

Година XXVI

ИНСТИТУТ ЗА ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ НА БЪЛГАРСКАТА АКАДЕМИЯ НА НАУКИТЕ

ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ

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ОТРАЖЕНИЯ НА СВЕТОВНАТА КРИЗА 2008-2009 г. ВЪРХУ ИКОНОМИЧЕСКАТА ТЕОРИЯ: ОПИТ ЗА ОБОБЩЕНИЕ²

Студията си поставя задачата да анализира влиянието на глобалната финансово-икономическа криза от 2008-2009 г. върху икономическата теория. Фокусът е върху доминиращата теоретична парадигма: неокласическата теория (икономикс). Изследването се състои от две части. В първата се анализират ефектите от кризата върху неокласическата теория. Представени са основните направления на критиката срещу икономикса в светлината на последната криза. В контекста на философията на познанието е дискутиран проблема за „провал“ на икономикса във връзка с неспособността му да предскаже кризата. Във втората част на студията се изследват някои нови процеси и явления в областта на икономическата теория – както ортодоксалната, така и хетеродоксалната, които се развиват в следкризисния период. Крайният извод на автора е, че в сферата на икономическите идеи понастоящем е налице сериозно раздвижване. Протичат процеси, които в определена степен чертаят нови перспективи пред икономическата теория: както пред науката, така и пред преподаването на икономическа теория в университетите.

JEL: A20; B22; B41

*The financial crisis which began in 2007 has sparked an
unusual degree of reflection on the state of economics.
Shelia Dow*

Увод

Световната финансова и икономическа криза от 2008-2009 г. ще остане записана в стопанската история като едно от най-сериозните икономически сътресения. Тя достигна изключителен мащаб и дълбочина, подкопа благосъстоянието и остави

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² Студията е разработена на основата на доклад, представен от автора на кръгла маса на тема „Критиката към неокласическия икономикс в светлината на глобалната финансово-икономическа криза от 2008-2009 г.“, проведена на 24-25.06.2016 г. в Икономически университет – Варна.

тежък отпечатък върху живота на обществото. Една друга област, в която отражението на кризата е особено осезаемо, е икономическата теория. Периодът на кризата и след нея е за икономическата теория изключително динамичен – той е богат на разнообразни и противоречиви нови процеси, явления и тенденции. Тяхното познаване е важно, защото те създават една нова среда за развитието на икономическите идеи, а някои от тях чертаят нови перспективи пред икономическата теория. С оглед на това, настоящото изследване си поставя задачата да анализира отражението на глобалната криза върху теоретичната икономическа наука. Фокусът е върху доминиращата теоретична парадигма: неокласическата теория. Хетеродоксалните школи ще бъдат засегнати само периферно.

Студията се състои от две части. В първата се изследват ефектите на кризата върху неокласическата теория (икономикса), а във втората – някои важни развития както в рамките на ортодоксалната икономическа мисъл, така и извън нея, в периода след кризата.

I. Кризата и икономикса

Много скоро след настъпването на кризата доминиращата икономическа теория – икономиксът, стана обект на атаки, в центъра на които застана въпросът: Защо икономиксът не успя да предскаже кризата?

На срещата си с преподаватели от London School of Economics на 5 ноември 2008 г. английската кралица Елизабет II задава въпроса: “Why no one saw it coming?” след което този въпрос започва да звучи от много места.

Икономиксът и преди е бил обект на атаки, но новото сега е, че критиките излизат извън рамките на научния дебат. Критика към икономикса във връзка с настъпването на кризата, предвид нейният мащаб, дълбочина и сериозни последици, отправят политиките, медиите, работодателите, институциите на икономическата политика. Материали, съдържащи критична оценка за доминиращата теоретична парадигма се публикуват в периода 2008-2009 г. и след това на страниците на водещи световни издания като *The New York Times*, *Financial Times*, *The Economist*, *Gardian* и др. Английската банка (Bank of England) организира специална конференция, на която се дискутира състоянието на икономикса. Към Конгреса на САЩ е създадена Комисия, която да разследва неуспеха на икономическата теория да предвиди кризата. В последна сметка цялото обществено мнение се настройва негативно и критично спрямо доминиращата икономическа теория.

Обществените дискусии и критики отекнаха в научните среди и икономистите също се изправиха пред въпроса: Защо икономиксът не успя да предвиди кризата?

Важен ли е този въпрос и ако да, защо е важен?

От гледна точка на неокласическата парадигма, нещата изглеждат по следния начин:

В прагматичен план – защото това можеше да доведе ако не до избягване на кризата, то поне до смекчаване на нейните последици.

В теоретичен план – защото в духа на позитивизма и методологията на М. Фридман, научният статут на икономическата наука се определя не от реализма на нейните предпоставки, а от точността на нейните прогнози.³ Ако се приеме тази постановка, то тогава неуспехът на икономикса да предвиди настъпването на кризата хвърля силна сянка на съмнение върху самият му статут като научна дисциплина, т.е. представлява сам по себе си един много сериозен проблем.

Но дори и тогава, когато неспособността на икономикса да предскаже кризата не се свързва експлицитно с есето и методологичните позиции на М. Фридман, най-разпространените оценки следват следната логика: **икономиксът не успя да предвиди кризата, следователно той се провали (failure of economics)**. Тези две твърдения се разглеждат като неразривно свързани – неспособността на икономикса да предскаже кризата се разглежда като синоним/доказателство за провала на икономикса.

Въпрос с ключово значение тогава е: Защо икономиксът не успя да предвиди настъпването на кризата?

Ако се направи опит да се обобщят съществуващите мнения⁴, то се очертават три основни възможни обяснения, които съставляват отговори на горния въпрос.

Първото възможно обяснение: икономиксът е станал прекалено абстрактен и се е откъснал от действителността. Съвременното му състояние се характеризира с прекомерна математизация и формализация, самоцелно теоретизиране, в резултат на което е загубил собственото си съдържание; отдалечил се е или е скъсал връзките си с реалността.

Тази критика идва преди всичко от редиците на хетеродоксалните икономисти. Тя не е нова, но кризата даде повод за нейното активизиране. Като примери могат да се посочат публикации на Т. Лоусън (2009, 2012), Дж. Ходсън (2008, 2009), А. Кирман (2009), Ларс Сил (2010) и други – активни участници в дискусията.

В контекста на идеята за отдалечаването на икономикса от действителността, показателно е възраждането сред хетеродоксалните икономисти на интереса към книгата на Т. Лоусън „Икономикс и реалност“, публикувана през един по-ранен период (Lawson, 1997). В нея авторът критикува икономикса за това, че той възприема и изучава икономиката като затворена система, а тя е отворена. В резултат на неточното идентифициране на обекта на анализ, икономиксът по-нататък

³ Дж. Стиглиц (Stiglitz, 2010, p. 1) пише: „Ако икономиксът е наука, както може да се предположи, ще бъде оценяван по способността му да предсказва. Но той, до голяма степен, се провали на този тест.“

⁴ На основата на публикации в научния печат, в текущите издания, социалните мрежи, блогове и т.н.

възприема и неадекватни на този обект методи на изследване. Крайният резултат е отдалечаване на икономикса от реалността. Ако се обобщи, критиката на Т. Лосън е в основата си онтологична.

Но нашето внимание, както бе посочено по-горе в увода, е към ортодоксалната теория.

Гласове с подобни критики звучат и от редиците на доминиращата парадигма.

В една статия, придобила изключително широка популярност, П. Кругман (Krugman, 2009) реагира на провала на икономикса да предскаже кризата с въпроса: „Как икономистите объркаха толкова нещата?“. Отговорът, който Кругман дава на този въпрос е: „професията на икономистите (т.е. икономиксът – б.а.) остана встрани, защото те като група погрешно приеха красотата, облечена във впечатляващо изглеждаща математика, за истина.... Икономистите отново се влюбуха в остаряла, идеализирана представа за икономиката, в която рационални индивиди взаимодействат на съвършени пазари, този път представа, маскирана с уравнения.” (Krugman, 2009).

Т. Пикети в книгата си „Капиталът през ХХІ век“ отбелязва: „Да говорим открито, дисциплината „икономикс“ все още предстои да преодолява своето детинско увлечение към математиката и към чисто теоретичните и силно идеологизирани спекулации, за сметка на историческото изследване и сътрудничеството с другите социални науки.” (Piketty, 2014, p. 32).

Една голяма група икономисти от САЩ, Германия, Дания и Франция начело с Д. Коландър (Colander et al, 2009) отправят две основни критики към доминиращата парадигма. Първата е срещу моделите на неокласиката, които са прекалено абстрактни и откъснати от действителността: „тези модели не съумяват да държат сметка за действителната еволюция на реалната икономика... доминиращият теоретичен модел изключва много аспекти на икономиката, които е вероятно да доведат до криза”. Втората критика е по отношение на неспособността на икономистите-неокласици да разбират ограниченията на своите модели и да представят тези ограничения открито. Авторите завършват: „Това състояние на нещата очевидно изисква сериозна преориентация на фокуса на изследванията, които икономистите предприемат, а също установяването на етичен кодекс, който да изисква икономистите да разбират и оповестяват ограниченията и потенциалната опасност от неправилно използване на техните модели.” (Colander et al, 2009, p. 3, 4)

Второто обяснение и в по-конкретен план е свързано със състоянието на макроикономиката и нейните модели.

Преди да бъде представена критиката към макроикономиката във връзка с неспособността на икономикса да предвиди кризата, необходимо е накратко да се припомни какво характеризира състоянието на съвременната макроикономика. Към края на ХХ в. в нея се формират две влиятелни течения: Новата класическа макроикономика (школата на рационалните очаквания), в основата на която стои Теорията за реалния бизнес цикъл, и Новото кейнсианство. Макар че между тях има съществени различия, те споделят и общи методологични принципи (методологичния

индивидуализъм, оптимизационно поведение на индивидите, концепцията за равновесието), както и теоретична близост – по отношение на икономиката в дългосрочния период, поради което в края на XX в. бе лансирана идеята за Нов неокласически синтез. Така че критиката срещу макроикономиката е или критика срещу двете доминиращи течения, или срещу Новия неокласически синтез и неговата сърцевина: динамичните стохастични модели на общо равновесие – Dynamic Stochastic General Equilibrium models (DSGE моделите).

Един от първите, който отпрати критика към макроикономиката е известният американски макроикономист У. Бюитер (Buiter, 2009, р. 1), който в статия във *Financial Times* пише: „Стандартната макроикономическа теория не помогна да се предвиди кризата, нито допринесе за това тя да бъде разбрана или да се намерят решения...Както Новата класическа макроикономика, така и Новото кейнсианство, почиващи върху идеята за завършените пазари (complete markets) не само не позволяват ключовите въпроси за несъстоятелността или отсъствието на ликвидност да намерят отговор. Те не позволяват подобни въпроси да бъдат зададени. Нужна е нова парадигма.”

Ако се опитаме да бъдем по-детайлни, то критиката към моделите на съвременната макроикономика във връзка с последната криза могат да се систематизират в следните основни направления:

1. Моделирането на цикъла – в моделите на макроикономиката колебанията са възможни, но те са неголеми и самокоригиращи се, така че икономиката остава в стабилно състояние. Кризите са резултат на външни шокове, но не и на вътрешни, вградени фактори.
2. Начинът, по който финансовият сектор присъства в макроикономическата теория.
3. Линеарност на моделите.
4. Хипотезата за рационалните очаквания и репрезентативния агент – т.е. обект на критика стават и микроикономическите основи на макроикономиката.

Тези четири основни направления ще бъдат разгледани по-подробно.

1. Представата на макроикономистите за цикъла

О. Бланчард (Blanchard, 2014) посочва, че в годините преди кризата от 2008 г. американският мейнстрийм икономикс възприема една нарастващо „благоприятна” („добронамерена“) гледна точка за колебанията на обема и заетостта. Но той допълва: „Кризата показва ясно, че тази гледна точка е погрешна и че има нужда от дълбоко преосмисляне.“

Заслужава да се види как известният икономист⁵ обяснява формирането на тази „добронамерена“ гледна точка. В своята статия от 2014 г. той пише: „Техниките, които ние използваме, оказват влияние върху нашето мислене по един дълбок и не

⁵ До октомври 2015 г. О. Бланчард е главен икономист на МВФ.

винаги осъзнат начин. Такъв е случаят с макроикономиката в десетилетията, предшествващи кризата. Техниките бяха най-подходящи за едно разбиране, според което икономическите колебания се случват, но те са регулярни и в основни линии самокоригиращи се. Проблемът е, че ние започнахме да вярваме, че това е наистина начинът, по който светът работи.”(Blanchard, 2014, p. 28).

И по-долу „Ние в тази област (макроикономиката - б.а.) възприемахме икономиката катопостоянно подложена на различни шокове, постоянно колебаеща се, но по един естествен начин връщаща се към стабилното си състояние във времето.

....Ние всички знаехме, че съществуват „тъмни ъгли”, ситуации, при които икономиката може зле да функционира. Но ние смятахме, че сме доста далеч от тези ъгли, и през повече време можем да ги игнорираме.

.... Основният урок от кризата е че ние сме били много по-близо до тези тъмни ъгли отколкото си мислехме, и че ъглите се оказаха по-тъмни отколкото ние смятахме.”

Положителното в статията на Бланчард е, че наред с вътрешните причини за този „благоприятен” поглед към икономическите колебания (развитието на макроикономическата теория), той разкрива и външните: това е сравнително по-равномерното, без големи сътресения стопанско развитие на развитите страни от 80-те години на XX в. насам.

2. Начинът, по който се интерпретира в макроикономиката финансовия сектор

Критики с подобно съдържание са широко разпространени. Не са малко икономистите, които посочват, че в своята най-абстрактна същност теорията на пазарната икономика е теория на бартерна икономика, в която ролята на парите е сведена до посредник в движението на стоките. В моделите на макроикономиката, ако финансовият сектор присъства, то той е прекалено абстрактен, тривиален и опростен. Срещу това икономистите днес се изправят пред лицето на съвсем различна реалност – реалност, в която финансовият сектор играе много важна роля (днес много икономисти признават, че той е „сърцето“ и „кръвоносната система“ на съвременната монетарна пазарна икономика), нещо повече, с основание се говори за „финансиализация” на икономиката, за несъразмерно/прекомерно разрастване на финансовия сектор, а през последните две десетилетия в резултат на финансовите иновации се промени начинът, по който функционира финансовата система. Много малко от това присъства в модерната макроикономика. Затова и повсеместно е признанието, че е необходимо сериозно преосмисляне на интерпретацията на финансовия сектор в макроикономиката. Масов е призивът да се ендогенизират важни аспекти на финансовия сектор от гледна точка на съвременното му функциониране.

3. На критика е подложено едно от основните свойства на макромоделите до кризата – тяхната линеарност.

Ето как О. Бланчард (Blanchard, 2014) обяснява това свойство на моделите. Връщайки се към революцията на рационалните очаквания през 70-те години на XX в., той посочва: „Основната идея – че поведението на хората и фирмите зависи не само от текущите икономически условия, но и от това какво те очакват да се случи в бъдеще – не била нова. Това, което е ново е развитието на техники за решаването на модели при предпоставката, че хората и фирмите правят най-доброто за да оценят бъдещето.

...Тези техники обаче имат смисъл само при схващането, според което икономическите колебания са достатъчно регулярни, така че гледайки към миналото, хората и фирмите (и иконометриците, които прилагат статистиката към икономикса) да могат да разберат тяхната природа и да формират очаквания за бъдещето и да са достатъчно прости, така че малки шокове имат малък ефект, а един шок два пъти по-силен от друг, има два пъти по-силен ефект върху икономическата активност. Причината за това допускане, наречено линеарност, е техническа: модели с не-линеарност – такива, при които малък шок като намаляване на цените на недвижимостите, могат понякога да имат голям ефект, или при които ефекта на шока зависи от останалата икономическа среда – е трудно, ако не и невъзможно да бъдат решени при предпоставката за рационални очаквания.” (Blanchard, 2014, p. 28).

И по-долу: „Че малки шокове могат понякога да имат големи ефекти и, като резултат, нещата да тръгнат действително зле, не било напълно пренебрегнато от икономистите. Но един такъв резултат се смятало че е нещо от миналото което няма да се случи отново, поне не в развитите страни, резултат от техните силни икономически политики....

...Накратко, идеята че малки шокове могат да имат голям неблагоприятен ефект или че могат да имат за резултат продължителен спад, не се разглежда като основен проблем.” (Blanchard, 2014, p. 29).

4. Обект на критика стават и микроикономическите основи на макроикономиката – хипотезата за рационалните очаквания и репрезентативния агент.

Франсиз Копола отбелязва: „Тези модели не са реалистична картина на това как икономиката действително работи. Репрезентативните агенти всъщност не представляват никого. Рационалните очаквания са движени колкото от логиката, толкова и от емоциите. Поведенският икономикс е още в детската си възраст, но ние вече започваме да разбираме до каква степен хората са водени от инстинктите си като например стадния инстинкт. И никъде това не е толкова очевидно както във финансовата индустрия.”

Третото обяснение и отговор на въпроса защо икономиксът не успя да предвиди кризата е свързано с разкриване недостатъци на ортодоксалната финансова теория.

Критиката срещу ортодоксалната финансова теория може да се разглежда като по-нататъшно продължение на критиката срещу макроикономиката, защото и тук едно от основните обвинения е, че тя почива върху прекалено абстрактни, опростени предпоставки.

През м. март 2009 г. във Великобритания е публикуван документ на Британската финансова служба. Той е озаглавен "The Turner Review – A Regulatory Response to the Global Banking Crisis". В него част 1.4 е посветена на „Фундаментални теоретични въпроси“. В тази част се посочва, че финансовите пазари не могат адекватно да бъдат моделирани като ефективни взаимодействия между рационални агенти, водещи до равновесие в процеса, като по този начин се отхвърля почти цялата структура на модерната ортодоксална финансова теория така както тя е развита през последните 20 – 30 години (The Turner Review, 2009, p. 40-41).

На преосмисляне са основните постановки на ортодоксалната финансова теория, като особено силно критикувана е хипотезата за ефективните пазари (Е. Фама). Според нея, финансовите пазари коректно образуват цените на активите в съответствие с цялата налична информация. В резултат финансовите пазари функционират ефективно, те са гъвкави и уравновесяващи се. Но икономистите по трудния начин трябваше да осъзнаят, че идеализираната им представа за финансовите пазари не отговаря на действителността, а финансовата теория почива върху прекалено опростени, абстрактни допускания. Вместо идеята за ефективните пазари, в монетарната теория на преден план излезе въпросът за финансовата нестабилност и за нейната връзка с макроикономическата динамика.

Но в разгърнатата се дискусия в научните среди има и много защитници на икономикса и от нападките срещу него, свързани с кризата. Аргументите, които се привеждат, могат да се систематизират накратко по следния начин:

1. Не е вярно, че икономическата теория не е предсказала кризата – привеждат се примери, свидетелстващи за обратното.

Х. Мински в поредица от публикации (Minsky, 1982, 1986, 1992)⁶ отстоява идеята, че финансовият капитализъм има вродена тенденция към нестабилност и кризи, дължащи се на спекулации за сметка на нарастващ дълг. Той отправя ред предупреждения за сериозните последици, които финансовата дерегулация след 1980 г. може да има. Но неговите идеи не придобиват популярност сред мейнстрийма, не и преди настъпването на финансовата катастрофа.

Нуриел Рубини, професор по икономикс в Ню Йоркския университет на 7 септември 2006 г. в свое изказване пред МВФ предупреждава, че САЩ са изправени пред срив на цените на жилища, силно намаляващо доверие на потребителите и рецесия. Неблагоприятните развития могат да разрушат хедж фондовете, инвестиционните банки и други основни финансови институции. От името на Фонда отговаря икономистът Анирван Бенаржи който казва, че предсказанията на Рубини не

⁶ Мински умира през 1996 г.

използват математически модел и пренебрегва неговите предупреждения като такива на обичайния песимист.

Много **пост-кейнсианци** (Пол Дейвидсън и други) също след 1980 г. отправят предупреждения относно опасностите, които разширяващия се пазар на дериватите, финансовата дерегулация и високите нива на дълга създават.

Но никой не чува техните предупреждения. Защото те са хетеродоксални икономисти, а към хетеродоксалните теоретични направлени неокласиката по принцип се отнася с пренебрежение.

Към това би следвало да се прибави още една причина: това е формираният и господстващ по времето преди кризата неолиберален начин на мислене, в който няма място за икономически катастрофи. По този повод Дж. Ходсън (Hodson, 2009, p. 1214) пише: „Предупрежденията били пренебрегнати също поради идеологията на свободния пазар, комбинирана с теоретични идеи като хипотезата за ефективните пазари и рационалните очаквания. Широко се вярвало, че пазарите ще регулират и контролират дълга. Свръх отпускане на кредити ще бъде идентифицирано от пазара и акциите на отпусканите безспир кредити институции ще бъдат автоматично подкопани. Държавно регулиране следователно не е необходимо.Когато икономистите вярват в информационната ефективност на пазарите и тяхната самокоригираща се способност, тогава предупреждения за срив биват пренебрегнати, защото те вървят срещу установените разбирания.”

2. Че е невъзможно да се очакват точни прогнози от икономистите или че това не е основната задача на нашата наука.

В отговор на критиките много икономисти-неокласици пишат, че не е възможно да се предвидят кризите така, както не могат да се предвидят земетресенията. „Макроикономистите не са оракули. – посочва Фр. Копола - Тяхната задача е да идентифицират тенденции, а не да предсказват конкретни явления. Едновременно е и неоснователно, и опасно от страна на обществото да очаква те да играят ролята на пророци.”

Други икономисти подчертават факта, че съставянето на прогнози не е основната задача на икономическата наука. Като клон на научното знание задачата на икономическата теория е преди всичко да изследва и обяснява закономерностите на функциониране на икономиката.

3. В хода на дискусията се чуват и гласове, които припомнят, че прогнозите на икономистите са винаги формулирани при определени условия (те са *conditional*), т.е. имат вида: „ако такива и такива обстоятелства бъдат налице“, тогава в икономиката „ще протекат такива и такива процеси“.⁷

⁷ Пояснения за характера и спецификата на икономическите прогнози се съдържат във Въвеждащата глава на почти всеки учебник по Икономика.

4. До защита на макроикономиката и нейните модели – особено основната съвременна конструкция: динамичните стохастични модели на общо равновесие (както и на ортодоксалната финансова теория).

Един от първите, които в годините след кризата излиза със защита на макроикономиката, е Бен Бернанке. В своя реч, произнесена през 2010 г. пред Принстънския университет (Bernanke, 2010) той отстоява разбирането, че по време на събитията довели до финансовата криза, грешки са правени, но те са главно „инженерни“ или „управленски“, но не и грешки на фундаменталната наука макроикономика. Бернанке признава, че да се разбере отношението между икономическата и финансовата стабилност в макроикономически контекст е критична недовършена задача за изследователите. Но за да се реши тази задача той предлага да се надгражда над постигнатото като се използва утвърдената методология в макроикономиката – т.е. да се продължи по пътя, по който науката върви от периода преди кризата.

Самият П. Кругман в публикации в своя блог⁸ през последните години защитава моделирането. Според него икономиксът е дисциплина на моделите. Всички те са непълни – оставяйки извън една или повече важни характеристики на своите цели; много от тях са несравними – доколкото те осветяват различни черти на общи цели чрез правенето на различни опростявания; нито един от тях не е точен, благодарение на техните идеализации. Но добрите сред тях, както подчертава ученият, имат известна реална обяснителна сила и предсказателно съдържание, което направлява политиката.

Наблюденията си върху методологията на икономикса Кругман обобщава по следния начин: „Така че как ние правим полезен икономикс? Най-общо, това, което ние наистина правим, е комбинираме максимизация и равновесие като първа стъпка с разнообразие от *ad hoc* модификации, отразяващи това, което изглежда да са емпирични регулярности относно едновременно как индивидуалното поведение и пазарите се отклоняват от този идеализиран случай.”

В подкрепа на икономикса се изказва и един от най-влиятелните съвременни макроикономисти – Т. Сарджънт. В свое интервю (Sargent, 2010) той казва: „Критиката на моделите на Реалния бизнес цикъл и на техните близки братовчеди – т. нар. Нови кейнсиански модели, е погрешно насочена и отразява неразбирането на целта, за която тези модели са създадени. Тези модели са били създадени за да описват агрегатните икономически колебания при нормални времена, когато пазарите могат да поставят заематели и заемодатели заедно по едни нормален начин, а не за време на криза или разпад на пазарите.”⁹

⁸ <http://krugman.blog.nytimes.com>

⁹ Извадката е от едно интервю на Т. Сарджънт. Цит. по: Speigler, P.M. and W. Milberg, *Methodenstreit 2013? Historical Perspective on the Contemporary Debate Over How to Reform Economics*, *Forum for Social Economics*, vol. 42, N 4, 2013, p. 320.

Анализът дотук позволява да се направят следните изводи относно критиката към икономикса като рефлексия на последната глобална финансово-икономическа криза:

1. Кризата доведе до активизиране на критиката срещу неокласическия икономикс, и на такава основа – до активизиране на теоретичните дискусии.
2. Макар че като отправна точка често се използва въпросът „Защо икономиксът не успя да предвиди глобалната криза?“, и критиките, и дискусииите съвсем не се ограничават само в търсене на отговор на този въпрос. Кризата в икономиката извади на преден план явни и скрити до момента проблеми на науката. Ето защо и критиката срещу доминиращата теоретична парадигма, както и разгърнатата се в резултат на нея дискусия обхващат един широк кръг от проблеми – от методологията, до въпроси на теорията или на отделни нейни части.
3. Критиката срещу икономикса бива ортодоксална и хетеродоксална. И двете заслужават внимание в еднаква степен. Предвид на декларираното в увода на студията намерение на автора да фокусира върху неокласическата парадигма, вниманието по-горе бе насочено единствено върху ортодоксалната критика (т.е. критиката вътре в самото направление). Затова следва да се направи уговорката, че и изводите по-нататък също ще се отнасят само до ортодоксалната критика.

Все пак тук е необходимо да се посочи, че разликата между ортодоксалната и хетеродоксалната критика срещу икономикса във връзка с последната криза, е съществена. Ясна представа за това дават двете писма-отговор на британски икономисти на въпроса на кралицата защо никой не успя да види приближаването на икономическата катастрофа.¹⁰

¹⁰ В отговор на въпроса на кралицата защо никой не успя да предвиди кризата, на 17.06.2009 г. в Британската академия на науките се провежда кръгла маса с участието на голям брой учени-икономисти, журналисти, политици и др., със задачата да дискутират въпроса на кралицата и да потърсят отговор. Резултатът от обсъждането е изложен в писмо, адресирано до кралицата и подписано от професорите Тим Бесли и Питър Хенеси (писмото получава широк отзвук в пресата и по-късно е публикувано в *British Academy Review, Issue 14, Nov. 2009*). В него авторите изброяват множество причини за провала на специалистите да видят настъпването на кризата. Сред тях са: докато някои от най-добрите математически умове са били ангажирани с управлението на риска, те се занимават с отделни аспекти на финансовата система и „често губят от погледа по-голямата картина“; мнозина вярвали, че рискът е безопасно разпределен и на практика премахнат чрез редица нови финансови инструменти; политиците от всички партии били очаровани от пазара, и т.н. Крайният извод е: „провалът да се предвиди времето на настъпването, размах и остротата на кризата докато има много причини, е принципно провал на колективното въображение на много умни хора, както в тази страна, така и в международен мащаб, да разберат рисковете за системата като цяло“ (Besley and Hennessy, 2009, p. 10).

Неудовлетворени от горния отговор на въпроса на кралицата, група от 10 (главно хетеродоксални) британски икономисти, пишат на 10.08.2009 г. свое писмо-отговор до кралицата. В него те посочват, че макар че приемат част от изложените в първото писмо причини за провала на икономистите да предскажат кризата, считат, че „общият анализ е неадекватен защото не признава недостатъците в подготовката или културата на

4. От трите направления на критиката към неокласическия икономикс вътре в самата доминираща парадигма и във връзка с последната криза, изложени по-горе:

- свръхматематизация и самоцелно теоретизиране;
- критики към моделите на макроикономиката;
- критики към ортодоксалната финансова теория,

най-дълбок, фундаментален характер има първата критика – за свръхматематизация, прекалена абстрактност и самоцелно теоретизиране. Това е така, защото тя касае методологията.

Що се отнася до неокласическото направление, тази критика не е нова. За да я разграничи от хетеродоксалната критика, авторът преди време я нарече „вътрешна методологична критика” (Младенова, 2011). Вътрешната методологична критика съществува и заслужава да се припомнят някои факти за нея.

През 1970 г. от високата трибуна на Американската икономическа асоциация и в качеството на неин Президент, в своето президентско обръщение В. Леонтиев посочва: „...у мнозина от нас се надига чувство на безпокойство относно сегашното състояние на нашата дисциплина, резултат на безпрецедентното развитие през последните три десетилетия.” Това, което ученият констатира е фундаментален дисбаланс в състоянието на дисциплината, изразяващ се в това, че „слабото и прекалено бавно разрастване на емпиричната основа просто не може да подкрепи разклоняващата се супер структура на чистата, и бих казал, съзерцателна икономическа теория” (Леонтиев, 1994а, с. 286).

