THE ROLE OF THE STATE IN COMBATING ECONOMIC CRISES

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https://doi.org/10.5281/zenodo.17494361

Abstract:

This article discusses the importance of the state in combating economic crises and the strategies implemented by the government to ensure long-term economic growth and development. The paper highlights the mechanisms through which the state mitigates the adverse effects of crises, maintains macroeconomic stability, and promotes sustainable socio-economic progress.

Keywords: Economy, property, citizen, crisis, strategy, investment, inflation, credit, entrepreneurship.

Introduction:

Economic crises represent a serious challenge for any nation. They usually arise as a result of systemic errors within the economy, external shocks, or negative internal changes. Such crises threaten the economic stability of a country, social harmony, and the overall welfare of its citizens. Therefore, the role of the state in addressing and mitigating the consequences of economic crises is crucial. Through its economic policies and financial instruments, the state aims to reduce the negative effects of crises, restore stability, and protect the population from economic hardships.

Main Part:

An economic crisis is a complex and systemic phenomenon that negatively affects all sectors of the state. It encompasses financial instability, declining investment, inflation, unemployment, and other unfavorable economic conditions.

In this context, the *Action Strategy for the Five Priority Areas of Development of the Republic of Uzbekistan for 2017–2021* identified key directions for the organization and modernization of the national economy. The President of Uzbekistan elaborated on the implementation and expected outcomes of these strategic directions in his Addresses to the Oliy Majlis (Parliament) on December 12, 2017, December 28, 2018, and January 24, 2020. Furthermore, the *Development Strategy for 2022–2026* set out its third priority area as “Accelerating the Development of the National Economy and Ensuring High Growth Rates,” defining 16 goals and related tasks for implementation.

The Constitution of the Republic of Uzbekistan also outlines the economic foundations of society in Chapter XII, emphasizing that the national economy is based on market relations. It guarantees economic freedom, entrepreneurship, and fair competition while protecting consumer rights and ensuring that property in various forms serves as the basis for improving citizens’ welfare.

During economic crises, the Central Bank and the financial system of the state play a pivotal role. The Central Bank seeks to ensure macroeconomic stability by controlling inflation,

IBAST | Volume 5, Issue 10, October

stabilizing exchange rates, and regulating credit policies. In addition, the government supports economic activity by introducing tax reductions, subsidies, and social assistance measures for the population.

One of the most visible consequences of a crisis is the decline in living standards and the rise in unemployment. To counter these effects, the government implements social protection programs, revitalizes the labor market, and creates new jobs. These efforts not only support the standard of living but also contribute to the restoration of overall economic activity. To achieve recovery from an economic crisis, the state must enhance investment attraction. This requires adjusting national economic strategies, introducing new technologies, and improving production efficiency. Attracting foreign investors demands the establishment of favorable investment conditions and ensuring legal and financial security. By increasing investment inflows, the government can stimulate economic growth, generate employment, and expand export opportunities.

Moreover, international cooperation and mutual assistance among states play a significant role in overcoming crises. Through trade and investment exchanges, technology transfer, and experience sharing, countries can achieve more effective results in crisis management. International financial institutions, including the International Monetary Fund (IMF) and the World Bank, provide essential financial assistance and support countries in restoring economic stability and achieving sustainable growth.

Conclusion:

The role of the state in combating economic crises is of vital importance. By implementing effective fiscal and monetary policies, attracting investment, strengthening social protection systems, promoting international cooperation, and carrying out economic reforms, the state ensures economic stability and resilience. Therefore, timely and proactive government measures during a crisis lay the foundation for economic recovery and long-term sustainable development.

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