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THE PUBLIC SECTOR AND ITS IMPORTANCE IN THE PROCESS OF FUNCTIONING OF THE SOCIO-ECONOMIC SYSTEM OF THE COUNTRY

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Abstract. The article examines the functioning of the public sector of the economy at the present stage of development and substantiates its importance for the socio-economic system of the country. The aim of the study is to study theoretical concepts about the public sector of the economy and its structural components. The question of the role and place of the public sector in the functioning of the socio-economic system is relevant. The public sector is represented as an independent, specific and complex system within the national economy. The activities of this sector of the economy are based on state ownership and are aimed at implementing the state socio-economic policy. The main structural components of the socio-economic system of the public sector are public administration, the social sphere and state entrepreneurship. The purpose and objectives are defined, the functions of the public sector are summarized, the main types of state activities and the features of the functioning of such a sector of the economy are given. At the present stage of socio-economic development of the country, the public sector produces the goods necessary for society and provides various services, such as ensuring public security, education, health care, social protection of the population, etc. The main interrelations of the public sector with economic agents and the principles of public-private partnership are considered. State regulation of the national economy system is carried out through the structures of the public sector through the implementation of fiscal, monetary and social policies. The article substantiates the importance of the public sector in the process of creating prerequisites for sustainable economic growth in the country, improving the quality of life and increasing the level of public welfare. The importance of the public sector for the national economy is proved, since for the stability of the socio-economic system and its development, the state forms a more appropriate economic infrastructure of the country, maintains a balance of macroeconomic proportions.

Keywords: national economy, socio-economic system, public sector of the economy, state property, state economic policy, public goods, state regulation of the economy, public-private partnership, economic growth

ГОСУДАРСТВЕННЫЙ СЕКТОР И ЕГО ЗНАЧЕНИЕ В ПРОЦЕССЕ ФУНКЦИОНИРОВАНИЯ СОЦИАЛЬНО-ЭКОНОМИЧЕСКОЙ СИСТЕМЫ СТРАНЫ

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Аннотация. В статье рассматривается функционирование государственного сектора экономики на современном этапе развития и обосновывается его значение для социально-экономической системы страны. Целью исследования является изучение теоретических концепций о государственном секторе экономики и его структурных компонентах. Вопрос о роли и месте государственного сектора в функционировании социально-экономической системы является актуальным. Государственный сектор представлен как самостоятельная, специфическая и комплексная система в рамках национальной экономики. Деятельность этого сектора экономики базируется на государственной собственности и направлена на реализацию государственной социально-экономической политики. Основными структурными компонентами социально-экономической системы государственного сектора являются государственное управление, социальная сфера и государственное предпринимательство. Определены цель и задачи, обобщены функции государственного сектора, приведены основные виды государственной деятельности и особенности функционирования такого сектора экономики. На современном этапе социально-экономического развития страны государственный сектор производит необходимые обществу товары и оказывает различные услуги, такие как обеспечение общественной безопасности, образование, здравоохранение, социальная защита населения и др. Рассмотрены основные взаимосвязи государственного сектора с экономическими агентами и принципы государственно-частного партнерства. Государственное регулирование системы национальной экономики осуществляется через структуры государственного сектора посредством реализации фискальной, денежно-кредитной и социальной политики. В статье обосновывается значение государственного сектора в процессе создания предпосылок для устойчивого экономического роста в стране, повышения качества жизни и повышения уровня общественного благосостояния. Доказана важность государственного сектора для национальной экономики, поскольку для устойчивости социально-экономической системы и ее развития государство формирует более целесообразную экономическую инфраструктуру страны, поддерживает баланс макроэкономических пропорций.

