

Economic growth and welfare of the population of the Republic of Uzbekistan

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Abstract.

This article examines the interplay between economic growth and welfare outcomes in the Republic of Uzbekistan. Against a backdrop of economic reforms and strategic initiatives, Uzbekistan has experienced notable advancements in sectors such as agriculture, industry, and infrastructure. These developments have contributed to improved living standards and socio-economic conditions for its population. The article analyzes key factors driving economic growth, including investment in human capital, expansion of trade relationships, and reforms aimed at enhancing business environment and governance. Additionally, it discusses challenges and opportunities in sustaining economic momentum while ensuring equitable distribution of benefits across society. Ultimately, Uzbekistan's trajectory towards enhanced economic growth and welfare underscores its commitment to achieving sustainable development and prosperity for all citizens.

Keywords: economic growth, welfare, economic reforms, infrastructure, business environment, sustainable development, human capital.

Introduction: The Republic of Uzbekistan stands at a critical juncture in its economic development, characterized by ambitious reforms aimed at fostering sustainable economic growth and enhancing the welfare of its population. Over recent years, Uzbekistan has embarked on a comprehensive transformation agenda, focusing on modernizing agriculture, expanding industrial capacity, and improving infrastructure. These efforts are part of broader initiatives to attract investment, stimulate entrepreneurship, and integrate more deeply into global markets. These reforms have positioned Uzbekistan as a promising frontier for economic opportunity in Central Asia. The modernization of agriculture aims to increase productivity and ensure food security, while industrial expansion seeks to diversify the economy beyond traditional sectors. Infrastructure improvements, including transportation networks and energy systems, are enhancing connectivity both domestically and regionally. As Uzbekistan navigates this pivotal phase of its



economic transformation, understanding the interplay between reforms, economic growth, and welfare outcomes becomes crucial. This exploration not only sheds light on Uzbekistan's path towards prosperity but also offers insights into the broader implications for regional stability and global economic integration.

Research methodology: During the research process, statistical, analytical, comparative, observational, inductive, deductive, logical, monitoring, express assessments and other methods of analysis are used. As a result, the topic of the literature being studied was fully disclosed. Reforms carried out during changes with foreign countries are considered. The tables have been compiled and presented accordingly.

Analysis of literature on the topic:

A worthy standard of living, according to the hierarchy of needs developed by B.M. Genkin, should not only meet basic needs such as food, housing, and so forth, but also enable individuals to satisfy aspirations and life goals. This distinguishes it from the minimal subsistence level, which marks the threshold beyond poverty [1].

According to the contemporary economic dictionary, "quality of life" is defined as a comprehensive socio-economic category that encompasses not only the level of consumption of material goods and services (standard of living), but also the satisfaction of spiritual needs, health, life expectancy, environmental conditions, moral-psychological climate, and emotional comfort [2].

The concept of "Economic growth" was actively studied by such classics as D. Ricardo, A. Smith, J.B. Seay and J. Keynes. This term is still the object of study by a number of modern scientists. Thus, researchers Bernard I. and Colley J. give the following definition of this concept: "Economic growth as a development process is a complex process of long-term evolution, manifested in the growth of volumetric characteristics of the economy and in transformation of the structures of society"[3].

Samuelson, Paul A. and Nordhaus, William D. describe "economic growth" as: "an increase in the volume of aggregate national production (output)"[4].

"Economic growth as an element of economic development - the volumetric, quantitative aspect of the development of the economic system characterized by its expansion in scale" - states "Financial and Credit Encyclopedic Dictionary"[5].

Based on the definitions provided above, it can be concluded that economic growth is primarily a quantitative indicator expressed through the rate of increase in Gross Domestic Product or national income of a country.

