

Секция 7

Trends and perspectives of the social and economic development of regions in Russia and abroad within globalization process

INTERCONNECTION OF GOVERNMENT REGULATION AND GLOBALIZATION

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International experience shows that the successful economic and social development of a country depends on the proper organization of the public administration. It is difficult to overestimate the role of the state on the economy. The state regulates economic activity, protects businesses from the threat of monopoly, meets the needs of society for public goods, provides social protection and provides for national defense. At the same time, state intervention may in some cases significantly weaken market mechanisms and bring harm to the economy. Thus, the main task of the state is the ability to keep the "balance" or the ability to take tough decisions in difficult situations.

State regulatory activity in Russia can be summarized by a few basic functions.

First, drawing up plans and forecasts; which are the key targets in relation to the scale, proportions and the ultimate goals of economic output and development while simultaneously identifying the main obstacles. Solutions of this kind, as a rule, are binding, issued in the form of legislation, regulations, etc.

Second, the state is responsible for the development of regulatory systems for processes that are not within the scope of direct government control. These regulators are intended to maintain a stable environment for economic development. They include taxes, subsidies, pricing principles and methods, as well as tax and credit incentives in priority sectors, customs regulations and others. The most important regulatory role in a modern market economy belongs to the instruments of monetary policy, ensuring the stability of the currency and the balance of external payments. The system of state regulation of the Russian economy is based on laws at different levels:

- The highest level is the Constitution of the RF, on the basis of which, the legal mechanisms regulating society and the economy are built;
- The second level is formed by federal legislation, constructed on the basis of the Constitution;
- The third level consists of decrees of the President of the Russian Federation and the Russian Federation Government adopted on the basis of the Constitution and federal laws;
- A fourth level constitute legislative acts adopted in the regions;
- The fifth level consists of regional executive power;
- The sixth level is occupied by the decrees of local legislative bodies (municipal, district, township, etc.);
- The seventh level covers the decisions of local administrative bodies.

Moreover, legislative acts and decisions of subordinate governments shouldn't contradict the higher authorities.

The State is responsible for the creation of laws and regulations governing economic activities, the behavior of economic agents (producers, consumers, government, and so forth.), and also their control and execution.

In accordance with the Constitution of the RF, state leadership of the country's economic development is exercised by the President of the Russian Federation, the Federal Assembly, the Russian government, the Bank of Russia and the representative and executive bodies of subjects of the Federation. The competence of these authorities is defined in the federal treaty on the delimitation jurisdictional subjects and powers between the federal bodies of state power of the Russian Federation and the authorities of the Russian Federation.

"Globalization" in the economic literature is defined as the growing economic interdependence of countries all over the world as a result of increasing volume and variety of cross-border movements of goods, services, and international capital flows, as well as technologies. Globalization - not an entirely new phenomenon, but a logical result of the integration processes taking place throughout the twentieth century.

Economic transformation is part a deep and usually fundamental change in society - in political and public administrative systems, in the social sphere, in ideology, in domestic and foreign policy.

The global economy, as well as the national economy of a country, on the one hand, is a system that is capable of self-regulation, and on the other hand, is exposed to active state regulation. Previously, state regulation was solely an attribute of the national economic system, it is necessary to speak now about interstate regulation, carried out with the participation of international economic organizations.

Interstate regulation – is the highest level of state regulation of modern economic life. As government regulation of the national economy as a whole or its component parts (subjects of the federation, regional and local formations), inter-state regulation can be direct (administrative law) and indirect (economic) methods.

The state regulatory model is characterized by cyclic interchangeability. Crisis in the economy always leads to changes of the control model, whether it is on the national or interstate level.

Thus, based on the existing distribution of regulators used between the levels, and considering cyclic interchange of state regulation models at the level of state regulation within national economies can be expected to return to Keynesian, mainly financial methods of regulation.

According to the American financier George Soros, the main disadvantages modern global capitalist system, are divided into five groups: the unequal distribution of wealth, the instability of the financial system, the looming threat of global monopolies and oligarchies, the ambiguous role of the state, the problems of values and social cohesion.

A state with a developed market system is intended to ensure the institutional and legal structure of the economy and to fill "market failures", and globalization only reinforces that need. Therefore, without adequate participation of state, the world economic system would be prone to a new global crisis.

At the present level of development of methods of state regulation, the state is able and obliged to smooth a crisis as much as possible, making it less painful and neutralizing its impact on the national economy, and when it has overcome the crisis, then give impetus for future economic growth.

Therefore, speaking about the regulation of the global economy, it should be noted that it should be a tool for the balance of interests of all participants, not only national market economies, but also to balance the interests of all countries.

The most clear and consistent international integration of state regulation of economic processes is manifested in the European Union (EU).

Here is formed a unique mechanism of the regulation of economic life, based on supranational intervention in socio-economic processes. Economic life of these countries is now constructed in a single internal market. It is especially important to implement a unified policy in the sphere of economic activity regulation, and secondly, to bring uniformity (unification) of national regulatory systems, harmonization of laws and the adoption of uniform regulatory standards.

The main aim of this regulation is to create a flexible system that maximizes the effectiveness of entrepreneurship and facilitating balance of economic interests of all participants international economic relations.

Thus, the global economy is as unstable as national economies, therefore, in a global economy, the need for state regulation will not disappear. On the contrary, its value increases,

and its methods are improved. Hence, all the provisions of the rejection of state intervention in the economy are wrong; we can talk only about the transfer of the functions on the interstate level and changes in regulation.

Apart from its own goal - to provide the state a way to balance economic interests - interstate regulation provides for regulation, which was previously (before the globalization of the economy) was achieved at the level of national regulatory systems, but in the global economy in one country, they can often be impracticable. They include removal of "market gaps", smoothing the economic crisis and ensuring sustainable economic growth and also solving social problems.

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THEORETICAL ASPECT AND DETERMINATIONS OF REAL EXCHANGE RATE

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The real exchange rate plays a crucial role in models of the open economy. How should the real exchange rate be defined, how does it behave over time, and what determines it at various time horizons are all questions that have been posed over the years. They have taken on heightened importance in recent years, as the scope of international transactions has expanded and economic activity is either directly or indirectly affected by economic activity in other countries.

PPP hypothesis has its foundation in the Law of One Price (hereafter, LOP), whose main argument claims that if one abstract from tariffs and transportation costs, unfettered trade in goods should ensure identical prices across countries. Therefore, if this law holds for every individual good, then it follows immediately that it must hold for any identical basket of goods. In other words, the LOP is not a theory of the exchange rate, but rather a test of market