

## THE MODEL OF MARKET AND DIRECT SATISFACTION OF NEEDS IN PUBLIC AND REPLENISHMENT PROCESS

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**Key words:** marketing, needs, consumption, market, strategic planning, state order, state sector, market sector of economy, and liberal market sector of economy.

The range of proposals concerning the development of state-private partnership in terms of investments has been proved, as well as the concept of tri-sectors economy which consists of government sector, market sector regulated by the government and liberalized Markey sector.

The needs of an individuum, groups of people and social layers, the society in general and the government representing it are the goal of production at the all historical ages of the evolution of the mankind. This thesis has nothing to do with the global absolutization of the so-called consuming society which is a result of the western civilization development based on prestige-consumption image of living and which is becoming the main dominating need of a society, its end in itself.

The needs are known to divide into personal needs and needs for production goods. The level of needs starts with the level of individual needs and results into needs of the whole society.

We elaborated a logical-structural scheme which reveals the difference between needs and consumption in the process of their collaboration with production using market-marketing and pre-arranged distributive methods (pic. 1). This scheme contains the following statements:

1. Needs being satisfied turn into consumption.

2. Needs are satisfied partially depending on the correlation the kinds of consumption and the level of the productive forces development. Therefore the needs are broader than consumption.

3. Needs in the society are divided into two parts: satisfied needs and unsatisfied needs.

4. Constituting and development of needs, generating new needs are being made in two ways: on the part of the development of an individuum and the society and on the part of improving on the innovative basis of the production process.

5. Needs generated by the production innovations state as a drive to create new productions and new goods (new services).

6. Production and consumption interact on two-ways basis, consumption is a goal of production, and production is a means to reach this goal.

7. In context of market relations production is supply, consumption is market demand.

8. Needs turn into market demand according to the level of consumer leverage.

9. Direct interaction of production and consumption is possible through usage of pre-arranged distributive methods (characteristic to the society on the earlier stages of development with natural economy, to a society on any stage of development in contingency-wars, environmental disasters etc.) when a society has to shift to the mobilized economy.

10. In all cases when production is a market supply and consumption is market demand interaction of production and consumption are being realized through interaction of supply and demand. The mechanisms of supply and demand can vary widely, so the direct interaction of production and needs should be provided by the government influence on economy.

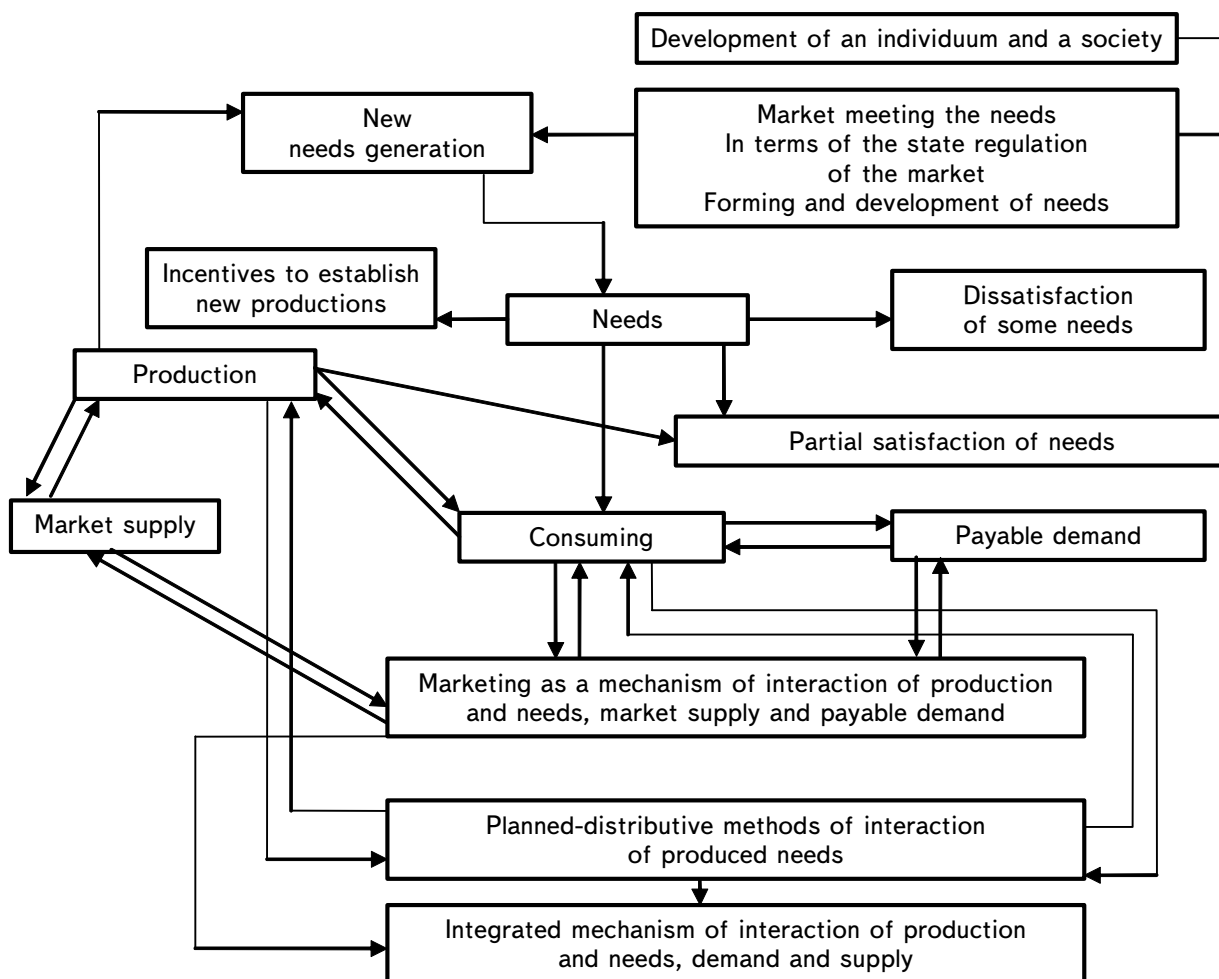
We introduce the model of interrelation of market and direct interaction of production and consumption of the society stated in the following:

