



## THE IMPORTANCE OF ECONOMY AND ECONOMIC KNOWLEDGE IN THE DEVELOPMENT OF THE COUNTRY

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<b>Received:</b> 24 <sup>th</sup> January 2021 <b>Accepted:</b> 7 <sup>th</sup> February 2021 <b>Published:</b> 19 <sup>th</sup> February 2021	It is difficult to imagine a state that is not an economic component in our time. In one way or another, all spheres of human life are interconnected by economic relations. Modern notions today seek to create the strong economic base that every state needs to ensure security, both inside and outside the country. It should be noted that public authorities determine the economic policy of the country and, consequently, the vector of its development.
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There are four forms of economy today. These include: traditional, market, command, mixed. Traditional economics is based entirely on existing traditions in society. In our time, such states are almost non-existent. The basis of a market economy is capital accumulated in the hands of individuals. This form of economy ensures the rapid growth of the state, while at the same time making the difference between the incomes of different strata and the distribution of benefits occur in favor of individuals and companies rather than the state. In fact, the state is losing control over some important areas.

Such an economy is dangerous because it will eventually lead to the rule of the rich, who will subjugate all power structures and set the conditions for the state apparatus. The command economy, or as it is also called socialist, is primarily concerned with the social development of society. With this economic form of government, property and capital are in the hands of the authorities, and their distribution is determined by the state. However, there is no significant difference in income between the population. A state with such an economy is considered socially developed, but it has a number of shortcomings. For example, the lack of competition, limited income for businesses and companies, because production is controlled by the state and the products in stores are relatively small. A mixed economy is a transition from capitalism to social orientation. In this form of economy, property and capital are distributed equally between the state and individuals. Given the current era, this form of economy is currently the most acceptable because the state can influence private companies and enterprises, but enterprises cannot influence the state. Thus, the administrative apparatus remains under the control of the capitalists, and the government itself can regulate the incomes among the population by preventing the strong stratification of society from a financial point of view.

It is noteworthy that most countries have a mixed form of economy. That is, the state is deliberately moving from capitalism to a more progressive development vector. Some people think that economics is not a science because everyone can "count". This is a misconception. Economics is the same ancient science as philosophy or mathematics. These people emerged at a time when they were engaged in barter and accumulation of their material wealth. That is, with the emergence of the first statehood, economics was born as a science. It is noteworthy that in any ancient state, the economy always comes first, because the main income of the state always consists of taxing its citizens.

When talking about the role of the economy in the development of the state, several fundamental factors need to be taken into account. That is, no state can implement its policies without strong economic support. For example, in order to create a good social base, it is necessary to constantly contribute to the federal budget. And where can money get into the budget without a competent economic policy? This means that if a state puts the economy in the background in its policy, then such a state will not last long. Therefore, in any country, the economic sector is controlled by several separate structures, which provides an advantage. It should also be noted that funding is needed for the development of any sector of the state, if the state does not have funding, for example, for the development of the same oil industry, then the other state, on favorable terms for itself, 'helps' the mother to lift up. Simply put, if Russia does not have the funds and technology to mine Siberian deposits, then our state is looking for

investors who will help by supplying and using the latest equipment and investing certain funds. Therefore, a strong economy is needed to minimize the development of such phenomena.

The role of the economy in the development and life of the state can be clearly illustrated by the example of social and economic development of society. The difference between the wages of the population, the unemployment rate, the inflation rate, the education rate, the incomes of the richest and the poorest - all of these and many other things, including the quality of roads, depend on the welfare of the state. Industrial development, scientific discoveries, the education system, social reforms - all this requires huge capital. That is why the state always relies on the economy in its management. Planning the income and expenditure of a state is one of the most important obligations to its people, because the careless waste of national wealth leads to the collapse of the country and mass poverty.

In economic theory, the integral connection between the state and the economy is generally recognized. Because material wealth and a common goal are needed to unite people and build a state. As soon as a state emerges, first and foremost, market relations emerge with it. Hence, the conclusion is that any society depends on the economy, the economy, on the contrary, depends on the society and the state in general. Similarly, the free development of society is understood as both a social and an economic category. The more valuable an individual's freedom in society is, the more important economic freedom in the state is. The state is therefore interested in ensuring the legal credibility of an individual or an individual's economic activity in order to benefit from its results in the future. Any developed state relies on the existing economic relations in the country and lays the foundation for its development. The desire to develop all useful sectors of the economy is a common phenomenon for the state. As we move forward, the economy will develop both in specific areas of society and in general. Knowing and understanding economics allows people to make informed economic choices. Balancing the economic and social spheres prevents conflicts in society.

