THE ROLE OF THE BUDGET SYSTEM IN STATE REGULATION OF THE ECONOMY

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Key words: state regulation of the economy, public goods, state budget, budget expenditures, budget policy

Introduction

In the modern stage of the political and economic transformations, ensuring the normal life activity of the population and continuous raising of the standard of living have become an imperative requirement, which requires a rethinking and revision of the approaches that are the basis of the general economic policy. Undoubtedly, the steps envisioned in that direction ultimately lead to the formation of such a system of production and delivery of public goods, which will ensure maximum accessibility and availability, higher satisfaction, and satisfaction of basic demands and needs for the society.

Methodology

The scientific works and analyzes dedicated to the problems of the budget system's activity served as a scientific basis for the research. During the implementation of the research, the methods of systematic approach and comparative analysis and synthesis were used. The reports of the Ministry of Finance of the RA served as an informative basis for the research.

Literature review

It is known that the production of public goods, due to many objective and subjective reasons, is outside the scope of private business interests [Savchenko, 2010, 140-141]. Therefore, the responsibility for their production rests with the state and the latter is the only one responsible to organize and implement the given process. If we add to the above the fact that the need for state intervention in economic processes in the conditions of political and economic transformations significantly increases, then it becomes obvious that the role of the state in market conditions is special in ensuring the normal functioning of society and economy. Prevention of the negative consequences of market imperfections is part of the state's obligations, and from this point of view, state regulation of the economy is more than necessary [Dobrosockij, 2017, 22-23]. The problem is that the state intervention should be in those cases and on those scales when the market regulators are unable to ensure the normal functioning of the economy on their own [Antonov et al., 2009, 253]. Moreover, the unjustified and inappropriate intervention of the state can become a serious obstacle to the deepening and development of economic relations, with all the negative consequences arising from it (Jakobson, 1996г. 318].

In general, the participation and intervention of the state in economic processes has been expressed in different degrees at all times. However, the state regulation of the economy, as such, in all its manifestations, began to be implemented more fully from the 20th century when the range of functions of the state was significantly expanded and the importance and necessity of social protection of the population came to the fore. The main economic role of the state is to intervene, where the market is unable to allocate resources efficiently and fairly [Dollan et al., 1992, 97]. To characterize such a characteristic of the market, various authors use non-existence, deficiency, inefficiency of the market mechanism and other characteristics [Rajta et al., 1999, 56; Jakobson, 1996, 15; Mjuller et al., 1996, 19]. The problem is that the state operates in a market environment and the need for its participation in economic processes arises in those cases where the free operation of market forces does not ensure the optimal allocation and use of resources. From this point of view, the effectiveness of the market mechanism is largely determined by the extent to which and how the state influences this mechanism.

Analysis

The participation of the state in economic processes is conditioned by a number of problems, and also, in particular, the need for optimal allocation and use of resources, because in many cases market regulators are not the best tool for solving this problem. Moreover, in some cases, they contribute to the undesirable distribution of resources and the deepening of polarization. The problem is that the existence of monopolistic phenomena, the lack of private business interests in the production of public goods, can in many cases lead to inefficient allocation of resources and deepening of social tensions. Such possible developments prove once again the need for state regulation of the economy.

The need to solve problems related to meeting public demands creates a need for state intervention in economic processes. In this sense, the main instruments of state influence on the economy are:

- Taxes, which ensure the process of formation of state revenues and, thus, create opportunities for the implementation of state expenditures.
- Government spending, which stimulates supply while providing financing for various programs, implementing social assistance programs, and generally supporting the execution of state functions.
- Regulation and control, which promote specific activities or force them to be abandoned.

At the same time, in regulating the socio-economic development of the country, a particularly important role is assigned to state expenditures, which affect the relevant sectors by contributing to solving priority and preferred problems from the perspective of both state and social development.

It should be noted that the need for state intervention in economic processes increases, especially under the conditions of underdeveloped market infrastructures. In such a situation, state intervention is intended to complement the functioning of market mechanisms and ensure the smooth running of economic processes. The proper implementation of state functions and the resolution of socio-economic problems facing the country obviously require a certain amount of financial resources. Basically, the state financial policy is aimed at solving this problem, which is one of the key areas of the general economic policy and the primary objective of which is to form centralized state revenue funds.

