

## GENERATION OF INVESTMENT POTENTIAL

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## Abstract

*This paper proposes new approach to the disclosure of the investment potential and frames new definition of the investment potential, which extends the concept of investment potential and gives finished look to this notion. In contrast to the classical theory of development, without rejecting and challenging its postulates and laws, this paper firstly introduces to the theory of the investment potential, new conceptual notion - the generation of investment potential.*

**Keywords** - investment, uzbekistan, investment potential.

Contemporary understanding the notion of the investment potential in the literature in most cases comes from the existence of resource base. This way can be determined any potential, but inclusion of a wide range of private capacities, including natural, industrial, labor and other resources substantially eliminates the distinction between investment and economic potential, essentially mixing these concepts.

Therefore, it seems necessary for disclosure of the essential role of investment potential to formulate a different approach to this category. It should reflect both sides of the investment - the existence of investment resources (sources), investment and the efficiency of their investments. The introduction of the second side extends the concept of investment potential and gives a finished look to this category. Notably, it allows one to set a categorical connection with the investment potential of the investment field and its elements.

In other words, the investment potential is an interactive set of current and future investment resources, actual and possible outcomes of their use in relevant investment field.

The formulated in this paper definition of investment potential sees at least two components of this category, resources and the result of their use. As a result understanding of the investment potential presented in our paper is fundamentally different from the dominant approaches in contemporary environment, which, as a rule, considers only the resource base and its parts. This paper specifically draws readers' attention to the difference once again, as this interpretation of the investment potential of a static category with specified parameters. This definition, excludes dynamics and movement, and therefore it is not definite out of what the investment potential occurs and where it goes. Considering that in it included raw materials and other natural resources, such an understanding of the investment potential of more like the divine nature of origin, rather than a man formed economic reality.

Therefore, based on this definition, almost all former Soviet republics, and Russia in first place, after the collapse of the Soviet Union oriented their investment base on the formation of commodity resource economy. Countries that did not have rich natural resources, almost entirely concentrated their economic and even political activities around the transit pipelines. Thus, it can be argued that the theoretical definition of investment potential, arising from the availability of natural resources, is not harmless, and leads to serious and far-reaching miscalculations in the strategic development.

New definition of the investment potential presented in this article not only reveals a categorical nature of the investment potential, but also allows to use it effectively in the development of theory and methodology of the mechanism of the investment potential formation, determines goals,

directions, priorities and scope of practice to enhance investment activities.

The investment potential cannot exist independently without development. Moreover, development is realized only through a particular system and requires a holistic definition, the notion of development is a new generation of integrity. Therefore, development is diverse, multi-level and multi-stage. But it involves an exception to the process of its inception the system and the moment of its dissolution, liquidation, termination of its existence. Its occurrence is associated with the passage and with it gives becoming. Formation is, as Hegel noted, average between nothingness and being, rather, the unity of being and nothingness. "From the establishment of determinate being there ... His mediation, the establishment is behind him; Claiming it withdrew itself and so the actual existence appears as a kind of first, from which emanate. " Thus, even from Hegel can lend a logical chain in the understanding that the resources of the investment potential - "the first of which are based on" the development of. But here we are faced with another fundamental concept of the modern theory of evolution, that the development of the "there is a state change that takes place while maintaining their base, ie some initial state, generating new states. Saving the original state or foundations ... only makes possible the implementation of laws. " This means that in our case, further consideration of the increase of investment potential, limited to the classical models of the theory is incorrect and does not give the desired result, as in the understanding of the investment potential, we again return to the natural resources, adding to them only their reproduction and ecology. Therefore, we are opposed to the classical theory of development, not rejecting and challenging its postulates and laws, we introduce the theory of the investment potential of a new concept - the generation of investment potential. The term "generation" is derived from the German word (Generation) and the Latin (generatio) origin and translates as birth, creation. And in the modern scientific interpretations under him understand the birth, reproduction, production. Moreover, this term is understood and some new generation. Thus, the concept of generation as opposed to the development of the completed allows us to represent the complete process of the birth and reproduction of the investment potential as a single integrated system and trace the emergence of new investment "generations."

The process of origin of the investment potential is directly related to the resources - investment sources. In turn, their appearance due to the presence of the investment field. And it's obvious. In the framework of this field is generated by the scheme investment potential: resources - resources - the result. But this is only one cycle. This is followed by the second and

the next, because the process of generating a continuous investment potential (Fig. 1.1).