1. *Vital needs* of a person, group of people, the society *is* of a *preferential* character, and *market demand* of goods and services *is secondary*.

2. *Needs turn into market demand whether market can mediate life-sustaining activities of people including interaction of production and consumption*.

3. Production and consumption interaction can take place from below, on the part of pro-

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**Pic. 1. Difference between needs and consumption in their interacting with production using market and planned-distributive methods**

ducers and consumers, and from above<sup>1</sup>, on the part of the state (it makes a foundation for the direct interaction not counting market<sup>2</sup>) and it is revealed by the fact that *money appeared on a historical basis of exchange and reached such a high position exactly during the process of market evolution*, i.e. from below, on the part of the interaction of the whole volume of producers and consumers by means of particular acts, firstly merchandise exchange which turned into commodity-money exchange<sup>3</sup>. Later *a state tended to interfere into the monetary movement and became the one to create money*<sup>4</sup>. So money started to be generated from above. However *generation of money from below was currently in the process* and was revealed by means of bills of exchange<sup>5</sup> and other kinds of corporative<sup>6</sup> and intra-group money<sup>7</sup>.

4. In terms of market domination over production and consumption and their interaction process certain problems related to the national economy optimization and enhancing of the ef-

ficiency of production and commercial operations are being solved but only in particular fields of national economy and fragmentarily.

5. The domination of the direct interaction of production and needs (variant II, scheme 2) predetermines the social production's proportions optimization in terms of the national economy as a whole and in every of its field in particular.

6. The predetermined optimization of the social-economic development of the society makes it possible to restructure economy according to the objective requirements of the environment, society and nature. However such predeterminations can not guarantee the efficient realization of the mentioned trends. The thing is that all depends on who, why and by what means dominates the market processes.

7. The state influences the economy so that it can develop not spontaneously but on the basis of consensus with the social-economic development strategy of the whole state. The

proportions between the fields of national economy are being formed on a planned basis with the help of direct and indirect means. The main aim of the state is to influence economy via strategic planning and long-terms objectives no less than 50 years<sup>8</sup>.

We should not confuse strategic planning with the planning which took place in the USSR. Notwithstanding the Soviet representation its economy as state-panned one it lacked strategic planning. No one attempted to make long-term panning for 20, 30, 50 years.

Strategic planning of national economy is firstly, a complex of long-term goals based on the comprehension of the national economy role; secondly, the goal-oriented procedure; thirdly, character, direction and means for the main resources exploitation; fourthly, wise usage of the international differentiation of labour; fifthly, a set of interrelated programs defining the strategic goals; sixthly, directions, means and mechanisms of direct and indirect regulations of economy; seventhly, monetary-financial-credit and pricing policy of the state; eighthly, the main economic parameters of the reproduction process considering the objective requirements of the environment, society, nature.

8. The overall package of state programmms (short-term, medium-term, long-term) should define the goals of the state strategic planning. These programmms should cover the most important spheres of the society and the state life-sustaining activities, should contain sound sets of programmms in the fields of scientific researches, technologic progress of the material production and mass media development, key industries, key fields of agriculture, construction, building etc.

