



THE CONTENT OF THE MARKET ECONOMY AND THE NECESSITY OF TRANSITION TO IT

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Article history:	Abstract:
Received: August 8 th 2021 Accepted: September 7 th 2021 Published: October 6 th 2021	A market economy is an economy based on free competition, characterized by private ownership of resources, freedom in economic activity and entrepreneurship, the use of market mechanisms in the regulation and harmonization of economic processes.
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MARKET ECONOMY

A democratic economy based on commodity-money relations, based on various property and economic freedoms and governed by competition. The market economy is the most progressive and promising system in human development. The basis of a market economy is the production of goods, because the commodity economy prevails here, not the subsistence economy. Created products and services take the form of goods, that is, they are created for trade in the market. The market economy is characterized by barter, not trade. Therefore, commodity consumption takes precedence over natural consumption. The market economy is based on economic liberalism, ie freedom, property freedom and freedom of management. While private property is predominant, there are other forms of ownership. The free development of various forms of ownership or all forms of ownership, including private individual, private corporate, public property, and state property, creates a property balance, and no form of ownership is allowed to be monopolized. In a market economy, there are individual, self-reliant, corporate, partnership-based ways of renting land, buildings, structures, cars, and borrowing money. Entrepreneurship is the backbone of a market economy, which focuses on making a profit based on the supply of goods and services to the market. Entrepreneurs are a special category and usually make up 7-10% of the economically active population. In a market economy, everyone gets what he or she earns from his or her own interests. Demand in the market determines what, how much to produce, where to sell it and for how much money. The market price is formed on the basis of supply-demand ratio based on demand. In a market economy, economic entities are separate, their interests collide, and competition arises. Competition is the driving force of a market economy, the mechanism that ensures its development. A market economy relies on economic methods of management. The market

mechanism is an economic incentive mechanism, the main means of which is money. The pursuit of money ensures that goods and services are produced in large quantities and of good quality. In a market economy, money becomes the most common and most convenient form of wealth, a means of universal economic relations. In a market economy, wealth is not forbidden, it is allowed, there is no upper limit of income, but the lower limit is set by the state, and the wages of workers cannot be lower than the established minimum wage. A market economy is one in which there is no shortage of goods, and there is an abundance of goods. Another characteristic of a market economy is the existence of a fair income inequality. A market economy means equal opportunities, but people do not have the same opportunities, and everyone benefits from what they earn. Income stratification stimulates people to become economically active.

While monetary relations predominate in a market economy, non-monetary human relationships: compassion and charity also flourish. In developed market economies, large charitable foundations serve the needy and do not seek to withdraw money. The market economy is constantly evolving and new forms and models are emerging. Historically, there have been two types of market economy: the wild market economy and the civilized market economy. The first market economy emerged as a hostile economy with the development of commodity-money relations during the period of capital accumulation. , lack of social protection, the division of people into very rich and very poor, and social conflict. The Assyrian economy grows into an enlightened economy through development. This change began in the developed market economies in the 1930s and lasted until the 1980s. Today's market economy is a civilized economy with the following characteristics: property diversity, a regulated economy, government intervention in the economy, cultural and fair competition, strong



partnerships, short-term and mild economic crises, public welfare, shallow social stratification, The growth of the middle class, the maintenance of social balance and the absence of civil strife, and other characteristics characterize the modern market economy, but their development is not limited to this. Within a cultural market economy, its various models apply.

Market economy free commodity-money relationship based on, his based-on brand and pulling different shapes movement lies. This is it of the economy amal to do mechanism many centuries during content find, for med, current period civilized figureini profession did and many countries dominant economic log in turned. Exactly market relationship amal to do level depending on capitalism, socialism such as systems separated. Private of property come output and social labor distribution market economy come output and there is to be for general conditions is is. Brand functional release development market economy development basis organized reaches. Market attitude of property diversity demand reaches. Because har how of society economic system from ownership starts. Market economy content and signs a bout gap when you go this of the economy two type from each other differentiation need .These are free (classic or sof) market economy and current time advanced market economy. Current period market economy of the world most countries for specific is, she is different countries har kind of degree and to himself specific features with amal is doing and developing.

