

# SOCIAL INFRASTRUCTURE REGULATING IN AN EMERGING ECONOMY

Tahir Sardarov, Azerbaijan National Academy of Sciences

## ABSTRACT

*The comfortable and competitive economic environment consists of numerous factors, which include the social infrastructure as well. In the article, the specific features of the state regulation of social infrastructure in the conditions of market economy are presented. The author analyzes 3 groups of macroeconomic parameters in regions of Azerbaijan in order to develop an effective economic model, including the connections of regional social infrastructure, state support and sustainable development. Moreover, rational division of powers, capacity of the domestic and regional markets, use of natural resources and measures against the environmental pollution in regions were examined.*

**Keywords:** Market Economy, Social Infrastructure, Strategic Management, International Transportation Relations, Social Security, Population's Employment Level, Government Support.

**JEL Classification:** D40, D47, D49

## INTRODUCTION

Social policy is part of the overall state policy, which covers the relations between social groups, society and its members, associated with a change in the social structure, commonwealth growth, quality of life improvement, material and spiritual satisfaction (Akers, 2017; Jenson & Fraser, 2015; Badalov, Sedova & Mishagina, 2017). These indicators are the most important ones, as they determine the level of prosperity of each state, because satisfaction is tied to the State development (Lightman & Lightman, 2017; Alcock, 2016; Coser, 2017).

In the EU countries, the structure of spending on social programs was as follows:

1. In almost all EU Member States, the largest amount of funds was spent on pensions-42.4% on average; their share was about 12.1% of GDP in the EU-it varied from 5% of GDP (Ireland) to 15.4% (Italy) (Barcevicus, Weishaupt & Zeitlin, 2014; De la Porte & Heins, 2016).
2. The second largest item of expenditure is the health care-26.2% of all EU social expenditures and 7.5% of GDP, respectively. In some countries, its share ranged from 5% of GDP (Italy) to 8.7% of GDP (Germany) (Fleckenstein & Lee, 2014; Aurich-Berheide et al., 2015; Shanks, 2016).
3. Expenditures on the following areas can be considered as average: unemployment benefits (8.1% of the total social expenditure and 2.3% of the GDP); disability benefits (8% and 2.3%, respectively) and assistance to families and children (7.3% and 2.1%). The share of unemployment benefits ranged from 0.5% of GDP (Italy) to 4.9% (Denmark). The share of disability benefits-from 0.9% (Netherlands) to 4.7% (Finland). The share of assistance to families and children-from 0.4% (Spain) (Jimeno, 2017; Silva et al., 2017) to 4.2% (Finland) (Copeland & Daly, 2018, Zeitlin & Vanhercke, 2018).

Thus, social infrastructure regulation is an important aspect in shaping the state policy for the commonwealth growth.

In Azerbaijan, as early as in the Soviet times, a social infrastructure network existed, but the level thereof didn't meet the requirements of the people and of regional entities. In recent 20 years, over USD 40 bln. was invested to the development of the social infrastructure in the country, of them 80% were domestic investments. A contemporary transportation infrastructure, electric power and water supply facilities, culture and tourism infrastructure, catering facilities, amenity facilities and others were created.

Azerbaijan has reinstated its independence in 1990. While it was a part of the Soviet Union, a comprehensive development of social infrastructure networks was limited due to lack of funds; the issues of financing such infrastructural investments were resolved at the centralized level. Today, Azerbaijan as a sovereign state has its own model of social and economic development of the country where the orientation on the society is the priority state economic policy. Moreover, Azerbaijan, by increasing its currency reserves and financial resources, is able to employ foreign practices in modernization and development of social infrastructure networks and now full-scale works are carried out in this field. For example, as in the developed countries, hundreds of contemporary medical institutions, sports centers meeting international standards, cultural facilities for recreation and tourism, modern universities, academies and other facilities are put into operation in Azerbaijan.

