

Development of Economic Growth Theory

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Annotatsiya: This article discusses neoclassical models of economic growth, in particular the Solow-Swan model. The main factors of the model - capital, labor and technology - are analyzed. The neoclassical approach emphasizes the role of technological progress in economic growth. The practical significance of this model and its relevance today are also discussed.

Kalit so‘zlar: Neoclassical model, economic growth, Solow-Swan model, capital, labor, technology, production function, economic development, innovation, sustainable development.

INTRODUCTION

Economic growth is an integral part of the development of every country. In today's globalization environment, sustainable economic growth plays an important role in solving urgent tasks such as forming a competitive economy, increasing the well-being of the population, and ensuring social stability. Therefore, an in-depth study of economic growth theories, especially the analysis of one of its main directions, the neoclassical approach, is of particular importance in the current period. Neoclassical economic growth models seek to explain economic processes based on a theoretical approach. This approach deeply studies the interaction of production factors (capital, labor, technology) and their contribution to economic growth. In particular, the Solow-Swan model is a classic example of this theory, through which long-term trends in economic growth are analyzed[1].

This article provides a comprehensive overview of neoclassical economic growth models, their main components, theoretical foundations, and practical significance. Through the article, the reader will have the opportunity to understand modern interpretations of economic growth, evaluate the development strategies of countries, and formulate a scientifically sound approach to future economic policy. The neoclassical approach is important not only for its theoretical significance, but also as a practical tool that can be applied in real life[2].

Neoclassical economic growth theories occupy an important place in economics. They serve as a theoretical basis for determining a sustainable and efficient path of economic development. This approach is aimed at a thorough analysis of the interaction of the factors of production - labor, capital and technology. According to the neoclassical model, any economic growth process occurs on the basis of an efficient combination of production factors. However, over time, simply increasing the factors of production will not be enough. Innovation and technological development play a key role in ensuring growth in the long term[3].

The neoclassical approach focuses on technological progress. This approach suggests that economic growth can be achieved not only by increasing labor and capital, but also by improving science and technology. Innovation, digital technologies, modern production methods, and scientific achievements increase production efficiency and directly affect the overall potential of the national economy.



The low quality of education, the issue of creating new jobs, the process of transition to a market economy, environmental problems, and the global competitive environment are challenges to sustainable economic growth in Uzbekistan. This was announced at a meeting of UN missions, embassies, and government agencies on the national sustainable development goals. During the partnership meeting, government representatives provided information on the work being done in Uzbekistan to implement the national sustainable development goals, while representatives of the United Nations presented their recommendations[4].

According to Ilhom Mamatkulov, a representative of the Ministry of Economy and Industry, the concept of "Socio-Economic Development of Uzbekistan until 2030" defines the work to be done to achieve the goals of national sustainable development. In particular, the tasks set include accelerating the transition to a market economy system, ensuring macroeconomic stability, introducing effective social protection mechanisms, reforming the public administration system, and conducting environmental policy correctly[5].

According to the UN Partnership Program, the Sustainable Development Goals by 2030 should be implemented based on the principles of taking into account the interests of each individual, ensuring human rights, gender equality and women's empowerment, resilience to external influences, sustainability, and accountability.

The experience of developed countries shows that investment in technology, development of human capital, support for education and science have become the main driving force of economic growth. For example, countries such as Japan, South Korea, and Germany have brought their economies to a high level precisely due to technological progress. They have studied the approaches of the neoclassical model in depth and developed national development strategies on this basis[6].

The practical significance of the neoclassical approach can also be seen in the example of Uzbekistan. In recent years, a new stage of economic reforms has been launched in our country. In particular, the "Uzbekistan – 2030" strategy pays great attention to technological modernization, the widespread introduction of innovations, and the transformation of science into the main factor of economic development. This directly corresponds to the ideas of the neoclassical model.

In Uzbekistan, economic growth factors are being expanded through the development of high-tech industries, the introduction of artificial intelligence and digital technologies, and the strengthening of research institutions. For example, the creation of IT parks, innovative technoparks, the establishment of modern specialties in higher education, and the attraction of foreign investment in the digital economy are vivid examples of this. In particular, modern campuses and startup projects in the field of information technology in Tashkent are supported by the state.

