

## THE ROLE OF MARKET LAWS IN THE SUSTAINABLE FUNCTIONING OF A MARKET ECONOMY

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**DOI: 10.5958/2249-7137.2022.00112.4**

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### ABSTRACT

*This article discusses the importance of market laws in the sustainable functioning of a market economy. The author explains the essence of the law of supply and demand. It has been analyzed that modern market laws should be based on free competition. The science of economic theory is the science of the development of production relations, the subject of which is production relations. When the demand for a good falls, the price will fall, and this will mean that at the prevailing market price this product will be in excess. Firms will be forced to cut prices to get rid of surpluses.*

**KEYWORDS:** *Market, Economy, Supply And Demand, Business, Price*

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### INTRODUCTION

Economic theory is one of the oldest sciences. He has always attracted the attention of scholars and intellectuals. This can be explained by the fact that the study of economic theory has taken place in all periods - from Aristotle and Xenophon to the present day. to realize the objective necessity of knowing the driving forces of economic activity and the laws of economic management. The first stage in the formation and development of the science of economic theory is the emergence of mercantilism. [1]

The essence of the doctrine of mercantilists is a definition of the source of wealth (their service was the first to comment on this). They are the source of wealth by studying the conditions of the oasis period, the factors of gaining wealth in the realm of circulation, and wealth itself is expressed in money. A new stage in the development of political economy is seen in the example of physiocrats, who emerged as defenders of the interests of large landowners. The main representative and organizer of this direction is François Kennedy. According to his teachings, the only source of wealth is farming. [2]

The science of economics was further developed at a later stage in the works of A. Smith and D. Ricardo. A. Smith entered the history of economic thought as the founder of classical political economy. From the second half of the nineteenth century, marginalism began to emerge and take shape. Its founders are Austrian economists representatives of the school were Karl Menger, Von Vizer, Bem Bavek, and others, who developed theories of ‘added commodity profit, added labor or resource productivity’. The theory of marginalism is widely used in the analysis of the relationship and interaction between the demand for a particular product and its price. [3]

The development of economic thought in Central Asia is associated with the names of Farabi, Ibn Sina, Beruni, Yusuf Khas Rajib, Alisher Navoi and other world-renowned thinkers. In their works, economic ideas were of great importance, though not yet separated from the philosophical and the whole set of social knowledge. In the views of Farabi and Ibn Sina, man the doctrine of needs is central. [4]

Economic theory is the study of the laws and patterns of development of human society in the search for the most effective ways to use limited resources in order to fully meet the unlimited needs of people. The science of economic theory is the science of the development of production relations, the subject of which is production relations. Industrial relations are relations that occur objectively between people in the process of production, distribution, exchange and consumption of vital goods. [5]

Economic theory includes microeconomics (the behavior of individual economic entities) and macroeconomics (the behavior and functioning of the entire national economic system). It also includes the meso-economy (separate from the national economy) human systems or sectors of the economy) and super macroeconomics (the movement of the world economy). The main task of economic theory is not just to interpret economic events, but to show their interdependence and interdependence, that is, to shed light on the system of economic events, processes and laws. At the same time it differs from other exact economic sciences. [6]

Supply refers to the desire of producers to produce and sell certain goods and services for a certain price. Firms will produce only those goods and services, the income from which will not only cover costs, but also make a profit. No one will produce goods and services only because people need them. Owners of capital it is of little concern. The quantity supplied is the amount of a good that offered for sale at a certain price for a certain time. [7]

For example, we can say that the value of the offer product X at price Y is 1000 units. of this product (product) per week. The law of supply says: between price and quantity proposals there is a direct relationship. The law of supply shows that producers want produce and offer for sale a greater number of product at a higher price than they would like to do it at low price. [8]

As with the law of demand, let's represent the law of supply in a graphical representation. The plotting technique is the same as described above, but, of course, quantitative data and the relationships that arise between them are different. [9]

The shape of the supply curve S is determined by the desire firms to maximize profits. This assumption helps to understand why the supply curve slopes upward from left to right, i.e. firms are willing to offer more product at higher prices. [10]

The supply curve S shows how much and at what price producers can sell in the market. The curve rises because the higher the price, the more firms are able to produce and sell product. The higher price allows existing firms to expand output in a short period of time time by attracting additional capital, labor or overtime, and in the long run time - at the expense of production itself. higher price can also attract to the market new firms that have high production costs and whose products at low prices is unprofitable. [11]

A change in supply, like a change in demand, depends from the price. But the quantity supplied is greater at higher prices and less at low prices. And the quantity demanded is greater at low A,

the quantity demanded is greater at low prices and less at high prices. If the price of a given commodity increases, then its production becomes more profitable. Growing profits will stimulate the growth of production and attract to this industry other firms. [12]

When the demand for a good falls, the price will fall, and this will mean that at the prevailing market price this product will be in excess. Firms will be forced to cut prices to get rid of surpluses. At reduced prices production will become less profitable, so the firm will reduce the output of this product and its supply will decrease. The fall in price may cause less efficient firms to be forced to leave the industry. The fundamental property of the law of supply is this: as prices rise, so does the quantity supplied. Conversely, as prices fall, supply decreases. Price is the main determinant of supply any product. However, there are other (we will tentatively call their non-price) determinants, or factors influencing the size of the offer. If one of the non-price determinants in reality undergoes changes, the position of the curve offers will change. [13]

Non-price determinants of supply include:

1) Resource prices; 2) production technology; 3) taxes and grants; 4) prices for other goods; 5) waiting for change prices; 6) the number of sellers in the market. Let's consider these questions in more detail.

Prices for resources. The firm's supply is based on production costs. Here the following pattern operates: a decrease in resource prices reduces production costs and increases supply, i.e. moves supply curve to the right ( $S_2$ ). Conversely, an increase in the price of inputs will increase the cost of production and will shorten supply, i.e., shift the supply curve to the left ( $S_j$ ).

Technology. Advances in technology mean that the discovery of new knowledge allows more efficient production unit of production, i.e. with a lower cost of resources. taxes and grants. Businesses treat most taxes as costs of production. Therefore, raising taxes on, say, sales or property increases the cost of production and reduces supply. On the contrary, subsidies are considered a "tax in reverse". When the state subsidizes the production of some good, it actually reduces costs and increases its supply. [14]

Prices for other goods. Changes in the prices of other goods can also shift the supply curve of a product. A decrease in the price of wheat may encourage a farmer to grow and sell more corn for each possible prices. Conversely, an increase in the price of wheat may force farmers to reduce production and supply of corn. A sporting goods firm may cut the supply of basketballs when the price of footballs rises.

Expectations of changes in the price of a product in the future can also affect the manufacturer's willingness to supply product to market now. For example, the expectation of a significant increase in the price of a car firm's products can induce firms to increase production capacity and thus increase supply. [15]

The greater the number of sellers (suppliers), the greater the market supply. As more firms enter the industry, the supply curve will shift to the right ( $S_2$ ). The fewer firms in an industry, the more less is the market supply. It means that As firms exit the industry, the supply curve will move to the left ( $S_j$ ). The difference between a change in a sentence and a change supply is the same as the difference between a change in demand and a change in quantity demanded. [16]

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