

ECONOMIC GROWTH AND ECONOMIC DEVELOPMENT*Tashkent State University of Economics**Associate Professor of the Department of Economic Theory**Allaberganov Zakir Gaibovich*

Abstract: The article examines the scientific approaches of leading researchers to defining the essence of the categories of "economic growth" and "economic development", as well as the factors that shape their quality. The dialectic of the relationship between economic growth and economic development is explored, their comparability and opposite directions are argued.

Key words: economic growth, economic development, gross domestic product, welfare, technological progress

Economic growth is an indicator of the performance of the national economy, one of the most important tasks of sustainable development and improving the standard of living of the population, and the study of its essence has a significant evolutionary path. In his work "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776), Adam Smith notes that economic growth is associated with investment, population growth and expansion of land area. In his opinion, economic growth depends on supply factors, and the volume of national product on such factors as labor, capital and land. Smith calls investments, which are determined by the level of savings and are carried out mainly by entrepreneurs, having an impact on economic growth and accelerating it, endogenous variables. Savings stimulate investments and, accordingly, economic growth; population growth, which depends on the well-being and satisfaction of the needs of the growing labor force; growth of land area; technological progress. A. Smith's views on economic growth are continued to be developed by D. Ricardo. He argued that the barriers to economic growth associated with the use of land (increasing rent, decreasing income of tenants, narrowing opportunities for capital investment, workers' demands for higher wages) can be overcome by using technological progress in mechanical engineering and specialization in trade. In their studies, A. Smith, D. Ricardo, T. Malthus somehow mention the connection between growth and well-being.

T. Malthus believed that the rate of population growth can exceed the rate of growth of life's benefits and cause an increase in poverty [7]. A new view of the essence of economic growth was developed by Karl Marx, focusing on the consideration of the economic process, which changes according to the laws of its own internal logic and at the same time affects the social structure of society as a whole. K. Marx did not use the term "economic growth", but considered social reproduction, which is "any process of social production in a constant flow of its reproduction" [8]. The scientist also analyzes the expanded reproduction and accumulation of capital (individual and social). In his understanding, the variables of growth were savings

and accumulation of capital, and the engine of its acceleration was technological progress in the form of automation of production and division of labor.

Although the latter also had a negative side - with the help of technological innovations, capitalists could increase their pressure on workers, threatening them with dismissal. I. Schumpeter is trying to develop the classical theory of economic growth. Considering economic growth, he turned to the analysis of supply factors and forms the image of an innovative entrepreneur who can accelerate the growth process through an effective combination of resources and the introduction of new technologies. I. Schumpeter introduced a distinction between economic growth and economic development and was one of the first in science to define the category of "economic development" ("Theory of Economic Development", 1912). In his opinion, economic development is an innovation, a manifestation of something new, previously unknown, and economic growth is an increase in the production and consumption of goods and services, most often the same ones over a certain period. According to J. Schumpeter, the incentives for economic development are exclusively innovative in nature. The main factor of economic development, in his opinion, is entrepreneurial innovation, which is a means of overcoming economic crises. The scientist believes that the main source of economic growth is an innovative entrepreneur, and technical progress is directly related to the profitability of enterprises and the more they implement innovations, the greater the profit in the economy will be.

The modern understanding of economic growth was introduced into scientific circulation by the American economist, Nobel Prize laureate Simon Kuznets. He believed that economic growth is economic development in which long-term production growth rates exceed population growth rates and this process began at the end of the 18th century. By economic growth S. Kuznets also meant a long-term increase in the ability to satisfy the diverse needs of the population through the results of economic activity. He concluded that economic growth is largely the result of the influence of the total productivity of production factors and noted that "the distinctive feature of modern economic growth is the high rate of growth of production per capita, which is determined by the high rate of growth of productivity and is inevitable". Professor S. Kuznets identified the characteristic features of economic growth inherent in all developed countries: high rates of income per capita; high rates of factor productivity; high rates of structural transformation of the economy; high rates of social and ideological transformation of society; the ability of developed countries to find markets and sources of raw materials abroad; the results of such growth should cover less than 1/3 of the world's population. Determining the contribution of various factors to the economic growth of the USA for a certain period, S. Kuznets found that in the periods 1889-1929, 1929-1957, 1950-1962 the ratio of the factors capital - labor - technical progress were as follows: 34:32:34, 8:14:78, 25:19:56. Almost from the beginning of the scientific and technological revolution, the contribution of such a factor as technical progress to economic growth is significant and unconditional. Thus, technical progress and innovations, which are its basis, become the most important factor in economic growth. The main factors of economic growth, according to P. Samuelson, W. Nordhaus are capital, technology, natural and human resources. The above-mentioned scientists understand economic growth as "an increase in the potential GDP or output of the country", which occurs when the boundaries of production possibilities expand. Economic growth, on the one hand, is associated with the positive dynamics of the real volume of production, and on the

other - with the improvement of the technological, economic and social aspects of society development. It is expressed in the increase in the real gross domestic product (GDP) and gross national product (GNP) per capita and is displayed by a statistical indicator - the annual GDP growth rate in percent. Economic growth quantitatively characterizes the volume of the national product, and qualitatively - structural changes in it. In addition, the qualitative side is formed by the standard of living of the population. Economic growth, according to V. Thomas, G. Daylami, D. Kaufman, consists, on the one hand, in the accumulation of human, physical and natural capital, and on the other - in ensuring the well-being of the population.

