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FACTORS INFLUENCING ECONOMIC DEVELOPMENT

Abstract: *This article examines the factors influencing the development of the economy.*

Key words: *economics, business, small business, taxes, risk, market*

ФАКТОРЫ ВЛИЯЮЩИЕ НА РАЗВИТИЕ ЭКОНОМИКИ

Аннотация: В данной статье рассматриваются факторы, влияющие на развитие экономики.

Ключевые слова: экономика, бизнес, малый бизнес, налоги, риск, рынок

There are many approaches to defining economic growth. For example, the works of A. Smith and T. Malthus contain an exclusively quantitative approach to the study of this phenomenon - they believed that the essence of economic growth is to increase wealth. But P. Samuelson quite clearly linked the essence of economic growth with a change in the boundaries of the production possibilities of the economic system. S. Kuznets argued that economic growth is a long-term increase in the country's production capacity based on technological progress. Of course, these are just a few interpretations among the whole variety of thoughts and views of economic scientists. Based on the above, let's try to give our definition to this phenomenon. So, economic growth can be viewed as a long-term increase in the volume of goods and services produced in the country for a certain period of time (usually a year). But for the measurements to be the most accurate, the impact of inflation must be taken into account.

Economic growth is one of the most significant indicators that determine the state of the economy, the development of production and an increase in GDP

and GNP. It reflects the ability of the national economy to meet the needs of the population, creating the benefits it needs, and the ability to raise the standard of living of the population. He also shows changes in both material and material and social components of the well-being of human society in the process of its life. Economic growth can be considered the main indicator of the development of the state for the following reasons:

- 1) an increase in the volume of production of products and services,
- 2) an increase in the real standard of living in society,
- 3) a more rational solution to the problems of ecology, education, health care, poverty without reducing the achieved standard of living,
- 4) reduction of production costs and growth of labor productivity.

Economic growth is a dynamic aggregate indicator that characterizes the state of the country's economy as a whole in terms of time. However, this indicator is by no means always a positive value. After analyzing the historical reference books, where we can see visual statistics of various economic parameters, we can see that there were zero rates of economic growth, and sometimes even negative ones.

Economic growth creates more profit for the business. As a result, stock prices go up. This gives companies the capital to invest and hire more employees. As new jobs are created, incomes rise. Consumers have more money to buy additional goods and services. Shopping at the same time stimulates higher economic growth. Therefore, all countries want positive economic growth. It is also for this reason that economic growth is the most watched and followed indicator.

So, economic growth is the process of increasing the volume of the national income of the state, which is one of the main goals of the state's macroeconomics, the achievement of which is due to the need for greater GDP growth in comparison with population growth in the country in order to improve the standard of living.

the economic literature, there are several points of view on the types of economic growth. First, let us turn to the approach of the British economist R. Harrod, which is based on the needs and capabilities of society, as well as the rate of population growth. The essence of this approach lies in dividing economic growth into natural, guaranteed and actual. Natural economic growth is associated with an increase in the population, an increase in the needs of this population, as well as the desire of each person to satisfy his ever-increasing needs as much as possible, while using all the potential opportunities for economic growth. Guaranteed economic growth is presented as a projected line of development to which entrepreneurs are tuned in and where they are satisfied with what they do. Actual economic growth is defined as the totality and result of the interaction of natural and actual economic growth.

Also, economic growth can be expressed by a quantitative increase and qualitative improvement of its internal elements. In accordance with this, extensive and intensive economic growth are distinguished in economic theory.

Extensive economic growth prevails when an increase in the production of goods and services occurs due to an increase in the number of factors of production. That is, more capital investment, hiring more labor, purchasing and using more resources. This is the simplest and very first type of economic growth. It is the easiest way to achieve higher rates of economic development.

This growth undoubtedly has positive aspects:

First, it is an easy achievement of growth in the presence of sources of expansion of production. Secondly, it is the rapid development of natural resources. Third, it is the provision of higher employment due to the reduction or elimination of unemployment.

But this type of economic growth is very limited, since it has the following disadvantages: technical stagnation, in which a quantitative increase in output is not accompanied by qualitative improvements and technical and economic progress. Due to the fact that the amount of output increases to the

same extent as the increase in fixed assets, natural resources, the number of hired workers, the quantitative values of such economic indicators as capital productivity, material consumption and labor productivity, at best, change little, and sometimes generally remain unchanged.

An extensive expansion of production presupposes the availability of a sufficient amount of labor and natural resources in the country, due to which an increase in the scale of the economy will occur. However, at the same time, the conditions of the production process will worsen, and prospects for degradation may appear, which may occur as land resources and human capital are exhausted. In addition, due to the increasing depletion of non-renewable natural resources, it is necessary to spend more and more labor and means of production for the extraction of each subsequent unit of raw materials. Also, equipment at enterprises will experience a higher load and, accordingly, it will wear out and become obsolete faster.

After analyzing all of the above, we can say that the extensive type of economic growth is very costly and wasteful and will gradually exhaust itself. At present, this type of growth is impractical to use, since it does not allow the state to fully develop and can lead to a stagnant state. For this reason, it would be more rational to turn to methods of intensive economic growth.

Intensive economic growth is economic growth based on improving the quality of the factors of production used, the introduction of new technologies and more economical objects of labor.

An intensive type of economic growth appeared relatively recently, since it is inextricably linked with scientific and technological progress. And that is why it is more complex than extensive. Due to the use of more advanced technology, advanced scientific achievements, advanced training of the labor force, an improvement in product quality, an increase in labor productivity, and the use of more practical methods of resource conservation are achieved. Improving production efficiency is the hallmark of this economic growth.

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