

DEVELOPMENT TENDENCIES OF SCIENTIFIC AND THEORETICAL APPROACHES TO INDUSTRIAL POLICY

MALLABOEV ANVARJON SOTVOLDIEVICH

Abstract

The article examines the theoretical aspects of industrial policy, various approaches to the concept of industrial policy. Comments on the tools and classification of industrial policies are presented.

Keywords:

industrialization, industrial policy, structural changes, liberalization, industrial policy classification, industrial policy instruments

Author correspondence:

MALLABOEV ANVARJON SOTVOLDIEVICH

PhD Student, Andijan Machine Building Institute, Andijan, Uzbekistan

E-mail: mallaboyev.anvarjon.@gmail.com

INTRODUCTION

In the context of globalization processes in the world, the structural changes, consistent modernization and diversification processes carried out in the industrial sectors in Uzbekistan in recent years indicate that the socio-economic development of the sector is a decisive factor. By increasing the competitiveness and efficiency of the national industry in our country, ensuring its appropriate contribution to world exports, organizing production based on high added value, modern technology, and speeding up the improvement of the industrial system with a qualified labor force are set as a strategic goal.

MAIN DISCUSSIONS

President of the Republic of Uzbekistan Sh.M. In the Decree "On the Development Strategy of New Uzbekistan for 2022-2026" adopted by Mirziyoev, "Continuing the industrial policy aimed at ensuring the stability of the national economy and increasing the share of industry in the gross domestic product, increasing the production volume of industrial products by 1.4 times" as a priority goal specified. (1)

The setting of the above goals is related to the fact that factors such as introduction of new techniques and technologies to the industry, improvement of the quality and competitiveness of goods, reduction of production costs, and increase of labor efficiency lead to positive changes in the social, economic and political life of the country.

In order to achieve these goals, it is of scientific and practical importance to formulate scientific conclusions and proposals necessary for creating the conceptual basis for improving industrialization policies in the economy of Uzbekistan.

Industrialization processes are the basis of economic development. Correctly chosen industrialization policy plays a decisive role in achieving sustainable economic development. It can be seen that the concept of industrial policy is given various definitions in the economic literature. Industrialization policy is, first of all, a set of measures aimed at structurally restructuring the economy of a particular country, establishing and developing vital industrial sectors. It is required to

Mallaboev Anvarjon Sotvoldievich (January 2023). Development Tendencies of Scientific And Theoretical Approaches To Industrial Policy

International Journal of Economic Perspectives,17(01) 121-129

Retrieved from <https://ijeponline.com/index.php/journal>

establish the production infrastructure, to create an intellectual base that manages and renews industrial production.is to implement structural changes in the structure of the economy by influencing the mechanism of production and resource distribution. (3)

Broadly speaking, industrial policy can be seen as the sum total of all policies affecting an industry. (4) From this definition , industrial policy includes all types of policies that directly or indirectly affect industry, including macroeconomic policy. Based on this definition, defining the limits of industrial policy and evaluating the impact of the policy is a more complex process.

According to another definition, industrial policy is a non-macroeconomic policy government intervention aimed at influencing the overall mechanisms of production and resource allocation, or the current location of resources in the economy. (5) Judging from the above definition, industrial policy includes competition policy aimed at changing the structure of the market and the behavior of firms, regional development policy aimed at influencing the location of industrial enterprises, and innovation policy aimed at influencing the techniques and technologies used by firms. (6)

Industrial policy today generally refers to the redistribution of factors of production in favor of certain firms or sectors in order to encourage productivity gains. (7) At the same time, economists have given various definitions to the concept of industrial policy. These definitions are summarized in Table 1.

Table1 shows that the definitions of industrial policy differ in two respects. First, some definitions of industrial policy emphasize competition-promoting and sector-wide (horizontal or functional) interventions, while othersmicro-intervention directed at specific (special) firms and sectors (vertical or sectorSecond, part of the definition of industrial policy states that the main goal of industrial policy is to update the structural structure of large firms and regulate the dynamics of change, while the rest states that entrepreneurship and dynamic economic activities should be encouraged with the help of industrial policy. (8)

Table 1.

