

A NEW SYSTEM OF COMBATING POVERTY

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Abstract: This article covers the work being done in the world and in our country to combat poverty, world experience, and the reforms being carried out today in New Uzbekistan to lift the population out of poverty.

Key words. Poverty, reforms, poor-family, unemployment, programs.

The issue of poverty has remained a pressing social problem throughout the history of humankind. In every era, various economic, political, and spiritual measures have been developed to eliminate it. In the 21st century, poverty is emerging not only as a challenge for individual states but also as a global problem on a worldwide scale. As a result, international organizations, governments, and civil society institutions are developing comprehensive strategies in this field.

In the Uzbek language, a wide range of words related to the concept of poverty is used. Many expressions connected to this notion are also widely employed among the general population. For instance, the five-volume Explanatory Dictionary of the Uzbek Language provides definitions for terms such as “kambag‘al” (poor), “kambag‘allashmoq” (to become poor), “kambag‘alparvar” (supporter of the poor), “kambag‘allik” (poverty), and “kambag‘alchilik” (destitution). The word kambag‘al is derived from Persian-Arabic languages and denotes “poor, impoverished.” The dictionary provides three definitions:

1. A person living in need and lacking essential means for livelihood; poor, destitute, helpless.
 2. Insufficient, lacking.
 3. Figuratively, one who finds himself in a difficult or pitiable situation; unfortunate, poor soul.
- Examples include: “a poor family,” “a poor farmer.”

Another term found in the dictionary is kambag‘allashmoq, defined as “to gradually become poor, to fall into poverty.” The next expression, kambag‘allik, is described as “a condition of lacking essential means for living.”

Since the emergence of humankind, definitions of poverty have continuously evolved in relation to changes in living standards and quality of life. In ancient times, living standards were modest, consisting of access to nearby water sources, food obtained collectively, and simple housing. In the modern world, all of the above are considered indicators of poverty. The lack of the advantages of a civilized society—such as adequate housing, means of livelihood, employment, income, and resources for survival (water, food)—is directly associated with poverty.

The rapid pace of civilization and the expansion of property-owning classes have transformed perceptions of poverty and raised its threshold. Levels of poverty vary across the world depending on geographic location and population density. Today, it is difficult to give an exact definition of “poverty,” as the concept itself is relative. There is no absolute, universally accepted understanding of poverty. Three main approaches are used to measure it: absolute, subjective, and relative. Poverty can therefore be viewed as both an absolute and a relative phenomenon, and various methods are used to calculate poverty indicators. Unfortunately, there is no single global approach to defining poverty. Consequently, each country has its own specific methods and approaches.

The subjective approach to poverty begins with an individual’s self-assessment: “Am I poor?” From the perspective of economics and national development, this is one of the most important



factors influencing behavior and future economic activity. Subjective poverty is determined on the basis of individuals' self-evaluation of their material well-being, living conditions, ability to pay for housing, medicine, education, and other necessities.

The level of poverty varies between countries depending on specific living conditions and underlying causes. The main causes of poverty are diverse, and each is linked to various factors, such as:

1. Economic causes – economic crises, unemployment, and low demand for industrial products during periods of low industrial profitability.
2. Social-medical causes – limited ability to work (disability, long-term illness) and old age.
3. Demographic causes – absence of parents in the household and responsibility for many dependents.
4. Educational and professional causes – low level of education and insufficient professional skills.
5. Political causes – military conflicts and forced migration.

Poverty, as one of the most pressing and multifaceted global challenges, encompasses not only economic indicators but also social, institutional, and moral dimensions that shape human dignity and well-being. In the context of growing instability caused by climate change, pandemics, slowing economic growth, and geopolitical transformations, the issue of poverty has become even more urgent. Today, states and the international community face the complex task of developing and implementing effective strategies aimed not only at mitigating the current consequences of poverty but also at preventing its re-emergence.

Although poverty is a phenomenon inherent to every society, its scale and intensity vary significantly. Approaches to determining the level of poverty also differ across countries, as they are shaped by the unique economic development level, resource availability, historical values, lifestyles, national perspectives, cultural norms, and traditions of each nation. These differences naturally lead to variations in the conceptualization of poverty. Hence, poverty in every country acquires distinctive features depending on income levels and the structure of its economy.