Десет години по-късно, през 1982 г. Леонтиев отново прави оценка на състоянието на доминиращата икономическа теория, което му дава основание за нова и още по-остра критика. Обект на критичната оценка е американската икономическа наука. Тя не само е развила отрицателно отношение към систематичното емпирично изследване, според учения, но и уклон към самоцелно и празно теоретизиране. „След като не са били подложени на суровата дисциплина на систематичното търсене на факти, по традиция наложено и прието от техните колеги в естествените и историческите науки, икономистите развиват почти непреодолимо пристрастие към дедуктивното мислене.... Страница след страница на професионалните икономически списания се изпълват с математически формули, водещи читателя от множество повече или по-

икономистите“. По-нататък в писмото се посочва: „Ние вярваме, че тясната подготовка на икономистите – която концентрира върху математическите техники и изграждането на емпирично неконтролирани формални модели – е основна причина за провала на нашата професия. Този недостатък се усилва от преследването на математически техники заради самите тях от много водещи академични списания и катедри по икономикс“. В края на писмото авторите пишат: „Ако обобщим: писмото на професорите Бесли и Хенеси пропуска участието на много водещи икономисти в превръщането на икономикса в дисциплина, откъсната от реалния свят, и в налагането на нереалистични допускания, които дадоха възможност да се поддържа некритична гледна точка за това как работят пазарите.“ Сред подписалите писмото са професорите Дж. Ходсън, Ш. Доу, П. Ърл, Дж. Фостър и др.

малко правдоподобни, но напълно условни предположения, към точно формулирани, но съвсем неуместни теоретични заключения.”

„Година след година теоретиците на икономиката продължават да създават десетки математически модели и да изследват в най-големи подробности техните формални качества, а иконометриците приспособяват всевъзможните видове алгебрични функции към по същество същите съвкупности от данни, без да са способни да предложат в някакъв приемлив вид систематично разбиране за структурата и функционирането на дадена реална икономическа система.”(Леонтиев, 1994b, с. 11-15).

Поради всичко това, заключава ученият, резултатът е „състояние на стабилно, стационарно равновесие и блестяща изолация, в което е изпаднала академичната икономическа теория”.

В последна сметка истината е, според В. Леонтиев, че икономиксът, или поне част от него, се е превърнал в „емпирично празна наука”.

През следващия период критика от подобно естество отправят икономисти като М. Блауг, Р. Липси, М. Фридман и други.

Вътрешната методологична критика съществува, тя се чува вътре в ортодоксалното направление през последните четири и половина десетилетия, и тя не идва от случайни хора, а от световно известни икономисти, дали изключителен принос за развитието на самото направление. Освен това тя е много остра и безкомпромисна. Но какво се случва – тази критика остава без всякакво внимание – напълно пренебрегната или отмината с мълчание.¹¹

Сега се случва същото. Силната, и за мнозина неочаквана статия на П. Кругман от 2009 г. намира много широк отзвук, но не и в ортодоксалното направление. В ортодоксалното направление тя остава без коментар, също както и проблемите на методологията биват отминати с мълчание.

Като се има предвид историческият опит, това състояние на нещата можеше да се предвиди. Аз съм напълно съгласна с Дж. Ходсън (хетеродоксален икономист), който още през 2009 г. прогнозира, че най-вероятният отговор на неокласиците на всички критики срещу тях, ще бъде: „Трябва повече да се стараем да правим по-добри модели.”(Hodgson, 2009, p. 1216-1217).

5. Дискусии вътре в доминиращата теоретична парадигма се водят (в основни линии) само по втория и третия аспект на критиката срещу икономикса: относно някои слабости и недостатъци на модерната макроикономическа теория или на ортодоксалната финансова теория, и то на основата на утвърдената методология и при приетите от неокласиката изходни предпоставки. Теоретико-методологичните основи на икономикса остават непокътнати, непокътната остава и непоколебимата убеденост на икономистите-неокласици в тяхната работа.

¹¹ Този въпрос е развит подробно в: Младенова, З., Неокласическата теория в края на XX – началото на XXI век: постижения, проблеми, перспективи, част 1, 2011, глава 4 параграф 2: с. 315-372.

Водещите списания продължават да публикуват силно математизирани статии. Икономистите продължават да остават в плен на илюзията, че икономиксът е най-добре развитата (най-съвършената) сред социалните науки (Fourcade, Ollion and Algan, 2015). Ето защо очакванията нарасналите критики срещу икономикса, главно от страна на хетеродоксалните школи, негативното отношение, оценки и натиск от страна на общественото мнение да предизвикат по-съществена промяна в икономикса, засега не се оправдават.

Такава е и оценката на редица икономисти – ортодоксални и хетеродоксални, за ефектите от критиката срещу икономикса след кризата и до настоящия момент.

Асад Заман пише: „Мнозина, които очакваха, че световната финансова криза ще послужи като призив за пробуждане в професията, останаха много разочаровани от последващите развития. Макар че имаше истинска вихрушка от публикации върху различни аспекти на кризата, фундаментално преосмисляне не е налице.”

Д. Коландър (Colander, 2015, p. 229) отбелязва: „... аз не очаквам финансовата криза от 2008 г. да има значителен ефект върху професията на икономистите, върху това как се прави макроикономика Икономиксът не се е променил по никакъв фундаментален начин след финансовата криза и проявява малка вероятност да се промени. Така че от гледна точка на фундаменталните определители, макроикономическата теория ... не се е променила, макар че това отсъствие на промяна не може да бъде оправдано.”

В цитираната по-горе статия Дж. Ходсън (Hodgson, 2009, p. 1205) посочва, че една от задачите, които си поставя в публикацията е да оцени изгледите за възраждане на икономическата теория след кризата. Неговата оценка е следната: „... възможността за преориентиране на икономикса в по-конструктивни и релевантни канали е по-малко вероятна, отколкото може да изглежда на пръв поглед, поради наличието на основни институционални и културни бариери пред реформата на професията. Сред тези бариери са остарели дисциплинарни граници, дълбока специализация за сметка на синтетичен поглед върху нещата и култ към метрификацията и формализацията.”

Солидарен с направените по-горе оценки е и П. Коуен (Cohen, 2009): „Засега отсъства значителна промяна на мненията и практиката след академичните лидери на нашата професия. Напразно ние търсим да открием подобни разговори и отказване. Знаците са за „обичайната практика” (“business as usual”).”

Така че тези, които очакват разгърнатата се дискусия и критиката срещу икономикса да доведат до съществена промяна в характера на доминиращата теоретична парадигма, засега остават разочаровани.

За да завърша тази част, бих искала да коментирам това, с което започнах: че неспособността на икономикса да предвиди кризата се възприема широко в професията като „провал“ на икономикса. В основата на подобни разбирания стоят методологичните идеи на М. Фридман, независимо дали даденият икономист се позовава експлицитно върху него или не. Причината е в това, че в неокласиката М. Фридман се счита за всепризнатия авторитет по отношение методологията на икономическата наука. През 1953 г. той публикува своето влиятелно есе

„Методология на позитивния икономикс” (Friedman, 1953). Около публикацията се разгръща оживена дискусия в течение на около десет години, но след това методологията на Фридман е приета като официалната методология на икономикса и такава остава и до ден днешен.

М. Фридман развива собствена концепция за метода, в основата на която лежи логическия позитивизъм, попериянството и инструментализма. Ключов елемент е попериянството, затова нека да припомним някои основни идеи, касаещи философските възгледи на К. Попър.

През първите десетилетия на XX в. във философията на познанието се утвърждава логическият позитивизъм, когато през 1934 г. се появява книгата на К. Попър „Логика на научното откритие“ (Попър, 1994). Книгата представлява една нова размерност на отношението „опит-научна теория”, което представлява вечно предизвикателство пред философската рефлексия на науката.

Според Попър емпиричните проверки не могат да установят истинността на една теория. Това е така, защото изследователят не е в състояние да извърши всички възможни проверки на тази теория. Положителните тестове само доказват, че теорията все още не е била опровергана: тя обаче може да е вярна или не, доколкото в следващия експеримент или наблюдение може да се получи резултат, който не е съвместим с нейните предсказания.

По този начин Попър отхвърля принципа на верификацията (доказване истинността на дадено твърдение или теория чрез опита) и обосновава принципа на *фалсификацията*, според който емпиричната проверка на дадена хипотеза се състои в търсенето не на потвърждаващи, а на опровергаващи примери. Дотогава, докато такива случаи не са намерени, теорията се смята не за „верифицирана”, а само за *подкрепена*. Попър е категоричен: „Теориите не се поддават на верификации, но те могат да бъдат подкрепени.” (Попър, 1994, с. 78).

Оттук Попър прави извод за неправомерността от отъждествяване на научното знание с доказано знание. Обратното, принципиалната и неизбежна погрешност (фалибилизъм) е специфична черта на научното знание.

М. Фридман прилага идеите на Попър към методологията на икономическата наука. Опирайки се на въведеното от Дж. Н. Кейнс разграничение между „позитивна” и „нормативна” икономическа теория, още в началото на своята публикация Фридман (Friedman, 1953, р. 3) ясно очертава целта си, а именно: „да се занимае с определени методологични проблеми, които възникват при конструирането на „обособената позитивна наука”. Той заявява разбирането си, че позитивният икономикс е или може да бъде „обективна” наука, в съвсем същия смисъл като коя да е от физическите науки.

В духа на философията на позитивизма Фридман уточнява своето разбиране за „позитивна наука”. То се основава на две основни тези: 1) позитивната наука „има за своя крайна цел издигането на „теории” или „хипотези”, които дават правилни и значими предсказания относно още ненаблюдавани явления“ (Friedman, 1953, р. 7), и 2) научната ѝ значимост се определя от съотнасянето на нейните предсказания

спрямо фактите. Фридман (Friedman, 1953, p. 8) пише: „Ако се разглежда теорията като съвкупност на съдържателни хипотези, то за нея следва да се съди по нейната предсказателна сила относно този клас явления, които тя трябва „да обясни“. Само фактическите данни могат да покажат дали тя е „вярна“ или „погрешна“, или по-добре е да се каже ще бъде ли тя „приета“ като обоснована или „отхвърлена“.“.

Според Фридман, единствено възможният способ за емпирична проверка на теорията е сравнението на нейните изводи (прогнози, предвиждания) с фактите (една значителна част от есето е посветена на това защо не предпоставките на теориите, а само изводите). „Хипотезата се отхвърля – пише Фридман – ако предвижданията противоречат на реалните данни; тя се приема, ако предсказанията ѝ не противоречат на реалността; нашето доверие към нея нараства, ако реалните данни многократно не са могли да я опровергават.“ По-нататък в духа на Попър ученият добавя: „Фактите никога не могат „да докажат“ една хипотеза: те могат само да не успеят да проявят нейната погрешност, което ние най-често имаме предвид когато казваме – не съвсем коректно – че хипотезата е била „потвърдена“ от опита“ (Friedman, 1953, p. 9).

Макар че възгледите на М. Фридман бързо се възприемат в професията като общопризнатата икономическа методология, проблеми с нея възникват още през 60-70-те години на XX в. Те са свързани както с известни несъвършенства на концепцията на Попър, така и със спецификата на предмета на изследване, пораждащ затруднения при приложението на принципа на фалсификацията в икономическата теория.

Книгата на Попър е преведена и публикувана на английски език едва през 1959 г., но поперианството не успява истински да се утвърди, когато се оказва под рязка и разностранна критика. У философите се натрупват много чисто професионални претенции към теорията на познанието на Попър: абсолютизацията на емпиризма; постулирането само на негативна зависимост на теорията от опита; неудовлетворителното решение на проблема за разграничението между наука и не-наука (демаркацията) и т.н. Главният аргумент, който обикновено се привежда срещу принципа на фалсификацията е, че той не само не е в състояние да докаже истинността на теорията, но се оказва, че не е в състояние убедително и еднозначно да я опровергае.

Чрез конкретни примери от историята на науката това убедително показва И. Лакатош. По-рано аналогични съображения изказват френският физик П. Дюем и американският философ У. Куайн. Противоположно на това, което твърди фалсификационизмът, поне в неговата първоначална или „наивна“ версия, тезисът на Дюем-Куайн гласи: предвид системния характер на научното знание емпиричната проверка на отделно взети положения на теорията е невъзможна. Отрицателният характер на проверката позволява да се констатира конфликт между опита и теорията като цяло, но не дава възможност да се установи къде конкретно е допусната грешка, кой именно от елементите на теорията противоречи на фактите. Достатъчно изобретателният учен винаги може при желание да спаси от опровержение всеки теоретичен тезис по пътя на неговото преформулиране или видоизменение на други компоненти на теорията.

В резултат на дискусиите и критиките се появява „развития фалсификационизъм“, чиито основни възгледи (в лицето на И. Лакатош) могат да се систематизират по следния начин: 1) наред с опроверженията в практиката на научните изследвания определена роля играят и верификациите (потвържденията); 2) нито един единичен факт или наблюдение не е в състояние да потвърди или опровергае дадена теория; значението на фактите се оценява в рамките на научноизследователската програма; 3) нито една теория не бива отхвърлена, независимо от това какви „контрафакти“ са се натрупали срещу нея, преди да се е появила нова теория.

Възгледите на „развития фалсификационизъм“ представляват известно отдалечаване от предходната философска мисъл, но те се вписват в рамките на логическия позитивизъм и могат да се разглеждат като негово по-нататъшно усъвършенстване, което прибавя главно признание за ограниченията на емпиричното тестване. Тези възгледи не са насочени против К. Попър, а срещу догматичното и опростено разбиране на фалсификацията. Основният им принос е в това, че привеждат доказателства, че връзката между теория и емпирика е много по-сложна и че приложението на принципа на фалсификацията далеч не е така лесно.

Наред с новите развития във философията практическото приложение на принципа на фалсификацията в икономическата теория се натъква на сериозни проблеми, произтичащи от спецификата на предмета на науката. Два от тях се оказват най-съществени:

Първо, използването на принципа на фалсификацията предполага получаването на точни предсказания, които в икономическата теория имат съвсем приблизителен характер, или по принцип са невъзможни. Т. Хътчисън (Hutchison, 1977) посочва, че съгласно Попър законите, а не тенденциите трябва да служат като база на предсказанията, но в икономическата теория поради спецификата на нейния предмет сериозно може да се говори само за последните. Според ученият, истинският тест на една хипотеза изисква едновременно крайно число проверяеми първоначални условия и установени общи закони, но в икономикса в много случаи тези изисквания не са удовлетворени.

Второ, ако предсказанието все пак е получено, много сложно е то да се провери. Във всеки случай емпиричната проверка в икономическата теория е много по-малко ефективна, отколкото във физиката.

В определена степен това е свързано с обстоятелството, че обикновените статистически тестове, които икономистите правят, са твърде слаб инструмент за установяване на аномалии в теорията. Друг проблем се състои в това, че по правило икономическите данни се подбират по статистически начин и концептуално не напълно съответстват на променливите на теорията. Затова, ако проверката даде отрицателен резултат, теоретикът има възможност да прехвърли вината върху статистика, заявявайки, че той не е подбрал тези данни, които трябва или ги е обединил по неадекватен начин.

В допълнение към казаното съществува и друг проблем относно това, какво следва да се счита за опровержение на теорията: колко точно трябва да са „контрафактите“ или

отрицателните емпирични резултати? На този въпрос методологията на Попър или Лакатош не дава ясен отговор. В тази връзка М. Блауг (Blaug, 1994, р. 6) основателно отбелязва: „Огромната трудност на проверката на икономическите теории се заключава не толкова в невъзможността от провеждането на контролируем експеримент, който би позволил да се установи истинността на теорията веднъж и завинаги, а по-скоро в това, че при отсъствието на подходящи лабораторни условия икономистите не могат да дойдат до съгласие по повод на определени *емпирични критерии за опровергаване на хипотезите*.“.

Ако разсъждаваме в контекста на **съвременните разбирания на философията на познанието и на икономическата методология**, то тезата за провал на икономикса поради неспособността му да предскаже последната глобална криза по-скоро поражда въпрос. Той се изразява в следното: от една страна е вярно, че неокласиката не успя да сигнализира на обществото за приближаващия срив. Но от друга страна – теорията на кризите и циклите има повече от двеста годишна история. В различните теоретични направления тази идея се обосновава по различен начин, с различни аргументи, но огромното мнозинство от икономистите (с някои много малки изключения), в т.ч. и неокласиката приемат, че пазарната икономика се развива възходящо, но едновременно с това неравномерно във времето. Периоди на нарастване закономерно се сменят от периоди на свиване на икономическата активност. А това означава, че кризите се разглеждат като неизбежен и закономерен спътник в развитието на пазарното стопанство. Възниква въпросът: в какво следва да се търси/вижда предсказателната сила на икономическата теория (неокласиката): в това да обоснове кризите като неизбежно и закономерно явление в развитието на съвременната икономическа система (каквито е имало не само в миналото, но ще има и в бъдеще), или в това да предскаже едно конкретно явление – една отделна криза и още по-точно – времето на нейното настъпване?¹²

Очевидно е, че споделящите разбирането за „провал“ на икономикса икономисти-неокласици се придържат към второто разбиране. Причината е в това, че именно ранната версия на фалсификационизма (т. нар. от Лакатош „наивен фалсификационизъм“) в интерпретацията на М. Фридман се налага като методология на неокласическата теория и остава такава и до ден днешен. Всички последващи развития в областта на философията на познанието или в областта на икономическата методология остават недостъпни за огромната част от неокласиците. Практикуващите икономисти остават в плен на традицията. Те продължават да отстояват старите виждания, разглеждащи методологията на М. Фридман като образец на научна методология в икономикса. Резултатът е догматичното и опростено разбиране на фалсификацията, което доминира в нашата наука. Докато цялата последваща наука доказва, че връзката между теория и емпирика следва да се интерпретира много внимателно и че приложението на принципа на фалсификацията (в икономическата, а и в другите науки) се сблъсква с редица проблеми.

¹² В много коментари на икономисти-неокласици изрично се посочва, че доминиращата теоретична парадигма - икономиксът, се е провалил в това да предскаже “the timing of the crisis”.

Асоциирането на неспособността на икономикса да предскаже последната финансово-икономическа криза с „провал“ на икономикса свидетелства (на основата на остарели, елементарни и повърхностни методологични възгледи) за това, колко техницизирана е представата на част от икономистите за собствената им дисциплина и професия в съвременните условия – превърнала се в особен вид „социално инженерство“, сведена едва ли не единствено до способността за прогнозиране. На тези икономисти трябва да се припомни, че икономическата теория е абстрактна дедуктивна наука, която има задачата да анализира и изучава принципите и механизмите на икономическата система. Според един традиционен подход, тя има научно-познавателна, методологична и практико-приложна функции, но същността и предназначението ѝ едва ли могат да се сведат единствено до практико-приложната функция.

От гледна точка на съвременните разбирания във философията на науката и изложеното по-горе, неспособността на доминиращата икономическа теория – неокласическата – да предвиди настъпването на последната криза, не води по категоричен начин до такъв красен извод като извода за „провал“ на икономикса (разбиран в смисъл на провал в качеството му на научна дисциплина). Но това не означава, че последните икономически събития не дават основание за критика срещу икономикса. Оценката, че икономиксът се е оказал неспособен да предвиди (да сигнализира на обществото за приближаването на) кризата, защото е пренебрегнал важни процеси от реалността, защото е пропуснал да анализира фактори, които могат да доведат до криза, авторът на тази публикация напълно приема. Нещо повече, считам че това е съдържанието на истинската критика. Това означава, че съвременната неокласическа теория има проблем. Но това е проблем с научно-познавателната функция на икономикса. Неспособността да се предскаже кризата, т.е. проблемът с практико-приложната функция на икономикса е само следствие и отражение на проблема с научно-познавателната функция на ортодоксалната теория.

II. Развитие на икономическата теория след кризата

В следкризисния период както в ортодоксалната теория, така и извън нея, се наблюдават нови интересни развития. Те ще бъдат разгледани последователно по-долу, но доколкото неокласическата (ортодоксалната) теория е доминиращата теоретична парадигма в съвременните условия, редно е анализът да започне с нея.

1. Неокласическата теория

Неокласическата теория продължава да се развива и след кризата. В изложението по-долу ще бъдат посочени само някои направления на това развитие, като авторът изрично подчертава, че не си поставя задачата да бъде изчерпателен.

1.1. Усъвършенстване на DSGE моделите – това е направление на най-новите изследвания, по което се работи многопосочно. Разработват се модели с нелинеарност, или такива, включващи нерационални агенти. Но най-сериозните усилия са насочени към интегрирането на финансовия сектор в макроикономическите модели.

П. Спигел и В. Милбърг (Spiegel and Milberg, 2013) анализират дискусията върху състоянието на икономикса след глобалната криза от 2008-2009 г. и на основата на дискусията извеждат доминиращите виждания за основните насоки, в които следва да се реформира икономикса. Двата автори посочват: „Разбирането, което може да се изрази накратко като „прибавете финанси и разбъркайте“ (“add finance and stir”) бе най-очевидното в текущия дебат и има изгледи да остане такова поради две причини. На първо място, това разбиране се подкрепя от известни и авторитетни икономисти, в т.ч. Нобелови лауреати по икономика. На второ място, тази насока на развитие съвпада с изменения, които вече са в ход в икономикса – например възхода на поведенските финанси. Поради това, тя не изисква съществено отклонение от тенденциите в текущата практика.“ (Spiegel and Milberg, 2013, p. 323).

Едновременно с това с участието на най-големите авторитети в професията, се дискутират и решават принципни въпроси като например: могат ли старите модели все още да бъдат използвани? Да се конструира един модел, или различни модели за различни състояния на икономиката и т.н.

О. Бланчард изразява собствената си позиция по следния начин: „Ако макроикономическата политика и финансовата регулация са направени по такъв начин, че да поддържат здравословна дистанция от тъмните ъгли, тогава нашите модели, които правят портрет на нормалните времена, пак до голяма степен ще са подходящи. Друг клас икономически модели, целящи да измерват системния риск, може да се използват за да дават предупредителни сигнали че ние се приближаваме твърде много до тъмните ъгли, и че трябва да се предприемат стъпки да се намали риска и да се увеличи дистанцията. Да се опитваме да създадем модел който интегрира нормални времена и системни рискове може би е отвъд професионалните концептуални и технически възможности на този етап.“ (Blanchard, 2014, p. 31).

Андрю Лилико, виден британски икономист отбелязва: „...макар че често е по-добре да имаме по-сложни модели, стига те да работят добре, има риск в това да се повишава сложността ... Един модел, който включва всичко, не е модел. Това е самият реален свят.“

П. Кругман посочва, че в макроикономиката има два вида модели: прости и сложни. Според Кругман, простите модели са за предпочитане. Той смята, че един сложен модел рядко (ако изобщо) дава по-добри предсказания или дори обяснения за това, което се случва в икономиката. Защо тогава са нужни сложните модели? Отговорът на Кругман е следния: „Сложните модели оказват подкрепа на простите когато те потвърждават техните изводи; а когато влизат в противоречие, дават сигнали че нещо

липсва.“¹³ Според известния икономист, моделите на Новата класическа макроикономика са добри по принцип, но при специални случаи (например при *zero lower bound*) икономистите трябва да се обърнат към кейнсианската макроикономика.

1.2. Проблемите на паричната политика – в центъра на икономическия дебат.

От таргетиране на инфлацията преди кризата, паричната политика по време на кризата се изправи пред съвършено различна ситуация и пред необходимостта да взема нетрадиционни решения – затова се заговори за иновативна, нетрадиционна парична политика. След кризата във фокуса на вниманието застана възстановяването и поддържането на финансова стабилност, а също и излизането на икономиката от рецесията. На преосмисляне са поставени целите и инструментите на паричната политика. Напоследък често се коментират и нейните ограничения (вж. публикации във *Financial Times* през м. декември 2015 г.)

Дискусиите се водят по широк кръг от проблеми: около ролята на лихвения процент, влиянието на създаването на пари върху инфлацията и валутния курс, риск-премията, новата неконвенционална парична политика (*zero interest rate policy* – ZIRP; *quantitative easing* – QE), „новата монетарна рамка“ (*“new monetary framework”*) и др.

Няма да е пресилено да се каже, че паричната политика понастоящем е подложена на цялостно преосмисляне (вж. публикациите в *Cato Journal*, Spring/Summer, vol. 36, N 2, 2016 – целия брой на списанието включва статии, обединени от рубриката *“Rethinking Monetary Policy”*).

1.3. Бавното излизане от рецесията и ниските темпове на растеж в след кризисния период дадоха повод за много нови изследвания.

Особеностите на икономическата конюнктура след края на глобалната криза насочи усилията на много икономисти към търсене на обяснение за бавното преодоляване на рецесията и за ниските темпове на растеж. Появи се понятието *“secular stagnation”* („дълготрайна стагнация“). Счита се, че този термин е популяризиран от Лари Самърс на Годишната научна конференция на МВФ през 2013 г.¹⁴ Самърс използва термина за да характеризира устойчиво ниското съвкупно търсене, причинено, според него, от застаряване на населението, което има склонност да консумира по-малко и от увеличения дял в доходите на най-богатите, за които не е много вероятно да увеличават своето потребление, което и без това е голямо.

От някои икономисти бе лансирана идеята, че високите темпове на растеж са вече в миналото. Счита се, че икономиката след кризата е в нова реалност и тя трябва да се

¹³ Цит. по: Rosenberg, A., What's Wrong with Paul Krugman's Philosophy of Economics, 3:*AM Magazine*, June 26, 2014.

¹⁴ По-задълбочено проучване показва, че въвеждането на термина *“secular stagnation”* е свързано с А. Хансен и периода на 30-те години на XX в. По-подробно вж. *Trade and Development Report*, 2015, p. 16.

приспособи към тази нова реалност. Заговори се за „нова нормалност“ – поток от статии и книги са посветени на тази тема (James K. Galbraith, *The End of Normal*, 2014).

Масираните научни търсения по очертаните по-горе проблеми означават нови развитие в теорията на цикъла и в теориите на растежа.

1.4. Теорията на икономическата политика – налице е, според автора, тенденция към сериозна промяна в теорията на икономическата политика, която започва все по-силно да се обляга на Поведенския икономикс. Индикации за това идват от различни посоки, но може да се посочи само един пример – Докладът на Световната банка *World Development Report* за 2015 (WB, *World Development Report 2015: Mind, Society and Behavior*). Както е добре известно, една от основните цели на банката е борбата с бедността и преодоляването на изостаналостта на развиващите се страни. Основната идея, заложена в *WDR 2015* е, че ако политиката на развитието се постави върху по-реалистични представи за поведението на индивидите, тя ще бъде много по-успешна и ефективна. Затова изследването в Доклада залага в основата на политиката най-новите достижения на поведенския икономикс. С това експертите на Световната банка съществено разширяват и обогатяват подхода на неокласиката, защото срещу нейното основно допускане за рационални егоистични индивиди, анализът на Световната банка приема, че психологичните и социологически фактори – обикновено игнорирани в икономическите модели – играят много важна роля при формиране на индивидуалното поведение.

1.5. Проблемите на разпределението излязоха на преден план – от една страна във връзка с ниското съвкупно търсене и забавените темпове на икономически растеж, от друга страна във връзка с растящото неравенство в световната икономика.

В рамките на неокласическия икономикс проблемите на разпределението традиционно заемат място някъде в периферията. Никой не би могъл да отрече, че в научните изследвания те не биха могли да се сравняват по значение с проблеми като икономическия растеж, фискалната или паричната политики. През последните години това положение е на път да се промени, доколкото проблемите на разпределението придобиват нарастващо значение. От една страна това е свързано с отчитане изпълнението на Целите на хилядолетието за развитие (Millennium Development Goals) през първия програмен период: 2000 – 2015 г. Във връзка с това събитие, през последните години бяха публикувани много изследвания, които от една страна показват несъмнените успехи в постигането на някои от Целите на хилядолетието за развитие, но от друга очертават ред нерешени задачи в борбата с бедността и растящо неравенство в доходите в световната икономика. Тази тревожна тенденция се проявява устойчиво през последните три десетилетия, тя се нуждае от обяснение и съответни политики, което насочва нарастващ изследователски интерес в световен мащаб към проблемите на разпределението. Към това следва да се прибави продължителната стагнация в ред страни, високата безработица, които се

отразяват неблагоприятно върху благосъстоянието на определени социални групи и допълнително изострят въпроса за неравенството и разпределението на доходите. В контекста на продължителната стагнация във въпрос с ключово значение се превръща влиянието на неравенството върху икономическия растеж.

Като илюстрация за големия интерес към проблемите на разпределението в съвременните условия могат да се посочат изследвания на три ключови фигури в глобалния дебат за неравенството: Бранко Миланович, Джеймс. К. Галбрейт и Дж. Стиглиц. Бранко Миланович е бивш главен икономист на Световната банка и един от най-изявените специалисти по проблеми на разпределението. Автор е на множество публикации по въпроса (Milanovic, 2011, 2016). Дж. К. Галбрейт оглавява голям проект по проблеми на неравенството, който се осъществява към Университета на Тексас в САЩ. Също е автор на множество изследвания по проблема (Galbraith, 2012). Научните интереси на световно известен икономист като Дж. Стиглиц през последните години са ориентирани към разпределението на доходите (Stiglitz, 2012, 2015). Една от последните книги на Стиглиц – „Цената на неравенството“ (Стиглиц, 2014), неотдавна бе преведена на български език. В началото на 2013 г. на семинар тримата специалисти заедно дискутират състоянието, тенденциите и последиците от икономическото неравенство.

Доказателство за изостреното внимание на научната общност към проблемите на разпределението е и факта, че икономическият бест селър на 2014 г., най-четената книга, стана книгата на Т. Пикети „Капиталът през XXI век“, в която основната тема е разпределението на доходите.

Проблемът за неравенството е в центъра на вниманието и на много международни организации – ОИСР (вж. OECD, 2015), ЮНКТАД (UNCTAD, 2012). През 2015 г. той е фокусът и в годишното обръщение на американския президент към конгреса за състоянието на Съюза, както и в работата на Глобалния икономически форум в Давос.¹⁵

Казаното по-горе е достатъчно, за да се направи следното обобщение:

Нови насоки на развитие на неокласическата теория в периода след 2008-2009 г. неоспоримо са налице. Частично те са отговор на въпроси, които кризата извади на преден план пред науката. Частично – в резултат на променящите се реалности, особено последиците от кризата, модифицирания цикъл и забавените темпове на растеж. Тук бих искала да подчертая втория момент. Приведените по-горе примери показват, че новите насоки на развитие на неокласическата теория са свързани с промените в икономическата действителност, с процесите и явленията които протичат в нея: последната глобална криза, следкризисното възстановяване на икономиката, постигането на финансова стабилност, дълговият проблем и т.н. Неокласиката е динамична теория, която се променя и развива и то в определена степен във връзка с измененията на реалността. До този извод стигнах и изучавайки развитието на доминиращата парадигма през XX в. в едно по-ранно свое изследване

¹⁵ Вж.: Elliot, L., World Economic Forum publishes 14-point plan to tackle global inequality, *The Guardian*, Jan. 19, 2015.

