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THE VECTOR OF ECONOMIC REFORMS AS A FACTOR IN IMPROVING THE QUALITY OF LIFE OF THE POPULATION IN THE REPUBLIC OF UZBEKISTAN

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Abstract:
In the article it is investigated the bases of the theory of growth in the conditions of a postmodern which have arisen a contradiction, factors and their influences on economic growth. Among problems of scientific and practical character which solution is based on the theory of macroeconomic growth the greatest interest is attracted identification of effectively operating sources and types of economic growth. The social groups interested in economic growth and their number are considered, it is presented the concept of sustainable development and a problem of national economic growth are presented.

Keywords: Economic growth, economic development, types of economic growth, factors, concept of sustainable development, demographic processes, socio-economic factors, features, demographic dividend, population migration.

Introduction

In modern conditions, the core of economic development and modernization of all aspects of the country's economic life is faced with the search for ways and models of economic growth. In a permanently changing world, objectively economic policy sets itself tasks and conditions leading to economic growth, welfare of the population and development of human potential. At the same time, the structure and nature of growth in the most specific national economy, which is influenced by external factors, plays a great role. Thus, in global uncertainty there is constant pressure on the economy, which smooths out the impact of fluctuations in the external environment, reducing the negative impact of macroeconomic volatility. In world practice, we observe trends towards the

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transition from an extensive type of national economy to an intensive type of development and efficient use of resources.

Research into problems and solutions that ensure economic growth have an objectively long history. In the classical economic theory of the 19th century, economic growth was given a significant place. The essence, mechanism and growth trends were in the center of attention of A. Smith, D. Ricardo, T. Malthus, K. Marx, J. S. Mill.

The consideration goes back to the research of J. Schumpeter[1] who characterized economic growth as quantitative changes, and economic development as a qualitative change in terms of the introduction of technologies into the production process.

An alternative approach to the topic under study was outlined by F. Nixson[2], who emphasizes the connection between economic development and the increase in public welfare and the reduction of social and economic inequality. Of course, economic development is directly related to the growth of the level and quality of the country's population, which is reflected in the increase in life expectancy, the level of education and medical care.

Economic growth does not mean a short-term increase in the real volume of national production, but its long-term trends and qualitative improvement. It indicates positive dynamics of economic development.[3]

Quantitative indicators of economic growth include GDP, that is, the value of manufactured products in the country. The rate of GDP growth per year is expressed as a percentage and shows how much the country's economy grows annually. To some extent, economic growth is associated with an increase in real income in the economy or growth in real output per capita.

Quantitative changes in economic growth inevitably relate to qualitative changes, improvement of the personal material factor of production in connection with the implementation of progress achievements. First of all, economic growth means the increase in production resources and the volume of manufactured products in quantitative terms, that is, the growth of the social product.

[1] Schumpeter J.A. Theory of economic development. Moscow: Progress 1982. 455 p.
[2] Nixson F. Development Economics: The User Guide. Penguin Group Publ. 2014. 154 p.
[3] Voronin Y.M., Seleznev A.Z., Cherednichenko L.G. Russia: Economic growth. - M.: ID "Financial control", 2004

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Economic growth facilitates the solution of the problem of "resource scarcity". Absolute resource scarcity is the insufficiency of resources to satisfy the entire society at the same time. So, we conclude that resources are running out due to the constantly growing needs of people, but new resources are being introduced. For example, when whale oil began to run out, oil was discovered, when crops stopped growing, fertilizers appeared, and when fiber optics were invented, the demand for copper fell. Here, we should rather think about the lack of knowledge than about the scarcity of resources? Therefore, scientific research in the field of assessing the impact of the abundance of natural resources on the country's economy seems extremely relevant. At the same time, it should be noted that many countries (Nigeria, Sierra Leone, Angola, Venezuela), which have significant reserves of natural resources, have not been able to achieve a high level of prosperity and industrial progress.

If we evaluate the experience of countries in retrospect, we then observed how the growth of their economies could be due to the growth of world prices for fossil resources, which makes the economy dependent on raw materials, energy resources (oil, gas), precious metals (gold), which have firmly occupied a share in the GDP structure. In the case of volatility in world prices for raw materials or a drop in production volumes, it directly affects the revenue side of the state budget. Economists call this specific negative effect the "resource curse"[4] or "paradox of abundance". Quite a few countries have subdued and continue to fight the resource curse (Norway, Botswana, Canada).

