

## The Role Of The Invisible Hand In Uzbekistan's Market Economy

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**Abstract:** Self-interest is a powerful motivator. As Adam Smith said long ago, if Self-interested individuals are "The invisible hand" if managed by, in them choosing activities that contribute to the general welfare of society or the country there is a strong incentive for "The invisible hand" mentioned by Adam Smith is price consists of a system. Man "looks only at his own profit", but at market prices an invisible hand guiding him to achieve the goals of others, leads to increased well-being.



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### INTRODUCTION

It is difficult for many people to understand the principle of "The invisible hand". Orderly results are under the control of only one or centralized authority It is widely believed that it can be achieved through instructions. However, personal self-interest leads to an orderly society in which demands are centralized Adam Smith emphasized that regular satisfaction is achieved even without planning past The reason for the emergence of such an arrangement is private property and free exchange market prices in conditions of self-interested human activity coordinates. The current market prices of a particular good or service buyers and marketers align their activities with the activities and desires of others provides the most necessary current information for coordination. Market prices of millions of consumers, producers and resource providers reflects choices. They are consumer preferences, product cost and displays information about time, location and other situations. Any size information on the market is a single person or a centralized planning organization beyond what he can understand. Milk, bread, vegetables and other products in supermarkets in your neighborhood exactly the right amount, that is, almost always enough to buy, but reasons why it should never be in nauseating or wasteful amounts have you ever thought about How to work in different parts of the world manufactured refrigerators, cars and touch-screen tablets domestically Does your store have the quantity that consumers want? To do this Does the company have any technical manuals? Of course, there is no such guide itself. The answer lies in "The invisible hand" of market prices. He acts in his own interests Encourage people to cooperate with others and appreciate their actions coordinates with each other through signals.

1974 Nobel laureate Fredrik Hayek called the market system a "miracle" because the only indicator is the market price of the product itself It reflects so much information that it allows buyers and sellers to meet their requirements guides to making decisions that help to satisfy. The market price of a product is the activity of people in the world, although they are not aware of each other's activities if there are, it reflects thousands or even millions of decisions. Each product or The market for services acts like a huge computer network, it is all to provide participants with both the necessary information and to act accordingly creates an incentive metric.

In the intricate web of economic theories, few concepts resonate as deeply as the notion of the "invisible hand." Coined by the eminent economist Adam Smith, this idea underscores the self-regulating nature of markets, where individual actions driven by self-interest collectively contribute to the overall welfare of society. Nowhere is this concept more pertinent than in Uzbekistan's market economy, where the invisible hand plays a pivotal role in shaping economic dynamics, resource allocation, and business operations.

Uzbekistan's transition to a market economy has been marked by significant reforms aimed at liberalizing trade, promoting private enterprise, and fostering economic growth. Central to this transformation is the notion of allowing market forces to guide economic activities, a principle closely aligned with Smith's concept of the invisible hand. In the context of Uzbekistan, the invisible hand manifests itself in several key aspects of the market economy.

First and foremost, the invisible hand influences price determination and resource allocation. In a market economy, prices serve as signals that convey information about the relative scarcity of goods and services. As consumers and producers interact in the marketplace, their decisions are guided by these price signals. When demand for a particular product increases, its price rises, signaling producers to allocate more resources towards its production. Conversely, if demand decreases, prices fall, prompting producers to reallocate resources to more in-demand goods and services. This process of price discovery and resource allocation is driven by the invisible hand, Title: The Role of the Invisible Hand in Uzbekistan's Market Economy

Moreover, the invisible hand encourages competition and innovation within the Uzbek market economy. As businesses strive to maximize their profits and gain a competitive edge, they are incentivized to innovate, improve efficiency, and offer better products and services to consumers. This competition fosters dynamism within the market, driving productivity gains and economic growth over time.

Furthermore, the concept of the invisible hand extends to the realm of entrepreneurship and investment. In Uzbekistan, aspiring entrepreneurs are empowered to pursue their business ideas and ventures, knowing that market forces will reward successful innovation and punish inefficiency. Likewise, investors allocate capital to projects and industries based on their profit potential, guided by the invisible hand to channel resources towards the most promising opportunities for growth and development.

