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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**THE MARKET MECHANISM'S NATIONAL ECONOMIC
FEATURES AND DEVELOPMENT DIRECTIONS**

Speciality: 5307.01 – Economic theory

Field of science: Economy

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GENERAL CHARACTERISTICS

Actuality of the topic and the degree of research. Each country's economy, as well as its division into sectors and divisions and the values that apply to all countries, have their own unique characteristics. National economic interests, values, mental aspects, interests, and behaviours that define them all have a special place among these characteristics. Such characteristics surround and grow the market mechanism, which is at the core of the economy as a whole and its real and financial sectors in particular.

The study of the national economic features of the market mechanism is required both to further improve the forms and methods of economic policy at the national level, and to ensure the targeted coordination of the activities of market participants. The systematic characterization of the national economic features of the market mechanism in the development of the local environment defines the theoretical and practical importance of dissertation study. Economic and political modernization, which are two aspects of national transit, is of specific interest in the general economic laws of the changing society, and the systematic characterization of the national economic features of the market mechanism in the formation of the local environment.

The dissertation studies the national market mechanism as a driving force of the national economic development process, and considers this mechanism itself through the prism of meeting the needs of the country's population. The socio-cultural environment of the country's population's economic life has distinct characteristics, such as the unique structure of their consumption, the uniqueness of their production, and labour practices.

Systematic scientific analysis of the market mechanism and its structural elements have been done by the classics of English political economy A.Smith, D.Ricardo, V.Petti, the founder of the neoclassical school A. Marshall, the representatives of the Austrian school of economics K.Menger, F.Wieser, the supporters of neoclassical synthesis J. Hicks, P.Samuelson and neoliberal theorists M.Friedman, L.Erhard, F.Hayek and others. Marx analysed the

market mechanism in the direction of Marxist methodology and drew the necessary conclusions. For the first time, Friedrich List paid close attention to the issue of national characteristics in the country's economy and major spheres, and brought national aspects to the forefront of people's lives.

Scientists from the republic have also made significant contributions to the study of Azerbaijan's modern economic development process, especially the central mechanism of economic development. Among them, the names of Z.A.Samadzada, N.M. Imanov, A.J.Muradov, A.G.Alrzayev, T.H.Huseynov, M.A.Ahmadov, H.B.Rustambeyov, U.G.Aliyev, G.N.Manafov, T.N.Aliyev, G.Z.Yuzbashiyeva, R.Sh.Muradov, R.I.Guliyev, I.H.Aliyev, A.P.Babayev, F.A.Ganbarov, I.A.Karimli, T.M.Gurbanov and others can be mentioned. The problems of national economic growth, as well as the market system in the economy play an important role in the work of these scientists.

Well-known economists from all over the world have devoted their efforts to a comprehensive study of the market system and its structural elements as a whole, both for the transition and development of a market economy. Among them the names of L.I. Abalkini, K.L.Astafov, L.V.Volkov, A.V.Sadovich, R.I.Khasbulatov, A.P. Gradov, V.N.Cherkoves can be listed. Despite numerous studies on the economic mechanism, little study on the market mechanism and its national economic characteristics has been done.

The object and subject of the research. The object of research was a system of interaction of general features of the market mechanism in the national economy of the country with national economic development.

The analysis of economic relationships between general and particular aspects of the driving elements of the market system in the national economy is the **subject** of this research.

Purpose and objectives of the research. The study's aim is to explain the methods for analysing the market mechanism's national economic characteristics. The dissertation establishes the following objectives in order to achieve this goal:

1. Determining the general and particular functional roles of

the market mechanism on the basis of a systematic analysis of the key theories related to the operation of the market mechanism in the national economy;

2. Systematic study of the interaction of the main elements of the market mechanism in the national economy;

3. The analysis of the effect of local and external influences on the formation of this compliance as one of the key elements of the business mechanism of supply and demand enforcement;

4. The analysis of the degree of formation of the market climate, as well as the effect of national economic characteristics in this direction for the versatile operation of the market mechanism;

5. Investigate whether the price factor is a significant component of the market system, as well as to group the institutional factors that are relevant to it;

6. At the macroeconomic level in the region, an assessment of the market mechanism's development patterns in terms of the country's level of national economic development and the socialization of national production;

7. Identify future ways to link the general principles of market relations with the national characteristics of the market system, taking into account the country's level of nationalization of production resources;

8. Investigate the effect of national economic characteristics of the market mechanism on the country's expansion of domestic investment activity;

9. Figure out how to make the market system play a bigger role in the activation of national economic growth factors;

Research methods. The study preferred to generalize a systematic analysis of the market mechanism, its national economic features, applied to the concepts of national evolution and growth in the study of development trends. Simultaneously, synergetic methods have been used to describe the market mechanism's general economic principles as well as its national economic characteristics.

The main provisions of the defence:

1. The market mechanism has general economic and particular national-economic characteristics, according to a systematic analysis

of theories of classical and modern economists relevant to its operation in the country's economy.

2. The national characteristics of economic relations growth do not indicate isolation, nor do they lead to self-closure, but rather appear as a required quality component of the interaction of nationalization and integration. The ethnic-mental national aspects of economic growth are evolving in tandem with the international-general aspects.

