

УДК 331.51

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## **SOCIO-ECONOMIC ANALYSIS OF THE CONCEPT OF «UNEMPLOYMENT»**

***Abstract:** The article presents a socio-economic analysis of unemployment. Unemployment is one of the most important problems in all societies. Low unemployment is an important economic indicator.*

***Key words:** economy, key indicators, unemployment, entrepreneurship, wages, migration*

## **СОЦИАЛЬНО-ЭКОНОМИЧЕСКИЙ АНАЛИЗ ПОНЯТИЯ «БЕЗРАБОТИЦА»**

**Аннотация:** В статье представлен социально-экономический анализ безработицы. Безработица - одна из самых важных проблем во всех обществах. Низкая безработица - важный экономический индикатор.

**Ключевые слова:** экономика, ключевые показатели, безработица, предпринимательство, заработная плата, миграция

In the context of the transition to market relations and the development of crisis phenomena in the economy, not only the previously existing problems of employment of the population have aggravated, but also new ones have appeared, associated with changes in the needs of enterprises for labor, the status of the employee himself, the emergence of real and hidden unemployment, and the lack of proper accounting for these phenomena.

All this complicates the study of labor market problems, complicates the possibilities of effectively countering the growth of unemployment, maintaining employment, and ensuring social protection of citizens. The main sources of

unemployment are not market proportions and conditions in the labor market; the labor market only reflects the currently existing proportions between the demand and supply of labor, but does not directly participate in their formation. These proportions depend on processes outside the labor market. The market only reveals them, shows unemployment, makes it visible to society. The general conclusion on the question of the causes of unemployment is that the very market form of organization of the economy inevitably gives rise to unemployment, because it inevitably presupposes: the ruin of some enterprises; capital accumulation in the context of technical and scientific progress; disproportionality in the dynamics of consumption, savings and investments; cyclical nature of production; imperfection of competition in the modern market as a whole, and above all in the labor market.

Achieving a high level of employment is one of the main goals of the state's macroeconomic policy. An economic system that creates an additional number of jobs sets the task of increasing the amount of the social product and thus to a greater extent to satisfy the material needs of the population. With an incomplete use of the available resources of the labor force, the system works without reaching the limits of its production capabilities. Unemployment also inflicts considerable damage on the vital interests of people, preventing them from applying their skills in the kind of activity in which a person can express themselves most, or depriving them of such an opportunity, because of which people endure serious psychological stress. First of all, the employment policy developed by the state should be of a preventive nature and include a set of government regulation measures to prevent the growth of unemployment.

First, because its prevention in the beginning will be much less expensive than in the future.

Secondly, because the fight against unemployment can be quite effective. For example, government lending for additional jobs in the United States in 1977-78. was not throwing money down the drain. Despite the fact that wages

were credited no more than 2%, and the absolute value of the loan did not exceed 100 thousand dollars, many corporations were able to create up to 50 new jobs.

From the above, we can conclude that the indicators of employment and unemployment are one of the key indicators of macroeconomics, which serve to assess the effectiveness and identify the main trends in the functioning and development of market relations in the context of the general state of the country's economy.

Unemployment is a socio-economic phenomenon in which part of the labor force (economically active population) is not employed in the production of goods and services. The unemployed, along with the employed, form the country's labor force. In real economic life, unemployment appears as an excess of labor supply over demand for it.

In Western economic literature, the causes of unemployment are studied primarily on the basis of a purely economic approach. At the same time, unemployment is viewed as a macroeconomic problem of insufficient full use of the total labor force. Often the reasons for unemployment are attributed to imbalances in the labor market or unfavorable changes in this market.

Economic science has repeatedly made attempts to find out the causes of unemployment. One of the first such attempts was undertaken by the French economist J. B. Say. He considered the labor market as a special case of the law of supply and demand.

The labor demand curve reflects the demand for labor from entrepreneurs. The labor supply curve reflects its size due to changes in the level of wages. If the level of wages is raised from point D to point C, this, on the one hand, will lead to a reduction in the demand for labor to the value of CA, i.e., to the dismissal of part of hired workers, on the other hand, this will lead to an increase in the supply of labor by the value of AB. Returning to the equilibrium point E will lead to the disappearance of unemployment: all demand for labor will be

satisfied by its supply at a given price of labor at the level of point D. The conclusion from J. B. Say's law is quite clear and simple: the cause of unemployment is excessively high wages.

J. B. Say's labor market law has sparked controversy that has lasted for a century and a half. The idea of an automatic equilibrium of supply and demand in the labor market was criticized by the English economist, priest Thomas Malthus (1766 - 1834). In his opinion, both capital and population for a significant period of time can be surplus in relation to the demand for products. The reason for the fall in demand is the reduction in personal income, and the decrease in these incomes is caused by demographic reasons: the growth rate of the population exceeds the growth rate of production. Consequently, the cause of unemployment must be sought in the excessively rapid population growth. The modern experience of social development has shown, however, that in many highly developed countries there is an extremely low birth rate and even an absolute decline in the population, but there is unemployment. This means that the reasons for unemployment lie elsewhere.

Karl Marx gave a fundamentally different explanation of the causes of unemployment. In his opinion, the cause of unemployment is not the growth of wages, not the rapid growth of population, but the accumulation of capital in the conditions of the growth of the technical structure of industrial production. The variable capital advanced for the purchase of labor power grows at a slower rate than the constant capital advanced for the purchase of the means of production. Another reason is the bankruptcy of enterprises in market conditions. The factors that increase unemployment are crises and recessions, migration of the rural population to the city.

The removal of unemployment from the cyclical development of the economy became after Marx a stable tradition in economic theory. If the economy develops cyclically, when ups and downs replace each other, the

consequence of this is the release of labor and the curtailment of production, an increase in the army of the unemployed.

Keynes' merit in the development of the theory of unemployment is that he presented a logical model of the mechanism that spins economic instability and its integral component - unemployment. Keynes noted that as the national economy grows in a developed market economy, the majority of the population does not consume all of its income, a certain part of it turns into savings. In order for them to turn into investments, it is necessary to have a certain level of the so-called effective demand, consumer and investment.

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