The transition to a market economy is the transition from economic relations in the traditional and planned command system to market relations. This process is an economic necessity, as traditional or planned command systems fail to ensure sustainable economic development and the well-being of the people, and the path to economic prosperity is chosen through the transition to a market economy. Historically, there are three ways to transition to a market economy:

- 1) the transition from a traditional subsistence economy to a market economy ;
- 2) the transition from a backward and colonial economy to a market economy ;
- 3) the transition from a planned command economy to a market economy.

Accordingly, the first classical model of transition to a market economy was the model of Asian and

African countries free from colonial oppression; there is a model of former socialist countries. The classical model is the oldest in Europe. Here, the transition to a market economy was a multi-stage process that took place in the form of a natural historical process that lasted for centuries. Initially, the traditional subsistence economy became a small commodity economy, which in turn became a market economy. The laws governing the transition to a market economy were first tested in European countries. The implementation of the Asian and African model is based on historical experience: the transformation of the traditional economy into a market economy began under the influence of metropolises under colonial oppression and served their interests. It grew from economic land to private property, relying on foreign material and financial support. The transition to a market economy is in the form of a historical leap, that is, the transition from a traditional economy or an underdeveloped market economy to a more developed one, bypassing the historical stages that are inevitable for Europe.

The latest model of transition to a market economy is the model of the former socialist countries, which is based on the reconstruction of a planned command economy in these countries. In the former socialist countries, the preconditions for the transition to a market economy are different, and so are the market skills among the population. In these countries, the transition from a planned command economy to a modern developed form of a market economy. The transition is fast-paced because it relies on the material base, skilled labor, and scientific and technological potential left over from the socialist era. In the former socialist countries, the transition to a market economy has been accompanied by the independence of some of them. This is typical of CIS countries. The transition to a market economy requires extensive and deep market reforms. Uzbekistan's transition to a market economy is also taking place with national independence and large-scale market reforms. Uzbekistan both independence first years ago market to the economy to pass own in front of important from tasks one deb calculated. Bunda Uzbekistan own to himself specific cultural, historical, economic and of course properties and this on the road world experience account received without revolution without coups, social without collisions, social protection enhanced without gradually, but perseverance with stage - stage advanced market to the economy from the transition consists of the way chose. This is it on the



road work instead increase for own economic, political, cultural our situation into account received without Created our model to be should was .

In Uzbekistan free market of the economy organized reach of our country economic level increase and of the population marriage style improve service is doing. Market economy eng important qualities one private of property priority providing, in our country small business and private entrepreneurship big attention is given, this esa own in turn population the work with provision, their entrepreneurship ability increase service is doing. From this then both in our country market economy more we develop, of the world advanced countries in a row we too own our products world to the market release should.

The progressive development of market relations leads to the formation of a market economy. The concepts of "market" and "market economy" are not the same. As noted, the market has existed since the existence of commodity production in one form or another. However, commodity production and the market do not always lead to and do not necessarily lead to a market economy, although the latter implies a high level of market development. A market economy is a type of economic system activity based on the universality of market relations at all levels and at all stages of social reproduction and in the regulatory functions of state structures. In a market economy, the movement of resources is determined by the state of solvent demand, and money is the main means of ensuring the interaction of economic entities. The effective functioning of a market economy depends on a number of conditions.

1. Economic freedom and independence of business entities. Each enterprise has the right to independently choose the type of activity and, taking into account market conditions, to choose what goods and services and how much product will be produced, where and at what prices. This creates the basis for the business entity to fully realize its capabilities and abilities.

