THE ESSENCE OF THE PROBLEM OF POVERTY IN RURAL AREAS, ITS CAUSES, CRITERIA, AND MANIFESTATION IN AGRICULTURE

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Abstract. *This article examines the essence of poverty in rural areas, its main causes, measurement criteria, and specific manifestation in agriculture. The study analyzes poverty not only as a lack of income, but also as a multidimensional socio-economic condition reflected in limited access to employment, education, healthcare, nutrition, housing, and social participation. Special attention is given to rural poverty in Uzbekistan, where household plots, dehqon farms, commercial farms, horticulture, and seasonal agricultural activity play an important role in income generation. The article discusses international and national approaches to poverty measurement, including absolute and multidimensional criteria, and considers the relevance of these approaches for local conditions. It also identifies unemployment, unequal access to land, insufficient infrastructure, limited investment, and weak market access as key factors deepening rural poverty. The paper concludes that effective poverty reduction in rural areas requires transparent land allocation, agricultural services, storage facilities, employment creation, and long-term investment support.*

Keywords: *poverty, rural poverty, agriculture, poverty measurement, unemployment, household plots, poverty reduction.*

Introduction

Poverty is considered one of the most important problems in the world in which we live today. The fact that around 8% of the population of the Earth lives in poverty demonstrates to us the significance of this problem. This means that approximately 600 million people on the planet live in poverty — that is, they earn less than 1.9 dollars per day. The very fact that the Government of Uzbekistan is also taking practical measures to reduce poverty allows us to grasp the importance of this problem. The establishment of the Ministry of Economic Development and Poverty Reduction indicates that there is a need for a comprehensive, integrated struggle against this problem. In his address to the Oliy Majlis on the results of 2021, our President Sh. M. Mirziyoyev emphasized that more than 12% of the population of Uzbekistan — that is, around 5 million people — live in poverty; the fact that the head of state is raising this problem shows the even greater depth and scale of its importance. When we look at the manifestation of poverty in agriculture, the importance of making use of household plots (tomorqa), dehqon (smallholder) farms, fermer (commercial) farms, and horticultural enterprises in reducing it becomes clearly evident.

Analysis of Literature on the Subject

In order to express the essence of poverty in this article, we drew upon the reflections concerning a modern approach to poverty contained in the work of Lev M. Yu., "Poverty and the Subsistence Level of the Population in Ensuring Socio-Economic Security," and in the article by Yashar Pasha on the topic "Determination of Poverty on the Basis of Multidimensional Statistical Analysis." We observed that, in these works, poverty has been studied through new approaches.

The article by Khasanov Rustam Rabimovich on the subject “Socio-Economic Causes of Poverty” also cites materials presented on poverty. In measuring poverty, we made use of the views expressed by Obid Hakimov, Director of the Center for Economic Research and Reforms, and of the opinions stated in the interview conducted by Kun.Uz with Sergey Zorya, the Lead Agricultural Economist of the World Bank Representative Office in Uzbekistan; on this basis, the local measurement value of poverty was determined. In analysing poverty, use was made of the data on the demographic situation of the population and on agricultural indicators, presented year by year on the official website of the State Statistics Committee of the Republic of Uzbekistan.

At present, poverty is one of the most pressing problems throughout the world, and a number of tasks connected with eliminating it are arising before the world community. Poverty cannot be completely eliminated, but there are ways and measures to reduce it, as well as methods that have been used effectively in world practice. In the matter of reducing poverty, each country takes measures at the national level, while international organizations carry out practical work on a global scale. At this point a question arises: what is poverty itself, what are the causes of its emergence, and how is it to be combated?

What Is Poverty?

At the most general level, poverty is the absence of acceptable choices across a wide range of important life decisions — that is, a serious lack of a person’s freedom to do what he or she wishes. The inevitable consequence of poverty is shortage and deprivation in many spheres of a full life, namely the following:

- insufficient means to purchase the basic necessities of life;
- frequent illness and early death;
- a level of literacy and education that undermines adequate functioning and limits a person’s understanding of the world and of himself;
- living conditions that endanger physical and mental health;
- the most unsatisfactory and the most dangerous jobs;
- a lack of dignity and a lack of respect from others;
- exclusion from public affairs.