Ключевые слова: национальная экономика, социально-экономическая система, государственный сектор экономики, государственная собственность, государственная экономическая политика, общественные блага, государственное регулирование экономики, государственно-частное партнерство, экономический рост

INTRODUCTION

In modern conditions of development, the national economy of many countries is a mixed socio-economic system. The main elements of such a system are households, the state and business sectors of the economy. The socio-economic system of the state is characterized by stable relationships and mutually beneficial relations between all structural elements. Therefore, the dynamic socio-economic development of the country and society as a whole largely depends on the efficiency of the public sector. Such a sector

of the economy is a key, necessary structural element of the entire socio-economic system of the state, and its activities are based on state ownership. The functioning of the public sector as a whole is aimed at the production of public goods, which are not very attractive from a financial point of view for the business sector. This sector is also the main economic regulator in the country. The public sector of the national economy largely contributes to ensuring public security, social protection of the population, helps to reduce monopoly power, produces a variety of public goods and provides

public services, regulates socio-economic processes, sets certain rules for all economic agents, eliminates the consequences of economic crises, etc. At the same time, the state determines the directions of sustainable development of the national economy, economic growth and improving the level of public welfare. These circumstances determine the relevance of scientific research. Therefore, it is difficult to overestimate the role and importance of such a sector for the entire socio-economic system of any state. In modern economic science, the issues of theory and practice of the functioning of the public sector of the national economy are quite widespread. Among the economists who conduct research in the field of public sector functioning, we can note such scientists as N.S. Volostnov [1], P.S. Zvyagintsev [2], O.V. Kozhevina [3], O.S. Makarenko [4], L.V. Slezko [5], E.L. Kornienko [6], A.A. Molkova [7] and others [8-21].

METHODOLOGY

The aim of the research is to study theoretical concepts about the public sector of the economy and its structural components. It is important to study the role and importance of the public sector of the national economy in the functioning of the entire socio-economic system. General scientific methods of studying economic categories were used, such as scientific abstraction and cognition of objective reality, observation and dialectical logic. We also applied the principles of a systematic and comprehensive study of socio-economic phenomena and processes.

RESULTS

A mixed or hybrid socio-economic system of the national economy is characterized by symbiosis, and above all, stable and close relationships, mutually beneficial socio-economic relations and interdependencies. They arise in the process of its functioning between all elements of the system, namely, households, business and public sectors. At the same time, «the existence of the public sector...in countries with developed market economies is a historical...fact» [1, p. 269]. The need for the functioning of the public sector of the economy is caused by the fact that there are areas of economic activity that are not very attractive from a financial point of view for business. These areas of the economy include education, health care, social protection of the population, ensuring environmental safety, development of transport and territorial infrastructure, and a number of others aimed at the production of public goods. At the same time, at present, the public sector is a necessary element of the national economy system, characterized by the complexity of institutional units. Such a sector «...plays a very important role and accounts for a certain share of the economy» [2, p. 111].

The public sector of the economy operates on the basis of state ownership, is managed by state institutions, and is fully controlled by state or local government bodies. At the same time, such a «...sector of the economy produces such economic benefits that the private sector either does not produce at all, or is ineffective in creating them» [3, p.2028]. Such a sector of the socio-economic system of the national economy carries out the production of public goods and services necessary for the population, which for various reasons the business sector does not want to take on, and above all, because of their unprofitability or very low profitability. Public goods and services provided by the public sector to the country's population, include education, medical care, various forms of social services, human capital development, sustainable environmental and other types of social security, the formation of a developed social infrastructure, comfortable living environment of people, etc. Thus, today «the increasing role of the state in the socio-economic sphere, the presence of public needs... determine the place and necessity of the public sector of the economy» [4, p. 69]. At the same time, as part of the public sector of the national economy, it is possible to distinguish state management structures, that is, state authorities, state corporations and companies, as well as state social institutions. Therefore, such a sector of the economy «...can be defined as a set of enterprises, organizations, institutions

that are state-owned and managed by state bodies or persons appointed by them...» [5, p. 68].

In the course of its functioning, the public sector of the economy disposes of and uses to increase the level of public welfare all financial and economic resources that the state owns, and first of all, these are such resources as the state budget and extra-budgetary funds, state lands, strategic state corporations and enterprises, budgetary institutions and organizations of the social sphere. The main objective of the functioning of the public sector of the economy is to preserve and increase the national wealth of the country, as well as to provide the prerequisites for sustainable socially-oriented economic growth. At the same time, «the expansion of state intervention or its restriction depends on the economic situation and the state of economic development» [6, p. 83]. This sector operates on the basis of the developed state socio-economic policy, which «...is a national plan for long-term economic development of the state, the purpose of which is to ensure permanent economic development in the long term» [7, p. 23]. Especially important is the role of the state during the development of crisis phenomena in the economy, when it guarantees the fulfillment of social obligations to citizens and supports the business sector. Therefore, the public sector in the system of the national economy performs many functions, the main of which are legal, protective, regulatory, redistributive, social, stabilization, innovation, etc. However, an important aspect of the state's activity in the economy is its activity in the distribution of financial resources and income created in society [8, p. 40]. Thus, in the modern conditions of functioning of the socio-economic system, «the role that the state plays in solving the main issues of social development and, above all, in satisfying the diverse interests of the country's population is manifested in the functions of the state» [9, p. 227].