2. Diversity of forms of ownership. The implementation of this condition allows to determine the maximum efficiency of certain forms of property, to exercise the right of an individual to choose a particular form of economic activity. In a market economy, all forms of property must have equal "civil rights". In this regard, it is difficult to agree with the authors who are trying to prove the inefficiency of state property by referring to the widespread practice of privatization in

Western countries. This is a one-sided statement. The development history of these countries knows not only the periods of privatization, but also the periods of rapid development of state property.

3. Elimination of monopolies in the production and sale of goods. This is a necessary condition for maintaining healthy competition and one of the key features of a market economy. For example, under current U.S. regulations, none of the largest firms is entitled to more than 31 percent of total sales, three firms to 54 percent, and more than four to 64 percent. If this ratio is violated, the state restricts the firm's participation in the market or imposes economic sanctions. In turn, fair competition prevents monopolization of production and marketing. Practice shows that for the normal functioning of a market economy, there must be at least 5-7 competitors for each market entity, otherwise a monopoly may arise.

4. Market prices formed under the influence of changes in supply and demand. If not monopolized, the market price, as a rule, does not fall below cost and does not exceed the amount of value and profit corresponding to the average standard of profitability. If the profitability of the production of this product is high enough, competitors will actively produce it, supply will increase and the price will decrease accordingly. Of course, such processes are possible only in the current market economy. Rising retail prices during the transition are inevitable, sometimes very significant.

5. Sustainability of financial and monetary systems. The mechanism of the market economy requires economic methods of strengthening the national currency, overcoming the state budget deficit and creating a flexible banking system that provides credit and money supply management.

6. Openness of the economy. This condition is achieved by giving enterprises and organizations the right to conduct foreign economic relations and operations in accordance with the established rules. In turn, foreign entrepreneurs have the right to participate in the domestic national market not only as producers and sellers, but also as property owners.

7. Ensuring social security of the population. In countries with developed market economies, social protection systems are generally well developed and demonstrate their high efficiency. These include measures such as the organization of rational employment, payment of unemployment benefits, compensation and indexation of people's incomes, ensuring a decent standard of living for low-income



citizens, families with children and citizens with permanent incomes. implementation.

8. Full coverage of the economy with market relations, commodity, financial markets and full functioning of the labor market. As for our conditions, we can now talk about a more or less developed product market. The formation of the labor market, especially the financial market, lags behind the needs of the economy.

9. Developed infrastructure, ie a set of industrial and business services that provide general conditions for production and life of people. Distinguish between industrial and social infrastructure. First, all types of transport and the transport sector in general, power transmission lines, power systems, means of transmission and information processing and other systems, without which normal production can not be ensured. The second category includes trade, health; all types of passenger transport and communications engaged in public utilities; urban communications, catering and other services.

Modern theory and practice of world governance identify five key features based on a market economy.

1. Private ownership of the means and means of production, resources and labor results that contribute to the development of initiative and responsibility of the participants in the production process.

2. State (organizational and legal) guarantees of basic economic freedoms and, above all, freedom of choice of type of entrepreneurial activity to anyone who wants to have his own "business", except for types of entrepreneurial activity prohibited or restricted by the laws of this state.

3. The difference between the amount of income and production costs to cover the cost of creating a product, work or service (economically viable option for economic activity) or losses associated with business activities (harmful, harmful management option, leading to bankruptcy) the opportunity to be self-sufficient in entrepreneurial activity when available.

4. Expenditures and incomes of independent economic entities, as well as trends in their purchasing power increase contribute to the steady growth of consumption and its accumulation in the national economic system of the country.

5. Normal, efficient functioning of the national economic system on the basis of maximum state intervention in the process of reproduction in the country.

The market system has turned out to be more flexible than its predecessors: it is able to recover, adapt to changing internal and external conditions. During a

long period of evolution, mainly in the 20th century, the market economy of free competition became a modern market economy. Its main features are as follows.

1) various forms of ownership, among which private property occupies a leading position in various forms (from individual labor to large and corporate);

2) the implementation of the scientific and technological revolution, which has accelerated the creation of counterfeit production and social infrastructure;

3) more active influence of the state on the development of the national economy and social sphere.

