



## THE MAIN FACTORS OF POVERTY

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### Abstract

This article provides a theoretical analysis of various concepts of poverty and inequality. Since concepts and measures of poverty and inequality may be related, an attempt has been made to show their main logical foundations. In this article, we have discussed the concepts of poverty and inequality in a broad sense.

The main variables of poverty and inequality, from single-dimensional monetary indicators to broader multidimensional and subjective concepts; issues of conducting a comparative analysis of poverty and inequality by individuals, households, countries and subgroups over time; features of the proposed measures to generalize the level of poverty and inequality in relation to the population.

**Keywords:** Poverty, inequality, income, low-income, needs, subsistence level, wages, consumption, standard of living.

### Introduction

The President of the Republic of Uzbekistan's Address to the Oliy Majlis on January 24, 2020, raised the issue of poverty for the first time in the history of Uzbekistan. This topic was at the forefront of the socio-economic policy agenda.

In 2021, the poverty rate in Uzbekistan was calculated for the first time and it was found to be 17 percent, which means that almost 6 million Uzbeks lived below the poverty line in 2021. Find out why this matters and what affects poverty and economic inequality in our interactive visualization[12]. According to the World Bank, 736 million people live in extreme poverty [14].

In accordance with the Decree of the President of the Republic of Uzbekistan No. PF-143 dated September 23, 2024 “On bringing measures to reduce poverty and improve the well-being of the population to a new level” [1], the “From Poverty to Prosperity” program was adopted, and practical work and regional socio-economic programs were developed based on the characteristics of each region. A logical approach to this problem with a scientific study of the topic will be a convenient opportunity to develop recommendations and proposals for its elimination. Currently, the study of this topic from a scientific and practical perspective is relevant.





## Methods

The article aims to study the theoretical aspects of poverty and inequality. In this, the methods of comparative analysis and logical approach are used to analyze the theoretical analysis of the views of scholars on the theory of poverty and its impact on society.

## Discussions

Poverty is a psychological and social condition of an individual and his family, characterized by a modest standard of living based on the conservation of material resources. Poverty is a state of being below the poverty line, based on generally accepted standards, which is within the limits of biologically acceptable standards. People living in absolute poverty can only satisfy the minimum needs that ensure biological survival.

Poverty is one of the most widespread and pervasive social problems in both developed and developing countries today.

For example, in the United States, many people live in poverty or near poverty. According to Rank, in 2002, about 12.1 percent of all people in the United States were considered poor.

In Africa, especially in sub-Saharan Africa, the situation is even worse, as the number of poor people is increasing, according to the World Bank. According to the JRF and Davis and Sanchez-Martinez, poverty is a situation in which an individual or a group of people do not have enough resources, especially material resources, to meet their minimum needs.

The World Bank, further expanding the definition given by Davis and Sanchez-Martinez, has shown that poverty is defined as a clear deprivation of well-being that includes many dimensions.

These dimensions include low incomes, inability to purchase basic goods and services necessary for a decent life, low levels of good health and education, poor access to clean water and sanitation, and inadequate opportunities and capacities to improve one's life.[4]

There are several theories of poverty that attempt to identify the main factors or causes of poverty. As pointed out by Shaffer [5], these theories are related to the absence or inadequacy of the incentive system to realize the potential of the individual, the nature of low economic development, the formation of human capital, structural elements in the country, contradictions in capitalism, cultural elements in society, and geographical location.



Blank [6] also suggests that poverty theories can be classified as economic theories, sociological theories, psychological theories, anthropological theories, and theories from political perspectives.

According to Blank and Jung and Smith, economic theories of poverty are related to economic underdevelopment, lack of human capital development, capitalism/dysfunctional markets, social and political forces, individual behavior and choices, and welfare dependence. or poverty traps.

Sociological theories include theories of social stratification, the persistence of housing segregation and racism, support in the form of social capital, the influence of social policies, and the influence of values and behavior.

