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THEORY AND PRACTICE OF DEVELOPMENT OF MEANS OF PRODUCTION

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Abstract: Despite of manufacturing sphere, production costs directly and indirectly form socio-economic relationships between parties involved in process, which is considered as an economic phenomenon. Meanwhile, in the process, human capital also plays significant role in further development of society wellbeing.

Key words: Ownership form, production cost, manufacturing process, economic thoughts, market economy.

The process of economic and social development in a social society and the development of natural and economic phenomena in it, both external and internal, represent complex not only economic, but also social relations.

Economic and social changes occurring in production entities as society and production processes develop are the main economic category of how production factors theoretically and practically constitute it as production costs.

Human capital, being its main factor in the organization of the production process, is the main production factor that ensures the economic and social development of society, and has important economic and social significance in the formation and development of human society, regardless of the forms of ownership of production costs.

Production costs have their own historical development. These production costs arose as a result of the development of the production process in the era of economic society, and its socio-economic development began to develop as the process of production of goods developed.

The cost price of production is formed depending on the directions of the organization of the production process. Production costs are an economic phenomenon. When organizing the production process at manufacturing enterprises and ranking its efficiency before using it in production, its legal aspects should be considered. Seeing that the organization of the production process in a specific direction of production costs is associated with certain standard costs, it is necessary to consider its legal side.

These costs are expressed as transaction costs. Production costs associated with the organization of the production process are commodity and are expressed as production costs in the comparative case in the production process. The reason why the subject of production considers production costs in the comparative case. In essence, production costs are transaction costs.

But production costs for an enterprise mean the creation of the necessary economic conditions for organizing production. The cost price of a product is also a commodity, and without studying it from the structural, social and economic sides it is impossible to draw the corresponding conclusion that these are the costs of organizing its production. A pressing problem for production entities is the need for an economically sound study of the production costs of the production nature of an enterprise. Therefore, we consider it necessary to study the theoretically and methodologically sound scientific and theoretical conclusions of economists, industry economists on the production costs that ensure the organization of the production process.

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It cannot be denied that the cost of production has its theoretical and practical significance in the organization of the production process in the science of economic theory. Production costs were also used in the ancient production process. In particular, for the first time in his research work, K.Fonte¹ expressed his opinion on whether farming is a useful or harmful production process, pointing out the need to obtain surplus products in the process of organizing and running a farm.

K.Fonte expressed the opinion that "if the money leaves the farm entirely in the form of production costs, if the production process does not satisfy demand, if the input does not ensure the fulfillment of costs, then it is not a reasonable place. If it fulfills the input costs, there will be a shortage². "In his scientific works on production costs, Aristotle investigated the economic nature of exchange, value and monetary economic indicators. He indicated to what extent the goods of exchange should be equal, and that the exchange should compensate for the losses incurred by the trading staff. He believed that without equality of goods, their exchange cannot be compensated by the seller.

In ancient times, attention was paid to the indicators of expenses and incomes and the need to orient farms to incomes and expenses was indicated. In his scientific reasoning, K.Fonte mentioned land use or its damage, and its efficiency would be superfluous in production. He believed that if money from the farm goes to full expenses, then in this case, instead of surplus, there will be a deficit³. He believed that in certain relationships there can be no inequality in goods, that society cannot exist without compensation for damage from constant exchange⁴. The scientific views of K.Fonte, one of the physiocratic scientists, on the organization and development of production costs are important. K.Fonte linked production costs with capital costs, seeing these costs in the expenditure of capital on the means of production and labor.

Those who believed that obtaining an additional net product in the production process compared to production costs occurs only in agricultural production. Physiocrats considered the by-product obtained in agricultural production to be a "net product". However, in industrial production, a "net product" is not created, and the value of a product is determined by production costs. K.Fonte also focused on reducing the cost of producing goods with free trade in raw materials⁵.

The theory of labor value was considered in the scientific works of A. Smith and D. Ricardo⁶, representatives of the political economy of the capitalist class. Adam Smith believed that labor creates value. He believed that the process of exchanging goods depends on the level of labor spent on the production of goods. A. Smith was the first to show that labor is the source of the value of goods.