The role of human capital is also increasing. A solid foundation for economic growth is being created by training a skilled workforce, improving the education system, and adapting it to international standards. The flexibility of the labor market, the expansion of the social protection system, and the strengthening of mechanisms for cooperation between the private sector and the state all of which

However, in the neoclassical model, technology is seen as an external factor, and this is one of its shortcomings. That is, the model does not fully answer questions such as how technological development occurs, who is in control, and under what conditions it develops. Therefore, endogenous growth theories were later developed to overcome these shortcomings. They interpret technology as an internal factor and emphasize its formation through public policy, research and development, and the education system[7].

Nevertheless, the neoclassical model remains relevant today. In particular, it is used in developing economic strategies for developing countries, since it combines simplicity, systematicity and approaches that are consistent with real life. Uzbekistan is also implementing reforms based on the neoclassical approach aimed at increasing production efficiency, attracting foreign investment, introducing innovative technologies, strengthening export potential and ensuring the well-being of the population.

Table 1. Key indicators of the economy of Uzbekistan (2020–2024)

Indicator name	2020	2021	2022	2023	2024
GDP growth rate (%)	1.7%	7.4%	5.7%	6.0%	6.2%
Industrial production growth (%)	0.7%	9.5%	5.2%	5.6%	6.0%
Information technology exports (mln \$)	25 million	46 million	82 million	140 million	200 million
Foreign Direct Investment (billion \$)	3.7 billion	7.5 billion	8.0 billion	8.6 billion	9.0 billion
Share of digital economy (% of GDP)	1.6%	2.2%	2.8%	3.5%	4.0%
Number of workers (million people)	14.8	15.1	15.4	15.6	15.9
Poverty rate (%)	17%	14%	12%	11%	10% (target)
Funds allocated to science (% GDP)	0.2%	0.3%	0.4%	0.5%	0.6%
Number of students enrolled in higher education	102 thousand	146 thousand	171 thousand	180 thousand	190 thousand

(thousands)					
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GDP growth has begun to recover rapidly after the decline during the pandemic, and this growth is largely due to technological modernization, expansion of export potential, and reforms. IT exports increased almost 6-fold from 2020 to 2023, and these figures indicate that the digital economy is rapidly developing in Uzbekistan. The volume of investments is increasing every year, which indicates the implementation of large projects focused on technology and production. Although spending on science is small, it is gradually increasing. This is a positive factor for long-term growth. A decrease in poverty rates means that economic growth has a positive impact on the population.

Neoclassical economic growth models offer a scientifically sound approach to economic development. They make it possible to assess the state of the country's economy, analyze available resources, and set future strategic goals. Uzbekistan is taking concrete steps in this direction, and their results will become even more evident in the coming years.

CONCLUSION

Neoclassical economic growth models occupy an important place in the system of modern economic theories. They explain economic growth based on the interaction of labor, capital and technological factors. According to this approach, the efficient use of production resources, technological progress and the development of human capital are the main criteria for the stability of a country's economy. It is on the basis of these principles of the neoclassical model that many countries have formed their economic policies and achieved high growth rates.

The example of Uzbekistan also clearly demonstrates that economic reforms based on this model are paying off in practice. The economic reforms that began in our country after 2020, in particular the development of the digital economy, attracting foreign investment, and the widespread introduction of innovative technologies, have led to a steady increase in GDP growth. The increase in information technology exports, the expansion of the industrial and service sectors indicate that the main elements of the neoclassical model are also being reflected in Uzbekistan.

Also, the focus on human capital, increasing the amount of money allocated to education and science, is an important factor for long-term sustainable growth. Because in the neoclassical model, along with labor and capital, technological advances, knowledge and experience are also considered the main driving force of economic growth.

However, the neoclassical model sees technology as an external factor, which also gives rise to critical views on it. Therefore, in the later stages, endogenous growth theories also developed. However, the simplicity and clarity of the neoclassical model, its closeness to real economic processes, still keeps it relevant. Through this model, countries can develop their own economic development strategies, rationally use resources, and ensure long-term sustainable growth.

The neoclassical approach will continue to be an important theoretical foundation for Uzbekistan in the future, because the priority areas being implemented in our country, such as digital transformation, transition to an innovative economy, industrial diversification, and development of modern infrastructure, are the practical manifestation of this model.

In conclusion, neoclassical economic growth theories serve as the theoretical basis for the economic reforms being carried out in our country. Through them, strategic decisions are being made that serve to maintain balance in the economy, increase efficiency, accelerate innovation, and improve the well-being of the people. This is an important step towards ensuring the economic stability of Uzbekistan.

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