

# DRŽAVNI PROPISI KAO FAKTOR ODRŽIVOG EKONOMSKOG RAZVOJA

## STATE REGULATION AS A FACTOR OF SUSTAINABLE ECONOMIC DEVELOPMENT

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### Summary

At the present stage of development of economic systems the drawbacks of the mechanism of market economy are appeared more often. Among the negative results of the market actions is reduction of the enterprise stability, inflationary fluctuations, imperfection of foreign economic policy, increase of unemployment and staff turnover, etc.

The special attention of the state should be paid to agricultural sector of economy because it performs important functions such as supply of food security of the country, assistance in employment of rural population, formation of export potential. The necessity of state intervention in the processes of functioning of this branch is predetermined by its features, among them the climatic effects and seasonality of production. That is why the strategic task of agrarian policy of the state is to form the effective competitive agricultural production, which is able to provide the food security of the country and the increase of export of some types of products. Implementation of such tasks is impossible without strengthening the role of the state backing of this important industry.

The mechanism of coordination and optimal correlation of state and market elements is provided in the developed countries of Europe. Its balance depends on the overall economic state in the country, the specific nature of production conditions, the effectiveness of all methods and instruments of impact. The experience of countries, where agrarian industry is considered to be the basis of the vital activity of society, certifies the efficiency of mechanism of state regulation. The leaders of agrarian production among the countries of European Union are traditionally considered to be Germany and France, one of the world's leaders is the USA. In the countries of EU the volume of state support of agrarian sector is 35 % from the amount of the manufactured products, in Japan and France – 72 %, in the USA – 40 %, in Ukraine – 8,3%. In European countries a state support to agrarian production is carried out through the provision of law interest credits, maintenance of the fixed prices, implementation of direct cash payments, etc. Herewith, 90 % of

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prices of agricultural produce as subsidies for support of agrarians through high prices on means of production fall under state regulation.

Most foreign countries regulate the prices on agricultural produce, raw materials and food. There is orientation of providing the certain level of profits on accumulation in agriculture. Thus the classic methods are used, in particular, the establishment of controlled prices, the determination of limits for the change of price, the control of price policy of monopolies and large producers, the creation of conditions for their decrease.

The agriculture development in Ukraine is characterized by low level of profitability of production (in 2012 year – 20,5 %) in terms of absence of clear mechanism of state regulation of agrarian economic relations. Basic types of stockbreeding are unprofitable, in particular cattle and poultry. Certain difficulties for Ukraine are caused by membership in WTO in view of competitiveness of domestic enterprises.

With the purpose of minimization of negative factors of globalization and warning of a possibility of crisis, there is a need to introduce clear approach as to development and realization of state regulation measures. Forming competitive agrarian production has to take place due to international norms and standards and be based on the rational use of the finances, labor, material, technical and innovative resources.

The main subject of stabilization of agricultural development has to become the state that implements its action on three levels of management.

Due to the specification of subjects and objects of state regulation of the economy as part of state management, it is useful to define its primary purposes and methods that are acceptable to implement in modern economic conditions.

The main purpose of state regulation of agrarian sphere is to provide socio-economic stability in agriculture and food security of population considering world globalization and integration tendencies. The tasks to be performed by the state as subject of management contribute to the ultimate goal.

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