One of the most important places in the life of society is occupied by the economic sphere, that is, everything related to the production, distribution, exchange and consumption of products created by human labor. It is customary to understand economics as a system of social production, the process of creating the material goods necessary for human society for its normal life and development, as well as a science that studies economic processes. The economy plays a huge role in the life of society. It provides people with material living conditions - food, clothing, housing and other consumer goods. The economic sphere is the main sphere of social life, which determines the course of all the processes that take place in it. The main factor of production (or main resources):

- The earth with all its riches; labor, depending on the population and its education and qualifications; capital (cars, machines, buildings, etc.); entrepreneurial skills.

Over the centuries, the question of how to meet the needs of a large number of people has been solved through the extensive development of the economy, i.e., the attraction of new spaces and cheap natural resources into the economy.

With the development of science and technology, it has become clear that this approach to the use of resources has come to an end: humanity has felt their limitations. Since then, the economy has largely evolved intensively, implying the rationality and efficiency of resource use. According to this approach, a person has to recycle available resources to achieve maximum results at minimal cost. There is no doubt that the level and nature of the economic system of any state depends mainly on the political environment and is determined in advance: the form of political governance and political regime, the essence of political power and its legitimacy, the development of civil society, the personality of the political leader level of development, etc. As the famous French political scientist F. Beneton pointed out, "The functioning of the economy is subject to politics in different ways: if politics does not establish a command economy, the economy will be free, this free economy implies security, exchange and therefore public order, it also implies a system of property rights that can only be restored by political power. In turn, there is no doubt that the political system of a society cannot function normally without proper economic support for political processes. Therefore, the interdependence of society's political and economic systems and o. Interdependence is a universal phenomenon that is unique to all countries in all periods of their history. Practice shows that the impact of the economic system on politics is manifested in many ways.

The impact of the economic system on the political system is that the level and state of economic development initiates and encourages politically oriented processes and measures: reforms, structural changes, and so on. The low level of economic development of the country and even the crisis of the economy will inevitably lead to state-political measures aimed at boosting the economy, overcoming the crisis. The high level of economic development of the country does not leave politics indifferent. The subject of economic policy is political power and political structures. The object of influence is the economic system as a whole or its individual links. At the same time, when it comes to profound changes in the economic sphere of society, the same is true of the concepts of "new economic policy," "new direction," "new frontiers," "reconstruction," and so on. The complexity of economic policy as a category and a real-life phenomenon is that you undertake to achieve a certain goal (getting out of a crisis situation, accelerating the pace of economic development of the country, etc.). It affects many economic sectors: the institution of property, finance, credit, money circulation, the tax system, industry, agriculture, investment and more. In each of these areas, general economic policy includes fiscal and financial, monetary, tax, structural, industrial, agrarian, investment, regional, foreign economic and others. These directions work as a subsystem in the overall structure of economic policy.

World experience shows that every subsystem in the structure of economic policy can become a powerful tool for influencing the economic system and social life in general. In this regard, the role of fiscal, monetary and tax policy cannot be overestimated. It is impossible not to agree with the opinion of the famous German economist F. Newmark in his work "Theory and Practice of Budget Formation" that the budget has five functions: 1) financial and political; 2) political; 3) legal; 4) financial and control; 5) economic and political. At the same time, he considers the political function of the budget to be especially important, because with its help the state can eliminate many social and class contradictions in conducting economic policy, help to achieve compromise and achieve political stability.

As indicators of the state of the economy are usually used when comparing country's economic growth rates and the average annual gross domestic product per capita with the political regime. According to the aforementioned journal, 75% of the 32 countries with low levels of economic development have authoritarian regimes and 25% have semi-democratic regimes. There are no countries with democratic political regimes in this group. At the same time, 19 industrialized countries with developed market economies have democratic political regimes. In other words, a democratic political regime has a positive impact on economic development, economic growth, and the level of income of the population.

Another important issue needs to be considered in relation to the problem of the relationship between the level of economic development of states and the political regime. Research by experts shows that the transition of countries to a democratic regime (its pace and scale) largely depends on the level of economic development and the organization of the economic system of the state. At the same time, certain laws can be observed: 1) a decentralized economy with limited state control is the most optimal for the transition to a democratic political regime; accordingly, the least favorable conditions are formed in a rigid system of governing the state economy; 2) The higher the basic level of economic development, the easier it is for the country to embark on the path of democratic change.

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