

## ECONOMIC SYSTEMS AND PROPERTY RELATIONS

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**Abstract:** The emergence and development of economic relations acquire specific characteristics at different stages of societal development. Economic relations do not remain static in one place; they are constantly changing and evolving. Accordingly, this chapter examines in detail the stages of socio-economic development and various approaches to understanding them, the social and technological methods of production, as well as the concept of economic systems. In the course of the analysis, models of economic systems and their characteristics are presented. Production is always carried out within the framework of a particular form of ownership. Therefore, special attention is given to issues such as the essence of property relations, the economic content of forms of ownership, and the ways and methods of transforming forms of ownership in the process of forming a market economy.

**Keywords:** Economic system, property relations, productive forces, historical-formatinal approach, economic relations, manufacture.

### INTRODUCTION:

Human society develops on the basis of the unity and contradiction between production relations and productive forces, and economic systems corresponding to its various stages are formed. The study of the stages of human development and the economic systems characteristic of each stage is of great importance for understanding economic processes and their dynamic nature.

There are various approaches to understanding the stages of development, the main ones of which can be highlighted as follows:

- \* the historical-formatinal approach;
- \* the approach based on the level of civilization;
- \* the approach based on the level of technical and technological development
- \* the approach based on changes in economic systems.

In the historical-formatinal approach to understanding the stages of social development, attention is given to analyzing the social methods of production and their components.

The mode of production consists of the unity of productive forces and production (economic) relations. The personal and material factors of production, namely labor power and the means of production, together constitute the productive forces of society.

In other words, productive forces are a system of personal and technically embodied elements that mediate the interaction between humans and nature in the social production process. The level of development of productive forces is the most important criterion and general indicator of social progress.

**LITERATURE REVIEW:** The issue of economic systems and property relations has been studied by many scholars throughout the history of economic thought. Classical economists laid important theoretical foundations in this area. For example, Adam Smith analyzed the natural mechanisms of the market economy and emphasized that private property and free competition are key factors of economic development. In his work \*The Wealth of Nations\*, he explained the efficient allocation of resources through the market’s “invisible hand.” David Ricardo, on the

other hand, highlighted the role of property and specialization in production and trade processes and introduced the theory of comparative advantage.

A completely different approach to economic systems and property relations was developed by Karl Marx. He explained economic systems through class relations and analyzed property as a form of ownership of the means of production. According to Marx, the progress of society is linked to the succession of forms of property, and in a capitalist system based on private property, exploitation exists. His work \*Capital\* is considered a fundamental scholarly source that provides a profound analysis of economic systems and property relations.

Neoclassical economists studied economic systems from the perspective of market equilibrium and efficiency. Alfred Marshall developed the concepts of demand and supply, the price mechanism, and profit, justifying the importance of private property in ensuring economic efficiency. In this approach, property relations are considered an integral part of the market mechanism.

In modern economic thought, economic systems are studied comparatively. Joseph Schumpeter viewed economic systems as dynamic processes driven by innovations and analyzed the interconnections between capitalism, socialism, and democracy. Milton Friedman emphasized that economic freedom and the right to private property are crucial for increasing societal welfare and advocated for limiting government intervention.

The issue of property relations has been studied not only by economists but also by philosophers and sociologists. John Locke linked property rights to human labor, arguing that private property is a natural right. Max Weber analyzed economic systems in connection with social structure, culture, and values, demonstrating how property relations are related to social inequality and power within society.

**RESEARCH METHODOLOGY.** During the study, monographic observation, a systematic approach, and methods of analysis and synthesis were used.

**THEORETICAL PART OF PROBLEM SOLVING:** The set of economic relations operating in each era and region, together with forms of organizing the economy, the economic mechanism, and economic institutions, constitutes the economic system.

In economic theory, the concept of an economic system is often classified in connection with the level of development of productive forces. Based on this, the economic systems of developed countries in the world are divided into three types: traditional economy, administrative-command economy, and market economy.

