



## **ECONOMICS AS A COMPLEX SCIENCE THAT STUDIES THE NEEDS OF SOCIETY**

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### **ABSTRACT**

*In this article, economics is considered as a complex science that studies the needs of society. The scientific article analyzes different directions, goals and objectives of the economy.*

**KEYWORDS:** *science, modern science, social requirements, economics, market, market laws*

### **DISCUSSION**

Before giving a more or less strict definition of economics as a science, let us note two fundamental facts that make up its basis:

1. The economic needs of society as a set of individuals are limitless. Economic needs are understood as the lack of something to support the life and development of an individual, enterprise and society as a whole. It is economic needs that induce a person to be active. Needs are usually divided into primary and secondary. Without the satisfaction of the primary, a person simply cannot live - these are food, clothing and other vital needs. Secondary needs include everything else - sports, theater, cinema, etc. Means that satisfy needs are called goods. Some of them are available in unlimited quantities, such as water; others are limited and are called economic goods. They consist of goods and services.

2. Economic resources, that is, the means necessary for the production of economic goods, are limited. The most important economic resources are land, capital and labor. The land is a generalized term for such economic benefits as arable land, mineral deposits, forests. Capital includes all types of machinery, equipment, buildings, tools, etc. Capital is also called investment resources. Labor refers to the totality of the physical and mental abilities of people used in the production of goods and services. These three large groups of economic resources are called factors of production. All factors of production have one common property - relative limitation, which lies in the fundamental impossibility of simultaneous and complete satisfaction of the entire

spectrum of needs of all members of society. The limitedness of individual economic resources with the development of society, as a rule, is overcome. However, there are always resources that are currently lacking. They are called rare resources. Taking into account all of the above, we will give one of the possible definitions of economics as a science.

Economics is a social science that investigates the problem of using limited economic resources in such a way that maximum satisfaction of the unlimited needs of society is achieved. In other words, economics is the science of the optimal, that is, the best in specific conditions, the use of scarce resources.

During the implementation of economic policy, various goals are pursued. For a developed market economy, this is primarily economic growth, full employment, low inflation, positive balance of payments, increased economic efficiency, growth in the welfare of the population, maintaining a high degree of freedom for all business entities, preserving and improving the natural environment and other goals. In a transitional economy, they are complemented by the creation of a private sector and market infrastructure, liberalization of economic life, etc. But the problem is that many goals contradict each other. Thus, an active fight against inflation usually means a decline in economic growth and increased unemployment. Therefore, depending on the situation, the priority of the goals of the economy may change.



Economics constantly deals with choice. In the process of choice, inevitably due to the limited economic resources, any society must, one way or another, solve three fundamental interrelated economic problems:

1. What should be produced, that is, which of the mutually exclusive goods and services should be produced and in what quantities.

2. How the goods and services will be produced, that is, by whom, with what resources and in what way they should be produced.

3. For whom the produced goods and services are intended. In other words, how should the produced product of production be distributed among the members of society.

These three tasks are basic and common for all economic systems at various levels of their functioning. To solve such problems in economic theory, the method of scientific abstraction is widely used. It consists in abstraction in the process of cognition from external phenomena, insignificant details and highlighting the essence of an object or phenomenon. As a result, models are built - mathematical, graphic - that allow obtaining and demonstrating certain results in a compact and visual form.

Modeling, that is, building models, reflects the main economic indicators (data, variables) of the objects under study and the relationship between them. If the model contains only the most general description of indicators and their relationships, then this is a text model. If quantitative values are set by these indicators and relationships, then on the basis of the text model it is possible to build a graphic, mathematical and computer model that reflects how the indicators change. The method of graphic modeling is based on the construction of models using various pictures - graphs, diagrams, diagrams. The method of mathematical modeling is based on the description of an economic phenomenon using mathematical tools: functions, equations, inequalities. The method of computer modeling is based on economic and mathematical models and is used primarily in cases where the modeled economic phenomenon is described by a complex system of equations.

Economic theory analyzes economic life at two levels: microeconomic and macroeconomic. Microeconomic analysis is aimed at studying the behavior of specific economic units; it focuses on a detailed study of the relations that develop between different entrepreneurs (competition relations), between entrepreneurs and hired workers, between sellers and buyers in individual markets. Individual firms and households are examined under a microscope. Typical terms of microeconomics: the volume of production or the price of a particular

product, the costs of its production, the number of employees in a particular enterprise. Figuratively speaking, it is not the forest that is being studied, but the trees - individual elements of the economic system.

Macroeconomic analysis deals with the behavior of either the economy as a whole or of its constituent units such as the public sector, households, the private sector, and other aggregates. Thus, a general picture is drawn, the structure of the economy, the connections between large aggregates that make up the economy as a whole. This is an analysis of the total volume of production, the general level of employment, the general level of prices. Macroeconomic theory considers the change in these most important indicators both in the long term (when considering the problems of economic growth) and their short-term fluctuations, which form a business cycle, that is, it is not trees that are studied, but a forest, the economy is analyzed from a bird's eye view ... Such an analysis allows us to further consider the laws of the state's economic policy, those regulatory actions of the state that are aimed at achieving the best option for the socio-economic development of society.

On the one hand, macroeconomics forms the economic environment in which individual firms (enterprises) operate, there are individual consumers, individual industries, markets and other microeconomic units function. On the other hand, the microeconomic units, taken together, form the macroeconomics. For this, they are aggregated in economic theory, that is, they are combined into enlarged economic units, the so-called aggregates, for example, in the sector of firms (enterprises) and the sector of households, the public and private sectors. Moreover, the line between macro and microeconomics is blurred. So, in economic theory, some issues are considered simultaneously at both the micro and macro levels, for example, the state of affairs in specific industries and in individual product markets, where an analysis of the situation is important both for specific enterprises in these industries and for the country's economy as a whole. Therefore, some experts suggest using the term "mesoeconomics" to analyze this frontier sphere, in which, in their opinion, industries and markets fall.

Macroeconomics is a very "young" science, which means that it cannot pretend to some kind of completeness and systemic harmony. To this day, heated discussions continue in it on the following key issues: should the money supply in circulation be squeezed to overcome inflation; is it worth the government to actively fight unemployment, etc.

Macroeconomics provides an answer to questions like the following: why were the incomes of the population in West Germany higher than in



East, and in South Korea higher than in North? Why is the inflation rate in Russia in the mid-90s. was lower than in Ukraine, and today these countries have caught up in the rate of inflationary processes?

The whole society, from the president to the ordinary citizen, also needs basic macroeconomic education. So, macroeconomists analyze the development of the economy as a whole. They collect data on prices, unemployment, social product dynamics, incomes, etc., related to different countries and different periods. The empirical analysis is then replaced by the theoretical one, which opens up the possibility of explaining the data obtained, and then forecasting their upcoming dynamics in interconnection (inflation - unemployment, etc.).

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