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CONTRADICTIONS OF SOCIALLY ORIENTATED MARKET ECONOMY AND THE ROLE OF STATE MANAGEMENT IN THEIR OVERCOMING

The work considers the contradictions of the socially orientated market economy and the role of state management in their overcoming.

Particularly, the contradictions between the inner economic direction of the market economy and its social orientation, the author considers as a basic contradiction of the socially orientated market economy.

The author also considers a number of other contradictions of the socially orientated market economy and bases the necessity and ways of their overcoming through the purposeful application of the legal mechanisms, which should be established for the implementation of this goal.

В научном труде рассматриваются противоречия социально ориентированной рыночной экономики и роль государственного управления в их преодолении.

В частности противоречие между внутренней экономической направленностью рыночной экономики и ее социальной ориентацией автор рассматривает как основное противоречие социально ориентированной рыночной экономики.

Автор, вместе с тем, рассматривает и целый ряд других противоречий социально ориентированной рыночной экономики и обосновывает необходимость и пути их преодоления с помощью целенаправленного использования правовых механизмов, которые должны быть созданы для осуществления этой цели.

Formation of civilized market relations are definitely necessary for transitive economy.

In addition, the existence of civilized market economy is impossible without social orientation of this economical system. Just because of it, searching for the ways of formations of social oriented market economy deserts special attentions.

The scientific research of the socially orientated market economy and the purposeful application of the positive results of the research represent the precondition for efficient social-economic development of the society.

"Economy, which is based on new technological structure, cannot function successfully, if it does not serve directly or indirectly to its natural purpose – satisfaction of human requirements, increase of profits of the population and national welfare" [1], i.e. the successful functioning of the economy, based on

new technological structure is impossible if it does not serve the social orientation, which is really true.

At the same time, in the process of establishing the civilized market relations the legal factor is of significant importance, since without the setting up the relevant legal basis, the efficient functioning of economy is impossible.

The importance of the legal factor especially increases in that connection, that, firstly, under the modern conditions qualitatively new market mechanisms of social-economic relations are actually established, and, the second, the social orientation of market economy is possible only through the efficient and purposeful application of the legal factor, without which the social orientation of the market economy in itself is unachievable.

Therefore, the purposeful application of the market relations through the appropriate legal mechanisms represents the precondition of the social orientation of these relations and effective social-economic functioning of the society.

It should be particularly noted, that the main motive purpose of the forming the market relations represents the profits – getting of the maximum profits, which indicates to the vividly expressed economic orientation of the market economy. Just this is the precondition of the fact, that “the rightful and repeated activity is considered to be the production activity, carried out with a view to getting profit . . .” [2], that corresponds to the inner nature of the market economy.

It should be also noted, that without the profitable functioning of the market economy its social orientation is practically impossible. But this case applies the inner, objective contradictions between the economic purpose of the market economy and its social orientation.

Therefore, the case is not that only under conditions of profitable market economy is possible its social orientation, which, in this case, means the possibility of settlement of social issues, but that inner economic direction of the market economy, its inner economic orientation cannot but contradict its social orientation, since the profitable economy may be used for settlement of social issues, but the inner direction of economy towards the realization of economic goal and, relevantly, announcement of the profit as a motive power of economy contradicts the real social orientation of the market economy.

It should be noted here, that, on the one hand, the precondition of the efficient application of the market relations consists in their free functioning, but, on the other hand, the free functioning of the market relations actually excludes the social orientation of market economy and through this contradicts to its real social orientation, since the social orientation of the market economy requires the appropriate regulation of the market relations, though without the intelligible local initiative and limitation of creative activity.

Thus, the condition necessary for efficient functioning and social orientation of the market economy consists in optimum combination free functioning market relations and regulatory role of the state through the relevant legal and organizational mechanisms.

Otherwise, the practical realization of social orientation of the market economy shall be impossible.

The aforesaid contradiction between the necessity of free functioning of the market economy and necessity of its state regulation is connected with the main contradiction of the socially orientated market economy and proceeds from this contradiction.

Particularly, the main contradiction of the socially orientated market economy is the contradiction between the economic purpose of market economy, expressed in striving for getting the profits, on the one hand, and, on the other hand, the social orientation of the market economy, envisaging the direction of economy towards realization of public interests, and is practicable only under the relevant legal and organizational insurance.

At the same time, the contradictions of the socially orientated market economy are of the objective character, since they operate independently from the will and wishes of separate individuals, though the overcoming of the aforesaid objective contradiction is possible by individuals – subjects themselves through the legal and organizational mechanisms adopted on the state level.

The inner contradictions of the socially orientated market economy and the ways of their overcoming are closely connected with the issues of the competition.

As regards the competition, Ludwig Erkhart lawfully noted, that “The socialization of progress and profit – in the best meaning of this word – may be achieved through the competition . . .” [3], though, in our opinion, the issue of competition is more complicated and contradictory.

The goal of competition, to be more precise, that of each competitor and market economy, as a rule, is the profit. At the same time, when the State consciously permits the competition and market economy, its main goal should be not the enrichment of separate competitors, but the efficient functioning of the economy of the state, that in itself means the profitable activity of competitors, since otherwise the economy of the state should not be efficient.

It should be particularly noted, that the goal of the competition and of market economy as a whole – profits and getting the profits- comes into contradiction with the settlement of problem of public interests, i.e. the realization of social goal, that under the terms of competition represents quite complicated phenomena from the point of view of practical realization of the social orientation of the market economy.

Within the effective functioning of social orientation of the market economy and the society as a whole, as it was mentioned already, the particular attention is devoted to the legal factor, since the establishment and setting into action of the relevant social-economic mechanisms and their practical realization are impossible without the appropriate legal basis and legal mechanisms, i.e. without the legal factor.

The legal factor, in our opinion, should play the particular role in protection of social-economic and other rights and freedoms of a person – both of a

manufacturer and a customer that represents the precondition of efficient functioning of market economy and its social orientation. From this point of view, the main legal basis is the Constitution of the State [4], which should be the foundation of all other normative and legal acts.

Besides, together with the other legal foundations, the significant attention is devoted to the antimonopoly legislation, since without the appropriate legal basis it is impossible to establish the legal principles of competition, promoting the social orientation of the market economy.

At the same time, in the process of efficient realization of the legal foundations the main role belongs to the state, particularly, the executive authority, which should take the active part in the establishment of relevant terms and organization of improved competition for the welfare of people. The executive authority should prevent all possibilities of unfair and destructive competition.

Thus, the economic orientation of competition and the market economy as a whole through the establishment and efficient application of relevant mechanisms of management and self-management should be subjected by the State to the social orientation, i.e. to an individual, to the realization of public interests, through which the inner contradictions of the socially orientated market economy shall be overcome.

References:

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3. L. Erhard. Welfare for all (In the Russian Language). Translation from German.–M.: Nachala-Pres, 1991, p.13-14.
4. The Constitution of Georgia. Adopted on August 24, 1995, Article 12-47, p.p. 7-17.