



MAIN ECONOMIC PROBLEMS AND THEIR SOLUTIONS

Turayeva Malika Khikmatovna
Djuraeva Makhzuna Azamovna

Samarkand State Architectural and Civil Engineering University

Article history:	Abstract:
Received: 14 th August 2023	In the article basic problems which we come across in economy field nowadays are noted. In addition to this the ways of overcoming economic problems and finding solutions are highlighted.
Accepted: 11 th September 2023	
Published: 16 th October 2023	
Keywords: Macro-economic decisions, market economy, products, good, service, production costs, higher incomes, rural locations.	

Knowing about the economy is very important for managing the state or the whole world effectively. The economy has become much more important thanks to globalization, which means that economies all over the world are connected and depend on each other. The market has gotten bigger because more people want to buy things and more things are being made to satisfy customers. The text talks about how the economy affects different parts of our lives and the whole world. All modern economies have some main economic issues to address. Therefore, people, companies, and society must make decisions together about how resources are used. Macro-economic decisions are influenced by the choices and preferences of society and the community[1]. Following figure shows the 3 fundamental economic problems faced by all societies worldwide.

1. *What to produce ?* Each and every economy must determine what products and services, and what volume of each, to produce. In some way, these kinds of decisions should be coordinated in every society. In a few, the govt decides. In others, consumers and producers decisions act together to find out what the society's scarce resources will be utilized for. In a market economy, this 'what to produce?' choice is made mainly by buyers, acting in their own interests to fulfill their needs. Their demands are fulfilled by organizations looking for profits. For instance, if cellphones are in demand it will pay businesses to produce and sell these. If no one desires to buy radio sets, it is not worth producing them. In case a manufacturer produces an item which buyers don't buy in much quantity, there will likely be inadequate income. The manufacturer will have to enhance the quality and modify the product to match buyer tastes. If the item is still not preferred, the producer will most likely halt the production. In this manner, buyers get the goods they need. Customers rule the 'what?' decision. They 'vote' for certain products and services by spending money on those they like. Each and every manufacturer has to offer what buyers want so that they can compete effectively against other manufacturers. Government authorities also perform

some part in making 'what?' decisions. For example, a law demanding all ladies to wear a helmet generates demand for helmets, and profit-seeking businesses will produce them.

2. *How to produce ?* This basic economic problem is with regards to the mix of resources to use to create each good and service. These types of decisions are generally made by companies which attempt to create their products at lowest cost. By way of example, banking institutions have substituted the majority of their counter service individuals with automatic teller machines, phone banking and Net banking. These electronic ways of moving money, utilizing capital as opposed to labour resources, have decreased the banks' production costs. The initial approach to production, using a resource combination which includes a small capital and much labour, is labour-intensive while the second, utilizing a little labour and a lot of capital, is capital-intensive. Each one of these 'how' decisions was made based on lowest cost and accessible modern technology.

3. *For whom to produce ?* This basic economic question is focused on who receives what share of the products and services which the economy produces. The portion of production which each person and family can consume is determined by their income. Income is distributed in line with the value of resources we have to sell. The for whom decision can even be dependent upon skills shortages, in which case organizations will provide higher incomes to attract workers with rare skills. In the same way, high wages may be required to attract employees to rural locations. The economic problem is at times referred to as the basic, central or fundamental economic problem. It is one of the crucial economic theories in the functioning of any economy in this world. Due to scarcity, choices have to be made by consumers, businesses and governments. Scarcity can be caused by the possible lack of availability in resources, from individuals insatiable desires, or from a combination of the two[2]. Due to the fact that resources are scarce and many of our desires are



substantial, a choice needs to be made about how to use scarce resources in the most effective way.

