

THE CURRENT ANALYTICAL SUMMARY OF DYNAMIC CHANGE IN PRIVATIZATION IN THE CASE OF UZBEKISTAN

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Abstract: *the continuous change and dynamic rate of privatization, which especially began in the second part of the XX century, are impacting today's economic stability of world countries. Therefore, the following article is going to outline the pros and cons of the means of properties by analyzing the latest numbers about the condition of privatization, in the case of Uzbekistan, and how was economy affected by this process during and after the Pandemic.*

Keywords: *privatization, governmental assets, governmental properties, privatization, private businesses, private properties, ownership, capitalism,*

Introduction

After the first theories of Adam Smith about Capitalism, this term started to be analyzed more by his other contemporaries and this was the initial step for the introduction of privatization among all world countries.

Especially, in the second part of the XX century, many developed countries started to elaborate their concepts for the process of privatization to create the market economic system which was based on pure competition among private enterprises according to the law of "Supply and Demand".

Because the law mentioned above is the key to the success of the state economy as it leads to the wealth of the folk by creating the cost list according to the supply and demand of the nation. That is why many experts also tried to develop their concepts of privatization of governmental assets, including buildings or businesses.

Therefore, privatization has a special place in the transition from the administrative-command system of economic management to the economic management system based on market relations. The experience of economically developed countries confirms that it is private property that ensures economic growth without allowing social upheavals.

And then the following paragraphs are going to demonstrate the process, shortly indicated above, and analyze the positive as well as negative sides in the case of Uzbekistan for making appropriate conclusions about the privatization of property in countries.

Analyses of relevant literature

Adam Hayes, Economic Sociologist, Assistant Professor of Sociology and Anthropology, The Hebrew University of Jerusalem considered that government property includes land or assets owned by federal, state, or municipal governments, together with government agencies or government-sponsored institutions such as libraries or parks.

Furthermore, he said that residential, commercial, and industrial land, as well as other tangible assets such as machinery, are examples of government property. Property can become government-owned through routine purchases or if it is foreclosed on due to nonpayment of taxes or other causes. Government-owned property can also refer to federal government-managed property, such as consulates and embassies. **[1]**

Robert Kelly, PhD. and managing director of XTS Energy LLC also thought that private property, which is held by people or businesses, contrasts with the government-owned property.

Contemporary concepts of private property are based on the homesteading thesis of 18th-century philosopher John Locke. According to this notion, humans acquire ownership of a natural resource by original cultivation or appropriation. Locke coined the phrase “labor mingling.” **[1]**

Nathan Mahr taught English Literature, Business, Social Studies, History and Writing for over five years and received B.A. Comparative History of Ideas from the University of Washington also wrote about the effect of private property on the state economy.

He said that private property is frequently described as ownership of tangible or intangible property by an individual entity as opposed to the state or a common owner and the legal framework that specifies what an owner may do with their property, such as how it can be used and exchanged, is known as private property rights. They may also impose restrictions on how others engage with the property.

Private property rights are inextricably tied to the concept of finite resources. Property must be rare in order for someone to possess it, which means that there is a restricted quantity. If everyone had unrestricted access to a resource, no one would have the motivation to care for it or make the greatest use of it.

Private property rights may provide the owner with a sense of security. Owners understand that as long as they retain ownership of the property, they are free to utilize it as they see appropriate. This level of stability enables long-term planning and investment, which can lead to economic development and efficiency. **[2]**

Ivy Wigmore, a former content editor on WhatIs.com, also gave her insights about the process of privatization and said that the public sector is the portion of the economy that is managed by government agencies, and privatization may entail either the sale of government-owned assets or the elimination of barriers that hinder private persons and organizations from engaging in a certain industry.

Privatization is a growing trend in many areas of the developed and developing worlds, with supporters claiming that competition in the private sector develops more efficient processes, resulting in better service and goods, cheaper pricing, and less corruption.

Critics of privatization, on the other hand, believe that some services, such as health care, utilities, education, and law enforcement, should be in the public sector to allow for more control and more fair access. [5]

Research Methodology

The research is conducted on the topic of the privatization of government assets to boost the economic prosperity of developing countries by its superiority in the rapid beneficial effect on the creation of stable pure competition among suppliers which organizes more choices for customers.

Wealth is created as a result of privatization as profits are maximized while production costs are decreased. It is unquestionably a positive move if the government believes that opening up a specific industry to competition would help both the market and the customer.

The article contains theoretical and practical observations based on the most recent statistics from professional experts and institutions, and it formulates ideas and recommendations on fundamental remedies to difficulties addressed by many writers of valuable articles above.

