

The role of the state in economic activity: During the sixteenth and seventeenth centuries, a group of opinions prevailed, the most important of which was the mercantilists, which were summarized in the necessity of state supervision by directing and organizing production and consumption, and controlling distribution and prices. What the state exports to the outside world annually about the value of what it imports from it, because this leads to attracting funds into the state and then increasing its national wealth, as the balance of trade that achieves a surplus was, in the opinion of the merchants, the only means that guarantee the state a continuous profit. In the eighteenth century, the free capitalist system appeared at the hands of the naturalists in France, Adam Smith and his colleagues in England, and other economists in various European countries among the founders of the classical theory who believed in the existence of a natural system of God's making that surpasses any other man-made system. They called for the necessity to leave freedom to individuals so that they can direct their efforts to what is in their interest, especially they used to believe that there is no contradiction between the interest of the individual and the interest of the group. If a person is left alone, he will not only achieve his personal interest, but at the same time he will work to achieve the common good, and therefore their slogan was "Let him work, let him pass." Therefore, these economists called for state intervention in economic activity. This economic thought that prevailed in the world during the eighteenth century and the first half of the nineteenth century is called the "classical theory". In fact, this theory is based on the existence of an invisible force that directs economic activity and works to achieve balance. This hidden force is in fact nothing but The price system "If the required quantity of a commodity exceeds the quantity supplied of it, this leads to a failure to increase its price according to the law of supply and demand, and a rise in price means an increase in the rate of profit, which encourages producers to increase production of this commodity in the hope of achieving abundant profits, and thus the quantity supplied will increase from This commodity until the required quantity of it is equal, which led to a decrease in its price according to the law of supply and demand, and the decrease in price means a decrease in the rate of profit, which leads producers to reduce the production of this commodity to avoid losses, and thus the quantity supplied of this commodity decreases until it equal the quantity demanded of it. In the first half of the twentieth century, the economist witnessed a serious attempt to remedy the defects and deviations of the free capitalist system, with the emergence of the "general theory of employment, interest and money," the British economist "Keynes" in 1936. Keynes called for the need for the state to intervene to cope with severe depression and Extreme unemployment, as he emphasized the need for The state intervened by increasing public spending to fill the gap in national income at the level of full employment and between consumption due to the inability of private investment to fill this gap. As for the role of the state in the late twentieth century, we can summarize it in carrying out the three basic services which are defense, security and justice, creating the appropriate climate for the private sector to invest, preparing an accurate, modern and detailed database, and establishing projects that the private sector cannot do first, in addition to Providing education, treatment and housing services to individuals with limited income, considering that these three services are essential services that are indispensable to any individual, also treating the defects and imbalances of the market home and protecting the national economy from the risks of integration into the global economy