

ECONOMY AND NATIONAL ECONOMY MANAGEMENT

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THEORETICAL BASIS OF THE IMPORT SUBSTITUTION POLICY

One of the forms of foreign economic activity is import. On the one hand import facilitates access to goods, services and technologies that are not produced in the domestic economy, on the other – creates additional pressure on the domestic market and domestic producers. A response to these threats of public policy of import substitution is developed.

Now, in economics there is no single universally accepted interpretation of this concept. Import substitution is a complex concept, which is regarded by scientists as a process, public policy or strategy of production, changes in the commodity market.

There are two basic approaches to explaining the nature of the import substitution process – theory of the «big push» and «preference economy», which gained practical application in developing countries in the second half of the twentieth century. However, implementa-

tion of policy of import substitution showed a significant difference between the initial benchmarks and actual results. While some countries have received the intensive long-term economic growth, in other countries this policy has suffered a complete fiasco.

Both positive and negative experience of implementing the policy of import substitution played an important role in the modern vision of that process. Currently, the development and implementation of import substitution is based on state-run program that has clear timeframe of implementation. Among the conceptual foundations of it are the import substitution of demand, consumer goods and production resources, products and technical services. The main directions of state policy of import substitution are organizational and economic measures to stimulate domestic production and decrease import involving the use of administrative and economic methods and tools.