Unlike the public sector, the entrepreneurial sector of the national economy carries out business processes and builds its economic activity on the use of private ownership of the means of production and the use of market mechanisms aimed mainly at the maximum possible profit. However, the business sector today has close relationships with the public sector of the economy, and many economic agents carry out their activities on the basis of public-private partnerships. The main goal of the development of public-private partnership is to increase the efficiency and expand the range of economic activities, the resource base of which is formed by objects of state and private property [10, p. 139]. Such partnership creates conditions for innovative development of priority sectors of the national economy, as well as joint income generation from the use of public and private types of property. Also, the state carries out various types of business activities not only together with private business, but also independently. However, the activities of state business structures, unlike the business community, are not aimed at obtaining and growing profits, but at maintaining priority sectors of the national economy, introducing technological innovations, meeting the needs of society and socio-economic development of territories. Therefore, state corporations and companies «...become an important strategic lever for the development of the national economy of the country as a whole» [11, p. 8].

Also, the public sector of the economy contributes to the implementation of fundamental scientific research, the implementation of projects to ensure the country's defense capability and its information security. In addition, there are strategic sectors for the socio-economic system of the national economy of the state, where business interference is simply unacceptable, and, above all, the military industry, oil and gas complex, electric power, railway transport, postal service, etc. It is in these sectors of the national economy that the public sector of the economy prevails. At the same time, the modern «state should...create its own enterprises, conduct economic activities in areas where there is no private interest, quick return on investment, there are high costs, which does not allow creating competition for business» [12, p. 96].

The main purpose of the functioning of the public sector of the economy is to create its own property base to meet public needs, as well as state regulation of the economy. Therefore, «to achieve its main goal – providing public goods – the state by its actions largely coincides with the activities of the entrepreneur» [13, p. 2760]. The public sector of the economy in the course of its functioning has a significant impact on certain socio-economic processes and phenomena occurring in the system of the national economy, «therefore, the main task of the public sector is the ability to maintain the stability and balance of such a system...» [14, p. 34]. Also, such a sector of the economy significantly affects the level and quality of life of the country's population and the overall development of modern society as a whole, since it produces public goods and services, and «...most public sector organizations perform social functions...» [15, p. 54]. On the basis of the above, it is possible to identify a number of important socio-economic tasks that the public sector faces at the present stage of development, namely:

1. Ensuring and strengthening state control over the socio-economic processes taking place in society.

2. Sustainable economic growth, as well as stabilization and achieving a balanced increase in socio-economic indicators.

3. Support and stimulation of the business sector of the national economy, as well as the provision of social transfers.

4. Solving important socio-economic problems, including those related to employment and reducing social tension.

5. Ensuring foreign economic balance and strengthening the competitiveness of the state in the international arena.

The tasks listed for the public sector reflect the interests not only of the business sector, but also affect the interests of the national economy as a whole. For more effective implementation of the tasks assigned to the public sector of the national economy, it has its own specific structure, which includes state authorities and administrations of various levels together with their subordinate institutions and institutional units. However, «the analysis shows that in almost all countries the public sector is a heterogeneous industrial formation» [16, p. 139], which causes certain problems in the process of its functioning and largely reduces the effectiveness of its activities. But, despite this circumstance, in modern conditions of socio-economic development, such a sector of the economy is «...an important objectively necessary element of the structure of modern society...» [17, p. 99].

