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Maistro Serhii *doctor of Sciences (Public Administration), Professor, Head of the Department of Public Administration in the field of Civil Defence, Training Research and Production Center of National University of Civil Defence of Ukraine, Kharkiv.*
ORCID: 0000-0003-3035-4304

Treskov Andrii *candidate of Public Administration (Ph.D.), Doctoral student of Educational, Training Research and Production Center of National University of Civil Defence of Ukraine, Kharkiv.*
ORCID: 0000-0001-9495-4806

Golovko Valentyn *adjunct of the Training Research and Production Center, National University of Civil Defence of Ukraine, Kharkiv.*
ORCID: 0000-0002-5596-3221

STATE POLICY OF SOCIO-ECONOMIC DEVELOPMENT: EVOLUTION OF THEORETICAL CONCEPTS AND METHODOLOGICAL APPROACHES

The article describes the theoretical concepts of the formation and implementation of the state policy of socio-economic development in the historical aspect. The peculiarities of methodological approaches of scientists to the issue of the need for state intervention in the functioning of the market mechanism are determined. The problems and contradictions of various theoretical concepts and methodological approaches regarding the necessity and level of state intervention in socio-economic processes are clarified. The directions of theoretical and methodological improvement of the state policy

of socio-economic development in the conditions of globalization processes are substantiated.

Key words: *public management and administration, mechanisms of state administration, state policy, socio-economic development, theoretical concepts, methodological approaches.*

Problem setting. The issues of state regulation of the economy, the degree of state intervention in the natural environment of the market not only remain relevant until now, but also require further theoretical and practical justification, especially in the conditions of globalization. Therefore, we will consider the stages of the historical development of science in the context of state intervention in the market mechanism and socio-economic development from the point of view of state administration and trace the evolution of scientific opinion regarding state regulation of socio-economic processes.

Recent research and publications analysis. The following scientists F. Wieser, E. Behm-Bawerk, J. Keynes, A. Marshall, C. Menger, A. Montcretien, D. Ricardo, A. Smith, M. Friedman, J. Schumpeter et al. devoted their publications to the study of problems and contradictions of various theoretical concepts and methodological approaches regarding the necessity and level of state intervention in socio-economic processes [3; 5; 6; 9; 10; 11].

However, the directions of theoretical and methodological improvement of the state policy of socio-economic development in the conditions of globalization processes require further substantiation.

Paper objective. The purpose of the article is to justify the directions of theoretical and methodological improvement of the state policy of socio-economic development in the conditions of globalization processes.

Paper main body. The first economic school that tried to find out the rules of economic activity was mercantilism. The most famous representative of this school was A. Moncretien at the beginning of the 17th century. published the "Treatise on Political Economy" (1615), in which he substantiated the need for active intervention of the state in the economic life of the country in order to increase its wealth. In his opinion, the state should pursue an active protectionist policy, stimulate exports and restrain imports. In the conditions of the initial accumulation of capital of the nascent bourgeoisie, according to the representatives of this economic school, the support of the state was needed, which, in accordance with the law, should contribute to the accumulation of gold and silver in the country, to conduct policies aimed at the development and protection of its own industry [1].

In the 18th century the classical school of political economy arises in Western Europe. Representatives of this period of development of economic thought - physiocrats - did not share the opinion of mercantilists and put forward the principle of "laisser faire", which means the demand for complete freedom. Representatives of this direction of economic science considered it necessary to limit state intervention in the economy, to give landowners complete freedom in managing their farms. These provisions became a new direction in the development of economic thought, a higher step in economic analysis. During this period, capitalism was established, and the classics of political economy believed that the equilibrium of the economic system, including supply and demand, is achieved through the mechanism of free competition and free pricing, the desire of each individual to satisfy his selfish interests and their interaction through the system of division of labor and commodity exchange [12].

The most famous representatives of the classical school, represented by A. Smith and D. Ricardo, substantiated the slogan of "economic freedom" and advocated limiting state intervention in economic life [9; 10].

Thus, according to A. Smith, the state must fulfill three duties: to separate society from violence and invasions of other independent societies; to protect, as far as possible, each member of society from injustice and oppression by other members or to establish fair justice; to create and maintain certain public institutions, the creation and content of which cannot be in the interests of individuals or small groups and the costs of which cannot be covered by private individuals. Nevertheless, A. Smith considered active state intervention in economic activity necessary in the event of a lack of equal conditions for entrepreneurial activity caused by objective circumstances [10].

Representatives of the neoclassical direction of economic teaching (K. Menger, F. Wieser, E. Bohm-Bawerk, A. Marshall, J. Schumpeter), who created the theory of market equilibrium and formulated the laws of the optimal economic regime, stood in the position of self-regulation of the market system. They considered state assistance in the functioning of the economy as unnecessary and harmful. In an economy capable of achieving both full production and full employment, state intervention can only harm its effective functioning. The logic of representatives of the neoclassical direction led to the conclusion that the economic policy of state non-interference is the most acceptable [6; 7].