Poverty is inversely proportional to the level of economic development: in economically weak countries, the number of poor people is greater, whereas in strong economies, it is significantly lower. Poverty manifests in both chronic and transient forms. Chronic poverty refers to long-term deprivation, while transient poverty occurs periodically. Chronic poverty is structural in nature, whereas transient poverty is cyclical — emerging during unfavorable economic conditions and diminishing when conditions improve. In weak economies, poverty tends to be chronic, while in developed economies it is more often temporary. Income inequality, being an inherent characteristic of market systems, implies that the presence of poverty is an objective phenomenon within such a system. For this reason, poverty cannot be completely eradicated, but its scale can certainly be reduced.

Poverty should not be understood solely as a lack of consumption. It is also reflected in insufficient skills and poor health, both of which hinder one's ability to earn income. The existence of poverty is a social phenomenon closely linked to the level of economic development and the effectiveness of reforms. New economic relations and institutional foundations create different forms of poverty. At first glance, poverty seems to be the result of an individual's own shortcomings or inability to improve their living conditions. Indeed, every person and household is responsible for their own well-being. However, economic relations and legal frameworks must enable individuals to fully realize their potential. Among these conditions, economic freedom is paramount. Institutional reforms therefore play a central role in preventing poverty. Inclusive political and economic institutions provide opportunities for broad segments of the population, ensuring sustainable development and social justice.



Historically, poverty has been explained in relation to living conditions. In ancient Eastern societies, poverty was often interpreted as a “scarcity of sustenance,” whereas in medieval Europe it was explained through religious concepts such as “fate” and “divine test.” In industrial societies, poverty became closely associated with unemployment and economic inequality. From a socio-philosophical perspective, poverty is not limited to material deprivation. It also represents the lack of opportunities for personal development, participation in social processes, and engagement in cultural life. Thus, poverty is understood as a condition that contradicts social justice and equality.

In international law, poverty is closely linked to human rights. The United Nations' Sustainable Development Goals (SDGs) designate the eradication of extreme poverty by 2030 as a core objective. Therefore, combating poverty is regarded as both a legal and political obligation.

Economically, poverty is measured by an individual's income and consumption capacity. The World Bank defines “extreme poverty” as living on less than USD 2.15 per day (updated in recent estimates to USD 3.65). In addition to this, the concept of relative poverty refers to living conditions that are significantly below the average standard of living in a given society.

A retrospective approach to the problem of poverty requires an in-depth analysis of how it has been interpreted throughout the development of human civilization and what solutions have historically been proposed. In ancient societies, poverty was predominantly explained within religious and moral frameworks. For instance, in the classical era, Aristotle viewed poverty as a natural consequence of social stratification. In the ancient Eastern world, poverty was often interpreted through the concepts of fate and divine will.

During the Middle Ages, the Christian Church in Europe sometimes interpreted poverty as a religious virtue. However, this view often served to legitimize social injustice. In Islamic civilization, institutional mechanisms such as zakat and sadaqa were developed as structured approaches to mitigating poverty. These mechanisms functioned not merely as acts of charity but as essential tools for ensuring social equity and communal solidarity.

With the advent of the Industrial Revolution, the problem of poverty took on new dimensions. Mass migration from rural areas to cities, the emergence of the working class, and widespread labor exploitation intensified poverty. During this period, European states began introducing social insurance systems and anti-poverty programs.

In the 20th century, the concept of the “welfare state” emerged, resulting in the creation of comprehensive social protection mechanisms for all population groups. Notably, Bismarck's reforms in Germany and later the Scandinavian model became exemplary cases of effective social policy.

In the 21st century, globalization and the rise of the digital economy brought new directions in poverty reduction. Conditional cash transfer programs, microfinance institutions, and social entrepreneurship expanded the economic opportunities available to the population. These developments demonstrated that poverty can be addressed not only through social protection but also through integration into economic activities.

