

Poverty as a Socio-Economic Category

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ABSTRACT

This article describes the main approaches to determining poverty. There is no single definition of the concept of poverty. In general, the assessment of poverty requires some well-defined skills and methods. The article describes the methods of poverty assessment.

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There is no single definition of poverty. Some understand poverty as the lack of ability to meet basic human needs (food, clothing, housing, education, and health care), while others define it as insufficient freedom of choice or 1.90 per day. subsisting on less than a dollar, and on the other hand, they understand the continuing range of social, educational, and health barriers that undermine a person's participation in the socio-economic life of society. In general, poverty assessment requires some well-defined skills and techniques. There are 2 indicators used to measure the level of human well-being in a given period: per capita income or per capita consumption expenditure.

Poverty is not only an economic, but also a profound social and cultural problem. Due to the high income stratification in the society, negative consequences occur, which will lead to irreversible situations in the future. Poverty is one of the most serious problems of the present time, it hinders the successful economic development of the country, it affects the ability of the population to consume various goods. Negative economic and social processes taking place in the country lead to inequality and stratification of society. The problem of unemployment is an issue that is always under the attention of the state.

Today, the world economy is characterized by processes such as the growth of various financial-economic, socio-political crises, the escalation of various trade wars between countries, and the deterioration of socio-economic relations between the countries of the world. As a result, in many national economies of the world, GDP growth is slowing down, real incomes are falling, social stratification is deepening, and poverty is increasing. In short, poverty is the inability to provide a certain acceptable standard of living. In a word, it means that the level of basic needs of a certain person or family exceeds the ability to meet them.

Paying attention to the quality of life and conditions allows to determine the gap between the social status of a person (or family) and his standard of living.

When we talk about poverty, we need to understand that it is not a problem that belongs to one person. Poverty creates a number of negative processes in society and economy. Poverty causes an increase in birth due to a number of objective and subjective reasons. Because the poor do not have access to

adequate education, they fill the ranks of the workforce with low qualifications and professional skills. In order to earn a higher income, the people who are needed by the society, especially teachers and doctors, are forced to leave their jobs and engage in other activities. Poverty leads to an increase in crime, because in order to make a living, people are forced to use illegal means of earning income. Poverty leads to sharp income inequality in society and deep-rooted social conflicts.

For the first time in the history of Uzbekistan, the issue of poverty was raised in the address of the President of the Republic of Uzbekistan to the Oliy Majlis on January 24, 2020, and this topic became the main agenda of the socio-economic policy. There is an opinion among the population that this problem can be solved by paying or increasing the amount of social benefits and financial assistance. This is a one-sided approach that does not allow to fully solve the problem. After all, reducing poverty is aimed at the implementation of a comprehensive economic and social policy aimed at awakening the spirit of entrepreneurship in the population, fully realizing the working energy and potential of a person, and creating new jobs. must In addition, the most important factor in getting out of poverty is a person's aspiration, self-motivated action towards a specific goal.

According to the instructions of the head of our country, in order to develop clear tools and mechanisms for reducing poverty, to carefully develop criteria and assessment methods for determining the level of poverty, taking into account foreign experience, the minimum standards and regulatory framework of social security, in the short term, the World 14 experts from international organizations such as the Bank, the United Nations Development Program, and the Asian Development Bank were involved. "2021-2023" covering the above tasks together with these experts

The project "Concept of reducing poverty in the Republic of Uzbekistan" was developed.

In the picture below, the guarantees of material support of unemployed persons according to Article 47 of the Constitution of the Republic of Uzbekistan are given. That is why it is already known how much effort and attention is given in our country to get our citizens out of the mire of unemployment and poverty. According to the UN definition, "poverty is the lack of income and resources necessary for a person to live, in addition to hunger and malnutrition, the presence of limitations in access to health, education or other basic services, lack of housing, living in dangerous natural and man-made environments and in conditions of social inequality.

"Poverty is the lack of choices and opportunities during a person's life, the presence of obstacles to full participation in society, in addition to feeding and clothing a family, getting an education or hospital treatment, working in a field or it is manifested in the lack of employment opportunities and limited access to credit. Also, poverty is the social marginalization of people, households and communities, helplessness and helplessness in the face of dangers.

As for the concepts of poverty and poverty, it is worth noting that there is currently no universally agreed definition of poverty or poverty worldwide. Each country defines poverty based on its own criteria.

In addition, according to the methodology proposed by the World Bank as a result of research conducted in 115 countries in 2015, the poverty line in terms of purchasing power parity at 2011 prices for all countries is 1.9, and the poverty line is defined as the low income of the country's population. , 1.9 based on middle and high levels; 3.2; It is recommended to set it at 5.5 and 21.7 USD.

On the basis of the above definitions and methodologies, a segment of the population whose total income (or expenditure) does not reach the defined poverty threshold based on a separately accepted methodology for determining poverty is defined as a poor life.

