

STATE FINANCE: MODERN PROBLEMS AND SOLUTIONS.

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Abstract: The fragility of the globe financial institutions and their functions' ineffectiveness are clearly revealed by the current world financial crisis. it's primarily manifested within the loss of public confidence towards them and their inability to retort adequately to the world's new challenges. it's noteworthy that this world crisis cast doubt not only the economic and financial theories developed nowadays but also revealed the weakness of the sensible anti-crisis leverages during the settlement of true. supported the analysis, is concluded: After half-century since its foundation, it became evident that the International Monetary Foundation didn't full-fill. It hadn't done what it'd have done – Appropriation of funds for countries, which had economic difficulties. After that, the countries would be able to reinforce the economic so as that the majority of the population would are employed within the country.

During the outline of the XXI century world economic processes there are highlighted the causes of the worldwide slump and so the ways of their overcoming. Currently, the deepest global crisis within the globe has been grounded within the US, which spread rapidly in developed countries, later within the massive developing countries and slowly penetrated into smaller countries. the rationale for the crisis is that the countries have suffered crisis. Moreover, policy initiated by the International Monetary Foundation has contributed to global instability, for example: Liberalization of the Capital Marke.

Keywords: Globalization of the Economic, International Financial Institutes, Financial and Economic Crisis of the World, Overcome of the Poverty, Anti-Crisis economically unfounded policy of credit expansion, mistakes made in fair value evaluation and management transparency.

Introduction: Additional hardness added to the imperfections by the inappropriate assessment of the danger, neglecting and impairment of insufficient provision of loans and other financial instruments, which led to the refusal to perform credit obligations. At present, this world financial crisis has

clearly revealed the weakness of worldwide financial institutions and their functions inefficiency.

This, first of all, reveals within the loss of trust in them and their inability to adequately answer the new challenges of the world. Became known that the international money (IMF) and so the International Bank for Reconstruction and Development aren't capable of avoiding, not only the globe, but also the local financial and economic crises developed in numerous countries. it's noteworthy that today's global crisis has questioned not only the economic and financial theories developed yet, but also the weaknesses of practical anti-crisis leverages within the regulation of matters.

World financial system enter within the deep imbalance period, none of the state has didn't provide adequate resistance to the wave of world financial markets. we are going to say that within the planet there don't seem to be any international standards development institutions. All of them raised the necessity of radical reform of world financial architecture established today.

Research Results. supported the analysis, it's concluded: After the half century from the established it absolutely was clear that money couldn't do its mission, didn't do what it should have done - allocated money to the countries, which had economic difficulties, after that, these countries were ready to strengthen the economy, so as that the majority would are employed within the country. Despite of this incontrovertible fact that we all know way more about the continuing economic processes today, than we knew fifty years ago and despite the International Monetary Fund's attempts, over the past twenty-five years, the crisis has become increasingly common in several countries of the world and as a rule (except for the good Depression), it's harder than it absolutely was before. Almost 100 countries have suffered a crisis.

Moreover, the policy initiated by the international fund, ex: The liberalization of the capital market has contributed to global instability. When the country was in crisis, the programs implemented by the international money (IMF), instead of having an improved situation, became more tense, especially for the poor. The inadequate regulatory policy of governments contributed to the current crisis. The crisis could also be a failure of governments which they have to answer the question before the society, although the explanation behind the financial institutions may well be a criminal act. These crimes are the results of the government's decline.

Governments face a desire for normal reforms. The vulnerability of the vicious processes on the financial market has become a society, reputation and competence of governments, financial institutions have lost confidence. The

crisis is perceived by its anatomy, on the one hand, the danger of living, and on the alternative hand, we discover a favourable opportunity to hunt out the optimal paths. specifically, new fields and market segments are visiting be created, new technologies are created, innovations are utilized to maximise the tendencies of oriented profit maximization, and thus the tactic of effective investing within the foreground, using scientific technical progress and so the financial sector will move to new methods of management.

At the beginning of the XXI century, the foremost economic trends within the planet industrialized countries forced to vary the force and compulsory policy within the relations of dialogue and cooperation with each other. There are two radically different view of the globalization process: first, the progressive globalization process, which may contribute to the event of the world economy and also the world threat of certain countries (especially in developing countries and economies in transition) and at the identical time, the total world role of a dangerous trend. due to the superb and contradictory nature of globalization, the unmistakable attitude towards globalization is reasonably logical. the first step towards globalization is to understand her as an objective process. Globalization has supporters and adversaries. Supporters consider positive aspects, and adversaries are negative aspects. Thus, globalization is going to be assessed as positively and negatively. within the method of globalization, the country must be able to maximize the negative impacts of economic globalization and risk insurance.