Different models of poverty reduction have been tested across regions, with varying degrees of success. These models are shaped by cultural characteristics, economic capacity, and institutional strength.

The European Union, particularly Scandinavian countries, has been a leader in implementing the welfare state model. High tax revenues finance broad-based social services. Universal access to healthcare, education, and labor market protections created equal opportunities for all population groups. As a result, these countries have some of the lowest poverty rates in the world.



In South America, Brazil's Bolsa Família program gained international recognition. The program offers conditional cash transfers to poor families, requiring school attendance and access to healthcare services for children. This significantly improved education and health outcomes and strengthened social mobility.

In Asia, China's experience stands out. Since the reforms initiated by Deng Xiaoping in the 1980s, more than 800 million people have been lifted out of poverty. Key factors behind this success include increased agricultural productivity, large-scale infrastructure development, and strong support for small enterprises.

India implemented the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), providing every rural household with a guaranteed minimum of 100 days of paid work annually. This ensured a stable income source for rural populations.

In Africa, Rwanda and Ethiopia demonstrated successful practices aimed at improving living standards. Rwanda reduced poverty by promoting women's entrepreneurship, while Ethiopia invested heavily in rural infrastructure.

International experience shows that an effective poverty reduction model cannot be limited to financial assistance alone. It must be based on a comprehensive strategy that includes social services, education, healthcare, infrastructure, and labor market opportunities.

Effective poverty reduction relies on the following institutions:

- Economic institutions: labor markets, entrepreneurship, and credit systems.
- Social institutions: education, healthcare, and social protection.
- Political institutions: rule of law, transparency, and accountability.
- Moral and civic institutions: civil society, NGOs, and local communities.

Poverty is essentially the level of income insufficient to meet minimum living standards. In developed countries, poor households typically spend about one-third of their income on food. According to Western standards, multiplying this figure by three gives the approximate minimum income required for subsistence, commonly known as the living (subsistence) minimum.

Poverty is defined as a condition characterized by a lack of material resources over a certain period, the absence of primary or minimum living standards accepted by society, and circumstances in which it becomes impossible to maintain a normal standard of living or when individuals face extraordinary hardships. The poverty line represents the minimum level of real income that enables a citizen of a given country to satisfy their most essential material needs and cover necessary expenses over a specified period, i.e., it reflects the provision of a subsistence minimum.

In order to reduce poverty or overcome it through socio-economic reforms, it is crucial to first determine the level of poverty. Identifying the target groups toward whom state policies should be directed serves as a primary factor influencing the effectiveness of poverty-reduction strategies. Poverty undermines the health, labor capacity, and scientific potential of a nation. Moreover, it leads to a decline in the State budget and contributes to the intensification of political processes.

At this point, it is important to recall that the 2019 Nobel Prize in Economics was awarded to scholars whose research focused specifically on reducing global poverty. These scholars—Michael Kremer from the United States, and Abhijit Banerjee and Esther Duflo, originally from India—introduced social innovations into practice aimed at identifying and combating poverty.

Despite the allocation of billions of US dollars in financial assistance and subsidies by the UN, the World Bank, the International Monetary Fund, and various foundations to impoverished



countries, literacy rates, self-employment levels, and entrepreneurial abilities did not significantly improve. All these efforts proved ineffective, and these states remained unable to escape the trap of poverty. Abhijit Banerjee, Esther Duflo, and Michael Kremer demonstrated this through field experiments and effectively discovered a “cure” for poverty, thereby cementing their legacy in economic history.

As noted above, the first priority is to reduce unemployment. Active and effective policies that support those unable to help themselves, along with the mobilization of community and private-sector resources for these purposes, yield significant results. According to the research findings of these scholars, it is possible to eliminate the factors and conditions that generate poverty in each country, region, and household through accurate diagnostics.

The importance of determining the poverty level can also be observed through the following aspects:

- assessing the country’s level of economic development;
- evaluating the effectiveness of socio-economic reforms;
- drawing conclusions about the social welfare and living standards of the population;
- assessing the degree of social stratification;
- evaluating the state of human capital in the country;
- supporting the assessment of economic activity and social mobility;
- deriving broader conclusions about the cultural level, national mentality, and psychological state of society.