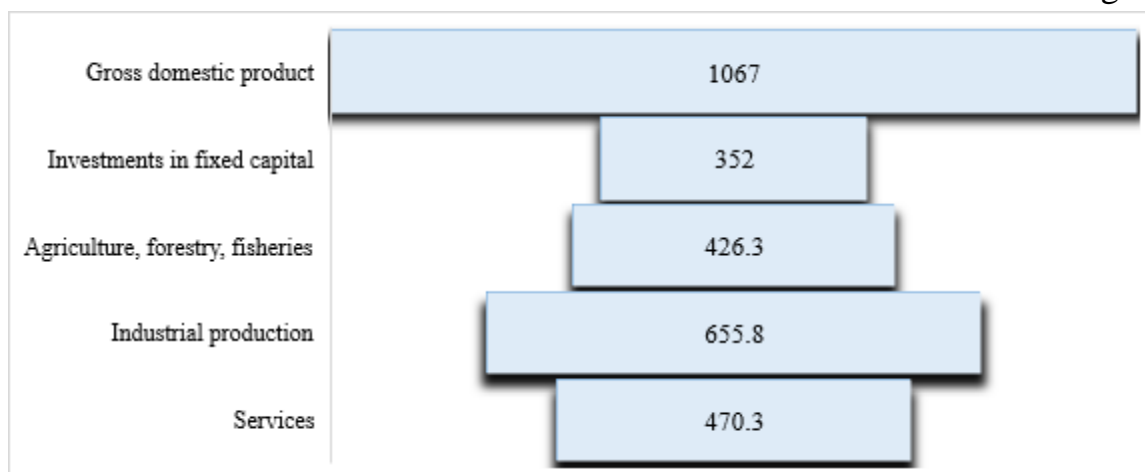
Analysis and results:

Economic growth and population welfare are two key components of any national development strategy, especially relevant for countries with transition economies, including Uzbekistan. In the context of global integration and constantly changing world economic dynamics, Uzbekistan faces the challenge of achieving effective and sustainable economic growth that can enhance the welfare of its population.

Understanding the relationship between economic growth and population welfare is crucial for the successful formulation of economic policies aimed at sustainable development. For Uzbekistan, a country with a rich cultural heritage and aspirations for economic modernization, studying this relationship is of particular interest.

In 2023, the economic state of the Republic of Uzbekistan demonstrated stable and sustainable growth. Below are the main macroeconomic indicators of the Republic of Uzbekistan for January-December 2023.

Diagram-1



Main macroeconomic indicators of the Republic of Uzbekistan for January-December 2023 (in billion sums)¹

The largest figure on the diagram 1, amounting to 1067 billion sums, indicates the total volume of goods and services produced in the country during the specified

¹ The diagram was compiled by the author based on data from the website <https://stat.uz/ru>



period. The second largest figure, 655.8 billion sums, demonstrates the significant share of industry in Uzbekistan's economy. The third largest by volume, 470.3 billion sums, reflecting the importance of the services sector in the economy. Contributing 426.3 billion sums to the economy, highlighting the role of this sector. Amounts to 352 billion sums, indicating investments in infrastructure development, construction, and other long-term assets. To sum up, the diagram 1 shows that GDP is the leading indicator of macroeconomic activity in Uzbekistan for 2023, reflecting overall economic growth and development. Industrial production and the services sector also play significant roles in the economy, supporting diversification and resilience. Investments in fixed capital indicate ongoing modernization and expansion of the country's economic base, while the contribution of agriculture, forestry, and fishing underscores their importance for economic stability and food security.

The level of welfare significantly impacts both the essential living conditions of the population and the level of development in production and technology. By setting requirements for the quality of life, economic development can be stimulated towards more fully meeting the corresponding needs of people.

Uzbekistan is confidently moving towards ambitious market reforms, with the primary goal of ensuring the welfare and prosperity of its population. Due to high rates of economic growth, the poverty level has been steadily decreasing in recent years, though not sufficiently. According to the official definition of "low-income population," this indicator in the Republic of Uzbekistan was 27.5% in 2001 and 11.5% in 2020. Due to changes in the methods of measuring such indicators, the poverty level was 17% in 2023 [6].

Below is a chart illustrating the indicators of real aggregate income per capita in Uzbekistan for the year 2023.

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Diagram-2



**Real aggregate income per capita in Uzbekistan for the year 2023,
thousand sums²**

In Diagram 1, it can be seen that the real aggregate income per capita increases annually. Over a four-year period, incomes have almost doubled, indicating a significant improvement in the economic welfare of the population. The increase in per capita income points to positive changes in the country's economy, possibly due to reforms and measures aimed at improving the standard of living and economic growth.

