

**ECONOMIC EDUCATION: THE ROLE OF THE STATE IN
NATIONAL ECONOMIC SYSTEM**I.Yu. Vaslavskaya¹A. A. Bilyalova²A.N. Tarasova³

Abstract: The paper examines the role and core functions of the state in the system of vertical and horizontal linkages between economic actors and government, which are connected due to the exchange of activity and its results. The concepts of organization and self-organization are considered as the essential characteristics of structural ties in the national economic system. It is acceptable that the mechanism of self-movement of the economic system is based on provoking changes at different levels of organizational relations. The main theoretical approaches to the role of the state which are based on the theory of social contract and the theory of exploitation are analyzed. It is proved that in both theories the state is empowered to establish and redistribute property rights either in accordance with

the interests of members of society or in accordance with the interests of the governing group. It was concluded that the tasks of the state are contradictory in the national economic system. Such conclusion is based on the need to define a set of property rights that would maximize the aggregate product of society. On this basis, the relationship between the theories of state and law is shown. Particular attention is paid to assessing the effectiveness of the state as the central institution of the economic system and the main criteria for protecting property rights. It is determined that when choosing the methods of legal protection of property rights, the main point is criterion of economic efficiency.

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Introduction

To the issue about the role of government in the national economic system in a different time not only numerous theorists and researchers of economic systems addressed. Even classics of German philosophy Kant, Schelling, Hegel in order to systematize the philosophical category, considered the ratio in the "system" with other categories of dialectics, and tried to identify coordination and subordination.

Taking into consideration the problem of the paper, it is useful to consider the ratio of the category "system" with such concepts as "organization", "structure", "integer", which are, as rightly noted by A. D. Ursul, "sometimes used as the same meaning"[1].

So, for example, M. I. Serov wrote: "...the concept of the whole, system, structure, and organization reflects substantivalist of phenomena and has the same degree of unity (the whole is always the organization, and the

organization is a system with structure) but varying degrees of specificity"[2].

In varying degrees philosophers and theorists of Economics identify the organization with the structure and consider the organization as a continuously self-developing integrity. The topic of the paper is determined by dialectic of scientific research and the fact of evidence of state influence on the economy.

The economic system is a large multi-dimensional unit that has integrity and cohesion of all its component parts (elements).

The integrity and identity during various external and internal changes in the national economic system provide a set of stable object relations and structural ties.

However, the dynamism of the social process constantly leads to disruption of these ties. Each time there is a need of forming new connections that ensure balanced macroeconomic development.

Methods

Theoretical and methodological basis of the research are the studies of foreign and domestic scientists, and also

philosophical and General scientific methods are used. In the definition of the role and functions of the state in national economic system lies a systematic approach, allowing to study of objects as systems which orients the research to demonstrate the integrity of the object and its underlying mechanisms. A systematic approach which is used in the research provides an opportunity to reveal the diversity of types of relationships of a complex object and reduce them into a single theoretical picture.

Based on such methods and approaches the national economic system is considered as a set of economic processes, ways of it organizing and dominant forms of ownership, and the macroeconomic system is considered as a result of the interaction of many relatively independent economic entities.

Results

The main results of theoretical studies can be considered the following statements.

Firstly, self-organization and organization of economic systems are the two complementary processes, which

support the interconversion of the structural links of the economic integrity and is associated with a single economic agent – the state - the Central element of organic integrity. This is fundamental in determining the state's role in the national economic system.

Secondly, the theory of the organization of economic systems and the theory of property rights cannot be complete without a theory of the state. This is due to the fact that ownership relations are formalized in the form of linkages between economic agents that are sanctioned by a society (or rather, government and formal institutions) in respect of the procedure for the extraction of individuals of the usefulness of economic benefits through the system of partial powers.

The state is an Agency of the specification and protection of property rights and the administration and these functions are the most important economic categories of transaction costs.

The organization of business integrity is the resulting process of differentiation and integration of economic activities.

Meanwhile its dynamic aspect is the differentiation, which is manifested

in the change of the elements of the structure and is predefined by separation on the basis of property rights.

And it is important to note here that static characteristics of the organization is integration, involving the union of differential elements and relations between them.

