

THEORETICAL ASPECTS OF INDUSTRIAL POLICY IMPLEMENTATION

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ABSTRACT

At the current stage of economic reforms, increasing the competitiveness of the national economy in the world market depends in many respects on the implementation of deep and well-thought-out industrial policy. Therefore, the theoretical aspects of the implementation of industrial policy today are covered in this article.

KEYWORDS: *Transition Economy, Foreign Trade Conditions, Import-Substituting Industries, Comparative Advantages, Factors Owners, Economic Growth.*

INTRODUCTION

With the acquisition of state independence, the Republic of Uzbekistan has become an independent and equal participant in international economic relations. The rapid measures taken in our country to establish market relations have helped to expand the range of economic partners and partners of the republic. At the same time, the liberalization of foreign trade and the elimination of deficits in the national economy are important positive results achieved by our country in the field of foreign economic relations. In implementing market reforms, Uzbekistan has faced economic challenges inherent in the transition economy. Among such problems we can include the following: excessive prolongation of the downturn in the transition economy; deindustrialization of the economy; low level of competitiveness of national manufacturers, etc. Along with these problems, the steady and significant growth of import purchases, which has led to a deterioration in foreign trade conditions, remains particularly relevant in the economic sphere.

At the heart of the development and liberalization of the economy is, of course, the deepening of structural reforms, increasing its competitiveness through the modernization and diversification of key sectors of the national economy.

LITERATURE ANALYSES

Despite the urgency of the problem of organizing import-substituting production and, on this basis, ensuring economic growth in the national economy, this problem has not been studied in detail. "Some aspects of ensuring economic growth in the country through the organization of import-substituting industries were studied by Bodrunov S.D. [1], J. Itwell [2], R. Prebish [3].

Among the economists of our country are H.P. Abulkasimov [4], S.V.Chepel [5], M.A.Mamatov [6] and others had researches on this issues.

Analysis and results

Uzbekistan has ample opportunities to implement the import substitution strategy, and through its implementation we can achieve great results in ensuring effective socio-economic development. In this regard, in our opinion, the importance of import-substituting industrial policy in overcoming the consequences of the transformational crisis in the context of the Republic of Uzbekistan is reflected in the following:

- The establishment of import-substituting industries will reduce dependence on imports, and at the same time create the basis for a multiplier increase in the costs of all macroeconomic agents, hence GDP growth;
- such a strategy will help improve the country's foreign trade conditions;
- It will help reduce the dependence of the Uzbek economy on labor migration, as the expansion of domestic production requires additional labor;
- The production of similar imported goods will gradually help to increase their competitiveness in the domestic market;
- Protects the country's economy from the effects of external factors and fluctuations and at the same time strengthens the country's economic security.

Determining the location of the strategy for the organization of import-substituting industrial production, in turn, can not clearly show how effective the country is in the organization of import-substituting industries. By defining the role of import substitution strategy in the country's economy, we can draw the following important conclusion, according to which at the current stage of socio-economic development of the country there is no other effective way to solve socio-economic problems on a national scale. Many countries of the world community have used one or another form of development strategy based on import substitution in their centuries-old path of gradual development. The strategy of establishing import-substituting production plays an important role in overcoming the consequences of the transformational crisis, which has caused many problems of national economic importance. The country's integration into the world economy allows it to specialize in several important sectors of the economy. These ties allow the country to import products that simply do not have the ability to set up production, or whose production is more expensive than other manufacturers, and to export products that have better conditions for production than other manufacturers. There are different models for the integration of the national economy into the structured system of world economic relations.

The considered basic models of inclusion of the national economy in the system of international division of labor allow us to draw the following conclusions about the role and importance of this process in the economic development of the country.

First, the successful development of the national economy requires the active integration of the country's economic complex into the system of world economic relations.

Second, active integration into the world economic system is an important condition for the specialization of the country's economic complex in certain sectors and industries and the consistent realization of national priorities in the development of trade and economic relations with other countries.

Third, operating in a highly competitive environment in foreign markets will identify the most effective sectors and sectors of the national economy that can serve as a "foundation" for the structural restructuring of the national economy.

Fourth, the use of the country's comparative advantages and production potential and their effective use is one of the main conditions for ensuring the sustainable development of the national economy.

