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## **CONTEMPORARY SOCIALLY REGULATED MARKET ECONOMY**

*The paper presents the author's views on the initial premises for a theoretical economic investigation. He proceeds from recognizing the human's dual nature, in which two original thresholds couple: individualism and collectivism. The paper begins with a short survey of views exposed by several economists testifying the tendency to strengthen social aspects of the economy. With the above positions as fundament, the next part describes four ontological premises relevant for any economic theory: economic subjects, economic objects, relationships between agents and institutional conditions of their activity. Special attention is paid to the role of the state as most important social institution, whose functioning seriously impacts on market-type economy. The concluding part of the paper addresses socially regulated market economy practiced in most developed and civilized countries.*

*Keywords: economic theory, ontological premises, individualism and collectivism, dual nature of economic subjects, mutual relationships between economic subjects, economic objects (goods), social institutions, the role of the state, socially regulated market economy.*

The contemporary economy, at least in developed countries, differs from economic systems, which existed in the time when capitalism, with its fundamental

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*laissez-faire* principle, went through its formation period and reinforced its positions. Today it is the state that plays a noticeable role in national economy, concentrates from one third to half of GDP in its budget, and uses these financial means to fund various spheres of life in relevant countries. Many aspects of the country's vital activity, including processes underway on the competitive market, are subject to state regulation. This specific feature of contemporary economy cannot but be taken into account in scholarly investigation; the latter aims not simply to stress the present-date specifics of the research object, but also explain the causality and mechanisms precisely of this economic model formation.

### **Enhancing social aspects of economic practice and theory as a historic trend**

The shaping of modern economic system resulted from a lengthy historical development of capitalist society towards enhancing social aspects of the vital activity of the humans. It was rather long ago when many theorists started to point out this growing tendency. Already in the works of the classic of political economy, Adam Smith the market was investigated not only through the prism of behavior of egoistically-minded individuals, he also underlined the relevance of moral factors they are guided by in defining their preferences. His main treatise entitled "*An Inquiry into the Nature and Causes of the Wealth of Nations*" substantiates the liberal capitalist postulate about the country's wealth produced by its every single inhabitant in pursuit of income, i.e., personal enrichment. The provision about an individual's unlimited freedom of action became a component of this approach. Smith argued that an individual is much more successful in his activity if led not by "an inapt and greedy hand of the state", but by "the invisible hand of the market".

Smith's conception is most frequently conceived as an unambiguous opposition of free market to the state, which allegedly should not be in place in the economy. In reality, the conception only affirms the primacy of market as objective economic environment and the secondary place of any subjective forces, the state included. In his time already, Smith did not negate the irreplaceable role of the state both in defending the country from foreign enemies and in its internal development (inclusively in the monetary-fiscal area), although he criticized irrepressible fiscal appetites of the authorities. Smith's market realism was coupled with moral romanticism demanding equity in the distribution of wealth. "The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty maintenance of the labouring

poor, on the other hand, is the natural symptom that things are at a stand, and their starving condition, that they are going fast backwards” (Smith, 1786, p. 119).

In “*The Theory of Moral Sentiments*” Smith extensively exposed his views on the moral sides of human’s and society’s vital activity, without using these a normal market operation is, basically, impossible (Smith, 1975). Nobel Prize winner in economics, Amartya Sen pays attention to the fact that Smith, when qualifying the market as perfect and self-sufficient, “also brought out the support that the markets need from other institutions for efficacy and viability. He identified why the markets may need restraint, correction, and supplementation through other institutions for preventing instability, inequity, and poverty” (Sen, 2010, p. 52).

The need for radical changes in capitalist economy, both theoretical and practical, was realized during the Great Depression when the world crisis erupted between the 1920s and the 1930s. The New Deal enabled by US President Franklin D. Roosevelt helped steer out of the crisis and signified a drastic departure from the previous rigid liberal economic practice towards an active use by the state of various macroeconomic regulation tools. Profound reforms of the capitalist system in along the above line were, for the first time ever, theoretically justified by the British economist John Maynard Keynes in “*The General Theory of Employment, Interest and Money*” (Keynes, 1936). His main idea was that the state, with the help of budgetary means and other available tools stimulating demand and employment, is able to steer the economy out of the deep crisis.

