



THE ECONOMIC MEANING OF THE CONCEPT OF POVERTY AND ITS THEORETICAL FOUNDATIONS

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Abstract: This article delves into the multifaceted concept of poverty, examining its economic significance and the theoretical frameworks that underpin its understanding. By exploring various definitions and measurements of poverty, we highlight how economic theories, including classical, neoclassical, and Marxian perspectives, inform policy approaches and interventions. The analysis also addresses the limitations of purely monetary measures, advocating for a broader view that encompasses multidimensional poverty indicators such as health, education, and living standards. Furthermore, we discuss the implications of poverty on economic growth and social stability, suggesting that a comprehensive understanding of its economic meaning is crucial for developing effective poverty alleviation strategies.

Key words: poverty, economic significance, theoretical frameworks, multidimensional indicators, economic growth, social stability, policy interventions.

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Annotatsiya: Ushbu maqola qashshoqlikning ko'p qirrali tushunchasini o'rganadi, iqtisodiy ahamiyatini va uni tushunishga asos bo'ladigan nazariy ramkalarni ko'rib chiqadi. Qashshoqlikning turli ta'riflari va o'lchovlarini o'rganish orqali iqtisodiy nazariyalar, jumladan, klassik, neoklassik va marksistik nuqtai nazar, siyosat yondashuvlari va aralashuvlarni qanday ma'noda ta'sir etishini ta'kidlaymiz. Taqdimot shuningdek, faqat moliyaviy o'lchovlarning cheklovlarini muhokama qiladi, sog'liq, ta'lim va yashash sharoitlari kabi ko'p qirrali qashshoqlik ko'rsatkichlarini o'z ichiga olgan kengroq nuqtai nazarni taklif qiladi. Bundan tashqari, qashshoqlikning iqtisodiy o'sish va ijtimoiy barqarorlikka ta'sirini muhokama qilib, uning iqtisodiy ma'nosini tushunishning samarali qashshoqlikni kamaytirish strategiyalarini ishlab chiqishda muhimligini ta'kidlaymiz.

Kalit so'zlar: qashshoqlik, iqtisodiy ahamiyat, nazariy ramkalar, ko'p qirrali ko'rsatkichlar, iqtisodiy o'sish, ijtimoiy barqarorlik, siyosat aralashuvlari.

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Аннотация: Эта статья исследует многогранную концепцию бедности, рассматривая её экономическое значение и теоретические рамки, которые лежат в основе её понимания. Изучая различные определения и измерения бедности, мы подчеркиваем, как экономические теории, включая классическую, неоклассическую и марксистскую перспективы, влияют на политику и интервенции. Анализ также касается ограничений чисто денежного измерения, выступая за более широкий взгляд, который охватывает многомерные показатели бедности, такие как здоровье, образование и уровень жизни. Более того, мы обсуждаем последствия бедности для экономического роста и социальной стабильности, утверждая, что комплексное понимание её экономического значения имеет решающее значение для разработки эффективных стратегий по борьбе с бедностью.

Ключевые слова: бедность, экономическое значение, теоретические рамки, многомерные показатели, экономический рост, социальная стабильность, политические интервенции.

Introduction

In the development of the national economic system, one of the main priorities of the economy is to stimulate active economic growth in order to ensure its sustainable level. The sustainable development of the country's economy is directly dependent on the positive level of the main macroeconomic indicators: real growth of gross domestic product (GDP), inflation, exchange rate, unemployment rate, balance of payments, etc. The unemployment rate, which is one of the main macroeconomic indicators mentioned above, is considered one of the factors causing poverty.

Poverty means the lack of sufficient financial resources, which people, households and society as a whole do not have the means to purchase the basic things necessary for survival or achieving a bright future. The lack of such means can lead to a struggle to purchase food, clothing, shelter and medicine.

Poverty has different interpretations and opinions in different countries. In general, in world experience, poverty is a concept that describes economic conditions such as the lack of minimum needs, work capacity, and the ability to continue one's life for an individual or social group.