This factor and the answer to these questions are closely connected to how things are made, how money is managed and of course how finances are managed, because as we have seen before, to create things you need to spend money and to spend money you need to plan and have resources available. So, Financial Management helps the economy. Now let's explain a common way to divide economics: microeconomics and macroeconomics. We will see that even though these branches are different, Financial Management is still present and very important in both. In simpler terms, microeconomics focuses on studying how people and families spend money, how businesses make and spend money, and how the prices of different things are determined. This is different from macroeconomics because it focuses on studying things like how much people produce, consume, and earn altogether.

The bifurcation of Economic Science in these two branches, that is, macroeconomics and microeconomics, date of 1930. decade of beginnings Both segments revolve around the problem of limited and finite character of productive resources in the face of the vital needs of Civilization, infinite and limitless, underlying the human being, a problem that underlies and justifies the reason for the existence of economics as a science. However, micro and macroeconomics go as initially noted, for different channels and can be identified and / or distinguished according to certain parameters. The criteria adopted for the distinction are, however, fragile, since the understanding of any economic phenomenon inevitably requires the interrelationship of the theories that are inserted both within the scope of the micro segment and in the macro branch of Economic Science. Among these criteria, the first one is based on the level of abstraction-ism involved. Indeed, as author Robert Y. Awh ponders, microeconomics, in laying down general principles, is far more abstract than macroeconomics, which is concerned with the examination of questions and measures peculiar to a given place and instant of time. Secondly, microeconomics presents a microscopic view of economic phenomena, and macroeconomics, a telescopic lens, that is, the latter has much larger amplitude, appreciating the functioning of the economy in its global.

It follows a comparative title: considering a forest, microeconomics would study the plant species that comprise it, that is, the composition of the product as a whole, while the macroeconomics would worry about the total product level the forest and its operation. A third way of distinguishing microeconomics

and macroeconomics encompasses the analysis of the behavioral forms of aggregate variables and individual variables[3]. However, the aggregativity here explained must be understood in terms of the homogeneity or not of the set considered. Thus, if the aggregate could be extracted, at random, an element as representative of the behavior pattern of the others, the area of microeconomics performance would be; otherwise, if there were no possibility of isolating one element of the group in such a way as to reflect the pattern of behavior, the others would enter the field of macroeconomics. The last and no less important criterion of distinction between microeconomics and macroeconomics rests on the price aspect. The last segment, at most, addresses the absolute levels of prices, while relative prices are concerns, par excellence, of the first segment.

Effectively, microeconomics is also known as Price Theory, since it seeks to evidence the formation of prices of goods and services, as well as of productive resources. How is this accomplished? In the Consumer Theory, microeconomics extols the intention of individuals, in view of their respective incomes, to appropriate a combination of quantities of goods in order to maximize their satisfaction. In other words, the searches (individual and aggregate) that will result in income for the firms originate there. In the Firm Theory, one has the figure of the individual-entrepreneur striving to combine the factors of production, due to its budget constraint, with the intention of maximizing the level of profit of his organization. Put another way, we obtain from the analysis of this procedure, the elements necessary to derive individual and market offers.

To sum up it should be noted that Economics affects our daily lives in both obvious and subtle ways. From an individual perspective, economics frames many choices we have to make about work, leisure, consumption and how much to save. Our lives are also influenced by macro-economic trends, such as inflation, interest rates and economic growth[4]. Economy refers to the management of resources and production and distribution of goods and services. It is a crucial aspect of modern society, as it determines the standard of living of people, and the level of prosperity in a nation. Today, we are going to discuss the importance of the economy and how it affects different aspects of society.

REFERENCES:

1. Richard Daniels. List of Basic Economic Problems and Their Solution. Updated July 23, 2017



World Economics & Finance Bulletin (WEFB)

Available Online at: <https://www.scholarexpress.net>

Vol. 27, October, 2023

ISSN: 2749-3628,

2. <https://www.businessstudynotes.com/others/entrepreneurship/basic-economic-problems-solution/>
3. <https://universalteacher.com/1/three-basic-economic-problems/>
4. <https://theblkprojek.org/understanding-the-importance-of-economy-in-todays-society>