3. The combined influence of all three factors on national economic growth is strengthened when particular aspects of the key elements of the market system, such as supply and demand conformity, the establishment of a competitive climate, and price formation within the national economy, are considered.

4. In order to reconcile the goals of all sectors of the national economy with the means to achieve them, a national market mechanism requires a similar system of individual and corporate interests of market participants on the one hand, and a competitive market environment that chooses traditional-progressive forms of economic behaviour on the other. This can turn economic relations into a quality factor in the direction of socially meaningful national economy.

5. The preconditions for a stronger driving force of the country's economic and social growth are created by the trends of joint development of the specific and general aspects of the establishment of a competitive business environment in the direction of accelerating national economic development.

6. The sustainability of a country's national economic development increases as drivers of national economic development become more involved in the market process. At the same time, the country's national economy's market mechanism is becoming more flexible and dynamic.

7. Increase the productivity of national economic and social growth by providing the national economy with foreign and domestic investment capital in the amount and structure needed for the balanced development of all sectors of the national economy.

8. It is possible to establish a real basis for the model of national economic growth by linking national and international

factors of socio-economic development in the country and forming common features of the market structure together with national features and characteristics.

Scientific novelty of the research:

1. It is scientifically substantiated that, in addition to the general features of the market system in the country's economy, features resulting from national values and socio-economic circumstances are an empirical requirement.

2. It is established that the national market system is an internal force traditionally created by the national economy, rather than an external manifestation of economic relations.

3. A new approach to studying the national market mechanism, which represents the successful interaction of economic institutions such as national businesses, corporations, and even the government, defined the proper selection of national economic development parameters and thus the creation of conditions for an active market mechanism in the national economy.

4. The content of the economic nationalization method has been clarified, ensuring the legitimacy of the large-scale real business, which underpins the national market mechanism's activity.

5. In relation to the issue of maintaining the stability and integrity of the national economy, the market process demonstrates particular methods for manipulating national economic factors in order to achieve collective, systemic functioning of key elements such as supply and demand, increased competition, and effective price usage.

6. The ways of giving a broad field to national investment operation in comparison to foreign investments, gaining national profit of national investors in accelerating national economic growth have been explained in the framework of the national market system.

7. Potential opportunities for further expansion of the national features of the market mechanism were established based on an analysis of the interaction of national economic growth factors (especially institutional and socio-economic factors). This potential is shown to be dependent on the practical course of national economic growth as well as the capacity of producers to emerge from

the common motives.

Theoretical and practical significance of the research. The idea of achieving national economic development not through growth in individual sectors of the economy, but only through concerted joint growth in all sectors of the national economy was put forward while considering the national economy in the sense of national economic evolution.

The practical direction of the results and proposals put forward in the dissertation can be applied in the development of development programs and projects by research and management structures at the macroeconomic and regional levels of the economy. The materials of the dissertation have been used as a teaching and in the preparation of teaching materials (subject programs, textbooks, teaching aids) at the Azerbaijan State University of Economics, Baku State University, and other universities in the country. The courses titled “Macroeconomics”, “Microeconomics”, “International Economics” and “Azerbaijani economics” have been developed based on the research findings.

Approbation and application. The results and main provisions of the dissertation have been presented at international and national conferences, scientific reports and speeches. Among them is the conference presentation about “National economic indicators and national accounts system” as well as “Digital Economy: modern challenges and real opportunities” jointly organized by the Ministries of Transport, Communications and High Technologies, Economy, Education and Azerbaijan State University of Economics on February 13-14, 2020. The author received a certificate for his speech at the international conference on the subject, which was published in the conference materials. In addition, thesis was published in the materials of the international scientific journal “Economy and Entrepreneurship” in 2014, which was dedicated to Professor Ch. Tsereteli's 60th anniversary at Tbilisi State University in 2012. Candidate also earned a certificate for his article after giving an outstanding speech at the national conference of doctoral students and PhD students organized by the Ministry of Education of the Republic of Azerbaijan and ANAS in 2015. The

dissertation's subject, structure, and key provisions were discussed with university experts at the department of "Theory and History of Economic Thought of the Institute of Economics" of the Azerbaijan National Academy of Sciences. The dissertation's key research findings have been published in more than 12 scientific papers, conference materials, and thesis at national and international journals.

Name of the organization where the dissertation work has been carried out. The department of "Theory and History of Economic Thought of the Institute of Economics" of the Azerbaijan National Academy of Sciences.

The total volume of the dissertation with a sign including a separate volume of the structural units of the dissertation. The research work consists of the introduction, three chapters, the summary and the list of applied literature. Except for images, tables, diagrams, and bibliography, the dissertation's introduction section is 9 pages long, Chapter I is 29 pages long, Chapter II is 58 pages long, Chapter III is 42 pages long, and the conclusion section is 4 pages long. The total volume with symbols is 270 559 characters long.

BASIC CONTENTS OF THE THESIS

The introductory part of the dissertation substantiates the relevance and degree of development of the topic, defines the object and subject of research, goals and objectives, research methods, main provisions, scientific novelty, theoretical and practical significance of research, approbation and structure of research.