(Младенова, 2011). Поради това аз считам и продължавам да считам, че научно-познавателните възможности на неокласиката не подлежат на съмнение. Но икономиксът интерпретира действителността по специфичен начин, силно ограничавайки методите си (практикувайки методологичен редукионизъм). Оценявайки по достойнство както постиженията на неокласиката, така и нейните познавателни възможности, в същото време аз смятам, че тя може основателно да бъде критикувана за практикувания от нейните представители методологичен редукионизъм (абсолютизирането на математическото моделиране и загърбването на други, полезни изследователски методи)¹⁶, за дискриминационното отношение към хетеродоксалните школи (което е недопустимо за една демократично развиваща се наука), както и поради пренебрежителното отношение към заниманията с методологията. Считаю също, че неокласиците трябва по-добре да осъзнават ограниченията на своите теоретични модели.

Като се има предвид казаното в първата част на това изследване: че в отговор на критиките във връзка със световната криза икономиксът напълно загърбва методологичната критика, може да се направи още един извод. От гледна точка на методологията и методите на анализ, ортодоксалната теория продължава да следва пътя, който отдавна е избрала. **В този смисъл новите развития в теорията изглеждат повече като продължение на собствената изследователска програма на икономикса, отколкото като отговор на критиките, появили се във връзка с последната криза.**

Дотук бе разгледана неокласиката. Стана очевидно, че тя продължава да се развива по едни традиционен начин, в руслото, което отдавна е поела.

Но това съвсем не означава, че на полето на икономическата теория в света няма нищо ново. Напротив – наблюдава се съществено раздвижване. Независимо от това, че неокласическата теория засега продължава да е доминиращата парадигма в науката, преподаването и все още до определена степен в икономическата политика в света, значими нови явления се случват, но те се случват главно извън икономикса. Затова сега ще разширя анализа си отвъд онова, което се случва в границите на неокласиката и ще посоча процеси и явления в световен мащаб, които заслужават внимание поради това че имат, и ще имат голямо значение за бъдещето.

2. Развитие в областта на икономическата теория извън неокласиката

2.1. Активизиране на хетеродоксалните школи и течения

Кризата, и особено въпросът „Защо икономиксът не успя да предвиди кризата“ даде основание на хетеродоксалните икономисти да активизират критиката срещу икономикса. Те са и най-активните участници в дискусиите.

Като съдържание хетеродоксалната критика си остава до голяма степен традиционна (макар и специфична за всяка от хетеродоксалните школи поотделно). Важно е обаче

¹⁶ Кое то се отразява върху научно-познавателните функции на неокласиката като ги стеснява.

да се отбележи, че към настоящия момент благодарение на опонентите на неокласиката се активизира методологичния дебат – изключително важен проблем от гледна точка бъдещето на науката. Хетеродоксалните икономисти остават почти единствените участници в него (наред със специалистите по История на икономическата мисъл и икономическа методология). В рамките на методологичния дебат се дискутират отново следните въпроси: за предпоставките; дали използваните концепции са подходящи; методите на анализ; ролята на математическите модели; използването на иконометрията; съответствие на теорията на реалността; отношението между теория и икономическа политика; влияние на идеологията; използването на идеи от други социални науки в икономическата теория и т.н. (вж. публикациите на страниците на сп. *The Journal of Economic Methodology* през последните години).

2.2. Появата на нови професионални научни организации

- Световната асоциация по икономикс (World Economics Association), която е създадена през 2011 г. Понастоящем в нея членуват 13 800 икономисти от цял свят. Организацията издава 3 списания, които са на свободен достъп: *Real-World Economics Review*; *Economic Thought*; *World Economic Review: Contemporary Policy Issues*, и един бюлетин – *WEA Newsletter*. Изброените издания съдържат много интересни публикации, на техните страници се води активна дискусия, те са отворена платформа за идеи от всички теоретични направления.
- Световната интердисциплинарна мрежа за институционални изследвания (World Interdisciplinary Network for Institutional Research - WINIR), която е инициатива на институционалистите. Официално се учредява през октомври 2013 г. със следната цел: да обедини всички учени, които се занимават с изучаване природата, функциите, еволюцията и влиянието на институциите и организациите върху икономическия и социалния живот, без значение от каква академична дисциплина, теоретичен подход или методология идват. За целта изследователската мрежа организира научни конференции, семинари, изследователски групи и др. Впечатляващото относно тази организация са две отличителни особености: 1/ много бързо се изгради като глобална мрежа, и 2/ тя е наистина интердисциплинарна – във всичките си инициативи привлича специалисти от областта на икономиката, политическите науки, правото, социологията и др.

2.3. Създаването на нови научни центрове

Могат да се посочат само някои примери:

- Института за ново икономическо мислене (Institute for New Economic Thinking – INET), основан през 2009 г. Самото му наименование е достатъчно показателно: Институт за **ново** икономическо мислене. Икономическото мислене обикновено се асоциира с икономическата теория, която го създава. В този смисъл от самото

начало е очевидно, че новосъздаденият Институт има отношение към коментираната научна дисциплина. Но нека да видим какво пише Институтът за себе си (www.inet.org):

„Нашата работа има своите корени в историята и е мултидисциплинарна по природа. Ние приемаме, че сложността и неопределеността са вродени в икономическите и финансовите системи и поставяме под въпрос теории, почиващи върху погрешната предпоставката, че хората винаги се държат рационално и предсказуемо.

Традиционният икономикс ни провали. Нашата цел е да предложим надеждни решения на основните предизвикателства на XXI век.

Професионалните икономисти и финансиста все още защитават фундаментализма на свободния пазар, избягвайки да направят дори очевидните изводи за опасността от свободните пазари. Фискалната политика на ограничения (austerity) и намаляването на дефицита продължават да са пътеводни думи и за политиците и за теоретиките, независимо че глобалното неравенство се увеличава експоненциално и безработицата достига или надвишава равнищата от Великата депресия в много страни. Политиците задушават реформите, които могат да донесат растеж и облекчения на милиони, а многобройните предизвикателства на устойчивото развитие и благоприятстващи околната среда иновации са оставени настрана.

Неокласическият икономикс се провали в това да застане с лице към тези предизвикателства, но съпротивата към промяната е значителна – както вътре в дисциплината, така и в света като цяло.”

С оглед на казаното, INET се стреми да предложи алтернатива. Институтът изгражда световна мрежа на учени и специалисти, които подкрепят идеята за ново икономическо мислене¹⁷; финансира научни изследвания в тази посока; установява партньорства с водещи университети и институции; организира научни форуми; поддържа връзки с разрастващото се студентско движение; има платформа за интерактивно обучение и др.

Основните направления (приоритети) на научните изследвания на Института са:

- отношение между финансите и икономиката;
- разпределение и неравенство;
- икономика на иновациите;
- природа и ресурсна устойчивост.

Дейността на Института за ново икономическо мислене и сега заслужава внимание, а вероятно тя ще става все по-важна в бъдеще поради следните причини: 1/ Институтът се ползва с подкрепата на световноизвестни икономисти (в Борда на съветниците на Института има 6 Нобелови лауреати по икономика) и водещи в света университети, и

¹⁷ Разбирането на един от активните участници в дейността на INET, А. Калецки, за това какво следва да се разбира под „ново икономическо мислене“ е изложено в: Калецки, А., Капитализъм 4.0. Раждането на новата икономика след кризата, С., 2013 г., с. 245.

2/ той разчита на сериозно финансиране (създаден е през 2009 г. с дарение от 50 млн. долара от Дж. Сорос, но впоследствие получава и други дарения).

Други нови инициативи са:

- Evolution Institute
- PRIME – Policy Research in Macroeconomics (UK)
- IDEA – Institute for Dynamic Analysis
- Foundation for European Economic Development (FEED) и др.

2.4. Възраждане на интереса към идеите на известни икономисти от миналото

Във време, когато Историята на икономическата мисъл (ИИМ) все повече излиза от процеса на преподаване, а това разбира се, се отразява и върху научните изследвания (младите изследователи не са учили ИИМ и не познават своите предшественици), протичат процеси, които свидетелстват че до някаква степен икономистите се обръщат с лице към своите корени. ИИМ се връща на полето на научните дебати.

През последните години се наблюдава възроден интерес към видни икономисти от миналото – не само към Х. Мински, но също към Фр. фон Хайек, К. Маркс и Карл Полани, доколкото често в атаките си срещу икономикса хетеродоксалните икономисти се позовават върху тях. Същото важи за повишения интерес към Дж. М. Кейнс - да припомня само, че Робърт Лукас обяви през 1980 г. (Lucas, 1980), че кейнсианството е мъртво. Насочването през последните години на вниманието на икономистите към теоретичното наследство на Кейнс се дължи не само на дълбочината на последната криза, но и на мащабната държавна интервенция в икономиките по време на кризата. Но докато представителите на доминиращата парадигма възраждат идеите на Кейнс в областта на макроикономиката (кейнсианските модели на макроикономическо равновесие или кейнсианската макроикономическа политика), хетеродоксалните икономисти акцентират върху традиционно подценени аспекти на идеите на Кейнс – например значението на фундаменталната неопределеност за макроикономическата динамика, за ирационалността – т.нар. от Кейнс “animal spirits”, които може би движат психологията на пазарите, особено на финансовите и т.н.

Признаците за нарасналия интерес към идеите на известни икономисти от миналото са многобройни и забележими: произдават се техни основни произведения; расте потока от статии върху тях; издават се книги върху тях, провеждат се научни конференции.

2.5. Движение за плурализъм в научните среди

В някои страни, по-специално в Европа, през последните години се развива движение в академичните среди за плурализъм в областта на икономическата теория. Във Франция, например, през 2009 г. е създадена Френската асоциация по политическа

икономия (Association Francaise d'Economie Politique) - ФАПИ. Непосредствен повод за създаването ѝ е едно изследване, което показва, че от средата на 90-те години на XX в. се извършва сериозен поврат във висшето образование на Франция към абсолютно доминиране на мейнстрийма в университетите. Хетеродоксалните икономисти, както и специалистите по ИИМ силно намаляват, а със смяната на поколенията, както се посочва в изследването, те напълно ще изчезнат.¹⁸ Затова ФАПИ си поставя задачата да защити плурализма в областта на икономическата теория. През следващите години във Франция се разгаря истинска битка около този въпрос. Доколкото висшето образование във Франция е силно регулирано от държавата, ФАПИ отправя предложение до Министерството на образованието да въведе една нова академична област – „Икономикс и общество (“Economics and Society”). Предложението е повече от балансирано: то не накърнява интересите на преподавателите по икономикс (икономиксът си остава отделна академична област), при това въвеждането на новата област е на експериментална основа: за период от 4 години, след което да се отчетат резултатите и тогава да се вземе окончателно решение. Идеята е да се въведе икономическа теория, чиито корени са в социалните науки. Предложението получава подкрепата на 300 преподаватели от общо 1800 във френските университети, които изразяват желание да преподават новата дисциплина. Докато на страниците на *Le Monde* се публикуват материали в подкрепа на плурализма в преподаването на икономическа теория, става известно писмо на Жан Тиrol, в което той се обявява срещу новата инициатива. Отговорът е отворено писмо на голяма група френски икономисти до Жан Тиrol. Въпросът във Франция и до настоящия момент не е решен, но битката продължава.

Аналогични процеси се развиват и във висшето образование на Англия. Поводът също идва от публикувани изследвания, които свидетелства за прогресивното елиминиране на хетеродоксалните идеи от британските университети, за прогресивната хомогенизация при преподаването на мейнстрийм икономикс след 1992 г. до настоящия момент и на такава основа възхода и доминирането на определени катедри по икономикс в британското висше образование (Gillies, 2012), (Lee, Pham and Gu, 2013).

Движението за плурализъм във висшето образование е подкрепено от научните среди. През април 2015 г. във Виена (Университета по икономикс и бизнес) се провежда **Първата Виенска конференция по плурализъм**, която се занимава с проблемите на плурализма в теорията и методологията. Според организаторите, целта на конференцията е двойка: да допринесе за съживяване на дебата вътре в дисциплината и да развие по-нататък релевантни концепции и подходи в икономическата теория. В документите на конференцията се посочва също, че плурализмът не означава да се елиминира икономикса, а да се даде възможност за развитието и на другите, алтернативни течения. Плурализмът е насочен срещу

¹⁸ Statistical Note: “Evolution of Economics Profession Recruitment since 2000 in France. The End of Pluralism” – <http://assoeconomiepolitique.org/wp-content/uploads/FAPE-State-of-pluralism-in-France-final-Version.pdf> Например от 120 новоназначени професори във френските университети между 2005 и 2011 г., само 6 са хетеродоксални.

монизма в науката. В този смисъл той е движение за демократизация на науката, срещу установилия се монополизъм на една единствена доктрина.

2.6. Разгръщане на световно движение за реформа в преподаването на икономикс

Критиките към неокласическия икономикс в след кризисния период родиха един ясен, и може би до определена степен неочакван резултат – силен натиск за **реформа в преподаването на Икономикс** с активното участие на студентите.

Критиките към икономикса като учебна (университетска) дисциплина имат самостоятелно значение. И те също не са съвсем нови. През 2000 г. движението за “Post-Autistic Economics” се зароди в университета на Сорбоната в Париж. Участващите в това движение френски студенти критикуват преподаването на икономикс за отсъствието на реализъм, твърде голямото значение, което се придава на математическите техники и доминирането на неокласическия подход. Но тогава пазарните икономики се развиват сравнително възходящо и стабилно. Икономическата конюнктура е благоприятна. Макроикономиката стои в основата и определя икономическата политика. В такива условия гласове, които звучат различно, лесно са игнорирани или дори дискредитирани. Политиците и международните институции се надпреварват да празнуват победата на свободния пазар и новия икономически ред, аргументирайки се с дългия период на икономически растеж и доказателствата за успешна икономическа политика и наука.

Последната глобална криза промени съществено ситуацията. Не само че икономистите-неокласици не предупредиха за приближаващия срив, но мащабите на кризата се оказаха толкова големи, че заплашиха интегритета на глобалния капитализъм. В такива условия недоволството на студентите от преподаването на икономикс се възражда. Заобиколени от публични дискусии върху макроикономическата политика и изложени на влиянието на разнообразие от хетеродоксални идеи, особено в пресата и блоговете, студентски групи отново започват да критикуват прекалено абстрактната, социално неангажирана природа на мейнстрийм икономикса и неговият абсолютен монопол върху университетското образование.

Могат да се посочат следните основни жалони в разрастването на студентското движение за реформа на икономикса като университетска дисциплина:

2009 г. – Франция, възраждане на движението за пост-аутистки икономикс, създаване на нови организации като PEPS-Economie;

2011 г. – Германия: студенти от университета в Тюбинген основават група за четене (reading group) **Rethinking Economics** и организират две конференции под същото наименование през 2012 и 2013 г., предлагайки семинари на различни теми, вкл. философия на икономикса, ИИМ, икономикс на комплексността (complexity economics) и пост-кейнсиански икономикс.

Взаимодействието на тази група с други 14 сходни студентски движения в Германия, с преподаватели и изследователи, доведе впоследствие до появата на **Мрежата за плуралистичен икономикс (Network of Plural Economics)**.

2011 г. – САЩ: на 2 ноември 2011 г. 70 студентите-бакалаври от курса на професор Г. Манкю напускат учебната зала в знак на солидарност с движението „Окупирай Уолстрийт” и в знак на протест срещу тесногърдието на дисциплината (едностранчивата ориентация на дисциплината към консервативни икономически политики).

2013 г. – Англия: през април 2013 г. е създадено **Post-Crash Economics Society (PCES)** на студенти от Манчестърския университет, които издигат искане за реформа в преподаването на икономикс. Групата отправят искания за модул, включващ хетеродоксални подходи към икономикса, а също повече обърнат към реалния свят и интердисциплинарен процес на преподаване. Студентите апелират също за включване в преподаването на етика, история и политика.

След като искането им било отхвърлено от ръководството на университета, PCES организира вечерни лекции за модул без кредити, наречен “Bubbles, Panics and Crashes: An Introduction to Alternative Theories of Economic Crisis”, който обхваща хетеродоксални теории за кризите и история на финансовите кризи. През следващите години Групата организира също поредица от публични лекции, изнасяни от известни марксисти, пост-кейнсианци, институционалисти, австрийски, феминистки и екологични икономисти. През май 2014 г. PCES публикува изчерпателен доклад върху преподаването на икономикс в Университета на Манчестър, идентифицирайки ред области за усъвършенстване и предлагайки хетеродоксално ориентирани учебни курсове.

Успехът на PCES в популяризиране на дискусията за реформа на преподаването на икономикс и значителната подкрепа, която движението получава от политици, учени и работодатели, **довежда до появата на подобни общества и в други британски университети и открива пътя за глобално организиране на студентските групи.**

Тази следваща и много важна стъпка е направена през 2014 г. Студентското движение за реформиране на икономикса се консолидира в световен мащаб и успява да привлече значителното внимание на медиите. На 5 май 2014 г. е създадена **Международната студентска инициатива за плурализъм в икономикса (The International Student Initiative for Pluralism in Economics - ISIPE)** на основата на **отворено писмо**, в което са изложени основните искания на студентите за реформа в дисциплината. Отвореното писмо е преведено на 14 езика и е подписано от 65 (днес те са вече 82) студентски групи и движения от 32 държави от петте континента и от много известни икономисти от различни теоретични направления.

За мащабите на глобалното студентско движение за плурализъм в икономикса представа дават следните данни:

В ISIPE членуват студентски групи за реформа в икономикса (в частност подкрепящи централната идея за плурализъм) от: Англия, Германия, Австрия, Белгия, Дания, Холандия, Русия, Испания, Португалия, Словения, Полша, Швеция, Швейцария,

Австралия, Канада, САЩ, Чили, Мексико, Бразилия, Уругвай и Аржентина, Колумбия, Индия, Пакистан, Израел, Никарагуа и др.

Сред активните участници в движението са студентски групи от едни от най-известните и авторитетни университети. За пример могат да послужат членуващите в ISIFE студентски групи от Англия и Германия:

От Англия: студентски групи от университетите на Кеймбридж, Оксфорд, Есекс, Лондонското училище по икономика (LSE), Юнивърсити колидж в Лондон (UCL), Манчестър, Лийдс, Шефилд, Глазгоу, Кингстън, Бирмингам, Единбург.

Германия: от университетите на: Кьолн, Майнц, Берлин, Мюнхен, Лайпциг, Ерфурт, Хамбург, Аусбург, Франкфурт, Хайделберг, Тюбинген, Потсдам, Ерфурт, Регенсбург, Хумбалдовия университет и др.

Във всяка от изброените страни студентското движение се подкрепя от преподаватели, политици, работодатели и получава значителен медиен интерес. Важна е подкрепата не само на преподавателите, но и на работодателите. Публикувани анкети с работодателите показват, че те настояват студентите да имат повече познания за реалния свят и да могат да комуникират знанията си на неспециалисти.

През април 2016 г. се провежда Втората международна среща на организациите, членуващи в ISIFE (The Second General Assembly). Домакин е PEPS-Economie от Франция и срещата се провежда в Париж. На нея са представени резултатите от най-амбициозния проект досега: детайлно изследване на съдържанието на обучението по икономика (Economics degree) в 12 страни. То е продължение на подобно изследване, проведено във Франция от PEPS-Economie през 2012 г.

Какво искат студентите?

Студентските движения в такъв голям брой страни съществуват под различни наименования: Rethinking Economics; Real World Economics; Movement (society) for Pluralistic economics, Post-Crash Economics; Open Economics; Oikos; Critical Economics и др., но имат много сходни искания и виждания за нужната реформа в икономикса. И извършват сходни дейности по упражняването на натиск за действителна реформа.

Накратко основните искания на студентите могат да се систематизират по следния начин:

- разширяване на преподаването на икономика чрез включване на идеи от различни теоретични направления – да се даде възможност на тези школи да се съревновават и конкурират, а на студентите да развият самостоятелно и критично мислене като им се предостави правото на избор. Това искане не е насочено срещу икономикса като теоретична школа, а единствено срещу монополизма му в преподаването на икономическа теория в университетите;
- повече реализъм в преподаването и включването на проблеми на реалността; курсове по икономика, обърнати към реалния живот и неговите проблеми;

- разширяване на обучението по икономикс чрез включването в учебните планове на дисциплини по стопанска история, ИИМ, етика;
- интердисциплинарно обучение – икономическа теория в неразривна връзка с другите социални дисциплини.

Ключовата дума и това, което обединява всички студентски движения по света е **плурализъм**. Затова най-добър отговор на въпроса какво искат студентите дава запознаването с Отвореното писмо при иниципирането на ISiPE.

В него студентите по света констатираат, че преподаването на икономикс е в криза и тази криза има последици далеч отвъд стените на университета. С основание в писмото се посочва, че това, което се преподава, оформя умовете на следващото поколение политици, и следователно ще формира обществата, в които предстои бъдещите поколения да живеят. Ето защо реформата в преподаването на икономикс е толкова важна, тя не касае само системата на висшето образование, а има много по-голямо обществено значение.

В Отвореното писмо студентите декларираат, че са неудовлетворени от драматичното стесняване на предмета през последните няколко десетилетия. „Тази липса на интелектуално разнообразие не само ограничава обучението и изследванията. Тя ограничава нашата възможност да разбираме многостранните предизвикателства на XXI век – от финансовата стабилност до сигурността на прехраната и климатичните изменения. Светът трябва да се върне обратно в класната стая, също както и дебата и плурализма на теориите и методите. Това ще спомогне за обновяване на дисциплината и най-после ще създаде място, на което решения на проблемите на обществото ще бъдат създавани.“

По-нататък в Писмото се казва: „Обединени през границите, ние призоваваме за промяна. Ние не претендираме че имаме идеалния отговор, но ние не се съмняваме, че студентите по икономикс ще имат полза от запознаването с различни перспективи и идеи. Плурализмът не само може да помогне за обогатяването на преподаването и изследванията и за възраждане на дисциплината. Плурализмът по-скоро носи в себе си обещанието да върне икономиксът обратно в служба на обществото. Три форми на плурализъм трябва да са в центъра на учебната дисциплина: теоретичен, методологичен и интердисциплинарен.“(Open Letter, 2014).

Какво правят студентските организации и групи:

Създадоха университетски групи и изградиха както национални, така и международни мрежи. Отправят искания и предложения към своите университети за реформа на преподаването на икономикс, както и на обучението по икономикс (бакалавърската степен); анализират съществуващите учебни програми и разработват алтернативни програми; организират седмични лекции от поканени лектори по теми, които не са в учебните програми; организират групи за четене, семинари, конференции (национални и локални), провеждат медийни кампании, участват в академичните дебати.

Какви са резултатите от студентското движение за реформа в икономикса:

Преди всичко следва да се посочи, че атаката срещу университетските курсове по икономикс е безпрецедентна за висшето образование – не е имало случай на критики срещу цял един предмет.

От една страна – налице са забележителни постижения. Студентите създадоха групи в повече от 30 държави и ефективно се координираха и лансираха своя манифест. Студентските движения и искания получиха широк отзвук в основни медии и се ползват с подкрепа от авторитетни критично настроени учени вътре в мейнстрийма (например Р. Скиделски). Тези движения упражниха реален натиск върху катедрите по икономикс да обосноват онова, което правят. Аз споделям оценката, поддържана от някои икономисти, че **това е повече, отколкото упоритата работа на много критично настроени икономисти е постигнала през предходните години.**

От друга страна, съпротивата на катедрите по Икономикс срещу промяната, е много силна.

Налице са все пак доказателства, че нещата започват да се променят.

1. Налице са първи стъпки за промяна в преподаването – за пример могат да послужат британските университети. В една публикация в *Gardian* (*Gardian*, April 28, 2016) се прави обзор на мерките по реформа на преподаването на икономическа теория. Най-общо става въпрос за включването на допълнителни модули към съществуващите учебни планове (стопанска история, ИИМ, международен икономикс и др), увеличаване на примерите и практическите приложения при преподаването на икономикс и др..
2. Поява на нови учебници, които отразяват в себе си необходимостта от реформа на учебната дисциплина „икономикс“. Два примера:
 - Wolfram Elsner, *Microeconomics of Interactive Economies. Evolutionary, Institutional and Complexity Perspectives. A Non-Toxic Intermediate Textbook*, E. Elgar, 2012
 - Louis-Philippe Rochon and Sergio Rossi, *An Introduction to Macroeconomics. A Heterodox Approach to Economic Analysis*, E. Elgar, May 2016

Следва да се отбележи, че в световен мащаб широко се работи по нови учебни курсове. Един от примерите е т. нар. проект CORE на INET. Институтът за ново икономическо мислене има платформа за интерактивно обучение, на която се публикуват материали (на свободен достъп), които подпомагат реформата на преподаването на икономикс. **The CORE project (Curriculum in Open-access Resources in Economics)** е лансиран през октомври 2013 г. и разработва нов подход към преподаването на икономикс за бакалаври. Финансиран е от INET и е базиран в Института за ново икономическо мислене в университета на Оксфорд в Oxford Martin School. Директор на проекта е проф. Уенди Карлин от Юнивърсити колидж в Лондон (UCL). UCL и университета на Бристол участват активно в проекта CORE.

Съществуват и други подобни проекти – на онлайн платформи, с участието на учени от много страни, отворени за идеи и инициативи по създаването на нови учебни курсове по икономическа теория, обърнати с лице към реалните икономически проблеми. Един такъв проект в Англия е **TRUE** (Teaching Resources in UG¹⁹ Economics). Проектът е инициатива на хетеродоксални икономисти и си поставя задачата да подпомогне реформата на икономикса чрез разработването на разнообразни учебни материали: учебни програми, списъци с учебна литература, отделни теоретични модули, примери и илюстрации и други, в основата на които стоят хетеродоксални идеи.

3. Като друг признак за започналата промяна може да се посочи академичната кариера на Стив Кийн – виден хетеродоксален икономист и критик на икономикса (Keen, 2011). От скоро той заема висока академична позиция, нещо, което преди трудно би могло да се случи. В момента Кийн е професор по икономикс и ръководител на Училището по икономикс, политически науки и история на Университета Кингстън в Лондон (Kingston University London) и открито заявява намеренията си да превърне университета в Кингстън в център на хетеродоксалната икономическа мисъл в Европа.

Към казаното дотук могат да се прибавят личните впечатления на автора от една международна конференция по проблеми на преподаването на икономикс, в която авторът участва през м. ноември 2015 г. Тя се проведе в Берлин, в Берлинското училище по икономикс и темата бе „Преподаването на икономикс през XXI век“ (“Teaching Economics in the 21 Century”). Сред организаторите бе и Световната асоциация по Икономикс. Форумът събра за дискусии преподаватели от Европа (главно Германия и Австрия), но имаше също представители и от Бразилия, Мексико и др. Пленарните доклади бяха изнесени от двама световно известни британски икономисти: Р. Скиделски, който се счита за най-големия жив специалист по Кейнс, и Ш. Доу. Ключовата дума и на пленарното заседание, и на заседанията по секции, бе „плюрализъм в преподаването“. Това, което най-силно ме впечатли бе обстоятелството, че не се дискутираше/обосноваваше необходимостта от плюрализъм в преподаването. За присъстващите в залата това очевидно бе отминал етап. Това, което се дискутираше бяха практическите стъпки как да се разработят новите учебни курсове, основани на плюрализъм на идеите. Изводът, който направих за себе си бе, че най-малкото в Германия, е налице началото на неоспорим процес на промяна в университетското преподаване на икономикс.

Когато се отстоява идеята за плюрализъм в преподаването на икономическа теория, следва веднага да се отбележи, че плюрализма в преподаването (а още повече в науката) съвсем не означава “anything goes” (Sh. Dow, 2012, p. 89) – „всичко е позволено“. Става въпрос за прилагането при конструирането на нови учебни курсове наред с икономикса и на други, утвърдени и признати научни подходи от областта на хетеродоксалната икономическа теория: институционализма, пост-кейнсианството, австрийската школа, марксизма и т.н.

¹⁹ UG – undergraduate

Бих продължила малко по-нататък тези свои разсъждения като ги насоча към България: ако предположим (съвсем хипотетично), че икономистите в България решат да тръгнат в тази посока – да правят нови учебни курсове, основани на идеята за плурализма, то възниква въпроса: как би могло това да се случи, след като голяма част от младите поколения преподаватели не са изучавали ИИМ и не познават хетеродоксалните школи? У нас всъщност от всички поколения на пръсти се броят икономистите, които познават добре хетеродоксални школи. Понастоящем неокласиката категорично и безусловно доминира в преподаването на икономическа теория в университетите в България. Така че дори и да сме убедени в необходимостта от промяна, за това са необходими подготвени специалисти, а такива за съжаление отсъстват (или почти отсъстват) в академичните среди на нашата страна към настоящия момент. С други думи отсъства едно от най-важните условия за извършването на реформа в икономикса в онази посока, в която тя вече се осъществява в Европа.