In recent years in Azerbaijan, the state policy is improved which relates to comprehensive solution of social and economic problems, development of the human component, transformation of the oil factor into human capital assets, upgrading the level of education and medical services, of social services. Dozens of sports facilities were built in the country, a large Olympic stadium was constructed in the city of Baku. 5 international airports are in operation, quality autobahns, international highways, international resorts, tourist facilities; contemporary and branded hotel complexes, etc. were built. That is why in present-day's market environment the systematic approach to the development of social infrastructure is sought-after as an intrinsic need and it is suggested to adequately improve the social infrastructure regulation in regions and on the nation-wide level. A systematic and multifaceted approach in this field will provide for the improvement of the people's living standards, will help to stabilize social relations, enhance the confidence of citizens in the state and in the future and in general, will contribute to dynamic development of countries in the conditions of deepening of market relations and globalization of the world's economic system.

In the current situation, the dynamic and constant development of the economic production industries forms the basis of the social economic development of the society. The state social-economic policy is, at the first place, oriented at the development of the economic production which is the basis of the entire social life, development of the economic technical basis of the market economy, improvement of the material wealth of the population, development and improvement of the efficiency of production and quality of works, comprehensive use of the social economic factors. The rational infrastructure formed in the society has a positive impact on the normal development of the economy, rate and rationality of the economic development.

The Republic of Azerbaijan which transited from centralized control and planning system to the free market relations in the period of the former USSR achieved a real breakthrough in all economy sectors. In 2007-2017, the GDP of Azerbaijan increased 3.2 fold, the GDP per person increased 2.8 fold and 2.6 fold for the non-oil sector. In this period, USD 160 billion and USD 28 million in 2013 were invested in the economy of the country. Also, USD 65 billion was invested in the regions of the country.

The aim of the study is to prepare scientifically grounded suggestions for regulation of its improvement by the government in the course of analysis of the current context of the social infrastructure areas in the regions of The Republic of Azerbaijan in the conditions of market economy and the following was specified as main tasks to accomplish:

1. To analyze the current situation in the field of the social infrastructure in Azerbaijan and its regions.
2. To research the constituent structure and functional orientation thereof by review of its role in the development of the economy and of the main value of the social infrastructure at the micro or macro level.
3. To justify the main principles and the necessity of integrated development of the fields of social infrastructure in the regions irrelevantly to the form of ownership and economy, to scientifically explain the improvement of its regulation by the government.
4. To provide appropriate suggestions for improvement of the social infrastructure information base and regulatory structure.
5. To determine the main directions of the comprehensive development and management of the social infrastructure in the regions in the context of the new economic relationships.
6. To validate the trans-regional and local rational placement of the social infrastructure in the context of market relationships.
7. To determine the main directions of the improvement of resources supply and strengthening the material and technical resources base for the social infrastructure.
8. To validate the perspectives and strategic directions of the development of the social infrastructure areas in the regions and etc.

#### **THE THEORETICAL AND METODOLOGICAL ASPECTS OF THE STATE REGULATION OF SOCIAL INFRASTRUCTURE**

The accelerated renovation of the economic relations in the context of market economy requires the formation of the social economic development on the basis of the new principles in the country. For that very reason, in the context of new production relations the formation of social infrastructure areas and the regulation of the development thereof by the state are of great practical and scientific value. The research shows that the norms and standards set by the state institutions are weakly-coupled with the minimum consumer budget of the population, price change and escalation.

Supporting the principle of freedom, A. Smith argued against the state monopoly in the economy and researched the problems of state interference into the economy. The rational use of the national resources and the problems of the reinforcement of the advantages of the foreign trade were reviewed in the works by Butler (Butler, 2007). A notable person in economics, Ricardo, researched the specialization problems in the international division of labor in each country (Ricardo, 1891). The issues of the rational use of the economic potential, especially of the use of export benefits, were reviewed in the work of an economist from the USA Leontov (Leontyev, 1990). Famous economists Pol Samuelson and William Nordhouse researched the issues of competitive recovery of country's economy in the work titled "Economy" (Samuelson, 1948). Taking into consideration the improvement of export potential, St. Linder suggested a theory that allows any country to value the specialization directions in these areas (Linder, 1961). Nobel laureate Stiglitz, analyzing the economic development processes in China, specially mentioned balanced politics and regulation tools of the Chinese government in the processes of market economy (Stiglitz & Charlton, 2005). Vernon laid special emphasis on marketing in the economic development processes (Vernon, 1966).