Keynes claimed that the high level of unemployment cannot be lowered by way of market self-regulation only. He saw the unique solution of the problem in budgetary funding of public projects stepping up demand and enabling economic recovery. In the article “*The End of Laissez-Faire*” published in 1926, i.e., three years before the Great Depression started, he refuted the argument generally accepted in economic theory that free market and private entrepreneurship, automatically and in all cases, create conditions for full employment and a macroeconomic balance. He held, adversely, that in the declining phase of the economic cycle private investment decreases due to lower profit rate and growing interest rate. Therefore, only public investment, by launching an investment multiplier, can, in his view, lead to recover business activity. If in microeconomics the free market is retained in this case, in macroeconomics it is the state that plays a great role and impacts on national income distribution, on most important demand and employment aggregates.

Keynesianism was the dominant trend in economic theory up to the late 1970s. In this period many well-known Western theorists advocated for increased state regulation of the economy and pointed to obvious flaws of the free market. The idea of combining market and social thresholds in modern economy was embodied in the theory of socially oriented market economy (soziale Marktwirtschaft), with its basics formulated by German economists (ordoliberalists). Among them

was Alfred Müller-Armack who came forward and whom the theory owes its denomination. After World War II the theory gained acceptance in other developed European countries and took an estimable niche in world economic science.

The last two decades of the 20<sup>th</sup> century faced a revival period of economic liberalism, a return to free market theories, which strongly opposed Keynesianism and other proponents of state dirigisme. This was objectively due to the fact that many countries of the world ran far ahead in their move towards “welfare society” and often sacrificed the urgent need for higher economic efficiency for the ambition of social equity (See Knyazev, 2008c).

However, even in this period, notably in the years of the present-day global crisis maturing and already in place, criticism of economic neoliberalism did not subside. According to John Kenneth Galbraith, adherent of the welfare state and state interventionism, the unlimited impact of market inevitably leads to unbearable inequality in income distribution, to a spillover of production resources away from satisfying vital needs of the majority of population towards indulging exotic desires of its rich minority. He also takes for a myth “the sovereignty of the consumer”, whose wishes and needs allegedly determine the production structure, since big corporations manipulate the consumers with the help of aggressive advertising (Galbraith, 1967).

Joel Bakan in his book entitled “*The Corporation: The Pathological Pursuit of Profit and Power*” claims that egoism and greed are not the only motives for an individual, his whole reason to live goes beyond these motives. He argues that the majority of people feel not only material goods are necessary, but also love, attention, empathy, tranquility, security, equity and other spiritual values. By propagating goals, motives and behavior types of corporations eager to exclusively pursue egoistic interests in all spheres of individual and public life, the interests in life result vulgarized, cultural, moral and spiritual values belittled and the human civilization generally degraded. Excessive commercialization of private and public life, propaganda of egoism and material consumerism imply that the human essence is reduced to its biological and animal component (Bakan, 2003).

Disagreement, on the practical level, with the statement about egoistic individualism calls for another theoretical perception of the problem, and several authors gradually approach this standing. Kenneth Arrow, theorist of public choice, when researching the role of moral and ethical norms and other public factors in economic activity, recognizes that ‘the human is undoubtedly led by motives beyond his own “ego”. It is the individual’s feeling of responsibility for society ..., public interests, which cannot be reduced to individual motivation, come also to be seen here’ (Grinberg, Rubinstein, 2010, p. 7).

The economic synergy theory popular nowadays, focuses particularly on the inalienable role of the state, which is proclaimed as being part of the synergetic

scheme of economy along with free competition market, financial capital and mass public awareness subjects (Evstigneev, Evstigneeva, 2009).

Russian researchers Alexander Radygin and Revold Entov point to the existence of social preferences, which are not considered in economic theory: “The starting point of economic analysis – the system of individual preferences - implies, in real life, various “social” preferences, which, as a rule, are not present in standard theoretical models” (Radygin, Entov, 2013, p. 27).

### **The need for a new approach to study modern economics**

The new character of economy requires a different approach to its study. Up to now economic theory has been known to proceed from the inviolability of the well-known principle of methodological individualism. It is held that this principle is basic for processes underway on the market and that rational market agents are guided exclusively by their individual preferences. However, in the modern era of growing state regulation, methodological individualism appears, obviously, to be insufficient to explain existing economic realities.

