

FOUNDATIONS FOR ENSURING THE ECONOMIC POTENTIAL AND GROWTH OF THE REGION

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Abstract: This article presents the scientific and theoretical definitions given by economists to the concepts of “economic growth” and “economic potential” and their comparative analysis, as well as the importance of regional potential in ensuring sustainable economic development and economic growth. It highlights the main elements of economics growth and the categorization of the economic potential and the possibility of its use. The directions of strategic management are explained.

Keywords: economic growth, economic potential, economic development, potential elements..

Introduction. When carrying out economic reforms in our country, much attention is paid to ensuring the economic growth of the country through the effective use of the existing potential in the regions. In the priorities for the development and liberalization of the economy of the President of the Republic of Uzbekistan dated February 7, 2017, the priority areas for economic development and liberalization are the further strengthening of macroeconomic stability and the maintenance of high rates of economic growth, as well as the comprehensive and proportional socio-economic development of regions, districts and cities, their areas of integrated and effective use of the natural, mineral, industrial, agricultural, tourism and labor potential of each region in order to effectively use the existing potential, accelerate direct socio-economic development, to improve the standard of living and incomes of the population [1].

The main economic problem of any country is to ensure stable economic growth and its high rates. Sustainable economic growth is about ensuring that the economy grows at a high rate for a long time, and high rates of economic growth are achieved as a result of a prudent macroeconomic policy, economic liberalization, modernization and diversification of production, as well as the acceleration and deepening of structural reforms aimed at technical rearmament.

In order to introduce a unified system for assessing the integrated and proportional socio-economic development of the regions of our country, the efficiency of the use of natural and raw materials, economic and investment potential and other comparative advantages, the Decree of the President of the Republic of Uzbekistan, dated 01.05. rating systems for the socio-economic development of regions” a decision was made [2] to introduce a rating system, the implementation of which will ensure high rates of economic growth using the existing potential in the regions. Based on the foregoing, the relevance of this work is considered high.

Literature review. The problems of economic growth now occupy a central place in economic discussions, in the dialogues of various politicians, members of the government,

representatives of different nationalities. Because the growth of real production allows, to one degree or another, to solve the problem, typical for any economic system, of satisfying unlimited needs in conditions of limited resources.

One of the early concepts of economic development, associated with the name of A. Smith and T. Malthus, was based on the assumption that labor, capital and population are the primary factors of its growth or slowdown. But they, like many supporters of classical political economy, did not take into account the importance of such an important factor as the development of human knowledge, the development of science and the application of its achievements to improve the organization of technology and production. [3].

Another prominent classical scholar, David Ricardo, argued that economic growth could be controlled through technological improvements in machinery and specialization in trade, but also assumed a fairly steady state.

Further concepts of economic growth focus on various combinations of the four determinants of development: labor, capital, resources and technology. In particular, of particular interest for theories of economic growth is W. Rostow's stage theory, according to which sustainable economic growth after a certain period of time leads to significant qualitative changes in the country's economic structure, and the economy naturally passes "from one stage to another", or from one state to another [4].

Effective demand is a key factor in the Keynesian model, and it is the expansion of aggregate effective demand that should contribute to economic growth. In practice, Keynes focuses on supply factors, which is characteristic of the classical approach, and not on demand factors. According to Keynes, the multiplier effect of investment is important in the study of economic growth. The richer the country, the greater the share of the growing national income is accumulated and directed to investment.

J. A. Schumpeter made a major contribution to growth theory with his work *The Theory of Economic Development*, published in 1934. It was Schumpeter who introduced the concept of "innovation" into economics and considered the nature of the entrepreneur in a completely new way from the point of view of economic growth. Theoretically, an entrepreneur, an innovative entrepreneur, a creative person is involved as a driving force for development. [5]. The modern concept of economic growth was introduced into scientific circulation by the American economist Simon Kuznets. According to him, economic growth is economic development in which the long-term growth rate of production is higher than the population growth rate [6].

The main factors of economic growth, according to P. Samuelson and V. Nordhaus, are capital, technology, natural and human resources. The above scientists understand economic growth as "growth in the potential GDP or output of the country", which occurs when the limits of production possibilities expand [7].

C. R. McConnell and S. L. Brew in their classic works also emphasize the fact that economic growth is determined by the following factors:

- a) the quantity and quality of natural resources;
- b) the quantity and quality of labor resources;
- c) capital resources;
- d) technology [8].

In order to reveal these concepts, a unique approach is used by studying scientific and theoretical studies and the opinions of economists related to economic growth and economic potential. The author made a conclusion about the economic growth of the region and its

economic potential, and also expressed his proposals on the elements of the potential and their effective use.

J.A. Schumpeter made a major contribution to growth theory with his work *The Theory of Economic Development*, published in 1934. It was Schumpeter who introduced the concept of "innovation" into economics and considered the nature of the entrepreneur in a completely new way from the point of view of economic growth.

Research methodology. When preparing a scientific article, methods such as scientific abstraction, induction and deduction, system analysis of socio-economic phenomena, comparative analysis are widely used.

Analysis and results. Since economic growth is studied from different perspectives, it can be divided into intensive and extensive types. Extensive economic growth occurs due to the additional involvement of such factors of production as natural resources, labor and capital, and only their quantitative increase. Their quality and technical level will remain unchanged. Intensive economic growth is ensured by improving the scientific and technical base, the effective use of all factors of production and increasing labor productivity. The intensive method is expressed in the productivity of each unit of resources involved in the production, ultimately in increasing the quantity of the product, in improving the quality of the product [9].