Irrespectively of the form of ownership and economy, meeting the material and ethical requirements of the society depends on the arrangement of an extended repeated production

process and enhancing its growth. Thus, this issue is the basis of the social economic development.

In the context of market relations, every owner producer is free in the organization of its activities and realization of the products. Although Azerbaijan is rich with natural resources, not all of them were included into the economic turnover. A full and efficient use of the labor resources is a social economic problem of the country. In accordance with that, the government has to implement wider social economic measures (Nuriyev, 2013). The researches show that one of the valuable features of the social infrastructure is its improvement to match with the level of development of the society. Taking into consideration the scientific and technological progress, the infrastructure develops not only in terms of quantity, but also in terms of quality and innovation changes become more intense. One of the complex problems is that the rationality of the quality changes in the infrastructure is connected with the innovation processes. From this point of view, the determination of social and technical economy indicators which reflect the current innovation processes plays a crucial role (Aliyev, 2014). Thus, the selection of an efficient innovation strategy in the field of infrastructure played an important role. The experience of the countries of the world with a developed market economy shows that main results were achieved with paying attention to the education and health in the innovation politics in this field (Gasimov & Najafov, 415AD). The remarkable thing is that the economic efficiency of the social structure must be determined at the macro and micro level. On the micro level, which means the production staff, the methodological basis for determination of the social efficiency should not be poor and an adequate system of indicators should be used. After such reasoning it can be said that social infrastructure characterizes mutual relationships between the social subjects, personality, groups, classes and societies. It has to be mentioned that material objective elements of the production powers which is a valuable part of the entire social infrastructure do not create economic or ethical value; it just provides for normal running of the social production. Thus, the social infrastructure serves as a joining system between means of production and people from one side and between people from another side.

The role of the social infrastructure in the economic development can be more clearly seen from the China's experience. Thus, in the period of strengthening of the economic development processes and export policy of the China, the weak involvement of the country in the international transportation relations, raw materials of the country, especially energy and coal resources, delivered negative influence on the rate of economic development. Of course, the reason for this was the lack of the capital needed for the transportation infrastructure of the country. In the period of the accelerated demand for transportation in China (1981-1990), the investment spent on transportation all over the country amounted to only 1.3% of the entire inner production. After China had announced the 'open door' policy in 1979, the average annual economy development rate was 9% and that enhanced the international transportation relations in the country: cargo transportation made 8% and passenger transportation made 12%. Such high volume of transportation influenced the development of the transportation infrastructure very much (Samadzadeh, 2001).

### **THE NEED FOR THE STATE REGULATION OF THE REGIONAL SOCIAL INFRASTRUCTURE IN AZERBAIJAN**

In the context of the market economy in Azerbaijan, the formation and the development of social infrastructure in the regions is a major focus of interest. From this point of view, several valuable state programs for social economic development were implemented. The interference of

the government into the economy, more specifically, the regulation of the social economic processes is carried out in accordance with the economy in general and with its components in the regions. According to the structure of the production in each concrete region, a certain social infrastructure must be formed and developed. The researches show that objective and subjective factors which create the necessity of the state regulation of the development of regional economy and social infrastructure are different. First of all, it is connected with actual requirements of market relations in the country. This huge process is intrinsic to all other countries with the market economy. On the other hand, it depends on the actual social and economic conditions in the country and its regions. There should be a general and a special approach on the basis of a solid form and methods to the social infrastructure regulation processes in the regions. It is obvious that the objectives and options of the regions in the country correspond to each other. It is necessary to consider the following factors in the social infrastructure regulation:

1. Ensuring an integrated development of the social infrastructure depending on the current economic development of the regions.
2. Gradual matching of the level of trans-regional social economy development.
3. Ensuring the development of the regions which have strategic importance for the society.
4. Regulation of the environmental protection in regions and etc.

