

## THE NEW ROLE OF THE STATE IN A POST-SOCIALIST ECONOMY

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### Abstract

Three main mechanisms are at work in every modern economy in order to coordinate activities: bureaucratic, market and associative coordination. The lecture briefly characterizes all three and shows the radical shift in their relative impact after shifting from socialism to capitalism.

There are certain widely believed fallacies: (i) Fascination with the State on the political Left; (ii) fascination with the Market on the political Right; (iii) fascination with "civil society" among intellectual groups and the New Left. The lecture suggests arguments against all three biased views.

The polemical section is followed by a partial survey of the various functions of the State. First, the state as the safeguard of Law and Order. Even in this classical role, the traditional borderline between governmental activity and the coordination mechanisms does not hold. Second, the state as active economic policy-maker. There were painful blunders in this sphere in all advanced post-socialist countries. The author offers various hypotheses for explaining these troubles. Third, the state as redistributor and provider of public goods. That role is discussed at the examples of reforming the pension system, the financing of education, and the health sector.

The final remarks touch upon the political conditions of trust in government.