



THE INTERRELATIONSHIP BETWEEN UNEMPLOYMENT AND POVERTY AND ITS IMPACT ON SUSTAINABLE ECONOMIC GROWTH

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Abstract. *Unemployment and poverty are among the most pressing problems of society, which directly affect economic stability and social well-being. These problems are interrelated, and an increase in the unemployment rate leads to an increase in poverty, and poverty, in turn, leads to a limitation of employment opportunities. This article analyzes the relationship between unemployment and poverty, their impact on economic growth and social stability, and ways to solve the problem.*

Keywords: *Unemployment, economic growth, economic stability, GDP, poverty rate, consumption rate.*

Main part. High unemployment leads to a decrease in production volume, since labor resources are not fully utilized. This leads to a decrease in gross domestic product (GDP). Poverty leads to a decrease in consumption. Due to the low purchasing power of the poor, domestic demand slows down, which negatively affects the pace of economic development. At the same time, unemployment and poverty lead to a decrease in tax revenues, which limits the funds that the state can allocate for infrastructure and social projects. Unemployment and poverty have a negative impact not only on economic but also on social stability. In societies with high unemployment rates, problems of crime, migration, social discontent and poverty increase. Poverty also severely impacts health and education. Since low-income populations lack access to quality education, the intellectual potential of future generations is diminished, which in turn slows down economic growth.

Table 1.

Proportion of low-income population by region between 2014 and 2020¹

Name of the regions	2014	2015	2016	2017	2018	2019	2020
Republic of Uzbekistan	13.3	12.8	12.3	11.9	11.4	11	11.5
Republic of Karakalpakstan	28.8	28.3	27.6	26.3	25.9	14.8	14.6
Andijan region	9.9	9.3	8.7	8	7.9	11.9	12
Bukhara region	10.7	10.1	9.3	9.2	8.9	8.3	8.6
Jizzakh region	15.8	15.4	14.8	14.3	14	12.7	12.9
Kashkadarya region	23.5	23.2	22.6	22.4	20.9	12	13.6
Navoi region	14.4	13.9	13.2	12.9	12.2	7.5	8
Namangan region	15.7	15.2	15	14.3	14	15.2	15.3
Samarkand region	10.9	10.2	9.7	9.1	8.6	9.8	10.6
Surkhandarya region	20.5	20	19.5	19.2	18.7	14.5	14.7
Syrdarya region	18.3	17.7	16.4	16.1	15.3	13.6	12.3
Tashkent region	8.5	7.9	7.4	7	6.5	8.1	9.1
Fergana region	8.4	7.8	7.4	7.3	6.6	13.5	14.5
Khorezm region	15.1	14.3	13.3	12.9	12.5	13	13
Tashkent city	1.5	0.9	0.7	0.6	0.4	1.9	2.6

