

Methods of state regulation of the economy in Belarus

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Ronald Reagan's quote, «Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it», reflects what might happen due to excessive pressure from the government on the economy [1]. Nevertheless, the significance of the influence of the state on economic growth cannot be denied.

The aim of the article is to reveal ways and methods by which the government regulates the economy of Belarus and describe the particular example of the decision making process to solve the problems caused by the economic slowdown and pandemic COVID-19, which arose in 2020.

Belarusian government implements administrative and economic methods to regulate the economy. Administrative methods, also called “direct” methods, oblige market entities to a particular action. They include: (1) determining the strategic goals for the economic development; (2) setting sanitary and environmental standards, certification of products and technologies; (3) inserting licenses, quotas and bans on certain products manufacturing, import and export; (4) establishing fixed prices for certain products and services; (5) direct management of the following fields: military, public transport, energetic facilities, strategic facilities, nature reserves, national museums, mining of minerals, water resources, scientific establishments, educational establishments, medical establishments, market control organizations; (6) pursuing a policy of antitrust regulation. Economic methods, or “indirect” methods, create economic stimulations or barriers which do not oblige, but “push” market entities to a particular action. They comprise fiscal, monetary and foreign trade policies. Fiscal policy includes: setting taxation rates and policies, deferrals of tax payments, tax benefits and discounts; financial support of certain enterprises or economic spheres, state enterprises, state ecological, scientific programs by subsidies and grants; making orders from private enterprises. Monetary policy embraces setting the refinancing rate in the percentage, at which the country's central bank provides loans to commercial banks; setting the bank reserve ratio is the central bank share of the client's deposit that the bank must keep as a guarantee of repayment and not invest or give out on credit, regulation of money supply, regulation of the exchange rate and currency exchange, credit facilities, setting the government loan bonds. Foreign trade policy includes: quotas for import and export, custom duties, export subsidies.

The 2019–2020 coronavirus pandemic (COVID-19) declared to be a Public Health Emergency of International Concern on 30 January 2020, and recognized as a pandemic by the World Health Organization contributed to a range of economic problems worldwide [2]. The most significant are as follows: unemployment rates growth, businesses closure, barriers for import and export, state borders lockdowns, inflation, shortage of household goods and food. As an example, the US unemployment rate jumped to 4.4 percent in March 2020, the highest since August 2017 [3].

As a part of global economy, Belarus has already faced economic problems. The branches, which suffered most, are: international transportation, tourism, hospitality, food service industry, services sector, education. Import and export are under pressure, due to the border barriers set by other countries. The main trade partner, Russia, closed the borders with Belarus on the March 18 2020, till May 1 2020, only international freight carriers are allowed to cross the border [4]. Actions which can be taken by the Belarusian government to support businesses may comprise the following: temporary tax deferrals, in order to avoid businesses closure; issuing recommendations for banks and landlords to provide payment delay to businesses and entrepreneurs, and other stimulus measures. To help citizens, the government can do the following: allocating a budget to help citizens who lost jobs; informing citizens about health safety measures to avoid panic, and other.

Having considered all the data, we can conclude that the Belarusian government has a range of administrative and economic regulation levers for economic development and solutions to crisis situations.

Literature

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