



THE ESSENCE AND BASIC LAWS OF POVERTY IN THE DIGITAL ECONOMY

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Abstract: This article theoretically studies concepts such as poverty and destitution, primarily in relation to the level of living of the population, the goods they consume, and the standard of living in general. New approaches to solving problems related to the lifestyle of the population, labor relations in an enterprise (organization, firm, company), regulation of labor remuneration, evaluation of employee services, the essence and basic laws of regulating wages and social and labor relations in general are theoretically studied and investigated.

Keywords: poverty, standard of living, material well-being of the population, social protection, wages and incomes

The main goal of the economic reforms being carried out in the Republic of Uzbekistan is to achieve stability and positive rates of economic growth. It is worth noting that all aspects of social and labor relations directly affect the lifestyle and income of the population, the emergence of those in need of social protection, the rich, the poor and the destitute among the population.

From a social point of view, the state pursues a social policy aimed at creating conditions for a decent life and free development of a person. One of the main directions of this policy is to stimulate labor and entrepreneurial activity, to increase the quality of life and living standards of the population by creating opportunities for every able-bodied person to ensure the economic well-being of his family through his own labor, to form savings and invest them effectively. Social and labor relations associated with labor activity and its results directly affect the formation of wages and incomes. The development of labor relations leads to the emergence of new forms of social partnership, the development of social protection, and an increase in satisfaction with labor activity. At the stage of deepening market relations, the living standards of the population and income stratification become central problems. Their solution will largely determine the direction and pace of further fundamental changes, and ultimately, political stability in society. In turn, the solution of these problems requires a clearly developed policy of income regulation.

Therefore, the current income policy is of great interest to the strata and groups of the population, the productive and non-productive components, state (regional) authorities, public organizations. At the same time, today it is considered an urgent issue to conduct an economic analysis of the living standards of the population based on objective statistical data, to study the monetary income and expenses of the population, to analyze the level of participation of households in the economy and the classification of expenses. In our republic, the necessary conditions have been created to ensure social protection of the population, a gradual increase in wages and other monetary incomes. In turn, the growth of the population's monetary income plays an important role in increasing its purchasing power, expanding production volumes and ensuring sustainable economic development in the country. Creating political, economic and social conditions to achieve a high level of material well-being, health and safety of the population, and to create guarantees for their implementation is the main direction of state social policy today. This

direction is implemented by implementing a sound socio-economic policy aimed at ensuring a decent life and free development and fulfillment for every person.

New approaches to solving problems related to the lifestyle of the population, labor relations in the enterprise (organization, firm, company), regulation of labor remuneration, evaluation of employee services, regulation of wages and socio-labor relations in general, directly affect the reduction of the so-called concept of poverty. It is established that knowledge of the theoretical issues of income policy, methods and mechanisms of their formation at different levels and for different groups of the population, also affects the reduction of the low-income segment of the population.

Since the theoretical study of concepts such as poverty and destitution is determined primarily by the standard of living of a population, the goods they consume, and, in general, their standard of living, we found it appropriate to study the standard of living of the population in this first chapter.

The standard of living of the population is a complex and multifaceted concept characterized by the set of existing socio-economic conditions of people's life and activities. The study of the standard of living of the population is relevant for all countries, regardless of the level of socio-economic development of society, and in particular for cross-country comparisons.

There are various components of the standard of living of the population (Table 1.1)

Table 1.1.

Components of the standard of living of the population¹

| UN concept | Swedish model |
|-----------------------------------|---|
| Health | Labor and working conditions |
| Eating | Economic opportunity |
| Education | Political opportunity |
| Employment and working conditions | School education |
| Accommodation conditions | Health and medical care use |
| Social security | Social opportunity (family and family (formation of relationships)) |
| Clothing | Accommodation |
| Rest and leisure | Eating |
| Human rights | Free time and how to spend it |

The most important aspects of studying the standard of living of the population are:

¹QXAbdurahmonov, XXAbduramanov. Lifestyle and income of the population, - Tashkent - 2011

- assessment of the main qualitative characteristics of a person considered a participant in economic activity (the ability to lead a healthy lifestyle in order to achieve a high level of sustainability; opportunities for education, having sufficient funds for a decent life, and acquiring high professional qualities);
- assessment of nominal and real incomes;
- study the nature of the population's provision of housing and consumer goods intended for long-term use.