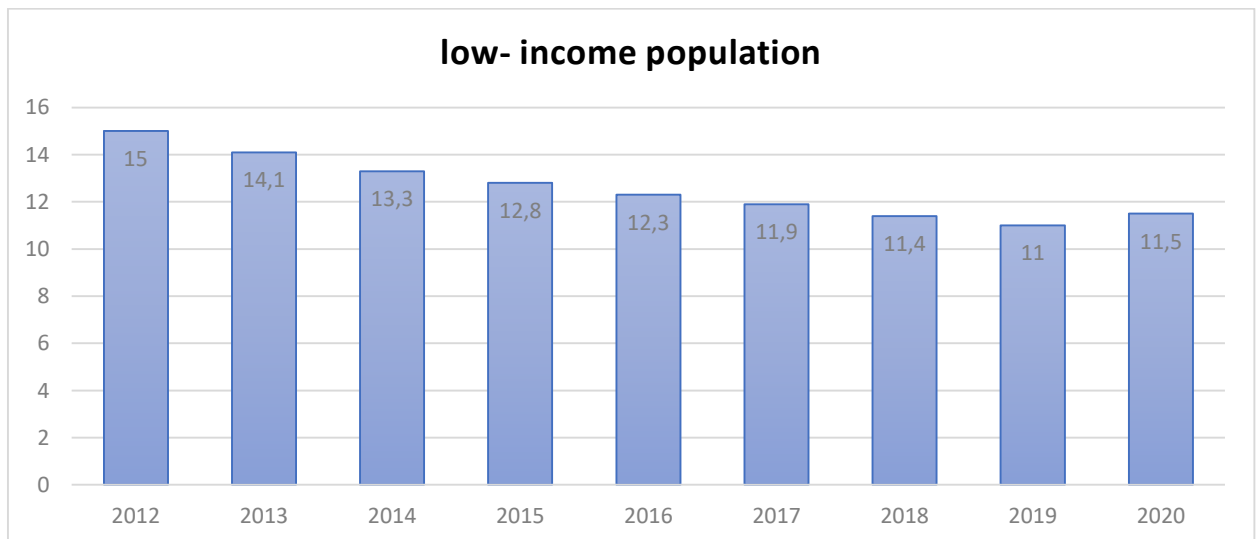


Figure 1. The share of low-income aloha in the Republic of Uzbekistan between 2010 and 2020.²

¹Independently compiled by the author based on statistical data.

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The share of the poor population in the Republic of Uzbekistan has undergone significant changes over the years. In 2014, this figure was 13.3%, but in 2019 it decreased to 11%. However, in 2020, a slight increase was observed, reaching 11.5%. When viewed by region, the Republic of Karakalpakstan has the highest share, reaching 28.8% in 2014, but decreasing to 14.6% in 2020. This indicates a significant decrease in this region. A similar trend is observed in the Kashkadarya (from 23.5% to 13.6%), Surkhandarya (from 20.5% to 14.7%) and Syrdarya (from 18.3% to 12.3%) regions. In Andijan and Namangan regions, on the contrary, an increase in the share was observed in 2019-2020. For example, Andijan region reached 11.9% in 2019 and 12% in 2020. There is a similar increase in Fergana region, from 13.5% in 2019 to 14.5% in 2020. Tashkent city had the lowest share during this period, reaching 1.5% in 2014, reaching its lowest point in 2018 (0.4%), and an increase was observed in 2019-2020 (2.6%). This indicates that economic activity is increasing in the capital. In general, the decrease in the share in some regions may be due to the shift of production and economic activity to other regions. In particular, the growth observed in some regions after 2019 reflects the trends in economic development. These dynamics indicate the need to further improve regional economic policy. The high share of the underprivileged population is closely related to the increase in the unemployment rate. Insufficient job opportunities lead to a decrease in the income of the population, and as a result, an increase in poverty. According to the territorial analysis, the high level of these indicators, especially in the Republic of Karakalpakstan, Kashkadarya, Surkhandarya and Syrdarya regions, is explained by limited economic opportunities and insufficiently developed infrastructure.