There are several limits to determine this, and a certain standard is set for the population to live a decent life. If a person's income (or expenses) is below the established standard, he is considered poor.

The poverty line is determined by assessing the expenses or income received to purchase the minimum daily amount of food and necessary products, as well as the family's ability to use goods and services in a certain group. For example, according to the poverty measurement methodology of the State Statistics Committee, people who consume (spend) less than 2100 kcal per day in Uzbekistan are considered poor.

Material and methods

Income inequality and poverty are the main focus of scientific research by scientists from leading universities in the world. For example, scientists such as Muhammad Shahbaz and Shamim, who are research scientists at the Beijing Institute of Technology, put forward the following theories:

Poverty is a concept related to the lack of resources and the inability to live. Poverty includes a wide range of factors, including insufficient food and housing, poor health and problems, lack of health care, inability to offer services in the labor market, and political incompetence[1]. In addition, the scientific works of Nobel Prize winner Amartya Sen also explore knowledge such as measures to reduce poverty, effective policies to increase population income, and reforms that increase population well-being. Amartya Sen's perspective on poverty reduction is based on the idea that poverty is more than just a lack of income; it is the deprivation of the basic capabilities that enable people to live a full life. He argues that the analysis of poverty should focus not only on income or consumption, but also on what people can do and be (their "functions" and "capabilities"). Sen's approach emphasizes the importance of social structures and individual

agency in addressing poverty, and advocates policies that expand people's freedoms and opportunities[2].

For their research on poverty reduction in the world, American Michael Kremer and Indian-American Abhijit Banerjee and his wife implemented innovative ideas to identify and completely eliminate it[3].

American economist Angus Stewart Deaton won the Nobel Prize in 2015 for his analysis of consumption, poverty, and welfare. He analyzed the relationship between the choices each consumer makes, the income of the population, and the level of consumption of the population in difficult times, as the most important factors for the formation of economic policies that ensure economic development and reduce poverty[4]. The issue of poverty was studied by Danish scientist Gesta Esping-Anderson[5], American scientist Jeffrey Sachs and other scientists in connection with the problems of the existing socio-economic system and as a problem of population well-being[6].

In contrast, structural theories explain poverty in terms of living conditions: unemployment, underemployment, poor education, and poor health. As is well known, the classical approach to poverty is centered around the works of prominent scholars such as Adam Smith and David Ricardo. In classical economics, poverty is viewed as the result of poor choices made by individuals and individual households. For example, poor people are viewed as those who are unable to provide for themselves, which is detrimental to their productivity. Poor choices made by individuals are viewed as the main factors that lead people to poverty or to poverty traps. However, classical economists agree that different genetic predispositions can be potential causes of poverty among people. Therefore, according to classical economists, there is a minimum threshold at which government assistance is necessary to help the poor and prevent poverty[7].

Economic development and poverty reduction are closely related and both are means to improve lives, but the development of a country does not always lead to the complete elimination of poverty. Inequality of thought, that is, inequality in development, is a major factor[8]. According to the neoclassical view, inequality is not a problem because it is difficult to avoid, but rather modernization, industrialization and development lead to the reduction of inequality.

Unemployment and underemployment are at the root of poverty. For the poor, labor is often the only asset they can use to improve their well-being. Therefore, creating productive employment opportunities is essential for poverty reduction and achieving sustainable economic and social development. Providing decent jobs that provide income and opportunities for the poor, especially women and youth, is crucial.

Rapid economic growth can potentially generate high rates of productive and gainful employment expansion, which can lead to poverty reduction. Given the importance of employment for poverty reduction, job creation should be central to national poverty reduction strategies. Many employment strategies are often linked to agricultural and rural development and include the use of labor-intensive agricultural technologies: the development of small and medium-sized enterprises, the promotion of micro-projects in rural areas. Many strategies promote self-employment, non-agricultural employment in rural areas, targeted employment generation activities, microfinance and credit as tools for employment creation, skills development and training.

