

NEW ECONOMIC POLICY OF KAZAKHSTAN IN THE FIELD OF PUBLIC ADMINISTRATION

During the last twenty years, in the post-soviet republics, the strategic role of the state in the transition to market reforms is still debated [1]. Therefore, during the change of the economic and social structure of the society: deeply-rooted stereotypes and methods which have been used to cope with economic stagnation are being reviewed.

The government faces severe need to substantiate the concept of national economic development which would provide the opportunity to implement the national economic progress in the interest of people and would reveal the economic policy of the government in objective levels of the economic policy development.

During the quantitative transition to new types and methods of economic policy, it undergoes important changes. In the developed western countries, the mixed type of economy led to the new role of the state in the economy: command-administrative and non-intervention. As it was observed, this often includes prevailing use of liberal principles.

The use of given methods and examples of economic policy includes: the open acceptance of importance of the formation of economic system, first, depending on the type of economic system being formed, and second, it should be focused directly on the real conditions of social welfare of the people using effective and vibrant economic policy to mitigate the negative societal effects of economic stagnation.

Even A. Smith, the founder of the theory of “invisible hand” according to the principle of “Laissez faire”, did not deny the necessity of the state regulation. “The state has three main tasks: provision of military security, fair justice, and creation of non-profitable for individuals and small groups’ public institutions. According to A. Smith, that happens so, because the income of such institutions can be substituted by large organizations but their expenses cannot be covered by small organizations and individuals [2, page 51–52]”.

Recently, due to the reason that individual businessmen and public limited partnerships and social goods require large investments, apart from the access to possible market mechanisms, the question is raised to specify the market mechanisms of these goods. These are “collective” goods without which the existence of the society is not possible and which cannot be provided by individual businessmen: state defense, fundamental sciences, space explorations, communication, electrical power production, education, health care, preventive health care, preservation of historical, cultural and natural heritage, etc. All these are functions of the state, because the production and service of these goods are not suitable for provision of evident social aims.

Modern western economists think that apart from complete social goods and services which cannot be met by the requirements of private market there are other goods and services. “These can be any goods and services when they are produced under conditions of higher expenses than those incurred by private individuals. The production of such goods and services takes place even if it leads to the incomplete market (on the other hand, under the complete market, all such goods and services would be provided under the lower expenses if compared to the expenses incurred by private individuals)” [3, 81 6.].

In case of banks bankruptcy, insurance of farming risks, fluctuation of prices of agricultural goods, also in case of fires and floods, and in other force majeure, the market cannot save the deposits of investors. Therefore, insurance market is provided by the state insurance.

Moreover, the state provides the market in other spheres. For instance, the field of urban renewal requires the coordinated efforts of owners of plants, estates, traders and various other entrepreneurs. Under these conditions, the state obliges participants of market economy to produce required goods and services.

In case of the market, there are many such shortcomings. Some scientists call it the degeneration of the market. This can include insufficient information about the services of market participants and social needs. Therefore, laws are passed to notify debtors by creditors about crediting rates in different countries, about the quality of industrial and agricultural goods and medications. This information is also considered as a social good which is classified separately from market goods.

There are a number of conditions which can lead to the development or to the stagnation and collapse of the market. The latter can happen due to the monopolistic tendencies and the absence of cyclicity during the development of the market economy. These tendencies can drive the economy away from the path to social progress. In this case, one of the important means of market regulation is to establish certain institutions to provide services of market regulation to participants of the market and to improve anti-monopoly laws. Only the state can solve the problems of unemployment, low prices, as well as a general disparity of demand and supply and to mitigate the consequences of the absence of cyclicity during the periods of depression by implementing life-important measures to stabilize the economy and to overcome economic stagnation. Particularly in this case, the coordinating role of the state authorities is beyond any doubt.

The undeveloped market has yet another disadvantage: it is inability to organize equal and fair distribution of incomes. According to V. Pareto, in a self-promoting economy, under the market laws, acquisition of revenue, its fair distribution and its choice by content can lead to the social inequality of a considerable part of population. All this, as a part of social antagonisms and strained relations between employers and employees, as well as non-profitability, can go unnoticed by many people and, especially, by entrepreneurs. Therefore, the main task of the state is to redistribute incomes in order to support socially vulnerable groups of population such as pensioners and disabled people.