Assumption 1: Systematic study of theories related to the functioning of the market mechanism in the country's economy has determined that the market mechanism has general economic and specific national-economic features. Classical and modern economic literature on the internal motives of the national economy has been studied, conceptual generalizations have been put forward on the basis of national economic development models and theories. The real expression of concrete economic life can be reflected in the development tendencies of countries and peoples in the long process of evolution, without which the mechanisms of

economic development can not reflect the realities. Although the national character of an economic mechanism, including a market mechanism, is surrounded by ideological, class, or global processes, they still cannot change the nature of economic events and processes.

The ability of the national economy to create more favorable conditions for the realization of national interests is at the heart of List's economic research. A number of western countries have more or less skillfully used F. List's theory in the development of their national economic development concepts.

When studying the theoretical foundations of the national economic features of the market mechanism, both the initial aspects of the existence of this mechanism and the question of justifying its future development must be addressed.

The study of the economic nature of the national economic features of the market mechanism involves the identification of both external and internal, concrete connections of this process. In this case, the specific internal relations of production and market activities, as well as the forms in the external layer of market relations are revealed. This idea has an important methodological significance for the study of all the problems of the market mechanism. Ethnic-mental national aspects of economic development and international aspects develop together. The various economic processes that occur in the national economy, both at the macro and micro levels, arising on the basis of the formation of the relationship between production and the market are systematically studied.

The market mechanism can have different characteristics when applied to different forms of economy at the macro and micro levels. Modern economic systems formed in the countries of the world and their structure are very different, regardless of their form. Because it includes many sectors and various areas related to the strengthening relations with each other. Hence the need to coordinate and regulate their activities objectively.

Adaptation of practical activity to economic laws is carried out with the understanding of the essence of the market mechanism, its forms and means of manifestation. This reveals the complex and multifaceted role of the application of economic laws in the

functioning of the market mechanism.

The socio-economic consequences of the country's economic development are reflected in the level of nationalization in the country. As the level of economic nationalization increases, the internal driving force of national capital and national production as a whole increases, their creative character is revived, and national economic motives and stimuli are mobilized more strongly. The higher the level of economic nationalization and the greater the economic isolation, the greater the tendency towards economic integration. It combines the movement from economic isolation to economic integration - from internal nationalization (local nationalization) to regional nationalization and, finally, to internationalization.

The nation must have the maximum opportunities to concentrate and direct its creative potential in a single direction, and most importantly, national-scale nationalization must find its expression within its borders. thus being able to recreate the socially responsible values of subjective interaction. Here, the combination of economic interests with a specific mechanism of institutional regulation is gradually concentrated. If this specificity is maintained, regardless of the initial level of economic development of the country, then the country will have great potential for innovation and rapid progress in more advanced forms.

Assumption 2: The specific effects of the main elements of the market mechanism, such as compliance with supply and demand, the formation of a competitive environment and price formation, are considered within the national economy. The activity of the market mechanism has been adapted to the socio-economic interests of this or that nation in certain historical periods, and in all periods an attempt has been made to study the market mechanism within the framework of national aspects. The aim is to find and bring to the forefront the internal driving forces of the studied economic processes in order to achieve economic benefits, and to clarify that the economic power that creates it is the beginning of a more active motivation in the development of the economy of an independent state.

The real state of the market mechanism in the national economy can be seen in how supply and demand serve that mechanism. This element of the market mechanism, which is quite flexible, is at the heart of the dynamic changes in the functioning of the national economy as a whole.

In this sense, the demand for goods and services in the market is an internal, recurring process of demand, and is based on it. The rate of meeting the needs of the population is determined by their consumption capacity, which is limited by purchasing power, as the amount of money released to the market.

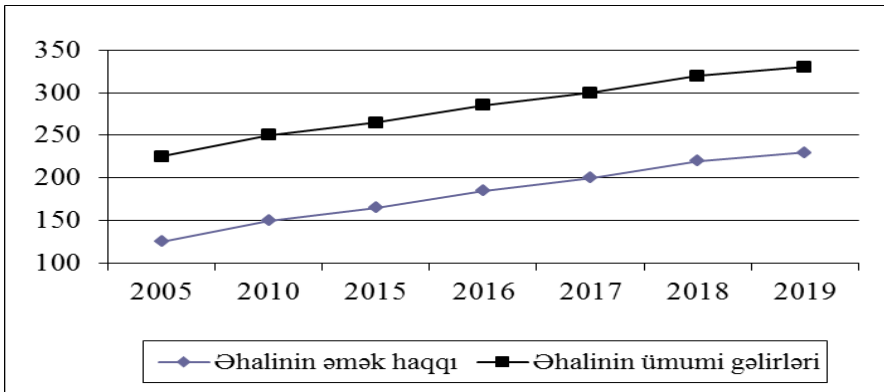
If we pay attention to the volume and structure of monetary incomes and expenditures of the population, we can see that the factors that allow to obtain the most necessary goods and services necessary for life in certain years are revealed. Although there are ups and downs over the years, in all cases, in specific and short periods, up to 70-90% of the population's income is spent on goods and services. This can be seen more clearly from the data in the table below (Table 2.1.).