Economic transformations of the late 19th and early 20th centuries caused the development of mass production, increased trade deals, increased competition and forced neoclassicists to pay attention to possible "market failures" that they cannot cope with on their own. Therefore, XX century was marked by an almost universal strengthening of the state's economic presence. The First and Second World Wars, having given rise to a system of acute political, social and economic problems, caused the need for more active intervention of the state in solving economic problems. But the main reason for the activation of the role of the state was the economic crisis of the 1930s, which finally undermined confidence in the self-regulatory capabilities of the market economy.

Theoretically, the need for state regulation of the economy in the conditions of deepening contradictions of capitalism was substantiated by J. Keynes in his work "The General Theory of Employment, Interest and Money", for the first time expressing the idea of the impossibility of the existence of capitalism without large-scale state intervention, therefore, the impossibility of achieving economic equilibrium with the help of market forces alone levers Unlike representatives of the classical school, who believed that the market mechanism is capable of self-regulation and equalization of disparities between supply and demand, J. Keynes substantiated the need for government intervention in the economy. The concept proposed and developed in the 1930s. Keynes called the theory of effective demand. The main idea is to influence the production and supply of goods by stimulating demand and reduce unemployment. The peculiarity of the Keynesian theory is that the market cannot ensure full socio-economic stability, and therefore the state can and is obliged to play an active role in stabilizing the economy and mitigating economic downturns by increasing demand, but only on the basis of investments, export growth and of public expenditure [5].

The most vulnerable point of Keynesianism was the support of economic growth at the expense of increased state expenditures. During the Great Depression, this was almost the only opportunity to save the economy. However, this led to an exorbitant increase in the budget deficit. The mechanisms that were effective in the 1930s turned out to be failures in the conditions of overproduction. The structural crisis that swept the world in the 1970s caused uncontrolled inflation, and the world urgently needed a new economic doctrine.

It became neoliberalism, the essence of which is the refusal of the state to directly regulate the economy, the dominance of the free market, as well as the return of money to the main role in matters of economic management. Neoliberalism is a direction in economic science and the practice of regulating economic activity, the supporters of which advocate the principle of self-regulation of the economy, free from unnecessary regulation.

Thus, M. Friedman insisted that state intervention in the economy does not lead to anything good, it is better to give people the opportunity to make their own decisions. "The government's solution to the problem is usually worse than the problem itself," he emphasized [3].

The neoliberal theory of M. Friedman envisaged the fight against inflation by monetary means (restriction of the money supply), the reduction of the tax burden and the rejection of social programs [8].

Neoliberalism sees the free market and unrestricted competition as the only condition for progress and even social justice. The fact that this doctrine was the basis of the largest supranational projects such as the IMF, the World Bank, and the WTO is generally recognized [12].

The economic policy of neoliberalism consists, first of all, in the denial of protectionism, which hinders the free movement of goods and capital, thus - the growth of the economy and general well-being. The doctrine implies the maximum removal of the state from an active position in the economy. As an investigation - removal of direct responsibility for what is happening. Everything that the economy and ordinary citizens need will be fulfilled by the same miraculous "invisible hand of the market".

Representatives of economic neoliberalism adhere to two traditional positions. First, they proceed from the fact that the market, as the most efficient economic system, creates the best conditions for economic growth. Secondly, they argue for the priority importance of the freedom of subjects of economic activity. The state must provide conditions for competition and exercise control where these conditions are absent [3; 4].

The transformation of the model of state regulation from Keynesianism to the new classical economy consists in the rejection of influence on reproduction through demand in favor of the use of indirect measures of influence on supply. This modern concept of macroeconomic regulation of the economy by stimulating investment and production, curbing inflation was called "supply-side economics". Its supporters consider it necessary to reproduce the classic mechanism of accumulation and revive the freedom of private entrepreneurship. They believe that government regulation, if necessary, should be long-term in nature and focus on stimulating the supply of goods, capital and factors of production. In particular, to ensure sustainable economic growth, it is recommended to regulate the supply of credit resources with the help of tax policy.

Representatives of this theoretical concept, american economists A. Laffer, M. Evans, M. Feldstein, believe that government policy aimed at stimulating supply will help overcome stagflation. Revision of the taxation system, stimulation of corporations with a preferential tax policy, reduction of budget expenditures for social needs are proposed as stimulation tools [12].

One of the popular economic concepts in the new classical economy is the "theory of rational expectations" (R. Lucas, T. Sargent, P. Wallace), according to which the economic policy of the state turns out to be ineffective, since firms and households quickly respond to the actions of the "top" , using them to their own advantage. Operating with available information, "rational" economic agents act contrary to the government's calculations. The theorists of "rational expectations" believe that miscalculations in economic policy are caused not by the mistakes of developers and politicians, but by the unpredictable reaction of firms and consumers to the decisions made. The practical significance of this concept lies in the fact that it aims at a detailed study of the psychology and behavior of people, at achieving a more organic connection between macro-management and micro-economics [7].

