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## STATE POLICY FOR PROVIDING SOCIO-ECONOMIC SECURITY OF THE REGION

**Abstract:** *The article updates the importance of the state policy of ensuring the socio-economic security of regions in the context of increasing the openness of the national economy, increasing the level of external and internal challenges and threats. The concept of socio-economic security of the region is defined. The methodological support of the process of knowledge of regulatory processes in ensuring the socio-economic security of the region is substantiated through the study of two theoretical concepts: Keynesianism and Monetarism. It is proved, on the basis of the theory of conflicts, that the socio-economic security of the region can be ensured if the interests of economic entities are reconciled by searching for deep causes of conflicts and sources of threats in the process of expanded reproduction (production, distribution, exchange and consumption of national wealth at the regional level). It is substantiated that market regulators and economically sound state regulatory policy should be the basis for regulatory processes in ensuring the socio-economic security of the region.*

**Keywords:** *region, socio-economic security, challenges and threats, market self-regulation, state regulatory policy, regulatory process, state and market regulators.*

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## ДЕРЖАВНА ПОЛІТИКА ЗАБЕЗПЕЧЕННЯ СОЦІАЛЬНО-ЕКОНОМІЧНОЇ БЕЗПЕКИ РЕГІОНУ

**Анотація:** *у статті актуалізовано значення держаної політики забезпечення соціально-економічної безпеки регіонів в умовах зростання відкритості національної економіки, підвищення рівня зовнішніх і внутрішніх викликів та загроз. Визначено поняття соціально-економічної безпеки регіону. Обґрунтовано методологічне забезпечення процесу пізнання регуляторних процесів в забезпеченні соціально-економічної безпеки регіону через дослідження двох теоретичних концепцій: кейнсіанства та монетаризму. Доведено, на основі теорії конфліктів, що соціально-економічна безпека регіону може бути забезпечена за умов узгодження інтересів економічних суб'єктів шляхом пошуку глибинних причин конфліктів та джерел виникнення загроз у процесі розширеного відтворення (виробництва, розподілу, обміну*

*та споживання національного багатства на регіональному рівні). Обґрунтовано, що основу регуляторних процесів у забезпеченні соціально-економічної безпеки регіону мають становити ринкові регулятори та економічно обґрунтована державна регуляторна політика.*

**Ключові слова:** *регіон, соціально-економічна безпека, виклики та загрози, ринкове саморегулювання, державна регуляторна політика, регуляторний процес, державні та ринкові регулятори.*

Ensuring sustainable socio-economic development of regions is influenced by many factors: economic, political, psychological, scientific and technical, social and many others. In the context of increasing the openness of the national economy, increasing the level of external and internal challenges and threats, the priority of public policy is to ensure the socio-economic security of the regions.

The socio-economic security of the region is the ability of the regional economy to function in the mode of extended reproduction, that is, sustainable economic growth, to maximize the acceptable living and personal development conditions for the majority of the population. Socio-economic security at the regional level is also the ability of the economy to withstand the destabilizing effects of internal and external socio-economic factors, as well as not create threats to other elements of the region and the external environment.

The problem of scientific substantiation of the ratio of market self-regulation and state regulation as the main elements of economic mechanism in the direction of ensuring the socio-economic security of the region does not lose its relevance. Given the openness of the national economy, the need to optimize market and state influences is conditioned by the need to ensure the competitiveness of Ukrainian regions in world markets as a fundamental basis for socio-economic security, to increase their resilience to the challenges, risks and threats posed by fluctuations in foreign economic conditions.

Since the emergence of such a social formation as a state the issue of the nature of regulatory processes in the national economy has been devoted to the work of prominent philosophers and scientists. At the same time under the regulatory process it is legitimate to understand the process of regulating the economic development of the country, which involves the use of state and / or market regulators [2]. The first ideas to find out the nature of regulatory processes, including the role of the state in the economic life of society and the protection of economic interests from external and internal threats, related to the names of ancient philosophers Plato and Aristotle. In their works (Plato's treatises "State" and "Laws", Aristotle – "Politics", "Economy"), great attention is paid to the economy as an ability to effectively manage the economy and the art of administrative management – an important component of the state, which will ensure the welfare of society and its security from all kinds of dangers.

From the beginning of the emergence of political economy as a science, the representatives of economic schools have approached the interpretation of the nature of regulatory processes in the economy in different ways. In economic science, two opposite approaches to state participation in the regulation of economic processes have emerged – classical and Keynesian theories and their modern interpretations – neoclassical (monetarist), neo-Keynesian, and neoclassical synthesis theory. Thus, at a methodological level, regulatory processes in ensuring the socio-economic security of the region are worth exploring in terms of theoretical concepts, which include, first and foremost, classical and Keynesian theories.