The concept of poverty is not limited solely to the material conditions of people’s lives; it is also expressed in poor health, lack of employment, social exclusion, poor nutrition, and the lack of personal security, all of which are ultimately connected with the socio-economic security of the population.

If we try to understand poverty through its manifestation in a way of life, what kind of family or person do people call a poor family or a poor person? Of course, poverty is expressed through a shortage of material resources. For example, to call a family poor we may also look at the indicator that the family’s living conditions at home are not good and that it has no car. If we dwell on still more complex indicators, we may recognize poverty by such markers as the inability of the family members to consume quality clothing and food products; the absence of adequate home conditions for the children of the family to receive an education; the lack of material means for the family members to spend their days off in a meaningful way — for example, the inability to make use of domestic tourism opportunities across the country; deprivation of access to quality medical services; the lack of the means to visit recreation centres and sanatoriums, and similar indicators. Another of the worst aspects of poverty is that it gives rise to a chain of impossibility, and there is a high probability that this chain will keep adding a new impossibility to itself. That is, as a result of the lack of material means, primary needs are first of all curtailed — food, clothing,

and the like. Insufficient satisfaction of medical needs increases the probability that members of a poor family will fall ill, which in turn limits their ability to satisfy their need for medicines. The absence of conditions for children's schooling limits their ability to join the ranks of the active members of society. Inadequate rest for the working members of the family leads to a deterioration of their mental and psychological state. Deprivation of the opportunity for quality nutrition leads to a weakening of the immune system of family members, which increases the probability of their falling ill and is thereby manifested in their being removed from the ranks of the family's able-bodied members; and many similar examples could be given.

If we analyse these and many other examples given for poverty, together with its consequences, we come to understand how important this problem is and how necessary it is to develop measures against it. Our people have a very apt saying: that it is better to prevent an illness than to treat it. To treat an illness, one must of course know where it has arisen. Likewise, in order to combat poverty, it is important to know what its causes are. Now let us turn to the causes of its emergence.

Materials and Methods

The existence of poverty is a social phenomenon that depends on the level of the economy and on the effectiveness of reforms. New economic relations and economic foundations give rise to one form or another of poverty. At a superficial glance, it seems that poverty depends on the subject himself and that the person is to blame for living in a destitute condition. Of course, every individual and every family is responsible for its own well-being. But for this, the economic relations in society and the legal rules and regulations in force must be capable of comprehensively unlocking a person's activity. The most important of these rules is economic freedom.

Every subject engages in economic activity within the limits of his own capabilities and obtains an income corresponding to the available resources. Freedom of activity does not mean equality in the market, but rather grants the right to make independent decisions. For this reason, poverty must be regarded not only as a subjective phenomenon, but also as the product of an objective process. The objective process, in turn, unfolds under the influence of particular factors and emerges as the causes that give rise to poverty. Especially during a period of economic transformation, economic, social, and political processes are the causes that give rise to the level and scale of poverty.

For the statistical analysis of multidimensional poverty, variables associated with poverty are used. These factors vary from country to country. They can be divided into the following four groups:

- the characteristics of the region;
- the characteristics of the settlements;
- the characteristics of the households;
- the characteristics of the individual.

The distinctive characteristics of a region include the following:

- isolation or remoteness of the area (underdeveloped infrastructure, difficulty of access to markets, low use of services, and so on);
- the resource base (natural resources, soil quality, and so on);
- precipitation, climate, and environmental conditions (drought, floods, earthquakes, and so on);
- regional authorities and governing bodies;
- inequality.

Areas include the following characteristics:

- the level of development of infrastructure;
- the distribution of land;
- the level of social welfare and use of services;
- social infrastructure / social capital.

The characteristics of a household include the following:

- the size of the household;
- the structure of the household (the demographic burden per worker, the dependency burden);
- the sex of the head of the family;
- real estate, land, and means of production (tools, tractors, vehicles, and so on), and housing;
- employment and the structure of income;
- the state of health and the level of education.

Individual characteristics include the following:

- age;
- level of education;
- employment;
- income;
- state of health;
- ethnic origin.