The standard of living of the population is a set of conditions and indicators that characterize the well-being of the population, the level of consumption of goods and services, and the standard of meeting people's basic life needs.

In other words, the standard of living is the level of development and satisfaction of human needs in society, which is determined by the consumption of various goods or the level of utility of those obtained for consumption.

One of the important issues in assessing the standard of living and quality of life is to identify and compile a list of indicators that reveal the structure and content of this concept. The concepts of "standard of living", "well-being of the population", "lifestyle", "quality of life", which describe the history of the development of definitions of the standard of living and quality of life, are used to describe the well-being of the population (Figure 1.1).

Vyshegorodtsev MM and a number of other economists defined the concept of "well-being" as follows: well-being is the provision of the population with the material, social, cultural and spiritual wealth necessary for life, that is, with elements, services and conditions that satisfy human needs.²

To describe the well-being of the population, a number of concepts are used, including per capita income, consumption, and household provision with basic assets, income and consumption stratification of the population, the subsistence minimum, poverty levels, and standard of living, taking into account social stratification.

Two qualitative levels of well-being are distinguished:

- permanent satisfaction of the basic needs of a person (family) with a moderate life and a certain amount of food (primarily in terms of protein-calorie value), clothing, housing, health care, and personal safety to maintain his or her activities;
- material security, in which the achieved high level of satisfaction of basic needs allows the transition to the most optimal, individually tailored type of satisfaction of the needs of the family and each of its members.

²Vyshegorodtsev M.M. Uroven jizni kak factor razvitiya humancheseskogo kapitala. - M.: Dialog-MGU, 2009. - P.27