The factors of necessity of the state regulation of the regional social infrastructure areas are different. But the first and decisive factor is the demand for formation and development of market relations. The researches show that in the countries of the world with the traditional market economy, these important processes are of general nature. At the same time, this process takes place depending on the current condition in each region. From this point of view, even if certain different features are used in the state regulation methods, they are of the same nature in accordance with the context. Thus, the majority of the countries of the world use integrated factors which make necessary the social infrastructure regulation in regions.

Undoubtedly, there are major differences in the social and economic development of the current economic regions in Azerbaijan and in each of them the issue of development and regulation of social infrastructure has an actual solution. Thus, the main issue includes the elimination of the current social and economic differences and planning for a strategically long period. From this point of view, one of the main issues is paying special attention to the correct assessment of natural resources, supply of land, water and labor resources, natural climate conditions of a certain region (Linder, 1961). The researches show that the correct assessment of the current natural potential of regulation of the trans-regional social economic differences plays an important role. Thus, this factor plays the key role in the specialization of regions. For example, looking at the natural climate conditions of Lenkaran and Guba-Kachmaz economic regions, we can see the following serious natural differences. As it is known, both regions are mainly specialized in the production of fresh vegetables and gourds. The favorable natural and climatic conditions in the Lenkaran economic region makes it possible to harvest vegetables approximately a month earlier than in Guba-Khachmaz region. It is clear that if these differences are not appropriately taken into account in the selling price of products, in relationships of special division and investment processes, it will be impossible to regulate the trans-regional social economic differences.

Today, in the period of the accelerated scientific and technical progress, the correct understanding of the social infrastructure regulation problems is of great practical and theoretical value. Many researches do not renounce the social infrastructure development and its regulation by the state; on the contrary, they adhere to the concept of strengthening the social factors in the

development of the economic and ethical levels of life of the society (Rahmanov, 2004). For this reason, we adhere to the principle of unanimity in the regulation of the regional social infrastructure:

1. Consistent social economic policy.
2. Consistent system of social security.
3. Consistent safety network.

Along with all these we have to pay special attention to the current social and economic conditions in a region:

1. Employment, inner demography and staff training.
2. Development level of the fields of social infrastructure.
3. Ecological state and the state of environment protection.
4. Social security of population and state of the institutional care.

From all the mentioned above we can come to the conclusion that every concrete region being an organized entity has to provide for a more full and rational use of the local potential for a consistent and continuous development of the appropriate infrastructure areas.

Thus, in the context of market conditions, the development and implementation of the social economic policy are considered a necessary step in the mechanism of interaction between the production relations and productive forces. The dynamic correspondence between the elements of production is provided by the same policy instrument and realizes the own potential and advantages of the market system of economy. Without formation and implementation of the scientifically grounded policy, a dynamic and continuous development of the economy is impossible. For this reason, the state social and economic policy should cover the following important issues:

1. Formation and implementation of the scientifically grounded strategy and concepts of the social economic development.
2. Realization of the formed concepts on the basis of real life application of the economic policy, determination of the main economy development directions for the future period.
3. Ensuring the implementation of social economic strategy and tactics by all personnel and organizations, etc.

Much work was done in the sphere of improvement of the standards of living of population, of ensuring the regional balanced and stable social economic development, economic diversification, acceleration of the development of the non-oil sector in the country within the frames of the state program of social economic development of regions in Azerbaijan in 2009-2017:

1. Acceleration of the stable and rapid development of the non-oil sector on the basis of full and rational use of the current natural economic potential in the country.
2. Continuous measures for the improvement of the infrastructure were provided for.
3. The implementation of purposeful measures directed towards the improvement of the business environment was enhanced.
4. The investment to the economy, including the social and economic development, was also enhanced.
5. The instruments for motivating the production of export-oriented products were formed.
6. Modern integrated infrastructure facilities were developed and the existing facilities were adapted to the international standards.
7. Public utilities maintenance of the population was improved.

