

Table Of Content

Journal Cover	2
Author[s] Statement	3
Editorial Team	4
Article information	5
Check this article update (crossmark)	5
Check this article impact	5
Cite this article	5
Title page	6
Article Title	6
Author information	6
Abstract	6
Article content	7

ISSN (ONLINE) 2598-9936



INDONESIAN JOURNAL OF INNOVATION STUDIES
PUBLISHED BY
UNIVERSITAS MUHAMMADIYAH SIDOARJO

Originality Statement

The author[s] declare that this article is their own work and to the best of their knowledge it contains no materials previously published or written by another person, or substantial proportions of material which have been accepted for the published of any other published materials, except where due acknowledgement is made in the article. Any contribution made to the research by others, with whom author[s] have work, is explicitly acknowledged in the article.

Conflict of Interest Statement

The author[s] declare that this article was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

Copyright Statement

Copyright © Author(s). This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at <http://creativecommons.org/licenses/by/4.0/legalcode>

EDITORIAL TEAM

Editor in Chief

Dr. Hindarto, Universitas Muhammadiyah Sidoarjo, Indonesia

Managing Editor

Mochammad Tanzil Multazam, Universitas Muhammadiyah Sidoarjo, Indonesia

Editors

Fika Megawati, Universitas Muhammadiyah Sidoarjo, Indonesia

Mahardika Darmawan Kusuma Wardana, Universitas Muhammadiyah Sidoarjo, Indonesia

Wiwit Wahyu Wijayanti, Universitas Muhammadiyah Sidoarjo, Indonesia

Farkhod Abdurakhmonov, Silk Road International Tourism University, Uzbekistan

Bobur Sobirov, Samarkand Institute of Economics and Service, Uzbekistan

Evi Rinata, Universitas Muhammadiyah Sidoarjo, Indonesia

M Faisal Amir, Universitas Muhammadiyah Sidoarjo, Indonesia

Dr. Hana Catur Wahyuni, Universitas Muhammadiyah Sidoarjo, Indonesia

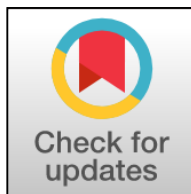
Complete list of editorial team ([link](#))

Complete list of indexing services for this journal ([link](#))

How to submit to this journal ([link](#))

Article information

Check this article update (crossmark)



Check this article impact (*)



Save this article to Mendeley



(*) Time for indexing process is various, depends on indexing database platform

Revival and development of the economy of the countries in the context of them in the project “One belt, one way”

Zaynalov J.R. , zaynalov_j@sies.uz, (1)

Samarkand Institute of Economics and Service, Uzbekistan

⁽¹⁾ Corresponding author

Abstract

The article is devoted to the characterization of economic development in the framework of the project “One Belt, One Way”. Also, the most deeply studied, the government intervention in the economy. The emphasis is placed on the fact that a large number of difficulties arise that limit this activity and introduce it into a certain framework.

Published date: 2019-11-04 00:00:00

Introduction

In economic science, one can find more interesting models of managing in which all economic processes proceed autonomously and the equilibrium is maintained by the action of price mechanisms for regulating supply and demand, i.e. "Invisible hand." Such a pure form of market economy has been preserved only in Hong Kong. In most countries, there is one version or another of a mixed economy that encompasses private enterprises, market mechanisms, and an influential public sector.

The state in such conditions of government can only act as an agent: to collect taxes, if necessary, to carry out loans, to bear the costs of implementing state functions, which include not only traditional areas (ensuring external and internal security, education), but also a number of new ones - creation and the development of social and industrial infrastructures, the management of a nationwide pension system. In addition, in the field of transport, communications, public services and some industries, purely economic functions, which in principle can be performed by private firms, are carried out under the direct control of the state through fully state or mixed enterprises. Given the various forms of economic activity, the public sector makes up a significant part of the national economy in many countries, in particular in China.

The government takes special protection and implements accelerated development programs for individual territories or industrial sectors, provides special support to nascent industries, and affects the intensity of export-import operations. China provides the functioning of the pension system, implements various types of social assistance to the poor. The government directly controls and regulates a wide range of economic relations in the private sector.

Such a scope of state activity can be explained only by the good desire of the state to control all spheres of life of the population. This activity is determined by the need to ensure the development of the economy in a certain direction in achieving clearly set economic goals in a limited time.

