



## THE ECONOMY IS ITS MAIN FUNCTION, STRUCTURE AND SYSTEM ORGANIZATION

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**Annotation.** Pure economic theory is a powerful tool for analyzing rational activity and its effective coordination. If reasonable and effective movement towards a goal is a characteristic feature of a person, and ethics and politics try to promote it at the individual and social levels, then it is clear that both are forced to resort to the economic principle and economic theory.

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Socio-economic and political transformations are of exceptional importance for the future of the state. Choosing the path and successfully carrying out reforms require knowledge not only of the current situation. In a period of large-scale transformations, in order to overcome emerging problems and difficulties, it is necessary to study the state in depth, its specific features, and folk traditions. Modern economic theory reveals the state and development trends of all types of economic systems. The development of such a powerful factor of economic renewal as the scientific and technical revolution led to the transition to an information society and an unprecedented increase in production efficiency. Transnational and international integration ties are developing rapidly all over the world. Economic relations are becoming more civilized and socially oriented. In Western countries, a mixed economy and a new system of national economy management have been established, in which the state performs many socio-economic functions.

The order of the economy and society should be based on the strongest and best human motives. From the very beginning of its independent existence, economics



proceeds from the strongest human motivation - self-interest. Economic theory analyzes and constructs social institutions and business practices based on self-interest.

Pure economic theory is a powerful tool for analyzing rational activity and its effective coordination. If reasonable and effective movement towards a goal is a characteristic feature of a person, and ethics and politics try to promote it at the individual and social levels, then it is clear that both are forced to resort to the economic principle and economic theory.

Economics is an area of society that all people face. Since childhood, everyone learns something from everyday practice and constantly expands their horizons. In this way, everyday economic thinking is formed, many essential and typical features of management are noticed and generalized. This is how guidelines and rules of human behavior in the field of economic activity arise. Based on common sense, since ancient times, universal economic education has been built in its simplest and most peculiar form - in the form of samples of folk wisdom (proverbs, sayings, legends).

Unlike the ordinary, scientific economic thinking seeks to find out the objective truth. That is, to reflect the outside world as it really exists - regardless of anyone's opinions and desires. An in-depth understanding of real events gives the power of orientation in economic activity. Scientific thinking reflects the economy comprehensively and in its entirety, strives to see the whole panorama of events. And then it becomes possible to understand: what is good and profitable for an individual farm under certain conditions can be bad and unprofitable for society, and vice versa. Let's say a buyer noticed on the market that the price of a product largely depends on changes in customer demand and sellers' supply. At what level will the price be set if supply and demand are balanced? To answer this question, it is necessary to know the laws of the market economy.

Economic theory seeks to penetrate the veil of external visibility of economic phenomena and discovers the essence - their inner content. However, for this it is necessary to master perfectly the whole set of methods and techniques used for scientific knowledge of economic relations. Economic ties and economic relations permeate all spheres of society, all types of human activities. Only theoretically trained, economically competent specialists can put into practice the acquired knowledge,



realizing the ultimate goal of their activities - the most effective functioning of the market mechanism, and, accordingly, of the entire national economy of the country. To consider the essence of economic theory, its role in the life of society. In order to achieve this goal, certain tasks were set in each part of this work, the essence of which is set out below.

Economy: its main function, structure and system organization

The main function of the economy. In my opinion, the study of the role of economics in society should begin with the initial question of what the economy is. Economics is a sphere of human activity in which wealth is created to meet their diverse needs.

The modern economy is commonly referred to as the national economy. It consists of various industries (industry, agriculture, construction, trade, transport and other economic activities), which includes many relevant enterprises. All of them create goods and services necessary for human life. The economy constantly produces two main types of wealth: consumer goods and means of production.

The importance of the economy for society is determined by the fact that it continuously provides it with consumer goods (food, clothing, housing and other useful things), without which no one can exist. Hence, the main function (purpose) of the national economy is obvious - to produce wealth that satisfies the diverse needs of people. It is impossible to perform the main function of the national economy without the production of natural wealth of the second kind - means of production (cotton, oil, metal, wood, machine tools, etc.). It was said above that the state of the economy is judged by the indicators of production of the first kind, but without the production of means of production there will be no consumer goods, therefore, no less. Another important indicator is the volume of output of means of production per capita.

The modern economy is a single process of wealth production in its two natural forms and in value, monetary form. Therefore, it is possible to reliably judge the development of the national economy only by comparing natural and cost statistical indicators. They signal one or another, so to speak, trajectory (line of movement) of the economy.



