AMERICAN Journal of Public Diplomacy and International Studies
Volume 01, Issue 10, 2023 ISSN (E): 2993-2157

Economics and Social issues: How changes in the Economy Affect Society

Sevara Erdanova
Senior Teacher, Department of Uzbek and Foreign Languages, Tashkent Institute of Finance, Uzbekistan

Malika Mirzayeva
Student on Economics, Tashkent Institute of Finance, Uzbekistan

Abstract: The economy plays a vital role in forming our society. Changes which are happening in the economy do not always stay same and determine opportunities and hardships alike. As the value of exports and imports flourish, the income of the country starts to grow from business taxes. Economic changes in business can come from various different factors, citing taxation, inflation, government spending, various changes in GDP or exchange rates. The economy is considered to be a complex and ever-changing system that significantly impacts society and the lives of nation. Economic behavior, market fluctuations and policies of the government play a vital role in developing social and economic landscape. In this article, various ways in which economic factors can have a profound impact on society and individuals will be discussed.

Keywords: Society, economic changes, public infrastructure, budget constraints, public transport, tax, living fluctuation, recession, currency, inequality, poverty, social mobility, social well-being, economic policies, financial future, technological advancements.

INTRODUCTION

The connection between economics and social issues is intricate and interconnected. The fluctuations in the economy have a profound influence on society as a whole. Public infrastructure and services is mostly influenced by the economy. During an economic recession, spending founded on public transport systems, such as buses, trains and trams tend to be reduced by businesses, government and individuals. This, in turn causes lots of inconvenience for commuters. The system of healthcare can be another critical sphere impacted by economic changes. When the recession is happening, healthcare services may happen to face budget constraints or reduced resources, leading to severe consequences for individuals who require timely medical attention. In the global economy no countries are self-sufficient anymore and they participate in commercial relationships at various levels to sell their products to buy their needs. Changes in the economy, driven by globalization, can have significant effects on various aspects of society, such as employment, income destribution, culture and social norms. Economic growth is the single most important factor influencing poverty. Macroeconomic policies influence and contribute to the attainment of rapid, sustainable economic growth aimed at poverty reduction in a variety of ways. By pursuing sound economic policies, policymakers are able to establish a track record of policy implementation will influence private sector confidence, which will, in turn, impact upon investment, economic growth and poverty outcomes[1].

The World Bank's 2000 World Development Report defines poverty as an unacceptable deprivation in human well-being that can comprise both physiological and social deprivation. Physiological deprivition involves the non-fullfilment of basic material or biological needs, including inadequate nutrition, health, education and shelter. A person can be considered poor if he or she is unable to secure the goods and services to meet these basic material needs. The concept of physiological deprivation is thus closely related to, but can extend beyond, low monetary income and consumption levels. Social deprivation widens the concept of deprivation to include risk, vulnerability, lack of autonomy, powerlessness and lack of self-respect. Given that country's definitions of deprivition and sometimes give greater weight to social deprivation, local populations (including poor communities) should be engaged in the dialogue that leads to the most appropriate definition of poverty in a country.[2]

Another one of the most vital ways in which economic changes affect society is through their influence on government policies and spending. Business activities are stimulated by economic growth, which, in turn, increases revenue from taxes, giving an opportunity for the government to posses an improved cash cash flow. While the economy is flourishing, the resources to invest in public services are available and the quality of life for citizens improves.

On the other hand, during times of economic recession, budget constraints and reduced revenue may be faced by the government. This can result in decreased spending on public infrastructure and services. Public transports systems may go through reduced services, healthcare services may be damaged and the general maintenance of public facilities may be neglected. Eventually, in a struggling economy, the overall quality of life can decline.

Due to changeable cost of living fluctuations, society can be impacted. As the cost of living rises, high prices and high inflation rates make affording daily life necessities challenging. In that case, if the hyperinflation occurs, prices will skyrocket and general population of the country face hardships while making livings and affording basic necessities.

