STRATEGY FOR INCREASING INCOMES AND REDUCING POVERTY IN UZBEKISTAN

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ABSTRACT

This article describes the scientific and theoretical aspects of increasing incomes and reducing poverty. It also analyzes the ongoing reforms in Uzbekistan to lift the population out of poverty and the main directions of the strategy developed in this area. Scientific proposals and practical recommendations for increasing the income of the population have been developed.

KEYWORDS: *Population Income, Poverty, Strategy, Transfer, Social Assistance, Capital, Labor Market, Professional Skills, Economic Growth.*

INTRODUCTION

In the context of the crisis caused by the coronavirus pandemic, one of the global and intractable problems of the modern world is poverty. It has a negative impact, both on the quality of life of the population, and on the social, economic and political side of the functioning of any state.

Among the main causes of poverty are: economic (unemployment, lack of jobs, low income, insufficient funding of social programs); social (disability, old age, poor health, single-parent families, a large number of dependents in the family, belonging to a minority of a particular ethnic group, low qualifications); political (military conflicts, disintegration of the country, forced migration).

The poverty level is not clearly defined and depends on the general level of the country's well-being. At the same time, a distinction is made between absolute and relative poverty. Absolute poverty implies the inability of a person to meet his basic needs - food, clothing, housing. Relative poverty is due to the lack of inadequacy or the means to lead a lifestyle that is common or widely accepted in a given society. It includes good nutrition, normal conditions for life, work and rest, education and medical services. The level of relative poverty is set in comparison with the average disposable income in the country.

The President of the Republic of Uzbekistan Shavkat Mirziyoyev sets a long-term strategic goal of his policy to ensure sustainable and comprehensive economic growth, increase per capita income, reduce poverty and inequality.It is known that the issue of poverty in our country has been a closed topic for many years. In his Address to the Oliy Majlis on 24

January 2020, the head of our state spoke openly on this issue and for the first time poverty reduction was identified as a state political task. According to preliminary calculations, the poor population in the country is 12-15 percent, or 4-5 million people.An open statement and recognition of this problem by the President testifies to his special attention to pursuing a strong social policy, where the vital interests of the people, their needs and problems are at the forefront, as well as the readiness of the head of state to take full responsibility for their solution.

LITERATURE REVIEW

Quite a lot of attention was paid to the study of the qualitative aspects of economic growth already in the works of such economists of the past as A. Smith, D. Ricardo, J.S. Mill, J. Schumpeter. The intensive development of the theory of economic growth in the 20th was accompanied by in-depth studies of the changes occurring under its influence in the structure of the economy, the productivity of its resources, the institutional environment, and the quality of life of the population of different countries of the world.

A. Smith in his fundamental work "Investigation of the nature and causes of the wealth of peoples" associated economic growth with the increase in wealth, the analysis of the sources and factors of which was given priority attention. In turn, scientists interpreted wealth as an aggregate product created in all spheres of material production [1, p. 960]. Moreover, according to the scientist, it is intensive factors that play a decisive role for economic growth and development in the long term. In the key work of D. Ricardo "Principles of Political Economy and Taxation" the theses put forward by A. Smith were further developed [2, p. 339]. In addition, he was able to show the possibility of a fall in the rate of return in the economy in the long term due to an increase in the nominal wages of workers, due to the increase in food prices due to the declining return on land use.

J.M. Keynes in his main economic work "The General Theory of Employment, Interest and Money" was able to carry out a fundamental analysis of economic growth in terms of the factors of aggregate demand, and not aggregate supply as was the case with his predecessors. The first formalized model of economic growth, based on the provisions of the macroeconomic theory of J.M. Keynes, was created by E. Domar and R. Harrod. The main emphasis in it was placed on finding the optimal rate of investment growth, allowing to ensure the full utilization of existing production capacities.

At the same time, R. Harrod highlighted the actual, guaranteed and natural growth rates of the country's economy. The first was understood as the actual rate of increase in the real volume of national production. The second is the rate corresponding to the full utilization of production capacities in conditions of both full and part-time employment. Finally, the third was understood as the maximum possible rate achieved through the growth of the economically active population and scientific and technological progress [3, pp. 1-30]. A peculiar result for numerous works analyzing various aspects of economic growth was summed up by W. Isterly and R. Levin, who were able to formulate a number of "stylized facts". The first of them boiled down to the fact that the key determinants explaining cross-country differences in terms of gross domestic product per capita are not the amount of available capital and the amount of labor used, but the nature of the state's economic policy, the features of the functioning of institutions, the technical and technological level of production, the integral the influence of which is measured using the indicator of total factor productivity (TFP) [4, pp. 177-219].

