



## The Need for Socio-Economic Significance in the Development of the Service Sector in a Post-Industrial Society

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**Abstract:** *the article describes the concept of transition to a post-industrial society and the need for rapid development of the service sector in a post-industrial society. The advantage of the service sector economy over other industries is also disclosed.*

**Keywords:** *post-industrial society, productive and unproductive labor, primary sector, secondary sector, tertiary sector, industrialized countries.*

### INTRODUCTION

The formation of the modern economy is largely determined by the development of the service sector and information technology, which is reflected in the growing role of science.

In the middle of the 20th century, as a result of the scientific and technological revolution, the introduction of new technologies led to the complication of production processes and, as a result, to the expansion of service areas and the emergence of new activities. As a result of the rapid growth of the service sector, the economy of developed countries began to be called the service economy, which led to an analysis of its place and role in the development of the modern economy. Currently, in developed countries, the share of the service sector in the gross domestic product is 80%<sup>1</sup>, and the share of employment belonging to this sector is more than 70%<sup>2</sup>.

### Main part

A well-known American scientist D. Bell made a great contribution to the development of the theory of a three-sector economy and the transition to a post-industrial society in his book "The Post-Industrial Society of the Future".

The "Experience of Social Forecasting" presents the results of an in-depth analysis of the main trends in structural changes in the sectors of the economy during the transition to a post-industrial society.

<sup>1</sup> OECD Statistics/Labour Force Statistics. URL: <http://stats.oecd.org/>

<sup>2</sup> OECD Statistics/National Accounts. URL: <http://stats.oecd.org/>



The world-famous English economist Adam Smith at one time created the concept of productive and unproductive labor and assigned the service sector a secondary role in creating social wealth. He believed that social wealth is created only through productive labor (material production), and expressed the opinion that service is a good that does not have a natural essence to be included in social wealth.

In his opinion, he considered priests, doctors, lawyers, writers, musicians, singers and persons employed in similar service professions to be unproductive workers<sup>3</sup>.

In our opinion, such an approach to the inefficiency of labor in the service sector, which is fundamentally wrong, and most importantly, harmful to the industry in question, has led to a false perception of the role of this industry in the reproduction process. It was he who later formed the basis of many economic theories and played an incomparable role in the development of this area as a full-fledged part of social production.

In Adam Smith's time, services made up a very small fraction of the total set of goods consumed by man, and only a tiny part of the economically active population was engaged in the provision of services. According to experts, in 1900 the share of employed in the service sector of the total economically active population was 20%, in 1950 it reached 25.4%, and in 2000 it increased to 48.6%<sup>4</sup>.

Consequently, ignoring or underestimating the role of the service sector in the process of reproduction in that period did not have such a serious impact on the overall value of social wealth and economic growth. In his views on productive and unproductive labor, Friedrich Engels is not inferior to Adam Smith: "The only value known to political economy is the value of a commodity,"<sup>5</sup> he said.

These views lead to the important conclusion that services are unproductive and therefore do not create new value. However, these views are preferable to the views of Karl Marx, who believes that certain types of services create value and customer value. He carefully analyzes Adam Smith's concept of productive and unproductive labor and proves the illegitimacy of his ideas about the nature of service.

Marx confirms that the commodity form of a service also has a rational content, shows the qualitative difference between primary necessary goods and services from secondary ones, and the production of labor power. He even considered transportation costs productive. "The consumer value of goods (things) is manifested only when they are consumed, which may create the need to move them and, therefore, require an additional production process in the transport industry.

Consequently, the productive capital invested in it adds value to the transported product, partly by transferring the value of the wagon, and partly by adding value through the labor of transport. This addition to the final value is divided into compensation of wages and surplus value, as in capitalist production. In his view, there are similarities between goods and services, and he argues that a consumer buys a service to satisfy his needs. At the same time, these services are commodities for their producer and have a use value and an exchange value like other commodities.

<sup>3</sup> Энциклопедия Кругосвет. Универсальная научно-популярная энциклопедия. <https://ru.wikipedia.org/wiki>

<sup>4</sup> Engels Friedrich. Anti-Dühring, K. Marx and F. Engels. Compositions. 2nd edition, T.20, P. 318.