Poverty is an important social problem in every economic system. The scale of poverty differs depending on the volume of gross domestic product, the manner of its distribution, the country's production potential, and the standard of living of the population. This problem has a negative impact on the country's economic development, gives rise to structural mismatches in the labour market, disrupts economic and social ties, reduces the volume of the population's deposits, leads to a decline in aggregate demand, and causes low purchasing power.

The statistical analysis of poverty shows that the main factors influencing poverty are employment, the level of education, the structure of the family, and natural (ecological) conditions. In order to determine the degree of influence of these factors, the correlation factors among poverty indicators are examined. However, such an analysis does not account for the characteristics of the region, the households, and the settlements, nor for the level of the country's socio-ecological and socio-economic development.

We have seen that one of the main factors giving rise to poverty is unemployment. Therefore, we need to consider the causes of the emergence of unemployment. In every society there is, of course, a class of the unemployed, but if its size exceeds an acceptable level, this leads to the class of the poor in that society growing beyond the norm. The economic potential of a country is one of the factors that cause the ranks of the unemployed among able-bodied people to grow. The industrialization of a country's economy, its export potential, and the opportunities created for doing business in the country may also be among the factors that lead to an expansion of the ranks of the unemployed. In rural areas, because of an insufficient number of jobs, the main part of the population of the region satisfies its employment and material needs through external migration. So what is the reason for this? The main reason for this may be the inability to make full use of the opportunities for processing the products produced in the region, for adding value to them, and for exporting them. There is also a high probability that another of the main reasons

is the fact that the land used in agriculture is not distributed in accordance with demand on the world consumer market.

Results and Discussion

In the economic literature there are three approaches to defining poverty: the absolute line; the relative characteristic; and the subjective assessment method, with the division of these into monetary and non-monetary. Recently, however, on the basis of a combination of these characteristics, an alternative concept known as the multi-criteria poverty threshold has been developed. Since our aim is to study absolute poverty, we consider the measurement of this type of poverty.

According to the absolute approach, poverty is determined on the basis of a minimum consumption basket. Households that do not possess the resources to satisfy the basic needs of their family members are considered poor. The value of the minimum consumption basket is scientifically substantiated and approved by the government of the country. This approach is used to assess the poverty threshold in a particular country. For international comparison, the World Bank's poverty index is used. Its PPP value in 2015 amounted to 1.9 dollars. This method of measurement is the minimum consumption basket, which includes not only food but also services, non-food products, minimum services, and the like. As Obid Hakimov, Director of the Center for Economic Research and Reforms, noted in an interview given to the Kun.Uz website, the level of poverty among the population, as stated by the country's leadership, amounts to 12–15%. Where do these figures come from? These figures were formed by taking into account people's minimum daily expenditures. This amount itself is not taken into account directly. At that value, the purchasing power is converted into a figure in the local currency — that is, it is calculated through the conversion coefficient of purchasing power parity (PPP). For example, in 2018, this coefficient for Uzbekistan was set at a PPP value of 1,784 soum to 1 US dollar. According to calculations for 2020, this amount corresponded to 5,600 soum per person. In Uzbekistan, for a family with an average of 5 family members, a monthly income of, on average, more than 840,000 soum is what separates that family from the poverty threshold. At present, approximately 12% of the population of Uzbekistan lives in poverty. This means that nearly 5 million people in Uzbekistan live in poverty.

In order to reduce this figure, a great deal of work is being carried out by the government. For example, with the aim of reducing poverty, the Ministry of Economy and Poverty Reduction was established. The Ministry for the Support of the Mahalla and the Family — an organization accountable to the government and intended to organize work with citizens at the mahalla level in a systematic way — was established. With the aim of identifying the poor stratum of the population and taking the necessary measures for them to escape poverty, as well as providing them with practical assistance, the position of assistant to the khokim (governor) was introduced in the mahallas. Within the framework of the programme to reduce poverty in rural areas, the practice of distributing seasonal land plots to the population was put in place. With the aim of ensuring employment of the population, the practice of granting low-interest loans to citizens was put in place. But the question arises: are all of these efforts producing good results? Questions arise as to how great an obstacle poverty is to the sufficiently rapid development of Uzbekistan, and what effective methods exist for reducing it under the conditions of Uzbekistan. To find answers to these questions, we can make use of the research findings of hundreds of scholars around the world, of the experiences of the countries of the world that are suitable for Uzbekistan, of the diligence of our people, and of many similar factors. Our aim is to carry out scientific and theoretical research

directed at making effective use of the opportunities available in rural areas to reduce poverty in the rural regions of Uzbekistan, and to put forward our own proposals.