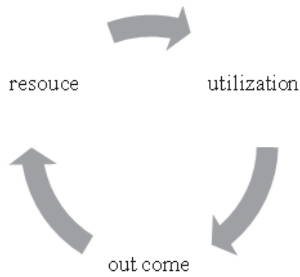


Fig. 1.1. The process of investment potential generation. Source: developed by the author

In each cycle deep qualitative, quantitative and irreversible changes occur. And this is precisely the main features of the generation of investment potential. This is, firstly, a qualitative and quantitative changes, secondly, the irreversibility of these changes and, thirdly, the continuity and directivity of the potential investment.

An important feature of these signs is the fact that none of them taken alone may not be sufficient to determine the generation of investment potential. Any of them is insufficient. These features generate investment potential are necessary and sufficient to distinguish the positive generation of its possible chaotic changes that lead to closed circulations inconclusive mechanical motion of investment resources. This we have seen in the administrative-command system, when an overwhelming amount of investment resources irretrievably stuck in objects under construction, without creating its new quality. It was the appearance of the development, reflects the statistics of the growth of capital investments, but not having to generate the investment potential of nothing. Progressive economic science at the time called it immobilization or immobilization of capital investments. The phenomena of this kind in the investment sphere are not compatible with the generation of investment potential and must be constantly monitored during the investment monitoring. But you need to change the criteria for evaluating the investment potential of the movement and give them comprehensive, covering all three main features of his generation.

Thus, the introduction of contact to the theory of investment potential of the new category of generation of investment potential and its opposition of the category "Development" is dictated not by the attempts to create a new terminology form to a known process, and the need to give different quality content development processes, expand and link together all the elements of the investment potential of the its occurrence until the investment result. Ultimately, such a theoretical vision of the dynamics of the investment potential will allow the practice in a new way to build the whole system of management of the investment potential and to create an adequate mechanism of its formation this.

It should be noted also that the generation is an objective phenomenon, the phenomenon of material and spiritual reality. It is in a certain sense does not depend on the investment potential of the formation as a subject. As such the investment potential of itself creates, perceives and evaluates the process of their own generation. The complexity of generation and other factors determine the ambiguity, the diversity of its

interpretations for different objects. In practice, usually do not think about how goes developing a process. But any theoretical study comes inevitably to the need to determine the type of its formation, the development or generation. It is not surprising, since the identification of the type of generation makes it possible to evaluate how successful functioning mechanism for managing this process and what are the prospects for its development.

Therefore, in order to identify the features of the investment process generating dwell primarily on the known theoretical models of development, as the only way to show what difference the investment process by generating other approaches. The need for such a brief introductory overview of the basic models can be characterized by well-known in the transition model of economic reforms - shock therapy and gradualism. Economic reforms began literature was literally saturated with the assessment and classification of the progress of reforms in these two grounds. But this only applies to the processes of formation of market relations. Meanwhile, the broader approach in this area demonstrates a philosophical science, comprehensively and thoroughly studying the process of development. Therefore, without going into details (it is the case of philosophical sciences), we characterize them, in order to understand the place that takes in all this variety of models generate investment potential.

Let's start with the most common and widely known development approaches presented in any scientific literature on philosophy. This so-called "model of dialectics." The first of these is known to the XVIII-XIX centuries represented by the works of German philosophers Kant, Fichte, Schelling, Hegel. It is named realistic, logical-epistemological model of dialectics. Later, the dialectical materialist, gradualist and synthetic (natural- synthetic account). We will not dwell on the dialectical materialist conception as the degree of its abstract submission so extensive that it see a particular application to the generation of investment potential, it can only be an abstraction in relation to the object at a similar level. But in this case, to see the result of its application in the realization of economic practice is even more difficult.

But gradualism model not only easier, but also more practical. Another important factor is that this philosophical term in the past decade firmly entered the lexicon of economics. In the modern literature as gradualism understand the gradual development, and always point out the lack of this model - denies jumps and, therefore, the denial of qualitative changes. A variation of this model - evolutionism without denying gradualism suggests that its outcome will be a qualitative leap. But this theory of evolution denied the explosive jumps species. Essentially all of this model of gradual movement and they are constantly evolving. Meanwhile, the general theory of evolution has long been known emergence talking about the possibility of plosive jumps, which are based on the creative component. In other words, different concepts of gradualism formula reduces to the relation of continuity and discontinuity of processes.

