CHRISTOPHER ANTONIOU PISSARIDES' RESEARCH ON POVERTY AND LABOR MARKETS AND PRACTICAL RECOMMENDATIONS FOR APPLICATION IN THE CONTEXT OF UZBEKISTAN

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Annotation: *This article is dedicated to the scientific research of Christopher Antoniou Pissarides on poverty, the labor market, and economic inequality. In his studies, he has achieved remarkable practical scientific results by analyzing poverty and the labor market empirically and theoretically. The article also provides an in-depth analysis of his scientific achievements and innovative contributions to economic sciences, particularly focusing on equilibrium unemployment theory, the DMP model, the digital labor market, the matching function, dynamic modeling of unemployment, and wage-setting equations.*

Keywords: *equilibrium unemployment theory, DMP model, digital labor market, matching function, dynamic modeling of unemployment, wage-setting equation, Cobb-Douglas.*

Аннотация: *Данная статья посвящена научным исследованиям Кристофера Антониу Писсаридеса в области бедности, рынка труда и экономического неравенства. В своих работах он достиг выдающихся практических научных результатов, анализируя бедность и рынок труда как с эмпирической, так и с теоретической точки зрения. В статье также проводится детальный анализ его научных достижений и инновационного вклада в экономические науки, в частности, в теорию равновесной безработицы, модель DMP, цифровой рынок труда, функцию соответствия, динамическое моделирование безработицы и уравнение установления заработной платы.*

Ключевые слова: *теория равновесной безработицы, модель DMP, цифровой рынок труда, функция соответствия, динамическое моделирование безработицы, уравнение установления заработной платы, Кобба-Дугласа.*

Introduction: Christopher Antoniou Pissarides is a Nobel laureate in economics, known for his deep analysis of labor markets, unemployment, and economic growth issues. In his work "Equilibrium Unemployment Theory," he explained the dynamics of the labor market. This article analyzes Pissarides' scientific work on poverty and income inequality, as well as the theories he developed. It also discusses his scientific approaches and the new paradigms he introduced into economics.

Methodology: The article mainly uses methods such as analysis, synthesis, and empirical analysis. Pissarides developed a theoretical model called the Diamond-Mortensen-Pissarides (DMP) model to evaluate labor market equilibrium. The following approaches were also used in his work:

- Labor market segmentation: Identifying the long-term effects of unemployment and its impact on poverty levels.

- Search frictions: The problems in the job search process and their impact on economic growth.
- Analysis of government policies: Assessing the effectiveness of unemployment benefits and employment policies.
- Digital labor market: Studying the technological aspects of the transformation of the labor market.
- Impact of global economic crises on the labor market: Analyzing the problems arising in the labor market due to various economic crises and their long-term consequences.

Results and Discussion: Pissarides' job search and matching model (Search and Matching Model) is typically represented through key econometric equations and graphs. This model analyzes the relationships between the job search process, unemployment rates, job vacancies, and wages in the labor market.

1. Key Equations of the Model:

a) Labor market equilibrium equations

1. Job creation matching function:
   $M=m(U,V)M = m(U, V)$
   Where:
   - MM = number of workers matching new job openings
   - UU = number of unemployed
   - VV = number of job vacancies
   - $m(\cdot)m(\cdot)$ = matching function linking job search and job offer

Typically in Cobb-Douglas form:
$M=\eta U\alpha V1-\alpha M = \eta U^\alpha V^{1-\alpha}$
Where:
   - $\eta\eta$ = matching efficiency parameter
   - $\alpha\alpha$ = elasticity coefficient determining the probability of the unemployed finding a job
2. Unemployment dynamic modeling
   $Ut+1=Ut+s(1-Ut)-M(Ut,Vt)U_{t+1} = U_t + s(1 - U_t) - M(U_t, V_t)$
   Where:
   - ss = probability of existing workers leaving their jobs
   - $M(Ut,Vt)M(U_t, V_t)$ = number of newly employed workers
3. Wage setting equation (Bargaining Equation)
   Wages are determined through Nash bargaining:
   $w=(1-\beta)\cdot b+\beta\cdot(y+\theta c)w = (1 - \beta) \cdot b + \beta \cdot (y + \theta c)$
   Where:
   - ww = equilibrium wage
   - bb = income in unemployment
   - yy = productivity of workers

