

# Increasing the Competitiveness of the Economy is a Factor in Ensuring Economic Security

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**Abstract---** *Increasing the competitiveness of the economy is one of the main social indicators of national as well as economic security. Therefore, during the period of independent development of the republic, great attention was paid to the implementation of reforms to improve the competitiveness of the economy and living standards. During the most difficult transition period of the country and society reform, strong social policy and the development of a unique, effective mechanism to increase the competitiveness of the economy have strengthened social stability and served to ensure economic security.*

**Keywords---** *Economic Crisis, The Competitiveness of the Economy, Economic Security, The Growth of Capital and Labor Mobility, Market Reforms, Macroeconomic Stability.*

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## I. INTRODUCTION

In the context of the global financial and economic crisis, which has affected the economies of all countries of the world, ensuring the stability, diversification and competitiveness of the economy is one of the important factors protecting the country's economy from its threats.

Competition is one of the most important features of a market economy. Competition in the economy creates conditions for the realization of its potential and opportunities through the production of new competitive goods and services.

In the context of increasing globalization, the problems of international competition come to the fore. Many countries around the world, including those in transition economies, have enacted competition laws and established agencies to deal with these issues. This, in turn, demonstrates the recognition of the leading role of competition in the successful functioning of the market economy.

The growth of capital and labor mobility, the mass informatization of the world economy, the processes of globalization manifested in the integration of free trade and markets, open wide opportunities for all countries to accelerate socio-economic development. But at the same time, countries face some challenges inherent in these processes. At the same time, the world experience shows that the countries that benefit from the globalization process, mainly with competitive goods ready for the world market, are benefiting the most.

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## II. MATERIALS AND METHODS

The large-scale reforms implemented in our country during the years of independence have become an important basis for strengthening national statehood and sovereignty, ensuring security and law and order, inviolability of state borders, rule of law, human rights and freedoms, interethnic harmony and religious tolerance. It has created the necessary conditions for a decent life of our people, for the realization of the creative potential of our citizens.

Absolute abandonment of the command-based management system in the economy, gradual implementation of market reforms and careful monetary policy have led to macroeconomic stability, high economic growth, inflation at the level of forecast indicators. and served to create ample opportunities and favorable conditions for the development of small business and private entrepreneurship, the farming movement.

At the same time, an in-depth analysis of the path of development of our country, the development of a completely new approach and principles for the more stable and dynamic development of our country in today's rapidly changing world market conditions and growing competition in the context of globalization. and requires implementation.

Developed as a result of a comprehensive study of current issues of concern to the population and entrepreneurs, analysis of current legislation, law enforcement practices and best international practices, as well as a broad public discussion, Uzbekistan in 2017-2021 To approve the Strategy of actions on five priority directions of development of the Republic according to appendix 1: "Strengthening of macroeconomic stability and maintenance of high rates of economic growth, increase of competitiveness of national economy, development of agriculture, directed on further development and liberalization of economy. modernization and accelerated development of the economy, continuation of institutional and structural reforms to reduce state participation in the economy, protection of private property rights and further strengthening of its priority position, development of small business and private entrepreneurship Active attraction of foreign investments in the sectors and regions of the economy of the country through the promotion of sustainable development, comprehensive and balanced socio-economic development of regions, districts and cities, improvement of the investment climate."

The need to increase the competitiveness of the national economy is determined by other conditions. For example, the limited size of the domestic market also limits the ability to increase production efficiency through the use of modern technologies. In addition, any country will have to buy some of its consumer goods in foreign markets. In this context, increasing the country's export potential will guarantee foreign exchange earnings to support imports. So, competitiveness is directly related to the problem of economic security.

It is known that for several years; research has been conducted to determine the competitiveness of countries in the world economic system and to create a competitive rating. According to data from the Internet, in 2005, 290 indicators were analyzed to calculate the competitiveness rating. Of these, 41 indicators are used as primary information about the country and are not reflected in the final ranking. The remaining 249 indicators are divided into eight generalized factors. They are:

- Domestic economic potential;
- Foreign economic relations;

- State regulation of the economy;
- Financial and credit system;
- Infrastructure;
- Management system;
- Scientific and technical potential;
- Labor resources.