Physical capital is based on production (economic) capital; human is dominant in the social component of development; natural capital is associated with the conservation of natural resources and the environment. Thus, the main components of economic growth are environmental, economic and social components. As we see, in this case V. Thomas, G. Dailami and others characterize economic growth by the constituent indicators of economic development . They do not significantly distinguish between the categories of "economic growth" and "economic development ". Economic development in the 1950s and 1960s, as A. Weber notes, was actually considered a synonym for economic growth .

Attention was focused on increasing the rate of production of material goods and services, and the difference between production growth and human well-being was ignored or underestimated . There was an opinion that economic growth in itself leads to a reduction in poverty, overcoming the gap between income levels and improving the well-being of the population. Beginning in the 1970s, the idea of distinguishing between growth as quantitative changes and development as qualitative ones has been asserted. Development is considered from the point of view of the quality of human life, which is determined not only by the average GDP per capita, but also by such parameters as life expectancy, health, level of education and literacy, availability of social services, etc.. At the same time, growth remains an important condition for development. Based on the above, we can define economic growth in a broad sense: it is a condition and component of economic development and represents the formation of economic, social and natural conditions to ensure a qualitative change in the standard and quality of life of the population. The definition of the category of "economic growth" in a broad sense is very close in meaning to the concept of the category of "economic development". "Economic development" can be interpreted in different ways . In an elementary sense, economic development is the ability of an economic system to maintain high growth rates, ensuring the necessary changes in the economic sphere. Therefore, for a long time it was identified only with economic growth, that is, with an increase in production volume in accordance with the increase in population. Development can also be viewed in this interpretation: it is a process that is associated with natural changes, the transition to improved forms and a qualitative state. Economic development is "the process of functioning and evolution of an economic system in the long term, which occurs under the influence of economic contradictions, needs and interests". Investment, innovation and technological factors play an important role in economic development. G. Myrdal made his contribution to the theory of economic development [9]. He clearly distinguished between the categories of " economic development " and "economic growth". In his opinion, development is associated with an increase in the degree of satisfaction of the needs of all members of society, but this does not mean that it occurs in the presence of economic growth. G. Myrdal draws attention to the fact

that the mechanisms for ensuring economic growth developed by advanced countries are not suitable for developing countries, due to the peculiarities of the latter's system of national values. He believes that growth that is not accompanied by an improvement in the lives of the majority of the population is not considered development, because it leaves the overwhelming majority of the population aside and is carried out at their expense [11]. The concepts of "economic development" and "economic growth", according to J. Tinbergen, are comparable (compatible), but not identical, because such simplification does not adhere to the main feature of development - an increase in the well-being of the population. Analyzing the factors of economic growth, J. Tinbergen discovered that only a quarter of GDP growth is associated with an increase in the efficiency of the economy, the rest is an increase in the influx of investment and labor. L. Balcerowicz's interpretation that economic growth is associated with increased well-being and improved quality of life is quite interesting and is argued by the author. L. Balcerowicz notes that economic growth is associated with "... systematic, long-term and massive improvement in people's living conditions, that is, conditions in the field of nutrition, home decoration, apartment interiors, transport and communications, the availability of various services ...". This is human well-being, the benefits he needs. By the concept of "development" L. Balcerowicz understands the process as a result of which labor productivity grows, the number of employed increases. By working, an employed person ensures better living conditions for himself. In the book by A. Marshall "The Pure Theory of National Values" it is indicated that a person's income is spent on the purchase of goods and services. In this way a person satisfies his needs. But after all, according to A. Marshall, a person spends part of his income and saves the other part. And he saves in order to buy labor and goods (which also happens during the spending of the first part of the income) for constant accumulation, which will be used to meet needs in the future, ensuring an appropriate quality of life and level of well-being in the long term. So, in our opinion, economic development is a process that leads to changes in social and public structures, human behavior, leads to a reduction in inequality, the elimination of poverty, an increase in the level of education, literacy, availability of social services, qualitative changes in society that are associated with modernization, progress, growth; the latter is its integral condition. Economic growth is the trajectory of the country's movement in its economic development. Considering economic growth as a condition of economic development, it should be noted that most researchers of this problem distinguish between these two categories, which is certainly correct. Accepting this statement, and as evidenced by our study, the content of these two categories is also different. Note that economic development is possible even when there is no quantitative growth, but only certain prerequisites for its existence and when it is reflected in structural transformations and innovations. Modern economic growth is an unfinished process, a process that continues, which is characterized by rapid changes in dominant trends, which significantly complicates the economic development of the country.

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