The presented examples of countries demonstrate the effective use of the received financial resources, as a result of which the financial system is strengthened, and therefore the well-being of the population. If we imagine a financial system, then the design of economic policy, for which new incentives, financial institutions and instruments are created, becomes a priority task. Here, the problems of choosing between the quality of development (growth) and its pace are best seen. The economies of countries are faced with the influence of the resource curse, which manifests itself in the displacement of all other sectors of the economy by the extractive industry, concentrating labor and investment in one of the

[4] The term "resource curse" is a concept in economic theory associated with the fact that some countries with significant reserves of natural resources are, as is often considered, less economically developed than countries with small reserves. This term was introduced into circulation by the British economist Richard Auty in 1993

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industries, which becomes a catalyst for the growth of the national economy, but also leads to a lack of incentives for technical progress and the development of human capital in others. In other words, income from the sale of resources does not work for the development of the economy. The most significant work to level the negative events from this effect is to create a diversified economy, the development of other industries.

The ultimate goal of all socio-economic reforms implemented today in Uzbekistan at various levels is inclusive development, when the growth of the national economy, industries, companies, in general, occurs with the participation of all members of society, which relieves social tension in society and ensures conditions for prosperity in the long term. Economic growth is most fully possible due to the openness of the economy, increasing the share of the non-resource sector in the structure of the national economy with an emphasis on the real sector. But the issue of strengthening financial institutions and harmoniously structured legislation requires an urgent solution.

In order to effectively implement large-scale reforms, bring them to a new stage and achieve positive changes in the daily life of the people, the Strategy "Uzbekistan – 2030"[5] was adopted. As a result, we are seeing new qualitative features in the national economy: growth of national income, growth of the scientific and technical level, an increase in the share of the final product used in final consumption.

Uzbekistan has a relatively developed manufacturing industry, in 2011-2020, the share of which in the GDP structure increased from 17.4% to 27.4%, while employment in this sector by the end of 2022 reaches 12%. The productive distribution of resources in the economy will be based on economic policy and the achievement of selected benchmarks in the context of the Sustainable Development Goals and the accumulation of human potential with the activation of potential in the regions[6].

Currently, one of the significant trends in the field of promoting sustainable development, supporting business, the transition of financial organizations to

[5] Decree of the President of the Republic of Uzbekistan No. DP-158 On the Strategy "Uzbekistan-2030" dated September 11, 2023.
[6] Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015.

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ESG principles[7], based on environmental, social and managerial responsibility, along with government support measures, is to improve regulation in this area. At the same time, countries embarking on ESG transformation (for example, the Republic of Belarus) are only considering the possibility of forming a system of state economic and social incentives to increase the attractiveness of green finance. [8]

Within the framework of the vector of reforms carried out in the Republic of Uzbekistan and the rise of the national economy, an active social policy of the state is being carried out, the basis for progressive development in our republic, laid by our First, President, Karimov Islam Abduganievich, are reflected in the continuation of work on building a fair socially-oriented society.

In order for Uzbekistan to join the circle of developing countries, it is necessary to intensify reforms that contribute to the growth of human capital, labor productivity through the comprehensive development of the innovation and educational sphere, state institutions, and the service sector. Such reforms, transforming the national economy, are quite real, as evidenced by the historical experience of countries that have gone a similar way and managed to overcome a variety of obstacles. At the same time, the most significant factors that played a decisive role in the country falling into the "middle income trap" were precisely the problems with human capital and productivity. Population and resources are two important variables related to each other.

The growth of the population, the structure of the population manifest themselves in consumer demand, predetermine the strategy of the state in the labor market, investment and social policy. For a more sufficient understanding of the demographic processes in Uzbekistan and the correlation with economic development, we can consider the current situation and prospects.

Today, the demographic situation in the republic indicates an increase in human resources, so the population will increase by 1.3 times by 2035, and it can amount

[7] In simple terms, ESG (environmental, social, governance) is a principle of conducting activities (business or investment) in accordance with the best practices of corporate governance and taking into account its favorable impact on the environment and society.

[8] Decree of the President of the Republic of Uzbekistan No. DP-37 "On the state program for the implementation of the strategy "Uzbekistan – 2030" in the "year of support for youth and business" dated 02/21/2024

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to 43.6 million[9], growth in economic growth rates, but also a decrease in the dependency ratio (demographic burden ratio) and an increase in the share of the working-age population in the overall structure and will reach a maximum in 2048. Forecasting the prospects in Uzbekistan, a moderately expanded type of population reproduction will be maintained with an average annual growth rate of 1.3%, while the population will increase by the beginning of 2031 to 37 million people.

Overall, for the period 2013–2030, the absolute population growth will be over 7 million people.[10] Due to this change in the age structure of the population, Uzbekistan is at a stage that can today be classified as an "early demographic dividend".