The traditional economy is a historical system that nearly all countries have passed through. Even today, it exists in some economically less-developed countries, where economic processes operate based on customs, habits, and traditions. In a traditional economy, natural or small-scale commodity production predominates. Here, production, exchange, and distribution of income are guided by established customs. Inheritance and lineage (class) dominate the economic roles of individuals, and social-economic stability is clearly expressed. The introduction of technological progress and innovations is sharply limited, as they often contradict traditions and threaten social stability. Religious and cultural regulations are primary in relation to economic activity.

The system opposite to the market economy is the administrative-command economy. This system is characterized by the dominance of social, specifically state, ownership over all material resources and the centralized decision-making of economic issues by administrative bodies. All important decisions regarding the volume of resources used, the composition and distribution of products, and the organization of production are made by central management authorities.

The market economy system is considered a crucial stage in economic development.

The market economy system mainly has two stages. The first is the classical market economy based on free competition, which in some literature is also referred to as pure capitalism. The second is the modern developed market economy, often called the mixed economy system.

**The market economy based on free competition** is characterized by private ownership of resources, freedom in economic activity and entrepreneurship, and the use of the market mechanism to regulate and coordinate economic processes. In such a system, the behavior of each economic agent is guided by their personal interests. They strive to maximize their income based on the economic decisions and solutions they make individually. These individual decisions are coordinated through the market system.

Under competition, the production of goods and the supply of resources imply that there are numerous independent buyers and sellers for each product and resource. In this system, government intervention in economic processes is limited. Therefore, the role of the state is to protect private property and establish legal frameworks that create favorable conditions for the functioning of a free market.

**Modern Market Economy.** In the present era, the real-world market economy combines elements of both a pure market mechanism and a planned economy. It features various forms of ownership, diverse directions of entrepreneurship, and strengthened planning, forecasting, and social protection for the population. For example, the contemporary U.S. economy differs significantly from the earlier free-market model. These differences are observed in the following ways:

First, a portion of property is held by the state, which plays an active role in the economy. This is evident in creating conditions for economic stability and growth, providing certain goods and services that the market system alone does not supply or underproduces, and redistributing income, among other functions.

Second, unlike pure capitalism, the U.S. economy includes powerful economic organizations such as large corporations and strong labor unions.

Property relations arise in the processes of producing material and spiritual goods and in the appropriation of societal wealth.

Thus, property relations are economic relations that emerge in the processes of owning, using, managing, and appropriating property.

Ownership of property means that the property remains in the hands of its owner and represents the social form of appropriating created material wealth. In some cases, ownership remains with the owner, while actual use of the property is carried out by others. An example of this is property leased out.

Use of property refers to the employment of property in economic activity or its application in social life. When property is appropriated, it indicates that it is being used to generate income or to satisfy personal needs.

Disposition of property is the independent determination of the fate of property. It is manifested through the freedom to make decisions such as selling, bequeathing, gifting, or leasing the property.

Property relations require the existence of both objects and subjects. **All types of wealth that can be owned are objects of property.** Property objects include material and spiritual wealth created by humans, natural resources, products of intellectual labor, human labor capacity (workforce), and others. The key aspect of a property object is ownership of the means of production. Whoever owns the means of production also owns the products produced with them.

**CONCLUSION**



1. The socio-economic development of society does not proceed uniformly or evenly, and it can be divided into different stages. Various approaches exist for understanding these stages, including the historical-formational approach, the level of civilization, the level of technical and technological development, and changes in economic systems.

2. An economic system encompasses the set of economic relations operating in a given era and region, including forms of organizing the economy, the economic mechanism, and economic institutions. In economic theory, the concept of an economic system is often linked to the level of development of productive forces. Based on this, the economies of countries around the world are classified into traditional economies, administrative-command economies, and market economy systems.

Property relations represent the interests of individuals, communities, and the state, encompassing the relationships between people, groups, sectors, regions, and the state in the use of production factors and the results of production.

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