

SCIENTIFIC AND THEORETICAL FOUNDATIONS FOR ENSURING ECONOMIC POTENTIAL AND ECONOMIC GROWTH IN 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.*

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.

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].

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].

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].

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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. 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].

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].

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.

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].

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.

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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