**ABSTRACT** 

**DISSERTATION TOPIC:** The Changing Role of the State in the Economy: Changes in

Comprehension of State from 18<sup>th</sup> Century to Present

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The state can be defined as an authority derived naturally as a result of living together.

The main question which made economists and social scientists discuss on is what the state's

role should be in economy. Neutral state approach that limits the influence of the state on the

economy and defines the responsibility areas of the state as security, diplomacy and justice

was the most accepted state model during 18th and 19th centuries. However the influence of

state in the economy increased in the 20<sup>th</sup> century as a result of technological and political

changes such as wars, crisis, politics and the cold war, the ideologies such as marxism and

socialism. Keynesians approaches, social policies and interventions carried out in order to

create economic development raised the influence of state on the economy in the 20<sup>th</sup> century.

This approach is entitled as welfare state model and this model is restructured after the

petroleum crisis at the end of 20<sup>th</sup> century. In this context searches of effective state are based

on the restructuring the state.

In this research the changing role of the state from 18<sup>th</sup> century to present has been

explained considering the historical milestones mentioned above.

**Key Words:** 

Neutral State, Welfare State, Effective State, Economic Change