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The secret of economic development in backward countries

Scholars have different idea about economic development, which we want, refer those in this section. Adam Smith taking into the consideration, the production function, the process of growth of labor and the process of capital accumulation, we can now summarize the process of growth as visualized by Adam Smith. One of the key principles Keynes theorized was that savings and investment are determined independently of each other – savings rates being determined by a society's propensity to consume and investment by an expected rate of return relative to interest rates. John Maynard also believed that a nation's income is the aggregate of its consumption and investment.

According to Marshall "the growth of mankind in numbers, in health and strength, in knowledge, ability, and in richness of character is the end of all our studies" (1961, vol.1, p.139). As a result, the theme of economic progress is the fundamental topic of most of his writings as well as the subject Marshall thought of addressing in his last, unfinished book. The concept of progress, with its rich complexity of meanings and implications, cannot be fully grasped by equations and quantitative relations that characterize the neoclassical approach to the issue of economic development.

In Marxian theory, production means the generation of value. Thus economic development is the process of more value generating, labour generates value but high level of production is possible through more and more capital accumulation and technological improvement.

Key words: backward countries, industrial production, Economic development, economic infrastructure.

Садыкова С.Т., Саадат З.
Артта қалған елдердің экономикалық дамуының құпиялары

Бұл мақалада елдердің экономикалық дамуы туралы әр түрлі көзқарастар баяндалған. Кез келген елде жекелеген отбасылар арасында табыс алшақтықтары болады, сондай айтарлықтай экономикалық теңсіздік мемлекеттер арасында да байқалады. Елдердің артта қалушылығы әр түрлі материалдық және мәдени-әлеуметтік жағдайларынан көрінеді. Кейнс неоклассикалық ілімнің негізгі қағидаларынан бас тарта отырып нарық өзін-өзін реттей алмайтын тетік екенін дәлелдеді. Мұндағы Кейнстің басты идеясы болып экономиканы мемлекеттік реттеудің қажеттілігі табылады. Өйткені, таза нарық жағдайында экономиканың күрделі мәселелері, атап айтсақ, жұмыссыздық, инфляция, экономиканың кезеңдік ауытқуы, әлеуметтік қамсыздандыру, халықтың әл-ауқаттылығын жақсарту сияқты күрделі мәселелер өздігінен шешілуі мүмкін емес, осыларды реттеу үшін мемлекет нарыққа міндетті түрде араласады.

Түйін сөздер: экономикалық дамуы, индустрияландыру, экономикалық өсу, артта қалушы елдер.

Садыкова С.Т., Саадат З.
Секреты экономического развития в отсталых странах

Подобно тому, как в каждой стране существует значительный разрыв в доходах между отдельными семьями, огромное экономическое неравенство наблюдается и среди государств. Мы хотим представить в этой статье различные взгляды на экономическое развитие стран. Причины отставания заключаются в различных материальных и социально-культурных условиях, в которых находятся разные страны. Пути ускорения экономического роста, по существу, одинаковы как для развитых, так и для развивающихся стран. Они связаны с улучшением использования природных ресурсов, трудовых ресурсов, ресурсов капитала, технологий.

Природные ресурсы распределены среди стран неравномерно. Некоторые имеют промышленные месторождения бокситов, олова, меди, нефти, вольфрама и т.д. Но в большинстве своем эти ресурсы принадлежат крупным корпорациям индустриально развитых государств и прибыль от их использования уходит за границу. Другие страны бедны полезными ископаемыми, испытывают нехватку пахотных земель, энергетических ресурсов.

Адам Смит сформулировал принцип невидимой руки рынка лишь для обоснования своего предположения, что в экономике действуют объективные законы, которые при помощи абстрагирования можно изучать, как и в других науках. Также рассмотрены взгляды Д. Кейна, А. Маршала.

Ключевые слова: отсталые страны, экономическое развитие, индустриализация, экономический рост.

THE SECRET OF ECONOMIC DEVELOPMENT IN BACKWARD COUNTRIES

Economic development is the great aim in all countries; all economic activities happening for achievement it aim. Development is so important, all countries especially under developing countries needs to development, this goal for many backward countries no achievable for several reasons. Developed countries by using a variety of models have been able to achieve development. Standards of living in developed countries is high, the welfare of the people is high. Some countries able to achieve development by big industrial production and export production. Other countries by trade and services arrived to sustainable development. Some countries by mining have been able to achieve development. The hypothesis for achieve development at this idea are exist physical, financial and psychological security, exist governance does not exist administrative corruption. Exist basic economic infrastructure, available energy and transportation system in the country.

Scholars have different idea about economic development, which we want, refer those in this section. **Adam Smith**: (Taking into the consideration, the production function, the process of growth of labour and the process of capital accumulation, we can now summarize the process of growth as visualized by Adam Smith.

According to Smith, in a developing economy, both income level and capital stock rise. In addition to this, the rate of capital accumulation also shows a tendency to increase. This leads to increase in the capital stock in successive periods as investment keeps on increasing. Another important factor which contributes to the progress of an economy is the successive decline in the incremental capital-output ratio due to the influence of capital on the productivity of labour. These factors reinforce each other and accelerate the pace of development of the economy. This development continues until a point where the economy's capital stock grows large enough to eliminate any chance of profits. At this stage the economy has reached its stationary state.

