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# **RESEARCH ON POVERTY IN DEVELOPING COUNTRIES**

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# Abstract

This article discusses various approaches to defining poverty as an economic category that affects the scale of poverty. The countries in which poverty is one of the most pronounced problems are also considered. These are the so-called "third world" or developing countries. The article also reflects the general economic problems of poor countries, traces the evolution of directions of economic thought related to increasing the level of welfare and reducing poverty in developing countries; the experience of economic policy implementation in relation to poverty reduction in countries of various socio-economic types is analyzed. The analysis made it possible to identify the correspondences and disagreements between theoretical models and real practice aimed at improving the standard and quality of life through the active involvement of the poor in economic processes. A typology of theoretical approaches to poverty reduction (elimination) was formed according to priority instruments of socio-economic policy and the time of their appearance. And various ways of overcoming this problem are proposed.

Keywords: poverty, poverty reduction, poverty elimination, theoretical approaches, macroeconomic theory, economic policy, the World Bank, developing countries

# INTRODUCTION

# What is Poverty?

There is no single definition of the word "poverty". While some understand poverty as the inaccessibility of basic human needs, others mean insufficient freedom of choice or living on less than \$ 1.9 a day (World Bank), and the third is a network of a persisting circle of interacting social, educational, health barriers that harm human participation in the social and economic life



of society (UNDP). Conducting a poverty assessment requires a number of well-defined skills and techniques.

#### How to Measure Poverty Level?

There are two indicators that are used to measure the level of a person's well-being at a particular point in time: per capita income or per capita consumption expenditure. In practice, it is recommended to use the second indicator due to the fact that income is more volatile than consumption, some sources of income are difficult to identify, and the probability of providing false information about income is higher. At the same time, using information on consumption expenditures as an indicator of welfare, it is necessary to make certain adjustments to this indicator in order to consider price changes over time, price differences between individual countries, household goods consumed (including food), the cost of public goods. and services received by the household (free or subsidized health care, school meals, public education).

The relevance of this work is unambiguous, since it is no secret to anyone that many countries are in such an economic situation that most of the population in them is below the poverty line, especially in developing countries.

The phenomenon of "poverty" is studied by scientists - economists, very deeply and diversely in Western literature, and in recent years in the domestic one. Interest in this phenomenon has increased in the last third of the XX century in connection with the study of the problem of the quality of life.

The analysis of poverty (its causes, composition, trends of change, etc.) is currently one of the most urgent tasks of social statistics.

The fact that today poverty is characteristic, first of all, of the countries of the "third" world, does not make it in any way insignificant; rather, on the contrary, the inability of these countries to overcome this problem makes it global, universal. To overcome which, a lot of funds are spent, until they have led to a visible result.

After all, such a phenomenon, in spite of everything, continues to exist. Moreover, in recent years this problem has been acquiring global proportions, possibly due to the lack of rational approaches to overcoming poverty.

#### Review

The poor part of the population not only does not benefit from the rapid economic growth characteristic of the country, but it is not itself able to contribute to the development of society due to limited access to main markets. The state provides free secondary education, guarantees a basic package of medical services, which includes primary care, emergency care,



care for "socially significant and dangerous" conditions and specialized care for populations classified by the government as vulnerable, and provides benefits for low-income families.

Therefore, in order to determine who is poor and who is not poor, based on knowledge of consumption (income), it is necessary to choose a poverty threshold, which is usually called the "poverty line". This is a rather difficult task, since there is no consensus either on the definition of poverty, or on what will serve as a threshold for the concept of poverty. The most commonly used definitions of the poverty line are:

Nutrition-based poverty line. Poverty takes certain forms and hunger is one such form. In this case, well-being will be measured as daily calorie intake per capita and compared to the daily minimum energy requirement for this population. The Food and Agriculture Organization of the United Nations defines a minimum level of 1,800 kilograms of calories per day on average, with needs adjusted for age, gender and level of activity. Other forms of nutritional deficiencies can be measured, for example, for proteins or certain types of micronutrients called "hidden hunger." The recommended minimum can then be used to establish an overall poverty line [49]. • International poverty line. This poverty line is used by the World Bank for international comparisons. It was set at \$ 1 per day measured in purchasing power parity dollars for the extreme poverty line and \$2 per day for the poverty line. Recently, these poverty lines were raised to \$1.25 per day and \$2.5 per day, respectively. The reason for this was the fact that this poverty line is currently used by the 15 poorest countries in the world. At the same time, at the moment, considering the specifics and stages of development of different countries, other poverty lines are also used. In particular, for countries with a lower middle-income level, the poverty line is set at \$3.2 per day and for countries with an upper middle-income level - \$5.5 per day.

 Relative poverty line. Poverty is not only absolute, but also a relative concept. People may well feel poor when comparing their consumption to others in the appropriate control group. It is a concept of relative deprivation - people value their income or consumption in relation to the average in their country or community. The relative poverty line can also be interpreted as the cost of social inclusion - the level of spending required to participate adequately in normal social and economic activities. The relative poverty line is commonly used in Europe. In this case, the poverty line is the amount of consumption (income), below which 25% of the total population remains.

• Subjective poverty line. It can be said that poverty is not only an absolute or relative standard, but also a perception. In this case, households are asked: "What expenses do you consider to be absolutely minimal?" and this is compared to their actual costs. Consequently, the proportion of those whose actual expenditures are below the declared subjective minimum is the poverty



level. However, as with all subjective statements here, in many cases, the result depends on how the question is asked [50].

### The causes of poverty

In studies of the causes of poverty, most often, the period from the 18th to the first half of the 20th century is distinguished, associated with the names of famous researchers such as A. Smith, D. Riccardo, T. Malthus, G. Spencer, J. Proudhon, E. Reclus, K. Marx, C. Booth and S. Rowntree and the modern view of the problem of poverty in the XX century (F.A. Hayek, P. Townsend and others).

Poverty means scarcity of funds, which determines the economic situation of a person's life, as well as strata of the population (social classes, estates, localities) and entire countries or states. But, nevertheless, poverty is opposed to well-being, both the concept of poverty and its meaning, which are determined by the general level of civilization and those requirements that are presented to the economic environment of life, personal and collective [46].

You can also give another definition, which says that poverty is a state of need, a lack of livelihoods that does not allow satisfying the basic needs of an individual or family.

It should be noted that poverty, as a state of hungry life, existed from time immemorial, but at that time it was considered a common phenomenon that was inherent in the majority of the population.

Researchers of the 18th century, such as Riccardo, Smith, Malthus, who studied this problem, believed that poverty is an inevitable consequence of industrial development.

Although the phenomenon of poverty has been studied for many decades, it is worth noting that each researcher, when trying to define the concept of poverty, brings something of his own.

So, Joseph Proudhon believed that strict mutual restriction of production and consumption, i.e. when a person receives through labor only what he needs to maintain his body and develop his soul, and there is poverty. He distinguished two types of poverty comparative, i.e. relative and absolute. Poverty, in Proudhon, is an integral feature of humanity. Indeed, with an increase in production, the needs of people grow accordingly, and hence relative poverty (as a result of the expansion of production and consumption) [46].

It is also important to note the influence that Marxism had on the problem of poverty. Marxists (Engels and Marx) identified two types of poverty: absolute and relative. Absolute poverty is observed with a decline in living standards compared to the previous period of history. With relative poverty, the share of the national income increases with a decrease in the share of the working class, which occurs simultaneously.



