

**"TO WHAT EXTENT THE 'WELFARE POLICIES' AFFECT THE WEALTH DISTRIBUTION IN UZBEKISTAN?"**

<https://doi.org/10.5281/zenodo.10716024>

**Shahzod Azamatov**

*10th Grade student in Samarkand Presidential School*

In the ever-changing global landscape, how money is shared among people significantly shapes the socio-economic structures of countries. Especially, middle-income countries are especially likely to be affected strongly by this, as they will be developing rapidly and will be dependent on economic aspects. One of the countries like this is Uzbekistan, the country that gained independence in 1991.

The main question guiding our exploration is, **"To what extent the 'welfare policies'—government strategies for providing financial and social assistance—affect the wealth distribution in Uzbekistan?"** This question guides our investigation into the complex relationship between government actions for social well-being and resulting economic differences.

In this exploration, the term 'wealth distribution,' representing how money and assets are divided in a society, is crucial. At the same time, 'welfare policies,' which include various rules and programs offering financial and social help, play a key role in our analysis. This study aims to provide detailed insights into the economic dynamics of the nation, offering a unique viewpoint on the challenges and opportunities related to money distribution and welfare policies in Uzbekistan.

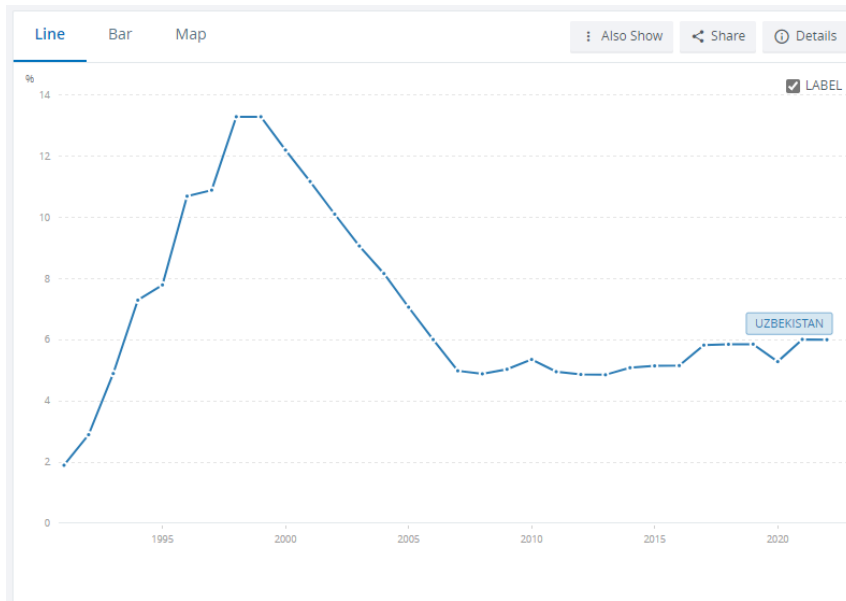
Looking at the historical pathway of Uzbekistan, we can say that distribution of income and wealth was at a high level as it was within the USSR, which supported communism, an ideology stating everyone in society have to be equal and wealth of individuals in society have to be something close to each other. This was done by having several harsh restraints on society, especially, by imprisoning or even killing some people. A good example of it is the "Cotton scandal", where the labor force wanted to have income as a response to their forced 'cotton-picking' process. By this, the wealth distribution was straightforward and almost everyone had the same amount of wealth. But, as Uzbekistan was formed as a new country, economic problems started to come out. Majority of public companies were privatized, leading to lack of public goods supply. Monetary reform (switching from

'Rubl' to 'UZS' as a national currency) happened in the first 10 years of independence, putting enormous pressure on the economy. This, in turn, leads to serious problems about employment and incomes. Based on the data taken from WorldBank (1), the unemployment rates were high between 1994 and 2000, leading to inadequate income

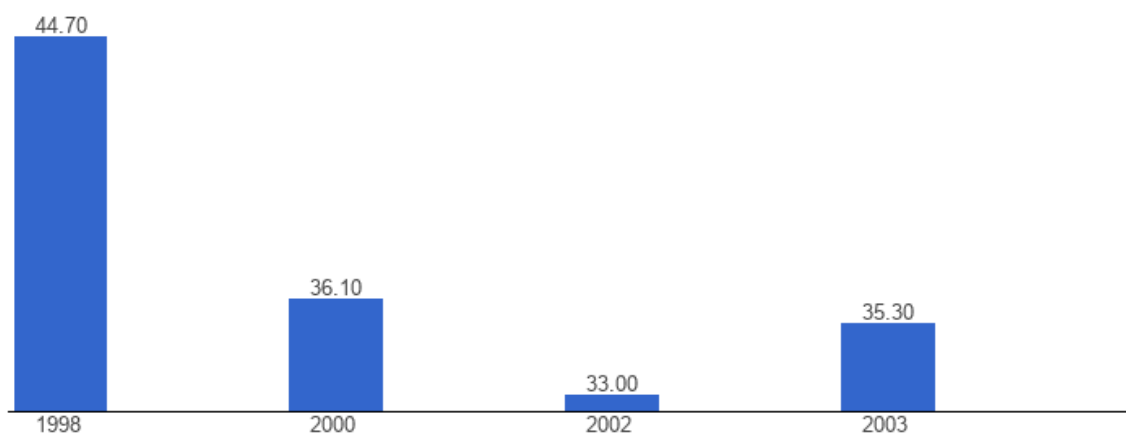
within

the

population.