Бих завършила тук с два извода:

1. Процесите от последните години свидетелстват, според автора, за увеличаваща се разлика между икономическата теория в Европа и САЩ. Този въпрос е сам по себе си много интересен и макар че получава известно внимание (Kolm, 1988; Frey and Eichenberger, 1993; Coats, 2000), като цяло остава подценен. Вярно е, че в следвоенния период (Втората световна война) в преподаването, а и в науката постепенно се налага американския икономикс и в резултат се извършва уеднаквяване и хомогенизация на преподаването на икономическа теория в университетите в цял свят. Независимо от това европейската икономическа мисъл, която има други исторически корени, запазва по страни (Великобритания, Франция, Италия и т.н.) определени свои специфики. Понастоящем тъкмо европейската академична наука стои начело в движението за реформа на икономикса и на преподаването на икономикс. Това чертае една възможност, в отговор на възникналите потребности, европейската наука да се изплъзне изпод влиянието на американската икономическа наука и отново да търси и придобива собствена идентичност. А възможно, да застане отново в авангарда на световната икономическа мисъл, както е било в един по-ранен период.
2. Както стана ясно от изложението по-горе, по отношение на промяната в преподаването се върви бързо напред. Затова един важен въпрос е: може ли да очакваме, че промяната в преподаването ще предизвика по обратния ред промяна на икономикса като научна дисциплина? Възможно ли е причинно-следствените връзки да променят своята посока: новостите да вървят не от науката към преподаването, а обратно – от преподаването към науката? Евентуална промяна в преподаването на икономикс, може ли да очакваме, че ще упражни натиск за промяна на (облика на) науката „Икономикс“?

Заклучение

В науката или в преподаването, една идея доминира над всичко останало: необходимостта икономическата теория да бъде в по-голямо съответствие с действителността. Различните теоретични направления, отделните учени, дават и ще продължат да дават различен отговор на този въпрос. Неокласиката ще продължи да усъвършенства своите модели. Д. Родрик (Rodrik, 2015) говори за „емпиричен поврат“ в доминиращата теоретична парадигма, и това е неговият начин да защити икономикса от упреците в прекалена абстрактност. Ще се развие ли емпиричен поврат или икономиксът ще продължава да бъде силно дедуктивна и математизирана наука? Ще успее ли хетеродоксалната мисъл да придобие по-широко поле на разпространение – в света на икономическите идеи и в преподаването? Ще се върви ли към плурализъм в икономическата теория? Отговорите на всички тези въпроси предстои бъдещето да покаже.

Поуката за нас, икономистите в България е, че в областта на икономическата теория понастоящем се случват важни неща и ние не можем да останем безучастни. Протичащите процеси са голямо предизвикателство и за нашата научна компетентност, и за нашата научна съвест.

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COMPARATIVE ANALYSIS OF THE LOCAL FINANCE SYSTEMS IN THE EU COUNTRIES – CONCLUSIONS AND LESSONS FOR BULGARIA

The current study presents the essence and goals of the system of local finances. It conducts a comparative analysis and assessment of the types of services, the structure of local expenditures, the main revenue sources for local budgets, the way the system of government transfers functions, and the legal rights of local government in the EU with regard to expenditures and revenue generation. Furthermore, the study draws comparisons and analogies with the practice in Bulgaria. The conclusion presents theoretical and practical summarizations of the international experience and on that basis formulates recommendations for improvement of the system of local finances in Bulgaria.

The main formulated recommendations are as follows: Bulgarian municipalities are comparatively large, which is why the creation of a second level of local government is unjustified; conditions for local democracy can be created by transferring legal powers and resources from the municipalities towards their territorial structures – the mayoralities; the municipalities need to receive legal powers to provide services relating to combating everyday crime, local fire protection and protection of the harvest; the scope of social service provision needs to be increased; the municipalities need to receive expenditure powers with regard to delegated services; the municipalities need to be given legal rights to vote on taxation rates up to 2-3% within the general 10% rate of the personal income tax.

JEL: H7

Introduction

The local finance system includes the expenditures for provision of local public services and the sources of revenue for their financing. The design of the system depends upon various factors, which determine its place the country's public finances, the number of subnational tiers and the size of the municipalities. It is defined by the answers to the following main questions:

- What is the type and scope of the public services provided by the public governments

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- How many tiers need to exist
- What is the optimal size (in terms of territory, population, settlements) of each sub-national level of local government
- What public services need to be provided by local government
- How (and from what sources) do these services need to be financed.
- What legal powers should local authorities have so that they can provide effective and qualitative services, which meet the needs of the users

Regardless of how difficult it is to account for the impact of these factors and dependencies, the essences and the goals of local finances cannot be sought outside of the aforementioned system of links and interrelations.

There is no singular answer to these questions. Neither the theory, nor the practice has identified unconditional demarcation lines, optimal sizes, types of resources, ways of allocating functions and resources between the different levels of public authority. The solutions vary and change historically; they are dependent upon geographic and national specifics, shaped by traditions and national psychology as well as by the challenges stemming from the changes in modern development.

Despite all contingencies, there are several established rules, criteria and foreign practices, which could be used as the basic construction of the national model of local finance and for justification of the necessary transition from its current state towards a superior one. Following that goal, the author defines local government as the object of the present study, while the subject is the system of local finance in the individual countries, its comparative characteristics, the differences and similarities with the practice in Bulgaria.

The present study addresses in logical sequence the questions formulated above; the present study examines the essence of the system of local finance and its goals, presents a comparative analysis and assessment of the types of services provided, of the structure of local expenditures, of the common sources of revenue for local budgets, the way in which the system of government transfers functions and of the revenue and expenditure responsibilities of local government in the EU countries. In parallel, the study draws comparisons and analogies with the practice in Bulgaria. The conclusion presents a theoretical and practical summary of the international experience and on that basis formulates suggestions and recommendations for improvement of the system of local finance in Bulgaria.

1. Type and scope of public services

Public goods, according to the respective classifications (Samuelson, 1954, 1955; Мъсгрейв, Мъсгрейв, 1998, p. 35-40), are ones, whose consumption is not competitive and for which the exclusion of free-riders is impossible or ineffective, since the additional expenditures associated with each subsequent user approach zero. Stancho Cholakov (Чолаковъ, 1936, с. 5) states that "All needs, which by virtue of the local culture are

considered to be of a general nature, fall within the category “public services”. The scope of public services depends on the history, traditions and culture of a given society. There is no singular solution, neither in time, nor in space. With the development of society, this range of public goods changes and the general tendency is towards increase (Derycke, Gilbert, 1988).

Different societies make a different choice. The models of the “social” and the “liberal” states categorically proves that the scope of public goods is determined by relative factors, the type and intensity of which differ across different societies.

In general terms, the liberal state is based on the principle of minimum interference in social life. From a financial standpoint, this means fewer public services and respectively lower taxation. The redistribution functions of the state are minimized. This means that individual initiative and competition are the pinnacle of the system. As a result, such societies are highly polarized. This model is used mainly by USA, Canada, Australia, New Zealand, Brazil, South Africa and others (see Table 1).

Table 1

Share of public expenditures in GDP (%)

	2013	2014	2015
Finland	58	58	58
France	57	57	57
Sweden	52	52	50
Hungary	49	49	50
Netherlands	46	46	45
United Kingdom	45	44	43
Czech Republic	43	42	42
Poland	42	42	42
Bulgaria	38	42	41
Latvia	37	38	37
USA	37	36	36
Romania	35	34	36
Brazil	30	30	35
Switzerland	34	34	34
South Africa	31	31	30
Australia	n.a.	26	26
Canada	15	14	13

Source: for European countries – Eurostat, extracted on 27.10.16; for non-European countries: IMF <http://data.imf.org/?sk=388DFA60-1D26-4ADE-B505-A05A558D9A42>, extracted on 05.12.16.

The social state follows the opposite principle. In such states the public sector is larger, its redistribution role is stronger, and it assumes greater responsibility for the development of society. Its engagement with regard to employment, healthcare, education and social support is stronger. This means smaller social disparities and respectively greater social security and justice. The backbone of this society is the comparatively large middle class. This is the model for development of the countries in Western and Northern Europe.

The quantitative differences between the social and the liberal model can be presented via the share of the public sector in GDP.

The average data for a longer period – 2007-2015 for the EU countries indicate that, given an average share of public expenditures in GDP of 48.1%, 11 countries have a higher share. In the first places are France 55.8%, Denmark 55.3% and Finland 54.3%. From Eastern Europe only Hungary and Slovenia fall within that group. A total of 12 countries have a share between 40% and the EU average. Amongst them are Croatia, Poland, the Czech Republic and Slovakia. The remaining 5 countries have a share of less than 40%. These are the three Baltic republics, Romania and, in the last place, Bulgaria with a share of 37.68%. This means that in terms of purely quantitative parameters, our country gravitates more towards the liberal model as opposed to the declared intention to establish a “social state”.²

From a structural standpoint, public expenditures are linked to specific activities, which are grouped into functions. For example, all public services in Bulgaria are represented by the following 9 functions:

- I. General government services
- II. Defense and security
- III. Education
- IV. Healthcare
- V. Social security and welfare
- VI. Housing construction, public works, utilities and environmental protection
- VII. Recreation, culture, religious activities
- VIII. Economic activities and services
- IX. Expenditures, not classified in other functions

The Classification of the Functions of Government (COFOG), used by Eurostat, is quite similar. The difference lies in the division of the second function “Defense and security” into – “Defense” and “Public order and safety” and of function 6 “Housing construction, public works, utilities and environmental protection” into following two separate functions: “Environmental protection” and “Housing construction and utilities”.

² See Preamble to the Constitution of the Republic of Bulgaria

The data presented in Table 2 indicate that disparities in the expenditures by groups of services between the EU countries are not particularly large.

Table 2
Structure of public expenditures in the EU in 2014 (%)

COFOG99	Total	General public services	Defense	Public order and safety	Economic affairs	Environment protection	Housing and community amenities	Recreation, culture and religion	Education	Health	Social protection
EU-28	100	14	3	4	9	2	1	2	10	15	40
max	100	39	5	7	17	4	5	5	16	20	48
min	100	10	1	2	6	0	0	1	8	4	25
Bulgaria	100	15	3	7	12	2	4	4	10	13	32
Czech Republic	100	11	2	4	14	2	2	3	12	18	31
Hungary	100	20	1	4	15	2	2	4	10	10	31
Romania	100	13	2	6	17	2	3	3	9	11	33
Slovenia	100	15	2	3	11	2	2	3	12	13	36
Slovakia	100	14	2	5	11	2	1	2	10	4	48
Poland	100	12	4	5	11	2	2	3	12	11	38
Croatia	100	18	3	4	13	1	1	3	10	14	33
Denmark	100	13	2	2	7	1	0	3	13	16	44
Finland	100	14	2	2	8	0	1	2	11	14	44
Sweden	100	15	3	3	8	1	2	2	13	14	41
Netherlands	100	11	2	4	9	3	1	3	12	17	37
Portugal	100	17	2	4	13	1	1	2	12	12	36
Spain	100	16	2	5	10	2	1	3	9	14	40
France	100	12	3	3	9	2	3	3	10	14	43
United Kingdom	100	12	5	5	7	2	1	2	12	17	37
Italy	100	17	2	4	8	2	1	1	8	14	42
Latvia	100	13	2	5	13	2	3	5	16	10	31
Lithuania	100	13	3	5	9	2	1	3	15	16	33
Estonia	100	10	5	5	13	2	1	5	15	14	31
Luxembourg	100	11	1	2	11	3	2	3	12	12	44
Ireland	100	16	1	4	8	1	2	2	11	20	35
Greece	100	20	5	4	7	3	0	1	9	9	40
Cyprus	100	39	3	4	6	1	5	2	12	5	25
Malta	100	16	2	3	13	4	1	3	13	14	32
Belgium	100	15	2	3	13	2	1	2	11	15	36
Germany	100	14	2	4	7	1	1	2	10	16	42
Austria	100	13	1	3	14	1	1	2	10	15	41

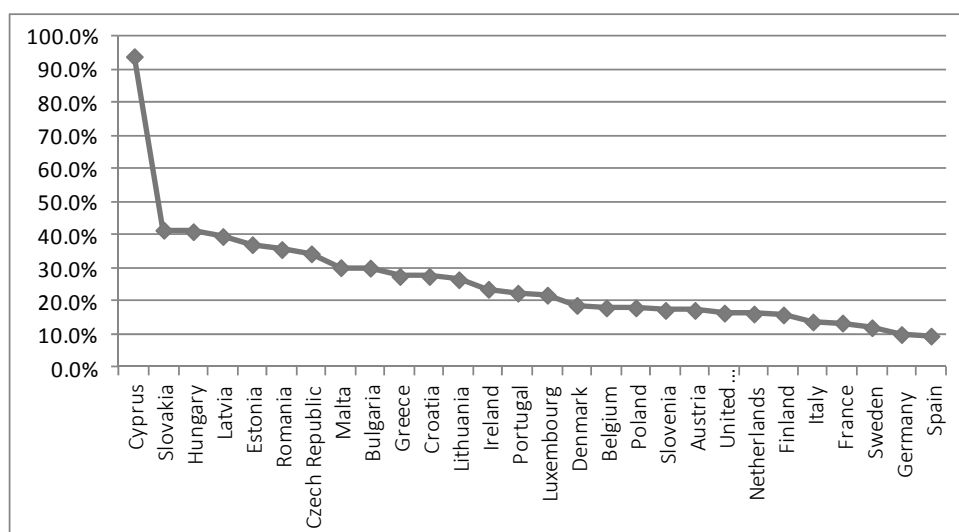
Source of data Eurostat, Extracted on 22.03.16

The results from the comparative analysis of the differences in the structure of expenditures by functions between the individual countries and the EU-28 average, measured via the mean standard deviation „ σ “, indicates comparable values. Cyprus is the only exception as its public expenditure structure is characterized by rather extreme values in comparison to the EU average ($\sigma=10.43\%$) for some functions. The comparison between the σ of the individual countries and the σ_{\max} of the “reference” country, whose structure is characterized by the largest differences in the shares registered by the real countries in

comparison to the average for the EU, indicates that Cyprus comprises 93.8% of the reference value, which equals 100.0%, while the relative values for the other countries range from 9.5% for Spain to 41.4% for Slovakia.

Figure 1

Comparative differences in the structure of public expenditures in the EU countries



As the graph indicates the smallest differences in the average values are registered by the countries from Western Europe – Spain, Germany, Sweden, France and others. Amongst them are Slovenia and Poland, whose values of σ comprise 17.2% and 18.0% of the σ_{\max} , respectively. The other countries from Eastern Europe register significantly larger comparative values – from 26.5% for Lithuania to 41.4% for Slovakia. Greece with 27.5% and Malta with 30.1% also fall within this group.

The comparison of the differences between the EU countries with regard to the shares of the individual functions indicates that the most significant differences are evidenced by the function “Social protection” $\sigma = 6.24\%$, followed by “General government services” $\sigma = 5.47\%$, healthcare, economic activities and education. The differences in the shares of the other functions between the countries are minimal.

Against the background of the European palette, Bulgaria has the largest share of expenditures for “Public order and safety” and close to the maximum shares in the fields of public works and culture. In comparison to the EU-28 average, the largest differences are evidenced by the function “Social protection” – 40% for the EU and 32% for Bulgaria. The shares of the expenditures allocated to the functions “Education”, “Environmental protection” and “Security” are equal to the EU average. The mean standard deviation for

Bulgaria compared to the expenditure structure for the EU is $\sigma = 3.33\%$, which represents 30.0% of the σ_{\max} .

The comparison of the expenditure structure for the individual public functions of the other countries with Bulgaria's one indicates that the smallest differences are with Croatia, Romania and Slovenia, while the largest one are with Cyprus, Slovakia and Denmark.

2. Levels of local government and optimal size of local jurisdictions

The individual types of public goods have different scopes of action. For example, national security, legislation, monetary policies and other have a national scope, while the benefits from others are territorially limited – for example, street lighting, maintenance of parks, cleaning of settlements, removal and disposal of household waste and others. This conditions provision of the services of national scope by the state and provision of the services, whose benefits are limited to a specific territory by the sub-national (local and regional) government.

If we assume that the different territorial scope of the individual services conditions the need for the existence of several levels of service provision, we need to address the following questions: how many sub-national levels are needed, what should their size be, and which services should be provided by which level of government.

According to R. Musgrave (1998, p.348) “Each jurisdiction needs to provide services, the benefits from which spread within its boundaries, and to use sources of funding that ensure that the expenditures do not exceed those territorial boundaries“. However, this does not answer the question how large should this jurisdiction be. Reflecting on the optimal size of the community, Musgrave reaches the conclusion that it must be determined by equilibrium between the marginal decrease in the cost to the individual consumer, resulting from the increased number of consumers, and the marginal cost of overpopulation to the individual consumer. Even when he take into account the cost of congestion (a consequence of reaching the thresholds levels of utilization of infrastructure), the impact of economies of scale as well as the ways to reach the optimal size – expressing preferences through participation in the electoral process or automatically, via “voting with their feet”, it seems that this reasoning suggests optimization of the population number, given specific territorial boundaries, which coincide with the respective settlement.

If this is to be the starting point, then, other conditions being equal, fewer public services can be provided in the smaller settlements, while a greater number of services, whose benefits extend within their boundaries, can be provided in the larger settlements. If the scope of the community extends to several settlements, this increases the number of services that the respective municipality can provide, since they are supplemented by the ones, whose benefits exceed the boundaries of the settlement, and hence serve several settlements – for example, maintenance of the road network, intercity transport, professional schools and others; in this way the consumer would in some cases also benefit from technical economies of scale. For example, a larger hospital provides higher quality services and could services the population of several settlements.

The conclusion, which may be drawn is that the larger municipalities can provide more public services to their inhabitants, while each service has a lower cost to the individual consumer. i.e. their production is more efficient. Respectively, the smaller jurisdictions will be able to provide fewer public services, which will be comparatively more expensive for the individual consumer.

When elaborating the theoretical construction of the local jurisdiction model Musgrave explicitly states that he is solely driven by economic considerations, not taking into account the political history, which conditions the different number of sub-national levels within a given country. On the other hand, the following two axioms can be formulated on the basis of the logic behind his arguments: the first one is that “services provided to the population and the allocation of the expenditures for them need to comply with the preferences of the inhabitants...” and the second one that “the decisions regarding the specific services need to be made by the residents of the district, since they pay for their use” (Р.Мъсгрейв, П.Мъсгрейв, 1998). This leads to the conclusion that the municipality is regarded as an organization for services provision, while the democracy, i.e. the local choice of public services, the understanding that it determines the amount of taxation and that local representatives will take into account the wishes of the electors and tax payers, is presumed granted.

Unlike America, however, in Europe the general picture is more nuanced. In some countries the municipalities are comparatively less dependent upon the central authorities as they receive a larger share of the revenues from their budgets through direct taxation, while in others, the local authorities are institutions, which implement the policies of the central authorities. For example, in the Scandinavian countries local government is more developed, while in Southern Europe as well as in the former socialist states, including Bulgaria, local self-government is comparatively limited. This is why in the European countries, the municipalities are, on the one hand, regarded as institutions, which provide local services, and, on the other hand, as institutions, through which local democracy is ensured. In some European countries, the latter is still being implemented and hence a goal, which is yet to be realized.

In reality, the legitimacy of local authority is determined both by the better results (provision of more and more effective services) and by the democratic nature of local government. For example, the lack of democracy, commonly perceived as the right of the local community to participate in the elaboration, implementation and control over municipal policies, would compromise local government. The conclusion that can be drawn is that the size of the local jurisdictions is conditioned by the opportunities to achieve the following two goals – provision of more and more effective services and the right of the community to determine the policies of the local government.

Without going into the depth of the discussion about the size of the municipalities, the most important arguments of the supporters and large and respectively of the supporters of small municipalities can be summarized in the following way.

Large municipalities:

The larger municipalities definitely provide more services and more effective services in the sense that they are cheaper to the individual consumer.

One counterargument to the latter is that the larger municipalities are more heterogeneous, with a larger diversity of interests. This makes the selection of a mix of services more difficult, which increases the inefficiencies and consequently causes non-compliance with the specific interests of the different groups of users.

The share of administrative expenditures in the larger municipalities is comparatively smaller, i.e. governance is cheaper. They provide better opportunities to attract professionals, which leads to higher levels of competence of the representatives of the local authorities.

In the case of the larger municipalities the link between the population and its elected officials is weaker. The citizens have more limited opportunities to influence the decisions of the local authorities. This leads to the following two consequences: the first one relates to the loss of feeling of belonging, a lack of community spirit; in such cases alienation predominates and the people are less interested in public matters; the second one relates to the mediated characteristic of election of local representatives. The people do not personally know their elected officials; they vote for parties, which create a stereotypical perception of their candidates. Oftentimes the latter are not familiar with the specific local problems and deviate debates towards national issues. In this way local elections are transformed into mere rehearsals for the national elections and the results from them become an indication of national attitudes.

One counterargument to this position is that in the larger municipalities organizational participation is stronger due to the availability of numerous unions, non-governmental organizations and other forms alliance of the people, mainly around sectoral problems (education, social problems, ecology and others). Alongside the more extensive participation of the mass media – local newspapers, radio stations, television networks, this contributes to increased engagement of the population in the election of representatives of the local authorities.

In the larger municipalities the possibilities for redistribution of resources are more significant, which increases the equity of utilization of the local public goods. The larger municipalities have more sources and increased opportunities for democratic treatment of minorities.

Small municipalities:

They provide comparatively fewer public services. Their governance is more expensive. They often face difficulties in attracting specialists. Local authority in small municipalities is considered to be less competitive.

Other conditions being equal, the cost of the provided services is higher for the individual user, since they are produced for fewer people. On the other hand, the small municipalities are more homogenous and the mix of public services is, to a larger extend, compliant with local preferences. This leads to higher levels of satisfaction with the provided services.

Smaller municipalities are more democratic, because the link between the population and its elected officials in the local authorities is stronger. The people know the officials they vote for personally and can more significantly impact local decision-making. This makes the citizens more engaged in the process of local government and respectively the level of trust in local politicians is higher.

In the small municipalities the people act by themselves and not through social or political organizations. The predominance of individual interests as well as the scarce available resources (in comparison to the ones at the disposal of the large municipalities) leads to limited distribution processes, which oftentimes disrupts the equity of utilization of the services. Fewer people tend to reach an agreement more easily, but this is often at the expense of more categorical disregard for the opinion of some.

Apparently, both types of municipalities have both advantages and shortcomings. This turns the determination of the size of the municipalities into a solution to an optimization problem – one that should combine the advantages of the large and small municipalities whilst creating conditions to decrease/diminish their shortcomings. The latter could be overcome in following ways:

- The large municipalities could engage in internal decentralization, transferring power and resources to their territorial structures (in Bulgaria these are the mayoralties), where conditions for the development of local democracy can be created;
- The small municipalities could improve the effectiveness of the provided services by developing inter-municipal cooperation and by creating municipal associations to provide to their inhabitants specific services, whose scope exceeds the boundaries of the individual municipality.

Table 3 presents the local governments in the countries from the European Union. The data indicate that half of the European countries have small municipalities with a population of less than 10 thousand residents, while one third of the countries as well as the EU average level is below the legal minimum threshold of 6000 residents in Bulgaria. Our country is among the 9 states with large municipalities. In such countries the municipalities ordinarily have sub-municipal structures (mayoralties in Bulgaria, parishes in the UK, freguesias in Portugal, etc.).

In 7 countries there are three tiers. These are ordinarily large countries (France, Poland) or federal states (Germany, Belgium). In 10 countries there are 2 tiers and in 11 countries, incl. in Bulgaria, there is only one level of local government.

Historically, the general tendency is towards increase in the size of the municipalities through merging. For example, in 1997 Greece had 5825 municipalities. The respective reform reduced their number to 1034 in 2005. The second stage of the administrative reform (Kallikratis reform) decreased the number of municipalities to 325 in 2010. The second level was created in 1994, when the prefectures – 51 in total, which acted as deconcentrated government structures, were transformed into self-governing institutions. 13 regions were created in their place in 2010.

Table 3
Number of local institutions in the EU-27 and size of the first level of local government as of 2011

	1 st Level	2 nd Level	3 rd Level	Size of the 1 st Level	
				Territory	Population
United Kingdom	406	28	3	601	152.685
Denmark	98	5		440	56.592
Lithuania	60			1088	54.783
Netherlands	418	12		81	39.742
Ireland	114			612	39.263
Greece	325	13		406	34.785
Portugal	308			299	34.542
Sweden	290	20		1552	32.338
Bulgaria	264			420	28.538
Latvia	119			543	18.815
Belgium	589	10	6	52	18.477
Finland	336			1006	15.961
Poland	2479	379	16	126	15.404
Slovenia	210			97	9.757
Croatia	556	21		102	7.638
Italy	8094	110	20	37	7.471
Germany	11553	301	16	31	7.077
Romania	3181	41		75	6.737
Malta	68			5	6.118
Estonia	226			200	5.929
Spain	8116	52	17	62	5.677
EU-28	89149	1126	105	49	5.638
Luxembourg	106			24	4.774
Austria	2357	9		36	3.559
Hungary	3177	19		29	3.148
Cyprus	379			15	2.121
Slovakia	2930	8		17	1.853
France	36697	101	27	15	1.767
Czech Republic	6249	14		13	1.683
max				1551.6	152.685
min				4.6	1.683

Source: Subnational public finance in the European Union, Dexia – CEMR, Summer 2012, p.11. Croatia, which joined the EU later on, was added by the author.

As a result of the reform in Lithuania, as of 2009 the number of municipalities is decreased from 527 to 119 and the second level of local government is eliminated (26 regions).

Until 1970 in Denmark there are 85 urban municipalities and 1300 parishes. 271 municipalities and 14 regions are subsequently created in their place. The reform of 2007 reduced the number of these structures to 98 municipalities and 5 regions.

Administrative reforms aimed at decreasing the number of municipalities are also implemented in: Finland in 2006, as a result of which the number of municipalities is reduced from 431 to 336; Germany in 2007, where the number of municipalities decreases by 900 (from 12456 to 11553); Luxemburg in 2009, where the number of municipalities is reduced from 116 to 106.

An alternative to merging is stimulating inter-municipal cooperation with regard to the provision of specific services within the associated municipalities. Such policies are enforced in Spain, Italy, the Netherlands, Portugal, Finland, Hungary and particularly in France³, where 15 thousand inter-municipal syndicates exist (Derycke P.H., Gilbert G., 1988). The more famous ones among them are: around 12 thousand SIVOS (Syndicats Intercommunaux a Vocation Specialisee), which encompass nearly all municipalities and specialize in water supply – 30%, electrification – 13% (particularly in the rural areas), school management and student transport – 4% and others; more than 2 thousand SIVOM (Syndicats Intercommunaux a Vocation Multiple). More than 20 thousand municipalities are part of these syndicates. They provide services in the field of household waste (63%), maintenance of the road infrastructure (61%), water supply (36%), sewerage (55%), sports infrastructure and equipment (37%), tourism development (30%) and student transport (25%).

Exceptions from the prevailing tendency to merge municipalities are Slovenia, where the number of municipalities increases from 60 to more than 200 during the second part of the 90s and Hungary, where in the beginning of the 90s the number of municipalities increased to 3154 from the envisioned 1523 as a reaction of the policy of forced mergers, enforced in the 70s (Gabor Balsh and Joseph Hegedyush, 2002). The same thing happened in the Czech Republic, which surpassed France by the level of fragmentation of the municipalities, and in Slovakia, where, following the political changes of 1989, the number of municipalities increased from 1991 to 2825 (Swianiewicz, P., 2002).

The latest changes⁴ indicate that the aforementioned tendencies to restructure the sub-national levels of government continue. During the period 2012-2016 two thirds of EU countries (19 out of 28) have changed the number of municipalities and regions. Most of them have decreased the number of municipalities, while the most significant consolidation is evidenced in Portugal – from 4567 to 3400, in Estonia – from 226 to 213, in Finland – from 336 to 313, in Italy – from 8094 to 8006, in Germany – from 11481 to 11313 and even in France – from 36700 to 36658. Conversely, in the Eastern European countries the fragmentation of the municipalities continues, albeit at a slower rate. For example, the Czech Republic their number has increased by 8 and in Hungary – by 24.

Changes in the number of territorial units from the second, or from the intermediary, level of local government have also been evidenced as follows: in Finland – 18 municipal councils were created that the respective municipalities are required to join. These councils have extremely limited staff and budgets and are responsible for regional development, the

³ As of 2014 г. all municipalities are part of inter-municipal structures. The later have limited powers, determined by the respective municipalities, see Local and Regional Governments in Europe, Structure and competences, CEMR, 2016, p.29.

⁴ Local and Regional Governments in Europe, Structure and competences, CEMR, 2016.

structural funds, the popularization of regional culture and traditions, and others; in France – the number of departments decreased from 101 to 99, while the number of regions decreased from 27 to 16; in Poland – the number of territorial units from the intermediary level (*powiaty*) increased by 1; in Lithuania – 5 regional councils on development were created, which are elected by the representatives of the respective municipalities and have competences in relation to regional planning and development as well as coordinating functions relating to the restructuring of social services, regional investment policy and others.

For most of the time since the Liberation of Bulgaria there have been three sub-national levels of government – municipalities, districts and regions⁵. The intermediary level – the counties existed since 1880 until they were eliminated in 1959. Their number ranged between 58 and 117. In 1920 Bulgaria was divided into 15 districts, 82 counties and 2391 municipalities. In 1949 there are 2180 municipalities, in 1978 – 1394, incl. 220 urban and 1174 rural municipalities. 291 municipalities (settlement systems) are created in their place in 1979. Their number gradually decreased to 250. Following the political changes of 1989 discussions were held about the number of size of the municipalities. Most of the participants shared the arguments about the comparative advantages of the large municipalities. On the basis of these recommendations, the political decision was made to preserve the existing administrative and territorial structure

The enthusiasm associated with the changes and the existing legal opportunities conditioned local actions to create new municipalities by separating settlements from existing municipalities (as is the case in Hungary and Slovenia). The process of division of the municipalities began with Srednogorie municipality (Ordinance 250/promulgated.12.08.1991), which was divided into 6 municipalities – Anton, Zlatitsa, Pirdop, Mirkovo, Chavdar and Chelopech. Another 9 municipalities are created during the period 1997-2003. Alarmed by the fragmentation of the municipalities, the central authorities amended the legislation by setting a lower threshold of 6 thousand residents as well as other conditions relating to the financial capacity. In this way, they refused to recognize the referendum for the separation of the town of Ahtopol from Tsarevo municipality in 2004. The only exception from since then have been the separation of Surnitsa from Velingrad municipality in 2015.