Main part

There are many examples of successful targeted government impacts on the economy, which led to price stabilization, normalization of balance of payments, and sustainable economic growth. However, it does not follow from this that too long or frequent government interventions in the economy are useful.

Firstly, the growth of production and an increase in living standards lead to an increase in the natural desire for greater freedom of action. If we act according to a single program, we will strengthen the relationship between financial development and economic growth in the countries included in the "One Belt, One Way" project, then economic activity should lag behind global trends in any country, and in the context of the globalization of all economic processes, entrepreneurs may want to transfer their production to countries with a more favorable economic environment. And such a country may be an industrialized country in Central Asia.

Secondly, the reactions of market mechanisms are not always adequate to changes in the economy; therefore, it cannot be guaranteed that the state always develops the correct assessments of situations and chooses the best ways to respond. Although, for the above project, State control over prices, for example, can give positive results in a short time (especially in extreme conditions). If controlled prices continue to deviate for a considerable time from the level that would allow balancing supply and demand, then new types of free (or "black") market will spontaneously form, and centrally set prices in the zones included in this project will lose their value.

Thirdly, even the most carefully thought out and successfully implemented measures of state control or protection do not provide equal assistance to all sectors. For example, the restriction of imports of certain types of products, introduced to improve the foreign trade balance, can only provide belated protection for inefficient manufacturing firms within the country at the expense of the common interests of consumers. In addition, expanded government intervention, unfortunately, confirms the expression: "Power contributes to the development of corruption, absolute power leads to absolute corruption." The use of state mechanisms for monitoring or protecting enterprises (industries) is one of the forms of manifestation of power by employees of the state apparatus. It is assumed that they should be private, make rational decisions, but take into account the tendency of the authorities to exceed their powers, it is reasonable not to allow a large concentration of power in the hands of officials for a long time, which is important for the implementation of the One Belt, One Way project. It follows that when a certain development is achieved, it is desirable to limit the role of the state and allow market regulators to act more freely.

First, with the expansion of the relationship between countries that could be part of the One Belt, One Road project, the public sector should not expand rapidly. To implement government programs, the contract form should be used more often. Since the state itself, being a major economic agent, can be of great importance for stabilizing the financial and credit system and has the ability to reduce, or even better, eliminate the state budget deficit (if the budget deficit occurs in countries included in the project "One belt, one way").

Secondly, many enterprises, due to their monopoly position, are subject to the factor of reduced efficiency, deformation of price mechanisms. It is advisable to conduct a consistent modernization of such enterprises. If for some reason modernization is not possible, then control over the efficient use of all types of resources in enterprises should be increased. In the history of economic development of the Republic of Uzbekistan, two revealing examples can be found. The state took an active part in the development of light industry. Upon reaching a certain level of maturity and competitiveness, the industry was timely restructured. On the contrary, tight control over the development and functioning of the glands

Thirdly, in order to form an optimal mechanism for regulating the economies of countries that might be part of the "One Belt, One Way" project, it is more important to ensure equal opportunities, rather than actual income equality through redistribution. However, it must be borne in mind that significant economic inequality is not humane and can lead to financial instability. Even in a market economy, helping the poorest is a state concern. Typically, the state establishes a progressive taxation of income and spends funds for social assistance programs for the poor, elderly and disabled. It should be noted that too high personal income tax rates (in many countries of Central Asia it is commonly called income tax) and too widespread social assistance, reduce incentives to work. However, it is rather difficult to determine the rational relationship between the amount of aid and taxes.

Fourth, even after reaching an agreement on the implementation of the project at a significant level of development, the state may have plans and programs aimed at accelerating the development of industries and regions. The goals of such undertakings can usually be taken positively, but in the process of project implementation, the risk of disruption of market mechanisms increases. Therefore, the size and forms of such support should be in accordance with the norms of countries that may be included in the project "One belt, one way" and should be available for joint control. The most desirable form of such impacts should be recognized as tax and credit benefits, rather than direct management or protectionist measures. It is especially important to timely determine the moment when it is possible to limit or completely cancel the effect of the introduced benefits. The implementation of such decisions may encounter significant resistance from those who have benefited the most from the benefits provided.