8. Measures were taken in order to increase the population's employment level.
9. The poverty rate was decreased.

The achievement of the strategic objectives specified in the 1<sup>st</sup> (2004-2008), 2<sup>nd</sup> (2009-2013) and current (2014-2018) State Programs in Azerbaijan assume the importance of maintaining the macroeconomic stability in the country. Thus, as the result of purposeful development and implementation of the social economic policy, a rapid and stable social economic development was achieved in Azerbaijan.

The research shows that motivating instruments are widely used in the implementation of regional policy. Thus, in the less-developed regions, the economic mechanisms designed for the acceleration of production areas development are used first of all. That is why it is necessary to resolve such issues as the decrease of tax rates, concessional lending, infrastructure development and regional development, especially financing from the state budget. Along with all of these, the positive results can be achieved by developing a special regional development foundation to solve the regional issues. Because of that, certain relevant economic mechanisms are to be developed with the purpose of implementation of the state regional policy. These mechanisms have to reflect the integrity of the state, its independence, dynamic stable development of the economy and also the specific features of each region. In our opinion, the following main principles have to be taken into account in the development of such mechanisms:

1. To provide for the appropriate and rational division of powers between the central governance institutions and regional governance institutions.
2. To give priority to public interests alongside with the enabling equal possibilities in the social economic development of the regions.
3. To adhere to the program for ensuring the implementation of regional policy with the condition of taking into consideration the main specific features of regions.
4. To provide the transparency of the economic instruments which are implemented in the course of conducting regional policy, etc.
5. In the context of modern market relations, it is worth to pay attention to the following order of the main directions of the state regional policy and its implementation.
6. To ensure a subsistence level for population of the region.
7. To ensure the employment of the able-bodied population in the villages of the regions.
8. To meet the consumer requirements of the population including food products by rapid acceleration of the capacity of the domestic and regional markets on the basis of the expansion of material production.
9. To ensure environmental safety on the basis of formation of a rigid system of measures for rational use of natural resources and measures against the environmental pollution in regions, etc.

When it comes to the grouping of the regions in Azerbaijan, the number of human resources is large in one group of regions and small in another. On the other hand, also there are depressive and problem regions (Amrahov, 2014). That's why we have to approach them in accordance with the actual level of the social economic development in the regions. Thus, much more state aid and related benefits have to be considered for the depressive and problem regions. Especially for this reason, the institutional instrument of regional policy implementation first of all requires efficient activities of the state legislation institutions. In the global practice, relevant benefits are considered alongside with the granting of state privileged loans and non-refundable subsidies, state privileged loans and social constructions in the less-developed regions from the point of view of the social infrastructure. In some situations they are fully tax exempted (Abbasov, 2005).

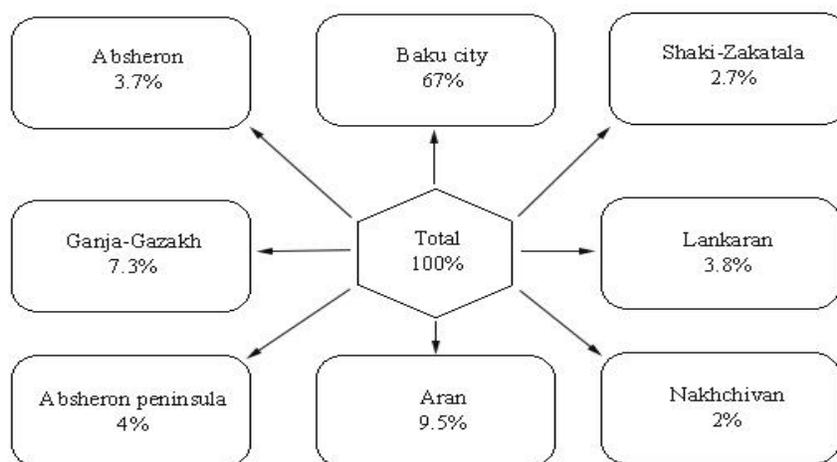
The state regional policy is developed taking into consideration the current actual situation and future needs of the country. Thus, the state regional policy shall be understood as

development of large-scale projects and realization of comprehensive measures in the regions. The regional policy, being a component of the social economic development, is based on the unified national strategic development concept. However, along with this, local municipal authorities must be delegated special functions by developing mutual and rational relations with the subordinate government agencies. In the developed European countries, if municipal authorities have special status, they bear direct responsibility for the implementation of the regional policy (Atakishiyev, 2005).