Currently, there are 265 municipalities in Bulgaria and according to “European standards” they are classified as large municipalities. Taking into account the differences in the size of the municipalities in the EU countries, Bulgarian municipalities can conditionally be divided into three groups – large, medium and small.

⁵ Constitution of Bulgaria from 1897, art. 3. The territory is administratively divided into regions, districts and municipalities. A special law will be created to govern this administrative division on the principle of self-governance of the municipalities.

Table 4

Groups of municipalities according to their population number in 2013

Groups of municipalities	Nr. of municipalities	Relative share	average population nr.	Nr. of settlements	Nr. of mayoralties
Large – more than 30 thousand	45	17%	108391 ⁶	33	21
Medium – 10 – 29 thousand	97	37%	17144	20	13
Small – less than 10 thousand	122	46%	5780	13	6
Total/average	264	100%	27446	19	11

The data indicate that nearly half of Bulgarian municipalities have a population number, which corresponds to half of the countries in the EU – less than 10 thousand residents. From them 66 do not meet the legal requirement for a minimum population number. Only 17% of the municipalities in Bulgaria – 45, are actually large. The differences among municipalities range from 1317 thousand residents in the capital to 625 residents in Treklyano municipality. The average territory of the municipalities is 420 km², while the average number of settlements is 19. From them 11 have mayoralties status, while the total number of mayoralties in the country is 2914 in 2013 (Decision of the CoM 327/25.04.2012). A clear correlation is registered between the size of the municipalities and the number of settlements

What is the correlation between the size of the municipalities and the administrative reform, or more specifically, the number of subnational tiers.

When the municipalities are large the establishment of a second level of local government is more difficult and, to a large extent, also unjustified. This is also conditioned by the fact that there are comparatively fewer public services of supra-municipal significance, which can be entrusted to that level. They need to be transferred by the central authorities, which would resist a restructuring of public services that needs to be followed by layoffs and withdrawal of financial resources.

When the municipalities are small the provision of a much greater range of public services “remains” at the second level of local government. In this case, the second level assumes the responsibility to provide supra-municipal services and, depending on its size, some of the services, provided by government structures.

The data presented in Table 3, which indicates the number of levels of local government in the EU countries reinforces these arguments. For example, around half of the countries with small and medium municipalities have one or more levels of local government. The tendency evidenced in Bulgaria is indicative to that effect, since the humble attempts, often inspired from “outside”, for establishment of a second level of local government are faced by more or less direct resistance from all levels of public government.

⁶ The average number of residents of the large municipalities excluding Sofia is 81090.

3. Local public services

The distribution of public service provision between the central and local authorities needs to be based on the principle of subsidiarity. It is formulated in the following way by the European Charter of Local Self-Government (ECLSG art 4., para. 3): “Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy“.

Referring back to Stancho Cholakov – a forerunner of the European Charter for Local Self-Government, he writes that “...numerous needs and tasks have a local, limited, specific character, which is why it would be better, faster and cheaper for local authorities to address them“ (Станчо Чолаковъ, 1936, с.6). By adding the position of Musgrave cited above that “Each jurisdiction needs to provide services, the benefits from which spread within its boundaries...”, we can formulate the following requirements for local public services:

The services, whose benefits spread within the boundaries of the municipality, can be provided more quickly and in a high-quality fashion by local government; they cost less to the user and, to a larger extend, match their preferences.

The distribution of public services provision between the central and the local governments can be assessed on the basis of the share of expenditures for local services in total expenditures for public services. This distribution, as well as by sectors (according to COFOG), for the EU countries is presented in Table 5.

The share of local expenditures is indicative of the scope of local government and is one of the main indicators of decentralization. The ranking of the EU countries according to its value is presented in Figure 2.

Table 5
Share of local expenditure⁷ in total public expenditure for the EU countries in 2014 (%)

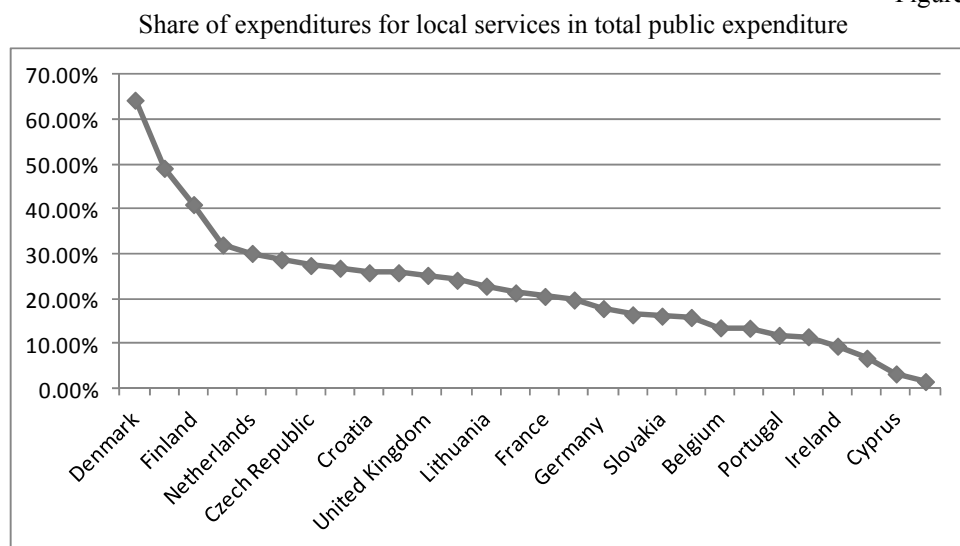
COFOG99	Total	General public services	Public order and safety	Economic affairs	Environment protection	Housing and community amenities	Recreation, culture and religion	Education	Health	Social protection
EU-28	23.5	23.8	23.3	33.9	71.6	74.1	61.5	39.6	21.3	13.6
max	64.0	44.0	50.0	48.0	95.0	100.0	82.0	81.0	99.0	83.0
min	1.0	3.0	0.0	0.0	4.0	0.0	3.0	0.0	0.0	0.0
Bulgaria	21.3	12.6	3.1	19.9	84.7	93.1	43.6	62.3	18.4	5.0
Czech Republic	27.4	28.6	11.0	36.6	87.2	74.2	69.9	62.5	18.3	6.2
Hungary	15.8	18.6	2.2	18.5	63.4	73.3	35.4	21.8	5.5	6.6
Romania	25.8	19.4	4.5	30.3	60.6	74.5	67.1	60.8	33.3	9.2
Slovenia	19.7	11.5	8.2	20.1	72.4	80.3	45.2	57.7	15.2	6.0
Slovakia	16.1	15.5	3.6	25.8	58.8	72.3	41.8	64.6	8.3	2.6

⁷ Includes the expenditures of all level of local self-government

Poland	32.0	27.4	12.7	47.3	81.7	82.0	79.9	69.8	44.2	10.5
Croatia	25.8	43.6	7.0	9.8	3.6	5.8	34.6	73.2	36.9	8.7
Denmark	64.3	16.6	9.9	36.4	51.2	58.4	46.1	44.8	98.7	83.0
Finland	41.0	43.9	20.7	34.6	27.6	56.0	56.6	66.1	83.9	23.4
Sweden	49.1	38.7	15.0	35.3	59.5	93.0	78.1	77.2	97.1	33.0
Netherlands	30.1	20.1	20.3	47.8	95.3	75.7	81.6	80.6	3.4	16.9
Portugal	11.8	20.1	12.9	13.0	80.0	81.5	63.0	14.2	6.5	2.5
Spain	13.4	30.8	23.9	22.1	70.4	59.2	56.9	5.1	1.2	3.0
France	20.5	33.8	21.4	42.6	88.9	70.2	79.7	30.8	1.1	8.8
United Kingdom	25.2	16.1	48.9	31.2	54.0	82.6	37.5	59.4	2.2	23.2
Italy	28.7	21.4	13.4	47.9	90.4	87.3	48.0	24.3	97.7	3.6
Latvia	26.8	16.9	8.7	22.2	28.7	93.2	52.4	65.7	24.6	8.8
Lithuania	22.8	13.6	15.5	21.6	51.9	82.5	43.9	54.2	26.4	8.7
Estonia	24.1	19.6	1.3	27.5	43.3	99.8	46.2	58.7	29.1	5.6
Luxembourg	11.5	27.8	11.7	16.1	57.6	32.2	56.0	11.0	0.7	3.0
Ireland	9.4	3.0	8.3	27.0	62.4	69.8	28.4	9.4	0.0	7.3
Greece	6.7	9.5	1.1	16.6	37.3	67.6	45.7	7.6	0.0	2.2
Cyprus	3.2	3.4	0.0	0.0	88.0	20.0	29.8	0.0	0.0	0.0
Malta	1.5	4.2	2.0	2.0	11.4	0.0	2.8	0.0	0.0	0.0
Belgium	13.5	16.1	50.2	9.8	52.6	72.1	51.8	22.5	0.5	7.9
Germany	17.8	22.6	16.6	34.6	57.2	69.6	60.6	28.0	2.3	13.8
Austria	16.4	19.9	11.8	13.9	36.9	43.7	53.1	28.1	24.6	8.6

Source of data Eurostat, Extracted on 22.03.16. The function "Defense" has been excluded, since there the share of expenditures of local authorities is either zero or approaching zero.

Figure 2



The graph indicates that at the top of the list and significantly far removed from the rest are the three Scandinavian countries – Denmark, Sweden and Finland. At the bottom – with a share of local expenditures of less than 10%, are four countries – Ireland, Greece, Cyprus and Malta. An interesting fact about that ranking is that there is no division between the countries from Eastern and Western Europe.

The data indicate that on average for the EU local governments provide 23.5% of all public services. They provide the largest share of public services in the field of public utilities, environmental protection and culture. The share of provided local services in the fields of education and economic activities is comparatively large. Local government powers relating to the fields of healthcare and social protection are more limited.

Contrary to the case of public expenditure (see Table 2), here the differences between the countries are significant – from 64.3% in Denmark to 1.5% in Malta. The conducted analysis by functions indicates that the large share registered by the Scandinavian countries is mainly conditioned by local responsibilities for service provision in the field of education and particularly in the field of social protection and healthcare. It is precisely in those functions that the four countries, which lag behind, register shares of zero or close to 0%. Comparatively differences in the share of local expenditure compared to the EU-28 average are registered in Croatia, where the local governments have a comparatively small share in the provision of services in the fields of environmental protection and public works. The same applies to Italy, where almost all healthcare services are provided by local government. At the other extreme are countries, such as Germany, France, the Czech Republic, Romania and others, where the structural differences compared to the EU-28 average shares of local expenditures in total public expenditures are minimal for all individual functions.

The share of local governments in Bulgaria is 21.3%, which is close to the EU average. More detailed analyses indicate that these data are quite exaggerated as they are the result of the exceptional and accelerated absorption of the resources from the European program in the end of the programming period. If European resources were excluded, the share of local expenditure in total public expenditure would drop to 15.1%, which places the country in one of the last places in the EU.

The results from the comparison of the shares of local expenditures by functions with the EU-28 average indicates that the function “Public order and safety” is characterized by largest gap. The smallest share of local expenditure is registered in the fields of social protection, culture and economic activities. Bulgarian municipalities are characterized by a relatively large share in the provision of educational and community services.

The specific way, in which public services are distributed between the central and local governments creates different structures of local expenditure by functions. The relative share of expenditures by functions of the local governments of the EU countries is presented in the following table.

Table 6

Structure of the expenditures of local governments in 2014 (%)

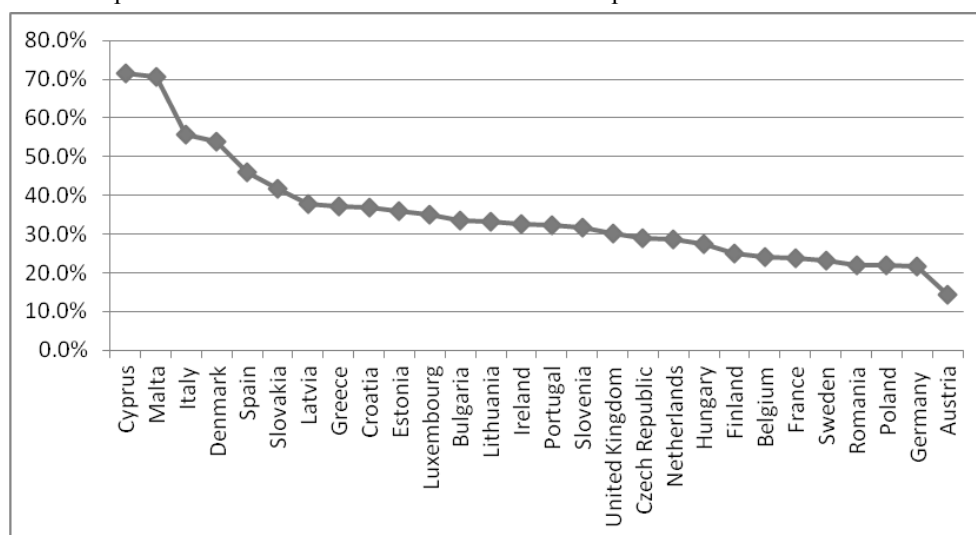
COFOG99	Total	General public services	Public order and safety	Economic affairs	Environment protection	Housing and community amenities	Recreation, culture and religion	Education	Health	Social protection
EU-28	100.0	14.1	3.7	12.6	5.2	4.5	5.5	17.2	13.6	23.4
max	100.0	46.2	12.7	24.1	28.1	28.3	16.4	39.8	47.7	56.5
min	100.0	3.3	0.0	0.0	0.1	0.0	2.2	0.0	0.0	0.0
Bulgaria	100.0	8.8	1.0	10.9	6.5	17.0	7.2	28.4	11.3	7.4
Czech Republic	100.0	11.8	1.6	19.2	7.9	5.6	7.0	27.7	12.1	7.1
Hungary	100.0	24.1	0.5	17.4	9.7	8.3	9.0	14.3	3.5	13.1
Romania	100.0	10.1	1.1	20.1	5.2	9.6	7.1	20.3	14.9	11.7
Slovenia	100.0	8.8	1.4	11.7	7.3	7.3	7.8	34.7	10.1	10.9
Slovakia	100.0	13.1	1.2	17.3	6.2	6.6	5.8	39.8	2.3	7.7
Poland	100.0	10.2	2.1	16.2	5.2	4.4	7.0	27.2	15.2	12.5
Croatia	100.0	31.2	1.2	4.8	0.1	0.3	3.7	27.8	19.9	11.0
Denmark	100.0	3.3	0.3	3.7	0.7	0.4	2.3	8.9	23.9	56.5
Finland	100.0	15.3	1.2	7.0	0.3	0.9	3.4	17.7	29.3	24.9
Sweden	100.0	11.8	0.8	6.0	0.7	2.9	3.4	19.9	26.8	27.6
Netherlands	100.0	7.5	2.8	14.5	10.2	2.6	8.8	31.3	1.9	20.5
Portugal	100.0	28.8	4.7	14.6	5.9	8.0	9.3	14.4	6.6	7.7
Spain	100.0	35.8	8.1	16.5	9.9	4.9	11.0	3.5	1.2	9.0
France	100.0	19.1	2.9	18.4	7.5	8.6	9.9	14.5	0.7	18.5
United Kingdom	100.0	7.8	8.9	8.5	4.1	4.7	2.2	27.8	1.5	34.4
Italy	100.0	13.0	1.7	13.5	5.9	3.9	2.4	6.7	47.7	5.2
Latvia	100.0	8.3	1.7	10.8	2.0	10.3	8.9	38.6	9.4	10.1
Lithuania	100.0	8.0	3.3	8.8	3.7	3.5	4.9	36.8	18.4	12.6
Estonia	100.0	8.5	0.3	14.3	2.8	4.9	10.0	35.7	16.3	7.2
Luxembourg	100.0	26.5	2.4	14.7	13.0	4.9	14.5	11.6	0.7	11.6
Ireland	100.0	5.0	3.3	24.1	9.6	14.0	5.9	11.1	0.0	27.0
Greece	100.0	28.0	0.7	18.3	17.3	4.1	8.3	10.0	0.0	13.2
Cyprus	100.0	40.7	0.0	0.0	14.7	28.3	16.4	0.0	0.0	0.0
Malta	100.0	46.2	4.2	16.9	28.1	0.0	4.8	0.0	0.0	0.0
Belgium	100.0	18.2	12.7	9.3	6.7	3.7	8.8	19.0	0.5	21.1
Germany	100.0	18.1	3.3	14.5	4.3	3.6	6.2	15.2	2.1	32.8
Austria	100.0	15.9	1.8	12.0	2.0	2.0	5.6	16.3	22.6	21.7

Source of data Eurostat, Extracted on 22.03.16. The function "Defense" is turned off.

The assessment of the differences in the structure of the expenditures of local government in the individual countries with the share of expenditures by individual functions on average for the EU-28 follows the same methodology, used for the purposes of comparing the differences in the structure of all expenditures in the EU countries. The resulting ranking are presented on Figure 3.

Figure 3

Comparative differences in the structure of local expenditures of the EU countries



The comparison between the results from the ranking of the structural differences in local expenditures with the ones for public expenditures indicates: firstly, smaller differences and less far removed countries at the top of the list; secondly, relatively larger structural differences in local expenditures with the EU average in comparison to the differences in the structure of public expenditures in the individual countries and thirdly, no division is evidenced between the countries from Eastern and Western Europe.

The above graph shows two pairs of countries, which are relatively far removed from the other states. Cyprus and Malta rank first, with a level of the differences of 71.5% and 70.7%, respectively. The reasons for the structural differences in local expenditure with the EU averages stem, on the one hand, from the lack of provision of local services relating to 5 different functions in Cyprus and to 4 functions in Malta (see Table 6) and, on the other hand, to the exceptionally large share of expenditures for “General public services” – more than 40% of total local expenditures. Italy and Denmark assume the next positions with 55.6% and 53.9% from the maximum possible level of difference. This is mainly due to the exceptionally larger share of local expenditure for healthcare in Italy and for social protection in Denmark. The differences between the other countries are smaller. The last two places, i.e. countries with local expenditure structures closest to the EU average for local authorities, are Germany and Austria.

The comparison of the differences in the share of local expenditures by functions between the EU countries indicates that the most significant differences are evidenced by the function “Social protection” $\sigma=14.27\%$, followed by “Healthcare” $\sigma=12.13\%$, “Education” $\sigma=12.00\%$ and “General public services” $\sigma=11.73\%$. The differences in these shares between the countries are significantly smaller for the other functions.

Differences with the average EU share of local expenditures by functions and by country are as follows:

- “Social protection” – the Scandinavian countries register a higher share of local expenditures than the EU average, since, besides social services for disadvantage people, they also provide social benefits; Germany and Great Britain also register above average shares. The countries from Southern and Eastern Europe register a lower share of local expenditures for social protection in comparison to the EU average;
- “Healthcare” – shares of local expenditures higher than the EU average are registered by the Scandinavian countries, Italy and Austria. The sub-national governments in these countries finance hospital services. In the other countries local expenditures for healthcare are close or lower than the average share for the EU. They are limited to maintenance of the hospitals, owned by them;
- “Education” – shares of local expenditures higher than the EU average are registered by the former Socialist states as well as by Great Britain and the Netherlands. In the other countries the share of expenditures for education of the local authorities is close to or lower than the EU average;
- “General public services”. The largest shares of local expenditures are registered by Cyprus, Malta, Spain, Portugal, Croatia and others. The smallest share of local expenditures for general public services are evidenced in Denmark, Ireland, the Netherlands, the Baltic countries. The latter challenge the general rule that the smaller municipalities are characterized by higher expenditures for administration and governance. In this case, Lithuania, Latvia and Estonia have respectively small, medium and large municipalities according to their population number, but the share of their expenditures for this function is analogous – around 8%.

The data indicate that local authorities in Bulgaria are characterized by a comparatively diversified expenditure structure, unlike some countries, where the majority of expenditures are allocated to 2-3 functions. In comparison to the average values for the EU, the Bulgarian municipalities are characterized by higher shares of expenditures for education and communal services and by smaller shares of expenditures for public order and safety, healthcare and social services. According to the differences in the structure of local expenditures, compared to the one of the EU-28, Bulgaria ranks in the top of the second half of the ranking of the countries (see Fig. 2). The mean standard deviation for Bulgaria is $\sigma = 8.56\%$, which is 33.4% as proportion of σ_{\max} .

The comparison of Bulgaria's structure of local expenditure by functions with ones of the other countries indicates that the smallest evidenced differences are with the countries from Eastern Europe and, more specifically, with Slovenia, Lithuania, the Czech Republic and others. The largest registered differences are with Denmark, Cyprus, Malta, Spain and Italy.

As noted above (see page 14, footnote 18), local governments comprise all levels of local self-government and in the different countries they range between 1 and 3 subnational tiers. It was determined that theoretically the larger municipalities can provide more services, but if there is more than one level of local self-government, local public services are distributed between and, all other conditions being equal, the services with a more limited scope are

provided by the first level (the municipal level), while the ones with a larger territorial scope, i.e. the supra-municipal services, are provided by the local governments from the second level – the district/regional or other similar level.

The results from the comparative analysis of the actual situation in the EU countries does not seem to reassert the theoretical conclusion about the correlation between the sizes of the municipalities and the scope of the provided public services. The comparison of the data from Table 3 – size of the municipalities and Table 5 – share of the services provided by local authorities in total public services for the 11 countries with one level of local self-government indicates that the comparatively large municipalities in Ireland and Greece do not correspond with a larger share of local in total public expenditures. In reality, the highest level of decentralization is evidenced in Finland, in which the municipalities are medium in size. The comparison of the three Baltic countries – Lithuania, Latvia and Estonia is interesting, since the scope of the local services provided therein is close to the EU average, while the municipalities in the three states are large, medium and small, respectively.

The verification of the other hypothesis that the municipalities provide services, the benefits from which are consumed within the municipality, while the second level provides supra-municipal services, requires the object of the analysis to be countries with two, or even three, levels of local self-government, while the subject would have to be the way the services are distributed between the first and second level.

Generally speaking, the results from the comparison of the services “transferred to the second level” in the individual countries indicates that these are in fact services, utilized by a greater number of people across larger territories.

A typical example are the activities relating to regional development, planning, coordination and others, which service the municipalities within the respective districts/regions. Such is the case in Denmark, Sweden, Romania and Croatia. These are almost all activities performed at the second level in Greece as well as by the newly established regional councils in Finland and Lithuania.

The distribution of the educational services between the different levels of local self-government also reasserts the above hypothesis. The first level – the municipalities, provide pre-school services for children as well as elementary education, while the second level – provides secondary and professional education services. This is how service provision is divided in the Czech Republic, Hungary, Poland, Slovakia, Denmark and France. Naturally, there are exceptions, such as Sweden and Finland, where the municipalities provide all educational services up until secondary education. Such is the case in Bulgaria as well.

In the field of healthcare, when it does not come down to prophylactics, but rather to health services and particularly hospitals, these activities are transferred to the second level – this is the case in Denmark, Italy, Slovakia, Germany, Austria, Sweden and Croatia.

The distribution of service provision is not as clear in the other fields. For example, the services relating to environmental protection are provided at: the first level in Slovakia, Croatia, Hungary, Spain (for the municipalities with a population of more than 20 thousand); the second level in Germany, Austria, the Czech Republic, France and Greece; by both levels in Belgium, Denmark and Poland. A similar distribution of the individual

series between the first and the second level of local self-government applies to the social services provided in Denmark, the Czech Republic, Germany, Slovakia and Spain. In other countries, social services are provided solely by the municipalities – Sweden, Finland, Poland, Hungary, the Netherlands and Croatia.

The principle of distribution of transport-related services, generally speaking, is that the construction and maintenance of the roads is the responsibility of the second level, while urban transport services – of the municipalities. Of course, there are numerous exceptions. For example, in Spain, Hungary, Finland and other countries, the municipalities maintain the roads at the local level. Such is the case in the Czech Republic, where the municipalities maintain local roads, while the regions maintain the second and third class roads and the state maintains the first-class roads and the highways.

The results from the international comparisons indicate that the local authorities in the EU countries provide services, which are not provided by Bulgarian municipalities. These are:

Local police – the Czech Republic, Romania, Spain (for the municipalities with a population of more than 5 thousand), Belgium, Portugal. These services are provided by the first level – the municipalities;

Firefighting services – Hungary, Croatia, Portugal, Spain (for the municipalities with a population of more than 20 thousand), Luxemburg, Ireland and others.

Employment – Denmark, the Netherlands, Belgium, Poland (the second level)

Emergency medical assistance – the local authorities in Sweden and the Czech Republic have specific such functions.

4. Local revenues

Unlike private goods, whose scope is determined by the amount of revenue, in the public sphere it is quite the opposite. The type of public services and expenditures for their provision need to be determined first. A revenue system is “modelled” on that basis, which needs to ensure sufficient resources for their financing. This means, on the one hand, that the distribution of the revenues from different sources between the central and local governments needs to be adequate from the standpoint of the distribution of the public services and the expenditures for their provision (vertical balance) and, on the other hand, the revenues received by the different local governments need to correspond with the expenditures they incur in the provision of public services (horizontal balance).

The system of local revenues needs to follow several principles, while the individual sources of local revenues need to meet specific requirements.

Requirements for the system of revenue sources

Firstly, it needs to encompass various sources, so that it may more equitably distribute the taxation between the different groups of taxpayers, which form the local community. On

the other hand, significant fragmentation of the local sources of revenue should not be allowed, because this increases the cost of the system for their administration;

Secondly, some of the revenues need to be generated by own sources, while their amount needs to be determined by the local authorities. This creates a level of responsibility in local governments, since they cannot use “the central government” as an excuse; it also creates awareness among local users about the amount of taxation and of utilization;

Thirdly, own sources are those, whose value is predominantly created and determined by local conditions;

Fourth, the sources of revenue need to be comparatively evenly distributed across the territory of the country, i.e. they should not create excessively large inter-municipal disparities.

Principles of the revenue system

Stability. Some of the revenues need to be from sources, which are not influenced by large and abrupt changes in the external environment. Compensation mechanisms need to be elaborated for cases of collapse of local revenues as a result of such changes. Local governments need to accumulate tactical reserves of funds, with which to face expenditures, because revenues entering their budgets are unevenly generated over the course of the year.

Vitality. There needs to be a strong correlation between local revenues and the socio-economic development of the territory. Local governments need to be involved and to contribute, within their powers, to the development of the business. On the other hand, they must not directly participate in economic activities, since this would constitute unfair competition against their own tax payers. Participation is solely permissible for activities, associated with local monopolies, where there are no conditions for real competition.

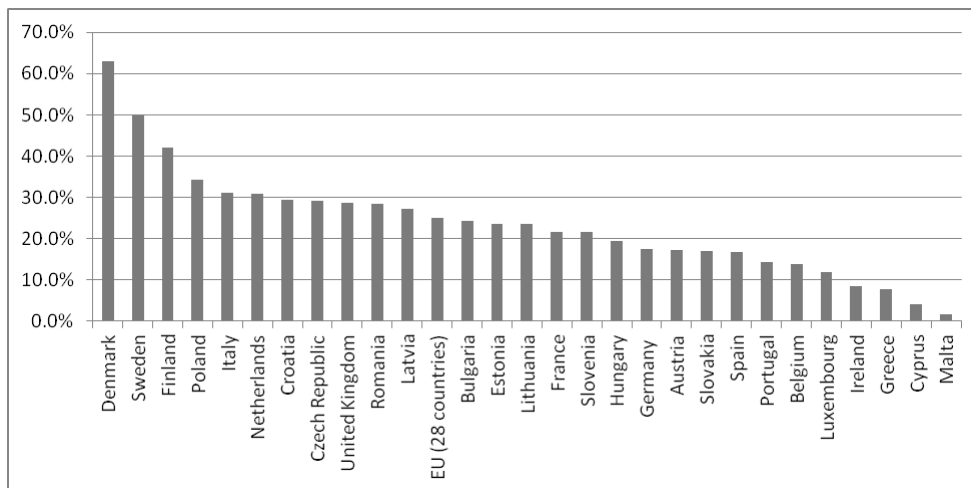
Fairness. The system of local revenues needs to contribute to the fair distribution of the resources between: poor and rich users, through free and subsidized services, financed with local fees and taxes; poor and rich municipalities, through the utilization of transfers. The municipalities need to have access to the credit market, wherefrom to accumulate resources for financing of large infrastructural sites, the benefits from whose construction is shared by more than one generation.

The system of local revenues needs to contain stimuli for local authorities to put efforts into increasing the amount of generated revenue and into its rational utilization.

The share of the revenues of local governments in total public revenue in the EU countries is indicative of the way they are distributed between the central and local governments (see Figure 4).

Figure 4

Share the revenues of local governments in the EU countries in total public revenues in 2014



Source of data Eurostat, Extracted on 02.05.16.

It is logical for this distribution to correspond with the distribution of public expenditures. The calculations made are indicative of almost complete consistency – the correlation coefficient is 99.5%. The data indicate that the Scandinavian countries rank high, with Denmark ranking highest, while the last positions in ranking are assumed by Ireland, Greece, Cyprus and Malta with a share of less than 10%. Bulgaria ranks right below the average EU level with a share of 24.4%.

The revenues of local government in the EU are generated by two main sources – taxes and transfers. Other sources of revenue are fees paid by service users and municipal property income. They comprise a comparatively smaller share of total revenue generated by local government.