Within each programm the *state projects* (the author term) should be worked out, in other words- set of programmms of high priority. As a result we have the following chain: state, academic, private research institutes, centres, laboratories, groups of initiative researchers,

outstanding scientists and specialists should be attracted by the state on the basis of state labour contract to the implementation of the goals showed in picture 2.

The state should attract private investors to finance the state programmms and make them attractive in two different ways a) to share profit b) to give a proportional to investment share in property of the objects.

The state should regulate directly the key parameters of social-economic, technological and ecological development by establishing of tariffs on particular goods and services, the compulsory goods quality standards, minimum wage, taxes and dues, customizing etc.

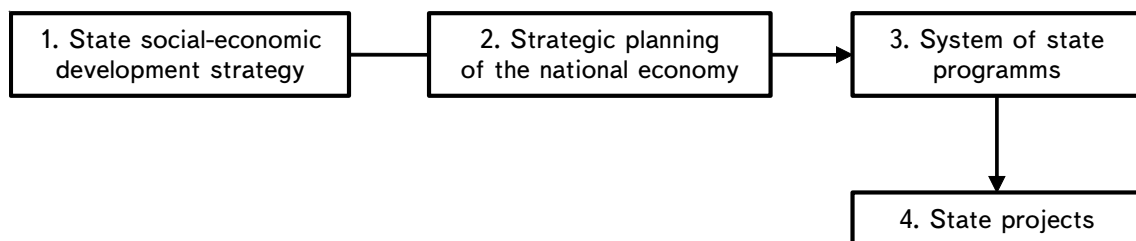
Along with direct methods of regulating the economy the state should use actively indirect stimulating and submissive methods for the economics agent market participants. Herein the direct methods are not implemented.

1. According to the author the tri-sector economy is more preferable. It contains the unity of three exchangeable sectors:

- ◆ A state sector of economy
- ◆ A market sector of economy with considerable state regulation
- ◆ A liberalized sector

According to the author, the state sector of economy should include the following branches:

- ◆ Scientific and research enterprises working in defense technology field;
- ◆ All branches of fuel and energy sector, the all-state system of transport and mass media;
- ◆ Branches
- ◆ Establishing the fundamental science within the system of the Russian Academy of Science<sup>9</sup>;
- ◆ Individual enterprises and organizations which were established by the state and play the key role in national economy;
- ◆ Enterprises of all economy branches within 10-30 per cent in each branch to create competitiveness and prevent monopoly of the private sector.



Pic. 2.

The market sector includes a number of private, state and mixed companies of all branches of economy excluding the ones of the state sector. The market sector includes mainly medium-sized and large enterprises.

The liberalized sector should cover the main volume of small-sized and some medium-sized companies and organizations which operate in the consuming market.

Thus, we offer a model of relations of market (indirect) and planning (direct) interaction of production and needs. This model reveals the system of direct and indirect links between production and needs in the process of marketing, including money movement, usage of strategic planning, programming, budgeting on the basis of re-allocation of the national income, direct and indirect regulation.

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<sup>1</sup> Under the direct interaction of production and needs we mean the interaction which is being held directly, not counting market. The state provides the direct interaction of production and needs but the state is not a intermediary since it is an active centre of collective consciousness society will. (Look for Bragin N.I. *State and Market. M., 2000*).

<sup>2</sup> The main tool for the direct interaction is not only the state, but also large-scaled corporations including the enterprises and organizations (The Corporate Economic Management Mechanism and Mesoeconomic Structuring. M., 2000).

<sup>3</sup> K. Marx brilliantly analyzed the problem of generation of money on basis of historical and logical cognition in the development process in his book "Capital".

<sup>4</sup> About Money Evolution: Zhirinovskiy B., Yurovitskiy B. *New Money For The Country And The World. V., 1998*.

<sup>5</sup> D. Vernimont proved that bills of exchange are no longer substitution of money, but the particular form of money. Look for: Vernimont D. *The Informative Nature Of The Modern Money // Scholarly Notes of MSCU. 1999. №2*.

<sup>6</sup> About money generation by banks - McConnell C.R., Brue S.L. *Economics. M., 1993*.

<sup>7</sup> *Meseconomics // Larionova I.K. M. 2005*.

<sup>8</sup> If the USA large-scaled corporations have strategic planning for 50 years we should mention that a state should have preferably longer period of planning. In the USA strategic planning is of secret character. Other countries such as Japan, France make the public strategic planning.

<sup>9</sup> The state enterprises which are market demand-oriented.