If you look at the figures in the statistical collection on the development of the economy, which characterize the increase in the cost of output in any country over a long period, it will be seen that in this case the national economy seems to rise up in a straight line. But if we carefully follow the actual movement of products in their natural form, then we will encounter a paradox.

The fact is that the economy is characterized by reproduced processes. All created material goods sooner or later disappear when they are used and consumed. Because of this, it is necessary to reproduce - to continuously resume the process of creating new consumer goods and means of production to replace those that are being eliminated. As a result, economic activity for the production of each type of goods is moving along a circular trajectory. And only total statistical indicators can create the appearance of a straight-line movement of the country's economy.

During the reproduction of their material life, people receive substances and energy carriers from the natural environment and, eventually, return unnecessary industrial waste back. This is somewhat reminiscent of the circulation of substances in nature. However, a different cycle is taking place in society, associated with the creation of a "second nature" - the most favorable artificial habitat and activity for people. Social wealth moves in such a circle of the largest scale: production - distribution - exchange - consumption.

Distribution is a phase of the cycle where quantitative ratios are established primarily in the production of various goods in accordance with the types of human needs. In order to create all the variety of useful things, it is necessary to place workers and tools according to different types and types of economic activity. This division of labor deepens and expands over time.

Ultimately, the income generated as a result of labor and means of production costs is subject to distribution. In this regard, the share of each person in the created wealth is revealed. It depends, on the one hand, on the quantity of goods produced. As production increases, so does the amount of income distributed. On the other hand, the way products are distributed can have a strong effect on increasing the size of the output of products. It is hardly necessary to prove that the more income an employee receives for his business activities, the better he works. Conversely, if the distribution does not



cause people to be financially interested in the results of work, then this negatively affects the output of products.

Exchange, as an important form of economic communication between people, first of all, intrudes deeply into production. After all, the division of labor forces workers to improve their abilities in different directions. Because of this, it becomes necessary to exchange abilities and activities in order to obtain a common economic result. Such cooperation can be observed, for example, at an automobile plant, whose products are the fruit of the joint work of designers, engineers, technologists, workers of various professions and many other people, including management personnel.

The benefits inherited from the distribution can often not be spent for personal consumption if people need completely different things. Then the products of labor are exchanged.

Consumption is primarily directly related to production. The vital forces and abilities of employees are spent in enterprises. Raw materials, fuel, machinery and other material conditions of production are also used, that is, productive consumption is carried out. At the same time, consumption is a special - the final - stage of the product movement, when it goes to meet people's personal needs. At this time, useful things disappear in a certain way in the process of unproductive consumption, after which they need to be re-created. In order to study the dynamics of needs more precisely, statistics divided consumer goods into three main groups: food products; industrial products included in the consumer's usual set and high-quality durable goods.

It is quite obvious that for proper orientation in practical economic activity, it is important to know what shifts are taking place in the structure of purchases of the population of each country over a certain period. This allows you to switch to the production of new and higher-quality products in a timely manner, and look for ways to promote them in the domestic and international markets. economy exchange need

From both theoretical and practical points of view, the question of what are the options for the relationship between needs, consumption and production in today's global economy, and in what relationship they are. In the economic life of different countries, there are three main criteria for the relationship between production, on the one hand, and the needs and consumption of the population, on the other hand.



When engaged in one or another economic activity, a person does not always notice that his work forms a certain link in a large chain of economic relations. We can see that economic relations can firmly connect an individual with the world economy by the example of a simple farmer who is engaged in growing wheat for sale on the market. The farmer hopes to receive revenue from the sale of goods based on simple arithmetic calculations: multiplies the estimated amount of harvested grain by its market price, established at the time of sowing. But the actual selling price at which wheat has to be sold does not always justify hopes. The price in the domestic market depends on the total grain harvest: it will fall in a very productive year and rise in a lean one. The price level will also be affected by the size of grain imports into the country or exports abroad, and the demand for it on the world market. In order not to make mistakes in calculations, it is necessary to know in what connection the position of an individual farm is with the whole set of economic relations, including international ones. Regardless of whether a person is aware of this fact or not, he is objectively in a certain system of relationships that develops according to its own laws. The economic system is an integral set of strongly interconnected economic relations. Such a system, as noted above, has three characteristic features:

the unity and integrity of all its constituent parts. Thus, considering the economy as a single economic organism, the interrelation of all its constituent parts is established: "production - distribution - exchange - consumption";

the interdependence of the material and material side of management and its social side;

the complexity of the structure - each element of a complex economic whole acts as its systemic part (or subsystem - a subordinate part of a broader system). For example, modern production has two subsystems: the spheres of tangible and intangible production.

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