The variety of theories and driving forces in them is explained by the complexity of the task of determining a single common whole that describes the goal, source, driving force and controlled factor in the development of the economic systems of the region. However, a close examination of the goals, growth factors, categories and driving forces, you can see that they are all integrated into the concept of "competence" of a single economic system, of which each of them is a part.

Its potential can be taken as the basis of the regional socio-economic system. Ability (potential) - (lat. potentia - strength), can be used to perform any task, to achieve a specific goal, the available resources, capabilities, tools, reserves; the possibilities of a person, society, state in a certain area [10].

The term "competence" means that the subject has hidden, not yet fully manifested capabilities that have not manifested themselves in the field of his activity due to objective or subjective conditions [11]. In economic theory, potential is defined as a set of available tools and opportunities in any area, but at the same time, the term "competent" means "capable of implementation", its presence and use is a probable factor [12].

In the economic literature, there are disagreements about what is meant by the potential of the socio-economic system, including the regional economy. For example, in the Oxford Dictionary, economic potential is defined as the level of power and capabilities that ensure competitiveness [13], and in another source, economic potential is defined as "the totality of the ability of the national economy to carry out capital construction, transport goods and provide services to the population over a certain period of time." Even in a number of scientific publications there is no consensus of authors about the economic potential. In particular, A. Yu. Chalenko characterized the economic potential as a set of available resources, as well as the result of production and economic relations of economic entities [14]. Another source says that "the value of the economic potential shows the development of productive forces, the competitiveness of the country, the level of capitalization of enterprises" [15].

According to F.M. Rusinov, potential in a broad sense means means, reserves, resources that exist and can be used to achieve a specific goal [19]. In this concept, economic potential is identified with the accumulated result of previous labor.

In our opinion, it is impossible to narrow down the content of the economic potential in this way, because past labor without living activity, the living labor of people is only a reserve, it can only be conditionally called potential. Some economists identify economic potential with national wealth [17]. But national wealth is a broader concept than economic potential. The economic potential ensures the accumulation of material wealth created by labor, but does not create natural resources, but uses them to create wealth and, thus, is part of the national wealth. For practice, other ways of classifying the potential, reflected in the works of economists, are also important. For example, a number of authors propose to consider the potential in blocks, separating natural and production resources, population, organization and management according to structural elements [18]. At the same time, the geopolitical potential is highlighted, reflecting the position of the territory and the region in interregional, interstate and world relations and communication systems.

It is interesting to classify the potential taking into account the types of socio-economic activities. As such, it is viewed from three perspectives.

The first aspect is territorial. It includes labor potential in terms of the size and structure of the population, as well as the geopolitical position of the region.

The second aspect is production. Usually it is industry, agriculture, production, infrastructure and innovation.

The third aspect is the socio-spiritual, intellectual potential of the region [19].

Conclusions and recommendations. In a number of definitions of economic potential, only the economic sphere is considered, that is, resources are put forward in the first place, and the main goal of the economy - meeting the needs of people is not reflected. Therefore, "economic potential should be understood as the ability of the economy to produce goods and services in a certain volume and quality and deliver them to consumers" [20]. However, this definition also excludes benefits generated by economic activities that are not goods or services, such as benefits produced by the family. Taking this into account, we can define economic potential as the ability of an economy to produce and deliver goods to consumers in a certain quantity and quality over a given period of time [21].

An important feature of the approaches considered is that they study only the economic potential of the socio-economic system, which is the economic use of resources. However, the subjects of the socio-economic system are united by both economic and non-economic interests. In this case, the economic potential is only a certain part of the potential of the socio-economic system involved in the economic process. The overall potential of the region can be divided into social and economic components.

Economic potential is a set of opportunities for the organization of economic activity and marginal indicators of economic activity of the territory within the existing or possible conditions and restrictions of a financial, organizational, technical, regional and sectoral nature.

Social potential is the ability to organize life activities within the criteria and limitations of the existing or potential standard of living of a political, spiritual, philosophical-ethical, cultural-ethnic nature, and the standard of living in this context is an indicator of quality.

The above theoretical analyses allow us to define the potential of the region as the ability to ensure long-term activities based on the use of available resources, taking into account the

interests of the population, the state and the environment. Based on this, the potential of the region can be considered as a system consisting of such structural elements as natural potential, production potential, scientific and technical potential, managerial potential, labor potential. The potential of the region is the means, reserves and resources that are available and can be used to achieve the goal.

Based on the above, the economic potential of the region, in our opinion, can be expressed as a combination of the following components from the point of view of managing available opportunities: resource potential (base), functional potential (use), reserve potential (growth), their sum gives strategic management (development) of the potential of the region. Regional potential is a complex system with its own internal structure and is classified according to a number of characteristics.

It is possible to define the potential of the region as follows: the totality of economic relations between the subjects of the region, if possible, the assessment, use and development of resources and processes.

From the point of view of managing the possibilities of using the potential of the region, each of the categories has its own economic and non-economic components.

The basic resource potential includes natural-resource, natural-climatic, economic-geographical, demographic potential.

The functional potential includes labor, production, financial, infrastructural, entrepreneurial, foreign economic, regulatory and methodological potential.

Reserve potential includes scientific, technical, intellectual potential, social, investment, innovation, digital potential, organizational and managerial potential, informal economy.

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