The number of those who receive benefits from the social care fund is attributable to the social care and unemployment level and also to the specific national features of the social care system. For example, in Germany the small number of them is the result of high salaries and social security insurance, as well as a rational employment policy. The number of those who receive benefits in Belgium is not high because of the relatively high age and disability benefit (Naghiyev & Murshudov, 2002). In the Netherlands, the salaries, insurance proceeds and pension of those who receive benefits are several times higher than in Belgium because the period of unemployment compensation payment is shorter, but the poverty boundary (the minimum salary) is several times higher. Conversely, the low level of basis benefits and pensions paid by the social insurance institutions is the main reason of the large number of social aid payments in Western Europe, especially in Great Britain. According to the researches, the lack of the social aid here is observed because of its partial compliance to the shown above changes in the economy and social sphere. And this is mainly limited by the money benefits. Although the poverty occurs due to the deficiency of compulsory and professional education in many cases (Rustamov, 2003).

### THE ISSUES OF THE EFFICIENT REGION'S GOVERNANCE IN AZERBAIJAN

The development of the social infrastructure is not of a comprehensive nature in the development and regulation of the agricultural production in the regions. Thus, the social services for population are developed to a much lower extent in the regions as compared to the cities. Rendered market services (Figure 1):



**FIGURE 1**  
**PERCENTAGE OF MARKET SERVICES**

The main factors determining the social economic development in the regions are as follows:

1. The current development level of the social infrastructure.
2. Demography, employment and staff training.
3. Ecological state and its regulation.
4. Welfare and regulation of the institutional care, etc.

In the world experience, the forms of state regional governance institutions are classified below:

1. On the basis of purposes and objectives of the government structure: legislative, state, executive institutions and supervisory entities.
2. Depending on the level of centralization and decentralization level, the government institutions are divided into central and local governance entities.
3. According to the type of business and juridical level, the state governance institutions are divided into: Institutions of the general competency, of sectors' governance and trans-sectorial functional institutions.

The structure and components of the local governance institutions in the Republic of Azerbaijan are defined in the Constitution of the country. The social economic development in the country, including the management of regional aspects, is realized on the basis of the current legislation. In general, the management of the republic and regional social economic development is realized on the basis of the Constitution of the Republic of Azerbaijan and relevant laws adopted by Milli Mejlis (National Assembly) and of the orders and decrees of the President of the country. Regional, sectorial and trans-sectorial rules of management are defined by the central and local institutions. Local executive authorities are to exercise governance functions at the level of administrative-territorial city, town, region and village. In every concrete region, the structure, organizational forms of the executive authority institution is defined depending on the size of the area, number of people living there and production sectors, its structure and development of the social infrastructure. On this basis, the governance was comprehensively described in the regulations on "Local Executive Authorities". Therein, the functions, organizational structures and powers of local executive institutions are stipulated. On the basis of the regulations, local executive authorities are financed from the state budget.

### **MAIN DIRECTIONS AND PROSPECTS OF DEVELOPMENT OF THE REGIONAL SOCIAL INFRASTRUCTURE IN AZERBAIJAN**

As it is known, the normal activities of economic regions depend on the formation and development of relevant infrastructure areas. From this point of view, in general, the development of the social infrastructure and special state regulation in Azerbaijan and its regions is of great scientific and practical importance. In the context of the market economy, the regulation of this issue is a necessity. Especially for this reason, the development of the social infrastructure and especially of its state regulation has to be approached not uniformly, but from the point of view of the more rational and complete meeting the social needs of the society (Frolova et al., 2016). Such kind of problem statement governs the review of the following principal issues:

1. The current public and social economic status in the country.
2. The current level of development of the social infrastructure areas at the micro and macro levels.
3. The current standards of living of the population and the upside potential in the nearest or further future.

