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### **Economic arguments for minarchism in the modern economy**

Modern economic scholarship increasingly focuses on determining the appropriate boundaries of government involvement in economic life. Under conditions of globalization, rapid technological change, and intensifying rivalry among national economic systems, particular attention is being paid to approaches that advocate restraining state participation in the economy while broadening the scope for market-based self-regulation, thereby departing from more traditional interpretations of the state's economic role [1–3]. One such approach is minarchism, which views the state as an institution whose responsibilities should be confined to a narrow set of essential functions required to preserve the basic conditions for the operation of society and the market order.

The doctrine of minarchism emerged from the traditions of classical liberalism and libertarian economic thought. It is grounded in the idea of a minimal state, whose activities are restricted primarily to guaranteeing security, safeguarding property rights, upholding public order, and maintaining a functioning judicial system. According to this perspective, the state should refrain from direct participation in economic processes, avoid excessive market regulation, and minimize redistributive intervention. The central premise is that market mechanisms are generally better suited than centralized authorities to coordinate economic behavior and allocate resources efficiently.

From an economic standpoint, support for minarchism is closely connected with the perceived effectiveness of the market mechanism. Markets coordinate economic activity through the price system, which reflects the interaction of supply and demand while also transmitting information about changes in scarcity and resource availability. In such an environment, decisions concerning production, consumption, and investment are made in a decentralized way, enabling market participants to respond more quickly and flexibly to shifts in economic conditions. By contrast, excessive state interference may distort price signals, weaken the efficiency of resource allocation, and generate additional transaction costs.

A further argument in favor of minarchism relates to the issue of government inefficiency. Contemporary economic theory pays considerable attention to the phenomenon of “government failure”, which refers to situations in which public institutions are unable to ensure the optimal distribution of resources or the effective management of economic activity. Bureaucratic systems are often characterized by rigidity, high administrative costs, and insufficient accountability for outcomes. As a result, they may contribute to rising public expenditures, inefficient use of budgetary funds, and a decline in the overall productivity of the economic system.

Another important consideration concerns the influence of state regulation on entrepreneurship. Excessive regulation can create substantial entry barriers, restrict competition, and slow down innovation. When administrative requirements become too burdensome, firms are forced to devote significant time and resources to complying with regulatory standards rather than investing in expansion, technological advancement, or the development of new products. In contrast, reducing the scale of government intervention in accordance with the minarchist model may foster a more favorable environment for entrepreneurship, strengthen competition, and stimulate innovative activity.

Taxation also occupies a central place in the economic justification of minarchism. The concept of a minimal state presupposes lower public spending and, correspondingly, a lighter tax burden. Reduced taxes can serve as an incentive for greater economic activity, encourage investment, and support the expansion of production. Under such conditions, economic actors retain a larger share of their resources, which can then be directed toward business development, job creation, and innovation. In turn, these processes may accelerate economic growth and contribute to a higher standard of living.

An additional argument for limiting government intervention stems from the role of political incentives in shaping economic policy. In democratic systems, public decision-making is often influenced by short-term political goals, which may result in economically suboptimal outcomes. For instance, elected officials may advocate increased public spending or targeted subsidies in order to secure electoral support, even when such measures undermine long-term economic stability. Minarchism seeks to reduce the opportunities for such politically motivated intervention by narrowing the range of government functions.

At the same time, the idea of a minimal state does not imply the complete rejection of state institutions. On the contrary, it acknowledges the necessity of certain fundamental public functions, including the protection of law and order, the defense of property rights, the existence of an independent judiciary, and the provision of citizens' security. These institutions form the institutional foundation upon which a market economy depends. Without reliable enforcement of contracts and effective protection of ownership, market exchange cannot function properly, because economic agents would lack confidence in the stability and predictability of economic relations.

In the contemporary global economy, debates regarding the state's role in economic governance have become even more significant. On the one hand, there is an increasing demand for state coordination in such areas as strategic security, infrastructure development, and responses to global crises. On the other hand, excessive public intervention may constrain economic freedom and diminish the effectiveness of market coordination. In this context, minarchism offers a conceptual framework aimed at balancing the necessity of state institutions with the preservation of individual and economic liberty.

Economic literature also devotes substantial attention to the practical constraints associated with implementing the minarchist model. One of the principal challenges lies in financing the core functions of the state without creating an

excessive tax burden. Moreover, modern economies contain sectors in which market mechanisms alone may not be sufficient to satisfy social needs effectively, particularly in the provision of public goods and the mitigation of externalities. These circumstances necessitate the development of compromise solutions that combine market-based principles with limited yet efficient forms of state regulation.

Therefore, the economic case for minarchism is built on the aspiration to improve the performance of the economic system by curbing government intervention and enhancing the coordinating role of markets. The essential propositions of this concept highlight economic freedom, competition, and decentralized decision-making as crucial drivers of development. At the same time, present-day economic realities demonstrate that the principles of the minimal state must be complemented by effective institutional mechanisms capable of safeguarding the public interest. Consequently, identifying the optimal balance between market autonomy and state involvement remains one of the key challenges of modern economic science.

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