A. Smith was the first to introduce the concept of absolute production costs into economic theory⁷.

At the same time, A. Smith noted that in a foreign country there are goods whose prices are cheaper compared to goods in other countries, since the costs of their production are low. Therefore, it is necessary to purchase goods whose cost in other countries is relatively low. A. Smith, "if any foreign country has the opportunity to produce its own industrial goods at lower prices than our own industrial

¹ K. Fonte. Socratic works - St. Petersburg JSC "Komplekt" 1993. P. 317

² History of economic thought . M. ed. Moscow Univ. 1961. 58

³ Canet F. Selected economic works. M. sotse 1960. P. 387.421.431.

⁴ A. Smith. research with nature and the cause of the wealth of peoples. M. Soc. 1963 p. 333

⁵ Ricardo D. Works T.3-M.: Hospitals 1955 p.111

⁶ Smith A. Research on the nature and causes of wealth nirodate M.: Soc 1962 P.333

⁷ K. Marx. Theory of surplus value. - Marx K. and Engels F. Works T.26.Part. Politizdat 1964 P. 77.78

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goods, to buy a certain. part of the offered products from them, in which direction we have priority in the production of the offered industrial products⁸.

D. Ricardo, a representative of class economics, is the author of the comparison of production costs and believes that the relative costs of production of two goods are approximately equal to the labor expended on them, and the labor expended on the production of each good corresponds to the labor expended from beginning to end⁹.

Representatives of class capitalism understood production costs as the costs of social production spent on producing a unit of product. They determined the cost of production taking into account the cost of production. As a result of the emergence of the Marxist theory of production costs, two different approaches to production costs in the economy emerged, namely, labor theory and market theory.

Marxist theory as the final theory of the theories of production costs of A. Smith and D. Ricardo, the theory of K. Marx can be accepted as the final theory, generalizing the theories of production costs of A. Smith and D. Ricardo. K. Marx saw production costs in objective production costs. He considers production costs independently of the subject of production and compares them with the received income, based on the fact that each subject of production tries to compare production costs in the production of goods.

Based on Marxist theory, when analyzing production costs in the production process, he saw two sides of production costs, materialized them and showed them as social costs. Materialized production costs are, first of all, a factor of production, independent of production relations. On the other hand, production costs represent production relations, their characteristics, the socio-economic system, the state of the market economy, forms of production based on various forms of ownership, and the forms of products released in them represent a social product as a result of society's activity. American economist Samuelson writes in his scientific works that "Marxism has too much value to be left alone¹⁰." In K. Marx's theory, one can see the following directions.

First of all, production costs in motion - if production costs have the form of value, they represent the materialized means of production spent on its production, i.e. the main means of production and human labor spent on its production.

Human labor is used in the production of means of production and raw materials necessary for the production of production costs, which are necessary for the organization of any production process. K. Marx considered the costs of capitalist production as the cost of capital in the process of capitalist production. He believed that a commodity with capitalist production costs represents a part of the value of the commodity that covers production costs and the cost of purchasing labor. Based on K. Marx's coverage of production costs as an economic category, he showed that it is necessary to determine the size of all production costs and rebuild the normal production process based on the presentation of the enterprise's production costs in monetary form¹¹. "The production costs proposed by K. Marx are an orderly theory," says A.M. Fabrichnev¹².

⁸ K. Marx. Theory of Surplus Value. - Marx K. and Engels F. Works T.26. Part 3-m. Politizdat 1962 P. 503

⁹ Fabrichnov A.M. Problems of production costs in the economic teachings of K. Markk - Voronezh 1987

¹⁰ Marshal A. Principles of economic science. M: Progress – University, 1993. P. 401,403,404,405.

¹¹ Chamberlin E. Theory of monopolistic competition-M.: Publishing house in.lit 1959.p.190

¹² Shestiko A. Subject and Methodological Features of the New Institutional Economic Theory. //Problems of Economics, 2003. No. 1. P. 25.33

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The production costs of economists A. Marshall, J. Clark, V. Pareto and other scientists studied. Their production costs can be seen in scientific works devoted to modern scientific developments about their economic essence in the production process. The production costs of these economists represent a non-class view, studying mainly the production costs from a non-class point of view of the process of material production, which is the main object of the production process, and studying their economic analysis. Relationship with commodity prices.

The production costs of the returned production enterprises analyze the organization and management of the organizational and economic production on the basis of these enterprises. The demand for production costs is studied depending on the size of the production organization at production enterprises. When analyzing production costs as a whole, in our opinion, it is necessary to give an economic analysis of production costs in a non-class form, comparing these production costs with constant variable costs, and total production costs - with the income received from the products manufactured in production.