The issues which cannot be used to solve the problems of the market economy include external factors. One of the best known among them is the destruction of the environment (air and water pollution and land misuse), waste of non-renewable natural resources. There is a well-substantiated statement: without the state intervention the level of the destruction of the environment would be much higher. Only the state can influence these negative factors through fines, regulations, prohibitions, prices and other suitable means.

The main justifying argument for the existence of public administration is underdevelopment or degeneration of the economy. It is evident that without deliberate supplementation of market mechanisms with means of state regulation the national economy would not be able to provide the maximal societal prosperity and efficiency.

Therefore, direct and indirect influence of the state bureaucracy on the social and economic coordination and on the performance of business entities can be considered as a system of state measures to adjust important and complex processes of economy public administration, economic balancing and sustainable development to internal and external factors of change.

Since 2008, Kazakhstan has faced with difficult period of slowdown of world economy, after which the policy of economic growth and improvement followed. In this case, the character and the rate of economic growth depend on the extent of state support of the economy and the direction of the course of state economic policy. In order to avoid unnecessary expenses used in the process of economic recovering under unfavorable external factors, these expenses are currently regulated by the state.

Alongside with that, instead of maintaining high rate of economic growth, it is important to keep inflation down during the average conventional period and to maintain macroeconomic stability. These measures provide a balanced policy of public administration to stimulate economic development without undermining macroeconomic stability. Such political course gives the opportunity to recover the economy by avoiding repeated over-heating and to improve the quality of investments.

However, a successful maintenance of macroeconomic stability and effective counter-inflation measures are never a complete guarantee for the creation of favorable conditions of economic growth, recovery of the structure of the economy after a long period of economic stagnation. In case of default and inadequate reactions of business entities, following the methods of the pure market, it becomes evident that the problem cannot be solved by monetary methods. Such a burning problem as the loss of national production potential, which is related to impoverishment of population and threatens maintained macroeconomic stability, increases social tension and leads to economic slowdown, has escaped from the scope of economic policy view. Structural disparities in the economy, the absence of strategic documents to be implemented into practice, production monopolies, backlog of technical progress in the industry, all this cannot be solved by monetary methods alone. The process of the recovery of economic structure and implementation of institutional changes is very time-consuming.

Many hardships of economic reforms, including a long economic stagnation, during the implementation of several poorly-planned economic reforms, arise from systemic errors coming themselves from transformation and restructuring policy formulated on the basis of new liberal ideology.

It should be noticed that all above-mentioned problems are interconnected and interdependent and need a complex approach for their solution. With that, the focus should be drawn onto the most crucial problem which is the most threatening for the national economy. According to our view, at the moment, the biggest challenge for Kazakhstan comes not from a high level of budget deficit and inflation but from ineffective state regulation of the economy.

The aim of the economic policy should be clarified at maintenance of a balanced and qualitative economic growth with the help of effective use of means of monetary, fiscal and structural policy.

These are the issues to be considered within state regulation of the economy of Kazakhstan:

First, the maintenance of a high level of budget financing of main spheres of social and economic development;

Second, the increase of long-term investments into non-raw-material branches of the economy provided with the help of developmental institutions;

Third, the enlargement of investment services of national companies, first of all, during the implementation of multi-structural projects;

Fourth, the stimulation of investment activity of private sector, including the method of state and private partnership;

Fifth, the stimulation and diversification of mostly direct foreign investments into non-raw-material, commodity-producing branches of the economy;

Sixth, to increase the competitiveness of the economy measured with growth factors of higher order of magnitude (the quality of the process of investment, increase of the efficiency of energy use, innovations, increase of the quality of human capital).

During the conduct of the policy of balanced and qualitative growth maintenance, there is a chance of occurrence of certain macroeconomic risks related to transformational change of conditions and which require the search for various mechanisms.

According to the public policy documents, there is a need to raise the efficiency of the state-national and state-branch programs. With regard to these state programs, it is necessary to optimize the number of complex and very big programs through their integration and control as well as by establishing supervising and performance evaluation authority over implemented state programs. The approved measures are aimed at documental support (state-national, state-branch and state-regional programs), provision of rapid economic growth and effective use of republican and local budgets.

During the development of methodological grounds of effective strategy for public administration of social and economic development of Kazakhstan, it would be proper to take a special care for the choice of strategic aim and future long-term priorities for the people. Therefore, the basis for the development of effective strategy of public administration would be the strategic priority of the development of the national economy.

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