

## APPROACHES TO INTERPRETATION OF HUMAN DEVELOPMENT ESSENCE AND CONDITIONS OF ITS MAINTENANCE

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**Abstract.** *At the beginning of XXI century there was a scientific rethinking of the goals and tasks of social development. The main task of economic research has become not only substantiation of factors and conditions of economic growth, but also usage of its achievements for human development. Taking into account this fact a range of problems of the research has increasing urgency. The purpose of this article is to reflect theoretical approaches to substantiation of the essence of human development concept and conditions for its maintenance.*

**Keywords:** *ability, transformation, development, concept, category, labor potential, human capital.*

Theoretical bases to solve problems of human development were laid long time ago and tend to improve in accordance with needs and requirements of each stage of economic development. In the world economic science there are two dominant directions about human development idea social and instrumental.

Instrumental direction focused on development of human capacity to work, production of goods and services. Transformation of instrumental view of person led to creation of relevant theories and concepts on the basis of which there is an idea of a person as an instrument of economy, economic system and economic development. First of all, it is labor force theory, human resources, labor potential and human capital. [4]

A necessity of full accounting physical, spiritual, ethical and social needs of the people led to adoption of obligation by the state to create conditions that would ensure worthy life and free development of a person.

Creating conditions to form and realize human potential has caused substantiation of a new concept of society development which is human development. Economic science has used human capital concept before appearing human development concept. Although they have much in common but they are not identical. The main element of human development concept is human potential, which in its content is a wider concept than human capital. [4] Investment in people is primarily considered as a mean of increasing productivity and income in human capital concept, and it is determined by their economic efficiency. In human development concept highly prosperous person is a purpose and to ensure his well-being is an ultimate and single task of development, human potential is not considered as a mean of achieving human well-being, but compulsory component of their well-being. Concept of human development as a primary task involves creation of conditions by state and society to extend people possibilities to have long and healthy life, to obtain sufficiently high level of education, have material means for worthy existence.

At present there substantiated an essence of human development, and also necessity of reorientation of state social policy to the goals of human development, which involves process of "joining" human capabilities – a person should have long life, be healthy, be educated, enjoy political and economic freedoms and rights, feel respect of the society against to him. [3] Basic principles of human development concept are not a permanent provision of humanitarian aid to needy population and countries, but stimulating development of these people, enhancing their participation in a society, empowering lifestyle choices, making decision about their fate, but strengthening responsibility for made decision and its implementation at the same time.

Human development is an economic category, illustrating a process of forming conditions and making choice by people from expanding opportunities for realization of their human potential. [2] There is no doubt that creation of conditions for human development requires resources, so it is advisable to allocate the following hierarchical levels of its provision:

- family, which includes formation process of conditions for selection and implementation at the expense of means of family and local budgets opportunities for obtaining formal education, supporting good health and standard of life;

- microeconomic (entrepreneurial) is a level that determines formation of conditions for selection and implementation of funds of the enterprise opportunity of employees to obtain special education, improve competitiveness and maintain appropriate level of health and life through gained income;

- mesoeconomical (regional) is a level, which creates opportunities for life of full value for people who live in a region, based on identified priorities in terms of using local budget. Isolation of mesoeconomical level is especially relevant in current conditions of appearing significant regional disparities in their development and government attempts to enter contractual relationship between center and regions to implement regional policy, concentration of state and local resources to solution of priority tasks and making agreements on regional development. Implementation of such mechanism would give the right to initiate new relationship between center and regions in long term base to solve problems of territorial development;

-macro economical, which provides by state creation of conditions for possibilities of choices and needs of people's movement from the lowest level to the highest level by defining strategic priorities and using public financial resources, as a result of which there is a growth of human potential and there achieved competitive advantage of the state.

In interpretation of conditions for providing human development by theorists and practitioners of economic policy over last 300 years it is possible to distinguish two dominant approaches: economic liberalism and economic interventionism. Criteria of their selection are a role and participation of the state in economic life. [1]

Supporters of the first approach are representatives of classical and neoclassical trends of economy, including modern monetarists, economics theorists of supply, rational expectations and public choice. They support market forces priority in economy, and the main task of the state is reduced only to protection of economic freedom, whose main functions are to ensure internal and external security of market participants, inviolability of private property, common, equal, transparent and stable rules of economic life, execution of contracts individuals, abolition of restrictions on citizens' participation in economic life and promotion of competition. Therefore, human development is considered from standpoint of impact of economic policies on economic freedom, economic growth and people's welfare, and fast and sustainable growth is considered as the only way to overcome poverty and backwardness. [5] Implementation of liberal economic policy leads to significant positive changes (increase in economic growth, level and quality of life, reduction of social differentiation, etc.). Supporters of economic interventionism (Keynesians, post-Keynesians, neo institutionalism, Marxists and others) believe that human development requires active intervention of state in economic life.

At present, there formed a new, third, level of studying human development, which includes development of indicators and characteristics of its condition, this level has testified that means of economic policy for promotion of human development may be different, but the main one are results of achieving human development goals. [4]

Summing up it is possible to draw the following conclusions.

- Theoretical basis for studying human development has become human capital theory. And although they have much in common, their goals and objectives are not the same.

- Human potential is the most important in the concept of human development, and its implementation is a basis of achieving people's welfare. With this purpose there made a comparative analysis of the concepts "employment potential", "human capital" and "human capital", as well as their homology is proved.

- Responsibility for ensuring conditions for human development lies on the state, which is implemented within the framework of social policy. Thus funds for human development provision may be different in each country, but the main thing is to achieve desired result.

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