Turner and Amanda psychological theories are due to accumulated disadvantages in language development and the environment, which lead to poor academic achievement, psychological theories based on intelligence, the manifestation of moral deficiencies, and a view of naturalness.

The authors argue that the prevalence and spread of psychiatric disorders (depression, alcoholism, antisocial personality disorder, and schizophrenia) and even globalization are part of the psychological theories on the effects of poverty. In short, Turner and Amanda[7] argue that psychological theories can be divided into two categories; those that emphasize the role of the individual and those that emphasize the role of society. Anthropologists believe that poverty is caused by culture, globalization, materialism, and feminism. There are also causes of poverty that emphasize the perspective of political science.

Poverty is the state of not having enough money to meet the basic needs of an individual or group of people: food, clothing, housing, health care, education, etc. Poverty can be measured in various ways, such as income, consumption, wealth, or human development. According to the World Bank, in 2020, about 9.2 percent of the world's population, or 689 [14] million people, lived below the international poverty line of \$1.90 a day. The "income gap" between the richest and poorest quintiles is increasing worldwide. In 1960, it was 30:1, but by 2020, it had risen to 84:1. Poverty is a global phenomenon that exists in all societies. Even in the 20 most developed countries, more than 15% of the population lives below the poverty line and earns less than 50% of the median income.[7]

Inequality is the difference in the distribution of income, wealth, opportunities, rights and power between different groups in society. The prevalence of this problem is measured using various indicators, such as the Gini coefficient, the Palm index, the share of income falling to the top and bottom deciles of the population, etc. Thus, according to the World Bank, in 2017 the average Gini coefficient in the world



exceeded 38.5, which means that income is distributed unevenly among people. Rowntree defined poverty using a monetary threshold - below which income is not enough to meet the minimum requirements for a healthy and productive life. He used nutritional data to determine the minimum number of calories needed for average physical labor, valued at the lowest local prices and added expenses for clothing, fuel, rent and other household items. Households with an income below this threshold are defined as being in primary or absolute poverty. Therefore, the concept of absolute poverty is related to the ability to meet a minimum set of basic needs and is also linked to the idea of "extreme" poverty.

The latter term is used by the European Commission, for example, "absolute poverty" does not translate very well into other EU languages. However, it should be noted that in principle it is possible to have a higher absolute poverty line[8].

The problem of food security has many aspects, including the imbalance in the development of the food industry in individual regions and states, the rise in prices and the presence of significant groups of the population suffering from hunger and malnutrition, poor food quality and safety. , and high dependence on food imports. Some of the negative consequences of food insecurity include: Decrease in the physical and mental health of the population, especially among children and young people, increased mortality and morbidity.

The decline in the educational and cultural level of the population, the loss of traditional knowledge and skills in agriculture and food. However, although the poverty line is adjusted for inflation, it is not adjusted for changes in the general standard of living. In the case of the United States, the average share of income spent on food has decreased as real living standards have increased, suggesting that using three as a multiplier for the food budget does not fully reflect changes in relative living standards. As a result, it has been criticized as being too low, especially for the elderly, for not keeping pace with changes in living standards and social values. Increasing the absolute poverty line over time with inflation does not necessarily make it a measure of relative poverty, and indeed the National Academy of Sciences has recommended that the poverty line in the United States be adjusted for relative poverty. It is based on current average expenditures for food, clothing, and shelter. A supplementary poverty measure that closely aligns with these recommendations has been published by the US Census Bureau since 2011[9]. The country's economic potential and competitiveness are declining, its debt burden is increasing, and its dependence on external food suppliers is increasing.





## Results

Increasing social injustice and inequality, deepening poverty and marginalization, food shortages lead to problems, conflicts and population migrations.

Among the more general and effective ways to solve this problem, the following comprehensive measures stand out:

Increasing agricultural productivity and sustainability, introducing innovations and technologies, improving infrastructure and logistics, reducing food losses and waste.

Increasing the diversity and balance of nutrition, improving product quality and safety, compliance with sanitary norms and standards, protecting consumer rights and food sovereignty.