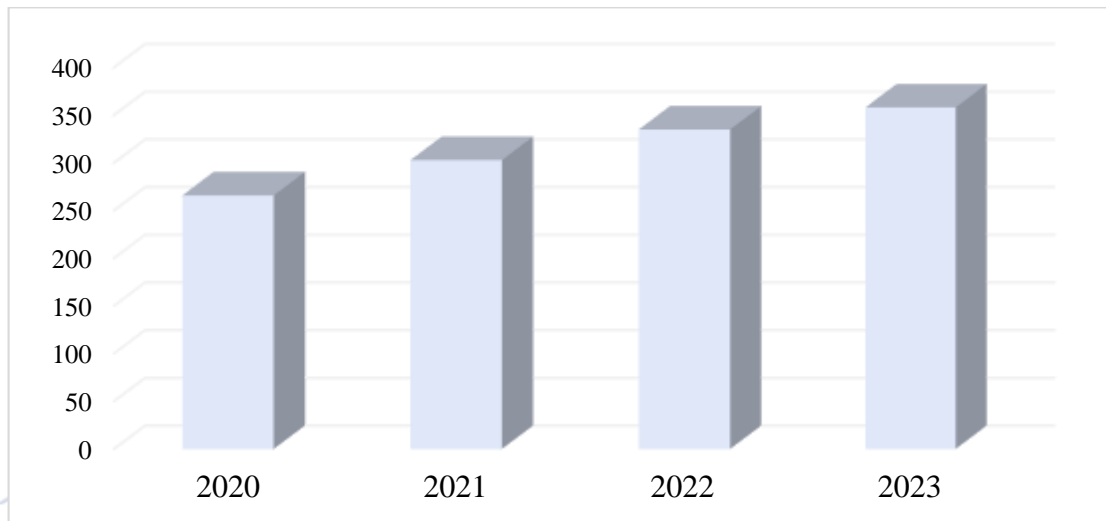
According to the Statistics Agency of the Republic of Uzbekistan, the average monthly nominal wage in 2023 was 358 USD [6]. Below is a diagram analyzing changes in this indicator from 2020 to 2023.

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² The chart was compiled by the author based on data from the website <https://stat.uz/ru>



Diagram-3



Average monthly nominal wage in USD (excluding small businesses and agriculture)³

The chart shows a steady increase in the average monthly nominal wage over the specified period. Over four years, wages have increased by approximately 100 USD, indicating a significant improvement in workers' incomes. The increase in nominal wages may suggest positive economic changes, such as improved productivity, increased investments, and favorable changes in labor legislation.

To further improve the standard of living and stimulate the country's economic growth, efforts should be focused on the following aspects:

- ❖ Enhancing transportation networks, energy infrastructure, and digital connectivity can improve efficiency and attract more investments.
- ❖ Strengthening education systems and vocational training to match industry needs can increase productivity and competitiveness.
- ❖ Supporting modern agricultural practices, irrigation systems, and access to markets can boost rural incomes and food security.
- ❖ Encouraging diversification beyond traditional sectors like cotton and natural resources into manufacturing, technology, and services.
- ❖ Creating an enabling environment for SMEs through easier access to finance, business support services, and reduced bureaucratic hurdles.

³ The chart was compiled by the author based on data from the website <https://stat.uz/ru>



- ❖ Investing in renewable energy sources and improving energy efficiency to reduce costs and environmental impact.
- ❖ Promoting Uzbekistan's rich cultural heritage and historical sites to attract international tourists and create jobs in hospitality and related sectors.
- ❖ Enhancing transparency, reducing corruption, and streamlining regulations to improve the business climate and attract foreign investments.
- ❖ Investing in healthcare infrastructure and services to improve public health outcomes and reduce economic burdens from illnesses.
- ❖ Strengthening social safety nets to protect vulnerable populations and reduce income inequality.

By focusing on these areas, Uzbekistan can foster sustainable economic growth, improve living standards, and create opportunities for its citizens.

Conclusion:

The conducted research underscores the crucial role of economic growth in enhancing public welfare. Uzbekistan has made significant strides through its implemented economic reforms and strategies, which have contributed to sustainable economic growth and improved prosperity among its population. These efforts have been instrumental in fostering economic stability and laying the groundwork for future development.

However, to sustain this momentum and ensure long-term economic prosperity, ongoing efforts are essential. Firstly, improving the investment climate remains paramount. This entails further streamlining regulations, enhancing transparency, and safeguarding investor rights. A conducive investment environment not only attracts domestic capital but also stimulates foreign direct investment, thereby fueling economic expansion across various sectors.

Secondly, developing human capital is critical. Investing in education, vocational training, and skills development programs is crucial for equipping the workforce with the necessary competencies demanded by modern industries. By nurturing a skilled labor force, Uzbekistan can enhance productivity, spur innovation, and strengthen its competitive edge in the global market.

In conclusion, while Uzbekistan has made commendable progress in fostering economic growth and improving public welfare through its current reforms and strategies, continued focus on enhancing the investment climate, developing human capital, modernizing economic infrastructure, promoting innovation, strengthening



governance, and prioritizing sustainable development will be essential for sustaining long-term economic prosperity and improving the quality of life for its citizens. These concerted efforts will not only consolidate Uzbekistan's economic gains but also position the country as a resilient and competitive player in the global economy.

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