



THE NECESSITY AND TASKS OF STATE MANAGEMENT OF THE ECONOMY

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Annotation; *The article analyzes the essence, necessity and main directions of state regulation of the economy. It also highlights the tasks of the state in a market economy, its role in ensuring economic stability, and mechanisms for influencing socio-economic processes.*

Keywords: *state regulation, market economy, economic policy, macroeconomic stability, resource allocation, social protection, budget policy, economic growth.*

The role of the state in the modern economy is increasingly increasing. Since the market mechanism cannot effectively solve some problems, state intervention in the economy becomes necessary. Especially in conditions of economic crises, rising unemployment, income inequality, and increased need for social protection, the regulatory role of the state is of great importance. Therefore, the issue of state regulation of the economy is one of the relevant areas of modern economic theory and practice.

Disputes about the role of the state in the economy are often limited to short and simple slogans such as “no new taxes” or “balance the budget”. However, such phrases cannot fully express the economic policy of the state. For example, there is a desire of the population to allocate more funds to improve the healthcare system, the need to increase attention to youth education, or the issue of reducing unemployment

during the economic crisis. The market mechanism cannot solve such problems on its own. To achieve these goals, the state must use taxes, budget expenditures, and various regulatory measures. Historical experience shows that important socio-economic changes are often carried out precisely through fiscal and budgetary policy, since it is a tool that has a strong influence on the development of society.

The need for state regulation of the economy is determined by objective factors. Some economists explain this need only by market failures, that is, they associate it with the inability of the market to solve all problems. Although this opinion is partly true, the main reason for state intervention is associated with the level of development of productive forces.

The need for state regulation in the current conditions is explained by a number of factors: market failures,



macroeconomic instability, competition and its consequences, negative effects associated with the openness of the economy, the presence of transaction costs, negative externalities, as well as public needs and demand for public goods.

The objective basis for state regulation is associated with the development of the social division of labor and the process of generalization of production at the national and international levels. This process manifests itself in several ways: as a result of the deepening of the social division of labor, the interconnection between sectors increases; due to the cooperatization and centralization of production, small economic units decrease; Production volumes at large enterprises will increase; connections and exchanges between economic regions will intensify.

As the level of generalization of production increases, the need for coordination of economic activity, conscious regulation of the proportions of reproduction, centralized management of large production systems and the entire economy increases. Therefore, state regulation of the economy becomes an objective necessity at a certain stage of generalization of production in any economic system.

State regulation of the economy is understood as the state's activities aimed at ensuring the efficient use of limited production resources in order to more fully satisfy the needs of members of

society, maintaining the general economic balance and organizing the process of social reproduction.

In a market economy, state regulatory activities consist of a set of legislative, executive and control measures. In modern conditions, this process is aimed at solving problems arising in the system of reproduction. In particular, such tasks as stimulating economic growth, increasing and regulating employment, supporting positive changes in the sectoral and territorial structure of the economy, and strengthening export potential are of great importance.

In order to fully understand the mechanism of state regulation of the economy, it is necessary to consider its purpose, tasks, methods and means in more depth. The main goal of state regulation is to ensure economic and social stability, strengthen the existing economic system within the country and in the international arena, and adapt it to changing conditions.

A number of specific directions follow from this general goal. These include tasks such as smoothing and stabilizing economic cycles, improving the sectoral and territorial structure of the national economy, and improving the ecological situation.

The tasks of state regulation are clearly manifested in the following:

1. Providing a legal framework and social environment that allows the market system to function effectively



2. Ensuring the socio-economic security of the country and the competitiveness of the national economy

3. Redistribution of income and wealth

4. Redistribution of resources

5. Stabilizing the economy, that is, controlling inflation and employment levels caused by economic fluctuations, and stimulating economic growth

The state assumes the task of creating and strengthening the legal framework necessary for the effective functioning of a market economy. This is an important condition for the stable functioning of the market system. The formation of a legal framework requires the implementation of a number of important measures. In particular, these include strengthening the legal status of private enterprises, ensuring the inviolability of private property, guaranteeing the execution of contracts, as well as developing legal norms regulating relations between enterprises, resource suppliers and consumers.

Another important task of the state is to ensure the social environment. This includes measures such as maintaining internal discipline, establishing product quality and measurement standards, and introducing a national monetary system to facilitate the exchange of goods and services.

The market mechanism creates certain inequalities in the distribution of income and national product among members of society. Therefore, the state also performs the task of reducing income

inequality. This task is implemented through various economic and social programs.

First, through transfer payments, the needy segments of the population are supported. In particular, the disabled, those who have lost their breadwinners, and low-income individuals are provided with benefits, and the unemployed are provided with unemployment benefits. Social security programs provide material assistance to pensioners and the elderly.

Secondly, the state also influences the distribution of income by influencing market mechanisms. In particular, it tries to maintain social balance by regulating prices formed on the basis of supply and demand.

The state also plays an important role in mitigating the consequences of the uneven distribution of resources. First of all, it increases demand by expanding the possibilities of consumers to purchase certain goods and services. It also allocates subsidies to support producers, which serves to reduce their costs and expand the volume of production.

In addition, the state also acts as a direct producer of certain important goods and socially important services. Such sectors are usually based on state ownership or are fully financed and managed by the state.

Stabilizing the economy is one of the state's top priorities, which includes ensuring the efficient use of resources, achieving full employment, maintaining price stability, and stimulating economic growth. If the overall demand in the



economy is insufficient, the state increases its spending on social goods and services. At the same time, it stimulates the investment and consumption activity of the private sector by reducing the tax burden in order to activate its activities.

In conclusion, state regulation of the economy is an integral part of the modern

market system. The state serves to increase the well-being of society by ensuring economic stability, efficient use of resources, establishing social justice, and stimulating economic growth. The combination of market mechanisms and state policy is one of the most important conditions for economic development.

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