It is necessary to conduct an economic analysis of the cost of production based on economic and accounting reports.

A. Marshall in his scientific works relied on the marginal study of production costs, that is, on the basis of studying the level of costs of a manufacturing enterprise, based on the law of determining the size of the organization of production costs of the enterprise. The enterprise, depending on the increase in the size of the production process, increases production costs or reduces the size of the manufacturing enterprise, justified by the fact that this will lead to a decrease in costs and that production costs will not be high compared to the volume of production.

According to A. Marshall¹³, in the long run, fixed production costs turn into variable costs. It is believed that variable costs exceed market prices, which forces the company to leave the market.

T. Veblen¹⁴, E. Chamberlin, among economists representing the institutionalism movement, showed the need to limit the prices of products and limit production costs and sales costs. E. Chamberlin¹⁵ believes that the difference between supply and demand is fundamental to the theory of value and that the costs of production increase the demand for a public good and increase its supply.

Economist A. Shestiko considers transnational production costs as "transnational theories" of production costs in the development of economic theory. When studying and assessing production costs, it is necessary to pay attention to the following:

- expresses the fact that the development of production costs is an objective and subjective factor as a factor of production;

As an objective factor, production costs are related to productive forces and lead to economic changes in the production sector of the enterprise and economic development. Therefore, it is necessary to constantly analyze production costs from an organizational and economic point of view. This, in turn, leads to its development as an innovative factor of production costs, its theoretical and practical improvement in economic and production activities;

- there are different views on the cost of production;

¹³ McCoonel K., Brew S.L. Economics. T.2-M. Republic. 1993.P.45

¹⁴ Boder V. Methodological problems of formation of cost-control mechanism // Economy of Soviet Ukraine . - 1990. No. 11 P. 43.

¹⁵Schumpeter J. Theory of economic development. - M.: Progress 1982. P.160-170

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In economic scientific research, especially in the conditions of a market economy, production costs are associated with deficit production. In our opinion, production costs should be considered not in deficit, but in the production of products necessary for human material life.

If we look at production costs from a scientific point of view, they are objectively related to the production process. In the production process based on the laws of modern market economy, each entrepreneur tries to satisfy the demand of the consumer market, based on the production of some consumer goods for the consumer market and having production costs in order to make a profit.

It also expresses the socio-psychological characteristics of economic activity. In the production process, it is necessary to take into account the socio-psychological characteristics of the subjects of production that are in the production process.

When organizing the production process at enterprises, it is necessary to pay attention to the organization of the psychological, social, economic and political position of the team, which is associated with ensuring that human capital effectively performs its work, while taking into account the socio-psychological characteristics of the production process.

The socio-psychological and economic conditions associated with the organization of the production process of the enterprise are represented by the requirements for the organization of the production process (Figure 1).

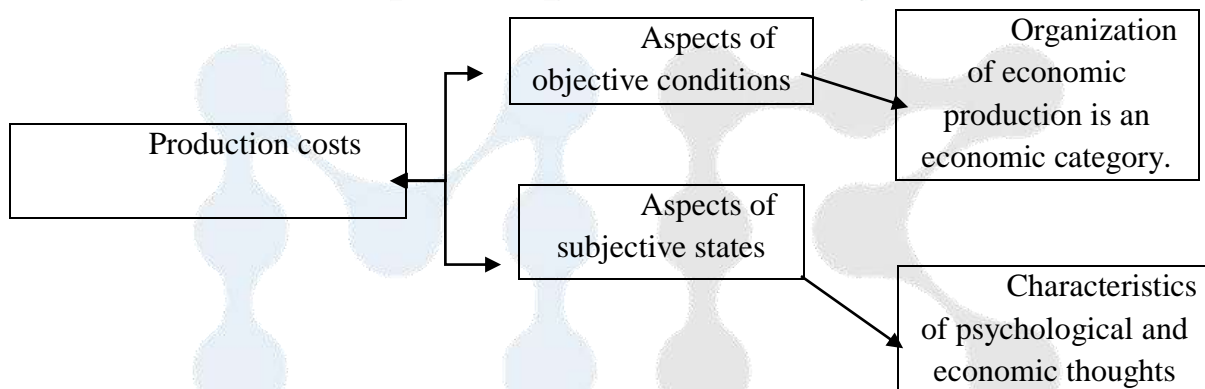


Figure 1. Production costs

The efficient use of these production costs associated with the production process depends on its theoretical and practical organization. The production costs we discussed above are among the main economic categories of this economic theory. A positive solution to the question of their efficient use means that its subject and object are economic categories, and it is necessary to see the economic relations between the subject and object of socio-economic relations in mutual dependence.