Particular attention is paid to the indicators of the level of development of the economy, education, science, legal system, computer science, infrastructure, finance, tax system, foreign economic activity, management system, social spheres.

Competitiveness is the most important mechanism for economic security. Economic security and competitiveness are always intertwined. Both economic security and competitiveness characterize the national economy and its components. At the same time, while competitiveness is both an objective and an indicator of the level of development of the national economic complex and its components, economic security is a condition for its existence and development.

Supporting and developing competition in the country, creating a competitive environment is important for ensuring macroeconomic stability, achieving high economic growth, forming an efficient structure of the economy and increasing the competitiveness of the national economy.

Creating a competitive environment in the country, supporting competition, and maintaining the competitiveness of the economy at the required level require well-thought-out, strategic, goal-oriented actions. The role of the state is especially important in this.

Among the measures to be taken during the transition to a market economy is the promotion of competition and the creation of a healthy competitive environment. The experience of developed countries shows that the development of competitive relations is a more complex and long-term process.

In a market economy, the state does not control competition, but influences it through various methods and means of regulation. These include various laws, legal acts, government decisions, and economic incentives.

The task of the state is to create the necessary conditions to strengthen the competitiveness of the national economy. Competitiveness management is carried out directly at the level of producers. At the same time, manufacturers need to have the right rights, entrepreneurial initiative, and human resources. According to Porter, the state should play the role of a unique catalyst for competitiveness. However, it is important to clearly define the priorities of public policy.

According to experts, the package of government measures to support competition and the competitiveness of the national economy should include:

- Creation of infrastructure, skilled labor, research and development;
- Effective tax and monetary policy, regulation of the energy market;
- Stimulating demand, domestic competition and innovation;

- Creation of a clear system of technical and technological standards for the exclusion of substandard products from the market;
- Delivery of complete and high-quality information to customers;
- Implementation of regional policy to stimulate the development of backward areas;
- Export promotion;
- Attracting foreign investment.

### **III. RESULTS AND DISCUSSIONS**

As the principles of monopolization intensify in the economy, competition is limited, so the state also participates in creating a competitive environment. This is reflected in the state's antitrust policy. Depending on the specific situation in each country, ie the degree of monopolization of the economy, its scale and nature, this policy will focus on re-creating the environment of free competition, maintaining it, restoring it if necessary, deciding on competitive methods.

It is worth mentioning the experience of countries with sufficiently perfect market economies to support competition and ensure the competitiveness of the country. Strong legal framework, normative and resource base formed in developed countries, the existence and effective functioning of relevant state and public organizations engaged in ensuring the competitiveness of various facilities to support competition and maintain a high level of competitiveness in the country creates a wide range of opportunities for. The governments of many developed countries develop and implement special programs to support competition and ensure competitiveness. They will develop and improve the necessary infrastructure for this.

In this regard, the experience of Japan, which has rebuilt the economy destroyed in World War II in 15 years and has become one of the most developed countries in 25 years, in creating a competitive environment in the country is noteworthy. After the war, the country's first priority was to rebuild its shattered industrial production. To accomplish this task, the Japanese government has studied various approaches to solving the problem of stimulating economic growth by the state and has focused on industrial policy. The successful implementation of this policy has laid the foundation for the formation of a competitive environment and increased the competitiveness of the national economy. This allows the country to maintain its competitive position in global markets even now.

An effective and scientifically sound industrial policy has ensured the rapid growth of the Japanese economy.

By the end of the 1960s, the saturation of the Japanese domestic market with all the necessary goods encouraged Japanese companies to develop export strategies. The export potential of each sector, which has enough goods in the domestic market, has increased. This, in turn, required the establishment and development of a network of sales channels in foreign markets. At the same time, the above-mentioned changes have been accompanied by the modernization of production processes, reduction of production costs, improvement of quality and expansion of the range. At the same time, government intervention in investment processes has decreased. The private sector has begun to independently determine the direction of investment and business development in the country and abroad. The government has begun to focus on developing a competitive environment and promoting competition. The

government has taken measures to protect small and medium-sized businesses from the pressure of large monopolies.

Changes in the country have led to an increase in incomes. In addition, the increase in the level of education of the population, the pursuit of a prosperous life has led to the expansion and growth of consumer demand. As a result, the struggle for the buyer, internal competition intensified, and new goods began to be produced. As a result, the profits of Japanese companies increased, which in turn served as a basis for expanding production.