Its very existence as a theory gave impetus to the development of other approaches, where the main attention was paid not so much to the economic aspects of poverty as to the mechanisms of its reproduction [4].

With regard to, directly, poverty in developing countries, then, first of all, it is necessary to define such a concept as the "third world".

The term "third world" (proposed by the French demographer Alfred Suy) arose at the stage of active confrontation between two systems: capitalist and socialist. The states that remained aloof from direct participation in this struggle began to be called the "third world".

The countries of the "third world" occupy a special place in the world economy. For a huge period of time, these countries were not given enough attention to solve the existing problems there, since at one time they were only former colonies.

The countries of the "third world" usually include the former colonial and dependent countries of Asia, Africa and Latin America. These countries have become politically independent, but entangled in networks of economic dependence, tied to the foreign capitalist economy, its industrial, scientific and technical base.

A characteristic feature of the economies of all Third World countries is their inconsistency in the development of sectors of the national economy, which is explained by the fact that they have not gone through successive phases of economic development, as developed countries did before. The least developed countries are characterized by a weak development of the market mechanism. This is due to the routine state of agriculture (an average of 80% of the working population is employed, which creates only 42% of the gross domestic product, the underdevelopment of industry, and a low purchasing level of the population).

Most of the national capital is concentrated in the commercial sphere. However, more attention is paid to the trade in imported goods and the lack of investment in national production due to the possible level of risk.

As is already known, in the Third World countries the bulk of the poor reign in rural areas due to the insufficient level of industry.

In this area, you can most often see hungry children, stripped, old people (although a small number due to high mortality at a younger age from various factors), patients who have little chance of salvation due to lack of necessary medicines, shacks, considered housing - in fact, small, flimsy structures. All this is the most common picture for a large mass of the population of poor countries.

The lack of funds for food, for satisfying natural needs makes such countries especially "miserable" in comparison with prosperous countries.



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#### What should be done in order to eradicate poverty forever?

Over the years, economists have tried to come up with various methods and techniques to overcome this problem. First of all, one of the examples of overcoming poverty can be considered the works of A. Smith and J. Proudhon. Their main idea was that poverty can be overcome only through work [46].

But if we consider the ways out at the present stage, we should note the recently held event, organized on the eve of the Spring Meetings of the World Bank and the IMF, the event -Voices of Peace in the Fight against Poverty, in which the President of the World Bank Group Jim Yong Kim and the Secretary General of the Organization United Nations Ban Ki-moon.

Director Kim said, "People living on less than \$ 1.25 a day are honestly a stain on our conscience and we are going to do our best to reduce their share of the total population to 3%."

The event, and closer collaboration between the World Bank and the United Nations, culminated in Director Kim's months-long campaign to reach out to all people in the world to answer the question "What needs to be done to end poverty" and to incorporate these recommendations into strategies for action [46].

#### Research by scientists from the University of Vermont

Scientists have investigated the relationship between weather conditions, in particular rainfall and food security in developing countries, which are dominated by small agricultural communities, but which provide food for about 80% of the population of each particular country. Scientists from the University of Vermont concluded that the lack of food and hunger are primarily affected by drought and lack of rainfall [43].

The study involved 2,000 farmers from 12 countries in East and West Africa and Asia. Farmers were questioned in detail on a number of issues - on the use of pesticides, fertilizers, the quality of planting material, the efficiency of water resources use, financial support from the state, etc. Once again, the fact was confirmed that rain-fed agriculture is heavily dependent on rain. In drylands, food shortages bordering on hunger were observed for about 4 months of the year, while in more humid areas - just under 3 months, according to Nature.com. Farms that used fertilizers slightly improved the food security ratio for all holdings, regardless of rainfall. But in poor countries, the use of fertilizers is also problematic.

In total, there are 460-500 million smallholders in the world that grow food in low-income countries. Due to limited resources, farmers rely only on the mercy of the weather, so experts have compiled a map of the distribution of precipitation in the studied regions. Data collected over the last 30 years.



The weather map told much more about the cause of hunger than other factors affecting the harvest. Climate change has been, is and will continue to be a particularly important risk factor for small farms. Drought-prone areas have been identified, and the global community needs to pay attention to changing strategies and redirecting population flows and employment.

Scientists recognize the limitations of the work done, because it is based on information that is provided in one period of time and covered by limited regions. To adjust food security in the future, it is important to continue observations already in the area under consideration - both the weather and the periods with a lack of food, and, among other things, involve other countries in the study [43].

# World Bank study

World Bank experts analyzed labor productivity (output per unit of labor input) in 29 developed and 74 developing countries from 1981 to 2018 and found that although the gap between labor productivity in developed and developing countries was gradually narrowing, it remains huge. On average, one worker in 60% of developing countries produces in the same time less than 1/5 of what a worker in developed economies produces. And if before the financial crisis the difference was decreasing, now it is growing again. Moreover, it is this gap that determines 2/3 of income inequality in the world, writes the World Bank and warns that it will take centuries to reduce it at least by half [44].

So far, only the growth rates of labor productivity are slowing down. The slowdown was the largest in decades: it has been going on for eight years since the last such decline in 1986-1990. and at least 50% more significant. If in 2007 the productivity growth rate reached a peak of 2.7%, already in 2016 it decreased to a minimum of 1.5% and remains low so far (1.9% in 2018, in developed countries - 0,8%, and in developing countries - 3.6%, and excluding India and China - only 1.3%). On average in 2013–2018 global labor productivity grew 0.5 pp slower than in 2003–2008. The slowdown affected almost 70% of both developed and developing countries (they account for up to 80% of world GDP), but the poorest strata of the population, more than 80% of those living below the poverty line, were hit hardest. And the most noticeable slowdown in labor productivity growth was in China, where the growth rate of government investment declined for several years, as well as in countries exporting raw materials that suffered from a sharp drop in oil prices in 2014–2016 [44].

The slowdown in growth in developing countries is roughly related to the weakness of investment and the slowdown in productivity growth in other factors of production. And also, with weak institutions and an insecure legal environment, the World Bank lists.



#### THEORY AND CONCEPTS

#### Ending Poverty in Developing Countries: Evolution of Concepts

Since the beginning of the intensification of the process of strengthening the interconnectedness of countries at the end of the XX century. the importance of international institutions in shaping the macroeconomic policy of developing countries has increased and measures taken on a global scale have begun to play a key role, including in the elimination of poverty.

After the external debt crisis of the 1980s, which began in Latin America and then spread to many developing countries and had a strong negative impact on the socioeconomic development of debtor countries (rising consumer prices and unemployment, declining private consumption, increasing the share of poor population (living on \$ 1 a day)), in 1990, the American economist J. Williamson, together with specialists from the International Monetary Fund (IMF) and the World Bank, developed the Washington Consensus. Initially, its goal was to stabilize financial systems, primarily in Latin American countries, but later it came to be viewed by the IMF as a program on the basis of which economic reforms should be carried out in developing countries and countries with economies in transition. The proposed scheme involved the liberalization of financial markets, trade, foreign direct investment, deregulation and privatization [22].

At the same time, in 1990, for the first time, the World Bank, in light of the negative consequences of macroeconomic events in developing countries, identified poverty as the main problem of world development. The 1990 World Development Report proposed a strategy consistent with the principles of the Washington Consensus to promote economic openness and investment, which in turn should promote labor-intensive economic growth [23].