Many authors wrote about the original vulnerability of this principle, but almost no one of them doubted it on the ground that it does not consider the human’s dual nature with its two contradictory thresholds coupled: individualism and collectivism. Most extensive criticism of methodological individualism can be found in the works of Alexander Rubinstein, who, together with Ruslan Grinberg, develops the economic sociodynamics conception. In the former’s article “*Public Interests and the Theory of Public Goods*” the author affirms that the theoretical kernel of the conception “is based on withdrawal from unlimited methodological individualism and on the transition to a softer complementarity principle admitting group interests along with individuals’ preferences” (Rubinstein, 2007, p.103). This quite regular assumption is advanced proceeding from the idea that, in reality, social interests exist apart from purely individual interests, and the former cannot always be reduced to the latter.

However, the question about the origin of public interests, about where they have emerged from in a society of individualists driven by egoistic interests only, remains unanswered. Indeed, in the sphere of purely market relations it is difficult to trace any public interest either. This was captured by the authors of the research “*Basic Premises for Modern Economic Theory and Their Criticism*”, and they were right in stating that price modeling is still based on methodological individualism cited and criticized by Rubinstein (The Basic Premises, 2013).

As a matter of fact, this principle inevitably operates when equal values are exchanged between private owners, i.e., on the market. In this case egoism is

dominant, everybody looks for benefit and nothing else. In the process of market competition businessmen strive for their egoistic profit as well. But individualism is actually complemented by holism (collectivism) not in the market domain, but in society as a whole, where both antipodal principals do act, only in two different domains. Collectivism finds its expression in defending people's common interests, which occurs not in the market but in a principally different domain, the social domain of vital activity. The collectivist threshold finds its fullest expression in people's participation in common projects, in the regulatory activity of the state, that is, in the defense of public interests.

This inevitable separation into two spheres of people's vital activity (market and non-market) leaves no ground either for market fundamentalism and chauvinism (attempting to explain everything only with the help of market axiomatics) or to ignoring the market and substituting it for subjective arrangements of totalitarian or communist type.

If one apprehends the human's genuine nature (with individualism and collectivism coupled and, at the same time, in dialectical unity and controversy), it helps realize the origin of public interests, which do not contradict the human kernel, but are, moreover, its generation and in no way an act of Divine Providence or product of cosmic forces (See Knyazev, 2011b).

### **The original premises for modern research in economics**

Acknowledging the human's dualism instead of mono dimensionality implies a different ontological approach to conceiving the premises, which form the basis for any authentic economic theory at all. It is precisely the relevance of original theoretical basics that is explained by the fact that "theoretical research intends to discover new facts and regularities, and the ontological analysis to identify tacit premises underlying respective theories" (Ananyin, 2013, p. 6). Theory is not a replica of objective reality but solely the author's insight into it, i.e., subjective knowledge about real objects and processes. "Theoretical reality ... is not identical to theory ... since the principal subject at the disposal of theorists ... is already not reality as such, but a certain specific theoretical form" (Boldyrev, 2009, p. 48). Consequently, much depends on theorists' fundamental subjective perceptions of the objective reality they research. Since these fundamental perceptions may vary, theoretical paradigms differ radically as well. Any new paradigm is based on a different interpretation of interlinked ontological premises.

Among these premises to proceed from when elaborating any theory are, in our view, the following: (1) the character of economic subjects (agents, actors); (2)

specific features of economic objects with whom the subjects have to handle; (3) mutual relations between the subjects concerning the objects; and (4) institutional and other conditions in which various types of subjects operate.

To adequately perceive the essence of active subjects of any economic system, a fruitful analysis of the latter is of decisive importance. In any economy the main acting persons are people in their role of consumers and producers of goods, buyers and sellers of commodities and services, production managers and investors. In a human as initial economic subject, along with his doubtless individualism inherent to any zoological species by instinct, over the time he is present in society of his like, a collectivist threshold comes to be asserted. As a political animal the human is simply unable to live beyond society, otherwise he is subject to quick degradation. The human needs to be protected by society, primarily for the need of natural survival, which drives even animals to pod. In the course of communication between reasonable individuals, collectivist awareness building necessary to coexist is developed. In this way the genuine human kernel comes to arise with two thresholds coupled in it: (1) the innate individual threshold, and (2) the social threshold the humans acquire in the course of their life in society, which allows them to enjoy its goods in exchange of voluntarily limiting some excessive individualistic bents.