Table 2.1.
Indicators of income and expenditure of the population in Azerbaijan in 2005-2019¹.

	Indicators	2005	2010	2015	2016	2017	2018	2019
1.	Income of the population (million man.)	8063,6	25607,0	41744,8	49187,9	53103,7	54210,0	57035,0
2.	Per capita income (in manats)	962,2	2866,1	4381,1	490,8	531,0	539,7	575,4
3.	Average amount of fixed monthly pensions (in man)	28,5	112,9	173,4	177,7	201,5	221,4	263,6
4.	Average monthly salary of employees (in manats)	123,6	331,5	466,9	499,8	528,5	544,6	635,1
5.	Expenditures of the population (million man.)	6508,7	19251,5	34963,4	35119,9	44498,4	47557,2	51268,4

¹ Azərbaycanın statistik göstəriciləri 2019. Azərbaycan Dövlət Statistika Komitəsi. // – Bakı, – 2020.

The analysis of the data shown in Table 2.1 shows that the share of wages in the total income of the population increased from 13.0% to 10.5% in 2015 and to% in 2020 compared to 2005. On the contrary, revenues from the sale of goods and the provision of various services have increased several times. This can be seen more clearly in Figure 1. (See: Graph 2.1.)



Graph 2.1. Salaries and total incomes of the population in Azerbaijan between 2005 and 2019

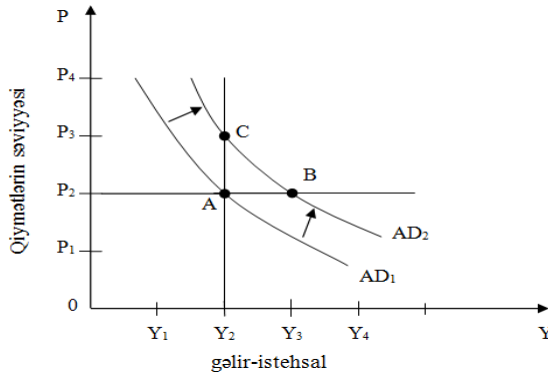
Such a state of the market mechanism in the national economy will provide a regular impetus to the balance of supply of goods and services with the purchasing power of the population, and thus to the growth of production, which is the basis of economic growth.

If the competitive-market environment in the national economy expands faster and directly affects the active functioning of the market mechanism, then the balance of supply and demand, which is the main force of this process, and the market price, which is the source of dependence of this equilibrium, are in focus.

Although the market mechanism system is shaped by general principles of demand, influence and dynamics, in all cases its local or national characteristics must be taken into account. That is, a short-term decrease or increase in demand for goods and services in the market can affect the rise or fall of market prices.

If the goods are sold at a price lower than the equilibrium price,

there is already a demand or a shortage of goods. In such cases, it is more profitable to offer consumers a higher price. On the other hand, rising prices will encourage firms to redistribute resources for the



sale of certain goods.

Graph 2.3. Macroeconomic balance between supply and demand.

When the equilibrium in the economy is disturbed, for example, a rapid change in aggregate demand has the opposite effect, resulting in a transition from a short-run equilibrium to a stable long-term equilibrium (see Figure 2.3). For example, aggregate demand increases as the money supply increases ($AD_1 \rightarrow AD_2$), where the short-run equilibrium occurs at point B, so that $Y > Y_2$, and the price level remains unchanged. As a result of high demand, production volumes increase, but products are sold at old prices. There is a gradual increase in costs over time; As a result of limited resources and increasing demand for them, existing stock prices are rising. All this affects the price increase of the final product. As a result, aggregate demand decreases (from point B to point C on the AD_2 curve) and the previous volume of production re-emerges under higher prices. Long-term equilibrium arises at point C.

If the government and the Central Bank do not take any steps, the economy will begin to adapt to the new conditions. Such an adaptation can take a long time, and the economy will decline for a long time, resulting in social conflicts. The Central Bank can prevent a decline, as it can do so by increasing the money supply (AD_1 and AD_2 curves to the right of the AD curve). However, as a result of

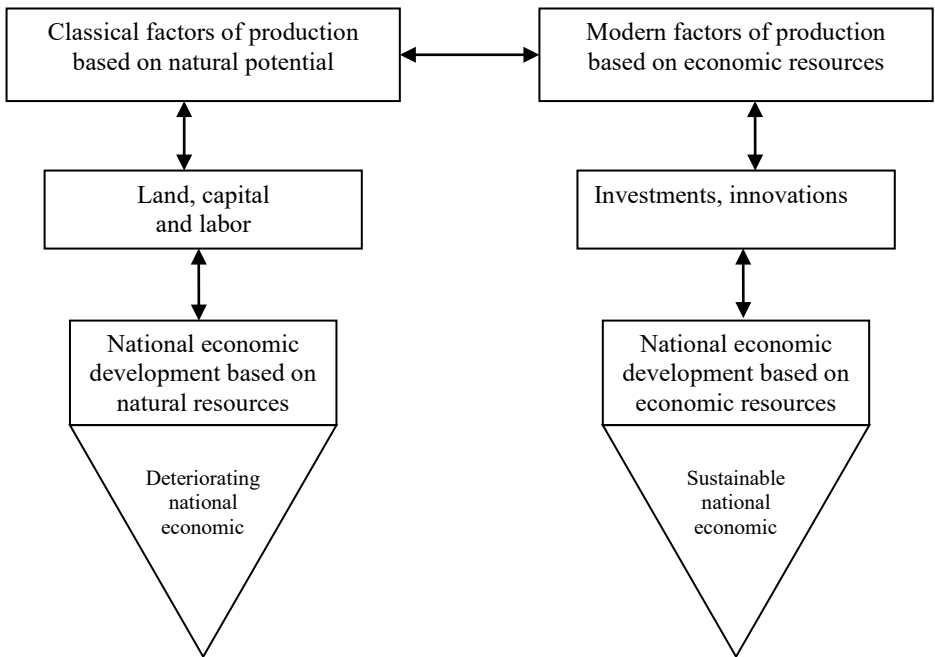
this step, there will be a high increase in prices (point C). A similar conclusion can be reached with the increase in public spending.