Synthetic (natural-scientific account) concept is very diverse in forms, as based on the description of the various forms of motion in nature. However, with regard to economic developments, interest equilibrium-integration approach, talking about the economy as an equilibrium system, all parts

of which are balanced with each other and harmony devoid of contradictions. But this statement is totally rejected by the theory of conflict, which is contrary an absolute conflict and overcoming the contradictions. Moreover it argues that there is a conflict in order to meet the needs of the system changes.

There is a lot of other varieties of these basic concepts. Diverse and their applications in economics. This once-famous “balanced, proportionate ‘development, firmware development, cluster development, and even the development of the wave. But all this relates to the global macroeconomic processes. Generation of the investment potential of the process exists within a certain macro and micro-economic systems and obeying the general framework of their development has its own characteristics resulting from the nature of the investment potential. And it is easy to see, because the investment potential goes through several stages. In its simplest form, is the emergence of resource use and the achievement of results. And the result - giving new investment resources, which again sent for and obtain a new result. Thus, the generation of investment potential is circular in nature, and each time getting investment result marks the repetition of already covered. Such processes are called repetitive, cyclical. They are a set of interrelated processes, activities, forms a complete circle phenomena development. However, the generation of investment potential cannot be equated with economic cycles, which are constantly recurring fluctuations in economic activity. This concept suggests that the growth of social production is carried out non-linear and is accompanied by periodic fall. If the possible phases of the economic cycle include: crisis, depression (stagnation), recovery, recovery, the generation of investment potential in principle has only three components: getting the resources they use to achieve the investment result. Moreover, this cyclical scheme has a universal character both on a micro and macro level.

Ideally, at the end of each cycle should be ensured growth of investment resources. It characterizes the initial increase in total investment potential. Accordingly, increasing their volume to further use and is expected to receive more results. That is, the generation of investment potential is transformed from a circular spiral in the process and is carried out on the concept of  $R_0 \rightarrow I_0 \rightarrow P_0 \rightarrow R_1 \rightarrow I_1 \rightarrow P_1 \rightarrow \dots$ , where  $R_0$ - initial investment resources,  $I_0$  - the use of primary resources,  $P_0$  - the primary outcome,  $R_1$  - Resources of the first cycle, the first cycle of use of resources,  $P_1$ - result of the first cycle (Fig. 1.2).

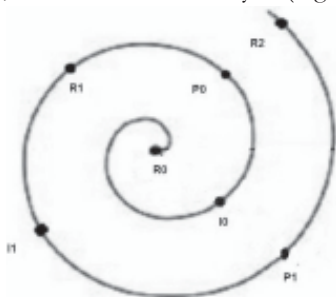


Fig. 1.2. Cycles of generation investment potential Source: developed by the author

What is ideal, but in practice it is almost unattainable thing. In fact, in the development of such a spiral generating investment potential, there are constant disturbance. They may be local (Fig.

1.3), and may be under the influence of the crisis and other phenomena even lose its principled helical structure (Fig. 1.4).

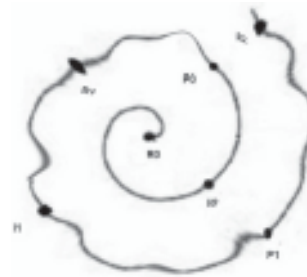


Fig. 1.3. Driving small (current) disturbances in the generation cycle of the investment potential Source: developed by the author



Fig. 1.4. Driving disturbances such as a crisis in the cycles of generation investment potential

Source: developed by the author

However, if we analyze the generation of investment potential over the long term, the spiral nature of this process is obvious. However, they are visible and unavoidable deviations caused by the influence of economic cycles, political and macroeconomic disturbances and other impacts of the investment field.

Thus, the theory of investment potential we introduced an important new component - the generation of investment potential, which develops and supplements the classical category of including it in the process of emergence, origin of investment potential. The main features of generation are, firstly, the qualitative and quantitative changes, secondly, the irreversibility of these changes and, thirdly, continuity and orientation of the generation of investment potential. Generation of the investment potential of a cyclical nature and develops in a spiral, given the micro and macroeconomic influences.

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