In a developed market economy, the economic mechanism undergoes significant changes. Planned management methods will be further developed within individual firms in the form of a marketing management system. At the same time, the development of macro-planned methods is related to the state regulation of the economy until the implementation of national programs and plans.

The market economy is characterized by the free choice of consumer demand. Freedom of entrepreneurial activity is characterized by the desire to organize your business independently. If we talk about production, here the freedom of choice is reflected in the desire of the entrepreneur to set his own price for his goods. It is well known that freedom of choice forms the basis of a competitive economy. A market economy allows people to own movable and immovable property, documenting it for themselves. It guarantees stability to people and that individuals do not interfere with our freedom of economic choice. This can range from unpredictable options of intervention to free markets, regulated markets, and interventionists. A market economy does not mean the existence of any form of private property acquired using the means of production, it can consist of various autonomous public institutions or cooperatives. These economic associations or autonomous institutions exchange capital goods in a system of free prices. There are many different options for market socialism. These may include businesses operating in a self-governing system. There are models of market economy that can include state ownership of any manufacturing sector distributed in the markets. But there is no single model that exists in its pure form. This is because the regulation of the economy by society and government will be at different levels. Most market economy models include elements of government intervention and economic planning and are therefore classified as a mixed economy.



The main feature of a market economy is the existence of a market where competition is formed and the mechanism of interaction between sellers and buyers. Market is an economic concept that refers to the interaction of participants in many concepts. As a result of this interaction, the quality and quantity of services offered are determined. The market mechanism has its advantages. The first is economic democracy. In addition, the market mechanism can allocate resources. It has high flexibility and resilience. If we recall A. Smith's historical lessons with his classical political economy, the basis of a market economy looks like this: "Give me what I want, I will give you what I want".

The main features of the relationship between producers and consumers through the purchase or sale of various goods and services are:

Economic freedom of the participants of the complete production process;

Availability is competitive. It should be among sellers and buyers of goods and services. This is necessary because it determines the quality of the product and its value;

Benefits have come, in particular, to increase the frequency of income from economic activity;

Regulation of the production process through the use of the price mechanism, the distribution of quantities, as well as the exchange and consumption of products.

Comparing the previous systems of the economy, the market has become the most efficient, it is being rebuilt and adapted. In the 20th century, the market economy has consciously modernized with free competition.

The modern market economy is a mixed economy. In this type of economy, the mechanism of independent market regulation is combined with state regulation of the market. In addition, the modern market economy requires a high level of state guarantees in the provision of socially important services, as well as in the social protection of citizens from any negative consequences in the market of goods and services. It defines certain types of needs, such as ways to meet the services provided free of charge or for a fee in the services of nonprofits. In addition, it identifies sources of funding for all the needs of this type of organization.

For a modern perfect market economy, all economic relations must be clearly defined by the market. It is useful when market economy relations go beyond the market and when the regulation of production is governed by both the market and

beyond. An example of such regulation is corporate manufacturing because they interact with the market. But they are not in his power. Corporations are engaged in shaping the market, they are creating new products and services, and implementing various large investment programs.

The development of a market economy has changed in the form of the emergence of a marketing management system. The impact of the state on the economy was influenced by the emergence of nationwide plans. As a result, if we talk about active changes in the market sector, economic development has found a new solution in the production of products, development forecasts and more. What does this give? Now, as a result of marketing research, you can know in advance what type of products consumers need, quantitative ratio, model, size, and expected prices in the market.

The formation of a modern market economy in Russia takes place in the context of interrelated economic, social and political crises. This will significantly slow down the transition to a mature, perfect market system. In order to develop a market economy, it is necessary to equalize incomes, create social guarantees and create equal conditions for all consumers. Such a mechanism leads to social justice and economic efficiency. A well-paid workforce has a positive impact on quality and production growth, and this can only be achieved through high-quality equipment. In the modern world, a market economy uses many methods, forms and areas of government regulation. These include the following methods and forms:

Administrative is a method that involves issuing licenses for various types of activities, setting quotas for imports and exports, assessing product quality, and more.