As a result of the study of works concerning the influence of the quality of economic growth on the differentiation of incomes of the population, it was revealed that within the framework of most of them the category "quality of economic growth" is not considered in detail from the point of view of the variety of its aspects. In addition, the issues of quantitative

assessment of the quality of economic growth and its impact on inequality in income distribution remain not fully developed.

METHODOLOGY AND ANALYSIS

The issue of reducing poverty in the Republic of Uzbekistan was raised on the main agenda of socio-economic policy after the Address of President Sh. Mirziyoev to the Oliy Majlis on January 24, 2020. This question was clearly formulated, and on the basis of international best practice, it was decided to put into practice effective means, criteria and methods for its calculation, as well as to develop long-term poverty reduction strategies.

Poverty reduction objectives in the country are being implemented in 3 priority areas.

1. Creation of an institutional framework for poverty reduction.

In order to implement a unified state policy to reduce poverty, the Ministry of Economic Development and Poverty Reduction was created, and a vertical system in this area was created in the regions. In order to improve the quality of draft regulations in this area and to improve the targeting of the measures taken, 14 experts from the World Bank, the United Nations Development Program and the Asian Development Bank were involved. To ensure transparency and targeting of the process of supporting those in need, the automated information system "Unified Register of Social Protection" was launched by integrating the databases of 17 ministries and departments. It is planned to provide more than 30 social services and assistance to families in need by gradually expanding the functionality of the Unified Register of Social Protection. In addition, an "iron book" was created with a list of needy and vulnerable families in the event of a pandemic, and the sahovat.argos.uz program was launched to provide them with targeted and timely assistance.

2. Creation of a source of income for needy families. Practical mechanisms of poverty reduction were used. In order to increase the level of coverage, the use of 3 main tools, widely used in the world practice, to create a sustainable source of income for poor families was increased.

The first tool: to create a permanent source of income for those in need and to allocate subsidies for the development of land by the population, for membership fees of persons participating in cooperatives in agriculture, crafts and other spheres, as well as employers who are hired under the direction of the labor. In addition, the Entrepreneurship Support Fund provides compensation and interest guarantees on bank loans received by needy families wishing to engage in entrepreneurial activities.

The second tool: mono-centers for training the unemployed and unskilled population in various professions, stimulating subsidies to restore and expand teacher-student traditions in order to improve the quality of human capital. Training of the poor is being organized on the basis of World skills standards, in this direction the participation of non-governmental organizations is expanding.

In addition, the School of Business and Entrepreneurship and its regional branches organize training courses aimed at developing the entrepreneurial skills of the population wishing to engage in entrepreneurial activities.

The third tool: providing direct material and non-material assistance to families in need, exempting children from paying for preschool education and providing free seasonal clothing to children attending school.

In addition, in 2020, 1 million 195 thousand families in need of financial assistance in the event of a pandemic received one-time financial assistance, and on the eve of the "Eid al-Adha", the "Sakhovat" and "Support Fund" provided financial assistance to more than 182 thousand families. At the same time, since September 1 of last year, pensions, benefits for the elderly and disabled, disabled from childhood who do not have the necessary work

experience have been increased by 10%, and by December the number of families receiving social benefits has doubled compared to the beginning of the year and amounted to 1.2 million families.

3. Plans for the future to reduce poverty. Based on the Address of the President of the Republic of Uzbekistan to the Oliy Majlis of December 29, 2020, the following priorities for poverty reduction have been identified.

☐ * Ensuring inclusive economic growth in order to limit the negative impact of liberalization reforms in all sectors of the economy on the standard of living of the population in need.

☐ * Development of a poverty reduction strategy in the Republic of Uzbekistan until 2030.

☐ * Development and implementation of a targeted program to reduce poverty in the regions in 2021.

☐ * Introduce a "social contract" system to support needy families.

☐ * Introduce the concept of minimum consumer spending of the population.

☐ * Develop measures to ensure the achievement of the Sustainable Development Goals in the post-pandemic period.

Today, large-scale work is being carried out to implement targeted programs for the construction of affordable housing, the development and modernization of road transport, engineering, communications and social infrastructure, which serves to improve the living conditions of the population, both in cities and in villages.