Based on above information, we must acknowledge that the state as a central element of the economic system, implementing its organizing structure, was to arise and evolve, fulfilling only those functions that were necessary to preserve its integrity.

Discussion

All the changes that occur in the evolution of the economic system have an ordered character. This order is formed by the concepts of "organization" and "self-organization" of the system, the differences between which are quite obvious and correspond to the meaning of the terms that define them. A typical example of an organization is any state intervention in the regulation of the economic system, which has an aim to eliminate.

At the same time, as a result of structural changes in the national

economic system self-regulation or self-organization is performed. The mechanisms of self-organization of the national economy include the market mechanism (commodity exchange) and self-organization processes in the areas of production, distribution and consumption.

For example, self-organization of the market occurs under the influence of IU-pricing mechanisms, as a result of which the balance between supply and demand changes. Thus, self-organization differs from the process of organization. The difference is explained not by the action of external factors but by the nature of the system itself.

In other words, self-organization, as a proper characteristic of its structural units, is connected with economic agents, which, having ownership rights, enter into contractual relations regarding the exchange of economic activity and its results.

Within any economic system, there is the mechanism of its self-movement, and its important element is the interaction of all relations in society.

The mechanism of self-movement of the economic system is based on provoking changes at one of the

levels of organizational relations and on reacting to these changes in subsequent levels of relations, which results in the need either to eliminate contradictions or to create adequate conditions for development.

An organization, which includes all the elements of this system, plays consolidating, unifying role in the economic system. In this aspect, an organization associated with the mechanism of the self-movement of the central element of the system - the state - is an expression of the unity of vertical links, coexisting interdependent economic agents.

There are various theories of the state that explain its origin and essence, the nature of state power, its goals and tasks, the means and methods of state activity, ways and prospects for the further development of the state.

However, many property rights theorists have noted that there is no satisfactory theory of the state nowadays [3]. In our opinion, this is due to the ambiguous role of the state and its functions in the national economic system.

If the economic system is viewed from the organizational point of view,

then the task of the state, as the subject of economic relations, can be observed as the ordering of horizontal and vertical ties between economic agents.

However, in relation to the organization of economic systems on the basis of institutions such as the market and private property, the state is a paradoxical phenomenon. For the normal functioning and protection of these institutions, a mechanism, based on conflicting principles of centralization and collective ownership, is needed. This contradiction has always been an intellectual puzzle [4].

The most interesting interpretation of the problem of the state within the framework of the theory of property rights was proposed by D. North. According to his definition, the state is "... an organization with comparative advantages in the implementation of violence, extending to a definite geographical area, the boundaries of which are determined by its power over taxpayers. The meaning of property rights is the right to exclusion, and at the same time an organization that has a comparative advantage in violence that is able to specify and protect property rights "[5].

In the history of ideas, two main approaches to the state—the theory of a social contract and the theory of exploitation can be distinguished.

The theorists of property rights consider that the contractual and exploitative approaches are not incompatible. "The distribution of the "potential of violence " is what unites them. The contract theory assumes that an equal distribution of the potential of violence among the parties to the treaty must be. At the same time the theory of predatory origin of the state assumes an unequal distribution of it "[6].

Both in contractual and in exploitative theory, the state is vested with the power to establish and redistribute property rights. But in the first case this happens in accordance with the interests of members of society, and in the second - in accordance with the interests of the governing group.

Therefore, the tasks of the state are contradictory: "The second task presupposes a fully effective set of property rights in order to maximize the aggregate product of society; the first task leads to attempts to specify a set of fundamental rules that would allow the ruler to maximize his income "[7].

To minimize losses, the state should initially give advantages to those side that values it higher.

"Transaction costs are maximized," says R. Posner, "when the law: 1) empowers a party that would buy it from the other side if it were endowed with it and if the transaction costs were zero; 2) or, conversely, puts the responsibility on the side, which had the right, would sell it at zero transaction costs "[8].

But you can follow this rule only if the state has perfect information about who, the plaintiff or the defendant, would be willing to pay a large sum for the opportunity to own the right.

G. Calabresi and E. Melamed pointed out the three main forms of protection of powers that members of society have at their disposal [9].

