

CONCEPTUAL FOUNDATIONS FOR THE FOREIGN ECONOMIC SPHERE OF THE NATIONAL ECONOMY DEVELOPMENT



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Abstract. The foreign economic sphere of the national economy of Ukraine plays a significant role, its scale and impact on the economic system situation as a whole in certain periods is crucial. Therefore, the problems of its development, ensuring a positive impact on the economy at large, are relevant for scientific research. The purpose of this study is to identify the main conceptual provisions of the foreign economic sphere of the national economy development. The object of the study is the complex economic systems development, which include the foreign economic sphere of the national economy. The theoretical basis of the study is the theory of economic growth and spatial development. The analysis of the basic theoretical provisions made it possible to determine the feasibility of using a system-structural approach to the process of the foreign economic sphere of the national economy development and to identify its main components. It has been proved that the system-structural paradigm acts as fundamental for ensuring economic growth and covers the whole set of issues related to the foreign economic sphere of the national economy development. This approach allows defining the development processes as a purposeful dynamic process of forming foreign economic relations, indicative programming of structural changes in foreign economic activity, both in the sectoral and territorial aspects.

Keywords: *foreign economic sphere, national economy, economic development, economic growth, concept of system and structural development.*

Introduction

At every stage of historical evolution, national economic systems retain some openness to the external environment, but the nature of this openness changes in accordance with the level of the system adaptation to activity in the new environment. This openness is realized through the foreign economic sphere, which connects the national economy with the world economy. In the course of development at certain phase transitions, the foreign economic sphere changes, its existing structure varies, internal connections are split, a spectrum of possible development directions appears, including possible simplification or complication of the system, its destruction, emergence of new levels of the organization, which transforms the system into a qualitatively new state. The research and scientific justification of these changes is relevant for Ukraine and other countries, which, on the one hand, are dependent on external consumption and, on the other hand, seek sustainable economic growth to improve living standards and well-being of the population, and address existing ecological problems. The importance of addressing these issues is linked to the current challenges in the global economy – the slowdown in world trade growth, the threat of a full-scale trade competition between the US and China, the possible escalation of trade conflicts in general, the unwinding of over-liquid monetary policy, etc.

Analysis of recent research and publications. Significant contribution to the study of economic development issues, economic growth, methodological and methodical approaches to structural changes in the economy and in the foreign economic sphere, in particular, was made by such foreign scientists as J. Budville, S. Kuznets, F. Peru, P. Potier, R. Solow, T. Swann, R. Harrod, J. Schumpeter, and others, as well as domestic ones – V. Bilotserkovets, Z. Varnalii. A. Galchinsky, V. Geyets, J. Zhalilo, O. Kuzmin, O. Poddubny, M. Skrypnychenko, A. Filipenko, A. Chukhno and others.

Assessing the scientific achievements of foreign and Ukrainian scientists on this issue, it is necessary to underline the insufficient degree of growth sources disclosure, measures to ensure long-term sustainability, programming of structural changes in the foreign economic sphere of the national economy, considering it not only in the aspect of functioning, but as a development aspect that determines the feasibility of further research, the direction of scientific analysis, which is a fundamental problem and the solution of which is necessary for ensuring the economic growth of Ukraine as a whole.

The purpose of the article is an analysis of the basic economic theories related to economic development, economic growth and formation of economic space for categorical understanding and understanding of these processes in the foreign economic sphere of the national economy.

Research results. Economic development in theoretical and practical scientific research has many different interpretations. Economic development means the acceleration of economic growth, the rational use of economic policy to enhance the national economy competitiveness, the formation of industrial policy, ensuring the sustainability of the process that harmonizes the natural and social systems, improving the standard of living of the population, wages, social benefits, the level of basic education and quality of training people's skills, strengthening the economy at the regional level in order to reduce inequality, implement job creation programs, etc. From the point of view of the foreign economic sphere of the national economy development, the basic concepts of such theories as Economic Base Theory, Staple theory, Sector Theory, Growth Pole Theory, Neoclassical Growth Theory, Interregional Trade Theory, Theories of the Product Cycle, Entrepreneurship Theories are important.

Analysis of the main content of the theory of "economic base" [1, 2] showed that the equivalent of economic development is economic growth, which is reflected, in particular, in the indicators of the production dynamics (as well as the level of income, employment) in the basic sectors due to external demand, which leads to an increase in exports and is multiplied on the entire national economy. Of course, this is a simple theoretical tool (and this can be considered an advantage), especially for forecasting, but it does not allow to take into account the complexity of the development process. In practice, the impact of different sectors of the basic one may not be the same. In spite of this, the practical application of this approach implies the active development of the foreign economic sphere of the national economy by stimulating certain industries or by taking advantage of the competitive benefits of individual regions.