In Adam Smith's system. the stationary state is distinctly different from the state of underdevelopment. Having reached the stationary state, the common characteristics of the economy becomes unchanged population, constant income, subsistence wages, complete elimination of profits, and absence of net investment. According to Smith, an economy which reaches a stationary state in its growth

process has reached the highest level of propensity consistent with its present natural resources.

Adam Smith has identified the rate of capital formation as the strategic factor in the economic growth process. He stressed on the point that the rate of economic progress would only rise if the rate of investment rose. However, the savings and investment rates were primarily dependent on the excess of the market rate of profit over the minimum compensation for bearing risk. Since these factors depended mainly on the socio-economic framework in the country, Institutions were his solution to the problem of economic growth. Adam Smith was firmly in favour of the policy of free trade and did not approve of any sort of government intervention (*Laissez-faire*). He is undoubtedly opposed to any kind of planning for economic development.)

John Maynard Keynes: One of the key principles Keynes theorized was that savings and investment are determined independently of each other -- savings rates being determined by a society's propensity to consume and investment by an expected rate of return relative to interest rates. He also believed that a nation's income is the aggregate of its consumption and investment. During a downturn, this could potentially create a never-ending spiral as businesses invest less, jobs are lost, consumers spend less, businesses have even less reason to invest, and so on. Therefore, in a period of unemployment and decreased production, these two problems are best resolved by increasing the amount spent on investment and consumption.

According to Keynes, that's where the government comes in. He argued it was the government's responsibility to step in and use the many tools at its disposal to stimulate investment and consumption. This meant that during hard times, governments must engage in deficit spending in order to stimulate activity. This would consequently lead to policies such as the reduction of long-term interest rates, public works projects, infrastructure spending, and the like. The implication that deficits could be a good thing for the economy was quite revolutionary at the time.

Alfred Marshal: According to Marshall "the growth of mankind in numbers, in health and strength, in knowledge, ability, and in richness of character is the end of all our studies" (1961, vol.1, p.139). As a result, the theme of economic progress is the fundamental topic of most of his writings as well as the subject Marshall thought of addressing in his last, unfinished book. The concept of progress, with its rich complexity of meanings and implications, cannot be fully grasped by equations

and quantitative relations that characterize the neoclassical approach to the issue of economic development. This is evident to Marshall who writes: "the theory of stable equilibrium of normal demand and supply helps indeed to give definiteness to our ideas; and in its elementary stages it does not diverge from the actual facts of life. But when pushed to its more remote and intricate logical consequences, it slips away from the conditions of real life. In fact we are here verging on the high theme of economic progress; and here therefore it is especially needful to remember that economic problems are imperfectly presented when they are treated as problems of statical equilibrium, and not of organic growth"(1961, vol.1, p.461). Progress has an evolutionary dimension that expresses itself more in qualitative than in quantitative changes as Marshall points out: Progress has many sides. It includes development of mental and moral faculties, even when their exercise yields no material gain. The term progress is narrow and it is sometimes taken to imply merely an increase in man's command over the material requisites of physical mental and moral well-being, no special reference being made to the extent to which this command is turned to account in developing the higher life of mankind. When increase of material wealth is united with the solidity of character sufficient to turn it to good account. True human progress is in the main an advance in capacity for feeling and for thought, yet it cannot be sustained without vigorous enterprise and energy. Progress is not identified with a mere increment of "wealth" but involves other and more important factors: "the production of wealth is but a means to the sustenance of man; to the satisfaction of his wants; and to the development of his activities, physical, mental and moral"(1961, vol.1, p.173). This explains why Marshall prefers to talk about "development" or "progress" rather than "growth" which suggests a strictly quantitative meaning, while "development" and "progress" refer more specifically to a qualitative dimension (Sen 1988). On the one hand, industrial development involves an increase in wealth, production, and incomes but, on the other hand, it risks enslaving man and his environment to the requirements of production, and therefore worsening the quality of life whose betterment should be the main aim of the human race. Therefore the quality of life is the true test of progress a good quality of life requires not only a certain level of income but also other elements not easily valued in purely economic terms (fresh air, green spaces etc.

Marxian concept of economic development:

In Marxian theory, production means the generation of value. Thus economic development is the process of more value generating, labour generates value but high level of production is possible through more and more capital accumulation and technological improvement. At the start, growth under capitalism, generation of value and accumulation of capital underwent at a high rate of profit. In turn, it reduces the rate of investment and as such rate of economic growth. Unemployment increases. Class conflicts increase. Labour conflicts start and there is class revolts. Ultimately, there is a downfall of capitalism and rise of socialism.

I think for developing so fast in a country, we have to start the work from human resources that is to say should work with young generation. Try to professional educate human resource, specially young generation. Professional young generation is very importance for development. I can say young generation is the base of economic development in a country. To motivate human resource, particularly young people that everyone be hero in his career. For example, when a painter be very skillful in painting,

his pictures is very valuable and he can collect a lot of money by showing or selling his pictures. Like this, professional engineers, professional doctors, skillful carpenter, professional athletes.

To achieve economic development, all members of society should take fun from their daily work. That is to say that all workers should be happy with their duty. This goal is achieved when all people are extremely professional in their jobs. In this case, people satisfaction of their life and also people are able to accumulate the desired money, this makes grow the social wealth. The productions quality and quantity are increase in professional community.

Conclusion

We conclude that the root of the general development which includes economic, political, military, social, cultural, is the correct training of labour. That is to say training of labour is the base of general development. The division of human resource in field of study and work must be according their talent. Developed human resource will make developed country or society.

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