The aggregate income of the entire population, family, and individual is of great importance for characterizing the well-being of the population. According to preliminary data, in January-December 2020, the total aggregate income of the population reached 401.5 trillion soums.
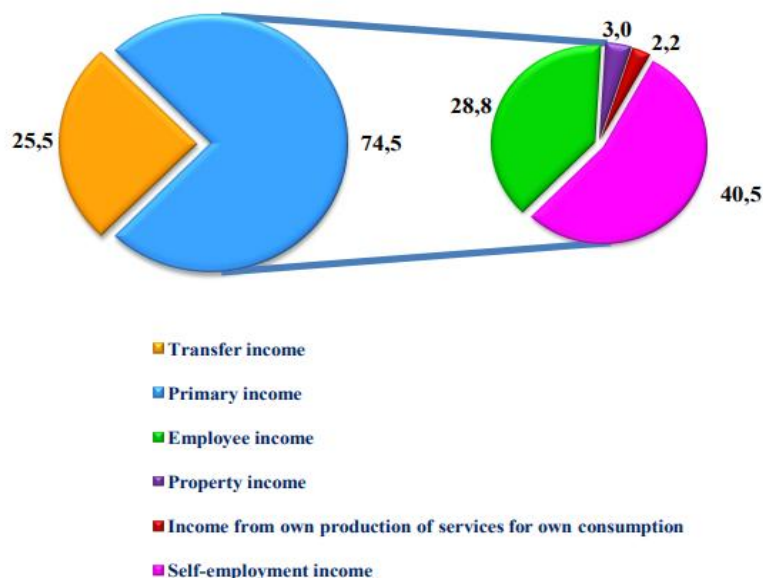

Figure 1. The structure of the total income of the population in the Republic of Uzbekistan for January-December 2020 (https://stat.uz/ru/default/ezhekvartal-nye-doklady/5860-2020#tab-4) **(in %).**

The following sources are used in the calculations: data from state statistical reports, the results of regularly conducted sample surveys of the economic activity of individual entrepreneurs and dehkan farms, surveys of household income and expenditures according to the methodology recommended by World Bank, as well as generalized data from Central

Bank, Ministry of Finance, off-budget Pension Fund, People's Bank and the State Tax Committee of the Republic of Uzbekistan. According to preliminary data, in January-December 2020, 74.5% of the total income of the population was formed at the expense of primary income, and the share of income from transfers was 25.5%. The main share in primary income is income from production, the share of income from transfers is other current transfers

The largest part of the total income of the population in January-December 2020 was formed at the expense of income from labor activity (69.3% of the total volume of total income), which includes the income of employees and income from self-employment.
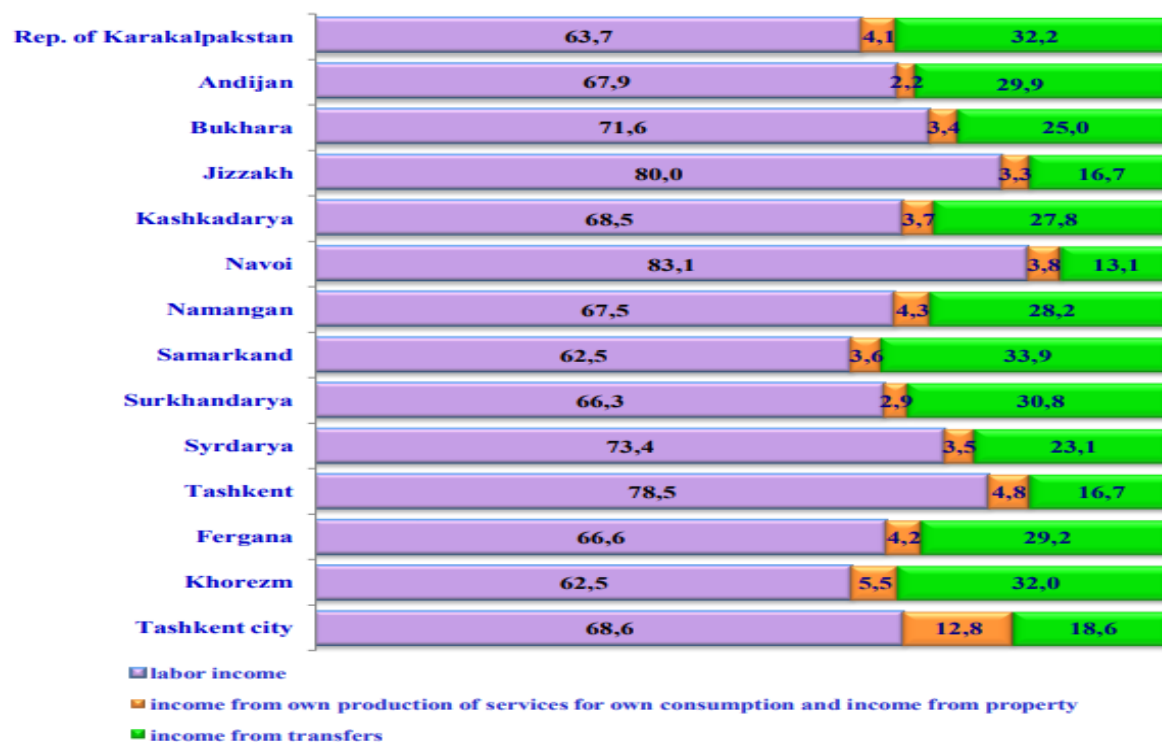
Region	labor income	income from own production of services for own consumption and income from property	income from transfers
Rep. of Karakalpakstan	63,7	4,1	32,2
Andijan	67,9	2,2	29,9
Bukhara	71,6	3,4	25,0
Jizzakh	80,0	3,3	16,7
Kashkadarya	68,5	3,7	27,8
Navoi	83,1	3,8	13,1
Namangan	67,5	4,3	28,2
Samarkand	62,5	3,6	33,9
Surkhandarya	66,3	2,9	30,8
Syrdarya	73,4	3,5	23,1
Tashkent	78,5	4,8	16,7
Fergana	66,6	4,2	29,2
Khorezm	62,5	5,5	32,0
Tashkent city	68,6	12,8	18,6