Fifth, in order to ensure smoother functioning of the draft financial mechanism, the state should, wherever possible, reduce its direct control over economic activity. But the implementation of this strategy can be associated with many dangers. The weakening of price controls (without appropriate measures to regulate demand, manage emissions, control the flow of goods from suppliers) can lead to a sharp increase in inflationary trends.

Financial liberalization, for example, deregulation of interest rates, can lead to unpredictable results due to the clash of interests of participants in diverse financial markets with different levels of liberalization. Therefore, if for internal reasons it is advisable to conduct deregulation, then a sequence of steps must be announced in advance so as not to give the impression of the implementation of unrelated, unprepared measures. Such a perception gives rise to unpredictable reactions of economic agents at home and abroad. As a result, the goals for which the deregulation process was launched were not achieved.

In practice, the government tends to use its power to control the private sector and introduce new rules whenever there is any excuse for this. There is a tendency to exercise control in certain industries for too long or with great ease to return to control soon after its abolition. The private sector can also be positive about certain forms of government intervention. Even those who negatively regard the unpredictable intrusions of the state in market relations are eager to criticize the government for insufficient protection of their interests from the actions of foreign competitors. Strong political will is required from countries that can be included in the draft program "One belt, one way" not only from the government, but also from private entrepreneurs if they want to maintain a truly free market within countries that can be included in the draft program.

Sixthly, it is desirable to reduce government interference in market affairs, but it is the state that acts as the guarantor of free and fair operations in the markets. You can, of course, rely on the self-discipline of the project participants on the basis of voluntary compliance with the rules of conduct that have already developed in many markets. But the rules govern the behavior of project participants, and not the process of entry of "newcomers" to this project.

Conclusion

The priority direction of states that can take an active part in the implementation of the project should be: determination of the right of "newcomers" to not allow more powerful countries to limit competition and achieve a monopoly position. At the same time, the solution of the most important tasks of the state should consist in mitigating sharp fluctuations in the basic economic parameters - prices, wages, interest rates, growth rates, etc. Although in the long term the participants of the "One Belt, One Way" project will be or are able to achieve equilibrium, but the process of financial stabilization:

1. Subjects who may be included in the project should be ready to assume a large share of responsibility for the results of economic activity. Without their mutual assistance, it will be impossible to reduce government intervention in the economy, as well as take into account the effect of fundamental economic laws.

2. Long-term monitoring of activities may lead to a violation of regulatory pricing mechanisms in countries that may be part of the program and may cause sharp, unexpected reactions on their part, organization of work on security of those wishing to enter the project

3. The countries that need political and economic freedom need to be included in the draft program "One belt, one way". One of the most important tasks of governments that can decide to enter the project will be to ensure political and economic social discipline and the formation of a transparent system of joint work in the context of the One Belt, One Way project.

Acknowledgement

Author gives special thanks to Samarkand institute of economics and service and its research group for support

References

1. Adam Smith. Research on the nature and causes of the wealth of peoples. Eksmo Publishing House, 2016 [Electronic resource] <https://mybook.ru/author/adam-smit/issledovanie-o-prirode-i-prichinah-bogatstvanar-3/read/>
2. Das, K. (2019). Significant of Mathematics Laboratory Activities for Teaching and Learning. International Journal on Integrated Education, 2(5), 19-25. Retrieved from <http://www.journals.researchparks.org/index.php/IJIE/article/view/127>
3. Zhochoao Yu. On the concept of the "Economic Belt of the Silk Road" // Post-Soviet mainland. 2015. No 1 (5)
4. Shukurjon Kurbonovich, A. (2019). The phenomenon of fatherhood: cultural and philosophical approach. International Journal on Integrated Education, 2(5), 14-18. Retrieved from <http://www.journals.researchparks.org/index.php/IJIE/article/view/129>
5. Sururi, M., & Dacholfany, M. (2019). Implementation of total quality management in cheap packages education Program in Community Learning Activity Center (PKBM) Maju Jaya Mesuji district lampung Indonesia. International Journal on Integrated Education, 2(5), 1-9. Retrieved from <http://www.journals.researchparks.org/index.php/IJIE/article/view/126>
6. Lazizbek Azamatovich1H. (2019). Hakim At Termiziy scientific heritage in the Hadis theme. International Journal on Integrated Education, 2(5), 10-13. Retrieved from <http://www.journals.researchparks.org/index.php/IJIE/article/view/128>