Naturally, the country should be able to avoid the negative trends of world economy. It should even be taken into consideration that each one the positive side of globalization won't always fit nationally national interests. within the science, the character of economic cycles is reasonably well and deeply researched, and thus anatomy of the crisis, however. One fact is that global economic development is within the middle of world crises and also the system of effective preventive measures to forestall it isn't yet found out.

Therefore, so as to beat the slump, we believe that the ecu and Asian interconnection agreement is an expansionary budgetary policy. After that, each state must set the way for the crisis to come back out of the crisis. the present global financial crisis has dramatically demonstrated the weakness of worldwide financial institutions and their inefficiency. This, first of all, reveals the loss of charitable trust in them and adequately reply to the new challenges of the planet. It clothed that the international fund (IMF) and also the IBRD don't seem to be capable of avoiding the world financial and economic crises developed in several countries.

It's noteworthy that today's global crisis has questioned not only the economic and financial theories developed yet, but also the weaknesses of practical anti-crisis leverages within the regulation of things. the planet national economy entered a deep imbalance, with no government able to provide adequate resistance to the wave of world financial markets. It may be said that there's no institution of international norms that may effectively develop effective proposals and tackle collective decisions within the world. All of this necessitated radical reform of the globe financial architecture established today. that's why today it's becoming increasingly ripe about the novel transformation of today's world financial architecture, since it's no controversy that the regulation mechanisms of economic problems don't seem to be as effective because the international and national financial institutions.

Financial-economic problems have long gone beyond the boundaries of a separate country and received a worldwide look. policy is unreasonable if it doesn't contain basic concepts of funding and therefore the main concepts of development of finances and therefore the use of the appliance isn't supported by the sensible work of the state, with the backing of the method of reproduction. No ready-to-model of transition to plug economy won't be used for Georgia unless specifically per the economic characteristics of the country.

REAL GROWTH RATES OF GROSS DOMESTIC PRODUCT

[the same period of the last year = 100 percent]

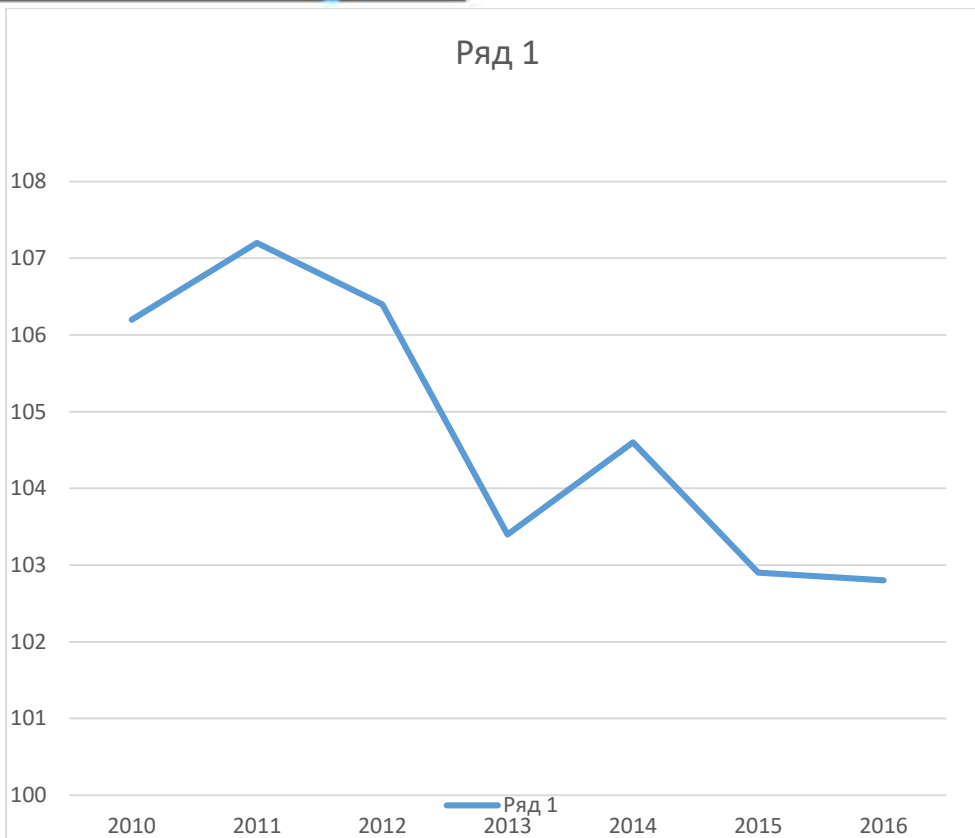


Fig.1.

It becomes even clearer that the financial stabilization and inflation suspension measures can't be achieved without the revitalization and production of the economy. this may well be considered by an anti-crisis commission, whose main goal is to understand financial stabilization.