Definitions of the concept of industrial policy

Sources	Definitions of industrial policy
Curzon Price, W., "Industrial Policies in the European Community", 1981	Industrial policies are government interventions that encourage or prevent structural change.
Adams, FG, LRKlein, Industrial Policiesfor Growth and Competitiveness", 1983.	Industrial policies are all government interventions that benefit economic growth and competitiveness.
Jacquemin, A., " Industrial Policies and the Community", 1983.	Industrial policies are policies aimed at creating the necessary conditions for the implementation of structural changes.
Tyson, L., J. Zysman, " American Industry in International Competition: Government Policies and Corporate Strategies", 1983.	Industrial policies are government policies aimed at solving the problems of specific sectors.
Johnson, Ch., "The Idea of Industrial Policy", 1984.	Industrial policiesare policies aimed at increasing the productivity and competitiveness of the entire economy and certain industrial sectors.
Graham, H.," European Industrial Policy", 1986.	Industrial policiespolicies aimed at influencing industrial sectors.
Geroski, PA," European Industrial	Industrial policies aim to improve the

Mallaboev Anvarjon Sotvoldievich (January 2023). Development Tendencies of Scientific And Theoretical Approaches To Industrial Policy

International Journal of Economic Perspectives,17(01) 121-129

Retrieved from <https://ijeponline.com/index.php/journal>

Policy and Industry Policy in Europe", 1989.	efficiency of the market mechanism comprehensive, microapproach policies.
Krugman, P., M. Obstfeld, " International Economics Theory and Policy", 1991.	Industrial policies are resources, government-initiated economic growths to direct the supply to important sectors.
Foreman Peck, J., G. Federico, "European Industrial Policy: The twentieth-Century Experience", 1999.	Industrial policies are any government interventions affecting industrial sectors.
Beath, J., "UK Industrial Policy: Old Tunes on New Instruments?", 2002.	In the narrow sense, industrial policies are policies aimed at specific firms and industrial sectors. In a broad sense, industrial policies are policies that affect the competitiveness of all firms and existing industries in the economy.
Rodrik, D., " Industrial Policy for the Twenty-First Century", 2004.	Industrial policies are based on the development of dynamic economic activities in the economy are policies aimed at implementing structural changes.
Aiginger, K., S. Sieber," Towards a Renewed Industrial Policy in Europe", 2005.	Industrial policies are policies aimed at creating an enabling environment for the economic activities of the entire economy in general, and industrial sectors in particular .
Chang, HJ, " The Political Economy of Industrial Policy", 1994.	Industrial policies are government interventions aimed at specific sectors in order to achieve economically efficient results.

Source: K. Aiginger, " Industrial Policy :A Dying Breed or A Re-emerging Phoenix " , *Journal of Industry, Competition and Trade*, Volume : 7, 2007, No : 3-4, pp.319,320.

Based on the above, the industrial policy is to create and produce a favorable environment for conducting economic activities its structure can be defined as government interventions that facilitate flexibility to changing economic conditions. This definition of industrial policy includes both policies aimed at all sectors and policies aimed at specific firms and industries.

Subsidies and tax incentives are the most widely used tools in industrial policy. At the same time, when analyzing the industrial policies used in different foreign countries, it can be seen that in addition to subsidies and tax incentives, tools such as debt guarantees and government purchases are also used in industrial policy. (9)As with the definition of the concept of industrial policy, there are differences among economists on the subject of types of industrial policy. There are views. Therefore, it is correct to say that there is no single generally accepted classification of types of industrial policy in the economic literature.

In his research on industrial policy, J. De Bandt divides policies affecting industry into three main groups. These policies:

1. Policy affecting the environment in which the agents operate;
2. Policy affecting the activities of entrepreneurs in general;
3. It can be expressed in the form of targeted policies aimed at specific entrepreneurs or industrial sectors. (10)

The main instruments of industrial policy are shown in Table 2.

Table 2

Tools of industrial policy

Tools specific to the market economy	Important tools	Subsidies
	Additional tools	
		Securing debts
		State purchases
		Setting industry sector standards
Non-market economy tools		State in the industrial sector initiative
		Price control
		Control over investments

Source: O. Budzinski, C. Schmidt, "European Industrial Policy : Foundations, Concepts and Consequences " , 2006, <http://ssrn.com/abstract=920060>, 15/09/2009.

The main policies included in the first group are macroeconomic policies, foreign exchange rate setting policies, and infrastructure investment policies. Although these policies are not considered industrial policies, they affect the activities of entrepreneurs. Measures related to labor market regulation, environmental policies, and competition policies are the second. These policies are considered industrial policies in a broad sense. Policies in the third group are policies aimed at targeted investment and scientific research and experimental construction activities aimed at developing specialized fields by increasing intellectual capital and production volume in special (specific) firms or sectors. In the narrow sense, when talking about industrial policies, it is mainly meant the industrial policies of this group.