The share of tax revenue in total revenue for the EU-28 is 35.5%. The largest share of tax revenue generated in 2014 is registered by Latvia – 57.5%, Sweden – 53.6%, Spain – 51.4%, and France – 48.3%. Ranking last, with a share of less than 10% are Bulgaria – 9.6%, Lithuania – 5.7%, Estonia – 3.8% and Malta, whose local authorities do not generate tax revenue.

Table 7
Structure of the revenues generated by local government in the EU in 2014 (%)

	Total Revenues	Of which		
		Tax revenues	Transfers	Other revenues
EU-28	100.0	35.5	48.3	16.3
max	100.0	57.5	95.7	32.6
min	100.0	0.0	30.0	4.3
Bulgaria	100.0	9.6	83.8	6.6
Czech Republic	100.0	42.5	41.3	16.3
Hungary	100.0	23.5	67.8	8.7
Romania	100.0	10.5	84.3	5.2
Slovenia	100.0	39.9	43.8	16.3
Slovakia	100.0	10.9	70.4	18.8
Poland	100.0	32.3	57.1	10.6
Croatia	100.0	36.1	58.6	5.3
Denmark	100.0	34.3	59.4	6.3
Finland	100.0	44.7	30.0	25.3
Sweden	100.0	53.6	31.4	15.0
Netherlands	100.0	10.3	70.9	18.8
Portugal	100.0	38.3	36.2	25.5
Spain	100.0	51.4	40.5	8.1
France	100.0	48.3	33.1	18.5
United Kingdom	100.0	14.3	68.7	17.0
Italy	100.0	44.1	42.5	13.4
Latvia	100.0	57.5	33.3	9.2
Lithuania	100.0	5.7	88.9	5.4
Estonia	100.0	3.8	84.7	11.5
Luxembourg	100.0	24.0	55.1	20.9
Ireland	100.0	24.3	43.1	32.6
Greece	100.0	23.8	66.0	10.2
Cyprus	100.0	30.7	39.3	30.0
Malta	100.0	0.0	95.7	4.3
Belgium	100.0	29.0	49.0	21.9
Germany	100.0	38.2	40.3	21.5
Austria	100.0	14.7	65.0	20.3

Source of data Eurostat, Extracted on 03.05.2016.

There are three main types of taxes, the revenues from which enter the budgets of the local government in the EU, as follows: property, or real estate, taxes – levied on buildings and land; consumption taxes, mainly VAT; and taxes on income and wealth. Income taxes include the taxation of both physical persons and companies.

- Property taxes are the most common. They generate local revenue in all European countries except Malta
- The Value Added Tax generates revenue for the local government in the Czech Republic, Germany, Spain, Italy and Portugal.

- The second most common, yet ranking first in amount for local governments, are the revenues from taxes on income and wealth. The most common of these is the tax on personal income. They are a part of the structure of local taxation in half of the EU countries (Belgium, the Czech Republic, Denmark, Germany, Spain, Croatia, Italy, Latvia, Poland, Portugal, Slovenia, Finland and Sweden). Insignificant amounts of revenues from this form of taxation enter local budgets in Bulgaria and Romania. Revenues from taxes on corporate income are received by local authorities in the Czech Republic, Italy, Luxembourg, Poland, Portugal and Finland. In 2010 the local business tax (taxe professionnelle) was replaced in France by the CET (contribution économique territoriale), which consists of a land tax and a value added tax on corporations.

The share of government transfers is inversely proportional to the share of tax revenue. The data indicate that in 5 countries, including Bulgaria, the share of transfers exceeds 80% of all revenues generated by local governments. This means that the municipalities in Bulgaria dependent, to the largest extent, on the financial support of the state. The lowest relative share of government transfers is registered in Finland – 30.0% and in Sweden – 31.4%.

Sometimes it is difficult to separate the revenues from share taxes from the revenues from government transfers. It is our view that when taxes enter specific funds, while the resources from them are distributed according to specific criteria (of an equalizing or targeted nature) between local authorities, these revenues need to be treated as transfers as opposed to revenues from shared taxes. Such is the case in Greece (PIT and VAT), Hungary and Slovakia (PIT).

5. Legal powers of the local government

The services provided by local government and sources of funding can be examined not only by type/functions and sources, but also from the position of:

- The local legal powers to determine, on the one hand, the policy for provision (quality, access and others) and the operational management of the services and, on the other hand, the taxation powers (rates, bases, exemptions from payment), administration and manner of use of financial resources, i.e. spending powers.
- Their adequacy with regard to the system of local finance, i.e. the extent to which benefits are spread outside of local structures and the extent to which the taxable base of income is formed by local factors.

In theoretical terms, there are three degrees of decentralization of powers to local authorities to provide services:

- Transfer of full power to provide certain services, i.e. local governments have the power to determine the policy and to organize the provision of the services they are responsible for. This applies to services, which meet specific needs of the local population and whose benefits do not exceed the boundaries of the municipality;

- Delegation of power to local authorities for the organization and operational management of the provision of certain services, while the central authority exercises power over the determination of the respective policy, i.e. the content, quality, access and others. This applies to services, which are provided to all municipalities and need to provide relatively equal conditions for utilization to all users, regardless of their residence;
- The state can assign the provision of national services, which are entirely the responsibility of the central government, to local government. In this case the sole goal is cost savings, while local legal power extends merely to abiding by the regulations set forth by central authorities.

Looking at public services from that standpoint, it can be asserted that ordinarily the municipalities have full responsibility for service provision in the fields of public utilities and public works, local infrastructure, water supply, heating, waste management, social housing and others, while in other fields, such as healthcare, education, social protection and others, their legal powers are limited. For example, in Denmark the responsibilities of the local authorities to provide those services mainly relate to their practical provision, while their regulation (access, quality and other requirements) to a large extent are determined by the central government. In Spain the central government has the power to determine the principles of the policy and to execute the general coordination of the provision of services in the field of public order and safety, environmental protection and economic activities, while the expenditure and organization responsibilities relating to service provision are transferred to the regions and the municipalities. Similar mixed responsibilities are evidenced in Austria, Germany, the Netherlands, Portugal and others. In the countries from Eastern Europe municipal services are divided into local and delegate ones (Bulgaria), autonomous and delegated competences (the Czech Republic and Slovakia), original and transferred services (Slovenia). In Romania the responsibilities of the local authorities in the field of education and social protection are very limited. They are mere “post boxes” for financing of schools and for maintenance of the buildings as well as “agents” for central financing of social protection programs.

In the case of revenue, the dividing line is placed between own revenue, on the one hand, and shared taxes and central government transfers on the other. Own revenues are those, for which local authorities have the power to set rates and/or taxable bases and to implement the system of exemption, be it partial or complete, from payment to certain institutions and groups of persons.

Own revenues of local governments in the EU can be divided into three groups according to their significance:

- Own (autonomous) taxes comprise a significant share of the revenues of local government in Sweden, Finland, Spain, Belgium, Italy and France. To a large extent, this also applies to the municipalities in Bulgaria, Poland, the Czech Republic, Hungary, Denmark and Luxembourg.

- The significance of autonomous taxation is more limited for local government in Austria, Lithuania, Estonia, Ireland, Great Britain, the Netherlands, Romania and Portugal.
- The local government in Malta, Slovenia, Greece and Latvia have no tax autonomy.

The most common source of own revenue for the municipalities is the property tax, imposed over the value of buildings and land, owned by physical and legal persons. Greece and Lithuania are exception, despite the fact that some of the revenue from these taxes enters local budgets. The provinces/regions in Germany and Belgium also have the legal right to set the rates for this tax.

Local authorities have legal rights over the corporate income taxes or business taxes in Spain, the Czech Republic, Hungary, Poland, Germany, Portugal and Luxemburg. The revenues from the personal income tax are shared, i.e. do not constitute own revenue, with the exception of the Scandinavian countries – Denmark, Sweden and Finland. The revenues from taxes on personal income can be considered own revenue in Italy and Belgium, where the regional and municipal government can vote on a surtax exceeding the national rate. In the Spain the rate of this tax is separated into two parts – one is determined by the central government, while the other – by the self-governing municipalities. The same applies to the partial or complete exemption from tax payment. Local government has no legal taxation rights over shared revenues from VAT.

Besides revenue from the aforementioned taxes, local authorities generate own revenue from taxation on vehicles, inheritances, donations, gambling and others. Various taxes on service utilization as well as revenues from the management of municipal properties are further sources of revenue for the municipalities.

Government transfers are another main source of revenue for local budgets. There are two groups of transfers: general and earmarked. The general transfers are provided to local authorities and they are not obligated to use them for previously determined purposes, while the provision of earmarked transfers is associated with an obligation to use for precisely determined services or types of expenditures. For example, some of the targeted subsidies in Bulgaria, Poland, Hungary, Slovenia, Latvia, Estonia, France and Great Britain are used to cover the capital expenditures of local authorities. In Poland, the Czech Republic, Slovakia, Latvia, Portugal and other countries, local government receives transfers, which can be used to finance education, while in Portugal, the Czech Republic, the Netherlands and Great Britain they may be use to social expenditures.

In the Czech Republic, Slovakia and Lithuania earmarked transfers are used to finance delegated services, while own resources are used to finance the autonomous functions of the local authorities. The case is similar in Bulgaria, with the difference that (as in the Czech Republic), firstly these services are financed partially and with own resources and secondly that after the provision of the resources the state cannot exercise control over local government in the way these resources are allocated between the types of services. The central government in Finland also provides general transfers that do not impede local expenditure rights to the municipalities for provision of services in the fields of education,

healthcare, social assistance to disabled persons, protection of minors, day-care for children, environmental protection, library operation and others.

The third type of transfer, which can be treated as part of the general transfers, aim at the comparative equalization of the financial capabilities of local authorities with regard to the provision of basic public services, i.e. it is provided to local governments, which lack sufficient capacity to generate revenue. There are two ways to provide such transfers – firstly, through transfers from the central government and secondly through transfers between local governments – from more to less financially capable ones.

Equalization transfers exist in almost all EU countries. Their distribution is based on demographic and economic indicators, territory, length of the road network and others factors, which allow for the calculation of expenditure needs and fiscal capacity of local authorities. The sources of such resources are not solely unidentified transfer fees, but also revenue from shared taxes. Such is the case with revenues from income taxes in Hungary and Slovenia, which are redistributed between local authorities. In other countries (Greece, Spain, Portugal) revenues from shared taxes enter special funds, the resources from which are distributed between local governments. The inter-municipal (horizontal) equalization from municipalities with high fiscal capacity towards ones with low fiscal capacity exists in Germany, Austria and Spain.

When it comes to equalization transfers the way in which they are provided is of chief importance. In any case, it is preferable to have a formula, based on objective socio-economic and demographic indicators, used to calculate the anticipated expenditure needs and revenue generation capacity, adjusted with the taxation efforts of the local authorities, as opposed to merely compensating for the difference between available revenue and spending needs. The latter can be a disincentive for local authorities to put efforts into generating more revenue or into avoiding unnecessary expenditures.

Conclusion

The general conclusions, which may be drawn on the basis of the conducted analyses of practices of EU countries is that, despite the significant diversity in the size of the municipalities, the number of levels of local government, the types of services provided by local authorities, the sources of revenue and expenditures, their level of financial autonomy conditioned by their historical development, the specificity of national traditions and local preferences, some common characteristics may be discerned.

Such a characteristic is the division of revenue between own revenue and transfers, including shared taxes, the division of expenditures between mandatory ones (ones delegated by the state) and local ones (autonomous and optional ones).

Common approaches are used to achieve the dual goal of local self-government – increasing the effectiveness of the provided services and creating conditions for achieving local democracy. The tendencies to increase the size of municipalities, to create inter-municipal associations for joint service provision and to create more than one level of local

self-government can be characterized as such. All these actions can be characterized as an attempt to match territorial scopes with the scope of the benefits created by the provided services.

The approach towards the accumulation of own revenue for the financing of services is also common – revenue is generated by property taxes (on buildings and land), levied to physical and legal persons, fees and user charges, revenue from the management of municipal property. There are successful practices of increasing the revenue base by voting on local rates on national taxes, mainly on income taxes levied on physical persons and taxation of transactions based on the value of assets and others.

The more important conclusions from the comparative analysis of the systems of local finances in the EU countries, which serve as the basis for the formulation of recommendations for its improvement in Bulgaria, are as follows:

First. The share of public expenditures in Bulgaria is significantly lower than the EU average. This constitutes the first problem before the public governance of the country – could a liberal approach achieve the goals, which characterize social market economies. The results of this policy are apparent – underfinanced services, which leads to low quality and additional, unregulated expenditures incurred by the users. Society has to make a choice – increase the tax burden or decrease the scope of public services.

Second. Creating conditions for local democracy in Bulgaria

In the European countries, the municipalities are regarded, on the one hand, as institutions, which provide local services and, on the other hand, as institutions that ensure local democracy.

Theoretically, larger municipalities have the capacity to provide more numerous and more effective local services, while the smaller ones are more democratic. The prevailing tendency in the EU towards increase in the sizes of the municipalities can be regarded as an attempt to increase the effectiveness of local services. On the other hand, the manifestations of the reverse process – of fragmentation of the municipalities in the former socialist states is a reaction to the artificial merging of municipalities and constitutes an attempt to reinstate democratic values, which were previously suppressed.

The municipalities in Bulgaria can be classified as large. The attempts aimed at their fragmentation during the period 1997-2003 were discontinued via legal amendments. In our opinion, the road to creating conditions for local democracy passes through the implementation of internal decentralization, through transferring powers and resources from the municipalities towards their territorial structures – the mayoralties. Over the last few years the minimum number of residents of the mayoralties ranges between 100 and 500, mainly due to political reasons. If a permanent minimum of 500 residents is set, there will be a total of around 1500 mayoralties in Bulgaria. Besides the number of residents, the status of the mayoralties needs to be regulated – they need to be registered as legal entities, the functions they will perform need to be regulated and they need to transition towards delegated budgets.

When the municipalities are large the creation of a second level of local self-government is more difficult and to a large extent unjustified. This is conditioned by the fact that there are comparatively fewer public services of supra-municipal significance, which can be assigned to that level. The situation in Bulgaria is indicative to that effects, where the timid attempts, often inspired from “outside”, to create a second level of self-government are more or less faced by pronounced resistance from all levels of public governance.

Third. Municipal services and spending powers.

Local authorities in Bulgaria have a comparatively diverse expenditure structure, unlike some countries, where most of the expenditures are focused on 2-3 functions. In comparison to the average values for the EU, Bulgarian municipalities are characterized by higher shares of the expenditures for education and communal services and by lower shares of the expenditures for security and social services.

The lack of local legal power in the latter two fields does not meet the local requirements and contradicts the general spirit of the European Charter for Local Self-Government. The municipalities need to receive legal powers to provide services relating to combating everyday crime, dealing with local fire protection and protecting the harvest. The aging of the population highlights the problem with increasing the scope of the provided local social services.

In many European countries the municipalities finance delegated services with intergovernmental transfers, but only in Bulgaria this is the reason for limiting local powers for allocation of the expenditures. It is necessary for this restriction to be abolished.

Fourth, increase in the share of own revenues through new tax revenues in the municipal budgets.

The average share of tax revenue generated by local government in the EU is 36%, while the one of government transfers is 48%. The most common tax revenue for local authorities in the EU are property taxes, while the largest amount of revenue is generated by income taxes. More than half of the local authorities in the EU receive revenue from taxes levied on physical persons, corporate taxes and from VAT.

Local legal powers are linked to own revenue. The most common types of own revenue for the municipalities in the EU are property taxes. In many European countries local government has the legal power to set taxation over corporate incomes or other types of business taxation. The municipalities in the Scandinavian countries have the power to determine the size of income taxes levied on physical persons, as is the case in Italy, Belgium and Spain, where they can levy rates of taxation, which exceed the ones determined by central authorities.

The municipalities in Bulgaria have one of the smallest share in tax revenue – below 10% and one of the highest shares of transfers. Tax revenues are almost completely generated from property taxes. Revenues from income taxation do not enter local budgets. The share

of own revenue is comparatively small. There is a clear need to finalize the expert analyses⁸ from 2014 and to make a political decision for transferring legal powers to municipalities to vote on rates of 2-3% within the general 10% rate of personal income tax. This would, at least partially, enforce the agreement, initiated in 2003, between the central and the local authorities, according to which the revenues from physical persons enter local budgets, while the ones from corporate taxation enter the central budget.

The implementation of the above recommendations would give a boost to the decentralization reform by creating conditions for the provision of more diverse and more effective services, which, to a larger extend, meet local needs.

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⁸ Within the Council on Decentralization, a group was formed, consisting of representatives of MF and NAMRB, which elaborated options for allocation to the municipalities of 2 and 3 percent of the 10 percent rate of PIT on an origin basis and in accordance with the residence of the taxpayers.

СОЦИАЛНО-ДЕМОГРАФСКИ ХАРАКТЕРИСТИКИ НА ЕТНИЧЕСКИТЕ ГРУПИ В БЪЛГАРИЯ

Обоснована е необходимостта и значимостта от изследването на социално-демографските характеристики на етническите групи в България. Определени са измененията в социално-демографските структури на турската и ромската етнически групи, възприети като обект на изследването. Очертана е нормативната рамка за идентификация на понятието „етническа група“ като предпоставка за достоверно изследване на съответните социално-демографски характеристики. Систематизирани са типичните социално-демографски характеристики и профили за турската и ромската етнически групи. Анализирани са и са оценени състоянието и динамиката на съответните параметри. Разкрити са възможностите за тяхното използване като източник на информация за взаимобвързани икономически и социални изследвания. Направени са изводи и конкретни препоръки към компетентните органи с цел взимане на обосновани управленски решения.

JEL: J1, J11, J21, J24

Икономическото и социалното развитие на страната от началото на прехода към пазарно стопанство обхваща продължителен период, през който се извършиха значителни промени във всички сфери на обществения живот. Въпреки че социално-демографската ситуация в страната е по-бавно мобилен елемент на обществената структура, тя също премина през редица положителни и отрицателни изменения. Те от своя страна оказват влияние и предопределят настоящето и бъдещото развитие на икономиката и социалната макро- и микросреда. Тези двупосочни взаимодействия са движещата сила на общественото развитие.

Социално-демографските характеристики, вкл. по признака етническа принадлежност предоставят ценна информация за формирането на основните икономически и социални параметри, на основата на които се вземат съответни важни управленски решения. Преди всичко те очертават демографските и социалните профили на най-същественния национален ресурс – човешкият капитал.

Синтезираната обосновка за необходимостта и значимостта на ефекта за обществото от изследването на социално-демографската характеристика на населението с акцент

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върху етническите групи² в България, дава възможност да се дефинира неговата основна цел: определяне на измененията в социално-демографските структури на турската и ромската етнически групи, анализиране и систематизиране на конкретните проблеми с оглед създаване на възможности за обвързването им с икономическите характеристики, формулиране на изводи и препоръки към компетентните органи.

Произтичащите от основната цел задачи на изследването се конкретизират в следния вид:

- очертаване на нормативната рамка за идентичността на етническите групи;
- систематизиране на типичните социално-демографски характеристики/профили за турската и ромската етнически групи;
- анализ и оценка на състоянието и динамиката на съответните параметри и възможности за използването им при взимане на икономически и социални управленски решения;
- опит за систематизиране на общи и конкретни препоръки към компетентните органи.

Очевидно е, че за постигането на ясни и реални резултати от изследването преди всичко е необходимо да се идентифицира понятието “етническа група”, както и да се визират съответните нормативни документи.

Нормативна рамка за идентификация на понятието “етническа група” – предпоставка за адекватно изследване на социално-демографските характеристики

С оглед на целта и основните задачи на настоящето изследване е целесъобразно да се изясни същността и различията между използваните в етнографското и социално-демографското пространство различни понятия за дефиниране на обекта на съответни проучвания и научни изследвания.

Понятието “малцинство/малцинствена група” има твърде широк обхват на признаците, по които то се дефинира и отграничава, което поражда противоречия относно неговото възприемане. Освен това в тази сфера липсват международни правни документи, които да легитимират единна дефиниция на понятието. По аналогия посочените констатации важат и за понятието “етническо малцинство”. Българското законодателство в тази област се регламентира от Конституцията на Република България. Това е юридически резонен подход, който дефинира като основно понятието “**български гражданин**”. По този начин ясно и точно се решават посочените дискуссионни въпроси и се ограничават многобройните, в повечето случаи без-резултатни полемики.

² Преходът към пазарно стопанство породил в по-висока степен редица предизвикателства и проблеми при най-многочислените етнически групи – турската и ромската, поради което те са обект на изследването.

Конституцията провъзгласява, че български гражданин е всеки, който е роден на територията на Република България, като всички граждани са равни пред Закона. Основният Закон не допуска ограничения на правата или привилегии, основани на раса, народност, **етническа принадлежност**, произход, пол, религия, политическа ориентация, образование, лично и обществено положение и социален статус. В този контекст изпъква изричното имплицитно разпознаване на индивиди/групи с етническа принадлежност, т.е. **на етнически групи**. При това с основния закон се защитават техните исконни права като: правото да упражняват майчиния си език, да изповядват собствената си религия, да изразяват и развиват своята етническа култура и т.н.

Като се имат предвид тези тълкувания, би могло да се формира една ясна от етнографска, социална и национална гледна точка дефиниция на понятието “етническа група”, което да се използва не само в неговия граждански смисъл, но и като обект на различни социално-демографски и социално-икономически проучвания и научни изследвания, т.е. за научно-приложни цели. Особено значение придобива понятието “етническа група” при ориентирането и провеждането на статистически наблюдения и анкетни проучвания с оглед на достоверното им обхващане и определянето на техните количествени измерения чрез прилагането на съответна система от индикатори.

За понятието “етническа група” съществуват редица определения³, които се различават предимно по вида и обхвата на признаците⁴, които я формират. С оглед на целта и задачите на настоящето изследване се предлага следната формулировка, която включва всички признаци, характеризиращи нейните специфични особености. **Етническата група** е обособила се в обществото група от определен етнос, на базата на общ произход, език, религия, историческа автентичност, културни и социални особености. Тази дефиниция сравнително във висока степен се идентифицира със същността на етническите групи в българското общество. По този начин се създава възможност за адекватно обхващане и изследване на етническите групи в България, както от статистическа, така и от демографска, социална и икономическа гледна точка.

Целесъобразно е да се отбележи, че главно от етимологическа гледна точка се използва и понятието “етническа общност”. То обаче има по-широк обхват от признаци и може да бъде обект на изследване от редица науки в различни сфери. Възможно е също в самата “етническа общност” да се обособят отделни групи, които ги обединяват еднакви интереси. В този смисъл това понятие е с “по-размити граници”, което го прави в значителна степен неприложимо за статистически проучвания и научни изследвания.

³ Преса, Р., Речник по демография, превод от френски език, ред. М. З. Сугарева, София, Авалон, 2006, с. 81.

⁴ Примерно, съществуват мнения, че религията е важен, но не е задължителен елемент за обособяване на даден етнос. Вж. Проект VS/2010/008/0536 “Равенството – път към прогрес, КЗД, Речник на понятията към обучителния пакет “Училища без дискриминация”, София, 2011.

В сравнение със съществуващи в други страни, вкл. в европейски специфични “местни” етнически проблеми и главно противопоставяне, е необходимо да се подчертае, че в България до голяма степен те са преодоляни. Не случайно се оформи понятието “български етнически модел”, който олицетворява стремежа към многостранна интеграция на етническите групи към българската нация и общество.⁵ Въпросът за българския етнически модел, сърцевината на който е процесът на интеграция на етническите групи, е от важно значение за проследяване на този процес главно чрез изследване на техните социално-демографски характеристики.

Необходимо е да се посочи, че от нормативната база, регламентираща етническите въпроси с голяма значимост е Законът за защита от дискриминация в Република България. Този Закон е в подкрепа на правата и интересите на всички етнически групи. За отбелязване е, че особено място сред нормативните актове заемат тези, свързани с ромската етническа група. Те са насочени предимно към постигането на нейната реална интеграция: Национална стратегия на Р България за интеграция на ромите (2012-2020 г.), Рамкова програма за интегриране на ромите в българското общество (2010-2020 г.), приета с решение на Министерския съвет, Национална програма за подобряване на жилищните условия на ромите в Р България за периода 2005 – 2015 г., Стратегия за образователната интеграция на децата и учениците от етническите малцинства в България, приета през 2004 г. и актуализирана и утвърдена през 2010 г., Здравна стратегия за лица в неравностойно положение, принадлежащи към етническите малцинства.

Известно е, че за изпълнението на стратегиите и програмите се упражнява системен контрол, в резултат на което се изготвят съответни мониторингови доклади. Такъв доклад е представен в началото на 2017 г. от Министерството на труда и социалната политика относно изпълнението за 2016 г. на „Националната стратегия на Република България за интегриране на ромите 2012 – 2020 г.“. Необходимо е да се отбележи, че тази стратегия съчетава социално-демографските със социално-икономическите параметри. Нейните мерки са насочени към реално изпълнение на конкретни задачи, свързани с: подпомагане интеграцията на пазара на труда на маргинализираните групи, т.е. тези с най-неравностойни социално-демографски характеристики; осигуряване на достъп до образование и обучение; подобряване на системата за обхващане на ромите от социални и здравни услуги.

Целесъобразно е на базата на съвкупността от социално-демографски характеристики по признака местоживееене, съчетан с други типични за ромите признаци, да се постигне такова развитие на местните общности, което да създаде предпоставки и условия за тяхното интегриране особено за преодоляване на негативните стереотипи.

Очевидно е, че само целенасочената и ефективно организирана интеграция на ромите чрез реализация на комплексни мерки, които обхващат както социално-демографски, така и социално-икономически аспекти е възможно постепенно, но действително реално постигане на целите на Националната стратегия, перифразирани по следния

⁵ За природата и естеството на българския етнически модел: виж *Тодорова, Б., М. Мизов*. Българският етнически модел: мит или реалност, С., 2010; *Мизов, М.*, Ахмед Доган и българският етнически модел. С., 2010.

синтезиран начин: достъп до образование и заетост – достъп до социални и здравни услуги – повишаване качеството на живот – постигане на устойчива интеграция. Следователно изследването на социално-демографските характеристики на етническите групи и систематизирането на резултатите от него предоставят ценна информационна база за целенасочено разработване на национални стратегии и рамкови програми за неравностойните групи/лица в определени сфери – образование, здравеопазване, жилищни условия, социални помощи, пазар на труда, заетост.

Не на последно място трябва да се посочи значимостта и на приетия Закон за равнопоставеност на жените и мъжете, който дава юридическо основание да се профилират социално-демографските характеристики и по признака “пол/социален пол”. Научните изследвания по признака “социален пол” разкриват различията или неравнопоставеността между жените и мъжете и в етнически аспект. Това допринася изключително много за правилното насочване на политиките по пол с цел постигането на балансиран социално-демографски и социално-икономически характеристики на етническите групи.

Интерес представлява т.нар. кросинформация, която в случая би могла да се формира от съвместното изследване на етническите, образователните и на характеристиките по “социален пол” (табл. 1).

Таблица 1

Степен на образование по етнически групи и по пол (%)

Степен на образование	Етнически групи					
	българска		турска		ромска	
	мъже	жени	мъже	жени	мъже	жени
Висше	41.5	58.5	40.2	59.8	51.0	49.0
Средно	52.0	48.0	50.3	49.7	64.3	35.7
Основно	49.0	51.0	50.3	49.7	55.1	44.9
Начално	40.7	59.3	43.1	56.9	46.4	53.6
Незавършено начално/неграмотни	47.7	50.3	45.1	54.9	46.6	53.4

Източник: Изчислена и съставена по първична информация от “Преброяване на населението и жилищния фонд, 2011, НСИ, София, том. 1, 2012.

Като източник на богата социално-демографска със социално-икономическа насоченост информация, създава възможности да се дефинират редица важни съотношения и взаимозависимости, предназначени за управленските органи за вземане на обосновани многофакторни решения в няколко свързани сфери. Примерно, изследване на икономическите характеристики като икономическа активност, заетост и безработица по: етнически признаци и по образование; етнически признак и пол; етнически признак, образование и по пол.⁶

⁶ Възможни са различни комбинации от изследвани признаци, които могат да се използват при определянето на съответни икономически характеристики, но това вече е обект на друго изследване. Тук целта е да се демонстрират връзките и зависимостите между социално-демографските и социално-икономическите характеристики, т.е. – да се обоснове

Важно е да се изтъкне, че в българската практика освен създадената нормативна база съществува съответна институционална рамка за действие, както и изграден административен капацитет за мониторинг при решаването на специфични проблеми на етническите групи. Това позволява да се систематизират и наблюдават социално-демографските характеристики, които представляват важна предпоставка за провеждането на съответни социално-икономически изследвания. Примерно, обвързването на социално-демографския профил “образование” с икономическите профили “заетост” и “доходи” предоставя твърде полезна с приложна насоченост информация за взимането на управленски решения от компетентните органи и провеждането на целеви политики в тази сфера.

Основни социално-демографски характеристики на турската и ромската етнически групи – източник на информация за икономически и социални изследвания

Установилите се демографски тенденции и засилената емиграция през преходния период се отразяват върху всички етнически групи в страната, в резултат на което не настъпват съществени изменения в етническата структура на населението в годините между последните две преброявания.

Според публикуваните данни на НСИ от преброяването на населението през 2011 г. по признака етническа принадлежност са се самоопределили:

Българска етническа група, която обхваща 5 664 624 лица, или 84.8% от доброволно декларираните етническата си принадлежност. Делът на българската етническа група в сравнение с преброяването през 2001 г. се увеличава с 0.9 пункта.

Турска етническа група, която е втората по численост – 588 318 лица са се самоопределили като етнически турци. Те представляват 8.8% от всички лица. Относителният им дял намалява с 0.6 процентни пункта в сравнение с 2001 г.