At the turn of XX-XXI centuries, the problem of poverty and its elimination was again highlighted by the World Bank. In the World Development Report 2000 "At the Turn of the 21st Century." the picture of the world economy, which is in the stage of active transformation, is considered; all ongoing changes and processes were considered as causes and consequences of two phenomena: globalization and localization. It was emphasized that in the modern changing world new institutional solutions are needed: the processes of globalization and localization require the formation and functioning of a system of supranational and subnational institutions to solve development problems.

As a result, by 2000 the World Bank had developed a comprehensive strategy, the task of which was to implement a number of missions: the formation of the main goals of the development of the world community and the expansion of institutional procedures in the field of socio-economic development, in particular the elimination of poverty.



Thus, the Millennium Declaration, adopted in 2000, formulated eight international development goals, in which the central place was given to reducing poverty by half by 2015, since poverty indicators are closely linked to other global problems: malnutrition, high mortality, lack of primary education, limited access to water and sanitation, while the goal that completes the concept of this program was the formation of a global partnership, which as a result implied "improving the terms of trade and achieving low debt levels of developing countries, which will create acceptable economic conditions for them" [24].

Thus, since the 1990s. the measures proposed by international institutions to increase the level of socio-economic development of developing countries and reduce the difference in incomes between residents of poor and rich countries were based on the principles of the Washington Consensus, which was considered the engine of the policy of globalism and free market.

It is interesting to note that in 1999 the American economist James Galbraith wrote in his article "The Crisis of Globalization" that "the drive for competition, deregulation, privatization and open markets has in fact undermined the economic prospects of many millions of the world's poorest people" [25]. And in 2002, the former chief economist of the World Bank, Nobel laureate Joseph Stiglitz was one of the critics of international financial institutions: "Although today the IMF and the World Bank operate mainly in the third world countries, they are governed by representatives of industrial countries ... Many norms the Fund's economic policy, primarily the premature liberalization of the capital market, exacerbate the instability of the world economy" [26]. Particularly noteworthy was the statement by the head of the IMF Dominique Strauss-Kahn in 2011 that the principles of the Washington Consensus, which have been actively implemented for more than 20 years, are not viable and even dangerous for those at whom they were aimed, and that to reduce risks in the global economy, tough state regulation of the financial sector [27].

Thus, since the 1990s. the world economic order was subordinated to economic theory, which proves the exact opposite of what it eventually led to in practice.

# Concepts for increasing welfare and reducing poverty in the economic policies of developed countries

The terms of the Washington Consensus almost completely prohibit the methods that were used by modern economically developed countries to achieve high levels of well-being. As the Norwegian scientist E. Reinert noted, "the type of economic thinking that rich countries resorted to during the transition from poverty to wealth has been lost" [28]. It turns out that in order to understand the causes of poverty and the mechanisms of wealth and poverty, it is



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necessary to turn to the views of economists of the past (up to the 17th century), whose theories formed the basis of the development strategies of modern economic powers when they were going through a period of formation or crisis.

So, back in the mid-1920s, before the beginning of the Great Depression, Keynes's publication was published, which substantiated the destructive property of the principle of minimal government intervention in the economy (the laissez-faire principle, which later, by the end of the 20th century, became dominant in the world economy). Keynes reinforces this idea with a quote from the English economist, professor of political economy D.E. Cairns 1870: "The laissez-faire maxim has no scientific basis, but is, at best, just a convenient practical guide. Political economy tries to show that wealth can be distributed guickly and correctly: that the most effective way to increase wealth is simply to give people the freedom to act according to their own benefit, without being constrained by the state or public opinion, as long as they abstain. from violence and deceit. This doctrine is widely known as laissez-faire, and political economy is often viewed as the scientific justification for this maxim - freedom of entrepreneurship, contractual public relations as the only correct solution to all economic problems" [29].

Keynes argued that major socioeconomic problems, such as sharp inequalities in the distribution of wealth and unemployment, were the fruit of the "risk, uncertainty, and ignorance" that emerged in a free market, and believed that thoughtful credit was needed to solve them and to prosper generally. - monetary control, determine the rate of savings at the society level and the share of savings sent abroad in the form of investments, increase government spending on organizing jobs mainly through investments in manufacturing enterprises, and also implement population control through policies aimed at increasing it, reduction or maintenance.

In the 1930s, during the Great Depression, which most affected the industrialized countries (USA, Great Britain, Germany, France, Canada), the task of economic theory was to form a set of methods that would provide a way out of the deepest crisis, creating conditions for the growth of production and reducing mass unemployment in these countries. Under these conditions, Keynes's approach to the regulation of production and employment has been widely used in the formation of anti-crisis policy.

Later, the changed economic situation, aggravation of inflationary processes in combination with stagnation of production required new instruments of economic regulation. Based on Keynes's [29] findings, his followers R. Harrod [30], E. Domar [31], E. Hansen [32] substantiated that government intervention in the economy should be permanent, not episodic, the key objects of investment flows should be knowledge-intensive industries and new



technologies, which together will lead to the need to stimulate structural changes in the socioeconomic development of the country.

The epochal work of the Austrian economist and historian J.A. Schumpeter's 1911, supplemented and translated into English by 1934, contributed to the fact that his approach to the study of economic processes came to be called evolutionary economics. Schumpeter introduced the distinction between economic growth and economic development: the first is the increase over time in the production and consumption of the same goods and services, and economic development contributes to the emergence of new industries and ceases to exist outdated, i.e. development is innovation [34].

Going deeper into the history of economic thought, one should pay great attention to the works of Antonio Serra, a 17th-century mercantilist, author of one of the first scientific works on political economy. Serra introduced two important economic terms: increasing and decreasing returns. In 1613, he set forth the law of rising returns in manufacturing in the form of a law of diminishing costs. It should be especially noted that the effect of increasing returns is limited to the manufacturing sector. Serra did not claim that agricultural production was characterized by diminishing returns, but he so clearly expressed the idea that industrial and agricultural production are subject to different "laws" that he actually came to this conclusion [34].

Later, in 1776, Smith, the founder of the direction of classical economic theory, formulated the law of increasing returns in relation to industrial production in connection with the division of labor, i.e. actually came to the same conclusion as the mercantilist Serra. Smith explains the fact "a significant reduction in the amount of labor required to perform any particular operation", the use of "better equipment, higher qualifications of workers and a better division of labor" [35]. But an important detail should be noted: in Smith's theory, innovations and new technologies are created by the "invisible hand of the market", i.e. automatically and free of charge, while innovative development is characterized by a uniform pace in all countries of the world, which in practice, of course, is not possible.

So, from the theory of Schumpeter, who in his works often turned to the ideas of Serre, we can conclude that when innovations are introduced into industrial production, unit costs decrease as the volume of production increases, i.e. there is an increase in returns. As a rule, increasing returns are accompanied by imperfect competition: large production volumes allow companies to reduce production costs due to growing returns, which means that it is important for companies to have a large market share in order to sell products. Diminishing returns (the inability to expand production beyond a certain level and maintain a decrease in costs) in the production of agricultural products and goods from the extractive industry, as well as difficult differentiation of products are key factors in establishing perfect competition in the market for



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the production of raw materials. As a result, the exports of rich countries develop their economies, i.e. increases returns and creates imperfect competition, and the export of poor countries has dire consequences for the economy.