In their opinion, the right is protected by the property rule only if the right can be obtained from its owner as a result of a voluntary transaction at a mutually agreed price. This form of protection gives the least opportunity for government intervention, since it allows both parties to report the value of the authority for each of them and gives the seller a veto if he is not satisfied with the

proposed price.

When someone can appropriate oneself an objectively established price (for example, by paying compensation for the possibility to pollute the environment), then it is protected by the rule of responsibility. After the price is determined, the owner of the right (the seller) is deprived of the veto and can not demand from the buyer to raise the price in case of disagreement with it. In this case, the amount of state intervention increases, since it determines not only the initial distribution of property rights, but also establishes, in addition to the will of the participants in the transaction, the prices at which the powers can be transferred or liquidated.

Finally, the entitlement is inalienable to the extent that its transmission is not permitted, even with mutual desire of participants of the transaction (for example, no one is granted the right to sell themselves into slavery).

The state, in addition to determining the initial distribution of property rights and setting compensation for their sale, limits their transfer itself.

Consideration of the problem of

what determines the integrity and stability of the macroeconomic system, and of the role of the state, is impossible without taking into account the most important essential feature of organization and self-organization, realized as a result of horizontal and vertical interrelationships of economic agents. It consists of the fact that organization and self-organization, mutually forming each other, presuppose some forms of movement, i.e. the process ability of the economic system, its dynamics.

In this case, the interconversion of organization and self-organization, on the one hand, and the structure, on the other, are one-way phenomena that characterize the stable ordering of the links of the components of the whole object. In other words, they predetermine stability and stability of macroeconomic integrity. But the structure itself appears in static and dynamic forms, and therefore both organization and self-organization include their unity.

1. Theories of state and law are inseparable, and, in this sense, the dominant goal of the state is to develop such a structure of property rights so that it can maximize its income with its help.

Within the framework of this task, it tries to produce a set of public and semi-public goods and services that would minimize its costs for specification and protection of property rights: "The economies of scale associated with the development of a system of legislation, justice and defense are the main deep source of civilization " [10]. As a result of the tremendous economies of scale in the centralized production of public goods and services, the size of the division of labor and the volume of exchange are immeasurably increasing, and it is why all members of society benefit.

2. Both development and lack of economic growth have a destabilizing effect on the state and on the dominant system of property relations. In the first case, technological progress and expansion of markets change the existing system of relative prices, and it increases the influence of groups that could benefit from these changes, on the state with a view to reviewing the existing legal regime. These groups allocate more resources for political purposes in order to realize the savings of transaction costs in accordance with the opportunities

opened up. In the second case, the threat from outside is increasing from the side of competing states. Consequently, competitive influence towards establishing a more effective system of property rights is able to be effective in both situations.

Conclusion

The implementation of the exchange of activities is possible only if the elements of economic systems are separated through the formation of property, the function of which is to ensure the exchange of activities and its results at the macro level of the economic system. If economic agents are in a state of uncertainty, because they do not know exactly what value the right is for each of the parts, and if the transaction costs are so great that they can restrain economic activity in any area, the rules of liability apply. In other words, the state takes upon itself the establishment of an objective price, on which it is allowed to assign powers, and thereby "launches" the mechanisms of self-organization of the national economy and corrects the failures that can appear in this mechanism.

Specific forms of state power and the organization of the national economic system will be determined by the constraints in which it will have to act. At the same time, several criteria for the distribution of property rights, i.e. effectiveness, relative contractual force and maximizing the revenue of the treasury, are encountered.

Even in terms of uncertainty, economics theorists of law believe that the state should act according to the "efficiency" scheme, which consists of the following. If the exact ratio of benefits and losses is not known, responsibility should be assigned to a part that is better able to assess them, and if this is known, responsibility must be assigned to a part that can correct mistakes in the initial distribution of powers with lower costs and so on. The choice of ways of legal protection of property rights by the state should also be guided by the criterion of economic efficiency. In any case, the principle of economic efficiency is decisive both in the choice of the right holders of the law and in the choice of forms of legal protection. That is why the assessment of the effectiveness of the state's activities was, is and will be an urgent problem for

any modern national economic system.

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