The produced scientific and practical advice can be utilized to improve the situation in this region and to help for finding the quicker opportunity for the right process of privatization according to successful prior methods of developed countries that are incredibly enormous for today's economic circumstance of the world which is full of high competition among states for the stable economic growth.

Analyses and results

The term "Capitalism" was broadly outlined by Adam Smith in especially 18th century and then many other scientists also started to pay attention to this topic. Because the profit of governmental organizations from state properties was not high and required much attention from government to control. That were the initial steps for the beginning of creating private properties.

Therefore, the scarcity and low rate of governmental assets led to turning state assets to own, and this was considered an appropriate way of solution at that time as private property is essential to capitalism, an economic system centered on the private ownership and operation of means of production for profitability.

First difference between state and private properties should be vividly examined in order to clarify the vision of today's distribution of properties among world countries:

Governmental property	Private property
land or assets owned by governmental agencies	tangible or intangible property by an individual entity
may or may not permit open public access	limits on how other people can engage with the property according to the decision of the owner

not taxed	taxed
can be sold through auctions for attractive prices	can be sold for any price and not only through auctions

Private property, which is held by people or businesses, contrasts with the government-owned property. Contemporary concepts of private property are based on the homesteading thesis of 18th-century philosopher John Locke. According to this notion, humans acquire ownership of a natural resource by original cultivation or appropriation. Locke coined the phrase “labor mingling.”

Rights to private property are a fundamental tenet of capitalist economies, as well as many legal systems and moral philosophies. Individuals under a private property rights regime must be able to exclude others from the uses and advantages of their property.

While private property rights are crucial for economic progress, others argue that they may also contribute to particular sorts of inequality. Those who own property have greater power and influence than those who do not. This might lead to actions that favor the property owners at the expense of others. Inequality can also result from how private property rights are developed.

For example, if someone inherits property, it was not always acquired by their own hard work or effort. This can result in intergenerational inequality, where those born into money have a large advantage over those who are not.

In this case, the rights of owners also should be secured by state policies which play a key role in the attraction of investment to these countries as well. Many governments have eliminated most obstacles to cross-border financial flows and have eliminated exceptions to national treatment for foreigners who acquire, own, or operate assets. This openness has offered economic possibilities for both the home and host economies, as well as for businesses.

Privatization reduces the government’s position in the economy, making it less likely for the government to have a negative influence on the economy. Privatization can improve a country’s budgetary status in the long run.

However, the positive effects of privatization can be seen in the case of a developing country, namely Uzbekistan over the past several years. Therefore, the latest statistics about the acceleration of economic growth and GDP rise stability of Uzbekistan were the main factor in choosing this country as a case for the model of privatization.

Last year Uzbekistan attained a 7,4 GDP growth which was better than many world-leading countries, including the USA, France, Italy Russian Federation, and others. **[7]**