Revenue, Expense and Operating Balance of General Government Budget [ml. GEL]

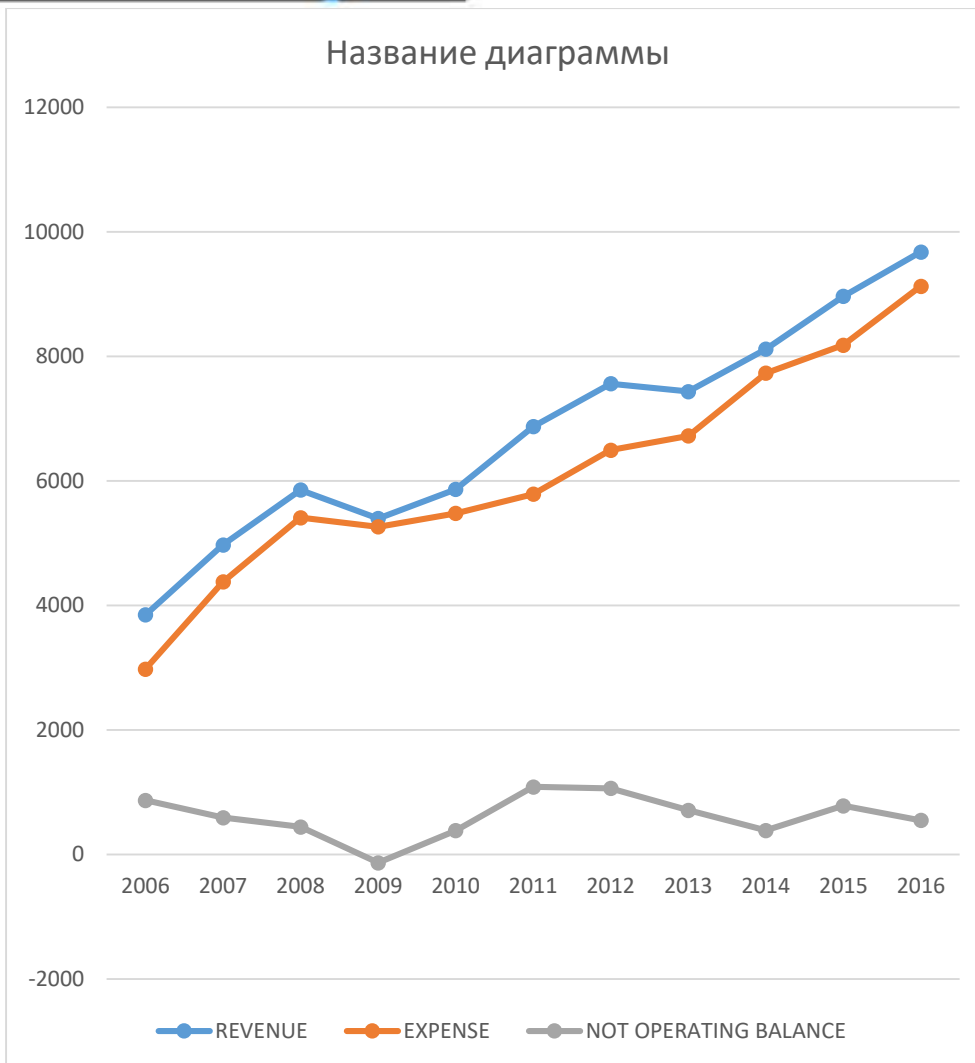


Fig.2.

Financial stability is an effort to represent the need of the state without the enactment of the assembly, in terms of national-state interests. Of course, it's possible to beat the crisis, the foremost thing is to try to thereto with minimal social economic losses and within the shortest possible period of some time.

Recommendations and general conclusions. within the context of market relations, the worldwide analysis of the worldwide depression is predicated on relevant findings and suggestions.

The new financial architecture of the planet in our view are supported the following:

- Integration of poor countries into the world economy system, which can give them the mandatory impulse. Otherwise, these countries will remain in permanent poverty;

- The reasonable and controlled movement of international capital must be within the centre of measures geared toward strengthening macroeconomic equilibrium and banking structures;
- Protection of the Golden Rule of transparency, which is that the essential basis of effective management, successful economic development and rational behaviour of markets;
- Develop and adopt the norms and rules of conduct, which suggests more objective supervision and regulation of the planet additionally as national markets;
- Multilateral, multi profile approach to the answer of world financial and economic problems and refusal of hegemony in one in every of the countries.
- within the anti-crisis program, for the aim of preventing or mitigating the impact of worldwide crisis, priority should tend to extend the standard of economic independence of the country.
- one in all the foremost cornerstones of the anti-crisis program should be the state budget and also the country's budget system.
- The crisis and also the budget are in good relations with one another.
- one altogether the strategic mechanisms of anti-crisis regulation is that the monetary credit policy.

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