Assumption 3: In order to reconcile the goals of all sectors of the national economy with the means to achieve them, a national market requires a similar system of individual and corporate interests of market participants on the one hand, and a competitive market environment that chooses traditional-progressive forms of economic behavior on the other. The mechanism can turn the country's production and economic relations into a quality factor that shapes the direction of the national economy with a social content.

If any link of production and sales of the national economy and any element of the market mechanism formed in this economy can create new demand for goods and services in domestic and foreign markets, then the market mechanism of that economy is active and thus the country's competitive advantage. The longer such an advantage is maintained, the faster the country's national economic development will accelerate. This shows that competitiveness must meet not only as an element of the economic framework, but also social requirements, and be reflected in improving the living standards of the country's population.

Maintaining the active functioning of the market mechanism in the national economy of Azerbaijan for a long time requires that innovative factors of production come to the fore in the country. That is, it is planned to develop and apply an adapted system of individual and corporate interests for both the application of technical and technological innovations and the functioning of the market mechanism. First of all, it is necessary to create economic and social conditions to increase investment in scientific and technical equipment, specialization of production.

In order to deepen the analysis, it is necessary to study the dependence of national economic development and its competitiveness on investment and innovation factors. In this regard, summarizing the views of national and foreign economists, let us consider the schematic description constructed in the following sequence (see Scheme 2.1.).



Scheme 2.1. A system of factors affecting the relationship between national economic development and natural and economic resources.

As can be seen from Scheme 2.1, the greater the dependence of national economic development on economic resources, the stronger the functioning of the market mechanism. The realization of innovation processes is closely linked with the quality of investments. National companies, which creatively benefit from both national and foreign investments, gradually join the innovation process by creating their own equipment and technologies, achieving the production and application of innovative products.

Every country that wants to liberalize its national economy and increase its level of openness must take these processes, which have been successfully developed from world experience, seriously and make them the main focus of the government's activities. However, unfortunately, economic liberalization is weak in the Caucasus and Central Asia compared to Southeast Europe and the Baltic countries, and administrative interference and monopolies in economic processes are still strong.

Assumption 4: The specific and general aspects of the formation of a market mechanism in the direction of accelerating national economic development, the tendencies of joint development create the preconditions for the country to become a driving force of economic and social life. At the same time, this driving force is formed on the basis of joint activities of the structural elements of the market mechanism in the case of interconnection and conditions a balanced, sustainable development between sectors and industries of the national economy. This problem and the initial conditions for its solution are given a general direction in the "Azerbaijan 2030: National Priorities for Socio-Economic Development" adopted in February 2021. The problem of finding new "driving forces" to identify and realize the export potential of goods and services is reflected in the first priority and the need to address it. In our opinion, this problem has been largely solved in the dissertation research. Thus, the discovery of the driving forces in the national economy must in all cases involve the activation of its primary driving elements, which set in motion the market mechanism. In our opinion, these elements are not isolated, but to provide interaction, joint activity, to create a force of joint influence, as studied and concluded in the dissertation. Only in this case, the market mechanism, its structural elements can work continuously.

As can be seen from the structure of the above-mentioned market mechanism of national economic development, the combined effect of its elements, market equilibrium can be mathematically linked to the Leontyev model. The preconditions of this equilibrium model are that products are produced, sold, bought, consumed and invested in the country; Each material production area produces only one type of product. There is a relationship between unit production costs and production volume. In this case, the balance of production and consumption in the country will be expressed in the form of the following system of equations:

$$X_i = \sum_{j=1}^n a_{ij} z_j + Y_i \quad (i = \bar{1}, n) \quad (1)$$

Here:

X_i – i Aggregate product of material production area No;

Y_i – i The final product of the material production area No;

a_{ij} – while it is a relatively constant parameter, it refers to the amount of one or another product used to produce a particular unit of output.

Of particular importance in the study of market equilibrium is the Valras model, which allows to achieve a general competitive equilibrium. In this model, the country is studied as a mechanism for the production, distribution and consumption of a large number of products based on the above system. Although there are a large number of producers and consumers, none of them can affect prices. When these prices are established, it is possible to eliminate the discrepancy between consumers and producers in the country.