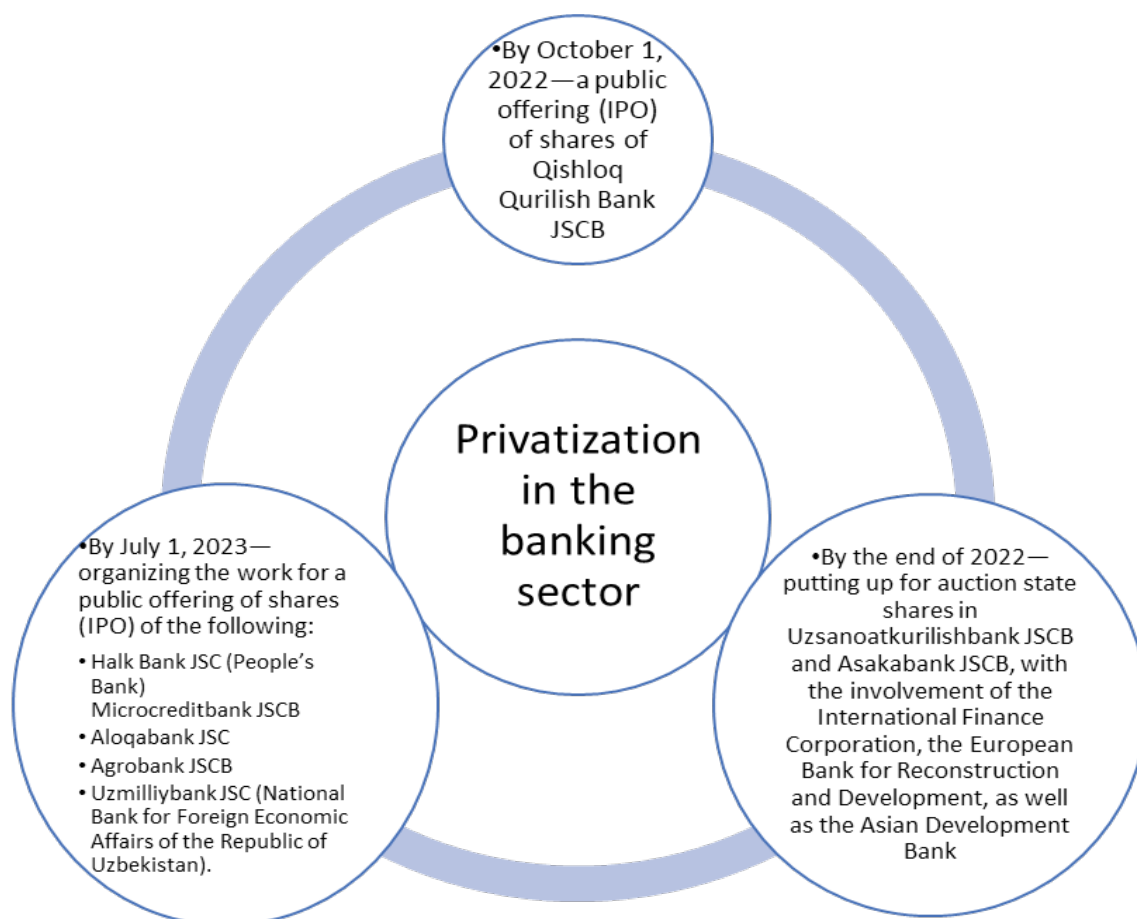
A high volume of effort is being made on the implementation of the privatization process in Uzbekistan as it is considered the main factor of the quicker economic prosperity of the country and special attention is paid to it by President Shavkat Mirziyoyev as well.

On March 18, 2022, Presidential Decree No. PP-168 “On additional measures to further reduce state participation in the economy and accelerate privatization” (the Resolution) was adopted. **[3]**

According to it:

According to the Decree, the Ministry of Finance is instructed to ensure that the following have been realized:

- the main aim is directed to the privatization of the banking sector in Uzbekistan; **[3]**



The main changes and reforms in the field of banking system are outlined above according to the decree of the President and ultimately, 109 commercial banks and financial service organizations are going to be turned to the private assets and properties of non-governmental organizations until the finish of 2023.

Another type of privatization is the outsourcing of state-provided services to non-state agencies. This may be regarded as a change in the state's role from providing public goods to procurement.

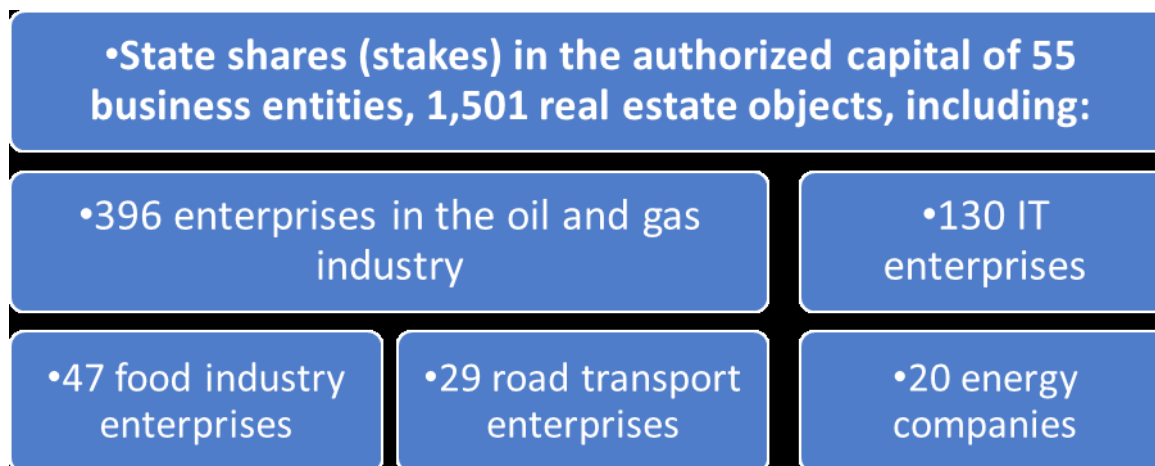
Privatization may also refer to a shift in the state's regulatory activities away from state control of markets and toward dependence on and faith in freely running markets as the most efficient and equitable ways of allocating resources and revenue.

