

COMMODITY–MONEY RELATIONS AS THE BASIS FOR THE FORMATION AND FUNCTIONING OF A MARKET ECONOMY**YUSUPOVA SHOXISTA BAXODIROVNA
KOKAND STATE UNIVERSITY****Introduction**

Commodity–money relations are one of the most important elements in the development of a market economy. They represent the economic relationships that arise in the process of producing, exchanging, and consuming goods through the use of money as a universal equivalent. In a market system, economic activity is mainly carried out through the exchange of commodities for money. Therefore, the development of commodity–money relations plays a crucial role in the formation and effective functioning of a market economy.

The concept of commodity–money relations

Commodity–money relations refer to the economic interactions between producers and consumers in which goods and services are exchanged through money. In this system, goods produced for sale are called commodities, and money serves as a medium of exchange, a unit of account, and a store of value.

These relations arise when producers operate independently and specialize in producing certain goods or services. Since each producer creates different products, exchange becomes necessary. Money simplifies this exchange by acting as an intermediary between buyers and sellers.

The theoretical foundations of commodity–money relations were studied by many economists, including Adam Smith and Karl Marx, who analyzed how the exchange of commodities and the use of money influence economic development.

Role of commodity–money relations in the market economy

Commodity–money relations form the economic basis of a market economy. In such an economy, production is not organized for direct consumption but for exchange in the market. Producers create goods and services with the intention of selling them in order to obtain money, which can then be used to purchase other goods and services.

These relations perform several important functions in the market economy:

1. Stimulating production

Producers are motivated to increase production and improve quality in order to gain more profit in the market.

2. Regulating supply and demand

Through commodity–money relations, market prices are formed based on the interaction of supply and demand. Prices signal producers what goods should be produced and in what quantity.

3. Encouraging specialization and division of labor

As commodity exchange develops, producers specialize in specific activities. This increases efficiency and productivity in the economy.

3. Facilitating economic cooperation

Commodity–money relations connect different sectors of the economy, linking producers, traders, and consumers into a unified economic system.

Development of commodity–money relations

The development of commodity–money relations usually occurs gradually as societies move from traditional economies to more complex market systems. At early stages, exchange may occur through barter, where goods are exchanged directly for other goods. However, barter systems are inefficient because they require a double coincidence of wants.

The introduction of money solved this problem and allowed markets to expand. As economic systems developed, financial institutions, banks, and credit systems emerged, further strengthening commodity–money relations and supporting economic growth.

The development of commodity–money relations is closely connected with the evolution of economic systems and the growth of production and trade. Commodity–money relations emerge when goods are produced not only for personal consumption but also for exchange in the market. As societies become more economically advanced, these relations become more complex and play a central role in organizing economic activity.

Early stage: barter exchange

In the earliest stages of economic development, people exchanged goods directly through a barter system. For example, a farmer might exchange grain for tools produced by a craftsman. Although barter allowed people to obtain necessary goods, it had many limitations. The main problem was the **double coincidence of wants**, meaning that both parties had to want exactly what the other offered at the same time.

Because of these difficulties, trade was limited and inefficient. As production increased and societies became more specialized, the need for a more convenient system of exchange became clear.

Emergence of money

To solve the problems of barter, money was introduced as a universal equivalent that could be used to measure the value of all goods and services. Various items were historically used as money, including precious metals, coins, and later paper currency.

Money performs several important economic functions:

- **Medium of exchange** – it simplifies the buying and selling of goods.
- **Unit of account** – it measures and compares the value of different goods.
- **Store of value** – it allows people to save purchasing power for the future.
- **Means of payment** – it is used for settling debts and financial obligations.

The emergence of money significantly expanded trade and accelerated the development of commodity–money relations.

Growth of market systems

As commodity–money relations expanded, markets developed where buyers and sellers could freely exchange goods and services. This process encouraged specialization and the division of labor, which increased productivity and efficiency in production.

The development of markets also led to the formation of new economic institutions such as banks, credit systems, and financial markets. These institutions made it easier to mobilize capital, finance investments, and support business activities.

The importance of commodity exchange and market mechanisms was emphasized by classical economists such as Adam Smith, who explained how market interactions and competition contribute to economic development.

Industrialization and expansion of commodity relations

During the period of industrialization in the 18th and 19th centuries, commodity–money relations expanded rapidly. Mass production increased the volume of goods available for sale, and international trade networks connected different countries and regions.

Economic thinkers such as Karl Marx analyzed how commodity production and money relations shape capitalist economic systems and influence social and economic structures.

Modern stage of development

In the modern global economy, commodity–money relations have become more complex and dynamic. Today, they include not only traditional trade in goods but also services, intellectual property, digital products, and financial assets.

Technological innovations such as online banking, electronic payments, and digital marketplaces have significantly accelerated the exchange process. As a result, commodity–money relations now operate at both national and international levels, connecting economies across the world.

Commodity–Money Relations in the Modern Economy

In modern market economies, commodity–money relations have become more complex and diversified. Today they involve not only the exchange of physical goods but also services, digital products, financial assets, and international trade.

Modern technologies, electronic payments, and digital banking systems have significantly expanded the scope and speed of these economic interactions. As a result, commodity–money relations now operate on both national and global levels.

Conclusion

Commodity–money relations are the fundamental basis for the formation and functioning of a market economy. They facilitate the exchange of goods and services, regulate production and consumption, and promote economic efficiency and growth. The development of these relations has played a key role in the evolution of modern economic systems and continues to shape the dynamics of global markets today.

In conclusion, a well-developed system of commodity–money relations ensures the stability and effectiveness of a market economy by linking producers and consumers through the mechanisms of exchange, price formation, and competition.