

Abstract of the Article
"The Essence and Mechanism of Domestic Market Functioning"
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Domestic market is a system of economic relationships within the process of exchange of commodities, services and securities that occurs between producers and consumers of goods and services. It is an essential precondition of activity of the society; its shortcoming leads to a simultaneous appearance of its substitutes (black or shadow markets) that endeavour to function the same way.

Due to the mechanism of satisfaction of needs there are two main subjects in the domestic market: household and enterprises. They interact via the resource market (factors of production – land, labour, capital, information, entrepreneurial talent) and goods and service market. The distribution process of both resources and products may include sellers (wholesale trade organizations, brokers etc). To ensure trade and estimation of price and also balancing the revenues and costs of subjects of the home market there is a necessity of intermediation of financial bodies. They accumulate spare money that become savings of households and corporations and is used for those economic activities, which need working capital and investment resources. Thereby the financial sector contributes to the process of transforming savings of the households and corporations into investments.

Any market including the domestic market experiences fluctuations as a result of natural and speculative change in market. Keeping the balance requires state regulations thus it makes the government an obligatory subject.

Combining the direction of state and market powers defines the vector of the economic development of the country, their functions and limits may change when affected by the alteration of the productive forces development level, political and economic orientation, social structure etc.