■ labor income
■ income from own production of services for own consumption and income from property
■ income from transfers

Figure 2. The structure of the aggregate income of the population by region for January-December 2020 (https://stat.uz/en/quarterly-reports/5868-2020**) (in total aggregate income, %)**

The share of income from the production of services for own consumption in the total volume of the total income of the population was 2.2%, income from property - 3.0%, income from transfers - 25.5%. In the aggregate income of the regions, the largest share of income received from labor activity (income of employees and income from self-employment) was observed in Navoi region (83.1%). On the contrary, in Samarkand, Khorezm regions, the Republic of Karakalpakstan, Surkhandarya, Fergana, Namangan, Andijan, Kashkadarya regions and the city of Tashkent, it was below the average republican level. The share of income from own production of services for own consumption and income from property in the structure of the total income of the population of the republic was insignificant, and the share of such income in the city of Tashkent was 12.8%. Also in Samarkand, Khorezm, Surkhandarya regions and the Republic of Karakalpakstan, the share of income from transfers reached more than 30% of the total income of the population, the share of this type of income in Navoi region is the lowest - 13.1%. An important source of income from labor activity is income from self-employment of the population, whose share in the structure of total income is 40.5%.

In accordance with the Decree of the President of the Republic of Uzbekistan dated December 30, 2019 PP - 4555 "On measures to ensure the implementation of the Law of the Republic of Uzbekistan on the State Budget of the Republic of Uzbekistan", since February