The technological capabilities of each consumer

$Y_k = (Y_{k1}, Y_{k2}, \dots, Y_{km})^1$ are characterized by the cost-output vector column. So, PY_k scalar extractuib will be the profit of producer. Of course, the set of all possible Y_k cost emission vectors will be the set of Y_k production capacity. Then the cost-output vector Y_k for all macroeconomics will be calculated as the sum of individual vectors.

$$Y = \sum_{i=1}^n y_k \quad (2)$$

All consumers

$$b = \sum_{i=1}^i b_i \quad (3)$$

Total aggregate initial ownership is an indicator, and the set $[b] + y$ is the aggregate supply set. The distribution of consumption leads to the choice of the range of consumption of each consumer. The sum formula is called the aggregate demand vector. Note that some components of this vector can also be negative (if these components reflect supply (for example, labor supply)

$$X = \sum_{i=1}^n x_i \quad (4)$$

If $(x_1, x_2, \dots, x_1; y_1, y_2, \dots, n, y_m)$ for the majority of consumption and output sectors

$$X = \sum_{i=1}^n x_i = b + \sum_{i=1}^n y_k = b + y \quad (5)$$

If the equilibrium of aggregate demand with aggregate supply is not conditionally satisfied, then it is assumed that there is a common division of production and consumption.

Thus, if aggregate demand does not exceed aggregate supply (condition 5), then the equilibrium of competition implies a common distribution of production and consumption. In this case, the price of aggregate demand at competitive prices is equal to the price of aggregate supply at those prices, each consumer maximizes his profitability at P_k prices, and each producer maximizes his profit at those prices. Thus, the existence of a competitive equilibrium implies the existence of a set of equilibrium prices P_k , within which it is possible to reconcile the conflicting interests of consumers and producers in the macroeconomic system.

For a market mechanism that is gradually surrounded by such real processes, the hesitation of structural elements is necessary, and thus becomes an important condition for the dynamic operation of the mechanism.

Assumption 5: As the factors of national economic development become more active in the market mechanism, the sustainability of the country's national economic development also increases. At the same time, the flexibility and dynamism of the market mechanism in the national economy of the country is increasing. He also studied the scope of their impact, taking into account the characteristics of the current state and future development of the national economy. By regulating the functioning of the market mechanism, its national economic development factors can be activated. Only in this way is it possible to form the flexibility and dynamism of the market mechanism in the national economy of Azerbaijan.

The main reason for the activation of these factors of national economic growth in the Azerbaijani economy is the gradual activation of the Azerbaijani model of national economic development in economic processes since 2000. This model is based on the world experience of the development of the market

mechanism, the national features of the functioning of the market mechanism, the expression of national interests, and emphasizes the building of a democratic state based on the political situation, socio-economic conditions and traditions.

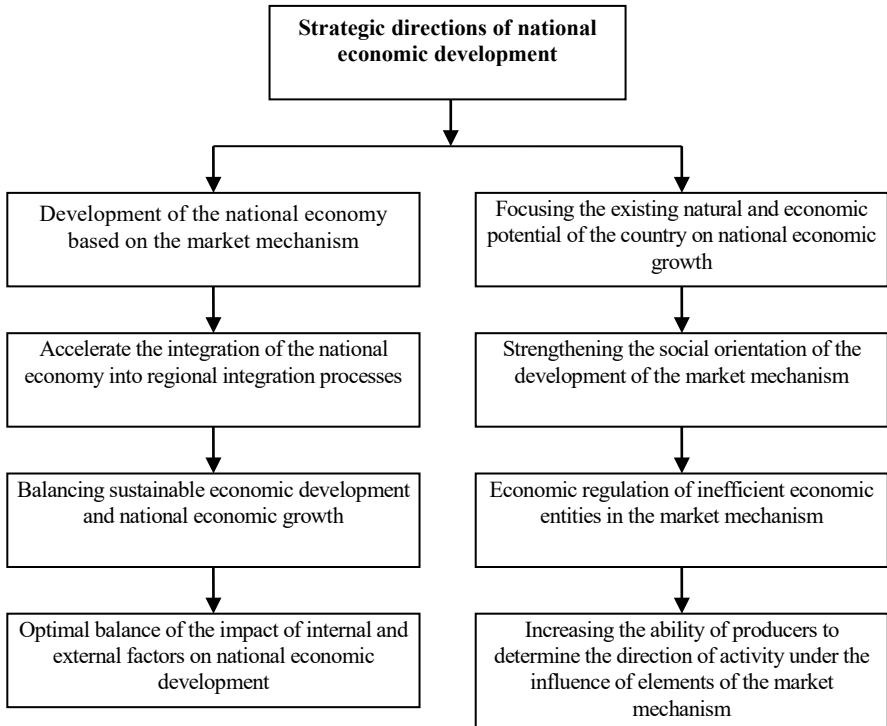


Figure 3.1. Strategic directions of national economic development based on market mechanism.

The analysis and generalization of national economic growth indicators in Azerbaijan allows us to conclude that the economic reforms carried out in the country in recent years are expedient. However, there are still obstacles and factors that can hinder sustainable national economic development. Thus, the growth of indicators of the physical volume of national economic growth is in itself a quantitative side of the process. The key is to achieve qualitative change in national economic growth. It is very important to more accurately calculate the main indicators of the national

accounting system in the Azerbaijani economy, to identify inconsistencies between national economic indicators. Statistics show that national economic growth in the country is mainly due to external factors, and in this sense, the main goal of the national economic development strategy is to address the existing problems in the field of foreign economic relations.

