

Economics and politics

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Annotatsiya: Siyosat va iqtisodiyotning o‘zaro bog‘liqligi, siyosat iqtisodiyotga qanday ta’sir qilishi mumkinligi hamda ularni bir-biridan ajratish mumkinmi yoki yo‘q? Ushbu savollarga javob maqolada batafsil berilgan.

Аннотация: Взаимосвязь политики и экономики, как политика может влиять на экономику, а также можно ли их отличить друг от друга или нет? Ответы на эти вопросы подробно представлены в статье.

Annotation: The relationship between politics and economics, how politics can affect the economy, and can they be distinguished from each other or not? The answers to these questions are presented in detail in the article.

Kalit so‘zlar: Iqtisod va siyosat, iqtisodiy o‘shish, ko‘p darajali tizim, moliya bozori va korporativ foydani oshirish.

Ключевые слова: Экономика и политика, экономический рост, многоуровневая система, финансовый рынок и увеличение корпоративной прибыли.

Keywords: Economics and politics, economic growth, multilevel system, financial market and corporate profit increase.

The ECONOMY is any activity of people related to the provision of material living conditions.

POLITICS is the activity of state power in the field of governance and international relations; the activity of a particular social group, party, class, determined by their goals and interests.

The relationship between politics and economics is of a direct nature. The economy plays a decisive role in this relationship. It forms the material basis of politics. The development of economic processes determines policy. The content of politics, certain political decisions and actions are ultimately determined by the economic interests of people. Genuine politics is nothing but the conscious use of economic laws. This shows one side of the relationship between politics and economics. However, their relationship is not one-sided.

Being determined by the economy, politics at the same time has significant relative independence and has a significant reverse effect on the economy.

How politics can affect the economy?

When the subjects of production processes begin to conflict, then the intervention of politics in these economic relations by nature becomes necessary.

It should be noted that the political system is still more independent in decision-making compared to the economic one. But there is one caveat — the political course largely depends on domestic economic relations. Although external political pressure (for example, international sanctions) leads to changes in the structure and principles of the economy in the country.

One can rely on various doctrines, but Engels' economic theory gives a clearer idea of how differently the political system can influence the system of economic relations.

Three key aspects:

- politics slows down the development of the economy, then there will be discontent among the population due to a decline in living standards;
- politics can serve as a catalyst for individual economic processes that can lead to both positive and negative consequences;
- the "elite" of political power has the ability to influence (suspend and redirect) resources in accordance with their interests in a certain segment of the economy.

The instruments of economic policy are: the state budget (fiscal policy) and the Central Bank (monetary policy).

The economy is a complex, multi-level system that ensures the satisfaction of various needs of people and society by creating the necessary material goods. In any society, the economy is designed to solve three problems: what to produce, how to produce and for whom to produce.

In other words, it is necessary to determine what goods and services (clothing, furniture, cars, food, service, etc.) and to what extent society (and people) need at the moment. It is also important to assess the use of which technologies, methods of production organization, the use of which resources will give the maximum economic and social effect. In addition, the company must take into account how the products produced and, accordingly, the income (profit) received will be distributed among economic entities. In different economic systems, these tasks are solved in different ways, it depends on the form of ownership of the means of production and on the way the economy is managed.

Politics is determined by various factors, including economic ones, and also directly depends on the social structure of society, the level of social stratification. On the other hand, politics is able to influence these areas, to penetrate them. **This is due to two aspects of politics:**

a) although the policy is not really aimed at creating material and spiritual values (they are created in other spheres), but the policy is designed to provide conditions under which the creation and appropriation of values would meet the interests of certain social groups. This feature of politics is reflected in the widely presented definitions of power as an instrument for the distribution of values in society.;

b) politics is present in all public spheres by virtue of its inherent regulatory function. Such types of state policy as economic, military, scientific and technical, social, cultural, environmental, etc., are aimed at improving relations between people in these areas, as well as at a more rational use of social values.

Why do governments interfere?

The Government may decide to regulate certain aspects of economic activity in order to stimulate economic growth or prevent negative economic conditions in the future. In general, the active role of the Government in responding to and influencing the economic conditions of the country is aimed at preserving and promoting the economic interests of the general public.

For those in political power, having experience of economic growth is often an important factor (especially if they are in a position to seek re-election). In the US, many studies have shown that the economy is the main factor influencing how people vote (especially in the US presidential election).¹² Strong economic growth usually leads to the creation of a large number of jobs, higher wage growth, improved financial market performance and increased corporate profits.

