

**J. M. KEYNES: FUNCTIONAL CHARACTERISTICS OF ECONOMIC ENTITIES IN
THE INVESTMENT PROCESS*****Salamov Farrukh Fattoevich****Acting Professor of the Department of Economic Theory at the
Samarkand Institute of Economics and Service.**E-mail: farrux_sies@mail.ru***Key words:** investment, aggregation, savings, subject, behavior of economic entities,**Abstract:** the article is devoted to the analysis of savings motivations and motivations of investment demand in Keynesian theory.

A fundamental position is taken by J. M. Keynes, who is rightfully considered the founder of the macroeconomic approach to the system of social reproduction. A distinctive feature of his research is the widespread use of the aggregation method, which he extends not only to quantitative parameters, but also to the functional characteristics of economic entities. J. M. Keynes identifies four key macroeconomic entities, which include households, firms, states, and the foreign trade sector, which have different motives for investing and saving. In a closed economy free from government intervention, the equilibrium of savings and investment is ensured by only two aggregates: households and firms, whose behavior is subject to strictly regulated parameters and can be characterized by specific types of economic activity. Without denying the methodology of general equilibrium analysis, Keynes considers the conclusions of the neoclassicists to be only a special case of his concept. Their key thesis regarding the equality of savings and investments, which are equalized by the interest rate, he considers insufficient to explain equilibrium in the economy. The money market is unable to transform all savings into investments, since macroeconomic actors such as households and firms have different motives for their implementation. The economic behavior of households and firms does not correspond to neoclassical ideas about the single-factor function of maximizing utility or profit, since participants in the investment process are guided by different ideas about the possibilities, methods of investment and the factors that determine it.

The analysis of savings motivations and motivations of investment demand is an innovation of Keynesian theory. Revealing the systemic interrelations between aggregate variables J. M. Keynes demonstrates how the economic behavior of subjects affects the final results of the transformation of savings into investments. In contrast to the views of the classics and neoclassicists, for whom an economic actor is an optimizer of his own benefit, for Keynes it is a living person, with certain psychological characteristics, with the possibility of irrational behavior, which affects his investment decisions. In his opinion, it is necessary to carry out not a quantitative analysis of the savings accumulation process, but a qualitative analysis associated with identifying the reasons for the choice, accompanied by the refusal of households from current consumption, which will allow detailing the structure of savings. It is important to understand that the supply of resources (savings) is not automatically capable of generating investment demand, savings will turn into investments only if many factors coincide, since the processes of saving and investing proceed differently in space and time.

J. Keynes examines investments in the real sector of production, the key motive is the expectation of business regarding the future return on investment, which he calls the marginal

efficiency of capital ¹. He notes that the future is uncertain, however, he does not associate uncertainty with the concept of risk, meaning only that it is conventional, and, therefore, there is no automatic mechanism guaranteeing profit. He studies the investment process in dynamics. While neoclassicists consider household savings to be the source of investment, that is, the share of income that they are going to capitalize, Keynesian theory assumes a different system of interaction between economic entities. Savings do not lead to an automatic increase in the level of investment, on the contrary, it is investments that cause changes in income. Then the following chain is observed: the tendency to increase income leads to an increase in savings. The desire to consume part of their increased income will stimulate the expansion of production. The limit of such expansion is determined by the possibilities for accumulating savings from current income, the amount of which must correspond to the increased volume of investment. The model of investment behavior of economic entities proposed by J. Keynes is dynamic in nature and is considered in most detail within the framework of the multiplier theory ². The multiplier mechanism shows how the increase in investment in individual sectors of the economy is reflected in the increase in the total volume of national income.

At the same time, the growth of wealth contributes to the growth of investment demand, that is, Keynes studies not only autonomous but also induced investments, doing this through the prism of the business cycle.

Conclusion: In modern conditions, macroeconomic entities try to extract income from the investment process by diversifying their investment portfolio. The introduction of the latest technological advances, such as artificial intelligence, facilitates the process of forming an optimal investment portfolio that includes investments in various objects, thereby ensuring a balance between risk and profitability.

List of references:

1. Keynes, J. M. *The General Theory of Employment, Interest and Money* / Translated from English. - M.: Progress, 1978. - P. 281
2. Samuelson P. *Economy. V.1* / M.: NPO "Algon" VNIISI "Mashinostroenie", 1993. P.204-205.
3. Sokolinsky Z.V. *Theories of accumulation.* – M.: "Mysl" 1973. P. 19-22.
4. Samuelson P. *Economy. V.1* / M.: NPO "Algon" VNIISI "Mashinostroenie", 1993. P.204.
5. Keynes J. M. *General Theory of Employment, Interest and Money* / - M.: Helios ARV, 1999. P. 78-79.
6. Rubtsov B.B., Annenskaya N.E. *The impact of information technology on the quality of the modern financial market// Banking services.* 2017. No. 12.
7. Saxon J.D., Larren F.B. *Macroeconomics. Global approach* / - M.: Delo, 1999.

¹ Keynes, J. M. *The General Theory of Employment, Interest and Money* / Translated from English. - M.: Progress, 1978. - P. 281.

²The multiplier theory is related to the implementation of the investment process in the real sector of the economy. The popularity of Keynesian theory is due to the fact that among the scientists of the 20th century, it was Keynes who dealt with the problems of social reproduction. At the same time, the fact that Keynes is also known for his reasoning in the field of portfolio investment, as stated in his theory of liquidity preference, is often overlooked. However, Keynes never succeeded in linking the various sources of investment into a single concept of the investment process.