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INTRODUCTION TO ECONOMICS

ANNOTATION

In this thesis, the starting points of economics and its key information is mentioned. Therefore, through this article you get some insights about economy as well as answers many questions such as: "What is economics?" and "What are the main aspects of economics?" So, it helps to understand the ways in which economic systems function, the role of markets, and the impact of various policies on the economy.

Keywords: Microeconomics, Macroeconomics, economic cycle, gross domestic product (GDP)

INTRODUCTION

The word economy comes from the Greek word "oikonomos", which means "one who manages a household." At first, the connection between households and economies may seem obscure. But in fact, they have much in common. Economics is a social science that focuses on the production, distribution, and consumption of goods and services. The study of economics is primarily concerned with analysing the choices that individuals, businesses, governments, and nations make to allocate limited resources. Economics has results on a wide range of other fields, including politics, psychology, business, and law.

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UNDERSTANDING ECONOMICS

Assuming humans have unlimited wants within a world of limited means, economists analyse how resources are allocated for production, distribution, and consumption. One of the earliest recorded economists was the 8th-century B.C. Greek farmer and poet Hesiod who wrote that labour, materials, and time needed to be allocated efficiently to overcome scarcity. The publication of Adam Smith's 1776 book An Inquiry into the Nature and Causes of the Wealth of Nations sparked the beginning of the current Western contemporary economic theories.[1]

Moreover, basic Economics has 10 main principles and these principles covers a wide range of topics and encompasses many approaches, but it is unified by several central ideas as well as this introduction to the ten principles will give you a sense of what economics is all about. Let’s discuss some of them

One of them is Microeconomics that studies how individual consumers and firms make decisions to allocate resources. Whether a single person, a household, or a business, economists may analyse how these entities respond to changes in price and why they demand what they do at particular price levels. Microeconomics analyses how and why goods are valued differently, how individuals make financial decisions, and how they trade, coordinate, and cooperate. Within the dynamics of supply and demand, the costs of producing goods and services, and how labour is divided and allocated, microeconomics studies how businesses are organized and how individuals approach uncertainty and risk in their decision-making. The study of economy’s this part focuses on the choices of individuals and businesses, and it concentrates on the behaviour of the economy on an aggregate level.

Another specific point in economics is Macroeconomics. It is the branch of economics that studies the behaviour and performance of an economy as a whole. Its primary focus is repetitive economic cycles and broad economic growth and

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development. It focuses on foreign trade, government fiscal and monetary policy, unemployment rates, the level of inflation, interest rates, the growth of total production output, and business cycles that result in expansions, booms, recessions, and depressions. Using aggregate indicators, economists use macroeconomic models to help formulate economic policies and strategies. For example, we can analyse business cycle.

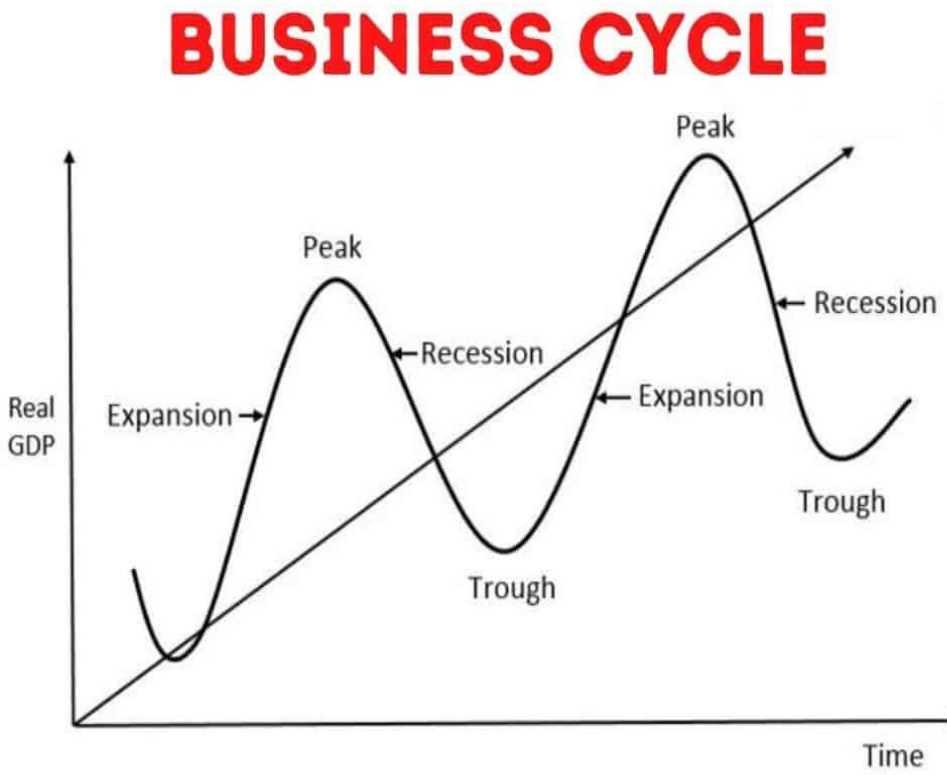


Figure 1 GDP Business Cycles Fiscal Policydocx from ECO 202 at Klamath Community College

There are four phases of the Business Cycle

1. Expansion (Boom/Recovery)

· Characteristics: Increasing economic activity. GDP rises, unemployment falls, consumer confidence and spending are high, businesses invest and hire, and wages typically grow. Its key point: the economy is growing above its long-term trend rate.