As the experience of the applied economic policy of England from the 15th century, Europe, the USA, Japan in the 15th-19th centuries, the "East Asian tigers" in the second half of the 20th century shows, it was the development of the manufacturing industry, characterized by increasing returns and supported by strict protectionist measures, that led these countries mean that they are now economically highly developed.

It turns out that Smith's theory, which formed the basis of economic science, which became the basis for the formation of the principles of the development of the world economy since the end of the 18th century, excludes the understanding that different types of economic activity can qualitatively differ as sources of economic development.

#### Modern economic theory: benefits for the rich, problems for the poor

From the second half of the XX century. economic theory recommends for the development of a strategy of comparative advantage, built on the trading theory of the early 19th century. one of the founders of the classical economic system D. Ri-cardo, but, according to J.M. Keynes, J.A. Schumpeter, E.S. Reinert, defending the principles of mercantilism, Ricardo, excluding a qualitative understanding of economic changes and dynamics, formulated a theory that allows the country to fully specialize in poverty. Poor countries export goods in which they are least ineffective, but these products imply neither technological progress, nor increasing returns, and, accordingly, benefits for the country's economy.

In 1841, F. List, who laid the foundations for the catch-up development model, made a significant refinement of Ricardo's theory, noting that an economically lagging country first needs a protectionist policy to strengthen national production, and only then a slow and systematic transition to free trade is possible [36] ... It should be noted that it was Liszt's theory that was adopted and applied in practice in Europe, as well as in the USA.

However, in the middle of the XX century. the founder of the "neoclassical synthesis", combining into one concept of the classical economic school and Keynesian macroeconomics, and one of the founders of neo-Keynesianism, P. Samuelson presented a mathematical proof that international trade will lead to the equalization of prices for production factors; This, in essence, means: prices for factors of production such as labor and capital will tend to the same level throughout the world, and as a result, the difference in income between countries of the world will decrease [36].



The socio-economic policy of the Washington Consensus is based on the theories of D. Ricardo and P. Samuelson, but economic development in reality demonstrates the experience where the predicted expectations are to a certain extent confirmed within each group of countries: the rich strive for more homogeneous wealth, and the poor - for more homogeneous poverty. But on a global scale, the tendency of increasing the gap between the two poles continues, which, incidentally, was also noted by the World Bank, the main ally of the IMF in promoting the idea of globalism and free market, in the annual report on world development in 2009 [37].

Nevertheless, modern economic theory, dominant since the second half of the XX century. and based on the views of Smith and Ricardo, continues to promote the idea of a balanced world with a natural division of labor, which in reality contributes to the preservation of relations between rich and poor countries in the "metropolis-colony" model and supports the idea that the largest economic powers there is every right to oppose other countries in the transition from producers of raw materials to a higher level of participation in international trade through the development of their own industrial sector. And this, as experience shows, is the only effective opportunity to improve the welfare of the national economy and to solve many socio-economic problems, including poverty.

#### China's Success and Experience in Poverty Reduction

In China, over 800 million people have been lifted out of poverty over the past 40 years, accounting for 70% of the total number of people in the world who have overcome poverty. The poverty rate in China has dropped by 94%. If in 1978 the number of poor people was 770 million people, which was 97.5% of the country's population, then at the end of 2019 there were 5.5 million people living in poverty in China, which is 0.4% of the 1.4 billion people of the total population of China. In the period 1956-2018, per capita disposable income in real terms increased 36.8 times, consumer spending increased 28.5 times.

China's successes in this field are also recognized by the world community. In particular, UN Secretary General António Guteris noted that China has held the world record in eliminating poverty over the past ten years. From 2013 to 2019, 82.4 million people were lifted out of poverty in China, and the proportion of people living below the national poverty line fell from 10.2 to 1.7%. Between 2012 and 2018, China drove over 10 million people below the poverty line every year. Extreme poverty in China is expected to end in 2020, even as the economy is in recession due to the impact of COVID-19.



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Over the past decades, China has pursued an active policy of supporting agricultural producers, internal labor migration from villages to cities, special attention was paid to poor border areas and places of residence of ethnic minorities, improving the lives of women, children, the elderly, and the disabled.

It is believed that the success in the fight against poverty in China began with reforms in agriculture, partial privatization, and abandonment of the planned approach in 1978-1985. China is a prime example where the development of agriculture and the elimination of rural poverty went hand in hand. In the second half of the last century, China experienced significant difficulties in providing the population with food, people suffered from malnutrition. Implementation of land reforms in rural areas, improvement of irrigation infrastructure led to increased productivity and sustained growth in agricultural production. The following figures are indicative of the period of agricultural reforms in 1978-1985. in China. During this period, grain production per capita increased by 14%, cotton by 73.9%, oilseeds by almost 3 times, meat by 87.8%, and income per peasant increased by 3.6 times. In the period 1949-2018, the area of irrigated land increased from 15.9 to 68.1 million hectares. For many types of agricultural products, China has become the world's largest exporter.

From this perspective, it is quite remarkable that Uzbekistan begins systematic work to reduce poverty shortly after the adoption of the Strategy for the Development of Agriculture until 2030, the implementation of which should significantly change the established practice of farming, give agricultural producers more freedom in matters of what and how to grow. In a country where agriculture accounts for 28% of GDP, and most of the poor are rural, it is quite logical that the reform and subsequent development of agriculture and the fight against poverty cannot be carried out separately. From this perspective, for Uzbekistan, China's experience in reducing poverty in rural areas, in ecologically unfavorable areas of residence, increasing employment and incomes of the population is extremely useful and in demand. In particular, an experiment in the Jizzakh region on the specialization of territories for the production of certain products is part of the experience of China, where a similar program is being implemented.

At the same time, China was actively solving housing problems, increasing the availability of high-quality drinking water for the population in rural areas, and the availability of medical services. Life expectancy in China increased from 35 in the 1950s to 77 years in 2018. In 2018, 95% of households had access to safe drinking water. A social insurance system was created. By March 2019, 941 million people were covered by basic insurance



coverage, and 1.3 billion people were covered by health insurance, which is almost the entire population of China [49].

One of the most important factors in China's success in reducing poverty is the nationwide nature of action in this direction. In solving this problem, both the state apparatus and the party were involved, as well as the private sector, public organizations and the citizens of the country in general.

The private sector is actively involved in the fight against poverty in China, with the project "10,000 enterprises helping 10,000 villages" in which more than 60,000 private enterprises took part. The practice of patronage of large enterprises over poor counties is used. Taobao Villages, an Alibaba project that empowers villages to sell products through ecommerce, is one of the best examples of successful interaction between the private sector and the countryside. In this perspective, it is appropriate to mention the wide coverage of the Chinese population with Internet access: more than 90% of the Chinese population has access to broadband, more than 98% of administrative villages are connected to a fiberoptic network and have access to 4G services [49].

# **Poverty in Uzbekistan**

The poor part of the population not only does not benefit from the rapid economic growth characteristic of the country, but it is itself unable to contribute to the development of society due to limited access to main markets [48].

Today, the provision of a poor family with personal computers is 12 times less than that of an average family in the republic, cars - 11 times, air conditioners - 8 times, vacuum cleaners - 4 times, washing machines - 4 times, refrigerators - 2 times, TVs - 1.5 times, and mobile phones - 1.5 times.