The central idea of the representatives of the classical (fundamentalist) concept, in particular W. Petty, P. Boogilber, F. Kene, A.-R. Turgo, A. Smith, and D. Ricardo, there is a proposition that a market economic system is a self-sufficient system capable of automatically achieving full production and full employment of resources. That is, a market economy is capable of providing stability of its own development, resilience to risks and threats, if the state does not interfere in the economic cycle. And the full and efficient use of resources and their rational allocation are ensured

through the mechanism of price flexibility.

Thus, according to the classical concept, the main regulator of economic development and ensuring the socio-economic security of the region is a market mechanism that needs the greatest freedom. The state also performs a classic set of functions, which provides the conditions for the normal functioning of the market and the manifestation of economic laws. These functions include: introducing a system of regulations that regulate and regulate the activities of market entities; providing the national economy with central money; consideration of property conflicts and protection of property rights; collection of taxes at the expense of which the apparatus of state administration, defense etc. [1].

Unlike traditional classical theory, the English economist John Maynard Keynes proposed a new approach to understanding socio-economic security and justified the objective necessity and practical importance of state intervention in the development of socio-economic processes and the priority of counteracting internal threats. The founder of Keynesianism argued that equilibrium in the economic system could not be achieved through the mechanism of free competition, capital mobility, etc., since equilibrium is a rare case in the economy. The extension of the functions of the state, according to John Keynes, is necessary to combat the rise in unemployment, crises, for the rational use of labor resources [3, P. 47]. Keynesian theory is an analysis of the interaction and interrelation of different aggregated economic categories and quantities, the study of how the discrepancy between them affects the state of the economy, as well as to what extent and by what methods of state intervention can a harmonization be achieved between these categories and quantities for the purpose of continuous economic development [4, P. 6].

At various historical stages, the basis of regulatory processes in the economy of the countries was either the policy of free unregulated market, or the policy of permanent state regulatory intervention in market relations and social and economic security.

The basic law that operates under the conditions of a policy of permanent state regulatory intervention in market relations is the law of maximizing investment, that is, increasing not the results of social production, but its costs. The mechanism of action of this law is that since the engine of social production is an administrative state apparatus, it is natural to maximize administrative costs. In such circumstances, the authorities may violate the logic of economic interest and economic feasibility, which is determined by the criterion of profitability and economy of resources.

The theoretical and practical alternative to the policy of permanent state regulatory intervention in market relations in the world practice of state regulation was the policy of "unregulated economy", which provided for the maximum minimization of the economic power of the state. On the one hand, the policy of "free economy", that is, state non-interference in market processes, initiated the rapid development of industrialization of production. On the other hand, the marginal minimization of the regulatory functions of the state and the excessive reliance on market self-regulation, which in some cases fails to optimally and fairly regulate all socio-economic processes, have led to a significant restriction of economic freedom of economic entities. After all, unrestricted regulatory frameworks freedom of market relations, as a rule, can be used by their subjects first of all to change market rules in their favor, since freedom is not only freedom of economic choice and competition, but also freedom of monopoly [6, p. 48-62].

The methodological content of the study indicates that market regulators are not a universal mechanism for managing regulatory processes in the national economy. There are a number of problems that are inherent in market failures that cannot be solved solely by market instruments. Market failures mean situations where scarce public resources are not used in the most efficient way, resulting in contradictions between the goals, values and interests of economic entities as a result of their basic needs not being met, which is a source of conflict and reducing the level of socio-economic security of the region. Thus, according to the theory of conflict, the socio-economic security of the region can be ensured if the interests of economic entities are reconciled by finding

the root causes of conflicts and sources of threats in the process of extended reproduction (production, distribution, exchange and consumption of national wealth at the regional level).

Formation and realization of threats to the socio-economic security of the region in the absence of effective mechanisms for their neutralization leads to the transformation of real threats into systemic ones, which are catalysts of additional accumulated threats. In turn, both systemic and additional accumulated threats may act as factors and conditions for the emergence of other potential threats to the socio-economic security of the region [5].

In view of the above, market regulators and economically sound state regulatory policies should be the basis for regulatory processes in ensuring the socio-economic security of the region. Their optimal combination will allow to take into account and maximally satisfy the interests of all subjects of market relations and, accordingly, to increase the level of socio-economic security of the region. After all, if in the functioning of the internal environment of the socio-economic security of the region contradictions and conflicts of economic interests are neutralized in a timely manner, the system adapts to the environment without loss of stability and possible structural changes.

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