At the beginning of the period, in 1998, of economic reforms, the inequality levels were high, indicating some people are in absolute poverty. It is clear with data gathered from TheGlobalEconomy[2].



But as time passed, people found jobs and started to earn at a standard level, reducing Gini coefficient and reducing poverty as well. Wealth inequality has led to social stratification, creating distinct economic classes with varying access to opportunities. Those at the lower end of the economic spectrum face barriers to education, employment, and social mobility. The concentration of wealth among a select few has hindered social mobility. Individuals born into lower-income households often face difficulties breaking free from the cycle of poverty, as access to education and better opportunities remains limited. Wealth inequality is often mirrored in health disparities. Individuals with lower incomes may struggle to access quality healthcare, leading to differences in health outcomes and life expectancy between economic classes. This, in general, will reduce social cohesion within the society and threaten social stability. These costs, however, will force the government to think about the adverse impact of

unequal wealth distribution, which could disrupt social stability. To address this issue, the government of Uzbekistan came up with several solutions and initiatives, including welfare policies. The ones that the government implements are social assistant programs. According to Spot.uz[3], government implemented programs like **“Mehr daftari”**, **“Saxovat va ko‘mak”**, **“Yoshlar daftari”** , **“Ayollar daftari”** providing with funds about 7 billion UZS. These programs are maintained by an agency called “Inson” social help center. Also, grants or scholarships for those who have passed university exams with the highest indications are constantly offered. Based on the information from Kun.uz[4], the quotes for youngsters who might get scholarships increased and amount of money allocated for scholarships increased as well. Average number of youngsters that can earn a state grant annually was about 30000 billion between 2018-2023. Also, child allowances are one of the most common types of aid for those that are unable to earn at a standard level. This money is given at a constant rate for each child in a family. If a family has 4 children, that family would get 4x of this payment. And the eligibility for this payment is that the child should be between either the age of 3 and 18 or younger than 3. The money is transferred to the defined families monthly to cover expenses of their children. According to Zamon.uz[5], the monthly child allowance is about 250000 UZS for 3-18 ages, but for under 3, the help is 325000 UZS. But, this child allowance is not received by everyone. The reason is that most of the people do not prefer to take it, as it will require some heavy paperwork, and some “rich” families prefer not to take it. You can see this with the result of survey from random 30 people about whether they will receive child allowance or not: 73.3% of the participants said that they do not receive monthly child allowance 20% of them said they are unsure whether they do receive payment or not Only 6.7% said that they get monthly payment

Lastly, state pension payments will be paid to the ones that are out of the labor force: disabled or old people. According to the information received from the Daryo.uz(6), the minimum age for pension related to age is 55 for women and 60 for men, varying depending on their years of work. The least pension starts with 677000 UZS. This is the significant policy in order to achieve wealth equality. As old people cannot work, they need to be provided with some funds in order to lower the Gini Coefficient. In conclusion, Uzbekistan's journey from independence to its current state showcases the intricate interplay between economic reforms, wealth distribution, and government policies. While strides have been made to reduce inequality through welfare initiatives, ongoing efforts are necessary to ensure the inclusive and sustainable development of the nation. The government's commitment to addressing these challenges is evident, emphasizing the importance of adaptive and targeted welfare policies for a more equitable Uzbekistan.

**REFERENCES(MLA 9)**

1. Unemployment, total (% of total labor force) (modeled ILO estimate) - Uzbekistan, THE WORLD BANK, [Unemployment, total \(% of total labor force\) \(modeled ILO estimate\) - Uzbekistan | Data \(worldbank.org\)](#)
2. Uzbekistan: Gini inequality index, TheGlobalEconomy, [Uzbekistan Gini inequality index - data, chart | TheGlobalEconomy.com](#)
3. Erkenova Dinora Fayzulloevna, "1-oktabrdan O'zbekistonda ijtimoiy karta joriy etiladi", Spot.uz, 20 February 2024, 12:56, [1-oktabrdan O'zbekistonda ijtimoiy karta joriy etiladi – Spot](#)
4. "Grant asosidagi qabul kvotalari tasdiqlandi", Kun.uz, 15:25 / 17.06.2023, [Grant asosidagi qabul kvotalari tasdiqlandi \(kun.uz\)](#)
5. Olamgir Abdiyev, "Bolalar puli" bola soniga qarab belgilangan. Bu qanday tartibda amalga oshiriladi?, Zamon.uz, 12:33 / 07.10.2021, ["Bolalar puli" bola soniga qarab belgilangan. Bu qanday tartibda amalga oshiriladi? yangiliklari \(zamon.uz\)](#)
6. "O'zbekistonda pensiya va nafaqalarning eng kam miqdori qancha?", Daryo.uz, 16.08.2023, 23:20, [O'zbekistonda pensiya va nafaqalarning eng kam miqdori qancha? — Uzbekistan News | DARYO.UZ](#)