Ромска етническа група, която традиционно е трета по численост. Тя наброява 325 343 лица според тяхното самоопределяне, с относителен дял от 4.9% или с 0.2 процентни пункта повече от 2001 г.

Етническата структура и степента на нейното влияние върху социално-демографското и социално-икономическото развитие на населението зависи преди всичко от неговите основни демографски характеристики – раждаемост и смъртност. Тези профили в етнически аспект разкриват ефекта от провежданите съответни политики за подобряване качеството на живот. Тук обаче трябва да се изтъкне, че важен първичен фактор е традиционното репродуктивно поведение на младите във фертилна възраст, както и културата на начина на живот на възрастното етническо население.

Характерно за **турската етническа група** е, че нейният естествен прираст е положителен и са задържа над репродуктивния праг от 2.2 деца. Равнището на

икономическия смисъл на проучването и изследването на социално-демографските характеристики в случая по етнически групи.

раждаемостта се измерва и с относителния дял на жените с определен брой деца: около 51% от жените имат 2 деца, 27% – 3 деца и 10% – 4 и повече деца. Турските етнически семейства се характеризират с ранна раждаемост (към 20-годишна възраст), с висока брачност и ниска възраст за встъпване в брак/съжителство на семейни начала.

По отношение на възрастното население от турската етническа група е известно, че то е концентрирано предимно в селата, което предполага сравнително по-изолиран и ограничен от традиционните си рамки начин на живот и особено минимални възможности за социални контакти. Равнището на смъртност показва тенденция към слабо нарастване от осемдесетте години.

Посочените социално-демографски характеристики на турската етническа група, свързани с профилите раждаемост и смъртност предопределят формите на социално-икономическите политики на държавата главно към подпомагане отглеждането на децата, както и към възрастните хора чрез предоставянето на необходимите социални и здравни услуги.

Основните демографски характеристики на *ромската етническа група* се отличават от тези на турския етнос. При ромите както раждаемостта, така и смъртността са с по-високи стойности. Показателен за степента на раждаемост е индикаторът „брой на децата“ в семейства с двама родители от еднаква етническа принадлежност. При семейства с две деца броят на турските семейства е 2 пъти по-голям от този на ромските семейства.⁷ Тази ситуация обаче значително се променя при семействата с три деца – ромските семейства са почти 2 пъти повече от турските. При увеличаване броя на децата това съотношение се изменя по-забележимо: при семейства с четири деца, ромските семейства са над 3 пъти повече от турските; при пет деца – 4.5 пъти повече и при шест и повече деца – над 5 пъти.

Очевидно демографските характеристики придобиват особена социална значимост по отношение обхвата на семействата с различен брой деца, както и по броя на децата общо и по възрастови интервали. Сравнително големите различия по тези параметри определят високата степен на сложност на връзките и взаимодействията със съответните социално-икономически характеристики. Тук се очертават сериозни проблеми – преди всичко при самото формиране на основните и производните от тях социално-демографски характеристики и съответно посоките, в които те могат или трябва да кореспондират с икономическите и особено със социалните индикатори. В тази сфера връзките са твърде комплицирани, но същевременно изключително важни, тъй като от тяхното адекватно формулиране зависят редица съдбовни управленски решения за демографското бъдеще на България, основани на постигането на висока междуетническа толерантност.

Във връзка с направения сравнителен анализ на основните социално-демографски характеристики, интерес представлява информацията, предоставена от ЕВРОСТАТ,

⁷ НСИ, Преброяване на населението и жилищния фонд, 2011, София.

2015 г.⁸ за България относно „демографските промени – профил на населението“, където в контекста на другите страни-членки на ЕС се очертава мястото на България. На фона на твърдението, че в последните десетилетия средно за ЕС плодовитостта се намалява, а застаряването на населението се увеличава чувствително, в анализа на динамиката на коефициентите на раждаемост за периода 2003 – 2013 г. се отбелязва, че „има основания да се допусне, че в някои от страните-членки на ЕС е имало отклонение от модела на постоянно намаляващите коефициенти“. Посочват се само 7 страни от ЕС (Словения, Чехия, Швеция, Словакия, Полша, **България** и Обединеното кралство), в които коефициентите на раждаемост за посочения период в действителност се покачват. Тази констатация всъщност представлява твърде положителна оценка за провежданите от България социално-демографски и социално-икономически политики и мерки. Ясно е, че това е крехко покачване, но то обнадеждава особено, като се има предвид, че държавните органи поставят като приоритет на националното развитие проблема, свързан с демографската кризисна ситуация. Очевидна е необходимостта от разработване на система от политики и мерки в икономическата и социалната сфери, които да ускорят този процес на положителни изменения на социално-демографските характеристики.

На противоположния демографски фокус се откроява друг много важен от социална и икономическа гледна точка проблем – социално-демографските характеристики на *възрастните хора*. Известно е, че в последните десетилетия се увеличава продължителността на живота като израз на по-добро негово качество, на техническия бум в областта на медицинската апаратура, повишаване професионализма на лекарските екипи, както и подобряване на здравната информираност на хората. Продължителността на живота е един от основните индикатори, определящи равнището и качеството на живот. От друга страна обаче, се прокарва известен „негативизъм“, употребявайки израза „застаряващо население“, което неминуемо се свързва с повишаването на отговорностите на обществото. А те са многостранни с политически, управленски, икономически, социален, здравен, културен и други видове аспекти, които в своята съвкупност осигуряват т.нар. „активно стареене“ на възрастните хора, т.е. обществото е призвано да предостави възможности на възрастното население на 65+ години да продължи своя живот в необходимия му комфорт и да се чувства необходим за своите близки и за обществото. За да се почувства мащабността на проблемите, свързани с възрастните хора не само в България, но и в Европейския съюз е достатъчно да се посочат само следните пет факта:

- към 01.01.2014 г. населението в ЕС-28 на възраст 65+ години е възлизало на 94 милиона души (почти 20%);
- през последните десет години броят на възрастните хора в ЕС е нараснал шест пъти по-ускорено в сравнение с нарастването на цялото население;

⁸ Населението в ЕС: кои сме ние и как живеем?, ЕВРОСТАТ, 2015 г., Демографски промени – профил на населението.

- прогнозни данни показват, че особено бързо ще се увеличи броят и делът на възрастните хора на 85+ години;
- възрастните хора в рамките на една страна не представляват хомогенна група от населението; те са хора с различен начин на живот, както и с различни физически и умствени способности;
- особено значение има фактът, че Европейският съюз е най-бързо застаряващият регион в света, респективно с най-ниски коефициенти на раждаемост.⁹

Представената не особено оптимистична ситуация поставя страните от ЕС, вкл. България пред едни от най-големите социални и икономически предизвикателства. Това демографско развитие ще оказва значително влияние върху различни по обхват и със специфичен характер политики, мерки и конкретни грижи за възрастните хора.

Като се има предвид състоянието и необходимостта от сериозни промени в тази сфера в България, крайно време е да се предприеме комплексно решаване на посочените проблеми. Това от своя страна изисква неотложно разработване на стратегия и конкретни програми за изграждане на реално действаща система за грижи спрямо възрастните хора в България.

Очевидно за тази цел като основен източник на информация ще се използват социално-демографските характеристики на населението по възрастови интервали и по етнически групи (фиг. 1).

Информацията за възрастовата структура на населението по етнически групи притежава голяма научно-приложна и практическа насоченост. Този социално-демографски профил е в основата на разработването на диференцирани политики в етнически аспект и в зависимост от тяхната демографско-възрастова структура. Примерно, обособяване на политики за децата, младежите, активното население и възрастните хора с цел да се постигне сближаване на социалния статус, както в рамките на даден възрастов интервал в самите етнически групи, така и в междуетнически профил с оглед постигане на социална равнопоставеност.

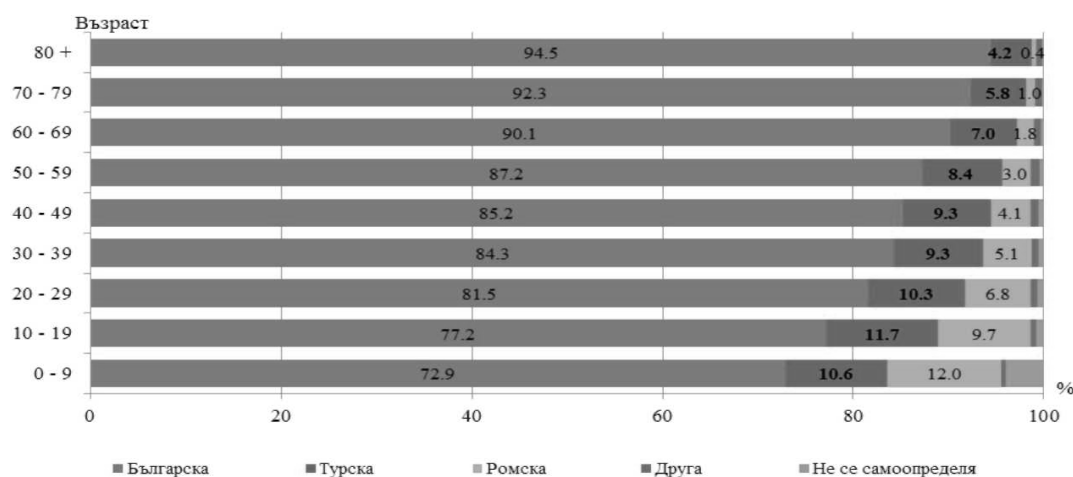
От гледна точка не само на социално-демографските характеристики, но и на социално-икономическото развитие на етническите групи в България, от значение е проучването на тяхното териториално разпределение, както и на степента на концентрацията им в дадена териториална единица. На последното преброяване през 2011 г. лицата, самоопределили се към турската етническа група, са концентрирани териториално в няколко областни центрове – Кърджали, Разград, Търговище, Шумен, Силистра, Добрич, Русе, Бургас. Те представляват 63.7%, т.е. – почти 2/3 от населението на тази етническа група. По отношение на лицата от ромската етническа група се констатира, че те са разпределени териториално във всички области, като най-голям е делът на ромския етнос в област Монтана – 5.4%, Шумен – 4.3% и Сливен – 3.8%. Тези количествени измерения на териториалното разпределение на етническите групи са важен ориентир за разработването на съответни регионални, социални и икономически политики за постигането на по-висока степен на

⁹ Въз основа на информация от ЕВРОСТАТ, 2015 г.

интеграция на съответните етнически групи, населяващи посочените областни центрове и градове.

Фигура 1

Структура на населението по етнически групи и възраст към 01.02.2011 г.



Източник: НСИ, Преброяване на населението и жилищния фонд, 2011 г., София.

Твърде показателно е и разпределението на етническите групи по отношение на териториалния признак – град : село (табл. 2).

Таблица 2

Разпределение на големите етнически групи в България по местоживее, 1992, 2001, 2011 г. (%)

Година Населено място	българска			турска			ромска		
	1992	2001	2011	1992	2001	2011	1992	2001	2011
град	71.6	73.5	77.5	31.6	37.0	37.7	52.3	53.8	55.4
село	28.4	26.5	22.5	68.4	63.0	62.3	47.7	46.2	44.6

Източник: Преброяване на населението и жилищния фонд, 1992, 2001, 2011, София, НСИ, 1993, 2002, 2013.

Основният извод от сравнителния анализ на турската и ромската етнически групи по местоживее е, че турският етнос е концентриран главно в селата – 62.3% и съответно надвишава ромския етнос с значителните 18%. Този факт предопределя характера на заетостта на турския етнос, който явно е съсредоточен в сферата на селското стопанство. Това от своя страна регламентира по-ниските им доходи, както и качеството на живот и образование на техните деца. По отношение на ромите – преобладаващата част е в градовете – 55.4%, където поради по-високите изисквания за образование и квалификация те са заети предимно в нископлатени дейности.

Установените от анализа изводи и тенденции на териториално разпределение на етническите групи показват незначителни промени, което насочва съответните институции към провеждането на действени политики и мерки с цел създаването на възможности и условия за по-голяма трудова мобилност на етническите групи с оглед на техните предпочитания, способности и умения за трудова заетост.

Безспорен е фактът, че направеният анализ на социално-демографските характеристики на турската и ромската етнически групи, както и формулирането на съответни изводи, вкл. за целите на социално-икономически изследвания, имат висока приложимост в **сферата на образованието**. Тази сфера по своята същност и обществена значимост заема централно място в системата от връзки и взаимоотношения между социално-демографските и социално-икономическите характеристики на етническите групи. Сравнителният анализ между турската и ромската етнически групи разкрива редица техни специфични особености. Те предопределят различията им в двете основни сфери на обществения и икономическия живот, а именно в образованието и като следствие от него в заетостта. Очевидно е, че това са главните фактори, които формират развитието и промените в ценностната ориентация на турската и ромската етнически групи.

Не е без значение фактът, че глобалната икономическа криза (2007-2009 г.) оказва незначително влияние върху репродуктивното им поведение, което означава, че те продължават своето разширено демографско възпроизводство. Тази констатация изпраща сериозни сигнали към компетентните органи, свързани както с възникващата по-сложна ситуация по отношение на привличането и включването им в образователната система, така и в ориентирането към подходящи, съобразно степента на образованието им дейности в заетостта. За решаването на тези важни проблеми е необходима първоначална информация за динамиката на разпределението на етническите групи по степен на образование (табл. 3).

Таблица 3
Структура на основните етнически групи по степен на образование на лицата над 20 години, към 2011 г. (%)

Степен на образование	българска		турска		ромска	
	2001	2011	2001	2011	2001	2011
Висше	19.2	25.6	2.4	2.9	0.2	0.5
Средно	47.6	52.3	21.9	29.7	6.5	9.0
Основно	24.9	18.0	46.9	44.5	31.8	40.8
Начално	6.9	3.4	18.6	13.4	28.3	27.9
Незавършено начално и неграмотни/непосещавали училище	1.4	0.7	10.2	9.5	33.2	21.8

Източник: Преброяване на населението и жилищния фонд, 2001; 2011. София, НСИ, Том 1, 2002; Том 1, 2012.

Извършеният анализ на измененията в образователния статус, както в рамките на отделните етнически групи, така и между тях, разкрива неговото постепенно подобряване и тенденции към положителни промени в съотношенията по етнически

групи и съответните степени на образование. Въпреки че и при трите етнически групи се наблюдава повишаване на образователното равнище, то е най-ниско при ромската група. Това се обяснява с две основни причини: от една страна, тяхното специфично поведение в семейството и обществото и от друга – неправилната им ценностна ориентация, при която образованието не е оценявано като необходима ценност, заслужаваща усилия и разходи. Това силно подценяване на образованието води до задълбочаване на етническите неравенства в образователните равнища на децата и младежите. Все пак динамичните промени в обществения живот оказват макар и слабо влияние върху самосъзнанието на ромите и повишават в известна степен изискванията им за по-качествен живот, което ги връща към неговия основен източник – образованието. Най-забележимо е нарастването на дела на учащите роми в основното образование – с 9%, следвано от средното образование – с 2.5%. Положителен факт е и чувствителното намаляване на относителния дял на ромите с незавършено начално и на неграмотните/непосещаващите училище – от 33.2% на 21.8%. Очевидно провежданите политики и мерки за интегриране на ромите в образователната система са ориентирани в правилната посока, но те изискват текущи разходи и дългосрочни инвестиции. Тук може да се отбележи, че не случайно образованието се обособи като основен приоритет на управляващите органи, които оценяват високо неговата изначална значимост за постигането на позитивни резултати във всички сфери на обществения живот.

Този приоритет се отнася със същата сила и за младото население от турската етническа група. То показва забележими постижения, изразяващи се в намаление на относителния дял на учащите в основно образование за сметка на повишаване дела на тези със средно образование – от 21.9% на 29.7%. Посочената положителна тенденция би трябвало да продължи, като успоредно с нея се ускори увеличаването на броя и дела на висшистите, който към 2011 г. е 2.9%, докато при българската етническа общност е 25.6%.

Направените анализи и оценки в етнически аспект по отношение на разпределението на учащите по образователни степени, дават възможност да се синтезират следните изводи:

- турската и ромската етнически групи регистрират положителни тенденции в развитието на тяхната образователна култура, следвайки макар и с бавни темпове образователната структура на българската етническа група;
- забелязва се стремеж към повишаване на относителния дял на придвижващите се учащи от по-ниските към по-високите образователни степени;
- забавяне на увеличаването на броя на висшистите в турската и ромската етнически групи;
- констатира се намаляване и при трите етнически групи на дела на незавършилите начално образование и на неграмотните, като при ромите този дял намалява с 11.4%, въпреки това все още е много висок; до голяма степен той зависи от по-ранната раждаемост, характерна за ромския етнос, които вместо да се обучават изпълняват родителски задължения.

Детайлният анализ на образователната структура на турската и ромската етнически групи предоставя важна изходна информация за определяне и оценка на ситуацията в икономическата сфера, включваща степента на заетост и обхвата на безработните, т.е. икономическата активност на населението в етнически профил. В това се изразяват икономическите аспекти на изследването на социално-демографските характеристики на етническите групи.

Като илюстрация на непосредствените връзки между социално-демографските характеристики и социално-икономическите параметри се посочват зависимостите между икономическата активност на главата на домакинството по статус в заетостта и по етнически групи (табл. 4).

Таблица 4

Икономическа активност, статус в заетостта и етническа група на главата на домакинството, 2011 г. (%)

Икономическа активност Статус в заетостта	Етнически групи		
	българска	турска	ромска
Икономически активни	82.7	6.2	2.5
Заети	84.6	5.5	1.7
Работодател	87.8	3.3	0.4
Самостоятелно работещ	81.0	7.5	2.3
Наети	84.9	5.3	1.7
Неплатен семеен работник	79.1	8.8	2.0
Безработни	68.5	11.3	8.8
Икономически неактивни	80.6	7.4	3.3
Учащи и неработещи	78.4	6.5	1.8
Пенсионери	84.8	6.2	1.6
Незаети	55.6	14.9	14.6

Източник: Изчислена и съставена по информация от „Преброяване на населението и жилищния фонд”, 2011 г., НСИ, София, том. 1. Население/Книга 4. Домакинства.

Интересно е съотношението между степента на заетост, примерно във възрастовия интервал 15-59 години, като разпределението по етнически групи е следното: българска – 33.2%, турска – 46.9% и ромска – 19.5%¹⁰ Тук обаче трябва да се посочи, че сравнително голяма част от заетите, особено от ромската етническа група са предимно в отрасли с нискоквалифициран и съответно нископлатен труд. За турската етническа група е характерна преобладаващата им заетост в селското стопанство и по-конкретно в тютюнопроизводството.

Като доказателство за силното влияние на образователния ценз върху заетостта и социалния статус на ромите се привежда следната информация (табл. 5).

¹⁰ Преброяване на населението и жилищния фонд, 2011, София, НСИ, том 1, 2012.

Таблица 5

Вид заетост и разпределение на заетите роми през 2011 г. в България според образованието (%)

Вид заетост	Образование		
	Начално и по-ниско	Основно	Средно
Работодатели	0.0	2.3	4.2
Самонаети	11.0	9.4	12.4
Членове на кооперации	0.0	1.2	2.2
Помощници в семеен бизнес	6.1	3.5	4.2
Наети в държавно или общинско предприятие	32.9	26.3	25.0
Наети в частно предприятие	40.2	53.8	47.2

Източник: Проект EU INCLUSIVE, 2012.¹¹

Прави впечатление, че нараства относителният дял на самонаетите със средно образование, което доказва, че по-високата степен на образование осигурява повече възможности за собствен бизнес. Освен това показателен е и делът на наетите в частно предприятие предимно с основно и средно образование, който се задържа около 50%.

По отношение на **обхвата на безработните** е важно да се отбележи, че техният брой намалява и при трите етноса, при това чувствително. За период от 10 години (2001-2011 – годините на извършените преброявания) при турския етнос относителният дял на безработните се е намалил с 28%, при българския – с 15.3% и при ромския – с 40.5%. Тези промени може да се квалифицират като значителни, особено като се има предвид, че този период включва икономическата криза. При общото снижаване на безработицата в страната на 7.1% за м. декември 2016 г., би могло да се предположи, че и по етнически групи са постигнати положителни резултати след 2011 г.

Направените междинни анализи, оценки и изводи доказват необходимостта от проучване на социално-демографските характеристики на етническите групи, които предоставят необходимата информация на компетентните органи, позволяваща да се изследват редица важни социално-икономически характеристики, да се установят преките и обратните връзки и взаимозависимости с цел разработването и прилагането на съответни икономически и социални политики.

Систематизиране на изводите и препоръките към компетентните органи

Основни изводи

1. По отношение на идентификацията на понятието “етническа група” и съответната нормативна рамка:

¹¹ Проект EU INCLUSIVE, 2012. Data transfer and enhance of good practice. Vol. 1. Constanza, Presa “Ciga Leber”, p. 27

- с оглед на целта и основните задачи на изследването, както и от анализа и оценките на различните определения, съдържанието и наименованието на изследователския обект, се оформи изводът, че от етнографска, социална, демографска и гражданска гледна точка най-издържано е понятието “етническа група”; това е юридически резонен подход, тъй като в Конституцията на Р България се съдържа признака етническа принадлежност, което гарантира равенството пред Закона на всички граждани;
- предложената дефиниция на понятието “етническа група”, обособена на базата на общ произход, език, религия, историческа автентичност, културни и социални особености в най-висока степен се идентифицира със същността на етническите групи в българското общество; по този начин се осигурява адекватно обхващане и изследване на етническите групи, както от статистическа, така и от демографска, социална и икономическа гледна точка;
- в резултат на проучването на нормативната рамка за идентификация на понятието “етническа група” се установи, че в тази сфера липсват международни правни документи; в българското законодателство обаче, може определено да се твърди, че Основният закон – Конституцията на Република България достатъчно ясно и точно провъзгласява правата на всички нейни граждани, като не допуска ограничения, основани на раса, народност, **етническа принадлежност**, произход, пол, религия, политическа ориентация, образование, лично и обществено положение и социален статус;
- с основание може да се твърди, че до голяма степен към нормативната база се включва и Законът за защита от дискриминация в Р България, тъй като в него се регламентират правата и защитата на всички етнически групи срещу прояви на дискриминация; следователно този Закон е в подкрепа на правата и интересите на отделните етнически групи;
- важен е изводът, че особено място сред нормативните актове заемат тези, свързани с ромската етническа група и главно по отношение на реалното интегриране на ромите в българското общество, образователната интеграция на децата и учениците, здравната защита на лицата в неравносложно положение, както и подобряването на жилищните условия на ромите;
- анализът и оценката на Закона за равнопоставеност на жените и мъжете разкриват постановки, чрез които се ограничава неравнопоставеността между жените и мъжете и в етнически аспект в различните сфери на обществения живот; в настоящето изследване се установи, че съществува неравнопоставеност по пол и по етнически групи в сферата на образованието и по-конкретно в разпределението на мъжете и жените по степен на образование.

2. По отношение на определящите социално-демографски характеристики:

- основният извод относно етническата демографска структура се базира на установилите се демографски тенденции и засилената емиграция през преходния период, които се отразяват върху всички етнически групи, в

резултат на което не настъпват съществени изменения в етническата структура на населението;

- структурата на населението по етнически групи и възрастови интервали е една от най-важните социално-демографски характеристики на населението, защото тя влияе, както върху наблюденията на неговото възпроизводство, така и върху измененията в икономическата му активност и обществената съпричастност;
- проучването на териториалното разпределение на етническите групи в България дава ценна информация за степента на тяхната концентрация в дадена териториална единица; количествените измерения в териториален аспект са важен ориентир за разработването на съответни регионални политики с цел постигането на по-висока степен на интеграция на съответните етнически групи;
- от гледна точка на икономическия и социалния статус на етническите групи от значение е тяхното разпределение в териториален аспект: град – село; основният извод е, че турският етнос е концентриран главно в селата, което предопределя характера на неговата заетост – предимно в селското стопанство; по отношение на ромите преобладаващата част е в градовете, където поради по-високите изисквания за образование и квалификация те са заети в нископлатени дейности.

3. По отношение на образователния статус на етническите групи:

- главният извод с практическа приложимост е, че сферата на образованието по своята същност и обществена значимост, има реална свързваща роля между социално-демографските и социално-икономическите характеристики на етническите групи, примерно при релацията “образование – заетост”;
- констатацията, че турската и ромската етнически групи продължават своето разширено демографско възпроизводство сигнализира за необходимостта от по-активното им включване в образованието, както и в ориентирането към подходящи, съобразно степента на образованието им дейности в заетостта;
- анализът на измененията в образователния статус във вътрешноетнически и междуетнически аспект разкрива неговото постепенно подобряване и тенденции към положителни промени в съотношенията по етнически групи и съответните степени на образование;
- най-ниско е образователното равнище на ромската етническа група; силното подценяване на образованието води до задълбочаване на етническите неравенства в образователните равнища на децата и младежите; концентрацията на ромите главно в градовете оказва известно положително влияние върху ценностната им ориентация – забелязва се нарастване на дела на учещите роми главно в основното образование;
- за отбелязване са положителните тенденции в образованието при турската етническа група – намаляване на относителния дял на учащите в основното образование за сметка на повишаване дела на тези в средното образование,

следвайки, но със сравнително по-бавни темпове образователната структура на българската етническа група.

Систематизираните по-важни изводи са предпоставка за оформянето на адекватни препоръки към държавните органи с цел постигане на положителни социално-демографски характеристики, които да осигуряват ефективни социално-икономически резултати.

Конкретни препоръки към компетентните органи

1. По отношение на нормативната рамка и статистическата информация, необходима за изследването на социално-демографските характеристики на етническите групи:

- Разширяване на нормативната рамка и предимно чрез съответни нормативни актове, което да осигурява юридическата страна на нововъзникнали социално-демографски казуси в етнически аспект.
- Обособяване на база данни с оглед на многообразните социално-демографски характеристики на етническите групи, която да позволява съставянето и измерването на производни характеристики.
- Провеждане на съответни статистически наблюдения в отговор на възникнали потребности от обхващане на нови взаимозависимости в етнически аспект.
- Извършване на системни периодични измервания, респективно изследвания на социално-демографските характеристики по етнически групи.
- Създаване на система от целево ориентирани социално демографски характеристики по етнически групи и особено от гледна точка на обвързването им със съответни социално-икономически параметри.

2. По отношение на практическата приложимост на социално-демографските характеристики на етническите групи:

- Извършване на периодични анализи и оценки на състоянието и динамиката на социално-демографските характеристики на етническите групи с оглед постигането на по-висока степен на обвързване със съответните социално-икономически параметри.
- Използване на установените връзки и взаимозависимости между социално-демографските и социално-икономическите характеристики на етническите групи за взимането на обосновани управленски решения в тези сфери.
- Разработване за определени периоди, обвързани със съответни изисквания и предписания на Европейския съюз, на стратегии, концепции и целеви програми за измененията в социално-демографските характеристики в контекста на социално-икономическите аспекти общо и по етнически групи.

3. По отношение на конкретните социално-демографски характеристики на етническите групи:

- Използване на информацията за структурата на населението по етнически групи и възрастови интервали за анализи и оценки, които да се извършват на базата на посочените признаци и обособяват в демографската структура на населението следните основни социално-демографски етнически групи: деца, младежи, активно население и възрастни хора, т.е. агрегирани групи на базата на възрастовите интервали.
- Разширяване на анализите и оценките не само в количествен аспект, но също и в социален на териториалното разпределение на етническите групи, което ще позволи разработването на съответни регионални политики, както за тяхното икономическо развитие, така и за социалната им осигуреност.
- Засилване на практическата приложимост на връзките между образователния статус на етническите групи и тяхната заетост.
- Развитие на професионалното обучение, съобразно потребностите на бизнеса; провеждане на проучвания за професионалните интереси на младежите от различните етнически групи.
- Създаване на центрове за организиране и подготовка на младото поколение с цел постигане на необходимото и желаното професионално ориентиране.
- Стимулиране на младежите за придвижване от по-ниски към по-високи степени на образование.
- Разработване на целеви програми за повишаване на образователния статус на ромите, като усилията се насочват към тяхната ценностна ориентация, от една страна, и към по-ефективни подходи за привличането им към образованието – от друга.

В заключение би могло да се обобщи, че систематизираните констатации и изводи, както и направените конкретни препоръки към съответните органи представляват източник на детайлна, с практическа приложимост информация за обосновано взимане на управленски решения.

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EFFECTS OF BUSINESS CYCLE ON PRIVATE CONSUMPTION IN BULGARIA DURING THE GLOBAL FINANCIAL AND ECONOMIC CRISIS

The paper discusses the patterns of individual consumption in Bulgaria after 2008 and we focus our research on processes in the real sector the crisis amplified or made more resistant. We analyse the structure of household income and expenditures through tracing the dynamics of actual and potential GDP, inflation, actual and equilibrium unemployment, savings and credits of households. The basic conclusions revolve around the significant impact of the business cycle fluctuations on the structure of household income against relatively stable preferences for private consumption which is in line with the permanent income hypothesis and shows low sensitivity of households' expenditures to the business cycle phase. The considerable increase of household deposits and very low credit activity are also cyclically driven and show that although the real GDP structure in terms of the shares of domestic and external demand is more balanced after 2008 this does not transform into better conditions for doing business and increasing employment.

JEL: E20; E32; E66

Introduction

The paper discusses the changes in private consumption patterns in Bulgaria in 2008-2015. We study the ways in which households react in response to the global financial and economic crisis and changes it caused to the Bulgarian economy. When analyzing the structure of household income and expenditures we rely on an integrated approach, which allows for registering the mutual inter-relatedness of the processes in the real sector through tracing the dynamics of actual and potential GDP, inflation, actual and equilibrium unemployment, savings and credits of households. The paper consciously refrains from commenting on the effects from macroeconomic policies conducted in Bulgaria in this period, so as to focus primarily on the effects on households in times of crisis and in the period of economic recovery. The choice of the period, namely 2008-2015, is justified by the need for a period of a longer duration so as to be able to trace the different in their dynamics and depth processes in the national economy, while at the same time keeping in

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view their currency. Moreover, our analysis on the business cycle phases shows that this period marks the beginning and the end of the slowdown in the Bulgarian economy. Notwithstanding this, we are fully aware that it is difficult to isolate only the cyclical effects on household consumption in the period under review which is not a heterogeneous one as regards the business cycle phases. That is why the paper aims at outlining the real sector processes that the crisis amplified or made more resistant which is a good basis for policy decisions that the paper does not discuss.