4. The radical structural changes in the economy and expansion of this process, etc.

From the point of view of these factors, the traditional direct or indirect use of the regulation method of the economy regulation must be implemented depending on the concrete public political and social economic conditions. The high public value of the social norms today requires a greater responsibility in their development. For this reason, the development of the social norms must be based on a correct and rational methodology. Thus, the considered norms should not only be real but also provide for the correct assessment of the events in the society, of the processes in terms of both quantity and quality. The norms, in accordance with the specified directions of two groups, have to be developed and to be reasonably sufficient. Along with that, depending on the functional direction and features, the social norms can be qualified as follows:

1. Increase and decrease of population.
2. Institutional care of population.
3. Demography of population.
4. Expenses covered.
5. Provision of housing and utility services to population.
6. Development of trade, public policy and services.
7. Transport and communications.
8. Population's health protection.
9. Arrangement of work and free time outside work.
10. Arrangement of work, labor and labor conditions.
11. State and protection of the environment.

This group of norms can be used as the main basis in definition of the investment, of the scale of production of various goods and services which are important for the measures aimed at the improvement of the population's standard of living and its trans-regional regulation.

The researches and analyses show that the positive influence on the development of the social infrastructure areas should be associated with the following:

1. The results of the living benefits of the society members from the economic activity are realized especially in this valuable area, the high aims and strategic objectives of the state find their actual expression here.
2. The increase of the population's standard of living is realized by this.
3. The role and the value of the social areas advance in the process of regulation of the market relations.

## CONCLUSIONS

In the result of the analyses of the current social infrastructure problems in the economic regions of Azerbaijan, coming to the following conclusion in respect of the improvement of regulation thereof, we consider it reasonable to put forward the following suggestions:

1. The republic of Azerbaijan was at the last place among the former soviet republics in terms of the level of the social infrastructure development. According to the several main indicators characterizing the development of the social infrastructure areas, Azerbaijan fell behind 2-3 times from the average level in the union. However, the most recent social infrastructure facilities are located in the absheron economic region. Thus, during this period, in terms of the development of the social infrastructure, the disproportion among the economic regions of the country became deeper. Thus, the social infrastructure problems remaining from the former soviet period found their solution in the context of the modern market economy.
2. The interrelations between the economic development and social infrastructure went bad in the regions of the country and the integrated development and rational implementation of the financial and technical basis of the social infrastructure became necessary.

3. The attention was drawn to the level of the social-economic development in the country, its dependence on the infrastructure provision, its comprehensive development level and normal operation.
4. The provision for approaching the development and regulation of the social infrastructure with integrated criteria, taking into consideration the concrete features of the regions, taking the adequate measures for prevention of the non-rational and unequal placement of productive forces, are characterized as important preconditions.
5. The provision of practically used social norms to meet the modern market economy requirements and their accelerated improvement are of great importance.
6. It is reasonable to create a 'regional development fund' with the purpose of regulation of the regional social infrastructure problems. This fund can be formed on the basis of the state or local executive authorities' budgets.
7. Efficient economic mechanisms have to be developed in the terms of the state regional policy improvement and favorable conditions should be created for the regional social economic development; the public interest must be further enhanced, etc.

