing system of employment and the allocation of benefits to unemployed citizens. The country's unemployment rate is currently 9.1 percent. Minister of Employment and Labour Relations Sh. Kudbiev admitted that unemployment benefits in Uzbekistan do not fulfil an economic function: "Who applies for unemployment benefits? We can say that no one. Because unemployment benefits do not carry a functional or economic burden ...".

It is important to note that the problem of poverty has a multifaceted nature and causes. It cannot be defeated by increasing benefits, creating jobs, providing access to credit for starting a business, or improving housing conditions. "Reducing poverty does not mean increasing wages or benefits." As it was highlighted above - unemployment, low level of education, disability, poor health - these are the factors that should often be taken into account in the fight against poverty.

Countries with high levels of income and poverty stratification can significantly reduce inequality and poverty through government intervention. To enable the poor and needy to get out of poverty through their own efforts, we need to level the conditions for children by improving the educational system and well-being; expand access to jobs and prevent the rich and powerful from manipulating markets. The modern world produces enough material goods to overcome absolute poverty. The emerging situation of social tension, poverty, corruption and hunger can only be eliminated by joint efforts of the entire world community.

### 3. CONCLUSION

In our opinion, the problem of poverty should be tackled in a comprehensive manner: firstly, it is necessary to create conditions that would allow the working population to earn enough so that the family would not be in a state of poverty. To this end, determine the level of the minimum wage in the republic, as close as possible to the subsistence minimum; secondly, it is necessary to create an effective system of support for socially vulnerable groups of the population: people with disabilities, the elderly, families with a high dependency burden, people in extreme situations; thirdly, it is necessary to resist discrimination of the poor in access to free and subsidized social services.

It is also necessary to provide conditions for the independent exit of the population from poverty: to ensure institutional regulation of the labour market, which implies the improvement of mechanisms for the practical implementation of legal norms on labour; ensure the legalization of informal behaviour patterns of both employers and employees; provide decent wages; reduce the real tax burden on wages; to provide employment assistance,

including through public works and the creation of temporary jobs, and real, effective assistance in case of unemployment.

As world experience shows, an effective fight against poverty is possible only in conditions of revitalization of national production, growth of entrepreneurial activity, productivity and motivation to work. All economic, financial and other government measures should be aimed only at this revival. Additionally, government should make the priority of social policy ensuring an acceptable standard of living for those who are not able to independently provide a decent standard of living. At the same time, Uzbekistan faces the task of improving the country's integration with regional and global markets, since the creation of a favorable investment climate also serves as a major factor in economic growth and poverty reduction.

### 4. REFERENCES

- [1] Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis of the Republic of Uzbekistan dated January 24, 2020. //www.uza.uz.
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