- θ=VU\theta = \frac{V}{U} = vacancy-unemployment ratio
- cc = hiring costs for employers
- β\beta = wage bargaining parameter

2. Graphical Analysis:

The Beveridge Curve and the Unemployment-Vacancy Dynamics Curve (UV Curve) are key graphs in the Pissarides model.

a) Beveridge Curve:

This curve shows the inverse relationship between unemployment and job vacancies:

- Low unemployment → More vacancies
- High unemployment → Fewer vacancies

b) UV Curve (Unemployment and Vacancy Dynamics):

This curve shows the dynamic changes over time between unemployment rates and job vacancies.

These graphs provide insight into labor market dynamics based on the Pissarides model, including the relationship between unemployment, vacancies, and wages.

Pissarides' Research Findings:

1. Labor market search process and unemployment:
   - The natural rate of unemployment is determined by structural changes in the labor market and search costs.
   - A prolonged job search process increases poverty.
   - Employment stability depends on the overall efficiency of the market economy.
   - Technological changes create new job opportunities, though some sectors see job losses.
2. Poverty and economic inequality:
   - Labor market imbalances can lead to increased poverty.
   - Government employment and wage policies play a key role in reducing poverty.
   - Social security systems help reduce unemployment and income inequality.
   - Labor market flexibility can be crucial in reducing income inequality.
3. Economic policy and reducing unemployment:
   - Policies aimed at speeding up job placements improve labor market efficiency.
   - Reducing unemployment benefits and tax burdens can increase labor market activity.
   - Technological progress and automation can create new job opportunities.

- Cooperation between public policies and the private sector enhances outcomes.

Innovation in Scientific Contributions:

Pissarides' research made significant contributions to the development of economic theory, particularly through:

- In-depth analysis of unemployment using the DMP model
- Studying the economic impact of technological transformation in labor markets
- Exploring the dynamics of the labor market in the digital economy
- Promoting labor market flexibility and employment diversification
- Advocating for public-private partnerships in job creation
- Examining the long-term impact of economic crises on employment and providing strategic solutions

Pissarides' research has had a significant impact on the understanding of labor markets and poverty, contributing to effective strategies for addressing unemployment and economic inequality.

Application of Pissarides' Research in Uzbekistan:

1. Labor market flexibility:
   Pissarides' employment model suggests improving labor market balance, such as supporting small and medium businesses in Uzbekistan to enhance employment opportunities. Key measures include:
   - Digitizing job search systems
   - Expanding job opportunities in the private sector
2. Skills development:
   As noted in Pissarides' work, investing in skill enhancement programs improves labor market efficiency. Strengthening vocational education and retraining programs in Uzbekistan, especially in technology-related fields, can have a positive economic impact.
3. Unemployment reduction strategies:
   To address unemployment, Uzbekistan could focus on:
   - Attracting investments in new technologies and industries
   - Improving job search mechanisms
   - Expanding youth employment programs
4. Formal vs. informal employment:
   According to Pissarides' analysis, informal employment reduces economic efficiency. By simplifying the tax system and promoting formal employment, Uzbekistan could increase labor market efficiency.
5. Increasing female employment:
   Pissarides emphasizes labor force participation, and in Uzbekistan, increasing female employment could be achieved by:

- Expanding remote work opportunities
- Supporting programs that balance family responsibilities and work.

Conclusion:

Pissarides' research on poverty and labor markets provides valuable insights that can be applied to Uzbekistan. His theories suggest that:

- Developing skill enhancement programs
- Improving labor market flexibility
- Transitioning from informal to formal employment
- Expanding youth and female employment
- Supporting small and medium businesses

Furthermore, the introduction of new economic models by Pissarides lays the groundwork for addressing future labor market challenges. His scientific approaches contribute significantly to long-term economic stability, helping to address emerging issues in the labor market caused by technological advancements.

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