Given that one of the key priorities of state socio-economic policy is reducing poverty, it is essential to first measure the poverty level to ensure proper implementation of this task. As a rule, before studying poverty-reduction measures, it is necessary to determine poverty by collecting the following types of data across population groups:

- Characteristics of family members: age, gender, ethnicity, education, and health conditions;
- Demographic characteristics of the household: gender of the household head, number and age ratio of dependents (number of children and elderly relative to working-age adults);
- Asset ownership: land, livestock, resources, and social capital;
- Activity-related data: sector of activity, marketable crops, type of employment;
- Location-related data: region, city, district, village, neighborhood, household;
- Access to public services: electricity, water supply, healthcare, education, and social assistance programs;
- Market and private services: distance to markets, road infrastructure, access to financial services.

Various methodological approaches to measuring poverty exist across economics, sociology, and political science, and they differ at national and international levels. The uniqueness of national approaches is associated with income levels and the needs of the population.

In scholarly circles, the concept of “well-being corresponding to a rational minimum” is used when defining normative approaches to determining the poverty level. The main scientific challenge lies in calculating this rational minimum of well-being. Consequently, the diversity of methods for determining poverty levels stems from differing interpretations of this concept. Additionally, the concepts of “poverty line” and “poverty incidence” play an essential role in measuring poverty. The poverty line is formed as a practical expression of the concept of rational minimum well-being, while the share of the population falling below this threshold reflects the poverty incidence. From this perspective, the concept of rational minimum well-being differs across countries. Moreover, determining this threshold requires identifying the basic (or primary) needs of the population and calculating their statistical value.



As global variations in the cost of living increase, the international poverty line—representing absolute poverty—is periodically revised. This indicator evaluates poverty levels across all countries based on a unified standard. The methodology for calculating the global absolute poverty line was developed by the World Bank in 1990, based on poverty lines in the world's poorest countries and converted into a single currency using official exchange rates and purchasing power parity (PPP). According to PPP-based calculations across six of the poorest countries, the poverty line was equivalent to approximately one US dollar per person per day. This figure was adopted as the first international poverty benchmark.

In 2005, similar recalculations across the 15 poorest countries showed that the poverty line equaled USD 1.25 per person per day. From October 2015 onward, the international poverty line was raised to USD 1.90. In September 2022, it was further increased from USD 1.90 to USD 2.15 per person per day. Taking into account development characteristics and stages, the poverty line for “lower-middle-income countries” is set at USD 3.2 per day, and for “upper-middle-income countries” at USD 5.5 per day. To apply this approach in practice, a scientifically grounded minimum consumption basket must be approved by the government.

By Presidential Decree No. PQ-330 of 23 September 2024, entitled “From Poverty to Prosperity”, a number of preferential measures were introduced. In particular, beginning in 2025, children from low-income families will be admitted to state preschool education institutions on preferential terms; starting from the 2025/2026 academic year, accommodation expenses of students from low-income families in the dormitories of state higher education institutions will be covered by the State budget; from 2025, the “El-yurt Umidi” Foundation will allocate separate quotas for children from low-income families; and within the framework of the 2025 Housing and Mortgage Market Development Program, the number of housing subsidies to be allocated will be increased by 1.2 times.

Within the framework of the “From Poverty to Prosperity” program, the “Register of Low-Income Families” has been launched. To date, the living conditions of 881,000 households have been assessed, and 416,000 of them have been included in the Register of Low-Income Families. As an experimental measure aimed at lifting vulnerable households out of poverty, 14,000 heads and deputy heads of organizations in the Republic of Karakalpakstan, the regions, and the city of Tashkent, as well as district (city) institutions, have each been assigned five of the most vulnerable low-income families for a six-month period.

These large-scale and targeted measures undertaken in our country to reduce poverty in local communities and to elevate the system of working with low-income households to a new level will ultimately contribute to improving the well-being of the population and ensuring sustainable economic growth. Moreover, poverty reduction is expected to transform into a nationwide movement in Uzbekistan.

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