To this end, we wish to point out the opportunities for reducing poverty by establishing crop-farming (dehqonchilik) and horticultural (bog‘dorchilik) activity, which is most suitable for the rural population. Today, agriculture alone creates 28% of the GDP. More people work in this sphere than in any other — a total of 27% of the labour force, or more than 3.65 million citizens. Despite the severe socio-economic consequences of the coronavirus pandemic in Uzbekistan, this sphere remains an important driving force of economic growth in the country. In 2019, 9.6% (3.2 million) of the population of Uzbekistan lived below the poverty line, getting by on 3.2 dollars a day; this is the international indicator of the poverty level established for lower-middle-income countries, and Uzbekistan is among such countries. Nearly 80% of the low-income population living in the country resides in rural areas, and their incomes are almost entirely connected with the agricultural sphere. According to estimates, in 2020, owing to the surge of the coronavirus, the poverty level in Uzbekistan began to rise for the first time in the last twenty years. Nevertheless, there is an opportunity to create more jobs in the agricultural sphere than there are at present. According to estimates, through carefully considered support and investment provided by the state, it is possible to employ from 700,000 to 1.3 million new workers each year in the agricultural products sector. This is more than enough to solve the issue connected with creating jobs for the 600,000 young people who fill the labour markets across the country every year.

If we proceed on the basis of these data, there is great potential in Uzbekistan for ensuring the employment of the population in rural areas, improving their living conditions, and raising the well-being of the rural population. A large part of the land in rural areas is assigned to centralized fermer (commercial) farms, which are engaged mainly in growing cotton and grain within the framework of the state order. The large part of the population that is capable of engaging in crop-farming earns income mainly by buying from the fermers the lands freed up after the grain fields and sowing seasonal crops. For those who wish to engage in horticulture and crop-farming, a fully transparent system for allocating land has not been created either. This in turn creates great obstacles to the population engaging in crop-farming and horticultural activity. As a result, because a large part of the rural population does not have a source of income that sufficiently meets its needs, a large part of the population goes abroad in order to earn income, or remains unemployed. The physically able-bodied part of the population is forced to earn income by performing seasonal work. As a result, the great experience of the population in crop-farming and horticulture is not used productively, and the opportunities offered by this for ensuring the employment of the population and raising its well-being are not used to the full.

If we take into account the favourable climatic conditions of Uzbekistan, its fertile lands, and its hard-working people, then within agriculture — among the spheres with great potential for generating income — crop-farming and horticulture occupy an important place. For this, the necessary opportunities must be created for the active stratum of the population that has the capacity to work in this sphere. First of all, an open and transparent system, free of excessive bureaucratic obstacles, for allocating land to the population so that they may engage in crop-farming and horticulture on a permanent basis must be put in place. To this end, it is necessary to put in place a system for granting land to citizens in the form of long-term dehqon (smallholder) farms and horticultural farms — selling it through open electronic auctions without the participation of individual intermediaries, or granting it free of charge for a fixed period to the poor stratum.

Starting from 2021, this system began to be partially implemented by the government. In that year, in most of the areas of the Fergana Valley, 10 sotixes of land were distributed to each stratum of the young population that was not provided with employment. However, owing to the facts that these lands were given for only one cropping season, that these lands were allocated mainly from areas without water, that the amount of allocated land was insufficient to meet most of the needs of one person's subsistence for up to 6 months, and to other similar reasons, in most cases these lands were sold by several landholders to a particular individual in amounts of 0.5, 1 hectare, and more. This in turn caused these unemployed young people to continue living in an unemployed condition as before. At this point another question arises. If the allocation of these lands were increased to a sufficient amount — for example, set at around 0.3–1 ha — could it be fully achieved that unemployed young people would work regularly on these lands? In our opinion, this cannot be a complete solution to the problem. Why? Let us suppose that the lands were indeed allocated through a transparent system; from where would the poor stratum of the population or the unemployed young people obtain the funds for preparing these lands for sowing, for buying seed for sowing crops, for cultivating the sown crops, for applying fertilizer to the crops, and for many other expenses? Suppose we take one solution to this issue to be a system of granting credit to the landholders for these expenses. Does the granting of credit solve this problem? Who can guarantee that these funds will be spent rationally by the landholders? Perhaps these funds may be spent by the landholders for their other purposes.

