

INSTITUTIONS IN MARKET MECHANISM FORMATION

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The market institutions modernization and legal mechanism perfection in the direction of conformity to the mechanism of market economy participants effective functioning for the transaction efficiency and cost saving and commodity circulation are considered in the article. The legal relations resulting from the demands of organically interdependent economic growth models will allow striking the national economy progressive development path. It will serve to the achievement of justice and satisfaction of personal benefit, which have been imposed by modern survival conditions.

The opinions that the system of market institutions is formed by a special infrastructure: state regulation and control authorities, consumers' associations, trade unions of wage earners and employers' associations, and also the legal system [1, c. 148-149], are commonly known statements.

The organizations and establishments, which serve and connect the manufacturers and consumers, are included into the market infrastructure itself. Thereat, the market infrastructure components are trading firms, commodity and stock exchanges, banks and public institutions, etc. Together with that every market has its own specificity and, consequently, the corresponding infrastructure.

At the initial stage of the transition economy of Kazakhstan there appeared some hundreds of commodity exchanges, commercial banks and insurance companies, but many of them left the functioning theatre, having been bankrupted. In the following years the number of insurance companies and credit banks optimized, and at the modern stage they fluctuate to the extent of several dozens.

In the market system structure there are still many discrepancies and disadvantages caused by the "shock therapy" carried out to a great extent by politicians and public officials at the suggestion of "school board economics" experts, - the quotation is borrowed from R. Coase - it truly characterizes modern economic theoreticians detached from life realia [2, c. 20].

Analyzing the switch of Eastern Europe countries to the market system rails, a Chinese scientist Chen Ping came to the following conclusion in the 90-s of the last century: "The policy of "shock therapy" was based on the suggestion formulated within the neoclassical theory framework that the refusal of centralized planning will create the conditions for free games market forces, the interaction of which will finally result in the system's equilibrium position. However, the practice of reforms in Eastern-European countries didn't confirm the correctness of the given suggestion, and the market transformation process turned out to be an extremely complicated, nonlinear and unpredictable one" [3, pp. 140-141].

The now existing deformations of the market infrastructure in the CIS countries, including Kazakhstan, are conditioned by the consequences of transition from the fully developed centralized and command-and-control economy to the market one in record short terms.

Many market system entities with their own infrastructure expand the scales of social activity. Under these circumstances an organized and effective regulation is possible together with the introduction of the legal system adequately reflecting the objective necessity. On the given occasion R. Coase writes: "When there is plenty of placing and their owners, and the interests of every of them differ, as it occurs in retail and wholesale commerce, the establishment and maintenance of the private system legal norms appear to be a very difficult thing to do. That is

why the activity in these markets should depend on the state legal system” [2, p. 12].

R. Coase clearly understands the complexity of the relations between the market participants and the necessity of their being regulated by the legal system. Hence, he recognizes market economic relations as the subject of economics and brings the mechanism of effective realization of these relations in the form of the legal system, which is a part of the mechanism of use of objectively acting economic laws and principles, into the investigation field.

Knowing the mechanism of action of economic principles and laws will allow creating an adequate use mechanism structure including economic and legal instruments and ways, norms and public production functioning standards.

A well-defined subject for study and a clear aim of the development subject allow finding adequate ways for the problem solution. R. Coase went farther than other neo-classic scientists in the market participants' economic activities aim definition. “The aim of economic policy”, he writes, “is in the creation of such a situation, when people, making decisions on their activities, would choose those ones, which provide the best results for the system as a whole” [2, p. 28].

The suggestion of R. Coase about the participant's and society's aims harmonization is conformable to a Chinese wisdom about the combination of “benefit” and “justice”. The “benefit” and “justice” correlation problem of had been already discussed by Confucianists in ancient times; it was a traditional economic science and was being discussed for a pretty long time by the leading scientists of the country” [4, p. 124].

Evaluating the original balanced common aim achievement ways and mechanisms offered by R. Coase, Chinese scientists Huan Chunsin and Gan' Suepin note: “The modern theory of property rights, as Coase emphasized, states that the property rights differentiation – is not the problem of rights distribution, but the one how to achieve common, and not private benefit only and create even

greater riches for the society. As far as the size of the benefit got by every of the sides after the bargain, this problem is not in the competence of the property rights differentiation and is solved, like in other bargains, by means of agreement between the two sides” [5, 415].