Regulation of the food market, ensuring access to food products for all segments of the population, especially those in need of social protection, and creating a system of assistance and support for food products.

Cooperation and coordination between government bodies at various levels, economic sectors, scientific and educational institutions, civil society and international organizations in the field of ensuring food safety.

Social protection of the population should not instill a sense of dependency or laziness in the population. Therefore, targeted support for the population in need of social protection is necessary[2].

In addition, for a given level of inequality, an increase in the level of well-being of the poor and middle class by 1 percentage point can lead to an increase in GDP growth rates by 0.38 percentage points[10], according to other estimates, in the Russian context, a decrease in inequality by 1 point (in terms of the Gini coefficient) leads to an increase in gross economic growth by 0.8 percentage points [11].

The main factor in the reduction of poverty was noted as an increase in household incomes, which was mainly (60 percent) due to an increase in wages. The next important factor was social payments, which were financed by the modernization and expansion of basic programs to support certain groups of the population. The blog notes that the improvement in pension provision had the greatest positive impact among the various social payments received by households.[13]

## CONCLUSIONS

In short, the poor are not only deprived of the opportunity to benefit from the rapid economic growth that has characterized the country, but are also unable to contribute to development due to their limited opportunities to participate in various spheres of society. The state provides free secondary education, guarantees a basic package of medical services, provides specialized assistance to groups classified as vulnerable for



"socially significant and dangerous" conditions, and provides benefits to low-income families.

There are two indicators used to measure the level of human well-being in a given period: per capita income or per capita consumption expenditure. In practice, it is recommended to use indicator 2 due to the variability of income relative to consumption, the difficulty of identifying some sources of income, and the high level of false information about income. However, when using consumer expenditure data as an indicator of well-being, it is necessary to make some adjustments to this indicator, taking into account changes in prices over time, price differences between individual countries, the prices of goods consumed at home (including food products), and the prices of public goods and services received by households (free or subsidized medical care, school meals, public education), etc. It was explained that the "From Poverty to Prosperity" program will be implemented from November 1, 2024, based on the principle of "Seven Opportunities and Responsibilities for Poor Families", aimed at achieving stable employment and high income, obtaining education and vocational training, using guaranteed state medical services, using social services, improving living conditions, developing the infrastructure of neighborhoods by the state, and establishing direct communication with government officials.

Poverty reduction - analysis of the dynamics and structure of poverty, organization of the development of individual plans for lifting families out of poverty and coordination of their implementation, monitoring the work carried out to lift the population out of poverty.

Studying the reasons for families falling into poverty, the "neighborhood seven" will ensure that an individual plan is developed for the family to get out of poverty. It is necessary to further strengthen the "neighborhood seven", involving commercial banks, the Council of Farmers, Dehkan Farms and Homestead Landowners of Uzbekistan, and leading entrepreneurs, to help families effectively use the opportunities of their homesteads, to help interested individuals become self-employed and start entrepreneurship, and to help family members and women learn a profession and a foreign language, find jobs for them, and get a job.

Creating favorable working conditions, studying compliance with labor standards, ensuring labor rights and labor protection - introducing decent labor principles and international standards, developing effective mechanisms for regulating labor relations, and monitoring the protection of labor rights.

To ensure the correct, targeted, targeted formulation and effectiveness of individual plans for lifting families out of poverty, as well as the timely and high-quality



implementation of work to improve the infrastructure of the most disadvantaged neighborhoods.

To provide unemployed and job-seeking individuals with the right to independently choose the professions and foreign languages specified in the list, as well as educational organizations or employers that will teach them.

Based on this;

- cooperate with employers in studying the needs and qualification requirements for working professions and in preparing for them;
- develop and popularize working professions;
- assist employers in identifying the necessary professions to increase labor productivity and in improving the skills of their employees;
- assess and confirm professional qualifications in working professions;
- provide professional guidance and advice to unemployed and job-seeking citizens.

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