In this situation, in our opinion, outlets providing comprehensive services should be established for the landholders — on the basis of contracts with the owners, in exchange for deferred payment or through other payment methods. In establishing these outlets, it is expedient to make use of the private sector. These outlets should provide the dehqons (smallholders) with such services as carrying out mechanization work in preparing their lands, supplying them with the necessary seed, cultivating the crops, supplying them with mineral fertilizers, meeting their demand for chemical agents that protect plants from pest insects, and harvesting the crops in good time. It is also expedient to put in place the operation of private agronomic centres providing paid services to the dehqons. Now the problem of selling these products stands before us. Through this, we can provide work for our migrant population who are abroad and for a large part of the able-bodied unemployed population in rural areas. By having the population make use of these lands, the cultivation of large quantities of vegetable, melon-and-gourd (poliz), and horticultural products is achieved. The cultivated products fully cover the domestic market, leading to a reduction in prices in the local markets, and an opportunity arises to direct the surplus products to export.

For this, we need to examine the opportunities for cultivating exportable products by studying the world market. We also need to make use of the opportunities to put in place the cultivation, through localization, of agricultural products coming from abroad. At present, on the world market there is great demand for the melon-and-gourd crops and horticultural products cultivated in Uzbekistan. However, in order to facilitate the process of exporting these products, we need to develop a systematized structure. We must also examine the system for storing the cultivated products, because we can see that the export potential of perishable products is great. Being of a perishable nature, the prices of products are observed to be low during the ripening season, which hinders the dehqons from obtaining a satisfactory income and also has a noticeable effect on export prices. As an example, if we look at the price of cherries in 2021, at the beginning of the ripening season prices were around 20,000, whereas by the end of the season prices fell to as low as 3,000. This had a great impact on the income of the orchardists. If we look at cherry

prices in 2020, prices did not fall below a minimum of 20,000. It can be seen that prices in 2021 were several times higher than the prices in 2020. In the autumn season of 2021, cherry prices rose several times over. If small cold-storage facilities (refrigerators) had been organized among the population, their products could have been stored during the ripening season and incomes raised to an acceptable level. The reason for prices falling to such a degree appears to be that these products ripen at the same time and cannot be stored under ordinary conditions, and that demand on the world market declines.

Conclusion

By way of conclusion, we can state that, since around 5 million of the population of Uzbekistan are living in poverty, there are a great many practical measures that need to be taken at the level of the government. With our article we wish to say that, first of all, we need to understand what poverty is. In studying it, it is expedient to make use of international experience and practices. Then its causes are studied. The causes are various, and each region or society has its own particular causes. Therefore, from international experience we can make use only of the methods for investigating the object. The causes that give rise to poverty in Uzbekistan, and its manifestation in rural areas, differ from those in the countries of Africa or Europe. In the manifestation of poverty in rural areas, it is not only material factors that have an effect; the skills, knowledge, and experience possessed by the subject of poverty, the abilities they have, and the opportunities provided by the government for realizing those abilities may also have an effect. In reducing poverty, it is expedient to take into account not only the income but also the expenditures of the subject. In reducing poverty in rural areas, we need to make wide use of the conclusions of representatives of the scholarly community based on their analyses, and to examine the benefits of putting these into practice. Taking into account the lack of investment in agriculture, offering investors small investment projects that are broadly beneficial and designed for the long term will be useful in drawing the poor into active economic life. If we take into account that we use, as the criterion of poverty, the 1.9-dollar indicator applied in world practice, we have seen that around 12% of our population lives in poverty; however, the countries of Europe define as poor that stratum of the population whose income constitutes less than 60% of the average income of the population. It follows from this that we cannot compare the indicator given for us with that of the countries of Europe. We thus conclude that poverty is not a periodic problem; on the contrary, it must be combated continuously. Even the most developed countries take measures to reduce poverty. Therefore, in studying the object, there is a need to make use of the findings of fundamental research.

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