

KEYNESIAN THEORY OF ECONOMIC GROWTH: STATE INTERVENTION AND ECONOMIC STABILITY**Z.B.Jumayeva***Asia international university, Bukhara*

Abstract: The Keynesian theory of economic growth, developed by John Maynard Keynes in the mid-20th century, emphasizes the crucial role of government intervention in ensuring economic stability and full employment. According to Keynes, the private sector alone cannot always maintain full employment; thus, fiscal and monetary policies should be used to regulate aggregate demand. The Keynesian model highlights the interconnection between investment, consumption, and savings, with the "multiplier-accelerator" mechanism playing a key role in economic expansion. This paper examines the theoretical foundations of the Keynesian growth model, its application in different countries, and its relevance to Uzbekistan's economic policies. Furthermore, it discusses the critiques of Keynesianism from neoclassical economists and the integration of Keynesian principles with modern economic growth theories. The paper concludes with policy recommendations for fostering sustainable economic growth based on Keynesian principles.

Keywords: Keynesian economics, economic growth, government intervention, fiscal policy, monetary policy, aggregate demand, Uzbekistan, investment, multiplier effect

The Keynesian theory of economic growth, formulated by John Maynard Keynes, underscores the necessity of active government intervention in regulating aggregate demand to achieve economic stability and full employment. Keynes argued that the private sector alone might fail to ensure optimal employment levels, necessitating government policies to stimulate economic activity through public expenditures and tax regulations.

Several scholarly sources provide insight into the theoretical and practical aspects of Keynesian economic growth. The textbook "Economic Growth" explores the components, factors, and mechanisms of economic development, emphasizing government policies' role in fostering sustainable growth. "Economic Theory" by Sh. Shodmonov discusses fundamental economic concepts, including growth models and state intervention. The historical evolution of economic thought, including Keynesian ideas and their contemporary implications, is covered in "History of Economic Doctrines" by L.N. Khalikova and U.R. Mavlonova. Additionally, Keynes's seminal work, "The General Theory of Employment, Interest, and Money," serves as the foundation for Keynesian economics, analyzing employment, interest rates, and monetary policies. Modern interpretations of Keynesianism, such as "Keynes: The Return of the Master" by Robert Skidelsky, assess its relevance in today's economic policies.

The Keynesian economic model focuses on short-term factors influencing economic growth and highlights the government's role in maintaining stability. The multiplier-accelerator mechanism demonstrates how investment changes can significantly impact national income. However, Keynesianism has faced criticism from neoclassical economists, who emphasize technological progress and capital efficiency as the primary drivers of long-term growth.

Keynesian principles have been applied in various economic contexts. During the Great Depression, the U.S. government increased public spending to stimulate demand. Post-World War II, the UK expanded social programs to drive recovery. Similarly, during the 2008 financial crisis, Germany implemented fiscal stimulus measures to support economic growth. In Uzbekistan, government-led investments and infrastructure projects have contributed to economic expansion, aligning with Keynesian principles.

A comparative analysis of Keynesian applications is provided in the following table:

Country	Keynesian Approach in Practice
United States	Increased public spending during the Great Depression
United Kingdom	Post-war economic recovery through social programs
Germany	2008 financial crisis response with fiscal stimulus
Uzbekistan	State-led investments and industrialization policies

Keynesian economics highlights the importance of government intervention in regulating aggregate demand and ensuring economic stability. While it has faced criticisms from neoclassical theorists, Keynesian principles remain relevant in addressing economic challenges.

Based on Keynesian insights, the following policy recommendations are proposed:

1. **Active government involvement:** Implement fiscal and monetary policies to sustain aggregate demand and promote economic stability.
2. **Encouraging private sector investment:** Provide incentives for private sector growth, as investments drive economic expansion.
3. **Support for technological innovation:** Foster technological advancements to enhance productivity and competitiveness.
4. **Focus on education and workforce development:** Strengthen education systems to ensure a skilled labor force, supporting long-term economic growth.
5. **Ensuring social equity:** Address income disparities to maintain social stability and overall economic well-being.

These recommendations align with Keynesian economic principles and can enhance Uzbekistan's economic policies, promoting long-term growth and stability.

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