# Poverty profile in Uzbekistan

With regard to measuring the poverty level in Uzbekistan, only the first two methods are used. According to the estimates of the State Statistics Committee of the Republic of Uzbekistan in 2018, the poverty rate based on nutrition was 11.4%. The World Bank estimated the poverty rate, based on the international poverty line, at 9.6% with a poverty line of \$ 3.2 per day and 36.6% at a poverty line of \$ 5.5 per day. At the same time, a high level of poverty is observed in Samarkand, Surkhandarya, Syrdarya, Andijan regions and the Republic of Karakalpakstan.

In Uzbekistan, the state seeks to improve the efficiency of its social policy aimed at improving the quality of human capital and raising the standard of living of people.



Nevertheless, poverty issues remain relevant for the country: 12-15% of the population is in poverty. This problem requires a solution.

Overcoming poverty in the country primarily depends on economic development, the availability of a sufficient number and availability of jobs, increasing incomes of the population, the possibility of obtaining education, the availability of medical services, communal infrastructure, high-quality drinking water supply, and the environment. At the same time, as the experience of countries successfully overcoming poverty shows, it is impossible to eliminate poverty without the complex synchronous development of social, economic and cultural areas of human life [49].

# Poverty Reduction Program in Uzbekistan

In the Address of the President of the Republic of Uzbekistan to the Oliy Majlis on January 24, 2020, the fight against poverty was identified as a priority task. It was noted that "poverty reduction requires the implementation of a comprehensive economic and social policy - from stimulating entrepreneurial activity to mobilizing the abilities and potential of the population, creating new jobs."

In this regard, addressing the issues of overcoming poverty, lifting the needy out of poverty, creating effective mechanisms to prevent the growth of the number of poor families is currently especially urgent. The country is actively preparing a large-scale program to reduce poverty. It is expected that a long-term poverty reduction strategy will be adopted, including a wide range of both comprehensive and targeted, targeted measures to reduce poverty throughout the country, down to the most remote corners.

Considering that Uzbekistan is in fact only forming comprehensive approaches to overcoming poverty, it is extremely important to study international experience in combating poverty, implement best practices and solutions, considering the specifics of Uzbekistan. From this perspective, one of the illustrative examples is China, where impressive results have been achieved in overcoming poverty.

The Poverty Reduction Program in Uzbekistan and a draft decree on the introduction of a consumer basket and a living wage from 2021 will be developed by October 2020. In total, 100 billion sums will be allocated to fight poverty this year.

President Shavkat Mirziyoyev, by decree of March 26, 2020, approved "On measures to radically update state policy in the field of economic development and poverty reduction" [46].



There are currently about 1.4 million officially unemployed women and youth in the country. Among women, the unemployment rate is 13%, among young people - 15%. These indicators are highest in Fergana, Samarkand, Andijan, Kashkadarya and Tashkent regions.

At the same time, there is a shortage of personnel in the construction sector - 104 thousand, utilities - 71 thousand, service provision - 68 thousand, light industry - 46 thousand specialists.

To meet the need for qualified personnel and employment of the population, it is planned to organize entrepreneurship courses for the unemployed population in each region. Upon completion of the training, the Small Business Development Agency will allocate a grant of 20 million sums to the best project through a competition. Khokims (mayors of local districts) will also provide grants to promising entrepreneurial projects at the expense of the local budget.

For single women and women with many children, as well as the unemployed who have expressed a desire to acquire a profession, vocational training courses will be organized on the crafts necessary in everyday life - sewing, culinary, hairdressing. For this, premises will be allocated in the buildings of makhallas (local authority) or other structures, they will be provided with the necessary equipment.

The Ministry for Support of Mahalla and Family was instructed to develop a program of vocational training in makhalla guzars (makhalla center) and form lists of applicants.

Shavkat Mirziyoyev criticized the work on organizing vocational training centers. According to the announced data, there are no such institutions in 11 districts of Karakalpakstan, 9 districts of Bukhara and Tashkent regions, 7 districts of Surkhandarya and 5 districts of Jizzakh region.

The document transformed the Ministry of Economy and Industry into the Ministry of Economic Development and Poverty Reduction. All medium-term and long-term concepts, strategies and programs for the development of industries, spheres and territories will now be developed in agreement with the new department.

The Ministry will also conduct an examination of the adopted socio-economic programs and resolutions in terms of assessing their impact on the poverty level.

# **STATISTICS**

It is known that Uzbekistan is also one of the post-Soviet countries, which is now on the "developing" list. We were interested in the situation of poverty in our country. During the review, a review experiment was made according to the data of the State Committee and the

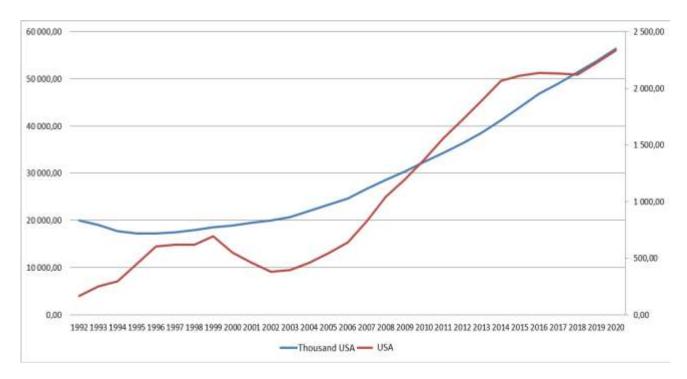


International Monetary Fund, World Economic Outlook Database on the income of the population of Uzbekistan. Below are the statistics for the last 18 and 9 years.

| Units/Years | •   | Jzbekistan<br>Descriptor                             |
|-------------|---|--|
|             | Gross domestic product per<br>capita, constant prices | Gross domestic product per<br>capita, current prices |
| 1992        | 19,926.521  | 167.182  |
| 1993        | 19,020.238  | 251.774  |
| 1994        | 17,683.305  | 292.666  |
| 1995        | 17,209.582  | 448.126  |
| 1996        | 17,168.679  | 601.909  |
| 1997        | 17,504.025  | 616.106  |
| 1998        | 17,983.983  | 616.901  |
| 1999        | 18,488.712  | 693.220  |
| 2000        | 18,940.875  | 550.720  |
| 2001        | 19,499.221  | 461.374  |
| 2002        | 20,031.291  | 378.367  |
| 2003        | 20,646.908  | 392.554  |
| 2004        | 21,988.150  | 461.222  |
| 2005        | 23,266.233  | 543.851  |
| 2006        | 24,681.958  | 638.558  |
| 2007        | 26,619.426  | 823.976  |
| 2008        | 28,529.357  | 1,038.940  |
| 2009        | 30,325.864  | 1,195.021  |
| 2010        | 32,326.307  | 1,367.125  |
| 2011        | 34,287.548  | 1,560.742  |
| 2012        | 36,293.498  | 1,720.755  |
| 2013        | 38,555.254  | 1,890.466  |
| 2014        | 41,184.021  | 2,064.408  |
| 2015        | 43,951.327  | 2,111.743  |
| 2016        | 46,817.718  | 2,132.711  |
| 2017        | 49,026.290  | 2,128.210  |
| 2018        | 51,369.454  | 2,118.380  |
| 2018        | 53,805.950  | 2,222.459  |
| 2020        | 56,358.011  | 2,331.651  |

Table 1. International Monetary Fund, database "Prospects for the development of the world economy" on gross domestic product per capita, constant prices and current prices according to Uzbekistan





# Figure 1. International Monetary Fund, database "Prospects for the development of the world economy" on gross domestic product per capita, constant prices and current prices according to Uzbekistan

According to the International Monetary Fund, World Economic Outlook Database, we can monitor data on gross domestic product per capita, constant prices and current prices in Uzbekistan over the past 18 years. And we can safely say that the poverty rate is decreasing.