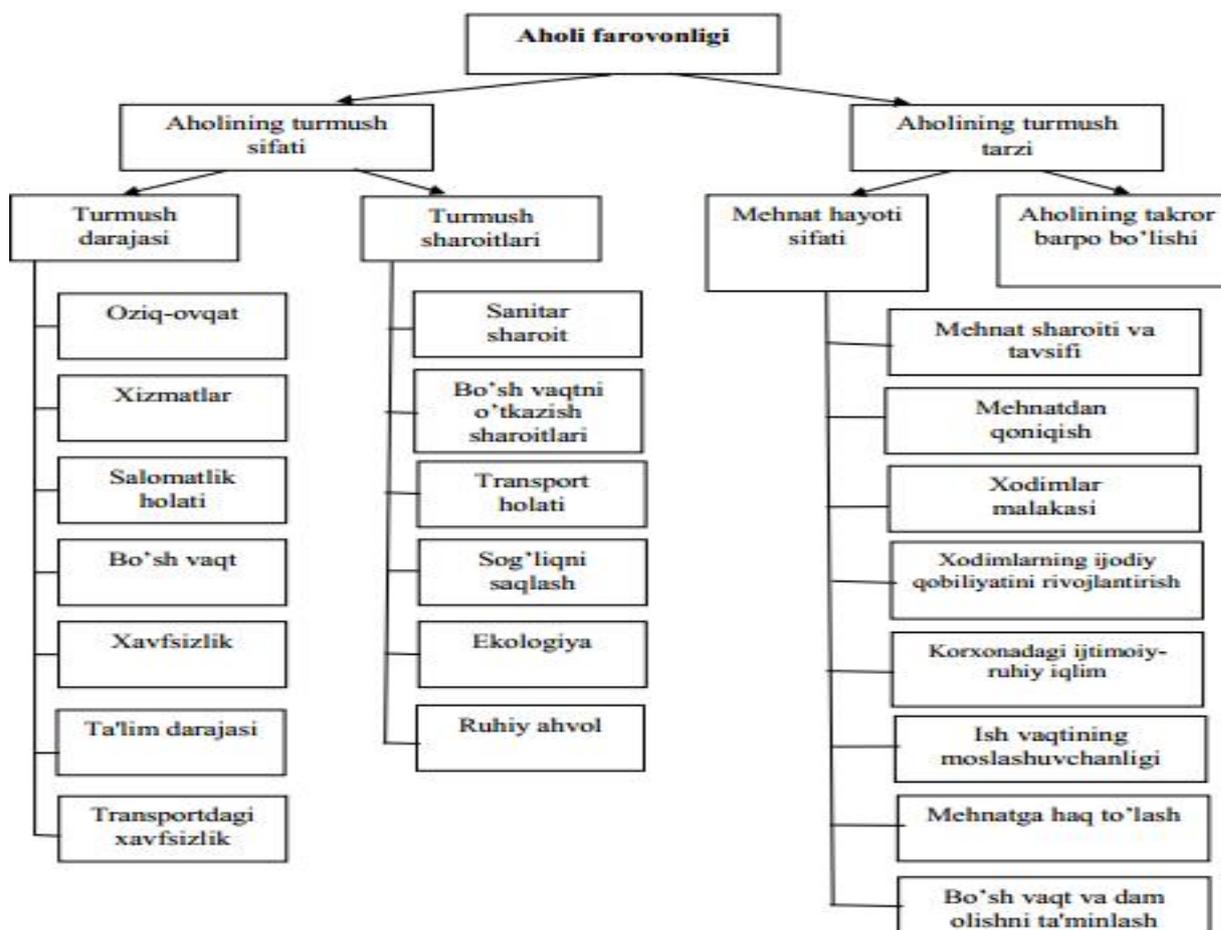


Figure 1.1. Classification of population well-being³

The standard of living of the population is considered the most important criterion for assessing the effectiveness of the country's socio-economic policy, and achieving it is the main goal of social development. First of all, the standard of living is characterized by the combination and interdependence of two components: the provision of the population with material and non-material wealth and their level of consumption.

Despite the fact that the concept of "standard of living" seems to be clear, the definitions given to it by experts are diverse. Some economists consider the concept of "standard of living" to be - the standard of living is the level of satisfaction of material, spiritual and social needs⁴, is defined as. Although the standard of living is a dynamic process that changes under the influence of many factors, this definition more accurately describes the statistics of the standard of living.

Firstly, the standard of living is determined by the composition and magnitude of the needs for various wealth, which are constantly changing, and secondly, it is limited by the ability to satisfy needs, based on the state of goods and services on the market, population income, and employee wages. However, both the amount of wages and income and the standard of living are determined by the scale and efficiency of production, scientific and technical progress, the cultural and educational level of the population and its composition, national characteristics, and political power.

³QXAbdurahmonov, XXAbduramanov. Lifestyle and income of the population, - Tashkent - 2011

⁴QXAbdurahmonov, XXAbduramanov. Lifestyle and income of the population, - Tashkent - 2011

The standard of living of the population serves, first of all, as the main source of satisfaction of personal needs for goods and services. The inevitable inequality of incomes and wealth is accompanied by a corresponding stratification of the standard of living of the population and its division into socio-property classes. The policy of regulating the incomes of the population is aimed at creating a decent standard of living for all segments of the population.

Standard of living is a complex socio-economic category characterized by various indicators. Among them, an important place is occupied by a block of general economic indicators, which includes income, consumption, and expenses.

Consumption is the main goal of any production. The moderate existence and development of a person can be determined only by his continuous consumption of material wealth, and it follows that the production of material wealth by society must also be continuous. Modern production is a complex, branched and extensive organism that determines the life and activities of the population, as well as the standard of living.

The results of human production activities form the set of economic wealth of society, and the part of its labor products that is necessary for the satisfaction of material needs is called economic needs. In turn, production directly affects the development of man and his needs. Material wealth is created, which determines the level of satisfaction of people's needs and the methods of their consumption of these wealth, and thereby forms a certain composition of the human consumer. The technical and technological renewal of production leads to a sharp qualitative change and renewal of the material wealth created by it, the object world in which man actually lives, and with it to a change and renewal of his entire way of life, which leads to the emergence of new needs in him. The inability to fully satisfy these needs, especially spending more than 50% of his income on basic material needs, and the lack of savings, indicates the concepts of poverty and destitution.

“...The population should live happily, not only with the hope of tomorrow, but also with the state’s support today... Reducing poverty does not mean increasing salaries or benefits, or giving loans to the masses. For this, first of all, it is necessary to train the population in a profession, increase financial literacy, instill a sense of entrepreneurship in people, improve infrastructure, educate their children, provide quality treatment, and introduce a targeted benefit payment system.”⁵. Therefore, kThe concept of reducing inequality has been the subject of varying opinions among economists.

