

THE ROLE OF ECONOMIC RELATIONS IN THE GOVERNMENT

Juraev Shohruh Zafarovich

Teacher of Karshi International University

Annotation: *During the process of transformation, not only is the pure economic sphere under fundamental change but so is the state.¹ This does not concern just the political system as such (i.e. the change from the monolithic one-party dictatorship to a multi-party democracy) but it inhibits also basic changes in the overall role of the state vis-à-vis the economy including external economic relations.*

Key words: *economy, controlling, government, country, relationship.*

In socialist days, the state was the sole owner of the means of production - with very few exceptions - and economic policy as well as practically all industrial enterprises were both concentrated in the hands of the bureaucratic centre which itself was supervised by the party. The state monopoly on foreign trade was the necessary supplement through which the needs of the domestic economy could be satisfied. Foreign trade in principle primarily served this objective which meant that managing external relations started with the definition of import requirements and only then tried to find out what domestic products might be suitable for export in order to pay for the needed imports. The role of the state in the new market economic framework has to change completely, but at the same time the state must design the whole process of transformation while being itself under reconstruction.

International Economic Problems In today's World the exchange of goods, services and capital takes place in a very complicated environment. Even before globalism became the issue, the intensity of interrelationships between national economies created problems by the simple differences which exist between various aspects and areas of economic life in the countries concerned:

- money and banking;
- inter-regional and interstate wage differentials;
- differences in factor mobility;
- differences in price levels;
- differences in the availability and mobility of capital;
- different national policies on foreign exchange, subsidies, taxation;
- regional pride (buy British);
- differences between inter-regional and international trade;
- Others, such as driving on the right or left, language, custom, usage, habit, taste, standards, measurements (inch or metre), etc.

Under socialist rule and the command plan economy, most of these differences and the problems they caused did not count since external economic relations were regarded only as a kind of unavoidable appendix to the national economy, required to fill gaps which domestic production was unable to do. The state did not feel it necessary to act economically when entering foreign markets or trading with other planned economies - it only had to balance the foreign exchange account and if this did not work then look for respective credits. The state, exerting its foreign trade monopoly, could neglect most of the above cited differences, but by doing so was not able to extract the potential gains from foreign trade. This became more and more obvious the more industrialised and diversified their economies became. In particular, trade with the market economies took ever larger shares in overall trade of the planned economies, whereas the

“easier” goods exchange with other centrally planned economies gradually lost significance.

The situation changed completely with the breakdown of centrally planned systems and the start of the transition to market economics. The state had to create at the very beginning a legal framework for an economy in which the majority of enterprises were soon to be private. This included, inter alia, a new banking system, competition policy (anti-monopoly law), new fiscal regulations, the setting-up of a capital market (stock exchange), and a new labour code. But, in particular, it also included regulations concerning the external economic relations for all economic subjects, the state included. Without going too much into detail, in a market economy the state must guarantee that economic exchange with foreign subjects (i.e. exchange of commodities, services and capital) can be accomplished without major restrictions by tariffs or non-tariff barriers such as import quotas, export lists, monopolies or norms, and financial (currency) regulations. However, this principle cannot be kept absolutely and always because standards (e.g. sanitary or environmental) can vary substantially from country to country. Nevertheless, practically all transformation countries started from the very beginning with fundamental liberalisations of their external economic relations whilst also seeking to liberalise their financial systems as rapidly as possible.

The general rule is that the state should restrict itself to the supply of basic public goods (the legal system, defense, health procurement, education, etc.), and should take initiative in those cases where the market fails due to external effects, natural monopolies or asymmetric information.

World Development Report of the EBRD and the World Bank it is stressed that there are no universally applicable recipes either for the extent or for the kind of state activities with respect to the economy. In principle, this depends firstly on the question of whether industrial policy is requested or even needed for the respective economy, and, secondly, whether the existing political and administrative capabilities are sufficient. This defines whether an institutionlight approach is applied which understands only general, simple legal regulations that are incorporated into transactional-specific contracts, or whether an institutionintensive approach is chosen with special regulatory bodies (agencies) which dispose of far-reaching competencies within the framework of their legally defined duties. For the transformation countries which have inherited an enormous amount of unproductive capital stock under state ownership and control, concepts are required for formulating a theory of - and the respective political decisions for - a new flexible role of the state in transition. This control can also be felt in the shaping of external economic relations where not only economic considerations form the basis for trade politics, but also “old thinking”. Prospects for the ending of this power are not good. On the contrary, the danger exists that in countries lagging behind in the long and difficult process of establishing a market economy, the employment of non-market procedures may be reinforced. As argued before, a new push for privatisation is therefore needed in order to pave the ground for a rapid dismantling of the still too dominant role of the state

References:

1. Ashurova, S., & Erkin, G. (2024). NATURAL RESOURCE MANAGEMENT. *Gospodarka i Innowacje*, 47, 51-53.
2. AZIZA, M., & ERKIN, G. (2024). WAYS TO USE FRANCHISING IN ACCOMADATION INDUSTRY. *Web of Semantics: Journal of Interdisciplinary Science*, 2(6), 512-515.
3. Mukhammadiyeva, N., & Gulomkhasanov, E. (2024). HUMAN RESOURCES IN TOURISM AND HOSPITALITY. *Current approaches and new research in modern sciences*, 3(5), 87-91.
4. Makhmudova, A. P. (2022). THE MAIN FORMS OF PILGRIMAGE TOURISM. *Builders Of The Future*, 2(02), 139-145.
5. Makhmudova, A. A. (2022). Culture is a certain level of historical development of society, human creative power and abilities. *European International Journal of Multidisciplinary Research and Management Studies*, 2(09), 99-105.
6. Aziza, M., & Charos, M. (2023). Ways to Determine the Possibilities of Increasing the Range of New Services Based on Swot Analysis of Hostel Hotels. *Best Journal of Innovation in Science, Research and Development*, 2(12), 174-177.

7. Shavkatovna, R. R., & Erkin, G. (2024). THE EFFECTS OF REBRANDING TO THE IMAGE OF THE COUNTRY: IN THE CASE OF UZBEKISTAN. *Web of Semantics: Journal of Interdisciplinary Science*, 2(7), 73-77.
8. Erkin, G., & Kholkhujayev, S. (2023). The Importance of Nature Parks and Local Destinations.
9. Muslima, A., & Erkin, G. (2024). IMPROVING THE METHODS OF INCREASING THE EFFICIENCY OF THE SERVICES OF GENERAL CATERING ENTERPRISES IN THE DEVELOPMENT OF THE TOURISM INDUSTRY. *Web of Semantics: Journal of Interdisciplinary Science*, 2(6), 503-506.
10. Mardonova, D. (2023). O'ZBEKISTONDA MEHMONXONA BIZNESI SAMARADORLIGI TAHLILI. *Iqtisodiy taraqqiyot va tahlil*, 1(7), 84-89.
11. Mardonova, D. (2024). SCIENTIFIC AND PRACTICAL BASES OF CONCEPTS OF SERVICE QUALITY AND EFFICIENCY IN HOTEL BUSINESS. *Information Horizons: American Journal of Library and Information Science Innovation* (2993-2777), 2(2), 64-68.
12. Мансурова, Н. (2022). ЭКОНОМИЧЕСКАЯ АКТИВНОСТЬ, БЕЗРАБОТИЦА И ЗАНЯТОСТЬ СРЕДИ ЖЕНЩИН: https://doi.org/10.55439/ECED/vol23_iss5/a70. *Iqtisodiyot va ta'lim*, 23(5), 427-433.
13. Mansurova, N. S., & Baxromkulova, F. A. (2023). Turizm Destinatsiyasida Ijtimoiy Medianing Ahamiyati. *Central Asian Journal of Innovations on Tourism Management and Finance*, 4(7), 47-49.
14. Мансурова, Н. Ш. (2023). Мехнат Бозорини Тартибга Солишнинг Ижтимоий-Иқтисодий Механизмини Такомиллаштириш. *Central Asian Journal of Innovations on Tourism Management and Finance*, 4(7), 57-63.
15. Эркаева, Г. П., & Рузикулов, С. З. (2022). ИНСОН КАПИТАЛИНИ ШАКЛЛАНИШИ, РИВОЖЛАНИШ ДАРАЖАЛАРИ ВА ИНСОН КАПИТАЛИНИ ИНВЕСТИЦИЯЛАШ. *Gospodarka i Innowacje*., 24, 225-229.
16. Эркаева, Г. П., & Жаҳонгиров, Ш. (2023). ҲУДУДНИНГ ИЖТИМОЙ-ИҚТИСОДИЙ РИВОЖЛАНИШИ ВА ТАРТИБГА СОЛИШНИНГ НАЗАРИЙ АСОСЛАРИ. *Innovative Development in Educational Activities*, 2(2), 115-120.
17. Азизова, Н. Б., & Ибадуллаева, Ш. (2023). Лингвокультурологическая интерпретация фразеологизмов русского и узбекского языков. In *РКИ: Лингвометодическая образовательная платформа* (pp. 6-12).
18. Erkaeva, G. P., & Shukurov, U. S. (2022). EXPERIENCE OF FOREIGN COUNTRIES IN INCREASING THE INVESTMENT ATTRACTIVENESS OF THE REGIONS. *Gospodarka i Innowacje*., 24, 234-238.
19. Azizova, N. B., Milovanova, E. V., Ubojenko, A. S., & Akifeva, O. O. (2023). Methods for Linguo-Culturological Interpretation of Phraseological Units of the Russian and Uzbek Languages. *Rivista Italiana di Filosofia Analitica Junior*, 14(2), 939-944.
20. Suyunovich, T. I., & Erkin, G. (2022). Possibilities to increase the multiplicative efficiency of tourism through digital technologies in new uzbekistan. *Web of Scientist: International Scientific Research Journal*, 3(8), 74-80.