P.R.Ferguson and G.J.Ferguson industrial policies

1. Accelerative Industry Policy (Accelerative Industry Policy);
2. Decelerative Industry Policy;
3. Neutral Industry Policy divides industry policy into groups. (11)

The main goal of accelerating industrial policy is to accelerate the innovation process by providing financial support to companies with development potential. In historical experience, similar industrial policies have been used in several countries such as England, France and Japan. (12) Decelerating industrial policy is mainly used in order to alleviate the losses in production and employment of firms with temporary financial problems, in solving these problems, when there is a risk of closing down as a result of the financial crisis. are policies. These include the regulation of property rights, the creation of necessary legal bases for economic entities to carry out their activities, and the regulation of competition.

According to another classification, industrial policy is divided into two groups:

1. Horizontal (functional) intervention (Horizontal, Functional Interventions);
 2. Vertical (Sector-wide, Selective) intervention (Vertical, Sectoral, Selective Interventions).
- (13)

Horizontal intervention is practices aimed at revitalizing the economy as a whole and improving the structure of the market in which economic entities operate, without giving any priority among firms or sectors. Stimulating education and especially professional education, investments for infrastructure development, technology-technology transfer from abroad, The most commonly used horizontal intervention practices are the support of scientific research and experimental design work. Targeting Policies or Winners Vertical intervention, known as Picking the Winners, is the practice aimed at stimulating certain industrial sectors or firms in order to achieve an increase in efficiency and productivity in the economy. Given that there is a problem of

Mallaboev Anvarjon Sotvoldievich (January 2023). Development Tendencies of Scientific And Theoretical Approaches To Industrial Policy

International Journal of Economic Perspectives,17(01) 121-129

Retrieved from <https://ijeponline.com/index.php/journal>

limited resources in any economy, the use of vertical policies is considered a more rational choice. It is desirable to pay attention to and encourage these sectors. At the same time, in practice, the identification of sectors with high development potential by the government is a complicated process. In order to identify these sectors, the government must consider the market conditions in which each industrial sector is operating, the sector's "learning by doing" (learning by doing). It is necessary to have a number of information such as capabilities and production methods. But it is often very difficult for the government to have this information. As a result, it seems impossible for governments to carry out a successful industrial policy through vertical intervention. This situation is called "Impossibility of Picking Winners") is represented by the name. (14) Another problem with vertical interference is the high probability that this type of interference opens the way for bribery and lobbying activities. (15) In the economic literature, vertical intervention is often criticized for the above two reasons, and attention is paid to the fact that horizontal interventions can give more positive results from the point of view of conducting industrial policy.

In conclusion, it can be said that since the economic resources in the world are limited, government intervention will inevitably be beneficial for some sectors. Therefore, it is natural that the government policy aimed at the industry has the characteristics of a targeted (targeted) policy. In fact, it can be regarded as a type of targeted policy. Because the government has to decide which sectors to direct resources to in order to realize economic activities even in situations where the government does not interfere with the market mechanism. It can be seen. As a result, in cases where the government does not interfere with the market mechanism at all, the allocation of resources to which sectors is determined by the strategic decision-makers of international firms. That is, the market Not interfering with the mechanism means leaving the goal setting up to the strategic decision-makers of international firms. At the same time, the introduction of horizontal interventions as an industrial policy means confirming the goals of decision-makers in international firms.

One of the notable scientific studies on industrial policy was conducted by J. Pelkmans. (16) J. Pelkmans in his scientific research, he analyzed the European industrial policy in detail and tried to systematize the types of industrial policies, taking into account all the policies affecting the industry. J. Pelkmans' classification of policies affecting industry is presented in Figure 1. In the classification made by J. Pelkmans, policies affecting industry are initially divided into two main groups.

1. Policies that are not directed to the industry but have an impact on the industry. Macroeconomic policies, income distribution policy, wage policy, general tax policy, infrastructure policy and energy policy are included in the first group;

2. Industry-oriented policies are divided into two main groups: policies that are not industrial policies, but have an impact on industry, and industrial policies. Policies that are not industrial policies, but have an impact on industry, cannot be defined as industrial policies, but as policies that have a direct impact on industry. can be explained. Such as price control policies and environmental policies are not industrial policies, but they affect the industry. In general, industrial policies:

1. Policies based on structural changes;
2. Horizontal policies;
3. Regional industry is divided into groups in the form of policies.

Policies based on structural changes are mainly driven by the effective functioning of the market mechanism competition policies and includes regulatory (regulatory) policies. These policies are closely related to horizontal policies.