Given the raw material distribution of the national foreign economic sphere one should take into account the theoretical approaches that have been developed within the Staple theory [3, 4] and have a certain qualification for the conceptual foundations formation for the foreign economic sphere of the national economy development. Their analysis showed that it is advisable to increase production of the main export commodity as long as it remains competitive in a larger economic system (this system is supported by world commodity markets and the world economy as a whole). Attention is drawn to the conclusion that strengthening existing specialization may be more appropriate than trying to diversify. But for this, the necessary conditions must be formed: the achievement of certain scales of the internal market, the emergence of cost savings opportunities due to the urbanization effect that can be used by other exporters.

The analysis of the Sector Theory content [5, 6] made it possible to identify as a criterion of economic development the degree of sectoral diversification and growth rates of labour productivity. Labour productivity in the primary and secondary sectors is growing faster than in the tertiary sector, which facilitates the release of working places in the primary and secondary sectors and its transfer into the tertiary, i.e. the redistribution of labour resources between economic sectors [7]. The usefulness of this theory for the conceptual foundations for the foreign economic sphere development formulation is that the emphasis has to be placed on stimulating labour productivity in export industries, together with the attention that must be given to the industries producing elastic goods on demand, which will generally contribute to economy growth as a whole.

Understanding and shaping the processes of the foreign economic sphere development of the national economy involves the outline of the important for the theory points of growth poles by François Perroux [8], according to which the basic principle of economic life is inequality, which leads to the existence of dominant and subordinate economic units, deformation of economic spaces. One of the types of deformation is the polarization of space around the leading branch (the "growth pole"), the enterprises entering this polarized space feel its positive (promotes development) or burdening (impedes development) influence. This thesis is directly related to the foreign economic sphere, when the deformation of the economic space around the dominant unit (a large export-oriented enterprise or the whole complex) leads to a change in the form and content of relations between economic units. The authors agree with François Perroux's assumptions that balanced growth is almost impossible; growth policy has to be implemented as a selective structural policy.

However, this approach, despite its explicit practicality, does not take into account the whole set of tasks of economic development of the foreign economic sphere of the national economy. Their understanding is also linked to the nature of the economic growth process itself, which is of paramount importance to the underlying factors of the world markets and the global economy as a whole.

The importance of these aspects, in particular, is considered in the neoclassical theory of growth and interregional trade, which has to take into account the effect of free market laws, the efficiency of foreign trade and open economy, the impact of increased competition in world markets on the performance of national economic entities and the national economy. That is why it is necessary to strike a balance on interventions in the economy, increase the effectiveness of government action and other measures aimed at improving productivity and reducing costs in all areas of economic activity.

The provisions of the theories of the product cycle, according to which development is a continuous process of creating new products, are an important component for the conceptual foundations formation for the foreign economic sphere of the national economy development [9]. The main driving force behind economic development is an innovative process that spreads through the production of new products and stimulates economic development. However, the nature of its development may be different, which allows distinguishing two variants of its application. This is a direct support of specific enterprises capable of creating new products and indirect – to innovative companies through the infrastructure development financing. For the foreign economic sphere of the national economy, in this case, it becomes important to formulate a strategy for the relevant infrastructure development, which will to the uttermost ensure the activation of innovative processes.

Given that foreign economic activity is carried out to a greater extent by particular enterprises and entrepreneurs, it is advisable to analyze the theoretical approaches formed within entrepreneurship theories. For instance, Joseph Alois Schumpeter [10] connects the meaning of

economic development to the increased flexibility and diversity of economic activity forms when changes occurring in individual firms and industries generally contribute to the economic development of the national economy, its mobility and diversification.

Adaptation of this approach to the development needs of the foreign economic sphere of the national economy is to create and support a favourable business environment and take into account the role of individual entrepreneurs in the economic development processes.

Disclosure of the essence of the foreign economic sphere development of the national economy provides attention to industrial production and its peculiarities related to international competition. From these perspectives, one has to agree with the findings of the representatives of flexible production theories, who consider development not only as quantitative growth, but as a qualitative change in the structure of industry and competitive advantages, focusing on the study of the impact of flexible production on labour relations, wages, and market power relations between large and small firms, moving from cost minimization and price competition to competition based on innovation, product differentiation and marketing focused on particular market niches [11].

Generalization of the analyzed theoretical provisions allows determining that the foreign economic sphere development of the national economy has to cover all components of this complex system, which within each national economy has its structural, functional and spatial configuration. The process of its development implies not only quantitative growth but also qualitative change in the structure of this system. That is why it is advisable to use the systemic-structural development of the foreign economic sphere of the national economy, which is proposed to be considered as a purposeful dynamic process of foreign economic relations formation, indicative programming of structural changes in foreign economic activity and its spatial distribution. The main components of the system-structural development of the foreign economic sphere of the national economy are shown in fig. 1.