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2. Peak (top point)

· Characteristics: The high point of economic activity. Growth hits its maximum rate. The economy is often at or near "full capacity." Inflationary pressures may build, and asset prices (like stocks or housing) may be high. Its main idea is the transition from expansion to contraction. Think of it as the moment the economy overheats.

3. Contraction (Recession/Slump)

· Characteristics: Declining economic activity. GDP falls for two consecutive quarters (a common, but not official, definition of a recession), unemployment rises, consumer confidence and spending drop, and business investment slows.

Contraction shows that if it be severe and prolonged, it is called a recession. An extremely severe recession is a depression.

4. Trough (lowest point)

· Characteristics: The low point of economic activity. The decline bottoms out. Output and employment stop falling and stabilize at a low level. Its key idea: the transition from contraction to the next expansion. It's the turning point before recovery begins [2]

Furthermore, economics study mainly about the gross domestic product (GDP) that is considered the broadest measure of a country's economic performance. It calculates the total market value of all finished goods and services produced in a country in a given year. Many investors, analysts, and traders focus on the advance GDP report and the preliminary report, both issued before the final GDP figures because the GDP is considered a lagging indicator, meaning it can confirm a trend but can't predict a trend. [3] For example, we can see Uzbekistan’s GDP growth between 2014 and 2023 below.

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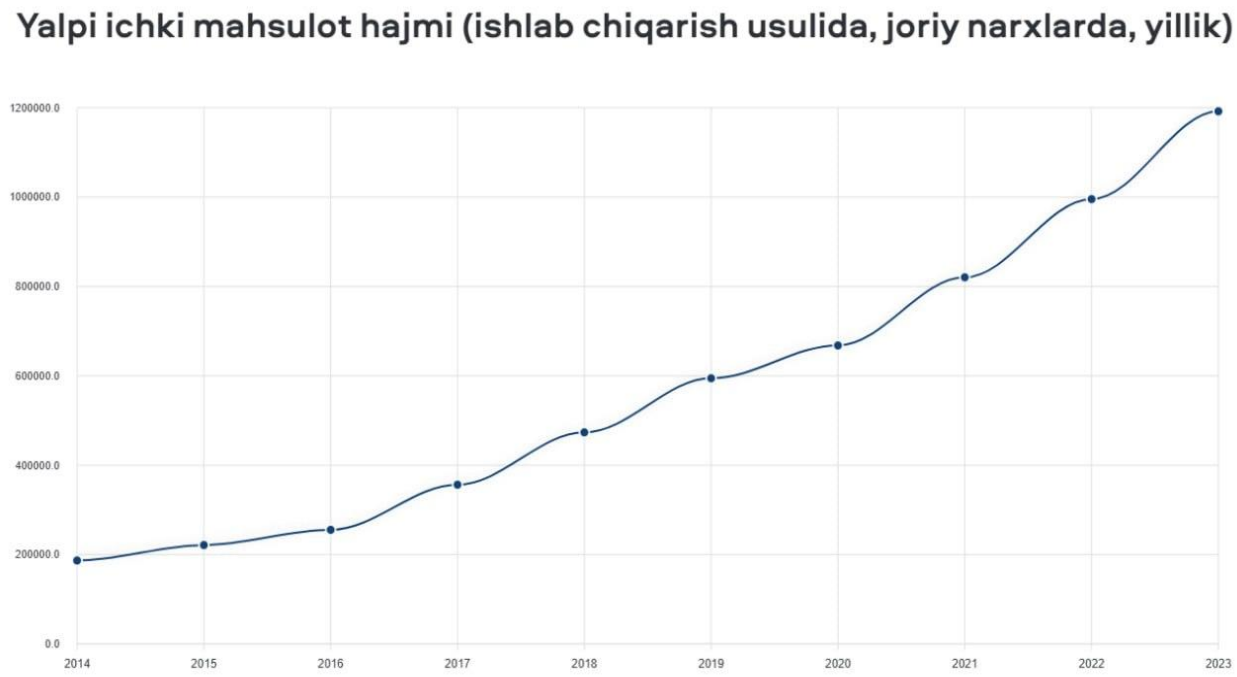


Figure 2. Uzbekistan's GDP growth between 2014 and 2023.

In this line graph, we can see that the amount of the GDP rate of Uzbekistan from 2014 until 2023. In general, this share increased gradually over the given period.

If we are looking into details, the figure of GDP rate was almost 200 trillion sum. And this figure increased slowly until 255 trillion.

This level of trends fluctuated and reached to higher point 600 trillion. Between 2014 and 2019, Uzbekistan's GDP rate over headed three times growth. Therefore, this trend witnesses a sharp rise with 820,5 trillion sum, before accounting for 995 trillion in 2022. Finally, in 2023, GDP amount of Uzbekistan reached over one quadrillion UZS and it was the highest point — a 6% increase compared to the previous year.

So, these are the main parts and points about economics that we learn.

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CONCLUSION

In conclusion, it can be said that as an introduction to the economy and its important factor, it is necessary to take into account the following:

— providing information about the definition of economics.

— the explanations of microeconomics and macroeconomics and their role in the economy.

—detailing economic indicators in a country's economic performance.

—gross domestic product and its importance in the economy.

—figuring out the schools of economic theory.

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