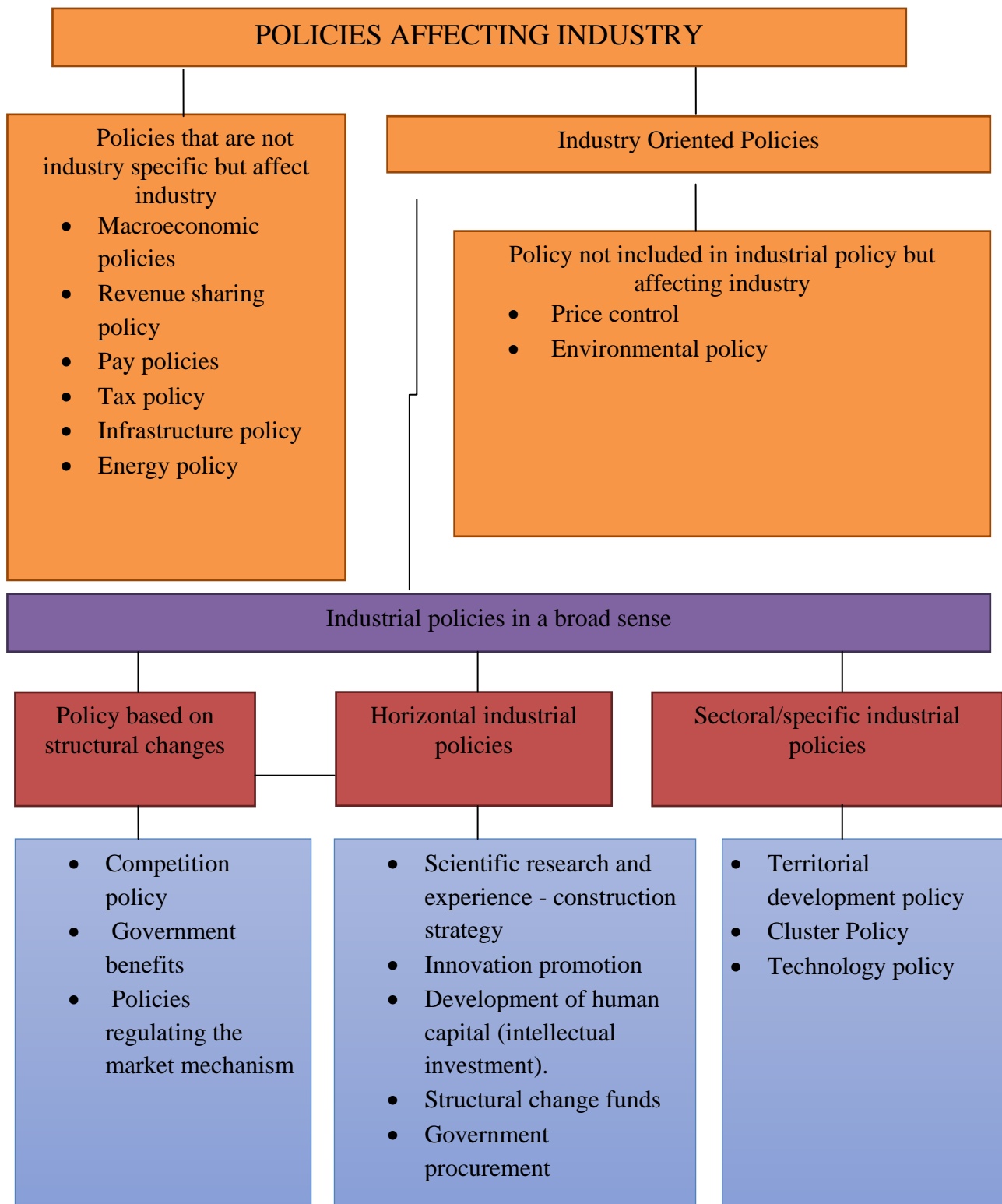


Figure 1. Policies affecting industry.

Source: J. Pelkmans, "European Industrial Policy", *International Handbook on Industrial Policy*, Editors: P. Bianchi, S. Labory, UK, Edward Elgar Publishing, 2006, pp. 47.

