British Journal of Global Ecology and Sustainable Development
Volume-16, May, 2023
ISSN (E): 2754-9291

THE IMPORTANCE OF A MONOPOLISTIC COMPETITIVE MARKET SITUATION IN A MARKET ECONOMY

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Abstract:
This article will consider scientific and practical data on the importance of a monopolistic competitive market situation in a market economy. The data obtained will be analyzed and scientifically based proposals and judgments will be given on their basis. The article examines the dominance of monopoly in the market, prices for consumer goods, the role of antimonopoly legislation.

Keywords: Market economy, monopolistic competitive market, market advantages, consumer, prices, antimonopoly legislation, technological innovations, global companies.

Monopolistic competition is a type of market in which many sellers offer similar but not identical products. Although the names monopolistic competition and monopoly are considered similar, in practice these two types of competition are very different. This type of competition belongs to the type of imperfectly competitive markets (monopolized market), although at first glance it has purely competitive elements. Even in monopolistic competition, there are relatively many operating firms, with few restrictions on the entry of new firms into the market or the exit of existing firms from it. But this type of competition is still different from the free market. The difference is that the goods in the monopolistically competitive market are differentiated, that is, the goods satisfying the same need are produced and sold by each firm in its own way, and its products differ from the products of other firms in quality, appearance, the service may vary depending on the type, style, materials used and brand. Commodity differentiation refers to the variety of goods sold on the market, and not according to a

single scheme. Each firm will have a certain level of market authority because it has its own brand of product. For example, in every city there are fast food, restaurants and places where bakery products (in particular, pastries) are sold. These economic entities sell a diverse product that satisfies almost the same need. Fast food in Tashkent, such as Feed up, AQ-tepa Lavash and Evos, although they have a similar menu (lavash, hamburgers, French fries and other consumer goods), differ, albeit slightly, in shape, taste, service and price.
In 1933, the American economist Edward Hastings Chamberlain in his work "The Theory of monopolistic competition" mentions a new type of competition-monopolistic competition. In his opinion, the real types of the market function precisely on the border between a competitive market and a monopoly. And later, in 1977, Avinash Raduga Dixit and Joseph Eugene Stiglitz co-authored articles that brought monopolistic competition to its current form. This model was later called the Dixit-Stieglitz model. But according to the basic theory formulated by Michael Porter, any product is perceived as "special", at least by a group of consumers. For this reason, depending on their opinion, the degree of differentiation is determined. In 1986, Merton proposed naming marketing and innovation as Howard Miller's main 2 differentiation strategies. However, in 1988, Henry Mintzberg proposed clear and broad categories: quality, design, image and price In monopolistic competition, there are practically no cases of conducting a price war due to the large number of firms on the market. Although firms can influence the price to a certain extent (firms charging the price), this influence is considered weak. For this reason, firms compete using the following factors that do not depend on the price:

- Changing product characteristics;
- Differentiated production of products to meet previous needs;
- Competition through service levels and loyalty programs;
- Competition through advertising, promotions and discounts.

The market economy as the main system of economic activity is a scientific field that studies the relationship of consumer demand with market supply, prices and financial resources. A monopolistic competitive market expresses the state of the market in which monopolies and oligopolistic organizations operate in the system of a market economy. Monopoly is connected with the fact that an organization operating in a certain area offers a product or service independently of other organizations. This monopolistic market situation is characterized by a strong influence on market preferences and prices of goods. This can lead to such consequences as an increase in material solvency, restriction of consumption, the impact of innovations and an increase in prices for consumer goods.
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In 2021, global companies, technological innovations, pandemic problems and changes in antimonopoly legislation are important factors that have aggravated the situation in a monopolistically competitive market. This year, the main problems and experiences that have affected the state of a monopolistically competitive market with high rates of good or bad consequences are being regulated.

In conclusion, we can say that a monopolistic competitive market situation is a market situation in which there is only one supplier of a product or service, and another restricts the possibility of purchase. In this case, supplies are sold at fixed prices, the amounts of payments and expenses are set by enterprises, and the ability of users to meet requirements is limited. The monopolistic competitive market situation includes several problems in the economy. In particular, in such cases we will make the following conclusions and suggestions:

1. Antimonopoly laws and their control should be strengthened in order to conduct enforcement work to limit the status of a monopolistically competitive market.
2. To stimulate innovation and develop, it is necessary to carry out political and economic applications that enhance innovation and innovation.
3. It is necessary to increase the atmosphere of fair competition between organizations in order to create a competitive market situation in order to strengthen the selection capabilities of users.
4. For the loss of the system of oligapolic organizations and the oligopolistic competitive market situation, it is necessary to adopt new laws and policies to strengthen the democratic success of the economy.

In order to limit the status of a monopolistically competitive market and expand development opportunities for users, it is necessary to establish international cooperation relations.

Firms operating in monopolistic conditions act inefficiently, because the costs of price policy control are usually greater than the profit from this control. In addition, a firm with monopolistic power ceases production when marginal costs are equal to marginal revenues. While in this case, the average total costs have not yet reached the minimum point. In contrast to perfect competition, when a producer makes a profit in conditions of monopolistic competition, the welfare of society in this case decreases. In addition, since differentiated goods better meet the needs of consumers, monopolistic competition is preferable to perfect competition that benefits society.

Another problem is that monopolistic competition promotes advertising. Of course, at the macroeconomic level, this is not considered a problem, but in microeconomics, especially in relation to the theory of consumer choice, economic benefits and opportunity costs, this is a problem that needs to be solved. There are two ways advertising works in conditions of monopolistic competition. That is, advertising can make the company's customer demand line more inelastic, or the demand for the company's goods will increase due to advertising. In both cases, the firm will either sell

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ISSN (E): 2754-9291

more goods, or raise the price to a level favorable to it, or the firm's profit will increase if both cases are realized. This gives the company the opportunity to create its own trademark. Advertising encourages consumers to spend more just because of the name, rather than relying on rational factors. Advertising advocates, on the other hand, say that a trademark is considered a sign of reliability for consumers and reduces the information costs of finding the desired product. But this situation is more complicated. In a market with monopolistic competition, there are costs for obtaining accurate information and processing it. Since there is only 1 company in the monopoly market, the information costs are low. Despite the fact that there are many firms in an ideal competition, the information costs even in this case are relatively small due to the uniformity of the goods. But due to the large number of firms in the monopolistic market and differences in goods, a rational consumer has to study a huge number of brands. In most cases, the cost of finding the best brand will be more than the profit from this best brand. As a result, the consumer will suffer. Consumers use advertising not only to evaluate the advertised brand, but also to try to determine whether there are other brands that other consumers have not paid attention to[Firms operating in monopolistic conditions act inefficiently, because the cost of controlling pricing policy is usually greater than the profit from this control. In addition, a firm with monopolistic power ceases production when marginal costs are equal to marginal revenues. While in this case, the average total costs have not yet reached the minimum point. In contrast to perfect competition, when a producer makes a profit in conditions of monopolistic competition, the welfare of society in this case decreases. In addition, since differentiated goods better meet the needs of consumers, monopolistic competition is preferable to perfect competition that benefits society.

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