<sup>5</sup> K. Marx "Capital" V.2, K. Marx and F. Engels, Works. 2nd edition, T. 24, P. 169-170.



We agree with Marx. After all, the labor of service personnel is a type of human labor that creates material wealth, it has a dual nature (abstract labor and concrete labor), creates exchange and consumer value, and is also a specific purposeful human activity that is aimed at creating economic benefits.

Alfred Marshall, an English economist, also contributed greatly to the development of service theory. In our opinion, he put forward a more just point of view, according to which the service sector, although it does not directly create material wealth, creates the necessary conditions for material production.

In our opinion, his contribution to this area is that he was the first in the history of economic science to divide all benefits into material and non-material. The latter, that is intangible goods are divided into human qualities and abilities to act and enjoy, as well as professional skills. A. Marshall called these inner blessings. And he divides external goods into labor duties and household services that are useful to a person and others. These conditions include civil and military security of people, the right to free education, the right to legal protection, access to state property, etc. Although we are not sufficiently convinced of the division of goods into internal and external, the views of A. Marshall were a significant step forward compared to the restrictive interpretation of social production and labor productivity in the service sector that has existed for many years. Therefore, they played a significant role in shaping the modern theory of services.

In the first half of the last century, the theory of networks with structural changes was developed, and it was considered an important pillar for the development of the theory of modern services.

The founder of this theory was Colin Clark, who in his famous work "Conditions for Economic Development" came to the very important conclusion that production in each of the three industries he identified is subject to the laws of development characteristic of any socio-economic development. political and economic system. In his opinion, each country in its development goes through three stages: the first - agrarian (the country's production grows slowly), the second - industrial (production growth reaches its maximum level) and the third - the dominant stage of the country's growth. service sector (production growth rates slow down again). In the network structure of employment, the share of agriculture is constantly decreasing, first it increases, and then in the long term, the share of industry decreases, and the share of the service sector is constantly increasing.

According to K. Clark, the primary sector (agriculture and mining) develops according to the law of diminishing returns, and the secondary sector (industrial production and construction) satisfies the requirements of the law of increasing profitability. As for the tertiary sector (all branches of the service sector), it is subject to both of these laws at the same time, i.e., both the law of diminishing returns and the law of increasing returns.

The role of the theory of structural changes, developed by Fisher-Clarke, in the development of the theory of a three-sector economy is also incomparable. Its essence was that as society develops, the direction of development gradually moves from one sector of the economy to another: from the primary sector to the secondary, then to the tertiary sector.

According to researchers, this transition from one sector of the economy to another is due, first of all, to a change in the nature of consumer demand: as the income of the population grows, the demand for agricultural products gradually decreases, and the demand for industrial products



first increases, then decreases, and the service sector is constantly growing. growing industry. Analyzing the history of the creation and development of the theory of the three-sector economy, we came to the conclusion that the merit of J. Furast, who creatively developed the ideas of Colin Clark and brought them to their logical conclusion. development of this theory.

In his work “The Great Hope of the 20th Century”, he showed that the economic development of a country is connected with three sectors, that is a country with an underdeveloped economy depends on the primary sector, moderately developing countries depend on the secondary sector, and developed countries depend on the tertiary sector. Furaste believed that for the development of the country's economy, 70% of the able-bodied population should be employed in the tertiary sector, 20% in the secondary sector, and 10% in the primary sector. At the same time, it should be noted that the structural division of workers by sectors of the economy indicated by J. Furaste is far from limiting, and in many developed countries the service sector undoubtedly plays the role of the locomotive of the economy, having successfully crossed this line.

### **Conclusion**

At the same time, the rapid development of the tertiary sector and a significant increase in its share in the process of reproduction in the country will cause great difficulties, which, in our opinion, is primarily due to the unfavorable structure inherited from the administrative-territorial structures. managerial economics in three sectors (excessively high share of agriculture).

The underdevelopment of the tertiary sector in Uzbekistan is largely due to the lack of investment resources to finance very promising service sectors (for example, education, tourism, healthcare, digital economy, etc.). In our opinion, the developed education system in our country, the low level of personnel training had a negative impact on the entire sector.

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