Mallaboev Anvarjon Sotvoldievich (January 2023). Development Tendencies of Scientific And Theoretical Approaches To Industrial Policy

International Journal of Economic Perspectives,17(01) 121-129

Retrieved from <https://ijeponline.com/index.php/journal>

Horizontal industrial policies are aimed at the development of the industry as a whole, and no priority is given to individual industrial sectors. Aimed at encouraging innovation and developing human capital (intellectual capital), scientific research and experimental construction policies are included in this group. Special industrial policies at the level of sectors are the development potential. are policies aimed at stimulating the production and investment activities of existing (specific) industrial sectors or firms. Targeted to specific sectors or firms, regional development, cluster and technology policy is one of them.

Above related to types of industrial policy based on scientific research, industrial policies are generally classified as horizontal and regional policies can be seen. At the same time, among the industrial policies used in practice, such a classification is a very complicated process. Therefore, in the analysis of the industrial policies, it is appropriate to evaluate them as a whole, not separately from each other.

The experience of developed countries in the world shows that there is an inextricable connection between the processes of sustainable economic development and industrialization. Therefore, the optimal industrial policy in the economy serves as an important factor in achieving the goals of the integration of the national economy into the world economy and taking a worthy place in the international labor distribution.

REFERENCES

1. Appendix 1 of the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 "On the Development Strategy of New Uzbekistan for 2022-2026" No. PF-60 "Development Strategy of New Uzbekistan for 2022-2026". Lex.uz

2. N.B. Kholmatov, N.A. Imomova, "Scientific-theoretical aspects of development and implementation of industrialization policy in Uzbekistan", "Economy and Finance", No. 1, 2010, 23 p.

3. RNB Alliance, International Industry and Business Structural Change, Industrial Policy and Industry Strategies, UK, Allen and Unwin Incorporation, 1987, p.15.

4. HJ Chang, " Industrial Policy :Can We Go Beyond An Unproductive Confrontation ?" ,Plenary Paper for Annual World Bank Conference on Development Economics, 2009,

[http://siteresources.worldbank.org/INTABCDESK2009/Resources/Ha-Jong_Chang.pdf,20 / 09/2009](http://siteresources.worldbank.org/INTABCDESK2009/Resources/Ha-Jong_Chang.pdf,20/09/2009)

5 . A. Lindbeck, " Industrial Policy as an Issue in the Economic Environment " , World Economy, Volume : 4, No : 4 , 1981, p. 391.

6 . PR Ferguson, GJ Ferguson, Industrial Economics Issues and Perspectives, US, New York University Press, 1994, p. 137.

7. HJ Chang, " Industrial Policy :Can We Go Beyond An Unproductive Confrontation ?" ,Plenary Paper for Annual World Bank Conference on Development Economics, 2009,

http://siteresources.worldbank.org/INTABCDESK2009/Resources/Ha-Jong_Chang.pdf,20 / 09/2009

8. K. Aiginger, " Industrial Policy : " A Dying Breed or A Re-emerging Phoenix, Journal of Industry, Competition and Trade, Volume : 7, No : 3-4, 2007, p.299.

9 . O. Budzinski, C. Schmidt, "European Industrial Policy : Economic Foundations, Concepts and Consequences " , 2006, <http://ssrn.com/abstract=920060>, 15/09/2009.

10 . G. De. Bandt, " Policy Mix and Industrial Strategies " , Europe's Economic Challenge : Analyzes of Industrial Strategy and Agenda for the 1990's, Editors : K. Cowling, R. Sugden, P. Bianchi, UK, Routledge Publishing, 1994, p .7,8.

Mallaboev Anvarjon Sotvoldievich (January 2023). Development Tendencies of Scientific And Theoretical Approaches To Industrial Policy

International Journal of Economic Perspectives,17(01) 121-129

Retrieved from <https://ijeponline.com/index.php/journal>

11 . PRFerguson, GJFerguson, *Industrial Economics Issues and Perspectives*, US, New York University Press, 1994, p p .150-158.

12 . PRFerguson, GJFerguson, *Industrial Economics Issues and Perspectives*, US, New York University Press, 1994, p p .150-158.

13 . S. Lall, " Selective Industrial and Trade Policies in Developing Countries :Theoretical and Empirical Issues " , University of Oxford Queen Elizabeth House Working Papers, Working Paper No : 48, 2000,<http://www3.qeh.ox.ac.uk/RePEc/qeh/qehwps/qehwps48.pdf>,20/10/2009.

14 . K. Cowling, C. Oughton, R. Sugden, " A Reorientation of Industrial Policy Horizontal Policies and Targeting " , *Industrial Policy in Europe : Theoretical Perspectives and Practical Proposals*, Editor : K. Cowling, UK, Routledge Publishing, 1999, p. 18.