The collectivist threshold manifests itself in the fact that a human has both individual and social interests. The depravity of methodological individualism lies precisely in accepting absolutely and solely one, the egoistic, side of the human kernel, whereas the other side, collectivism, inherent to the human (i.e., the desire and capability of living in a society) is not taken into account altogether. Social interests are expounded directly - at the level of inborn instincts (family-building, group-building to be protected from external dangers) and acquired moral standards (respecting the rights of other members of the society, curbing, for their sake, one's unbridled feelings), and indirectly, with people's participation in various public organizations aimed to protect both individual and common interests of groups, social layers, classes and the people as a whole.

Life in any society calls into existence community rules, which are not imposed from without but express people's collectivist threshold. People themselves wish to live in this way, although some of them, with egoism prevailing in their nature, are forced by the community to observe established rules. Only by recognizing the human's dual nature the emergence and existence of ethics (not as a religious dogma but a social category), social interests and public goods, institutions of all sorts and the regulating role of the state speaking in the name of society at large, can be justified in scientific terms. If the people had not arranged their common life, it would have been impossible in principle. But inasmuch as it really exists, it means the collectivist spirit is shared by the majority of individuals who

communicate it to others, or, at least, make them limit their egoism. To be honest, another variant of an all-embracing egoism as dominant cannot be excluded either, then the society breaks up or falls to decay. The majority of people can easily overcome their egoism and do not suffer because of the need to tame their unrestraint.

The proposed axiomatics of the human nature rejects incontrollable individualism (the individual's behavioral wealth in everyday life cannot be reduced to it) and overwhelming collectivism (notably forced, which overmasters a free individual). In fact, only a combination of these two thresholds on all levels (in every individual, any society, any state and society at large) is possible, and the target of science is to investigate different variants of the combination under any given conditions, without limiting oneself to frequently scholastic debates. The mechanism of private and public interests' interaction can be conceived only in their unity, not in their opposition as exceptive categories (See Knyazev, 2008b).

The dual nature of economic subjects finds also its inevitable reflection in the objects they deal with and which are material manifestations of various interests. Individual and collective needs of people as their relevant materialized interests are satisfied by private and public goods (different in their character).

To realize public interests various social (public) goods need to be created. Public goods also satisfy the needs of individuals and, simultaneously, those of society as a whole. In terms of ways of citizens' consumption, public goods are subdivided into two types differing in principle – material and immaterial. Material goods are particular objects created by the state or society and used individually by anybody who is willing to do it - largely free of charge, at full or reduced charge.

Immaterial public goods are conditions of citizens' secure and orderly life created by the state irrespective of their personal wishes and their readiness to pay taxes in reward. These goods are: (1) national defense capacity; (2) citizens' internal security and protection of their constitutional rights; (3) manageability of the country as a whole and of domains of society's vital life. The latter good includes: (a) state administration at all levels; (b) regulation of economic and technical-scientific development; (c) improvement of the social sphere and ensuring social equity; (d) promoting the development of science and culture at large and their different dimensions.

Special material objects (army with all its equipment, defense-industrial complex, law enforcement bodies, courts, prisons, state government bodies, entities of social domain) are created to provide society with immaterial goods. But these objects are not always used by citizens individually, they serve only as material base necessary to offer relevant immaterial goods. In contrast to material goods, immaterial ones are offered to all citizens in their totality and are used in totality without individualizing their consumption.



Gratuitous and paid public goods differ only in the way of refunding their production costs, which, of course, is important from the point of view of relationships between the state and its citizens; but all public goods are categorized as qualitatively different types and as such are, in principle, not their special types.

The state acts simultaneously as investor, customer and provider of a public good which is consumed by citizens voluntarily or forcibly. Hardly can the given good be taken for a commodity, which is known to be produced not for one's own consumption but for sale. Commodity categories seem to be unsuitable here since, in essence, the state is engaged in subsistence economy, it is the state that determines the need for a particular good, its production costs and conditions under which it is offered to the citizens. The fact that the good is consumed not by the state itself but by its citizens, does not convert the good into a commodity; the same is true of products of a farmer's subsistence economy: if consumed by his family they do not turn into commodity because they are not marketed.

*The relationships between economic subjects* also bear the impress of the human's dual nature. These evolve in respect to both private and public goods in their production and consumption processes. In some cases the subjects are driven by private interests exclusively, in other cases their interest in a public effect prevails.

