STATE DISSTATEOWNERSHIP AND PRIVATIZATION AS A FACTOR IN THE DEVELOPMENT OF PRIVATE ENTREPRENEURSHIP AND BUSINESS ACTIVITY

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Annotation

This article discusses the state of denationalization and privatization on the eve of independence and during the years of independence, its role in the development of private entrepreneurship and business activity, and the importance of private property in entrepreneurial activity.

Keywords: Privatization, denationalization, business, private entrepreneurship, enterprise, housing stock.

As a result of privatization and denationalization, a layer of property owners is formed, and on this basis, diverse forms of private property emerge in society. As is well known, private property lies at the core of the concepts of entrepreneurship and business. This is because whenever an entrepreneur intends to launch a certain activity, they must possess a certain level of economic and material capability, which is provided by property.

Following the collapse of the socialist system, denationalization was chosen as one of the primary directions in implementing economic reforms during the transition to a market economy in Eastern Europe and CIS countries. In Uzbekistan, the denationalization of property became one of the initial steps in economic reforms.

In recent years, practical work has been carried out to further develop the entrepreneurial and business environment. One of the important aspects of developing these types of activities is the further expansion of private and personal forms of property. State-owned, non-operating buildings and structures are being transferred to entrepreneurs as property on preferential terms. It is worth noting that while state assets worth 1.2 trillion UZS were sold during the 2011–2021 period, in the year 2022 alone this figure reached 11.3 trillion UZS [1]. The transition to a market economy requires ending the state property monopoly and privatizing it.

Property constitutes the core foundation of society. One of the primary outcomes of privatization is the emergence of a class of property owners in the country, establishing a new mindset and a fresh outlook on property within society [2]. herefore, any state first adopts laws concerning property that provide material protection and puts them into practice. In socialist states, the vast majority of property forms belonged to the state; even in the former Soviet state, 90 percent of property forms were state property, while 10 percent belonged to cooperative and collective farm property [3]. The boundaries of a state economy are flexible, and nationalization and privatization continuously proceed in accordance with necessity. This phenomenon occurs on the basis of regulating the economy and stabilizing reproduction [4]. To develop activity in the field of private entrepreneurship and business, private and personal ownership must undoubtedly flourish. The role of individuals in creating, distributing, exchanging, and consuming material goods depends on the means of production—that is, property.

The transition to a free economy based on market relations requires opening wide paths for small business and private entrepreneurship, taking into account the experience of developing countries through the recognition of the priority of private property [5]. To this end, Uzbekistan was among the first CIS countries to legally solidify the legal status of private property, as well as the powers and obligations of property subjects. The inviolability of private property is also reflected in the Main Law—the Constitution; specifically, Chapter 12 of the new edition of the Constitution is titled "Economic Foundations of Society," and Article 63 of this chapter emphasizes that all forms of property are protected by law [6].

After Uzbekistan gained independence, broad opportunities were created for the development of entrepreneurship and business sectors. For this purpose, the privatization of state property began first. What is privatization? Privatization is the removal of state-owned production facilities, enterprises, housing, natural resources, or means of transport from state control, transferring or selling them to individuals, community associations, or non-state legal entities, and establishing various forms of property—such as joint-stock, private, family, joint, or cooperative—on the basis of state property.

On November 18, 1991, the Law "On Denationalization and Privatization" [7] was adopted. This law was one of the first enacted in the field of economic reforms and established the organizational and legal foundations for transforming state property in the Republic of Uzbekistan with the aim of creating a socially oriented market economy. The Law of the Republic of Uzbekistan dated May 7, 1993, "On Amendments and Additions to the Law on Denationalization and Privatization" [8], provided the opportunity to conduct reforms in the sphere of privatization and denationalization on an even broader scale. In his works and speeches, Islam Karimov, the First President of Uzbekistan, emphasized that supporting newly emerging non-state entities—such as private, joint-stock, and collective enterprises engaged in production and services—during the transition to market relations is an integral part of economic policy [9].

In his book *History of Economic Doctrines*, economist A. Razzokov notes that the privatization process is implemented in four stages. The years 1991–1992 are considered the preparatory period. The first stage covers 1992–1994, during which active privatization began. Primarily, the housing stock and small enterprises were privatized and transformed into collective property. According to the Law of the Republic of Uzbekistan "On the Privatization of the State Housing Stock," the process of privatizing housing was completed, and nearly 99% of the state housing stock was converted into private property [10]. During this exact period, household plots (tomorqa) were allocated to every family in rural areas.

The second stage covers 1994–1996, during which more than 50,000 enterprises in medium and heavy light industry, mechanical engineering, and building materials production were transformed into open joint-stock companies. The priority tasks of this stage were, firstly, to cover large enterprises of national significance within the privatization process, and secondly, to broadly involve the population and foreign investments in this process [11].

The third stage was carried out from 1996 to 1998, during which reforms were implemented for enterprises where the largest controlling stakes remained under state control. The period from 1998 to 2016 constitutes the fourth stage, during which conditions were created to generate budget revenues from privatized facilities, attract foreign investments to these facilities, and ensure the full operation of new forms of ownership [12].

We can conditionally take the New Uzbekistan era (from 2016 to the present day) as the fifth stage. During this period, efforts are being implemented to reduce state participation in the economy and expand the layer of property owners.

The efficiency of privatized property is also increasing. For example, on the basis of the long-inactive Andijan Experimental Testing Plant, a textile enterprise was established at the cost of $18 million in investments, creating 1,000 jobs and exporting $40 million worth of products. A foreign investor acquired the Kokand Superphosphate Plant, invested $40 million, and increased production volume fourfold. The sale of "Ipoteka Bank" for $324 million and the state share in the "Coca-Cola" company for $252 million were also among the largest deals of recent years.

However, problems still exist within the scope of this activity. Specifically, while 112 facilities were sold in the Tashkent region, resulting in the creation of over 1,000 jobs and 150 entrepreneurial subjects, less than 30% of the properties put up for sale in 2021 were sold in the Republic of Karakalpakstan, Kashkadarya, Surkhandarya, Namangan, and Syrdarya regions. In terms of sectors, the privatization of properties within the "Uzdonmahsulot" joint-stock company is proceeding sluggishly. Overall, an inventory conducted at the beginning of the current year across more than 30,000 state facilities showed that much work remains to be done in this regard.

Therefore, a privatization program has been approved today by the decree of our head of state. It outlines privatization plans in three main directions: shares, real estate, and IPOs.

First, state share packages in 1,000 enterprises will be put up for sale.

Second, 1,000 real estate objects will be put up for public auctions. These include 600 hectares of land and 1 million square meters of buildings and structures. Most importantly, they are provided with infrastructure and are close to populated areas. To accelerate the sale of these objects, the preparation period for property sales will be shortened from the current 80 days to 48 days. Permission will be granted to put objects up for direct sale based on entrepreneurs' applications for sizes up to 2,000 square meters. According to calculations, as a result of this program, 13 trillion UZS in revenues will be secured this year, creating the opportunity to establish 3,000 new enterprises and generate 50,000 jobs [13].

In conclusion, private entrepreneurship and business entities quickly adapt to market demands, make decisions, and strive to make effective use of emerging opportunities. Conversely, state-owned production entities decrease in efficiency due to bureaucratic processes and political pressure. Furthermore, privatization creates equal conditions for entrepreneurship and business subjects, shaping a competitive environment, which serves as a basis for improving product quality. Another advantage of privatization is that it attracts private investments into the sector. Ultimately, the privatization of state property is of great importance for entrepreneurial and business activity, leading to increased efficiency and competition, the reception of private investments, and the stimulation of economic growth and development.

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