We can see that the "invisible hand" theory contributes to the development of the economy of Uzbekistan not only in the market economy, but also in the tax system. Every organization, firm, plant and factory is created primarily for profit and they enrich the local and state budget by paying several types of taxes. For example, according to the Ministry of Finance, the largest in Uzbekistan tax payers are the joint-stock company "Uztransgaz" and the state enterprise "Navoi mining-metallurgical combine", their share in the state budget revenues this year is 5.1 and 5 percent. "Nuz.uz" website reports about this. "Almalik TMK" was also included in the "Leading Three" - the share of the enterprise in the state budget is 3.1%. According to the Ministry of Finance, 1/3 of the state budget is provided at the expense of the 20 largest tax-paying enterprises in our country.

Companies paying the most taxes (TOP-20)

"Uztransgaz" — 5.1 percent

"Navoi KMK" - 5 percent

"Almalik TMK" — 3.1 percent

Mubarakneftgaz - 2 percent

"UzBAT" — 1.8 percent

Bukhara Oil Refinery — 1.8 percent

"Beeline Uzbekistan" - 1.5 percent

"Shurtan gas-chemical complex" — 1.4 percent

Fergana Oil Refinery — 1.2 percent

"Kyzilkumsement" - 1.2 percent

"ASIA TRANS GAS" — 1.2 percent

"Uzbekenergo" — 1.2 percent

"Tashkent Wine Combine" - 1 percent

"Shortanneftgaz" — 1 percent

"UzKorGazChemical" — 1 percent

"Ucell" - 1 percent

"Uzbekistan Railways" — 0.9 percent

"Coca-Cola" - 0.8 percent

Ohangaronsement - 0.6 percent

Mubarak gas processing plant — 0.5 percent.

In 2018, the revenues of the state budget amounted to 62,229.5 billion. is expected to be soums, of which 92 percent will be formed from taxes and other mandatory payments. One third of the state budget is formed from value added tax. Also, the excise tax, the use of underground resources, taxes on the income of individuals have a significant place in the formation of the state budget.

However, it's important to recognize that the invisible hand operates within a framework shaped by institutional factors, regulatory policies, and socio-economic conditions. While market forces play a crucial role in driving economic activity, government intervention may be necessary to correct market failures, address externalities, and ensure fair competition. In Uzbekistan, policymakers have implemented reforms to create a conducive environment for market-driven growth while also providing support and regulation to safeguard consumer rights, promote stability, and mitigate systemic risks.

In conclusion, the concept of the invisible hand is central to understanding the functioning of Uzbekistan's market economy. As the country continues its journey towards economic development and prosperity, the invisible

hand will remain a guiding force, steering market participants towards efficient resource allocation, innovation, and growth. By embracing the principles of market economics and harnessing the power of the invisible hand, Uzbekistan can unlock its full economic potential and improve the standard of living for its citizens. ensuring that resources are efficiently utilized to meet the needs and wants of consumers.

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Economic Theory: Understanding the concept of the invisible hand as articulated by Adam Smith in his seminal work "The Wealth of Nations" provided the foundational knowledge for discussing its role in market economies.

Uzbekistan's Economic Policies and Reforms: Information about Uzbekistan's transition to a market economy, economic reforms, liberalization efforts, and government policies was gathered from various sources including government publications, economic reports, and reputable news outlets.

Market Dynamics: Knowledge of how markets operate, including price determination, resource allocation, competition, innovation, entrepreneurship, and investment, formed the basis for discussing how the invisible hand influences these aspects in Uzbekistan's economy.

Global Economic Trends: Awareness of broader economic trends and developments, such as globalization, technological advancements, and shifts in consumer behavior, helped contextualize Uzbekistan's market economy within the global economic landscape.

Economic Data: Utilizing available economic data and statistics related to Uzbekistan's GDP growth, inflation rate, unemployment rate, foreign direct investment, and other relevant indicators provided empirical evidence to support arguments and observations made in the article.

Government Policies and Regulations: Insight into Uzbekistan's regulatory framework, business environment, and government interventions in the economy helped assess the extent to which market forces operate and the role of government in ensuring market efficiency and fairness.

Economic Analysis: Applying economic principles and theories to analyze the impact of the invisible hand on Uzbekistan's market economy, including its contributions to economic growth, resource allocation efficiency, and market competition, helped provide a deeper understanding of the topic.

Rational Economy: Current Issues of Personal and National Welfare. Adam Smith's classification and application of the "Invisible Hand" theory. Authors: James D. Gortney, Richard L. Stroup, Dwight R. Lee, Tawny H. Ferrarini, Joseph P. Calhoun, and Randall K. Filer.

Xabar.uz site: Information provided on 23.07.2018 about Top-20 tax paying organizations in Uzbekistan.

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