THE STATE AND THE BUSINESS: INTERESTS AND INSTITUTES

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Abstract: Relations between governors and economic units have always attracted attention of economists, politicians, sociologists... This article reviews most prominent approaches to this problem developed by economists in the past centuries. Their variety is shown according to an increasing complexity of approaches. As the system of economic knowledge penetrated deeper and deeper into the issue, views changed from simple Adam Smith's viewpoint according to which interests of entrepreneurs and the state were very close, to ones introducing more details and more players into the analysis, like the Marxian class approach, Coase's agents approach and modern Game Theory based auction approaches. The final part of the article develops the concept of “balance of powers” between the private and the public sectors in order to minimize costs of economic regulation which can be achieved through considering certain characteristics of every state and people.

Key words: Regulatory capture, special interest politics, economics of regulation, protection, alliances, trade policy, collective action.

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