However, there are opponents to the benefit and justice combination principle. So, American scientists write: “Justice and effectiveness, and also their interrelation, were the subject of an economist Arthur O'Kane's classical work. Political sciences, according to O'Kane, are oriented to social justice, legality, power providing; economic disciplines – to the increase of effectiveness and optimization. As soon as the two approaches collide in the sphere of public production, the efficiency (productiveness) is usually reduced. Finally, the more the state interferes into the sphere of economy, the lower the effectiveness is” [6, p. 93]. As we can see, under “justice” the authors understand the state interests, which are far from the observation of measures of harmonization of “justice” relative to the society and personal “benefit” or “effectiveness”. Justice in the scale of macro-economy and the benefit of micro-economy are the contrasts in their integrity. Any justice and benefit ratio distortion is fraught with the productivity slowdown in the scale of macro-economy. Their optimal ratio is defined by the value law action mechanism.

The scientific novelty of R. Coase's works was supported by many representatives of economic science, as it was proved by the market economy development modern conditions, expansion of the public production and market scale, increase of the productive power development level, mobility of economic relations. The modern market system demands for organized decisions and actions both vertically and horizontally with the prevalence of rights in the last direction. That is why the creation of the mechanism of essential economic property relations by R.Coase by means of empiric treatment resulting in and having an outcome into prac-

tice immediately got a high mark among specialists.

In our opinion, the investigation of private examples by methods of perception and the use of legal science foundations allow R.Coase to split and structure economic relations and to find out the ways of their regulation and self-regulation mechanisms disclosure.

Defending his approach to the investigations of economic phenomena, R. Coase criticized neoclassics ruthlessly: "... when economists after all speak about the market structure, it has nothing in common with the market as an institution, but is referred to such things only as the number of firms, differentiation of products, etc., the influence of social institutions making the exchange easier being entirely ignored" [2, p. 10]. And on: "... for the existence of anything similar to the perfect competition a complex system of rules and limits is usually necessary. ... they are needed to reduce transaction costs and, consequently, to increase the volume of trade" [2, p. 11].

The definition of influence of the institutions and the legal framework action on the firms' (production or reversion) costs effectiveness mechanism formation is an immediate extension of R. Coase's research.

On the complexity of the problems set by R.Coase one can judge, proceeding from his following statement: "Of the retained problems the ones, which we find out in the new sphere – legal economics, seem to be the most frightening. The relations between the economical and legal systems are extremely complicated; the law revision has an effect on the economy, and many consequences of such changes are still concealed from us (and after all they form the essence of the economic policy itself)" [2, p. 46]. The empiric treatment domination, the participants' rights discrimination in the "market game" do not allow discovering the essential economic processes to the full extent. After all, affecting separate parts within the structure of economic relations, it is possible to violate the correlation of the derivative and essential re-

lations, and vice versa, as a whole. They should be combined with the study of mechanisms of essential, deeply concealed relations, economic laws, principles, that is based on the definition of the main link in the structure of economic processes, hierarchy and parameters of their interaction. Under this only condition it is possible to achieve the conformity of the created legal systems to the demands of economic laws and allowing avoiding the predominance of the negative and coming to the fruition of the just aim – the benefit for all. Having created the legal and institutional systems, one must not rest on the achieved objectives, for they are always behind the development of quickly changing economic events. The legal system is more conservative, as it is the product of subjective decisions. That is why some contradictions can appear between the economic and legal systems. The game rules should be constantly changed, corrected depending on the changing conditions of the economic processes' development. The legal system institutions' modernization, updating procedure foot dragging conditions the accumulation of the critical mass of contradictions and can direct the economic development into a negative mainstream. The time element consideration is necessary in this case. The faster and timely the transformations happen in the legal system in accordance with the demands of the objective economic necessity, the less losses will occur, the transaction costs will be reduced, the efficiency of firms' (production and reversion) expenditures will increase.

The mechanisms of essential economic relations use are more stable compared to the mechanisms of derivative ones, which are changeable are response quickly to any effects. So, the property "rights batch" consisting of 11 "branches" makes up the subjective aspect of the market economy mechanism main contents as the mechanism of the initial and constitutive relations of property, whereas other "game rules", which are more than 1500, - are secondary components. They should be constantly renovated to conform to

the demands of the changing economic situations and conditions. The change of the prevalent amount of the “game rights” of the derivative relations can influence the volume decrease or increase and qualitative content of the property “rights batch” as the mechanism of essential relations use.

Thus, for the transaction efficiency and cost saving and commodity circulation there appears a necessity for the market institutions modernization and legal mechanism perfection in the direction of conformity to the mechanism of market economy participants functioning. It will serve to the achievement of justice and satisfaction of personal benefit, which have been imposed by modern survival conditions. The legal relations resulting

from the demands of organically interdependent economic growth models will allow striking the national economy progressive development path.

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