The word "poor" is given various definitions in the "Explanatory Dictionary of the Uzbek Language". These are:

1. A person living in need, lacking enough to live: poor, destitute, needy;
2. Not enough; insufficient, lacking;
3. In a figurative sense. A person who is in a difficult or miserable situation.⁶is defined as.

According to the definition given by the United Nations Economic and Social Council, poverty is understood as the vulnerability, helplessness and limited access of individuals, households and communities to essential social services. That is, the poor can be defined as those who do not

⁵Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis of December 29, 2020. // 30.12.2020 10:00.10.3K.<https://review.uz/oz/post/poslanie-prezidenta-uzbekistana-shavkata-mirziyoyeva-oliy-majlisu>.

⁶Explanatory dictionary of the Uzbek language, T.: “Uzbekistan”, 1995

have enough income to meet the minimum needs necessary for survival, suffer from serious illness, and are unemployed.

Poverty is a consequence of the vital activity of society. The alienation of a person from property, its products, and conditions prevents self-realization and comprehensive development, and leads to the failure to fully satisfy material needs.

According to A. Smith, in the process of analyzing evolution, the relative nature of social standards and poverty among them, the material ability to comply with them, and the consequences of poverty also have a negative impact on the development of industry.

Based on S. Rowntree's approach, it was noted that when analyzing the economic category of poverty, an increase in income affects it in the right proportion, and that an increase in income leads to an increase in national wealth, which in turn leads to an increase in wages, which in turn serves to increase the well-being of society as a whole.

In our country, the concept of underdevelopment was widely used until 2016-2017. Underdevelopment is a condition that is characteristic of a large part of society and arises due to the lack of material resources to lead a moderate lifestyle. The concept of poverty is a state in which a part of the population cannot meet the minimum needs for basic conditions of life and activity accepted in society. This phenomenon is characteristic of all societies, regardless of their structure, forms and level of socio-economic development.

Poverty can arise from the following diverse and interrelated causes:

- economic (unemployment, low wages, low labor productivity, weak competitiveness of the industry);
- socio-medical (disability, old age, high morbidity);
- demographic (single-parent families, large number of dependents in the family);
- socio-economic (low level of social guarantees);
- vocational and qualification (low education, poor professional training);
- political (military conflicts, forced migration);
- territorial-geographical (uneven development of regions).

There are a number of criteria and indicators of poverty. The criterion of poverty accepted by most organizations and scientists is the ratio of average per capita income to the subsistence minimum (less than, equal to, slightly higher). The ratio of average per capita income to average wages for a country can also be a criterion. The poor include those whose average per capita income is less than 1/3 of the average wage for the country. In addition, the concept of poverty can be clarified by the share of food expenses in family expenses. If food expenses exceed 50 percent, the family is considered poor (in rich families this amount is around 6-12%).

The fight against poverty is more pronounced among the working-age population. Poverty should be viewed as a system of socio-economic relations subject to certain laws, including interconnected elements and connections. Poverty is a social phenomenon characterized by economic processes, in particular, income inequality, the development of which is still lagging far behind. Poverty is a public phenomenon of a socio-economic nature, since it is based only on the presentation of direct evidence and does not scientifically reveal the complexity of the causes of the development of poverty. Therefore, despite the research conducted by domestic and foreign scientists in economics, the problem of overcoming poverty is not scientifically substantiated. The problematic nature of many provisions on the elimination of poverty in the context of economic development creates a field for scientific debate and indicates the need for a more in-depth study of poverty in the modern economic system.

Similarly, poverty is inherent to any economic system with human development.⁷ Poverty is both an economic and a social problem, and no society is completely free from it. This is why national economies are not always able to regulate themselves.

The level of poverty in some countries also directly affects the structure of their specific economic, political, and social relations with other countries. This is especially evident during times of poverty, economic crises, pandemics, and recessions, which can strengthen ties between some countries and encourage them to extend a helping hand.⁸

Poverty cannot be eradicated, as it is a result of human nature and the laws of the market economy. However, poverty can be reduced, for which the socio-economic policies pursued by the state, competitive motivational factors play a decisive role and have a direct impact.

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