

THE ECONOMIC ROLE OF THE STATE IN THE REGULATION OF THE MARKET ECONOMY

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Abstract:

In all economic systems, a certain place is occupied by the state and the market system, each of which operates independently. At the same time, different economic systems of the world differ sharply in the ratio of the role of the state and the market in the management and regulation of their economy. For example, one economic system relies more on government regulation, while another prefers ordering through the market mechanism.

Keywords: market economy, market mechanism, inflation.

The efficiency of the national economy is a multi-factor indicator, in which the achieved level of efficiency may largely depend on the role played by the state or the market system in the economy. Because much higher efficiency, firstly, through market regulation methods; secondly, by consciously centralized management of the economy only from a single center; thirdly, it is achieved by combining state intervention and market methods in the process of reproduction. Currently, the third way is more characteristic for the development of the national economy of our republic. For the first time in the history of economic thinking, the question of the role of the state in economic development was considered on a scientific basis by A. Smith. In his book "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776), the need for self-regulation of the economy through market methods was emphasized. According to A. Smith, the market of private producers of goods should be completely freed from state control. Only then will it be possible to organize production in accordance with consumer demand. In this case, market-mediated regulation forces producers to act in the interests of society as a whole without any outside interference.

A. Smith believes that any state intervention in economic processes will ultimately only worsen the situation. For example, foreign trade regulations established by the state can only harm national consumers. In fact, import duties give advantage to national producers and increase their ability to compete with foreign partners. However, this ultimately leads to higher production costs and lower quality. In this case, national consumers who are forced to buy low-quality and expensive goods lose.

A. Smith's "Appeasement" theory was criticized during the period of the economic crisis based on the market economy in 1929-1933, which covered almost all countries. The economic recession and mass unemployment required increasing the state's intervention in economic processes.

The issue of increasing the role of the state in the economy was reflected in J.M. Keynes's book "The General Theory of Employment, Interest and Money" (1936). In this book, the author proved the need to stimulate the aggregate demand of the society and ensure the employment of the population using the means of state fiscal (treasury) and credit regulation.

In practice, it is about the state's continuous anti-crisis policy, ending the negative consequences of the economic crisis, and eliminating the change in the industrial cycle. Keynes's theory was implemented in a more complete form in the United States.

In the post-war period, the guidelines of Keynesian theory were used in one degree or another in all countries where the market economy actually prevailed. At the same time, the role of the state in the economy increased even more. At the present time, not only anti-cyclical regulation and employment provision, but also stimulation of a high level of economic growth and optimization of the overall reproduction process is recognized as an important goal of state regulation.

The intervention of the state in the national economy in the conditions of the transition from a system based on administrative command to a market economy is explained by the following circumstances:

First, the state takes on tasks that cannot be performed or that cannot be effectively performed through self-regulation in the national economy through the market. Examples of this include ensuring defense, maintaining internal order in the country, and social protection of the underprivileged population.

Secondly, in the conditions of the market economy, the private description of production and consumption causes a number of positive and negative consequences. These consequences are reflected directly in the interest of the third party and, therefore, affect the interest of a particular group of people and the society as a whole. For example, saving costs on cleaning equipment in production based on waste technology is beneficial from the point of view of private producers (for this or that company or individual producer), while causing environmental pollution has additional negative consequences for others. . It is necessary for the state to express the general public interest, different from that of an individual entrepreneur or consumer, to encourage additional positive effects and, on the contrary, to regulate and limit activities related to negative effects.

Thirdly, the state's intervention in economic processes occurs due to the fact that individual consumers cannot always objectively assess the consequences of consuming one or another product. From this point of view, the state undertakes the task of expanding useful consumption and, on the contrary, limiting the consumption of goods that have a negative effect on health. For example, if the state sets a high excise (curved) tax on tobacco products, on the one hand, it increases its income, on the other hand, it limits the demand for the purchase of this product.

Fourthly, the state undertakes the task of partially alleviating certain situations arising from the nature of the market. The market provides an equal opportunity for everyone to meet the demand for payment.

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