The state must generate the necessary resources to ensure its vital activities, with financial resources being particularly important. From this point of view, it can be said that one of the key components of the public sector of the economy is state finances, where the main role belongs to the state budget. It is the country's main financial fund, ensuring the formation, distribution, and use of centralized funds. The state budget is a mandatory condition for ensuring the essential functioning of any state. The nature of each state's budget is determined by its economic and political structure, as well as by a number of objective and subjective factors. The state structure of the country, as well as the external and internal economic situation, can be included among the latter. Objective factors include the nature and degree of development of economic relations, as well as economic, social, geographical, and natural features, which have a direct impact on the budget. The following main features of the budget can be distinguished:

First, it is the financial basis of the functioning of the state and its administrative territorial units and acts as a centralized fund of financial resources.

Second, the budget is a fund of financial resources that is formed, distributed, and used based on the financial plan approved by the country's representative body.

Third, the budget is a fund of financial resources that is formed and used through the system of economic relations in relation to the distribution and redistribution of the country's national income.

Fourth, budget revenues, as a rule, are not earmarked for specific types of expenses, which enable the state to purposefully spend financial resources, taking into account the constant changes in the economy and social life.

The budget can be used not only as a financial plan, law and socio-economic policy tool, but also as a means of providing public goods, showing accountability of the state to society, etc. It can be said that the budget is one of the important parts not only of economic relations, but also of state administration and law. As a legal category, the budget is a legal act that defines the annual income and expenditure plan. As an economic category, the budget is a set of economic relations arising during the distribution and redistribution of resources, and as a political category, it is the result of the activities of state, political and public institutions in the direction of development, discussion, approval and implementation of the state budget project. Basically, during the budget process, it is decided what public services should be provided to society and how they should be financed.

The socio-economic role of the budget is expressed through redistributive, controlling and informational functions. As a result of the implementation of the redistributive function, the main social significance of the budget is ensured, which is the financing of the process of economic and social development of the state and society. Basically, this function is implemented based on the problems faced by the state at a given stage of development and the declared priorities. The essence of the second function is to control the process of formation and use of centralized funds. As a result of the implementation of the informational function, the society becomes aware of the process of formation of state revenues, the allocation of funds, their proportions and a number of other important processes.

The main role of the budget to form the financial base for the life of the state and its admi-nistrative territorial units, which allows them to implement their responsibilities and solve existing problems. In addition, the budget is an important tool for the implementation of various socio-economic development programs of the country. It is a universal financial plan, because the indicators included in it are practically related and refer to all spheres of economic and social development.

Conclusions

Thus, the budget is one of the key conditions of the sovereignty of any state, because without it, ensuring the country's financial independence is impossible. The budget is a special way of organizing financial relations, and, especially in developing countries, it acts as the main tool for regulating socio-economic processes. During its preparation, the key priorities for the formation and allocation of budget funds are defined based on the need to address the issues faced by the state and society at that stage of development. The state gains the opportunity to regulate economic processes through tax policy, budget expenditures, and the state procurement system.

To summarize, it is considered necessary to note that the country's budget is one of the key instruments of state regulation of the economy and one of the essential preconditions for ensuring the continued functioning of any country. At the same time, a comprehensive solution to the aforementioned problems requires the development of a budgetary policy based on the socio-economic features of the country and the priorities of the state.

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The role of the budget system in state regulation of the economy

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The article is devoted to the study of the problems of state regulation of the economy through the budget system. The issues of state regulation of the economy and the tools used for this purpose were discussed. The role of the budget system in this process is assessed and ways of influencing the economy through public finance and solving socio-economic problems are discussed. Approaches to improving the budget system and increasing the efficiency of state regulation of the economy are proposed. As an eco-nomic category, the budget is a set of economic relations arising during the distribution and re-distribution of resources, and as a political category, it is the result of the activities of state, political and public institutions in the direction of development, discussion, approval and implementation of the state budget project.