In contrast, while the economy of the country is blooming, the cost of living might stabilize. As the economy continues to grow, prices remain stable and businesses can earn improved profits, resulting in increased wages for the staff generally. During that condition, the power of purchasing goods can improve and the quality of life can enhance.

A strong economy leads to a strong currency while a weak economy results in a weak currency. During periods of economic growth, a stronger currency can make international travel and purchases more accessible and affordable, conversely, during an economic recession , a weakened currency means that travelling abroad and international purchases becomes more expensive. This can limit the opportunities for individuals to explore other countries or take advantage of international goods and services.

Economic changes also effect social mobility as well as economic opportunities in the society. During times of economic growth, individuals may have improved chances of upward mobility with greater access to job opportunities, higher wages and better social services. Economic prosperity can pave the way for social progress, allowing individuals to achieve higher levels of income and improve their overall well-being. On the contrary, economic recessions can hinder social mobility and limit economic opportunities. Job opportunities may become scarce, wages may stagnate or decline and individuals may face economic insecurity. This, in turn, may perpetuate cycles of poverty and inequality, making it more hard for individuals to improve their

---

[1] "Macroeconomic Policy and Poverty reduction", Brian Ames, Ward Brown, Shanta Devarajan, Alejandro Izquierdo PRSP Sourcebook Chapter 6, April2, 2001

[2] "Macroeconomic Poverty and Poverty Reduction", Brian Ames, Ward Brown, Shanta Devarajan, Alejandro Izquierdo Augusut 2001 p 5

socioeconomic status and achieve upward mobility. Increased social mobility need not imply decreased income inequality, but in theory it does limit the reproduction and amplification of inequalities of wealth, therefore over the long run also limits income inequality to a certain extent[3].

Inequality of wealth and of the consequent income from capital - is, in fact, much greater than inequality of income from labor.

Economic changes may also have both, psychological and social effects on individuals and communities. During times of economic recession, individuals may experience heightened stress, anxiety and a sense of uncertainty about their financial future. Financial hardships or challenges can strain relationships and contribute to social tensions within communities. The psychological toll of economic downturns should not be underestimated, as it can significantly impact mental health and overall well-being. Economic growth can have positive psychological and social effects. Individuals may experience increased confidence, optimism and a secure when job opportunities are abundant, wages are rising, and the overall economic outlook is positive. This can foster stronger social bonds , improved mental health and a more cohesive and harmonious society.

Innovation and technological advancements are also driven by economic changes within the society. If the economy of the country is experiencing upward rise, businesses and organizations have the resources to invest in research and development, leading to new technologies, increased efficiency and improved products. Technological advancements can enhance productivity, improve overall living standards and create new job opportunities. Innovation and technological progress can also be impacted by economic recessions. Businesses and organizations may face financial constraints, leading to reduced investments in research and development. This may limit the introduction of new technologies and impede economic growth in the long run.

In conclusion, economic changes have a profound impact on society and individuals from influencing government policies and public infrastructure to affecting the cost of living currency value, economic factors shape the quality of life and opportunities available to individuals. Understanding these dynamics is crucial for individuals, businesses and policymakers as they navigate the complexities of the economy. By recognizing the interconnectedness of economic and social factors, we can strive to create a more equitable and prosperous society for all

List of used resources

1. The Effect of Globalization on Economic Growth: Panel Data Analysis for ASEAN Countries Asst. Prof. Dr. Mesut Savrul (Çanakkale Onsekiz Mart University, Turkey) Prof. Dr. Ahmet İncekara (İstanbul University, Turkey) INTERNATIONAL CONFERENCE ON EURASIAN ECONOMIES 2017
2. "Macroeconomic policy and poverty reduction" Paul /cashin, Paolo Mauro, Catherina Pattilo, Ratna Sahay, International Monetary Fund, September 2001
3. "Capital in the Twenty-First Century" by Thomas Piketty, The Belknap Press of Harvard University Press, Cambridge, Massachusetts London, England 2014, page 64

[3] "Capital in the Twenty-First Century" by Thomas Piketty, the Belknap Press of Harvard University, Cambridge, Massachusetts London, England 2014