When buying a commodity the consumer is motivated differently – by his personal preferences, by “social order”, by multiple random factors (like fashion, public opinion, own whims and instantaneous moods, advertising effect, innate curiosity, etc.). In any case he makes his choice to satisfy a demand for a given class or type of commodities – with his budget in view. It is his financial solvency that, in the end, determines which particular commodity will be bought, an expensive or cheap one, of high or not very high quality, of one-use or durable, with beautiful or less attractive wrap. The outcome will be whether this particular commodity will be bought or another one at an acceptable price.

Public goods for general and mainly gratuitous consumption are created and used absolutely differently. Market rules are in force here within certain limits, for example, they require that production costs are in conformity with the consumer performance of particular goods, which is significant in saving budgetary means. At the same time, object- and domain-specific investment allocation is effected by the rule of thumb of the authorities and depending on society's estimated needs for these or other public goods.

Collective and individual needs are difficult to differentiate, but it is important to realize that a collective choice has an impact on market demand in the same way as individual preferences do. Production and consumption of public goods exert significant influence on shifts in aggregated effective demand and supply of commodities and services. Obviously, this influence modifies accordingly market relations and rules regulating them.

Private and public interests are provided for with the help of *various institutions*, elaborated by society to this end. The perception of these institutions' essence is also predestinated by the human's dual nature. Some institutions are intended to protect individual or group interests (private property rights, individual freedom and independence, family and citizen associations' interests), others aim at providing for public interests (national defense capacity, internal security, governmental manageability, healthcare, education, science, culture).

Of particular relevance are institutions engendered by the state and this institution itself perceived as a coherent whole. The state is regarded by many economists as a telling tool to eradicate flaws emerging in market economy and known in economics as market failures. The state by itself is, however, not far from being devoid of drawbacks. It is not without reason that some authors hold state failures more dangerous than market failures. Meanwhile, these two types of failures cannot be treated as phenomena of similar type and below is the explanation why.

Market failures are of objective, impartial type like the market itself being a public mechanism of exchange of commodities and services. Monopolistic distortion of the competitive market environment, overproduction crises and crises of other types producing recurrent dislocation in economic development are taken as best-known market failures.

State failures are subjective acts of state bodies adopted, as a rule, with benevolent goals in view and leading, for a variety of reasons, to negative effects. Consequently, any state measures either ill-prepared untimely or simply erroneous due to incompetency of the officials, or their misestimate of expected results, can result in failures. This situation compels us, first, to be very cautious about any governmental decisions and enhance civil society control over the activity of authorities, and, second, to make it the mission of economic science as well as other social sciences to study deeply and comprehensively how administrative entities function, and inform them about the findings of basic and applied theoretical research.

### **On socially regulated market economy**

It can hardly be denied today that state involvement in the economy has been in place always and everywhere, but the level of this involvement varies depending on particular circumstances. The range of state impact on economic life of society is rather broad: from almost total noninterference on the stage when the state is in formation and exercises only its primary functions of protection against foreign enemies and safeguarding internal law and order (though in those times taxes had

to be raised to remunerate the authorities and cover the expenses needed to comply with the above tasks) to comprehensive economic activity of a totalitarian state typical for countries of so called real socialism over 1917-1990. But even in the contemporary epoch of almost total dominance of capitalism in the world, the real role of the state differs radically across countries depending on the socioeconomic development level of a particular country and its ruling ideological and political ideas (liberal, conservative, or socially oriented).

Thanks to a greater role of the state, modern market economy - at least in developed civilized countries - has adopted a clearly defined social character. But the problem consists not only in conducting a generally accepted social policy by the state. It is highly important also to adjust spontaneous market processes in order to make the economy socially engaged in the sense that the interests of all market subjects (irrespective of their size and power), are protected and balanced.

*Therefore, modern market economy is not simply social, but socially regulated.* In the first place, it ensures smooth operation of national economy as a whole, and, in the second place, it supports a certain level of social equity in society. An optimal combination of two thresholds is of importance: free market, which is primary, objective and unbiased, and conscious state-run regulation, which makes adjustments to independently developing processes (See Knyazev, 2011c).

We can detach the following important dimensions in the activity of the state aiming at macroeconomic regulation:

- Ensuring free individual and corporate entrepreneurship and hired workers' successful labour activity;
- Creating favourable competitive environment for businessmen and fighting monopolism on the market;
- Anti-crisis and counter-cyclical regulation of economic development and economic growth stimulation;
- Structural and regional policy making;
- Enhancing scientific-technical, technological, information and organizational innovation in enterprises and in society at large;
- Regulation of foreign economic activity (See Knyazev 2012).

