

POVERTY AS AN ACTUAL PROBLEM OF DEVELOPING NATIONAL ECONOMIES

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Today poverty combined with income inequality in the global economy is one of the most pressing economic problems. The global problem of poverty and inequality, the polarization of incomes, the stratification of the population according to income tends to deepen in a significant part of the countries. The poverty of the population has significant negative consequences, among which one of the main ones is the loss of the country's human potential, especially in the field of education and healthcare. Under these conditions, a theoretical substantiation and practical implementation of effective and fair mechanisms for the formation and redistribution of income, overcoming inequality as one of the obstacles to decent human development is required. The complex theoretical issues of defining the phenomenon of poverty and income stratification, the search for ways to radically reduce inequality and poverty are the subject of the work of many well-known scientists, among more than 8 Nobel laureates in economics received an award for researching poverty problems.

If we classify poverty according to its types, then we can distinguish between absolute and relative. So, with absolute poverty, a person is not able to purchase goods with his own money to satisfy biological needs. Indian economist A. Sen sees poverty as a dynamic and multidimensional phenomenon. In his opinion, poverty is primarily a lack of basic opportunities for individuals or families, and not just a financial factor, so it is necessary to strengthen the potential of the poor through education and health care, which in turn will lead to an increase in their productivity and income levels. A. Sen proposed a two-stage assessment of poverty: determining the poor by the threshold of deprivation and aggregating information about poverty in society. Thus, when studying poverty, many scientists adhere to the principle of complexity, which includes an analysis of opportunities, needs, place in the social structure, etc., offering various methods for assessing multidimensional poverty. Poverty should be assessed from different perspectives using a multidimensional approach. Most of the studies currently being conducted by organizations and countries, including UNDP, use the Alkire-Foster method to measure multidimensional poverty. This method of poverty assessment is considered the most comprehensive, as it assesses not only the overall level of poverty, but also determines its scale and depth. This method includes 10 indicators based on the analysis of three aspects related to the HDI: health, education and living conditions. Overall, UNDP's approach to assessing human development and multidimensional poverty is the most comprehensive.

According to the latest World Wealth Report, today the richest 10% control between 60% and 80% of the wealth. Billionaires' share of the world's wealth rose to record levels during the COVID-19 pandemic, according to a group founded by French economist Thomas Piketty in late 2021. Despite the growing pace of wealth accumulation, the proportion of the world's poor remains significant [1]. At the same time, the poverty rate increased in 2020 due to the crisis caused by the COVID-19 pandemic and its destructive consequences. The population in extreme poverty has increased by 70 million. The proportion of the world's population below the extreme poverty line has reached 9.3 percent, up from 8.4 percent in 2019. This trend has broken more than a thirty-year trend of absolute poverty reduction. Now poverty in the world has become an even more urgent problem [2].

Consider the problem of poverty on the example of two countries: Ukraine and Vietnam. In recent decades, the level of poverty has increased significantly in Ukraine. According to international organizations, Ukraine is the poorest country in Europe. From 2016 until the start of the Corona crisis, the Ukrainian economy grew steadily, with a total GDP growth of 11.8%. In parallel, the situation with poverty improved, it was reduced according to almost all methodologies. According to the World Bank, in Ukraine, the poverty rate was also falling until 2020, but in general, the country belongs to the group of countries with low-middle income. A comprehensive assessment of poverty in the country is carried out by the Institute of Demography based on a survey of 30,000 households, where people indicate all their income and expenses. Most often, Institute researchers use an indicator that shows how many people spend less than the actual living wage. In 2019, according to this indicator, 41% of Ukrainians spent less than UAH 3,747 (living wage), while in 2015 it was 59%. According to the data published by the State Statistics Service at the end of 2020, the majority of Ukrainians do not consider themselves to be in the middle class, about 67.1% of citizens classify themselves as poor [3]. And as a result of a full-scale war, the level of poverty in Ukraine increased 10 times. This assessment was published by the World Bank Regional Director for Eastern Europe, Arup Banerjee. According to Banerjee, 25% of Ukraine's population will live in poverty by the end of the year (compared to just over 2% before the war), and that figure could rise to 55% by the end of next year [4]. Most researchers believe that poverty in the country is characterized by mass character both in terms of scale and depth of penetration. Ukrainians living in need are forced to spend up to 63% of their income on basic needs. Thus, Ukraine failed to consolidate the positive results in the fight against poverty, and the country again faced a significant increase in poverty due to the war.

Relatively recently, Vietnam was considered one of the poorest countries in Southeast Asia, having survived a twenty-year war. Gradually, however, Viet Nam managed to overcome significant poverty and achieve significant economic results. Over the past 20 years, the poverty rate in Vietnam has decreased by more than 3 times from 16.8% to 5% between 2010 and 2020, with more than 10 million people supported to get out of poverty through the state program to fight with poverty. Over the past 10 years, poverty in Vietnam has fallen significantly, the World Bank Country Office in Vietnam said during the release of the Poverty and Equality Assessment Report. The World Bank analysis also shows that in less than half a century after the end of the war

and after 35 years of national renewal, Vietnam has become a dynamic economy and an attractive market for the whole world. At present, the level of chronic poverty is still slightly higher in certain groups, and this is also a problem in the path of poverty reduction in Viet Nam [5]. Poverty rates among several chronically poor groups have almost halved between 2010 and 2020, including ethnic minority groups and households in the northern midlands and highlands. Representatives of small nationalities are actively moving to work in the manufacturing and processing industries at the same speed. The significant breakthrough made by Viet Nam in the fight against poverty is another step towards its complete eradication. The government has already developed a new five-year plan to fight poverty. Vietnam will spend 75 trillion VND (\$3.3 billion) for a five-year (2021-2025) anti-poverty program. The national program proposed by the Ministry of Social Affairs will be aimed at reducing poverty, preventing people from falling into poverty and helping poor people get better access to social services. The goal of the program is to cut the number of poor families across the country by half compared to 2021. It will aim to keep the percentage of multidimensionally poor households between 1-1.5% and lift 30% of particularly poor areas and communities along the coast and islands out of poverty. According to the World Bank's recommendation, Vietnam will pursue a targeted poverty reduction policy in order to further reduce poverty and improve living standards, in new strategies to help those who escaped poverty achieve economic security. However, in order to maintain this achievement and effectively implement social policy, Viet Nam should continue to increase the income of the population, since this indicator in the country is relatively low compared to other countries.

It should be noted that Vietnam and Ukraine have many similar characteristics that make it effective to share experience in certain reforms. We think that the experience of combating poverty in Vietnam can be a valuable material for the implementation of anti-poverty policy in Ukraine.

Literature:

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