By its very nature, the international division of labor is recognized as an important stage in the development of the social division of labor between individual states based on economically viable specialization of production. Such specialization leads to the interchangeability of production results between countries in certain quantitative and qualitative ratios. This is stated in the textbook "World Economy and International Economic Relations", edited by Doctor of Economics, Professor A.V. Vahobov: "The essence of the international division of labor is reflected in the interaction of the production process, specialization and cooperation of forms of labor activity. The division of labor emerges not only as a process of separation, but also as a way of uniting labor globally ... it is based on the specialization of individual countries in the production of goods and services" [7].

There is still no consensus in the modern economic literature on the differentiation and definition of the economic categories and processes of import substitution and protectionism. This is despite the fact that the concept of protectionism in the system of international economic relations appeared long before the category of import substitution. It should be noted that these categories have a number of common features and differences that lead to different contradictions. This situation indicates that their nature has not been sufficiently studied.

Баъзан, импортўрни босиб шингмаз мунах моҳиятини тушунтиришда импортни қисқартириш тушунчаси бир ўринда қўлланилган ҳолатларга ҳам дуч келинади. In particular, "The Great Encyclopedic Dictionary of Economics" edited by V.G. Gavrilenko, P.G. Nikitenko and N.I. Yadevich does not mention the category of "import substitution", On the contrary, the concept of "import substitution" is defined as "a strategy aimed at reducing the volume of imported products in order to stimulate the production of domestic substitutes" [8]. A similar approach can be seen in the works of E.F. Baranov, who states that "import substitution is the process of reducing or stopping the import of certain goods and replacing them with similar domestic goods in the domestic market" [9].

In our view, this definition confuses state protectionist measures, which are widely used to implement this strategy, but is a subjective form of the international division of labor, with import substitution processes.

"Suchkova N.A. in his researches said "The main feature of import substitution is the industrialization of the economy by restricting and excluding imports". In his opinion, the choice of the concept of import substitution implies the creation of certain incentives for the development of certain sectors of local industry and agriculture in order to increase their competitiveness in the domestic market" [10].

In our opinion, it would be expedient to replace imports, first of all, to squeeze them out of the domestic market by replacing imported goods with local similar goods, and only after achieving

these goals, to focus on foreign sales markets. In other words, with the successful implementation of import substitution, it is possible to gradually move to a type of export-oriented development.

In order to better understand and differentiate import substitution and protectionist policies of the state, in our opinion, it is necessary to distinguish the main economic features of import substitution. These characteristics include the competitiveness and cost-effectiveness of import substitution.

The above-mentioned signs allow us to identify two important differences between import substitution and protectionist policies.

First, if protectionist measures are practiced by the state in the presence of the state, then import substitution is based on or the support of the state aimed at improving imports of the entire international relations or without it. The independent process will have an objective conditional structure that is practiced.

Second, the gradual import substitution promotes the optimization of international labor distribution, while overly protective measures can lead to the economically monitoring of the country. Therefore, in the implementation of the strategies of import substitution, the country's international labor distribution is required to harmonize the participation of national labor with protectionist measures.

Third, after imported products from domestic markets, these imports of local import substitution can demonstrate their sufficient competitiveness and economic efficiency levels, which in turn leads to increasing exports due to the high consumption properties and attractiveness of manufactured products. Consequently, the implementation of these events will serve to improve and strengthen the position of national producers in international trade. For this reason, the idea that import substitution contradicts the strategy of an export-oriented economy does not correspond to the fact. On the contrary, import substitution is stepped in gradual transition to export-oriented production. At this point, if we stop protectionism, it will have a short-term description of the internal market to protect the domestic market from external competition.

Thus, it should be noted that if the main purpose of the import substitution is to export, the protectionism is limited by protecting national producers (factors owners) from external competition. In other words, the protectionism allows you to get an extra additional income from the current alternative value of resources. Despite the above benefits received by the total expenses of the practical policy, they are usually responsible for ordinary consumers. If production is not open for foreign manufacturers, it is naturally competitive (this is the contrary to the main characters of import substitution). In other words, if import substitution implies support for local producers of import-substituting products as the first step in the development of export-oriented production, then for state protectionism such a policy is limited to reducing imports by various tariff and non-tariff methods.

CONCLUSIONS AND RECOMMENDATIONS

It will solve a number of socio-economic problems and increase the competitiveness of domestic producers through the implementation of import substitution strategies in transition economies:

1. The only and most appropriate way to address the socio-economic problems in the context of insufficient production volume associated with the transition period is the implementation of import-substituting and localization-based industrial policy. Industrial policy based on import-substituting production relies on the full use of the integrated production potential, leading to the gradual improvement of the quality of manufactured products through the technical and technological re-equipment of production.

2. Extensive business support is essential to ensure economic growth based on the establishment of import-substituting industries.

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