Encouraging the private sector to invest in research and development through the creation and maintenance of a competitive environment and the provision of tax incentives has been a priority of Japanese industrial policy.

From the above, it can be seen that in supporting competition and creating a competitive environment in Japan, special emphasis is placed on the implementation of industrial policy and thereby improving the structure of the country's economy. At the same time, state intervention in the country's economy was based not on administrative control but on economic incentives, which served as the basis for the formation of a broad field for free competition. The study of such experiences and their use, taking into account the specifics of the republic, will allow to further expand the competitive environment in our country.

At the current stage of economic development of Uzbekistan, the issues of "combating monopolies and creating a competitive environment in practice" are of particular importance, the solution of which will lead to growth in production, increase product quality and competitiveness, lower prices.

The State Committee for Development of Competition, which is the state antimonopoly body and plays an important role in the development of the competitive environment in the country and the state control over the observance of antitrust law.

The establishment of this state body has laid the foundation for further strengthening the institutional framework for competition in Uzbekistan. The institutional framework for supporting competition in our country has been in place since the early days of economic reforms. The measures taken on privatization, denationalization, development of small business and private entrepreneurship have served as an institutional basis for supporting competition in the country, creating a competitive environment.

During the years of independence, the Republic has developed an industrial policy aimed at further accelerated development of industries and enterprises capable of producing competitive products with high added value.

In order to increase the competitiveness of the country's economy, it is important to implement the tasks set out in the anti-crisis program adopted in the country. One of the tasks is to take concrete measures to support the competitiveness of export-oriented enterprises in foreign markets and to create additional factors to stimulate exports in the current situation, when the current situation is deteriorating sharply.

Table 1: Economic Security Problems and Measures to Ensure their Relationship

Macroeconomic policy	EU single market	EU economic and monetary union	Economic activity	Uncertain origin of the capital and the investor predominance	Regional development
Implementing measures					
Financial and monetary stability	Free movement of persons, goods, services and capital	Economic and fiscal policies, coordination	Free and fair competition	Strategic enterprises, equipment protection	Strategic enterprises, equipment protection
The financial and economic crisis prevention	tax harmonization	The single monetary policy	A favorable business environment		
		Euro- the single currency	Foreign investments		
			export diversification		

The analysis of economic security tasks suggests that the country's economic security object is economic system and economic indicators, competitiveness.

Many factors of the risk have continuing nature, so it's difficult to identify and eliminate completely. This may influence economic security.

Table 2: External and Internal Risk Factors of Economic Security

Geopolitical environment of external risk factors, challenges and potential threats in the economic field	Potential internal risks and domestic crises in the economic field
Economic pressure, blockade and other hostile economic shares	Employment, production scale and national product decrease to a critical level
industry's dependence on any one country or group of countries	industry and technological backwardness
Capital investments for political purposes: the national energy and other strategically important branches of economy companies, finance and credit institutions, the most important communications (railway, highways, pipelines, sea ports, airports) ownership or management control of takeover	Economic criminalization; uncontrolled extent of economic crimes
Energy dependence on one country or one group of national resources; easy operation of the power system vulnerability;	The banking-financial system crisis and financial panic
State destabilizing the financial system to foreign debt scale;	Destabilization of the national currency, the Bank of Lithuania exchange reserves drop below a critical threshold
Stabilizing intervention in the Lithuanian financial banking system and its devastating effects	State financial capacities in excess of domestic debt

Competitive performance can result in threats to economic security, it is important to examine the possibilities of occurrence of such threats and their impact on the country's competitiveness.

#### IV. CONCLUSION

Competition is one of the most important features of a market economy. Competition in the economy creates conditions for the realization of its potential and opportunities through the production of new competitive goods and services. In the context of increasing globalization, the problems of international competition come to the fore.

Competition is the most important mechanism for ensuring economic security, and economic security and competition are always interrelated. Both economic security and competitiveness characterize the national economy and its components.

In the context of the global financial and economic crisis, ensuring the stability of the economy, its diversification and increasing its competitiveness are important factors in protecting the country's economy from its threats.

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