1, 2020, the salary of employees of budgetary institutions and organizations has increased on average 1.07 times.
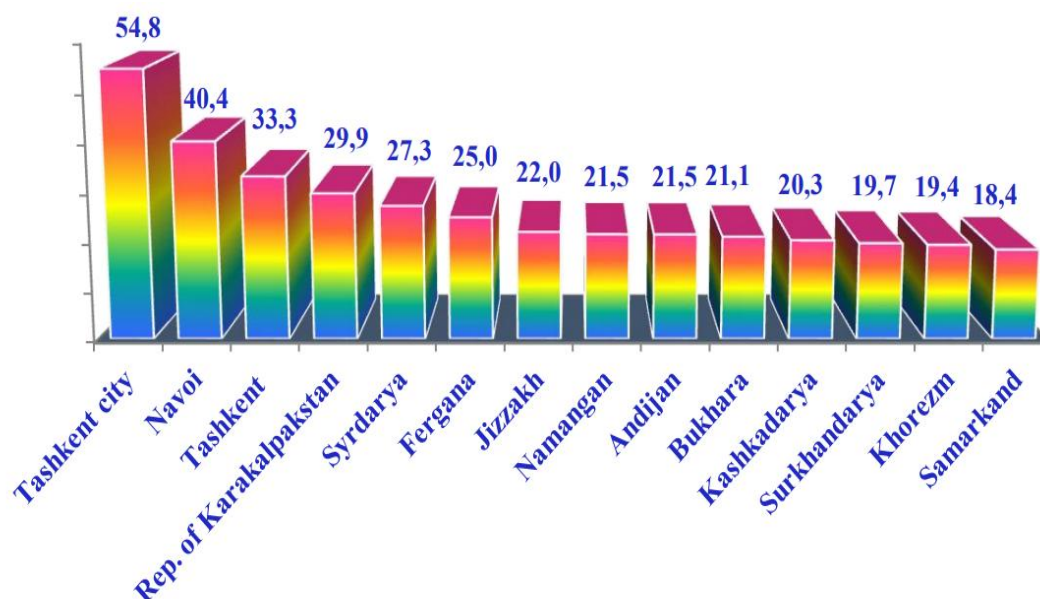

Figure 3. Share of employees' income in the total total income of the population by region for January-December 2020 (https://stat.uz/en/quarterly-reports/5868-2020**), %**

Another source of income from employment is the income of employees. According to preliminary data, in January-December 2020, these incomes amounted to 28.8% of the total aggregate income of the population. In the past period, the growth rate of wage earners' income reached 116.3% and ensured an increase in the nominal income of the population by 4.6%.

The share of income of hired workers in the regions differs and varies from 18.4% (in Samarkand region) to 54.8% (in the city of Tashkent). In the context of regions, it can be seen that the share and high growth rates of incomes of hired workers in the city of Tashkent, Navoi, Tashkent regions, the Republic of Karakalpakstan, as well as in the Syrdarya and Fergana regions have a significant impact on the total income of the population.

As announced in 2020, over the next three years, 9.8 trillion soums will be allocated for the construction of roads, 4.8 trillion soums - for the laying of water supply networks, 18.2 trillion - for the construction of power grids, 1.2 trillion - for gas supply. This funding is many times more than in the last ten years. In 2021, it is planned to improve roads, water and electricity supply, irrigation networks in 33 regions that are lagging behind in development, and 970 makhallas with a difficult situation.

CONCLUSIONS

In the course of field research, a survey of the level of household income, the number of people employed in the informal sectors of the economy was carried out, a survey was conducted to clarify the number of the poor, taking into account real conditions, the causes and categories of the poor were identified. In conclusion, it should be said that work on the formation of an effective policy to drastically reduce poverty began in Uzbekistan last year.

According to the Action Plan for 2020-2021 to restore economic growth and continue structural changes, Uzbekistan is developing a Poverty Reduction Strategy until 2030. This work includes the development of a methodology and implementation of the best world practices in the field of poverty assessment and classification, identifying those in need and improving the mechanisms of targeted support measures.

The solution to the problem of poverty reduction due to the pandemic has become significantly more complicated, while becoming more and more urgent. And in this situation, it is very important to use the most advanced developments in this area so that the emerging Poverty Reduction Strategy Paper in Uzbekistan is the most effective and efficient.

Political factors determine the direction and intensity of the impact of other factors on the formation of the population's income. Thus, the administrative and legal regulation of the economic activity of all subjects also largely determines the change in the level of income of the population. Among the factors can also be identified and institutional, which are associated with management, regulation of economic and social relations. So, the institutional include scientific, technical, financial, investment, social factors and measures to improve management, transform social institutions (rules, norms, regulations) of the management of these areas. The influence of geographic factors on the formation of income is mediated by natural climatic conditions, the sectoral and territorial structure of the economy, the density and settlement of the population, and the type of settlement.

CONCLUSION

In general, the introduction of new mechanisms and the adoption of important measures to support the low-income strata of the population are evidence of a high degree of personal involvement of the President and government agencies at all levels in solving the problem of poverty. They show that the government is serious about improving the lives of people in every way, especially those who need support and find it difficult to get out of poverty on their own. The measures taken to reduce poverty are systemic and long-term in nature, they are designed to obtain breakthrough positive results in the coming years, without postponing the solution of problems to the distant future. As the successful experience and achieved results of the PRC show, the tasks and goals that Uzbekistan faces today in terms of poverty reduction are quite achievable and solvable.

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