## REFERENCES

- Abbasov, A.F. (2005). *Social market economy*. Baku: Elm.
- Akers, R. (2017). *Social learning and social structure: A general theory of crime and deviance*. Routledge.
- Alcock, P. (2016). *The student's companion to social policy*. John Wiley & Sons.
- Aliyev, S.T. (2014). Economics of Azerbaijan: Upgrading and implementation of efficient instruments. *Life Sciences*, 11(5), 321-326.
- Amrahov, V.T. (2014). Improvement of the economic mechanism of the structural policy of the state at the agricultural market. *Life Sciences*, 11(10), 471-476.
- Atakishiyev, M.Ç. (2005). *Azerbaijan on the way of the social economic progress*. Baku: Elm.
- Aurich-Beerheide, P., Catalano, S.L., Graziano, P.R. & Zimmermann, K. (2015). Stakeholder participation and policy integration in local social and employment policies: Germany and Italy compared. *Journal of European Social Policy*, 25(4), 379-392.
- Badalov, L.M., Sedova, N.V. & Mishagina, M.V. (2017). Public-private partnership in the social infrastructure of the Russian federation: Features, problems, strategic directions for implementation. *Academy of Strategic Management Journal*, 16(2), 1-7.
- Barcevicus, E., Weishaupt, T. & Zeitlin, J. (2014). *Assessing the open method of coordination: Institutional design and national influence of EU social policy coordination*. Springer.
- Butler, E. (2007). *Adam smith-a primer*. Occasional Paper.
- Copeland, P. & Daly, M. (2018). The European semester and EU social policy. *JCMS: Journal of Common Market Studies*.
- Coser, L.A. (2017). *The idea of social structure: Papers in honor of Robert K. Merton*. Routledge.
- De la Porte, C. & Heins, E. (2016). *A new era of European integration? Governance of labor market and social policy since the sovereign debt crisis. The sovereign debt crisis, the EU and welfare state reform*. Palgrave Macmillan, London.
- Fleckenstein, T. & Lee, S.C. (2014). The politics of postindustrial social policy: Family policy reforms in Britain, Germany, South Korea and Sweden. *Comparative Political Studies*, 47(4), 601-630.
- Frolova, E.V., Vinichenko, M.V., Kirillov, A.V., Rogach, O.V. & Kabanova, E.E. (2016). Development of social infrastructure in the management practices of local authorities: Trends and factors. *International Journal of Environmental and Science Education*, 11(15), 7421-7430.
- Gasimov, F.H. & Najafov, Z.M. (415AD). *Innovations: Approach, distribution and development prospects*. Baku: Elm.
- Jenson, J.M. & Fraser, M.W. (2015). *Social policy for children and families: A risk and resilience perspective*. Sage Publications.
- Jimeno, J.F. (2017). *Labor market reform: Lessons from Spain*. Routledge.
- Leontyev, V. (1990). *Economic essays*. Moscow: Politizdat.
- Lightman, E.S. & Lightman, N. (2017). *Social policy in Canada*. Oxford University Press.
- Linder, B. (1961). *An essay on trade and transformation*. Stockholm: NY Etc.
- Naghiyev, A.T. & Murshudov, R.I. (2002). *The main directions of improvement of the social care*. Baku: Elm.
- Nuriyev, A.H. (2013). *The conceptual fundamentals of the economic development and modernization policy in Azerbaijan*. Ba: Avrora.

- Rahmanov, F.P. (2004). *The regulation issues of the social infrastructure*. Baku: Elm.
- Ricardo, D. (1891). *Principles of political economy and taxation*. G. Bell and sons.
- Rustamov, A.A. (2003). *Economic issues of the increase of the population's welfare*. Baku: Elm.
- Samadzadeh, Z.A. (2001). *World economy. The miracle of China's economy*. Baku: Elm.
- Samuelson, P.A. (1948). *Economics and an introductory analysis: By Paul A. Samuelson*. McGraw-Hill.
- Shanks, M. (2016). *European social policy, today and tomorrow: Pergamon international library of science, technology, engineering and social studies*. Elsevier.
- Silva, P., Slater, C.L., Lopez Gorosave, G.L., Cerdas, V., Torres, N., Antunez, S. & Briceno, F. (2017). Educational leadership for social justice in Costa Rica, Mexico and Spain. *Journal of Educational Administration*, 55(3), 316-333.
- Stiglitz, J.E. & Charlton, A. (2005). *Fair trade for all: How trade can promote development*. New York: Cambridge University Press.
- Vernon, R. (1966). International investment and international trade in the product cycle. *The Quarterly Journal of Economics*, 80(2), 190-207.
- Zeitlin, J. & Vanhercke, B. (2018). Socializing the European semester: EU social and economic policy co-ordination in crisis and beyond. *Journal of European Public Policy*, 25(2), 149-174.