15. HJChang, " Industrial Policy :Can We Go Beyond An Unproductive Confrontation ?" ,Plenary Paper for Annual World Bank Conference on Development Economics, 2009,

http://siteresources.worldbank.org/INTABCDESK2009/Resources/Ha-Jong_Chang.pdf,20 /09/2009

16 . J. Pelkmans, " European Industrial Policy " , *International Handbook on Industrial Policy*, Editors : P. Bianchi, S. Labory, UK, Edward Elgar Publishing, 2006, pp. 45-78.

17 Allayarov, Sh., Nabiev E., Allayarov S., Amanullaeva Yu. (2020) Ways To Improve The Tax Mechanism To Ensure The Financial Security Of The Country//*International Journal of Advanced Science and Technology*. Vol. 29, No. 7, (2020), pp. 7849-7855.

18 Allayarov, Sh., Allayarov S., Yuldasheva U., Madjidov N. (2020) Assessment of the effectiveness of the results of the fiscal policy of the republic of Uzbekistan// *International Journal of Advanced Science and Technology* Vol. 29, No. 7, (2020), pp. 7920-7926.

19 Allayarov, Sh.PhD. (2020) Combination of fiscal and stimulating functions of the tax system to ensure financial and economic security//*AMERICAN JOURNAL OF ECONOMICS AND BUSINESS MANAGEMENT* ISSN:2576-5973, Vol. 3, No.1, Jan-Feb 2020, 64-69 p.

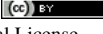
20 Allayarov, Sh.PhD. (2020) Faktor investigation of tax discipline for financial security// *ACADEMICA: An International Multidisciplinary Research Journal*. <https://saarj.com>.ISSN:2249-7137, Vol. 10, Issue 11, November 2020, Impact Factor: SJIF 2020=7.13, pp.2343-2348.

21 Allayarov, Sh.PhD. (2020) Strengthening tax discipline in the tax security system: features and current problems//*South Asian Journal of Marketing & Management Research (SAJMMR)*. <https://saarj.com>. ISSN:2249-877X, Vol. 10, Issue 11, November 2020, Impact Factor: SJIF 2020=7.11, pp. 124-128.

22 Allayarov, Sh.PhD. (2020) The improvement of tax control in order to strengthen tax discipline in the republic of Uzbekistan// *TRANS Asian Journal of Marketing & Manajment Research (TAJMMR)*. <https://tarj.in> ISSN:2279-0667, Vol 9, Issue 11, November 2020, Impact Factor: SJIF 2020=7.209, pp. 57-62.

23 G. Shamborovskyi, M.Shelukhin, Allayarov Sh, Y.Khaustova, S. Breus. (2020) Efficiency of functioning and development of exhibition activity in international entrepreneurship// *Academy of Entrepreneurship Journal* (Print ISSN: 1087-9595; Online ISSN: 1528-2686) Volume 26, Special Issue 4, 2020 pp. 1-7.

24 L.Shaulaska, S.Kovalenko, Allayarov Sh, O.Sydorenko, A.Sukhanova (2021).

© 2023 by The Author(s).  ISSN: 1307-1637 *International journal of economic perspectives* is licensed under a Creative Commons Attribution 4.0 International License.

Corresponding author: Mallaboev Anvarjon Sotvoldievich

Submitted: 27 Nov 2022, Revised: 09 Dec 2022, Accepted: 18 Dec 2022, Published: January 2023

Mallaboev Anvarjon Sotvoldievich (January 2023). Development Tendencies of Scientific And Theoretical Approaches To Industrial Policy

International Journal of Economic Perspectives,17(01) 121-129

Retrieved from <https://ijeponline.com/index.php/journal>

Strategic enterprise competitiveness management under global challenges // Academy of Strategic Management Journal, JEL Classifications: M5, Q2/ Volume 20, Issue 4, 2021

25 Allayarov, Sh.PhD. F.Kilicheva K.Rakhimova, A.Mamasadikov, Sh.Khamrayeva, A.Durmanov (2021). Game Theory And Its Optimum Application For Solving Economic Problems // Turkish Journal of Computer and Mathematics Education Vol.12 No. 11 (2021), 3432- 3441.

26 Allayarov, Sh.PhD., Mehmonov S, Ruziev A., Rasulyev A. (2021). Activity, Essence of Stock Exchange and Its Role in Business// Annals of R.S.C.B., ISSN: 1583-6258, Vol. 25, Issue 1, 2021, Pages. 5158 - 5161 Received 15