In the Republic of Uzbekistan, the growth of the share of the working-age population in the next few years with a moderate number of dependents will create favorable demographic conditions for economic growth - the so-called demographic dividend, its effect can have a significant positive impact on the increase in real incomes of the population, as well as contribute to the reduction of poverty and avoid the "middle income trap".[11]

Today, radical reforms are being carried out in the socio-economic spheres, according to roadmaps, which will ensure the results expected by society, but requires time and additional financial resources. It should be noted that "New Uzbekistan is a social state" in which, to strengthen the reforms being carried out, we can use the "benchmark"[12] as the best experience of developed countries and global trends that are worth paying attention to and testing, taking into account the national characteristics of development. It is no secret that the phased implementation of administrative reforms contributes to the deepening of the integration processes of the Republic of Uzbekistan into the world system, where

[9] Data of the State Statistics Committee of the Republic of Uzbekistan and forecast assessment of the Institute for Forecasting and Macroeconomic Research.
[10] UNICEF estimates based on the World Bank Group demographic classification criteria, Global Monitoring Report 2015/2016: Development Goals in an Era of Demographic Transition. World Bank, Washington, D.C., 2016
[11] (English Middle income trap) — a situation in economic development when a country that reaches a certain income level gets stuck at that level
[12] According to the Agency of Statistics under the President of the Republic of Uzbekistan

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a high level of competitive economies will require a diversified and innovative economy.

Research into the factors behind economic growth shows that demographic shifts largely explain the economic miracle in East Asian countries.[13] For example, China was able to realize the benefits of the demographic dividend in the 1980s-2010s by investing in human capital development. The Republic of Korea was able to take advantage of this effect, where the dependency ratio in the Republic of Korea also declined rapidly, which contributed to an increase in tax revenues, prompted the government to prioritize job creation, and created favorable conditions for improving social services in general.

The demographic dividend is due to the fact that the working population is approaching its maximum size, which means fewer dependents. As a result, a larger portion of national income can be directed towards consumption, production and investment, which in turn will give impetus to development and the achievement of set goals. The development of our own technological base is limited by the low level of research and development work, the costs of which in Uzbekistan amount to 0.14% of GDP. For comparison: in Malaysia - 1.3, Australia - 2.2% respectively.

Today, radical reforms are being carried out in the socio-economic spheres, according to the roadmaps, which will ensure the results expected by society, but requires time and additional financial resources. It should be noted that "New Uzbekistan is a social state" in which, in order to strengthen the ongoing reforms, we can use "benchmarking"[14] as the best experience of developed countries and global trends that are worth paying attention to and testing, taking into account the national characteristics of development. It is no secret that the phased implementation of administrative reforms contributes to the deepening of the integration processes of the Republic of Uzbekistan into the world system, where a high level of competitive economies will require a diversified and innovative economy. In the field of innovative development, there was a tendency for a

[13] Tsai, Fan, and ect., 'Take-off, Persistence and Sustainability: The Demographic Factor in Chinese Growth' Asia and the Pacific Policy Studies, vol. 3,no 2, 2016 pp. 203–225

[14] The method of global benchmarking as a marketing tool, which consists of conducting a comparative analysis at the global level and identifying ways to solve a similar problem

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gradual weakening of innovative activity, as evidenced by the position of Uzbekistan in the ranking based on the Global Innovation Index based on the results of 2023 (82nd place among 132 countries of the world.[15]

To effectively implement the demographic dividend, it is necessary to stimulate economic growth and social development in the Republic of Uzbekistan. Here, four priority investment areas can be identified:

– improving the quality of education, health care and nutrition to strengthen the country's human capital;
– prioritizing the development of a flexible economy and entrepreneurship;
– expanding access to technology and innovation;
– promoting the social and economic activity of women and youth.

CONCLUSION

Economic growth is a long-term trend of increasing real GDP, which implies subsequent positive dynamics of socio-economic indicators. Sustainable development is understood as a special type of economic dynamics that meets the needs of the present, but does not threaten the ability of future generations to meet their own needs. In the modern economy, there is another type of economic growth, closely related to the intensive type, but different in form and content, this is innovative growth. Economic growth should be distinguished from economic development. Economic development is a broader concept compared to economic growth, it assumes that the national economy can be both in a state of economic growth and recession.

Population and resources as two important variables are related to each other. An increase in population can accelerate economic development, promoting technical innovations. Changes in the age structure of the population are reflected in the dependency ratio, or demographic load ratio, which is the ratio of the share of younger and retirement ages to the share of the working-age population.

[15] World Intellectual Property Organization Global Innovation Index (GII) 2023 Report

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