The above list of the main lines of state intervention in the economy is reduced only to the necessary minimum. Here, means, tools and methods are employed, which do neither violate principal market laws nor limit free enterprise if applied within the legal framework. Specifying the scope of real state competences allows to abandon fruitless disputes on whether the state should intervene in economic life, and to switch the dispute to practically determine real competences,

which help governmental bodies engage in macroeconomic regulation needed by the national economy.

In the relationships between spontaneous economic development and state involvement nothing can, obviously, be permanent and eternal for all of life's emergencies. On various historic stages and under different conditions one has to empirically grope for a most optimal combination of the two thresholds of contemporary economy – the free market, which is primary and unbiased, and conscious state regulation, which adjusts independently ongoing processes.

The criterion to evaluate the measure of state involvement in the economy is the condition of the economy itself or its particular areas. In case economic development goes its normal way, the emerging problems are resolved and difficulties overcome, it means the state has found the right level of its macroeconomic impact. If problems accumulate and mount, the difficulties turn out to be insuperable, state involvement, apparently, is either insufficient or excessive. In these cases the state, nevertheless, ought to adopt certain measures but their main goals will be completely opposite. Reinforced regulation is called for in case spontaneous and uncontrolled processes - leading to overproduction crises and accelerated cyclicity – prevail. Mitigated involvement becomes inevitable when symptoms of obvious overregulation of economic processes emerge, and the economy loses its elasticity, becomes more bureaucratic, multiple administrative barriers “strangulate” all initiatives, give rise to corruption and drive business into the shadow.

In contemporary economy it is important to tackle a dual-purpose task of supporting a stable balance between market efficiency and social equity; the task cannot be fulfilled without state regulation in cooperation with civil society institutions. Maintaining this balance is a challenge. There is always a danger in place that one party prevails over the other. Therefore, there is an eternal stand-off between forces advocating for a natural and customary development process on the one hand and for adjusting this development on the other. This is manifested in a permanent strife of conservatives and liberals, traditionalists and socialists, the right-wing and the left-wing - who rotate in gaining the upper hand and do not allow to substantially digress from the established optimal path in one or other direction.

Excessive state regulation and burdensome social programs lower economic efficiency, bank profitability and return on investment. And vice versa: high quality indicators of economic development help gradually strengthen the net social component of state regulation. The same statement is as well true of Russia, which has seemingly abandoned socialism but not yet approached civilized capitalism. Unfortunately, the present-day socially regulated market economy lacks a civilized market, competent state regulation, and appropriate social orientation. All this

means that state authorities should fearlessly use at least those regulation mechanisms and follow a social policy, which are successfully applied in advanced countries, and duly improve our economic system.

The approach to academic research of modern *socially regulated market economy* advanced in this paper is based on the conception of its real operation, which differs from the conventional one, and allows to adequately refine on the essence of economic theory, its codification and text-book presentation (See Knyazev, 2012). A monistic view based on human's dual nature recognition can impart greater coherence to the theory and give an explanation of historic evolution of human civilization towards enhancing social structures.

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## SUVREMENA SOCIJALNO-REGULIRANA TRŽIŠNA PRIVREDA

### Sažetak

Autor izlaže svoj pogled na polazne premise za teorijska istraživanja suvremene privrede sa pozicija priznanja dvojne prirode čovjekove osobnosti, u kojoj koegzistiraju dva načela – individualizam i kolektivism. Nakon kratkog pregleda stavova niza ekonomista koji uočavaju tendenciju jačanja socijalnih aspekata privrede, daje se sa ovih pozicija karakteristika četiriju ontoloških premisa ekonomske teorije – privrednih subjekata, ekonomskih objekata, odnosa između subjekata i institucionalnih uvjeta tih djelatnosti. Osobita pažnja poklanja se ulozi države kao najvažnijoj društvenoj instituciji čije funkcioniranje bitno utječe na karakter tržišne privrede. U završnom dijelu članka opisuju se značajke socijalno regulirane tržišne privrede u najrazvijenijim i civiliziranim zemljama.

Ključne riječi: ekonomska teorija, ontološke premise, individualizam i kolektivism, dvojna priroda subjekata, ekonomski objekti (dobra), društvene institucije, uloga države, socijalno regulirana tržišna privreda.