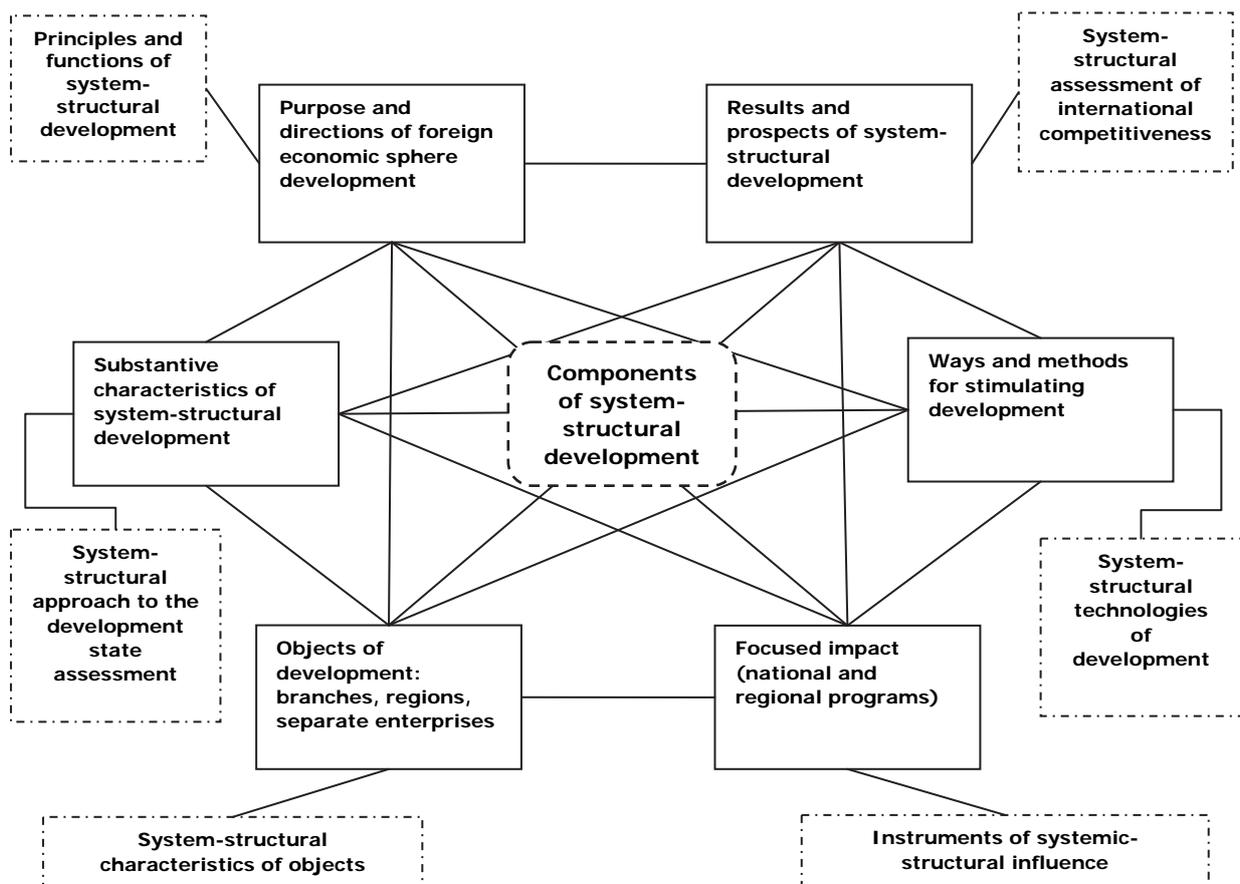


Figure 1. Components of systemic-structural development of foreign economic sphere of national economy.

System-structural approach to the foreign economic sphere development of the national economy includes numerical relations of the development process. The stages of problem solving are considered jointly, in conjunction and in dialectical unity. It is possible to go to any stage, including the return to goal setting. The nature and dynamics of the foreign economic sphere development of the national economy influences the economic development as a whole.

Conclusions

Defining the conceptual foundations for the external economic sphere development of the national economy is not enough to determine its systemic quality; it has to be supplemented by the idea of changing the types of systemic integrity as the system develops. In such complex systems as the foreign economic sphere of the national economy, there is a new understanding of the development processes as processes of the national economy interaction with the world, processes of interaction of national industries and sectors of the economy with the relevant segments of the world market, processes of interaction of national economic entities with the relevant entities from other countries. In addition, it has to be taken into consideration that these are processes of constant exchange of goods, capital, labour, information, technologies with the external environment, when the system is reproduced in variable interactions.

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