And below is an overview according to the data of the State Committee on Income of the population of Uzbekistan over the past 9 years.

Table 2. Information on the income of the population by family of the Republic of Uzbekistan (10%) and (20%) distribution by groups of quintiles (based on the results of a sample survey of the household)

|                 | Average household size, persons |      |      |      |      |      |      |      |      |      |  |  |  |
|-----------------|---------------------------------|------|------|------|------|------|------|------|------|------|--|--|--|
| Quintile groups | 2010                            | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |  |  |  |
| I               | 6,1                             | 5,8  | 5,9  | 5,7  | 6,4  | 6,6  | 6,0  | 6,1  | 6,0  | 6,3  |  |  |  |
| П               | 6,1                             | 5,7  | 5,9  | 5,7  | 6,0  | 6,0  | 5,9  | 6,1  | 5,9  | 6,1  |  |  |  |
| III             | 5,7                             | 5,5  | 5,5  | 5,4  | 5,7  | 5,8  | 5,7  | 5,6  | 5,6  | 5,9  |  |  |  |
| IV              | 5,5                             | 5,0  | 5,2  | 4,9  | 5,2  | 5,6  | 5,3  | 5,2  | 5,2  | 5,4  |  |  |  |
| V               | 4,5                             | 4,2  | 4,0  | 4,1  | 4,2  | 4,5  | 4,1  | 4,2  | 4,2  | 4,4  |  |  |  |



| Decile groups | Average household size, persons |      |      |      |      |      |      |      |      |      |  |  |
|---------------|---------------------------------|------|------|------|------|------|------|------|------|------|--|--|
| Decile groups | 2010                            | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |  |  |
| I             | 6,1                             | 5,8  | 5,9  | 5,6  | 6,6  | 6,7  | 6,1  | 6,1  | 5,9  | 6,1  |  |  |
| II            | 6,2                             | 5,8  | 5,8  | 5,8  | 6,2  | 6,5  | 6,0  | 6,2  | 6,0  | 6,4  |  |  |
| III           | 6,1                             | 5,8  | 5,9  | 5,7  | 6,0  | 6,0  | 5,9  | 6,2  | 6,0  | 6,1  |  |  |
| IV            | 6,1                             | 5,6  | 5,8  | 5,7  | 6,1  | 6,0  | 5,9  | 6,0  | 5,9  | 6,0  |  |  |
| V             | 5,8                             | 5,5  | 5,6  | 5,5  | 5,9  | 5,8  | 5,9  | 5,7  | 5,6  | 5,9  |  |  |
| VI            | 5,7                             | 5,5  | 5,4  | 5,3  | 5,6  | 5,8  | 5,5  | 5,5  | 5,5  | 5,9  |  |  |
| VII           | 5,6                             | 5,3  | 5,3  | 5,0  | 5,4  | 5,7  | 5,3  | 5,3  | 5,4  | 5,5  |  |  |
| VIII          | 5,4                             | 4,9  | 5,1  | 4,8  | 5,1  | 5,4  | 5,2  | 5,1  | 5,0  | 5,2  |  |  |
| IX            | 5,0                             | 4,6  | 4,5  | 4,5  | 4,6  | 5,2  | 4,5  | 4,7  | 4,6  | 4,9  |  |  |
| Х             | 4,2                             | 4,0  | 3,7  | 3,8  | 3,8  | 4,1  | 3,7  | 3,9  | 3,9  | 4,0  |  |  |

Table 3. Composition of households in the Republic of Uzbekistan by number of members

(based on the results of a sample survey of the household)

|       |                           |  | •  | -  |   |  |   |   |   |
|-------|---------------------------|--|--|--|---|--|---|---|---|
| 2010  | 2011                      | 2012   | 2013   | 2014   | 2015  | 2016   | 2017  | 2018  | 2019  |
| 100,0 | 100,0                     | 100,0  | 100,0  | 100,0  | 100,0   | 100,0  | 100,0   | 100,0   | 100,0   |
|       |                           |  |  |  |   |  |   |   |   |
|       |                           |  |  |  |   |  |   |   |   |
|       |                           |  |  |  |   |  |   |   |   |
| 2,9   | 3,2                       | 3,1  | 3,2  | 2,4  | 2,2   | 2,5  | 2,0   | 2,4   | 2,5   |
| 5,9   | 6,8                       | 6,7  | 6,7  | 5,0  | 5,5   | 5,4  | 5,4   | 5,4   | 5,8   |
| 9,4   | 11,5                      | 11,5   | 12,5   | 9,6  | 9,9   | 10,0   | 9,5   | 10,1  | 10,6  |
| 18,3  | 19,9                      | 19,8   | 19,3   | 18,8   | 19,1  | 19,1   | 20,0  | 19,9  | 19,3  |
| 63,6  | 58,6                      | 58,9   | 58,3   | 64,2   | 63,3  | 63,0   | 63,1  | 62,2  | 61,8  |
|       | 2,9<br>5,9<br>9,4<br>18,3 | 100,0 100,0   2,9 3,2   5,9 6,8   9,4 11,5   18,3 19,9 | 100,0 100,0 100,0   2,9 3,2 3,1   5,9 6,8 6,7   9,4 11,5 11,5   18,3 19,9 19,8 | 100,0 100,0 100,0 100,0   2,9 3,2 3,1 3,2   5,9 6,8 6,7 6,7   9,4 11,5 11,5 12,5   18,3 19,9 19,8 19,3 | 100,0 100,0 100,0 100,0 100,0 100,0   2,9 3,2 3,1 3,2 2,4   5,9 6,8 6,7 6,7 5,0   9,4 11,5 11,5 12,5 9,6   18,3 19,9 19,8 19,3 18,8 | 100,0 100,0 100,0 100,0 100,0 100,0 100,0   2,9 3,2 3,1 3,2 2,4 2,2   5,9 6,8 6,7 6,7 5,0 5,5   9,4 11,5 11,5 12,5 9,6 9,9   18,3 19,9 19,8 19,3 18,8 19,1 | 100,0 <th< td=""><td>100,0 <th< td=""><td>100,0 2,4 2,5 2,0 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,4 2,5 2,6 2,9 10,0 9,5 10,1 11,5 12,5 9,6</td></th<></td></th<> | 100,0 <th< td=""><td>100,0 2,4 2,5 2,0 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,4 2,5 2,6 2,9 10,0 9,5 10,1 11,5 12,5 9,6</td></th<> | 100,0 2,4 2,5 2,0 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,5 2,0 2,4 2,4 2,4 2,5 2,6 2,9 10,0 9,5 10,1 11,5 12,5 9,6 |