The fourth form of privatization is characterized by a broad movement in mindset away from collective methods to social organization, which often involve a primary role for the state, and toward more personalized roles and responsibilities.

The next part of the decree is about the privatization of various state shares and real estate and is going to be examined with real numbers:

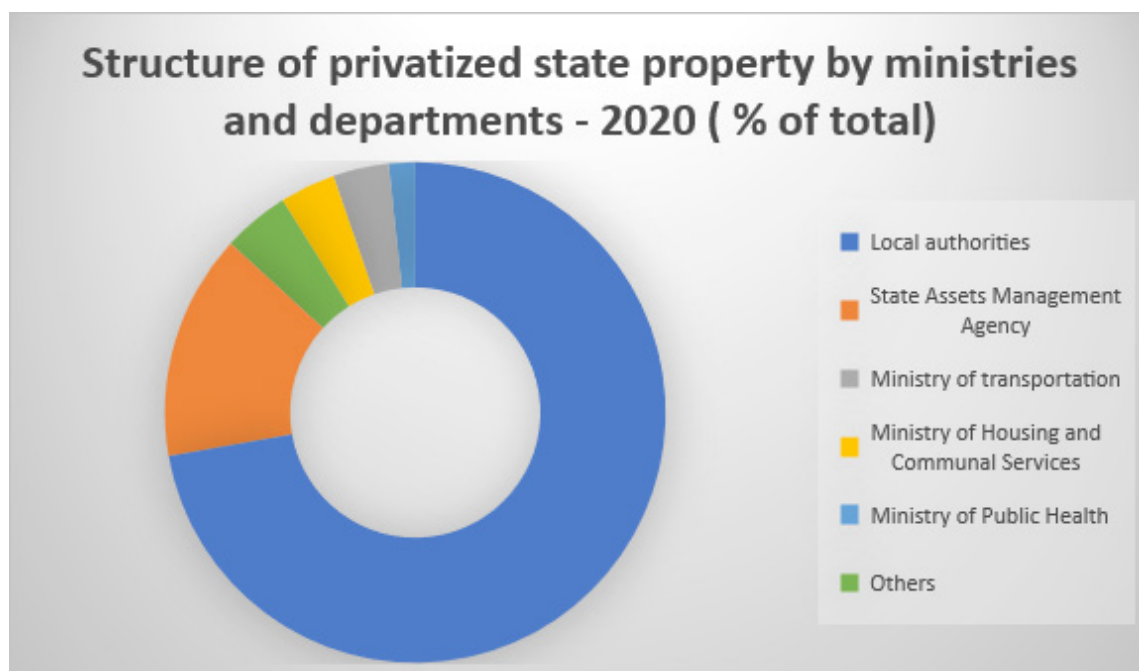
As part of the Decree, a decision was made to privatize the following through public auction:

[3]



The dramatic number of assets and shares are going to be privatized in Uzbekistan to unlock myriads of opportunities for businessmen and improve entrepreneurship by developing little businesses as well. These are, therefore, the main factors why Uzbekistan is attaining high results in the global rank of developing speed among other states.

[4]



In the structure of privatized state property, the largest share falls on the objects of local authorities – 456 objects (72.2 % of the total number of objects privatized)

in the Republic), the Agency for state assets management-92 objects (14.6 %), the Ministry of Transport – 23 objects (3.6%), the Ministry of Housing and Communal services-23 objects (3.6%), the Ministry of Public Health – 11 objects (1.7%), the State Committee of the Republic of Uzbekistan on Geology and mineral resources – 6 objects (0.9%). **[4]**

Conclusion

Privatization plays an important role in the transition from the administrative-command system of economic management to the market-based economic management system. The history of economically successful countries demonstrates that private property enables economic expansion while preventing social upheavals.

Profits are also maximized while manufacturing expenses are reduced, resulting in the creation of wealth. If the government feels that opening up a certain industry to competition would benefit both the market and the customer, it is clearly a desirable move.

Therefore, the privatization process is incredibly beneficial for state economic stability and some following insights would be profitable during the process of turning governmental assets into ownership for developing countries that are planning to take some models from prior successful steps in this step:

- Selling governmental assets to non-governmental organizations at appropriate prices to create a chance for further development;
- Creating the opportunity for pure competition among non-governmental enterprises for better-supplying action for customers at nicer prices;
- Developed state policy for the safety of ownership rights;
- Effective state regulation of monopoly;
- Contributing better atmosphere of digitalization for the easier globalization procedure;
- Free distribution of shares.

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