Legal methods and forms mean state regulation, which is carried out on the basis of economic and civil legislation. This is done through a system of norms and rules.

Direct methods talk about setting up, which is a form of non-repayable financing of various enabled networks, networks and individual enterprises.

Consumption structure and production accounting services increased.

The level of knowledge of citizens has increased. The same can be said about secondary education and the post-school period. If we take the statistics, 70% of the able-bodied population has higher or secondary special education.



New labor relations. Employers began to greatly value their employees by providing them with social packages, paid vacations and sick days, health insurance and other benefits. Of course, high professional requirements require a different approach to the performance of their work duties.

There was concern about the environment. Of course, nowadays - this focus is only in infancy, but the current generation thinks about shoes, it is recommended to use natural resources and environmental pollution.

Informing the public is the result of new scientific projects, information networks, innovative research.

Small business support.

The growth of economic activity has led to an increase in the number of firms, while the number of products produced has increased.

Free enterprise, due to which the manufacturer is given the opportunity to choose any type and form of activity. At the same time, the consumer has the opportunity to purchase any necessary goods.

Price based on supply and demand mechanism. As a result, the market is self-regulating to provide an efficient production method. At the same time, no one sets prices, they are the result of the interaction of supply and demand.

Competition, shaped by freedom of choice and freedom of enterprise, forces producers to produce only the goods that consumers need. In addition, their production is carried out in the most efficient way.

The state controls the economic responsibility of the subjects of market relations.

With tradition, we can distinguish between traditional, command, and market economy models. The traditional economic system is specific to the agricultural society. The method of coordination is customs, traditions, taboos, ancestral covenants. The form of ownership of the main means of production (land) is a general (communal) form.

In modern society, customs and traditions mainly affect people's private lives. This applies primarily to the division of occupations and household tasks into "male" and "female", some ways of consuming goods in small social groups. based on ownership. Strict order (plan) within firms. In the ideological shell there are ideas of freedom of choice and competition (the invisible arm of the market). According to Adam Smith, "a man with an 'invisible hand' achieves a goal he did not intend at all ... For his own benefit, he often consciously seeks to do so. The pure market economy excludes state interference and regulation and implies complete freedom of market forces. The state only controls the

observance of the "rules of the game". It is based on public (state) ownership of the means of production. All decisions on the production, exchange and distribution of material goods are made centrally. In fact, consumption is controlled by the state. monopolization of production and, consequently, inhibition of scientific and technological progress. Full use of all economic resources g is combined with a deficit because centralized coordination is not able to meet all the needs of community members. In fact, high-level people use limited resources to solve the problems they solve, but are not interested in the opinion of the lower classes. This is not an impossibility, but an unwillingness!

Significant changes in the world between 1980 and 1990 made it necessary to reconsider theories about the prospects of economic development and to make significant changes to them, because by this time the West free economic regulation that has prevailed in countries for a long time (since the time of A. Smith).

The idea of centralized regulation and management of the economy also collapsed. In such circumstances, it became necessary to find qualitatively new ways of economic development. By this time, the experience of many developed countries had been generalized and a new path of economic development had been recognized as a consciously managed and regulated market economy, and most countries had chosen this path.) are different, their general and specific aspects are different. All the ways of transition to the world market economy are combined and divided into the following four main types:

1. The way of a developed country
2. The path of developing countries
3. The path of the former socialist countries
4. The way to combine the ideas of socialism with the mechanism of creating an effective market economy (China, Vietnam)

Although these paths are diverse and varied, they have much in common. What they have in common is that they all aim to transition to a market economy, and the rules and mechanisms of this economy are in many respects common. However, each path has its own characteristics, which is due to the fact that the socio-economic, historical, national conditions of the formation of market relations are different.

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