UDC 332.1

STATE MARKET REGULATION AND REGIONAL INTEGRATION

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Annotation: The main topic considered is the importance of state regulation of market relations and its role in ensuring in the normal functioning of any modern economic system. Regulation of regional markets involves the impact of management entities on the object in order to achieve pre-planned goals. The main objectives of managing regional markets are to ensure the balance of markets in the region, meet the needs of the population, and ensure the economic efficiency of the development of the region.

Keywords: market, state regulation, region, interaction, economy

The acute problem in the present of our state is its role in the economic system. There is also a serious problem – the development of our own market and the expansion of the economy.

In all economic systems, the state regulates the economy. Such regulation in a modern market economy is carried out on a much smaller scale than in the administrative command system. Nevertheless, here the economic role of the state is quite big.

For a long time there have been arguing about the role of the state and government in the economy. Until the present century, the prevailing opinion was that the less the government "rules", the better for both: for the government and for the economy. However, prominent economists and politicians assigned different roles to the state. A. Smith called government "the night watchman of capitalism" [1], while T. Jefferson saw it as a trustee of public interest [2]. Unusual definition “the Constable in anarchy” gave T. Cariyle [3]. Opinions vary, but the role remains important.

State regulation plays a supporting role. It is based on the principle of “necessity”: only in those areas where market regulators are ineffective for various reasons, state regulation is permissible and appropriate. Of course, the ideas of various economists and politicians about exactly which processes can be regulated by the state and which – by the market do not coincide.

Thus, the state plays an important role in ensuring the normal functioning of any modern economic system. The state throughout the history of its existence, along with the tasks of maintaining order, legality, and organizing national defense, performed certain functions in the economic sphere. The role of state regulation is especially growing in the context of the economic crisis. World experience has shown that a way out of the crisis is possible only with strict centralization of state power and non-trivial measures to ensure economic growth. So it was with the Western European countries in the postwar period, and with Latin American (Chile, Argentina, Brazil) more recently.

The equilibrium in the economic system, which is established on the basis of market self-adjustment of the economy, may be accompanied by high unemployment or excessive inflation. Since inflation and unemployment are most painful during periods of economic crisis, policies aimed at macroeconomic stabilization can be defined as government activities to smooth out industrial cycles.

Administrative regulatory instruments in developed countries with market economies are used on a small scale. Their scope is mainly limited to environmental protection and the creation of the minimum living conditions for relatively poorly socially protected layers of the population. However, in critical situations, their role increases significantly for example during a war, a critical situation in the economy.

An independent complex instrument of state regulation of the economy is the public sector in the economy. The highest form of state regulation of the economy is state economic programming, encompassing numerous goals and the entire set of tools for state regulation of the economy.

The public sector is a complex of economic facilities, wholly or partially owned by central and local government bodies.

A significant part of the public sector is infrastructure facilities, most of which are unprofitable. The other part is state-owned enterprises in the raw materials and energy sectors, where large investments are required but the capital turnover is slow. The profitability of state-owned firms is generally lower than that of private firms. Part of the public sector is about equity holdings of mixed public-private companies.

The existence in sectors of a market economy of sectors that are guided in their activities by principles slightly different from those of private firms allows the use of the public sector to solve national economic problems and increase the profitability of private enterprises.

The regulation of regional markets implies the impact of management entities on the object in order to achieve pre-planned goals. The main goals of managing regional markets are to ensure the balance of markets in the region, to satisfy the needs of the population, and to ensure the economic efficiency of the development of the region.

The regional market is a system of cooperated subjects of the sphere of circulation of the region, which acts in various organizational forms and provides trade, economic and financial ties between producers and consumers.

The market environment is the study of current changes in production and the sale of an individual product (group of goods) in the region.

Depending on the conditions and characteristics of regional markets, the number of factors affecting market conditions can vary greatly. All factors are divided into controlled and uncontrolled. Controlled are in the competence of the leadership of the region. For example the definition of product mix, regulation of production, pricing policy (especially for energy), sales policy, choice of regional development strategy, information policy. Uncontrolled factors are not determined by the authorities, but they affect the decisions made and the development of the region.

The state of the situation in the region can be quantified: indicators of the production sector — state orders, size of investments, level of employment. The indicators of interregional and foreign economic relations are the volume of exports and imports, the volume of freight traffic. Indicators of monetary circulation are the Central Bank rates, currencies, interest rates.

The main characteristic of the commodity market environment is the degree of balance of supply and demand, which is manifested in market prices, tendencies in the sale of goods and the speed of capital turnover. Based on all these indicators, it will be possible to diagnose the type of market conditions.

The functioning and development of the regional economic complex is not isolated, but interconnected by other regions, by the outside world. Relations with these regions are commercial and economic.

Interregional economic relations are a system of economic relations and interests of regions that develop in the process of social production. These relations are due to the social division of labor, the specification and distribution of production by territory, including depending on natural and geographical conditions and sources of raw materials, developed infrastructure, and the degree of provision of quality labor resources.

Interregional relations are represented at the following main levels:

- at the level of individual enterprises, organizations, firms, citizens engaged in external regional economic operations;
- at the level of production complexes, individual industries and intersectoral complexes;
- at the regional level.

The main forms of these interregional economic ties are material exchange of production results, mutually beneficial reproduction of individual works and services by the regions, development of interregional tourism, coordinated regulation of tax, credit, demographic spheres and joint implementation of pricing policies.

Another form of interaction is the joint implementation work of a production and non-production nature of enterprises in several regions.

Thanks to these forms, whole systems of interaction are formed and the functioning of the national and world economies is carried out. Therefore, the breakdown of these ties weakens the production potential, the competitive ability of the economy, leads to a drop in production, depression.

In modern conditions, the role of the external economic factor in the development of the economy of the country as a whole and of individual regions in particular is sharply reviving.

So, today in interregional relations direct contacts are established with large financial institutions in order to attract investors to the regions. The process of improving interregional economic ties is taking place and new organizational forms of economic cooperation are appearing. The most important form is economic integration, expressed in the interaction of enterprises and organizations of various regions.

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