The social perspective on development emphasizes the view that decent work is the best way to achieve socio-economic development, poverty eradication and personal well-being. Decent employment opportunities contribute significantly to achieving internationally agreed development goals, in particular the Millennium Development Goal of halving extreme poverty by 2015[9].

Results and Discussion

In his Address to the Oliy Majlis of the Republic of Uzbekistan on January 24, 2020, the President of the Republic of Uzbekistan Shavkat Mirziyoyev stated that “Poverty reduction means awakening the spirit of entrepreneurship in the population, fully realizing the internal

strength and potential of a person, and implementing a comprehensive economic and social policy to create new jobs.” He emphasized the need to continue the large-scale socio-economic reforms that have been carried out over the past three years based on the principle of “Human interests above all else.” The report touched upon the need to increase the well-being of the population, strengthen its social protection, and also noted that the majority of the population in the regions, especially in rural areas, does not have sufficient sources of income, and that, like in any country, there are low-income groups in Uzbekistan, noting that, according to various estimates, the low-income groups make up approximately 12-15 percent of the population[10]. Currently, it is believed that poverty reduction can be achieved by providing practical assistance to the needy segment of the population by increasing transfer payments, i.e. social benefits and pensions. This, in turn, is a one-sided solution and cannot fully solve this problem. Poverty reduction means awakening the spirit of entrepreneurship in the population, fully realizing the internal strength and potential of a person, and implementing a comprehensive economic and social policy to create new jobs. Indeed, on February 27, 2020, a video selector meeting was held under the chairmanship of the President of the Republic of Uzbekistan Shavkat Mirziyoyev, dedicated to measures to reduce poverty through entrepreneurship. “According to preliminary estimates, 12-15% or 45 million people are poor. This means that their daily income does not exceed 10-13 thousand soums. Or a family may not have a car or a pet, but if a person is seriously ill, at least 70% of the family income goes to his treatment. Can such a family be called self-sufficient? As President, I am troubled every day by questions about what is happening in the lives of our people, such as food, medical care, education, and clothing for their children. At the meeting, the Head of State added: “Poverty reduction does not mean an increase in monthly or pension benefits, mass loans. For this, first of all, it is necessary to establish vocational training, financial literacy, entrepreneurship, infrastructure, education for children, quality treatment, targeted benefits, - said the President[11].

Unfortunately, the lack of sufficient funds mainly affects the rural areas of our country. The majority of the poor rural population has low cultural literacy and their level of education is mainly primary school. Most poor households are relatively backward and still remain in the period of an undeveloped agrarian economy. They are content with the status of not having the ability to get rich and do not strive to improve their living standards. Market prices and production volumes fluctuate sharply, and the feeling of poverty among poor people is not high enough.

Conclusion

In conclusion, there have been notable successes and ongoing difficulties along Uzbekistan's path to economic diversification and poverty alleviation. Even though the results show improvement, especially in urban areas and developing sectors, reforms and strategic investment must continue. By removing current obstacles and utilizing entrepreneurship and technological opportunities, Uzbekistan can create the conditions for long-term economic growth that benefits. All facets of Uzbekistan's population stand to gain from sustained economic growth if current obstacles are removed and entrepreneurship and technological opportunities are taken advantage of.

A Poverty Reduction Strategy project has been developed for the period up to 2030, which includes priorities such as ensuring macroeconomic stability, implementing a balanced regional policy, comprehensive development of infrastructure and entrepreneurship, and ensuring employment. In addition to economic mechanisms, there are plans to increase the efficiency of the education and health systems and to improve the system of social assistance and services for vulnerable groups.

A national poverty line has been established based on minimum consumer expenditure. According to this criterion, the poverty rate was 17% in 2021, decreased to 14% in 2022, and is estimated to further reduce to 12% in 2023.

The goal is to double the economy's volume by 2030 and join the ranks of countries with above-average incomes. In addition, there are plans to halve poverty by 2026.

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