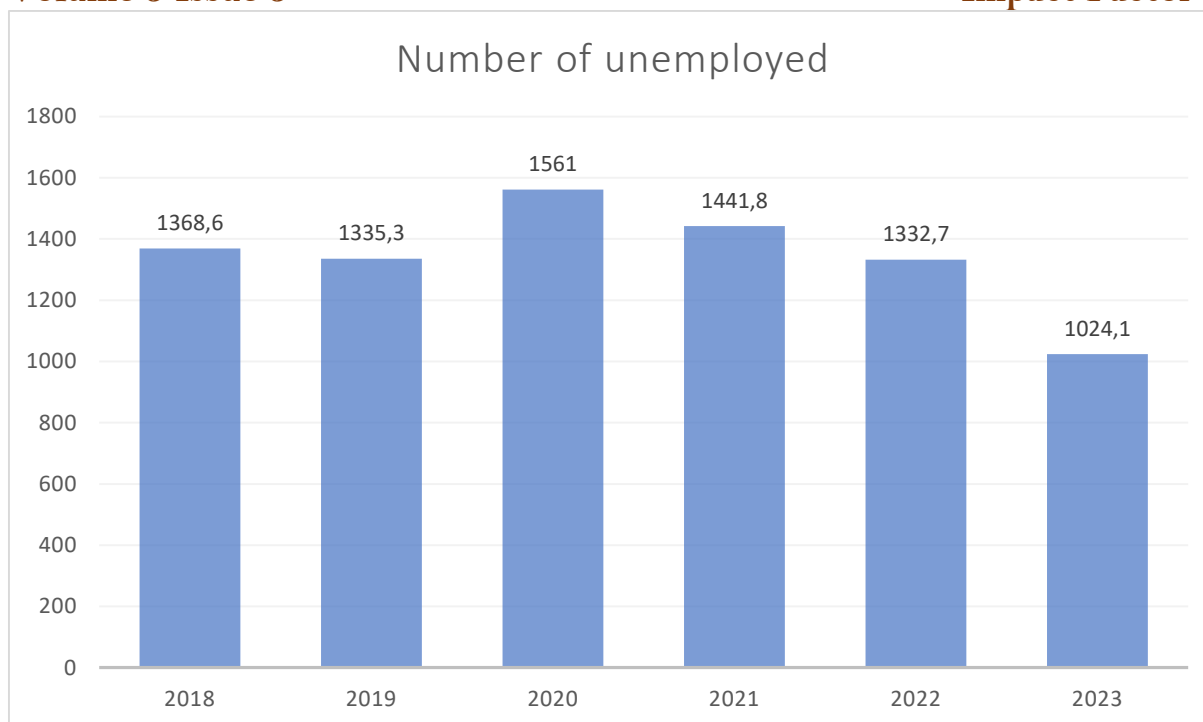


Figure 2. The number of unemployed people in the Republic of Uzbekistan in 2018-2023³

From the above data, we can say that while there was a slight decrease in the unemployment rate in 2018-2019, the number of unemployed people increased sharply in 2020 (1,561 thousand people). This is mainly due to the decrease in economic activity under the influence of the pandemic. Starting from 2021, the number of unemployed people gradually decreased and in 2023 decreased to 1,024.1 thousand people. This indicates that job creation and economic recovery processes in the country have intensified.

To achieve sustainable economic growth, it is important to reduce unemployment and increase employment. For this, it is necessary to develop small and medium-sized businesses, modernize agriculture and industry, and introduce innovative technologies. The development of education, healthcare, and social protection systems is one of the main factors in ensuring social well-being. In particular, to achieve sustainable economic growth, it is important to reduce unemployment and increase employment. By creating jobs, the income of the

³ Independently compiled by the author based on statistical data.

population will increase and the poverty rate will decrease. To this end, systemic reforms should be implemented in the following main areas:

