УДК 338.22

Guo Qiujie

Student of magistracy «Accounting, analysis and audit»

Scientific adviser: Korneenko O.E.

Senior Lecturer of the Faculty of Economics

Francisk Skorina Gomel State University, Republic of Belarus, Gomel

ECONOMIC POLICY AND THE THEORETICAL CONCEPTS RELATED TO POLITICAL RISKS

Abstract: *This article discusses some aspects of economic policy, its subjects, instruments and goals. Aspects of the ultimate goal of macroeconomic policy are also analyzed. The important role of political risks in the study of investments is noted.*

Keywords: *economic policy, subjects, subjects, political risks, investments.*

Economic policy is the sum of various provisions made by the state or government and the means and measures to achieve the goals under the requirements of objective economic laws.

Economic policy is generally composed of three elements of economic policy subjects, economic policy tools and economic policy objectives.

The subject of economic policy refers to the makers and executors of economic policy, specifically referring to the state or governments at all levels and their agencies. The state or government interferes in the economy by formulating economic policies.

Economic policy tools refer to the means or measures to implement economic policy. For example, monetary policy is implemented through legal deposit reserve ratio, interest rate, open market operation and other tools.

Any policy is formulated based on certain goals, and so is economic policy. The goal of economic policy is for the requirements of the state or government for a certain aspect of economic development.

Economic policy objectives are the requirements of economic subjects, and policy tools should also serve the target. The goal of economic policy is the starting point and destination of economic policy, which restricts the whole process of economic policy from formulation to implementation. The objectives of economic policy are divided into final and intermediate goals. Nowadays, the academic circle generally believes that the ultimate goal of macroeconomic policy has four aspects, namely, economic growth, price stability, full employment, and balance of international payments.

Economic growth refers to the national economy should maintain a certain rate of growth to avoid economic stagnation or decline. Maintaining sustained, stable and rapid economic growth is an important task of macro-control. At present, the indicators of economic growth are generally measured by the annual growth rate of per capita actual GDP, that is, the annual growth rate of actual GDP per capita after excluding the price rise rate.

Price stability is one of the important goals of macro-control. It does not mean the fixed total price level, but to maintain the relatively stable total price level and avoid large price fluctuations. Of course, it does not exclude the drastic fluctuations in the prices of individual commodities. The rise or decline in the total price level of too large and long duration will affect the normal development of social and economic economy and the continuous improvement of people's living standards. Therefore, the total price level should be kept relatively stable to prevent inflation or deflation.

From the situation of various countries, there are usually three used indicators to measure price stability: one is the consumer price index, which takes consumers' daily living consumption as the object and can more accurately reflect the changes in consumer price level. The second is the wholesale price index, which takes wholesale trading as the object, and can more accurately reflect the changes in the price level of bulk wholesale transactions. Third, the GNP (Gross National Product) Average Index, which targets the final products and services that constitute the GDP, and reflects the price changes of the final products and services.

The full employment goal does not mean that everyone has a job, that is, it does not mean that unemployment is equal to zero, but to guarantee employment for citizens who are able to work. From an economic efficiency perspective, most American scholars regard the 4% unemployment rate as full employment, while some more conservative scholars believe that it should be lowered below 2~3%. Unemployment, in theory, is a waste of production resources. The higher the unemployment rate, the more unfavorable to social and economic development. Therefore, all countries try to minimize the unemployment rate to achieve their goal of economic growth. At present, China is in the process of transforming the economic system and growth mode. The unemployment is not only a very important economic issue, but also a political issue related to stability and development. Therefore, solving the unemployment issue plays an important role in the macro policy objectives.

Balance of payments refers to maintain the relative balance between international income and international expenditure, especially to maintain the basic balance between current items and basic projects, to avoid a large, long-term balance of payments deficit or surplus. A country's balance of payments, whether surplus or deficit, will adversely affect its economic development, long-term deficit will sharply reduce domestic foreign exchange reserves, thus bear heavy debt and interest burden; and long-term surplus will make part of the foreign exchange idle, if the purchase of large foreign currency, may cause or aggravate domestic inflation. Of course, the deficit is more harmful, so countries regulating balance of payments imbalances are generally committed to reducing or eliminating the deficit.

The relationship between the four objectives of macroeconomic policy is more complex. Some policy objectives are unified, while others are conflicting and contradictory. Among them, economic growth and full employment are basically unified, with a positive correlation: economic growth, employment increase; economic recession, unemployment increase. Otherwise, the contradictions between the remaining targets are more prominent. It is the contradiction between price stability and economic growth, price stability and full employment, economic growth and full employment and balance of international payments. The contradiction between the multi-objective economic policies requires the government to coordinate the goals when formulating policies and determine the key policy goals, which also brings certain difficulties to the macro-control and the implementation of policies.

Consideration of political risk plays an important role in the study of, for example, investments: on the one hand, the definition of political risk affects the degree of insurance of economic investments, that is, political risk determines the amount of political risk in the insurance of economic investments. On the other hand, as an important factor influencing the risk of economic investment in economic investment in energy and resources, it is still necessary to pay attention to how to become a deterrent to economic investment in energy and resources, which affects the mechanism of horizontal and deep action investment insurance for foreign economic investments.

Thus, economic policy and political risks are directly related, which has a significant impact on the effective functioning of any country.

Использованные источники

[1] Liqun, Z. Political Risk Analysis of Foreign Direct Investment of Chinese Enterprises. / Z. Liqun. – Jilin University. – 2015. – p.33-43.

[2] Ruonan, J. The National Risk Assessment and Control Study Based on the Bank Perspective. / J. Ruonan. – University of Foreign Economics and Trade. – 2015.