When talking about the method of determining poverty, first of all, it is necessary to answer the question why this method is needed. The methodology of determining poverty is considered necessary by the state to determine the share of the poor population in the general population and to implement concrete measures to reduce poverty. In addition, the poverty line serves as a basis for determining the main social standards in the social protection system of the population.

In world practice, there are 4 main methods of determining the poverty line: absolute, relative, material deprivation and multidimensional. These methods are determined based on the priority of the country's

social policy, the level of economic development, and internal capabilities. A number of countries use an absolute or relative method as a national poverty line.

The absolute poverty line is determined by the value of goods and services necessary for a person to live. In world experience, 25% of GDP per capita is used to determine the average annual amount of the absolute poverty line, and this indicator is relatively high in most developed countries (USA, Canada, Netherlands).

The relative method of determining the poverty line is determined by comparing a person's income to the rest of society (for example: 50%, 60% of the average income of the population, etc.).

However, the relative method, taking into account the level of inequality in society, does not fully represent the change in the income and poverty level of all strata of the population. But despite this, a number of countries use a relative method to determine the poverty line. For example, in countries such as Hungary, Estonia, Belarus, Montenegro, and Russia, 60 percent of the median value of the population's income is accepted as the poverty line, while this indicator is 50 percent in Poland and 75 percent in Ukraine, respectively.

In addition to the above methods, in practice, as a complement to monetary methods, the method of assessing the satisfaction of the population with material and social opportunities (deprivation) is used.

In this case, the poverty line is determined by evaluating a person's ability to use certain goods and services. For example, in the European Union, a person who cannot use 4 out of 9 types of goods and services is considered poor. In the listed methods, the quantitative assessment of a person's ability to participate in socio-economic processes without any obstacles is limited. Therefore, in the world experience, the method of multidimensional assessment of poverty is also used. This method is used in Armenia, Honduras, Dominican Republic, Colombia, Costa Rica, Mozambique, Bhutan, Pakistan, Panama, El Salvador, Chile, Ecuador, some EU countries and the UN Human Development Index. In a multidimensional method, it is calculated in a binary way ("1" for a "yes" answer, "0" for a "no" answer) by giving weight to a number of indicators representing the use of socio-economic opportunities by a household or a person.

The United Nations Economic Commission for Europe recommends taking into account indicators of living standards, services, health, education, employment and the environment when calculating the multidimensional poverty level.

As a result of studies carried out by the Ministry of Economic Development and Poverty Alleviation together with experts of the World Bank, to determine the level of poverty in our country, it consists of food, non-food products and services, and the minimum need for one person. The concept of cost of goods is being introduced. The uniqueness of this method comes from the composition and nature of real consumption of the population (consumption behavior).

Based on the data obtained from the regularly conducted household survey, the population is divided into 10 groups (10 percentiles) based on income and expenses, and for the lower 30 percent (because incomes in these groups increase synchronously -expenditure for food almost the same growth was observed) the nature of expenditure on food, non-food and services is studied.

In this group, about 70% of total expenses are food, and the remaining 30% are non-food goods and services.

Accordingly, based on the necessary calories and the value of food, the amount of necessary minimum expenses is calculated.

For information, FAO recommended that one person in the Republic of Uzbekistan should consume 2100-2300 kcal of food on average per day.

This method reflects the real consumption characteristics of the low-income population, unlike general or standard approaches.

In other words, the minimum expenditure amount for food, non-food products and services of the required calories and value of the low-income population is determined.

It should be noted that this method and approach is one of the widely used criteria in world practice, and it is currently proposed by international experts as an acceptable and correct approach.

This method and criterion will serve us as a practical instrument in the future to organize our work on poverty reduction in a clear and targeted manner.

According to the laws of economics, "poverty begets poverty." This process happens for several reasons.

First, low-income countries cannot spend enough money on quality education and health care, and poor people cannot afford quality paid education and health care, so their human potential is reduced and they cannot escape poverty.

Second, as the incomes of the poor decline, the capacity of the consumer market shrinks proportionately, and as a result, demand for industrial goods, agricultural products, and especially services declines. This, in turn, hinders economic development, reduces budget revenues, and reduces the possibility of social support for the poor, creating a closed-loop process.

Thirdly, in most cases, the outlook of the poor differs from that of those with higher incomes. For the reasons mentioned above, there is less chance of developing creative and entrepreneurial people among them. Also, crime rates are usually higher among poor family members. In other words, the factors that cause poverty hinder the development of human potential in the country, the development of productive forces and the economic activity of the population. The poor segment of the population is not only deprived of the opportunity to benefit from the rapid economic growth characteristic of the country, but also cannot contribute to the development due to the limited opportunity 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 to care for "socially significant and dangerous" conditions, and benefits to low-income families. However, more should be done. Because it is much more difficult to get out of poverty than to fall into it. A poor man living in the countryside has to go to the city to see a doctor when he gets sick. Travel expenses are added to his medication costs. A child from a poor family may miss out on an education in order to earn money, which affects their future income levels. That is why the concepts of "poverty" and "poverty trap" are often used together.

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