Table 4. Structure of households in the Republic of Uzbekistan by the number of children

| Years  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of<br>households - total                        | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 |
| including:<br>Those who did not<br>have children under | 25,9  | 26,8  | 27,6  | 27,7  | 26,5  | 25,8  | 26,2  | 25,5  | 25,5  | 24,9  |
| 16<br>Those with children<br>under 16<br>of them:      | 74,1  | 73,2  | 72,4  | 72,3  | 73,5  | 74,2  | 73,8  | 74,5  | 74,5  | 75,1  |
| 1 child  | 24,3  | 25,0  | 24,8  | 24,8  | 23,9  | 24,9  | 24,2  | 24,4  | 24,1  | 24,2  |
| 2 children   | 25,3  | 25,1  | 25,2  | 25,6  | 26,5  | 25,8  | 26,6  | 26,1  | 27,6  | 26,5  |
| 3 children   | 16,9  | 15,9  | 15,5  | 15,6  | 15,9  | 15,6  | 16,0  | 16,5  | 15,7  | 17,2  |
| 4 children or more                                     | 7,6   | 7,3   | 6,9   | 6,3   | 7,2   | 7,9   | 7,0   | 7,5   | 7,1   | 7,2   |

(based on the results of a sample survey of the household)



Table 5. Information on the income of the population of the Republic of Uzbekistan (10%) and

(20%) distribution by group of quintels

| Quintile groups | Share in the total income of the population, in% |      |      |      |      |      |      |      |      |      |  |  |
|-----------------|--|------|------|------|------|------|------|------|------|------|--|--|
| Quintile groups | 2010   | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |  |  |
| I               | 7,7  | 7,9  | 8,0  | 8,2  | 8,4  | 8,9  | 9,2  | 9,3  | 9,3  | 9,1  |  |  |
| II              | 12,9   | 13,1 | 13,2 | 13,0 | 13,0 | 13,5 | 13,7 | 13,6 | 13,6 | 13,6 |  |  |
| III             | 17,0   | 16,8 | 16,8 | 16,9 | 16,5 | 17,0 | 17,2 | 17,3 | 17,2 | 17,4 |  |  |
| IV              | 22,7   | 22,6 | 22,3 | 22,2 | 22,1 | 21,4 | 21,7 | 21,8 | 22,0 | 22,6 |  |  |
| V               | 39,7   | 39,6 | 39,6 | 39,8 | 39,9 | 39,2 | 38,2 | 37,9 | 37,8 | 37,3 |  |  |

(based on the results of a sample survey of the household)

| Docilo groups | Share in the total income of the population, in% |      |      |      |      |      |      |      |      |      |  |  |  |
|---------------|--|------|------|------|------|------|------|------|------|------|--|--|--|
| Decile groups | 2010   | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |  |  |  |
|               | 2,9  | 3,0  | 3,1  | 3,2  | 3,4  | 3,7  | 3,8  | 3,9  | 3,9  | 3,7  |  |  |  |
| II            | 4,8  | 4,9  | 5,0  | 5,0  | 5,1  | 5,3  | 5,4  | 5,5  | 5,4  | 5,3  |  |  |  |
| III           | 6,0  | 6,1  | 6,1  | 6,0  | 6,0  | 6,3  | 6,4  | 6,4  | 6,4  | 6,4  |  |  |  |
| IV            | 6,9  | 7,0  | 7,0  | 7,0  | 7,0  | 7,2  | 7,3  | 7,2  | 7,3  | 7,3  |  |  |  |
| V             | 7,9  | 7,8  | 7,9  | 7,9  | 7,7  | 8,0  | 8,1  | 8,1  | 8,1  | 8,2  |  |  |  |
| VI            | 9,1  | 9,0  | 8,9  | 9,0  | 8,8  | 9,0  | 9,1  | 9,1  | 9,1  | 9,2  |  |  |  |
| VII           | 10,5   | 10,4 | 10,2 | 10,3 | 10,2 | 10,0 | 10,2 | 10,2 | 10,3 | 10,5 |  |  |  |
| VIII          | 12,2   | 12,2 | 12,2 | 11,9 | 11,9 | 11,4 | 11,5 | 11,6 | 11,7 | 12,1 |  |  |  |
| IX            | 14,9   | 14,9 | 15,1 | 14,4 | 13,8 | 13,5 | 13,8 | 13,9 | 14,1 | 14,7 |  |  |  |
| Х             | 24,8   | 24,7 | 24,5 | 25,3 | 26,2 | 25,6 | 24,4 | 24,1 | 23,7 | 22,6 |  |  |  |

Table 6. Information on the income of the population of the Republic of Uzbekistan (10%) and

(20%) distribution by group of quintiles

| Quintile | Δ      | verage  | monthly | gross in | come of | populatio | on per c | apita, ir | n amour | nts     |
|----------|--------|---------|---------|----------|---------|-----------|----------|-----------|---------|---------|
| groups   | 2010   | 2011    | 2012    | 2013     | 2014    | 2015      | 2016     | 2017      | 2018    | 2019    |
| I        | 41 069 | 67684   | 96 803  | 122 003  | 159 873 | 200 989   | 219 175  | 247 508   | 293 622 | 358 686 |
| II       | 68 935 | 112 235 | 158 697 | 192 162  | 247 597 | 304 199   | 326 319  | 362 027   | 431 210 | 539 356 |
| III      | 91 046 | 143 935 | 202 972 | 250 025  | 313 138 | 383 290   | 409 529  | 458 339   | 544 453 | 689 294 |

(based on the results of a sample survey of the household)



| IV     | 121 275 | 193 627 | 269 117 | 328 475 | 420 183        | 482 659   | 515 981   | 580 259   | 696 050   | 895 505   |
|--------|---------|---------|---------|---------|----------------|-----------|-----------|-----------|-----------|-----------|
| V      | 212 090 | 339 276 | 476 964 | 586 815 | 758 832        | 883 120   | 907 617   | 1 007 940 | 1 194 690 | 1 475 868 |
| Decile |         |         |         |         |                | lation pe |           | in amo    |           |           |
| groups | 2010    | 2011    | 2012    | 2013    | 2014           | 2015      | 2016      | 2017      | 2018      | 2019      |
|        | 2010    | 2011    | 2012    | 2010    |                |           |           | 2011      |           |           |
| I      | 31 069  | 51 181  | 74 159  | 96 800  | 127 348        | 164 793   | 180 428   | 205 401   | 244 098   | 295 902   |
|        | 50 872  | 83 595  | 119 453 | 147 216 | 192 382        | 237 104   | 928       | 289 603   | 343 144   | 421 448   |
| П      | 50      | 83      | 116     | 147     | 192            | 237       | 257       | 289       | 343       | 421       |
| 111    | 63 385  | 104 067 | 147 651 | 178 254 | 229 540        | 283 854   | 305 916   | 339 568   | 403 389   | 503 799   |
| IV     | 74 199  | 119 422 | 169 756 | 206 081 | 265 631        | 324 541   | 346 723   | 384 490   | 459 067   | 574 946   |
| V      | 84 592  | 133 070 | 191 076 | 234 096 | 292 293        | 362 446   | 386 955   | 432 167   | 513 308   | 648 346   |
| VI     | 97 285  | 153 542 | 214 871 | 265 950 | 333 954        | 404 143   | 432 105   | 484 507   | 575 578   | 730 202   |
| VII    | 112 176 | 177 426 | 245 416 | 303 786 | 389 037        | 451 500   | 483 624   | 542 196   | 649 465   | 831 083   |
| VIII   | 130 196 | 208 135 | 292 816 | 353 140 | 451 289        | 513 844   | 548 335   | 618 325   | 742 661   | 959 927   |
| IX     | 158 901 | 254 197 | 363 157 | 426 907 | 522 494        | 610 761   | 657 208   | 736 748   | 892 244   | 1 161 108 |
| X      | 263 288 | 421 387 | 590 824 | 746 662 | <u>995 096</u> | 1 155 253 | 1 157 646 | 1 278 726 | 1 496 946 | 1 790 438 |



"According to preliminary calculations, 12-15% or 4-5 million of the population of our country is in poverty. This means that their daily income does not exceed 10-13 thousand sums. Or, for example, a family may have a car and livestock, but if one person falls ill, then at least 70% of the family's income goes to treatment. Can such a family be called prosperous? As a president, I am worried every day by the question: do our people have enough funds for such vital needs as food, treatment, education and clothing for children? " - said Shavkat Mirziyoyev [45].