It is necessary to find an answer to the question: who can be the subject of production costs?

Ownership of production costs used to organize production, that is, in the absence of a production entity, production costs cannot be established.

The fact that the owners of the enterprise acquire production costs and are the organizers of production guarantees that they are the subject of property. Depending on the forms and levels of organization of production enterprises, production relations are established between the objects of production costs and the subjects organizing their use. Thus, the production costs that make up production as objects of production are those that have a general economic substantive characteristic, from which it is clear that they are associated with various production processes and economic

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activities. These production costs can be seen in the organization of production of the enterprise, objective and subjective activities.

When organizing the production process, production costs can be considered initially in the organization of production relations. These production relations have the forms of independent production.

Depending on the direction of production, when organizing the production process, production costs will be an independent product of the production process as an economic category. Production costs, depending on the direction of production, have an independent subjective classification. Based on the calculation that the production process will be at the desired level based on the volume of production, depending on the direction of production, it is possible to organize the production economy of the enterprise and produce consumer products based on development.

At the same time, the subjective side of production costs is that production costs themselves are subjects of their use in the production process. The ratio between production costs of manufacturing enterprises depends on the level of use of production costs. The level of its connection with production costs depends on the level of motivation of the human factor. Increasing the motivation of human capital ensures the growth of labor productivity and its quality.

The subject of a manufacturing enterprise, as a rule, is neither a single person nor the owner of production costs. At the same time, according to the economist V. M. Bader, the subject of production costs will also be the head of the enterprise's production. Although we agree with this opinion, the head of the enterprise not only manages the material costs of production, but as a subject of organizing their effective use is considered as a subject of economic interdependence of human capital, labor engaged in production, with material costs of production. and human capital in economic production.

In the conditions of modern market economy it is necessary to regulate production costs on the basis of development of labor of members of the enterprise, based on social-labor relations, and labor of human capital, which are subjects of production. , and workers, organizing and managing their production activities, and between subjects of production enterprises it is necessary to regulate competition between suppliers and organizers of production, taking into account the competition between them. Providing production enterprises with production costs depends not only on the correct organization of the activities of production enterprises at the microeconomic level. Production costs are one of the main economic problems requiring a sustainable solution based on mutual agreement of economic problems. The subject of a production enterprise, as a rule, is not a single person, nor the owner of production costs. At the same time, according to the economist V. M. Bader, the subject of production costs will also be the head of the enterprise's production. Although we agree with this opinion, the head of the enterprise not only manages the material costs of production, but also as a subject of organizing their effective use is considered as a subject of economic interdependence of human capital, labor engaged in production, with the material costs of production. and human capital in economic production.

In the conditions of a modern market economy, it is necessary to regulate production costs based on the development of the labor of enterprise members, based on social and labor relations, and the labor of human capital, which are the subjects of production, and workers who organize and manage their production activities, and between the subjects of production enterprises it is necessary to regulate competition between suppliers and organizers of production, taking into account the competition between them.

Providing manufacturing enterprises with production costs depends not only on the correct organization of the activities of manufacturing enterprises at the microeconomic level. Production costs are one of the main economic problems that require a sustainable solution based on mutual agreement of economic problems.

In order to ensure stable and crisis-free development of the national economy at the micro- and macroeconomic level in our country, the state is the subject that provides the main production costs. The state, the subject that regulates the development of the national economy without an economic crisis, must be organized not only at the enterprise level, but also at the level of the market economy system.

In the conditions of current free economic competition, in the production process based on various forms of ownership, at the macro- and microeconomic level, the main problem of sustainable and effective development of the national economy at the state level is the organization of production associated with For the effective development of economic entities and the development of social relations, the material factor with production costs, it is necessary to organize the organization and work of production and service enterprises on the basis of continuous supply and demand, based on the production costs of the enterprise. and the state on the basis of its management.

There are different views on production costs in economic literature. In particular, economist J. Schumpeter believes that production costs in market conditions, depending on the quality of the main object of the enterprise, require the implementation of production relations between individual workers, between the work collective and between the state in various forms. In practice, the demand for production costs in manufacturing enterprises is regulated by the basic economic law of the market economy based on its own methods.

The method of regulating the demand for production costs of farms is regulated by each farm independently using its own method.

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