In the 90s of the XX century the economic school of institutionalism gained wide popularity. Its well-known representatives, T. Veblen, D. Holbraith, D. Buchanan, and M. Olson advocate limiting active state intervention in the economy and pay the most attention to the role of public institutions in making economic decisions. The essence of this concept is that, not agreeing either with complete market freedom or with the total domination of the state in the economy, it assumes the convergence of these two approaches. A special role is assigned to social control by society over the activities of state institutions. Therefore, the "Social Choice Theory" (D. Buchanan, M. Olson, U. Niskanen) examines the processes of government decision-making, the influence of various institutions on the life of society (the state, corporations, trade unions) [12].

Recently, a fairly popular economic theory, which is the theoretical and practical basis of the social-democratic model of the market economy, is ordoliberalism (its creators are V. Oineken, L. Erhard).

The views of this direction of economic science are based on the inviolability of the values of economic liberalism - competition, free pricing, diversity of forms of ownership and management, which are complemented by an active state policy aimed at ensuring macroeconomic balance, full employment, and income stimulation. Special attention is paid to social problems: ensuring high employment, preservation of the natural environment, more equal distribution of income. Social democrats are in favor of more active participation of the state in regulating the mixed economy, ensuring public needs

[7].

In 2008, the world experienced the largest financial and economic crisis since the Great Depression, which caused a radical revision of approaches to state regulation of the world economy and further critical analysis of the fundamental provisions of economic theory. Approaches to solving the problem of overcoming the global financial and economic crisis mainly came down to proposals regarding the need to strengthen the role of the state in regulating the economy.

On April 2, 2009, the leaders of the G20, which produce more than 85% of the world's GDP, at a summit in London approved a plan to create a new financial order in the world. According to the final document, all financial market participants will be under strict state control [2].

That is, the G20 leaders put an end to liberal capitalism based on non-interference of the state in the economy. Now the world is on the threshold of a new stage of the development of capitalism, and in the near future, in our opinion, the role of the state in regulating the economy will increase.

Neo-Keynesian theories, in particular, Harrod's or Domar's models, may return instead of modern neoliberal approaches to state regulation, which have led to the crisis. Its essence is based on two postulates: the state should regulate the economy, but the stimulation of demand is carried out not at the expense of inflated social programs, but thanks to state capital investments. Alternative theories have the right to exist, such as the "theory of expectations" (the market reacts to expectations, therefore the state can regulate the economy with the help of official statements) or the "economy of proposals" (reduction of taxes to stimulate production) [8].

Thus, at the beginning of the XXI century there is a rethinking of the concepts of state regulation of the economy in connection with the globalization of the economy and a radical transformation of the mechanisms of economic regulation in the direction of the formation of a globally integrated regulatory system. After all, the modern development of the economies of various countries is achieved through the interaction of the market mechanism and state regulation. The relationship between them is determined by the level of development of market relations and the macroeconomic situation in the country, taking into account global economic trends. Therefore, where market mechanisms do not work, the regulatory function of the state is necessary. That is, the modern world economy is a synthesis of the market mechanism and elements of state regulation. The forms of activity and the scope of the state's activity in the economic sphere change with the development of society, in particular with the strengthening of global economic ties.

In a general sense, the modern market is impossible without the intervention of the state. The market is characterized by anti-social actions and tendencies that lead to violations of not only micro- and macro-, but also global proportions, therefore, to financial, economic, energy, food and other crisis phenomena and processes. They can be limited only by state regulators, and in the global economy – by supranational bodies and interstate associations. And the main task of the state in market conditions is the creation of social institutions, that is, a set of rules that regulate the relations of all subjects of the market economy, at the microeconomic, mesoeconomic, macroeconomic, and global levels.

For the successful functioning of the national economy, economic independence, the absence of deep imbalances in the economy, active economic and social activity of the state, integration into the global market by joining international organizations and economic and political associations of countries are necessary.

In our opinion, taking into account the membership of Ukraine in the WTO and the application of the monetary concept in Ukraine, it would be advisable to apply the optimal combination of both Keynesian (state expenditures (investments) in support of material production (the real sector of the economy), which is the basis for the growth of the population's well-being, and hence demand, export growth), as well as monetary (state intervention in determining minimum wage rates, legislation on monopolies, financial-budgetary and monetary-credit system) concepts of state regulation. To overcome negative trends in the development of the national economy, it is necessary to conceptually define the main principles and directions of state-regulatory measures, introduce a new toolkit of influence and determine the evaluation criteria of their effectiveness from the point of view of the functioning of the economy in the conditions of global transformations.

Conclusions of the research and perspective of further development in this direction. Thus, the formation and development of the modern global economic system was carried out in the past and takes place today with the active participation of state institutions. At the same time, the search for mechanisms for the formation and implementation of state policy is focused on certain tools for supplementing the market mechanism, taking into account the country's resource capabilities, objective public needs, and the level of integration into the global economic system. The evolution of the role of the state had a decisive influence on the formation and formation of this or that socio-economic system both in time and in individual countries. In modern conditions, it is expedient that the methodological basis of state policy should not be the ideas of any one scientific school, theory or concept, but their synthesis, taking into account the relevant specific conditions of the socio-economic development of society and modern scientific developments, which will be the subject of further research.

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