The role and importance of labor productivity in the activation of national economic development factors should be emphasized. The main task is to specify how to measure the growth of the product. In order to be more accurate compared to previous years, it is necessary to find the productivity of labor in the economy by dividing the amount of GDP in Azerbaijan by the number of employed people in 2000 prices. In general, labor productivity in the country increased more than 10 times in 2000-2020, except for some fluctuations (Table 3.2). However, there are many problems in the growth of labor productivity in the national economy of Azerbaijan, the impact of which on the activation of factors of national economic development. The table shows that the labor productivity per capita in Azerbaijan at current prices is \$ 6.15 thousand, which is much lower than the world average. For comparison, this figure is \$ 56.7 thousand in Japan, \$ 56.6 thousand in France and Italy, \$ 73.2 thousand in the United States and \$ 74.0 thousand in China.

Table 3.2.
Level of labor productivity in Azerbaijan².

	2000	2005	2010	2015	2019
GDP in current prices (million manat)	4718,1	12522	42465	54352	81681,0
Population engaged in the economy (thousand people)	3704,5	4062	4329,1	4671,6	4938,5
Salary fund, including supplements (million manat)	3605	7216	28076	37071	46575,5
Labor productivity, gross output per employee (manat)	420	733	2362	4315	5078,0
Change in labor productivity (in%)	111,1	124,5	110,1	110,6	115,4

² www.azerinvest.com/az/invopp.php?pg=investmentclimate

As Azerbaijan's industry has the required level of innovative potential, in order to ensure innovative development, along with technological and process innovations, the focus should be on creating product innovations. The object of this direction should be national economic development in both extractive and processing industries. Of course, for the process to be sustainable, the necessary production and social infrastructure must be created to serve serious scientific and innovative activities. In this sense, the establishment of technoparks, business incubators in Sumgayit, Ganja, Mingachevir, and more recently in Masalli, Hajigabul, industrial and agro-parks, industrial districts should attract attention. Scientific-technical and innovation activities are brought to the forefront in such scientific-experimental structures.

Assumption 6: If national economic entities are provided with foreign and domestic investment resources in the volume and structure required for the balanced development of all sectors of the national economy, the greater the joint investment of public and private investments in domestic investment resources, the greater the efficiency of national economic and social growth. Provision of national economic entities with investment resources, and thus the economic efficiency of the use of national investment goods must be taken into account.

In our opinion, the primary motive in this process is the demand for domestic and foreign investment in more productive areas of the economy. In this sense, it is necessary to take into account the growth of national production in connection with direct investment, the acceleration of its production of final and finished products in industry and agriculture. That is, the constant renewal and strengthening of the technical and technological base in industry and agriculture is more prone to development than other factors of production, gives more power to the overall economic development.

Potential investors who want to invest in the Azerbaijani economy can increase the country's competitiveness in many modern ways, especially through the application of innovations. In this regard, restrictions on potential investors to invest directly in the emerging high-tech and technology sectors of the Azerbaijani

economy should be reduced. If a sector producing high equipment and technologies is formed in the Azerbaijani economy and the country produces final and finished goods with its own national technologies, then the import-substituting industries will gradually strengthen, thus increasing the inflow of foreign direct investment in import-substituting industries. there will not be much need.

The prospects for Azerbaijan's national economic development are such that in the presence of strong savings for national investment, there will be a need to find additional sources of funding to increase the production of national brands. From now on, there is a need for structural changes in foreign and domestic investment in favor of the country's latest industries and finished products.

Lack of sufficient experience in the field of national production, low international competitiveness reduces the opportunities for more effective national investment activities in the country and, ultimately, limits the implementation of national investment projects.

The study shows that oil and gas revenues in Azerbaijan can significantly increase the volume of fixed assets in the national economy by expanding investments in agriculture, modern machinery and equipment of the processing industry, production of finished and finished products. There is a need to rapidly upgrade the existing fixed assets of the processing industry, in particular, technological facilities that convert primary raw materials into finished goods in the country, to adapt the growth rate of their modernization to the potential of the industry.

Assumption 7: By mutually linking national and international factors of socio-economic development in the country, it is possible to form real bases of the national economic development model by forming general features as well as national features and characteristics of the market mechanism. The functioning of the market mechanism in the national economy has the ability to have a significant impact on all areas of the socio-economic system of the country. The main task here is to include a market mechanism based on the transformation of external and internal factors that will affect national economic development in the field of scientific and practical substantiation, to show the future by

linking the past with modern reality, national and global factors of economic development. The history of economic thought is based on the premise that any theory must have a national root. The market mechanism that is formed and developed on this root is often not suitable for other conditions. There are deep traces of socio-cultural traditions of economic development of peoples. The formation and development of such a market mechanism based on the unity of national traditions, stereotypes of economic behavior, moral belief creates conditions for national goals to play a leading role, requires the country to direct all means to achieve that goal.