"We need to create all conditions for people to work, get rich, and live with dignity," the president stressed.

Near densely populated areas where entrepreneurship is well developed, it is planned to organize small industrial zones on the basis of empty and not intended for agriculture lands. To create the necessary infrastructure, directorates of small industrial zones will be allocated 100 billion sums from the budget. Land plots in the zones will be sold to entrepreneurs at market value with ownership rights. If this experience is justified, an additional 150 billion sums will be allocated in the second half of the year.

The decree defines a number of tasks in the areas of macroeconomics, poverty reduction, socio-economic development of regions, transformation of enterprises with state participation, formation and implementation of investment policy, development of entrepreneurship in the country and others.

To finance measures to reduce poverty in 2020, the Ministry of Economic Development and Poverty Reduction will allocate 100 billion sums from the Anti-Crisis Fund under the Ministry of Finance.

The document transformed the Agency for the Development of Small Business and Entrepreneurship into the Agency for the Development of Entrepreneurship with subdivisions in all regions, cities and regions. The Urbanization Agency is liquidated and transfers its functions and tasks to a new ministry.

The Republican Higher School of Business and Management named after Abu Raykhan Beruni at NAPU and the Republican Center for Teaching the Basics of Entrepreneurship with territorial branches are also transferred to its jurisdiction. On their basis, the Higher School of Business and Entrepreneurship is being created with regional branches in Nukus and all regional centers. It will be considered a higher educational institution for training, retraining and advanced training of personnel in the field of corporate governance and entrepreneurship. By October 1, the following should be developed:

Concept of socio-economic development until 2030;

• Strategy for the development of industry until 2030;



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Poverty Reduction Program;

• Draft decree on the introduction from 2021 in all regions of the country of a minimum consumer basket and a living wage.

Until March 1, 2021, the legal experiment in the Syrdarya region on the privatization of non-agricultural land is being extended. For the same period, the entry into force of the law "On the privatization of non-agricultural land plots" [47] will be postponed.

# CONCLUSION

Poverty in developing countries is an important global problem, the solution of which requires, first of all, the establishment of its causes. The analysis of different approaches and the real state of affairs indicates that the following reasons underlie the poverty of developing countries.

1. Consequences of colonialism and neo-colonialism.

Neo-colonialism is a system of relations between the most developed and less developed (developing, and today also post-socialist) countries, based on the use of the latter's backwardness and their dependent position in the world capitalist economy. Today neocolonialism is noticeably manifested in the following areas:

1) in economic relations - unequal conditions of trade, movement of capital and population, manipulation of exchange rates, enslaving loans, pressure from international financial organizations, etc.;

2) in the scientific and technical sphere - the restriction in poor countries of the use of new technology and new technologies, "brain drain", etc., which increases the technological gap between poor and rich countries;

3) in the political field - the tactics of implanting and supporting reactionary regimes, involving developing countries in military and other blocs where superpowers are the masters, concluding unequal agreements with them, stimulating contradictions and conflicts between developing countries, unleashing local wars, etc.

Seizure by developed countries and GCs of natural resources of poor countries or complete control over their consumption.

3. Lack of opportunities and incentives for capital accumulation in poor countries, which is caused by political instability, the narrowness of the internal market, underdeveloped infrastructure, lack of personnel, etc. Even the capital that appears in them is rapidly disappearing beyond their borders.



4. The presence and growth of socio-cultural barriers - the primacy of tribal over national interests, caste construction of society, violation of the principles of appropriation of resources and distribution of benefits, etc.

5. Extremely weak use of the world achievements of scientific and technological revolution, which hinders the transition to an intensive type of economic growth.

6. Institutional barriers - excessive concentration of land in the hands of a few, injustice of the tax system, corruption, etc.

7. High rates of population growth and unemployment.

All these and other causes of poverty in developing countries are pulling them into a vicious circle of poverty, the content of which is that colonialism and neo-colonialism inhibit economic growth and per capita production, which reduces the possibility of savings and accumulation. Therefore, the growth of labor productivity is constrained. Population growth, requiring an increasingly large share of slowly growing GDP, also holds back the exit from this circle.

Strong government policies can lift the cycle of poverty. But this is hampered by neocolonialism, the interference of developed countries in the internal affairs of poor countries (all of them are largely controlled from outside), the imposition of free market theories, monetarism, etc. on them. This forms a second vicious circle: poverty grows due to the weakness of the state, and the state weakens due to increasing poverty.

The problems are further complicated by the fact that developed countries impede government regulation in developing countries and pursue a policy of their structural adjustment in the world economy.

And the study of the directions of macroeconomic thought related to increasing the level of socio-economic development and reducing the level of poverty led to the following conclusions.

Theories that have appeared since the formation of the world market are mercantilism (arose at the end of the 15th century), physiocracy (from the 18th century), classical economic theory (from the end of the 18th century), Marxism and marginalism (from the second half of the 19th century), Keynesianism (from the 20th century), institutionalism and one of the directions of the neoclassical school - monetarism (from the 20th century) - are a reflection of the search for a balance between the two main poles: protectionism and liberalism, a balance not only in the degree of implementation of the principles of a particular idea, but also the optimal moment of transition (or not transition) from one dominant basis to another, or the effective combination of two paradigms of economic science in some areas of activity of both national and world economy.



The dominance of globalism, convincingly implemented by international organizations and industrialized states, continued until the 2008 global financial crisis. Since then, the world has been in a state of chaotic change and, according to the American analytical company Strategic Forecasting, "many regions are waiting for the changing of the guard" [39].

The principles of "good" globalization and "omnipotent" free market did not lead to the uniformity in world development promised by the Washington Consensus and were not actually observed (more precisely, they were observed unilaterally - in relation to developing countries).

On the contrary, the previous state of visible unity of economically developed countries is clearly turning into a more fragmented form. An increasingly pronounced nationalism is noted, the protection of their own interests through destructive actions in relation to other countries. After striving for a global, "common" peace, the world returns to recognizing the need for and increasing protectionist measures.

Development finance by international organizations aims to address the consequences of socioeconomic problems, including poverty, but not their causes, and such assistance is limited and temporary. In addition, this policy in reality contributes to the preservation of relations between rich and poor countries in the "metropolis-colony" model, in other words, forms charitable colonialism. In the further researches more focus will be on Uzbekistan's case

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