

JEL CLASSIFICATION: G13, L11, R48

ANALYSIS OF THE FORMS AND METHODS OF STATE REGULATION OF PRICES AND PRICING PROCESSES

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Summary. The author investigates the forms, methods and instruments of state influence on prices and pricing processes and proves the priority of fiscal

levers of government policy of price regulation in Ukraine.

Key words: *prices, pricing, forms, methods and instruments of state price regulation.*

At present stage of economic thought development the question about necessity of state interference in the process of pricing and price regulation does not cause opposition due to a number of objective reasons. At the same time, scholars have expressed different views about the level of government intervention in the economy, including its impact on the pricing process, and what methods and tools of price regulation should be preferred.

The aim of the article is to study the forms and methods, as well as tools of impact on the prices and price formation processes, to identify those levers of government policy of price regulation, which are priority-oriented, taking into account the transitional state of Ukraine's economy and its vulnerability to various destabilizing factors.

Realization of the state's goals to influence the price level and the price formation process is carried out under the state pricing policy, which is the central and local governments who is to support such a price level at which profitable activities can be provided to businesses and real wages of employees, maintaining price parity in different sectors of national economy, as well as the stability of the national currency and the firmness of other economic parameters in the state.

State involvement in the regulation of the pricing process provides a wide range of social, economic, environmental and other benefits that are of common social value in a majority and cannot be achieved by using the mechanisms of free market pricing.

Alongside, any government interference in the market economy, especially in the area of pricing, makes appropriate angulations in the social reproduction processes, which may have negative conse-

quences. Particularly, the fixation of prices or limitation their increase on essential goods, and along with that artificial overpricing on other products (with the use of excise taxes and indirect taxes) changes the proportion of national income distribution across sectors, limits the enterprises in relevant sectors to fulfill the investment activity, expand the production, improve and promote the quality of existing types of goods.

A variety of factors, which predetermine the necessity of using the methods of state influence on prices, define the alternativeness of purposes that may include public authorities in the process of price adjustment. Some of these purposes are coordinated with each other and can be achieved simultaneously, while others cause the so-called «conflict of aims», requiring the use of opposing measures in order to achieve them.

Therefore, it is reasonable to install one or two priority (main) purposes of pricing policy and several intermediate aims that will contribute to the main goal.

The priority of price regulation's aims depends on the overall strategy of economic policy and the conditional influence of objective factors such as business cycle, market signals and the common level of economic development.

According to the established priority purposes of price regulation appropriate methods and instruments regulating influence are selected, which provide the best achievement of principal reference points.

Investigating the system of the state regulation of prices and price formation process, the author has made a detailed analysis of the forms, methods and

tools for the implementation of this influence.

The configurations, extent and also scope of state intervention in the regulation of pricing, depend on the current economic situation and the state of the development of the country's economy in general. In modern economic thought there hasn't been formed a single approach to the classification of methods and instruments for regulating prices. The differences are found both in identification of the major classifications of separation and in classification of individual methods and tools of price regulation to a particular group.

The most common approaches as to the classification of methods and instruments for regulating prices and price formation processes include their division according to criteria such as: the character of impact on prices (direct or indirect), level of realization of regulate actions (micro level, macro level), type of financial policies (monetary, fiscal).

To the methods of direct price controls one may refer all methods of administrative price regulation, as well as some economic methods (such as indirect taxes, rates of interest on loans). Direct effect on prices and price formation processes is based on the directive influence upon the level (numerical value) or upon the structure of prices (the size of structural elements).

Indirect price regulation provides the realization of an indirect effect on the object which is under control through regulation of other economic instruments, which by their economic nature are interconnected with the prices – money supply, wages, ex-

change rate, aggregate demand.

Among the examined approaches to the classification of methods and tools of price regulation, the priority-oriented sense, in our opinion, should be provided with their research according to the position of fiscal and monetary policy. The advisability and validity of this approach is related to the existence of significant differences in the nature and duration of the impact of these methods on the objects of regulation, different goals and subjects of regulatory influence that determines the specific character of using these methods and the corresponding tools in the process of price regulation. The article includes the suggested author's approach to the classification of methods and instruments for regulating prices and price formation processes based on the type of economic policy and the character of impact on prices.

As a conclusion, it is stated that under the current economic circumstances the effectiveness of government policy of price regulation is provided by a balanced usage of all methods and tools of impact on prices and price formation processes. However, taking into the account the transitional state of Ukraine's economy and its vulnerability to various destabilizing factors, the priority-oriented sense of price regulation in the country should be given exactly to the fiscal levers. Their use allows more accurate prediction of regulatory measures implementation results, it provides complete coverage of the regulation and is more effective in terms of increasing economic openness, integration of the financial system and liberalization in foreign trade activity.

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