As the strength of national statehood increases, so do the national characteristics of the market mechanism. The prospects and scope of this expansion may vary depending on the appropriate ratio of government regulation to market regulation. They will give internal movement, energy, spiritual wealth and psychological condition to the national economic growth and development aimed at solving national problems in the country. We can see such a development trend more clearly in the experience of market economies, which are more nourished by national ethnic roots.

In our opinion, the sustainable functioning of the national market mechanism depends on the economic, political and spiritual unity of the country's population, their joint activities, and for this it is very important to condition and strengthen the influence of the leading elements of this mechanism. When we observe the value of life in our country, the reality around us, the reality and the activity of the population, we see the rapid development of these processes, without which we can not talk about the prospects of the national market mechanism, its active and systematic operation.

The influence of the religious factor on the development of the market mechanism resonates more widely with the manifestation of the Euro-Islamic environment through modernization, which affects not only the modern Turkic-speaking peoples, but also modern Albania, Herzegovina, Bosnia and others. It can be attributed to European countries. In many parts of the world, religious and cultural relations tend to be mutually reinforcing. All this must be assessed within the framework of the application of Muslim rules in

the organization of production and economic activities in the region, so that the economy of Azerbaijan can create conditions for the active, sustainable and efficient operation of the national market mechanism and its components. The main issue here is to prevent waste of all resources, especially economic resources. Resources are considered a source of wealth in the rules of Islam and are given to people to meet the needs of all members of society. In the Azerbaijani economy, especially in its financial sector, a national market mechanism can be formed more flexibly and actively, taking into account the prospects of Islamic banking in the conditions of high management and innovative approach. Moral values and national traditions can influence not only the general form of the modern and modernizing market mechanism, but also the active functioning of its internal structural elements.

The main results and recommendations of the dissertation research are as follows:

1. The national features that take place in the functioning of the market mechanism and their adaptation to the overall economic development of the country allow the creation of a more efficient model of the social tendency of the economy.

2. The processes of transformation, globalization and national economic development require an analysis of the relationship and interdependence of the general unity of the economy with national unity.

3. The national features of the independent development of economic relations in the country do not show the isolation of that development, nor do they lead to self-closure. In this case, nationalism manifests itself as a necessary quality aspect of the formation of the economy, its market mechanism, it is necessary to consider the organic unity of all the achievements of modern forms of economic activity with the ethnic mental aspects of the population.

4. The market mechanism of national character is not a foreign form of production and economic relations of the country, but only a guiding quality factor that forms the national economy with a social content.

5. An important aspect of the active functioning of the national

market mechanism in modern conditions is the creation of a national economic system, all its parameters ensure the mutual conditioning of the stages of reproduction.

6. Mutual conditioning of economic and social development in Azerbaijan should be considered as one of the important achievements of the active functioning of the national economy. It also envisages the widespread use of social efforts through the revival of national traditions.

7. The economy based on the unity of the transforming socio-economic construction in Azerbaijan will have a national-liberal character, will transform the subjects that are carriers of general economic relations on the one hand, and national economic relations on the other. In the process of national economic development, the transformation of relations between the two sides will gradually and consistently raise the national and economic development of Azerbaijan to a higher level.

The main content and scientific provisions of the dissertation are reflected in the following articles and theses of the author:

1. Milli iqtisadiyyatda bazar mexanizmi və onun işlənməsini sürətləndirən başlıca amillər // – Bakı, AMEA-nın xəbərləri. İqtisadiyyat seriyası, – 2013. – s.93-98.
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3. Сущность и главные стороны национальных экономических особенностей рыночного механизма, // Экономика и предпринимательство, (включен в перечень ВАКа РФ, в базу Agris, в базу РИНЦ), – 2014. № 5 ч.1, – с.60-65.
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5. Qiymət elementi və onun bazar mexanizminin işləməsinə təsiri. // Azərbaycanın Vergi jurnalı, – 2015. №4(124) İyul-avqust, – s.145-158.
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8. İstehsalla bazarın funksional qarşılıqlı əlaqələnmə vasitələri. // Azərbaycanın İqtisadi İnkişaf Strategiyası mövzusunda Respublika Elmi Konfransının Materialları, – Bakı-UNEC, – – Dekabr, – 2019, C.11, – s.223-229.
9. National economic indicators system. // International Conference Digital Economy: Modern Challenges and Real Opportunities, – Bakı-UNEC, – 13-14 Fevral – 2020, – s.204-205.
10. National Accounts System. Economic and Social development. // 60th International Scientific Conference on economic and Social Development-XX International Social Congress (ISC 2020). – Moscow, –20-21 Oktyabr, – 2020, – p.154-161.
11. Means of Functional Interaction of the Market with Production. Economic and Social development. 60th International Scientific Conference on Economic and Social Development-XX International Social Congress (ISC 2020), – Moscow, – 20-21 Oktyabr, – 2020, – p.25-27.
12. New Approach to Assessment of the Application of a New technology in Dairy and Meat Cattle Breeding. // Economic and Social development. 63rd International Scientific Conference on Economic and Social Development-“Building Resilient Society”, – Zagreb, – 11-12 Dekabr, – 2020, – p.315-323.

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