The public sector regulates all processes taking place in the socio-economic system of the national economy by conducting fiscal and monetary policies, controlling the level of prices for goods and services, limiting the activities of monopolies, slowing down inflationary processes, financial support for small and medium-sized businesses, reducing unemployment in the country, etc. Through the structures that make up the public sector, there is a fair distribution and redistribution of national income and state regulation of the national economy system is carried out through public administration structures. At the same time, «the modern state is a complex organizational structure, the effectiveness of which is largely determined by the effectiveness of the public administration system» [18, p. 172]. Since such a sector operates on the basis of State ownership, the main role of the public sector in the socio-economic system of the national economy is twofold. On the one hand, the state can act as a subject of economic regulation, and on the other - as the owner of various types of property, financial resources and funds. State ownership also includes companies operating in various strategic sectors of the national economy, as well as financial resources of the state. At the same time, «the type of activity provides the direction of making managerial decisions in relation to state property, and as a consequence, the effectiveness of state policy from its use» [19, p. 82].

The public sector of the economy, acting as the main regulator of the socio-economic system of the country, characterizes itself not only as an owner and a major investor,

but also as a producer of public goods and a consumer of final goods, works and services. Despite the fact that the state acts both as the main producer of public goods and as a consumer of various products, goods, works and services, it has certain tools for influencing the national economy, that is, methods of state regulation of this system. These tools include:

- macroeconomic regulation of all socio-economic processes taking place in the system of the national economy of the country;

- regulation of interest rates on bank loans and deposits by changing the discount rate, tax rates, granting benefits;

- the establishment of government and resizing minimum reserves to maintain liquidity of various financial institutions, etc.;

- state regulation of the national currency, foreign trade, the volume and circulation of money supply in the country;

- operations of state-owned enterprises, organizations, institutions in the securities market (issue of shares, purchase and sale of securities, etc.);

- establishment of the minimum wage, payment of social transfers to the population, maintenance of employment, etc.;

- regulation of foreign economic activity, import and export, ensuring a positive balance of foreign trade operations, etc.

State regulation is one of the main functions of the public sector of the national economy. It is carried out by such a sector through the development and implementation of State socio-economic policies. Therefore, «in this case, the special role of the state as the main regulator of the economy is manifested» [20, p. 235].

Thus, it can be concluded that the public sector is a necessary and important element of the socio-economic system of the national economy. And, despite the fact that «... in its essence, the public sector contradicts the fundamental principles of a market economy, at the same time it serves to increase the efficiency of the national economy as a whole» [21, p. 9]. Such a sector produces public goods, carries out state regulation of socio-economic processes and contributes to the growth of the national wealth of the country. To ensure the sustainability of the socio-economic system, the state forms a more appropriate infrastructure of the national economy, maintains a balance of macroeconomic proportions. Through the structures that are part of the public sector, the socio-economic policy developed by the state is implemented, macroeconomic forecasting is carried out, as well as state control of the activities of the business sector is organized, public-private partnership is carried out, priority sectors are supported during the economic crisis. Also, the functioning of the public sector contributes to slowing down inflationary phenomena and reducing unemployment, contributes to the fulfillment of state obligations to the population and contributes to improving the level of public welfare. For these purposes, the modern public sector uses the entire arsenal of the economic mechanism of state influence on the national economy.

CONCLUSIONS

Currently, the national economy of any country is a complex socio-economic system, the main complex elements of which are the public sector, the business sector and households. The functions of the public sector of the economy are largely determined by the essence of the state itself and its social purpose, that is, not only providing conditions for sustainable socio-economic development of the country, but also meeting the vital needs of every person living on its territory. The functioning of the public sector of the economy is based on state ownership of the means of production, based on the socio-economic policy developed at the state level. The main task of the public sector is to preserve and increase the national wealth, the production of public goods, and state regulation of the economy aimed at ensuring sustainable economic growth. Especially significant is the role of the state during the development of crisis economic phenomena, when it guarantees the

fulfillment of social obligations to the population and supports the business sector. Also, the public sector carries out public-private partnership with the aim of introducing technological innovations, developing priority sectors of the national economy and individual territories of the country. Thus, the public sector is a necessary and complex element of the socio-economic system of the national economy of the country. The public sector is an integral, integrated and independent socio-economic system within the national economy and is characterized by a multiple set of socio-economic processes taking place in it. The public sector system is a rather complex, multi-faceted economic phenomenon, as well as an objective unity and a complex of naturally related diverse elements, the functioning of which is aimed at economic growth, improving the quality of life of the population and the level of public welfare.

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