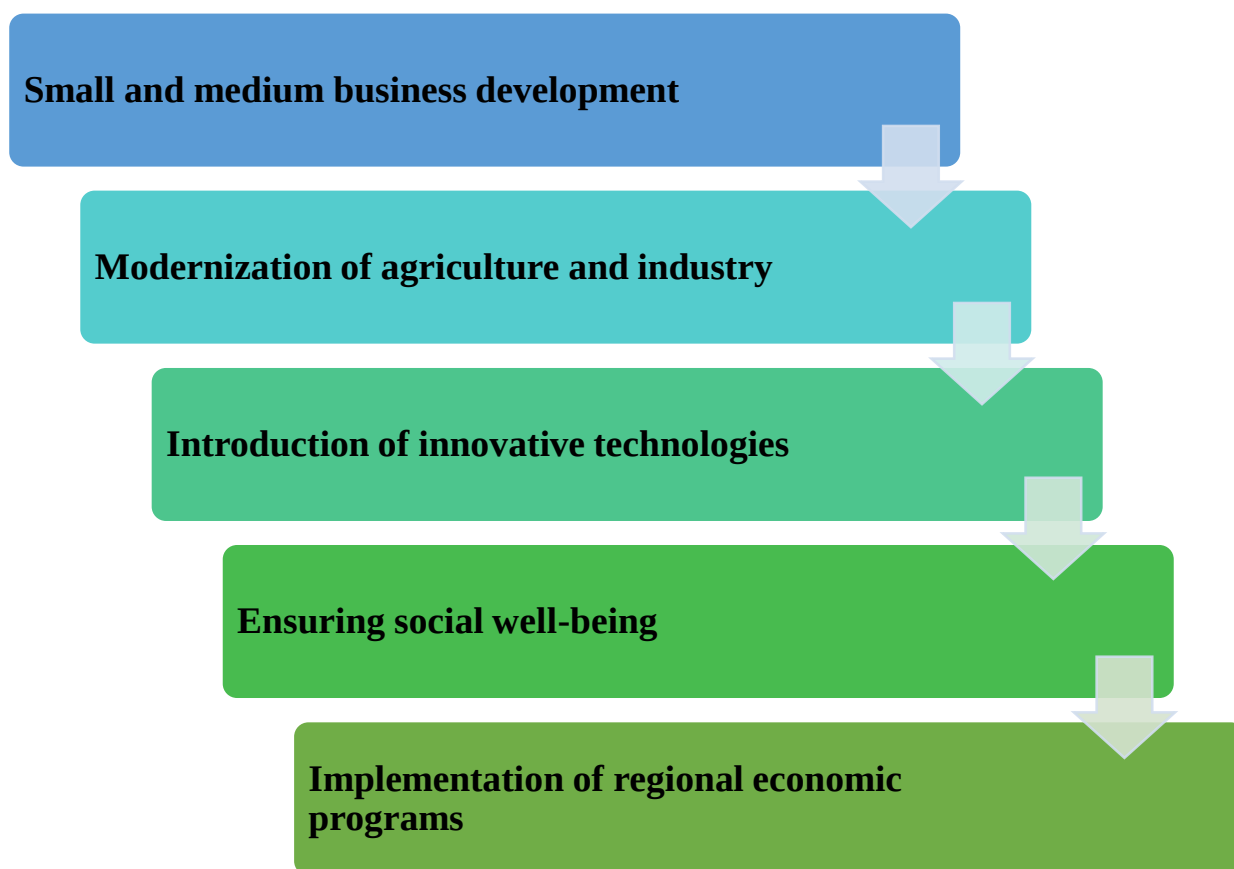


Figure 3. Key areas for job creation and poverty reduction

One of the main directions for achieving sustainable economic growth and ensuring social well-being is reducing unemployment and increasing employment. To do this, it is necessary to implement a number of comprehensive measures, which should cover various sectors of the economy. First of all, the development of small and medium-sized businesses is one of the most effective ways to increase economic activity and create new jobs. The business environment can be improved by supporting local entrepreneurship, providing tax incentives, and creating access to credit resources on favorable terms. The development of small businesses, especially in the manufacturing, service, and agricultural sectors, contributes to an increase in regional employment. At the same time, the introduction of a simplified licensing

system for entrepreneurs and facilitating the processes of starting a business will stimulate the further rapid development of small businesses. One of the important directions for increasing employment in rural areas is the modernization of agriculture and industry . The introduction of modern technologies can increase labor productivity in the agricultural sector and increase the income of the rural population. It is desirable to increase regional economic activity and create new jobs by expanding the deep processing of agricultural products, logistics and export opportunities. At the same time, the use of innovative technologies in the industrial sector and attracting investments will not only increase production volumes, but also serve to form highly qualified professions in the labor market. By introducing digital technologies and automated systems into production processes, it is possible to increase economic efficiency and expand export potential. In addition, the introduction of innovative technologies has a positive impact on the development of the modern labor market. The transition to a digital economy provides an opportunity to create new jobs, especially for young people. Economic activity can be increased by launching innovative projects in the fields of information technology and software. At the same time, the development of modern vocational training programs and training the population to adapt to new conditions will allow for a rapid response to changes in the labor market. Ensuring social well-being is also an important factor directly affecting economic stability. The general standard of living of the population can be increased by developing education, healthcare and social protection systems. New schools, vocational centers and universities should be opened to train qualified personnel and ensure their employment. Improving the healthcare system, while increasing the working capacity of the population, will also contribute to the growth of economic activity. Improving the social protection system will create an opportunity to assist the most vulnerable groups and integrate them into the labor market. It is also possible to increase employment and reduce poverty by introducing regional economic programs. Economic development should be achieved through the effective use of the specific economic potential of each

region. In some regions, agriculture may be the main industry, while in others, industry or the service sector will prevail. The creation of industrial clusters, the development of infrastructure and the attraction of domestic and foreign investment through regional programs will accelerate economic development processes. Such programs will help increase regional prosperity and reduce unemployment.

Conclusion. In conclusion, to ensure economic growth and social stability, a systematic approach to reducing unemployment and poverty levels is required. Sustainable economic development can be achieved through the development of small and medium-sized businesses, modernization of agriculture and industry, introduction of innovative technologies, and improvement of education and health systems. At the same time, poverty reduction and improvement of living standards can be achieved through the implementation of regional economic programs and infrastructure development. These measures will serve to increase economic activity, create new jobs, and generally ensure the well-being of the population.

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