Is it possible to separate politics and economics from each other?

A key aspect of anarchism is the idea that the political and economic aspects of society cannot be separated. This means that economic freedom is inseparable from political freedom and vice versa. If representatives of the working class submit to authoritarian political organizations, then their economic freedom will also be limited, and, conversely, if their economic freedoms are limited, then their

political freedoms will also be limited. As Proudhon put it, "industrial freedom is inseparable from political freedom."

Xose Marti said: "Whoever talks about an economic union, he talks about a political union. The nation that buys commands; the nation that sells serves. Trade must be balanced to guarantee freedom. A nation that wants to die sells goods to only one nation, and a nation that would like to be saved sells them to more than one. The excessive influence of one country on the trade of another becomes a political influence. Politics is the work of people who give their feelings to interests. When a strong nation supplies another country with food, it requires the recipient to serve it. When a strong nation wants to engage another in battle, it forces those who need it to become its allies and serve it. A nation that wants to be free should be free in matters of trade. It should distribute its trade between countries that are equally strong. If you want preference to be given to one person, give preference to the one who needs it the least. Let there be no alliances of the Americas against Europe, nor an alliance with Europe against the nation of the Americas. Only the mind of some university student could deduce the commitment to political union from the geographical coincidence of our cohabitation in North and South America. Trade goes along the land and sea routes of the earth, heading to any country where there is something to exchange, be it a monarchy or a republic. Let's be in alliance with the whole world, not just with a part of it, not with one part against another. If the republics of America have any function at all, it certainly does not consist in one of them opposing future republics."

What innovations are being made today in the policy of Uzbekistan for the development of the economy?

The Central Bank has approved two scenarios for the development of the economy of Uzbekistan for 2023-2025. Their development took into account the continuing high uncertainty in the world, the decline in prices for basic goods, limited opportunities for financing from the budget, the need for reforms and much more.

The Central Bank of Uzbekistan has approved the main directions of monetary policy for 2023 and the period 2024-2025

Since the end of 2021 and the first months of 2022, economic recovery has been observed in most countries of the world. However, since the end of February,

there has been high inflationary pressure caused by the crisis situation between Russia and Ukraine and fluctuations in the energy market, a delay in bringing supply volumes in line with high demand, as well as a retaliatory tightening of monetary policy, the review says.

Taking into account these factors, the International Monetary Fund and the World Bank have revised the growth rates of the world economy and the economies of Uzbekistan's main trading partners, lowering the growth forecast for 2023.

The changes in the foreign economic situation observed in 2022 are more in line with the conditions of the alternative scenario from the previous forecast, experts of the Central Bank note.

The Central Bank has formed the main and alternative (taking into account the possibility of a sharp increase in external risks and postponement of reforms) scenarios of macroeconomic development.

Their development took into account the persistence of high uncertainty against the background of geopolitical tensions in the world and among trading partners, the tendency to lower prices for basic commodities in a global recession, the occurrence of failures in logistics and supply chains, a decrease in the supportive effect of financial incentives, the need for effective and rigorous structural reforms aimed at reducing state participation in the economy and strengthening the competitive environment, limiting the possibility of financing from the budget and much more.

Objectives of macroeconomic policy

In 2022, the factors affecting the macroeconomic situation and their characteristics differed sharply from previous years. Based on the current economic situation and expected macroeconomic indicators, the ultimate goal of macroeconomic policy, which will be implemented in the coming years, is mainly to solve two tasks.

Firstly, maintaining macroeconomic stability, among other things, requires focusing efforts on reducing the inflation rate to the target level of 5 percent by the end of 2024, preventing an increase in the consolidated budget deficit above 3% of GDP in 2023 and 2% in 2024, ensuring real growth (physical volume) of exports of non-primary finished products. products by at least 20-25%..

The second is the achievement of inclusive economic growth, in particular:

gradual completion of planned structural reforms (transformation and privatization of state-owned enterprises and banks, land reform and reforms of the fuel and energy complex, strengthening of the competitive environment and further liberalization of foreign trade);

gradual reduction of the state's burden on financing the economy through macroeconomic, fiscal and monetary policies aimed at stimulating domestic and external private investment;

ensuring the growth of household incomes by at least 5-6% in real terms, the annual growth of private and foreign direct investment by 15-20%, the development of transport and social infrastructure.

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