The paper is structured as follows. In the next section we provide an overview of the studies on economic fluctuations and their impact on economic agents' aggregate activities as well as recently published papers on macroeconomic effects of the financial and economic crisis in 2008 in different countries, including Bulgaria. Following that, we present and test the Dungey and Pagan approach on recognizing the business cycle phase on the base of deviation of current GDP from its potential level and estimate the unemployment gap in Bulgaria. These calculations help us disaggregate the period under review to the respective business cycle phases and orientate the analysis of changes in the private consumption against the GDP dynamics and labour market conditions. On that ground, we analyse the structure of household monetary income and monetary expenditures as well as the dynamics of the household savings and credits focusing our research on changes in real economy that not only mark the crisis effects on households in Bulgaria but also show the current status of the real sector after the crisis. The concluding remarks revolve around the changes in income sources for households against relatively stable preferences for private consumption in a very low credit activity environment combined with a considerable increase of household deposits.

Studies on Macroeconomic Indicators Sensitivity to the Business Cycle

The first systematic study of macroeconomic variables performance during different phases of business cycle was that of Burns and Mitchell (1946). Their approach was to identify dates for cyclical turning points of expansions and contractions and the dynamics of economic variables relative to the business cycle phase. Applying statistical procedure of studying the business cycle chronology represented in well-known Burns-Mitchell diagrams it seems that some macroeconomic variables are leading and that they can help forecast future turning point of GDP (such as inflation, interest rates and exchange rates), some variables are pro-cyclical and coincident (industrial production and personal incomes), yet other variables have dynamics that lags 6 months or even more behind the peak or trough of GDP (unemployment is such a countercyclical variable). Abel, Bernanke, and Croushore (2016) provide a description of macroeconomic variables sensitivity to the business cycle phase and classify the macroeconomic indicators relative to their response to the cyclical fluctuations. According to their research monetary aggregates and inflation are highly sensitive to GDP dynamics while unemployment and unit labour costs lag the economic activity ups and downs.

The central point in characterizing output fluctuations has been that of the decomposition of trend and cycle. A commonly used way of approaching the issue is studying economy as being affected by permanent shocks (such as labour productivity improvements) and shocks

with transitory effects (short-run dynamics of government spending and changes in money). As Blanchard and Fischer (1989) suggest, three approaches to the cycle and trend decomposition can be applied when analyzing the economic behaviour of different variables. The first, so-called traditional, approach assumes that the economy grows along a smooth trend path and cyclical fluctuations come from transitory shocks. This idea corresponds with the Okun's computation of relation between output and unemployment which initially found that a 1 percent decrease in unemployment rate compared to its equilibrium rate in the USA was associated with a 3 percent rise in actual GDP over potential GDP (Okun, 1962). Similar approach in recognizing the business cycle phase on the base of deviation of current GDP from its potential output is used by Dungey and Pagan (2000), building on work by Bry and Boschan (1971). An alternative decomposition approach may be applied, making the assumption that the growth rate of output follows an ARMA (1,2) process (Campbell&Mankiw, 1987). Although the main result of this research is that the GDP follows a non-stationary process and there are numerous ways of decomposing a non-stationary process to trend and cycle, it also suggests that looking at the dynamics of other variables affected by GDP may be a useful approach to the study of the business cycle at all. A modeling of ARIMA process of GDP and the behaviour of its components and reviewing the correlation among different variables seems to be a good basis for reporting covariations in macroeconomic variables. Purely statistical approaches, as applied by Prescott (1986) and Harding and Pagan (2005), are also applicable. Such approaches help identify stylized facts about macroeconomic performance during the business cycle based on turning points in the series under review, serially correlated deviations of GDP over its trend and co-movements in output and nominal and real economic variables.

Recent studies on macroeconomic effects of financial and economic crisis in 2008 have unsurprisingly shown that households' behaviour is largely affected by the crisis and point current dimensions of analyzing macroeconomic variables correlations. The starting issue under review is GDP dynamics and the crisis impact on potential output growth suggesting that wide differences in crisis effects exist among EU Member States (Gros&Alecidi,2009). The authors' computations based on European Commission data show that in 2009-2011 the "old" Member States suffered a net loss of 9.6% output gap while the potential GDP in "new" Member States decreased by 13%. The unemployment has been seen as an indicator of the social costs of crisis and labour market impact in terms of employment losses. The increase of structural unemployment clearly showed cross-country differences (Eichhorst, Escudero, Marx&Tobin, 2010). The greatest output and employment losses were registered in Latvia, Estonia, Ireland, and Lithuania, while the best-off countries were Austria and France. Brezinski and Stephan (2011) also discovered that the crisis has hit the countries in Central and Eastern Europe to very different extents. Although the economic development pattern of these countries before the crisis was common – export-driven economic growth with massive capital inflows and current account imbalances due to catching up effects, the different exchange rate regimes and different macroeconomic policies instruments available in Central and East Europe countries gave rise to varying crisis effects on economic agents. In the same vein, Marer (2010) pays attention to the different level of foreign currency indebtedness and accumulation of credits by households that negatively amplify the crisis effects. Yotzov (2014) outlines the main channels through which the global financial and

economic crisis has affected the Bulgarian economy, emphasizing foreign trade and foreign investments and in a lesser extent household losses induced by the crisis. Kasabov, Kotseva, Vassilev, and Yanchev (2017) analyze the factors that influence inflation dynamics for the Bulgarian economy and find that the trade-off between economic activity and inflation is not as clear-cut as theory suggests. They also estimate output gap in period 2009-2014 and their research shows that the potential output growth is steadily around 5%.

The economic literature review shows there are two important strands that claim a business cycle impact analysis should be taken into consideration. First, on a theoretical point of view purely statistical and descriptive approaches can be used for analyzing the business cycle effects on different economic variables. All of them are supposed to find common features of hardly identical cycle evidence across countries and across time. Second, recent studies on crisis impact across countries have clearly shown that the real sector is most affected by the crisis which initially began to manifest itself as a financial one but has increasingly transformed into an economic one. Moreover, significant cross-countries divergences of crisis development are identified and a research on the crisis effects can both demonstrate common manifestations of the crisis in small open economies and show the specificities of the crisis processes in the Bulgarian economy. That is why the paper is focused on outlining the changes in real economy that not only mark the crisis effects on households in Bulgaria but also show the current status of the real sector after the crisis.

Economic Fluctuations of the Bulgarian Economy in 2008-2015

The first step of our analysis is to define the business cycle phases and unemployment gap, i.e. the deviation of current unemployment from its equilibrium rate in the reference period. This allows us to better outline the specifics of the crisis in the Bulgarian economy and to identify different stages of its evolvement that have an impact on the real sector of the economy.

To define the business cycle phases we use the Bry and Boschan (1971) algorithm adapted by Dungey and Pagan (2000). According to their empirical method the business cycle phase (BCI_t) is determined by the difference between the current GDP growth (y_t) and the potential GDP growth (y^*_t):

$$BCI_t = y_t - y^*_t$$

applying the following rule:

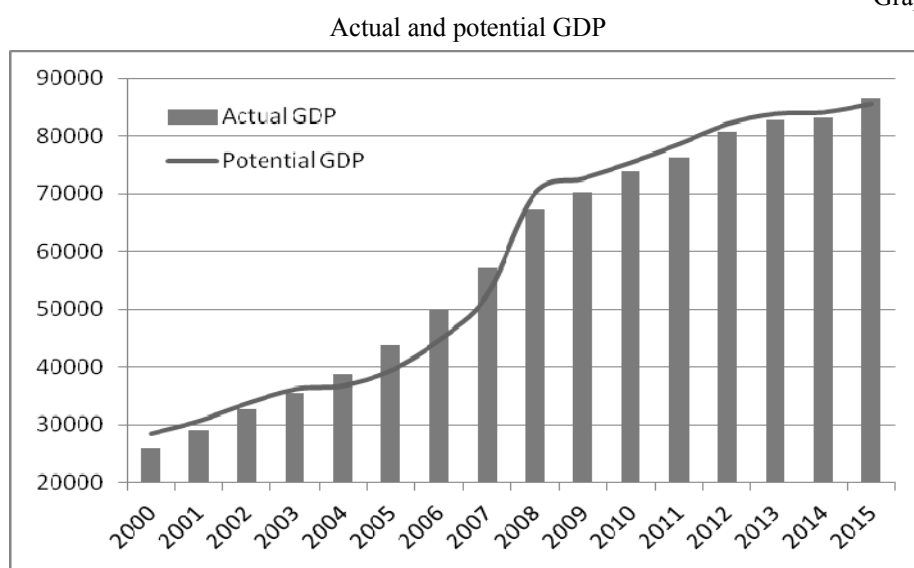
- The economy expands in period t if $(BCI_t, \dots, BCI_{t-1} < BCI_t > BCI_{t+1}, \dots, BCI_{t+q})$, $BCI_t > 0$ for each $t \in [-p, \dots, q]$ which let mark with 1;

- The economy shrinks in period t if $(BCL_{t-p}, \dots, BCL_{t-1} > BCL_t < BCL_{t+1}, \dots, BCL_{t+q})$, $BCL_t < 0$ for each $t \in [-p, \dots, q]$ which let mark with 0.

When applying the adapted Bry and Boschan algorithm we assume that $p = q = 3$ following the Reijer (2002) results for three-period reversibility of the business cycle phase.

The estimations of the potential GDP are based on statistical approach using the Hodrick-Prescott filter with the height of the value λ for smoothing the trend component $\lambda = 1600$ (Marcet&Ravn, 2003) which is adopted as a reference for studying the economic development for the most countries of the Organisation for Economic Cooperation and Development (OECD). For a better representation of the dynamics of current and potential GDP we calculate the potential output using annual data for GDP at constant prices of the previous year by the National Statistical Institute for the period 2000-2015. The data clearly shows that 4 years before 2008 Bulgaria has experienced a positive output gap (near 5% in 2006 and 3.7% in 2007) which was rebuilt in 2015.

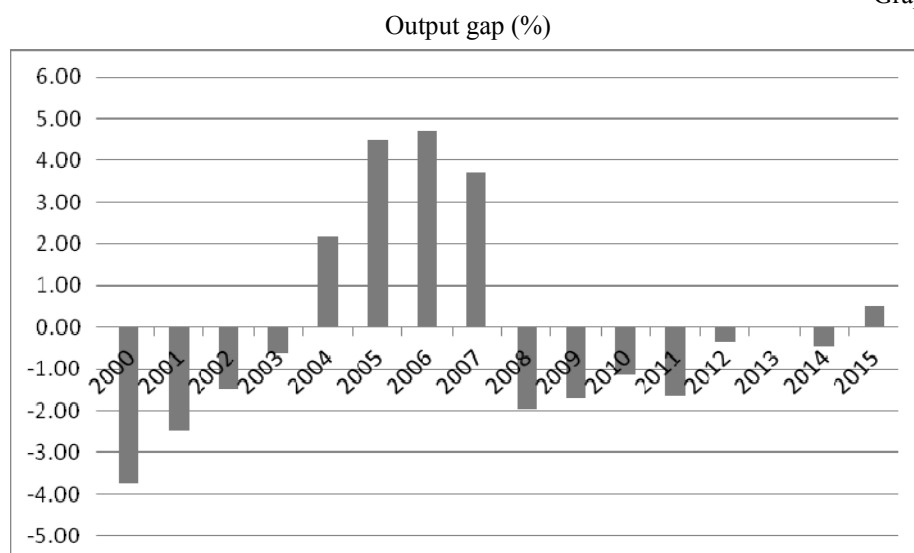
Graph 1



Source: Own estimations based on data from the Bulgarian National Statistical Institute

Such dynamics of actual and potential GDP shows that the period 2008-2015 was a period away from the potential level of production and can be marked as the beginning and the end of the slowdown in the Bulgarian economy. Although the output gap remained negative in 2008-2014 the first clear signals of economic recovery were visible in 2012 and finally manifested in 2015 with positive output gap amounted to 0.5%. Such findings show that the total potential GDP loss in 2008-2014 is near 6%.

Graph 2



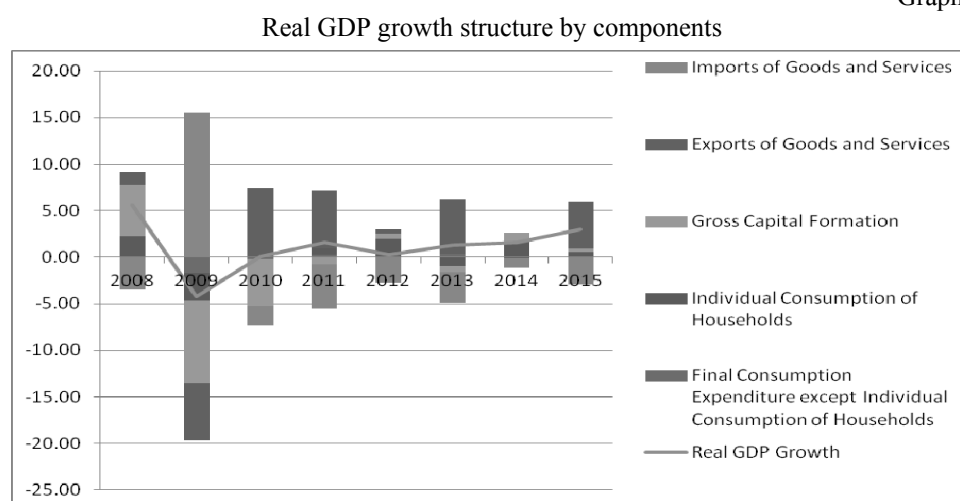
Source: Own estimations

The data also shows that during 2008-2015 there is a balancing of the sources of economic growth as evidenced by the share of domestic and external demand in real GDP. In 2008 the share of domestic demand in the structure of real GDP was 138% with a 38% share of external demand which was a result of the significant import of goods and services in national economy in a period of ascending development. In 2015 the structure of economic growth is different: 31%:69% share of domestic and external demand and is already a consequence of the prevalence of the export of goods and services over their import. Although the private consumption share within the structure of domestic demand has gone up and its cumulative real growth is 5.4% for the period under review, its contribution to the growth of GDP in 2015 is as low as 0.5 percentage points, while in 2008 it was 2.3 p.p. This process reflects the significant lag of domestic demand as a factor of economic growth which is due to the serious decrease of investment activity in the country (the only GDP component with negative contribution to the real GDP growth since 2009 till 2013 and cumulative growth of -1.03% in the period under review) and increase of the export of goods and services.

It is worth noting that the negative output gap in 2008 coincides and potentially may be viewed as a result of the global financial and economic crisis also outburst in 2008. However, such a hypothesis should be based on an analysis of national economy specificities which together with the impact of the crisis may lead to a deeper crisis manifestation and may be the leading factor against the economic recovery. Applying the Bry and Boschan adapted algorithm we find that the Bulgarian economy began to shrink in 2007 and the lower positive output gap than in 2006 also demonstrated it. This finding shows that the preconditions for economic slowdown are still before the outbreak of the

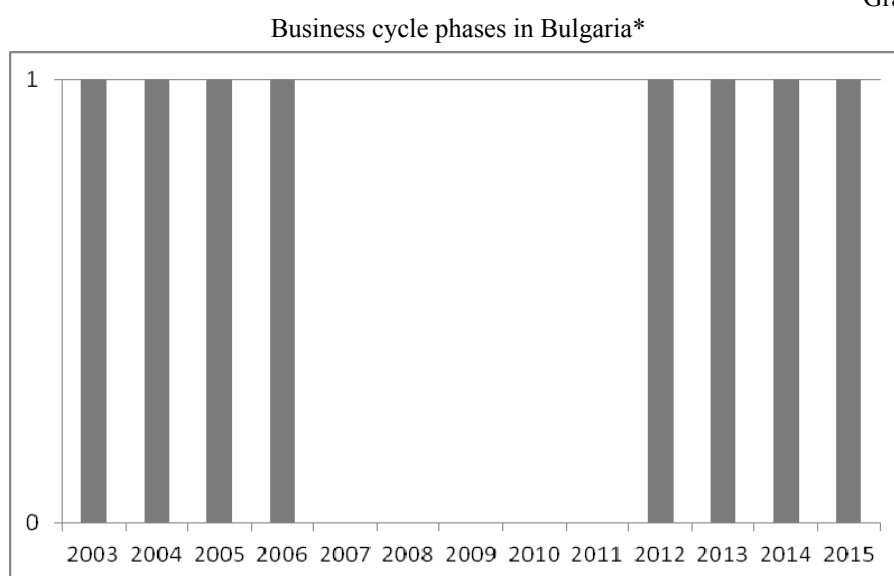
global financial and economic crisis and they amplify the negative crisis effects on the economy which are clearly visible since 2008. The timid economic recovery began in 2012 and 2015 was the turning point of business cycle as the positive output gap then shows.

Graph 3



Source: Bulgarian National Statistical Institute

Graph 4



Note: 1 means expansion and 0 means contraction based on the Bry and Boschan algorithm.

Source: Own estimations

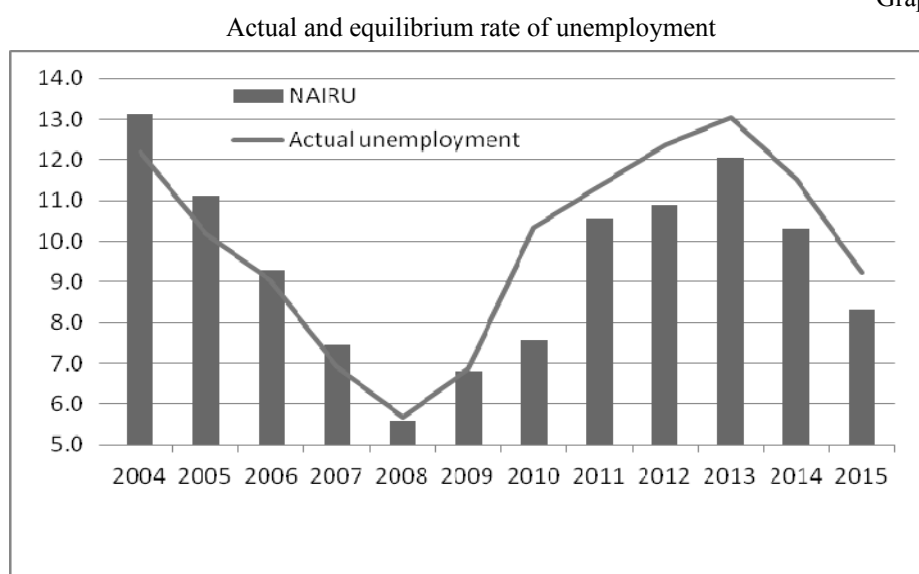
Another important characteristic of the business cycle is the deviation of actual unemployment rate from its equilibrium rate, i.e. the unemployment gap. Its estimation allows us to determine how sustainable positive output gap in 2015 is when taking into account the labour market conditions. It also allows us to assess whether the overcome of the economic downturn at the end of 2015 reflects the achievement of equilibrium employment. Following the so-called traditional approach for studying the business cycle phases based on the Okun's law we know that the cyclical fluctuations affect the unemployment rate and a negative output gap is combined with positive unemployment gap. So we may expect that unemployment will accelerate when economy experiences recessions and actual unemployment rate will be below its equilibrium rate when the economy grows. When we refer to the concept of the equilibrium unemployment rate we mean the non-accelerating inflation rate of unemployment (NAIRU) as proposed by Modigliani and Papademos (1975). Its estimation is based on the ordinary least squares regression which helps us find the slope of the Phillips curve using unemployment rate and inflation lagged one year in the period 1998-2015 from the Bulgarian National Statistical Institute. Actually we calculate the NAIRU by subtracting the slope of the Phillips curve from the unemployment rate of the respective year. The results are summarized in the following graph where we present the aggregate estimations based on the following regression:

$$\text{inflation}_{t-1} = 14.76892 - 1.10907 \text{unemployment}_t + e_t$$

(0.067) (0.0478)

R-squared 0.782735

Graph 5



Source: Own estimations

We find that the unemployment gap is positive before 2008 (it varies between 1 p.p. in 2005 and 0.52 p.p. in 2007) which fully corresponds to the ascending economic development in pre-crisis times. The largest unemployment gap of -2.78 p.p. is estimated in 2010 suggesting that the crisis impact on the unemployment lagged two years after 2008. After 2013 the unemployment gap has been shrinking but in 2015 it is still negative and amounts to -0.9 p.p. although the output gap has been already positive. Therefore, we may conclude that in 2015 the labour market has not regained pre-crisis levels of equilibrium employment and its recovery is still ahead. In this view, the achieved positive output gap in 2015 may be viewed as a partial recovery of the economy after the recession of 2008, which is to be transferred to the labour market.

Based on the estimations presented we may conclude that unlike the popular view that the economic crisis in Bulgaria is a result of the global crisis preconditions for its development are noticed one year before 2008 which makes it difficult uniquely highlight its effects on the households in the country. Taking into account the GDP dynamics we may conclude that 2015 is the first year of positive output gap since 2007 but the unemployment gap is still negative which does not make reasonable considering 2015 as an end point of economic crisis in Bulgaria. That is why our analysis is mainly focused on investigating the changes in households' consumption in 2008-2015 without explicitly stress cyclical effects which may be viewed as a result of national business cycle or due to the openness of the Bulgarian economy or simply as a reflection of still unrecovered labour market in the country in 2015. In this vein, our methodological approach is purely based on descriptive statistical methods that help us mark the real sector processes that the crisis amplified or made more resistant which is a good basis for further policy decisions.

Household Income and Employment

The real increase of overall income of households for the period 2008-2015 is 37%, whereby the importance of direct sources of income within the overall household income is increasing, while the opportunities for additional income from independent activities are decreasing.

Within the structure of gross income, the share of wages/salaries and pensions exceeds 82% at a considerable nominal growth, which clearly indicates that household income depends mostly on labour remuneration and the stability of pension funds, whereby the situation on the labour market and the fiscal stability are the leading factors determining household income dynamics. In this sense, still unachieved full employment in 2015 is a factor that has a deterrent effect on household income and it should be taken into consideration. Meanwhile, the share of pensions in the income of households has increased minimally for the period under discussion, the significant increase of the average pension for the period notwithstanding (according to the National Statistical Institute data, the average pension in 2008 was €119, while at the end of 2015 it was €169). The low effect on the structure of household income that the increase of pension payments has is due mainly to the constant increase of retirement age in Bulgaria, which has been viewed as an anti-crisis measure for dealing with the problems of retirement security financing. In other words, there is an effect of substituting pension income with employment income which are interconnected

precisely by virtue of social security funds. The share of unemployment benefits, family allowances for children and other social benefits is also increasing as a result of 53% growth of the unemployed persons in the period under discussion. At the same time, the discrepancy between their nominal increase and their share in the structure of income is a sign of income stratification in society with a compensatory effect in which the income of certain social groups compensates the increasing dependency on social benefits with other groups.

Table 1

Structure of household monetary income by source

Monetary income by source	Average per household, yearly					Average per capita, monthly (EUR)		
	2008		2015		% change 2008/2015	2008	2015	% change 2008/2015
	EUR	Structure	EUR	Structure				
Monetary income	4271		5994		40.3	144	208	45.1
Monetary gross income	4038	94.5	5815	97.0	44.0	136	202	48.9
Wages and salaries	2303	53.9	3344	55.8	45.2	77	116	50.1
Other earnings	216	5.0	194	3.2	-10.2	7	7	-7.1
Self-employment income	225	5.3	385	6.4	70.7	8	13	76.4
Property income	39	0.9	33	0.6	-15.6	1	1	-12.9
Pensions	1028	24.1	1577	26.3	53.5	35	55	58.8
Unemployment benefits	9	0.2	25	0.4	182.4	0	1	185.7
Family allowances	29	0.7	57	0.9	94.7	1	2	100.0
Other social benefits	136	3.2	126	2.1	-7.5	5	4	-3.7
Regular transfers from other households	53	1.2	74	1.2	39.4	2	3	42.9
Receipt sale	98	2.3	37	0.6	-62.0	3	1	-61.0
Miscellaneous	135	3.2	142	2.4	4.9	5	5	9.4

Source: Bulgarian National Statistical Institute

As regards the labour market conditions we should note that the growth of household income is under conditions of decreasing employment and increasing unemployment. This brings into perspective the cyclical effect of the crisis on employment, which in turn directly reflects on the dynamics of income. Youth unemployment in the age range between 15 and 29 increased significantly in the period after 2008 – 14.4% in 2015, while in the most efficient labour group between the ages of 34 and 54 the unemployment remains stable – below 8% according to the Bulgarian National Statistical Institute. At the same time unemployment with higher education graduates in 2015 is already 4%, with 22% unemployment of persons with lower secondary education and 44% for persons with primary or lower education in 2015. Such data indicate that one of the effects of the crisis is the priority retaining of employees within the most efficient labour age, with most

experience and qualification, and at the same time most educated. It is only among holders of higher education degrees that employment grows, by 14% at that in 2015 in relation to 2008. In parallel to this, the economic activities registering the most significant increase of employed higher education graduates are hotel and restaurant services, administrative and support activities and utility services, in which the average wage significantly deviates from the average wage for the country. This explains the increasing share the income from employment on the gross levels has in the overall monetary income of households, but it also explains their still low absolute level which is dependent on the social stratification of income against the background of high unemployment among household members within the younger age group and with lower educational background. Moreover, this income stratification in society means that the income of certain social groups (the group of employed dominating on the labour market – between 34 and 54 with higher education and high income) compensates and supplements the increasing dependency on social benefits with other groups (pensioners, young people, persons with low education). This also suggests that the increase of the overall household income and achievement of full employment is dependent upon the fairer social distribution of the income and the participation of social benefits dependent group of society.

Household Spending and Inflation

The real increase of overall expenditures for the period 2008-2015 is 3 percentage points lower than the real growth of consumer income, which also gives an idea of the levels of average household savings in the country.

What is worth noting in the structure of monetary expenditures of households is the significant increase of tax and social security payments. With a view to the unchanged tax rate on the income of individuals since 2008, the explanation for the higher tax payments may be sought along the lines of the structure of employment. With the increase of highly qualified employment alongside the laying off of persons of lower educational background, the higher income of the former leads to higher tax revenues fixed tax rate notwithstanding, at the expense, however, of social stratification of income and purchasing power in society, if we keep in mind the high levels of youth unemployment and the unemployment rates among persons with lower educational background. The increase of social insurance contributions is due also to their almost annually increasing rate, the latter motivated again by the adverse effects of the economic slowdown both on the labour market and on the financial condition of insurance funds.

The evaluation of the structure of consumer spending follows two aspects: from the perspective of the changes in the prices of respective expenditure components (price analysis) and according to the specifics of separate types of expenditures (quantity consumption and consumer habits).

Table 2

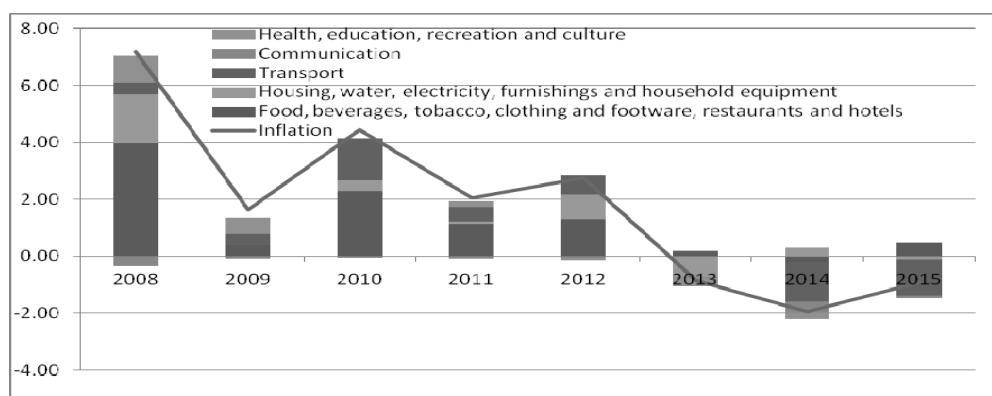
Structure of monetary expenditures

Monetary expenditures by group	Average per household, yearly					Average per capita, monthly (EUR)		
	2008		2015		% change 2008/2015	2008	2015	% change 2008/2015
	EUR	Structure	EUR	Structure				
Monetary expenditures	4026		5648		40.3	135	196	45.2
Consumer monetary expenditure	3417	84.9	4695	83.1	37.4	115	163	41.7
Foods and non-alcoholic beverages	1406	34.9	1723	30.5	22.5	47	60	27.7
Alcoholic beverages and tobacco	178	4.4	247	4.4	38.8	6	9	50.0
Clothing and footwear	144	3.6	202	3.6	40.3	5	7	40.0
Housing, water, electricity, gas and other fuels	560	13.9	816	14.4	45.7	19	28	47.4
Furnishing and maintenance of the house	154	3.8	212	3.8	37.7	5	7	40.0
Health	197	4.9	304	5.4	54.3	7	11	57.1
Transport	290	7.2	406	7.2	40.0	10	14	40.0
Communication	184	4.6	248	4.4	34.8	6	9	50.0
Recreation, culture and education	152	3.8	279	4.9	83.6	5	10	100.0
Recreation and culture								
Education								
Miscellaneous goods and services	152	3.8	257	4.5	69.1	5	9	80.0
Taxes	129	3.2	284	5.0	120.2	4	10	150.0
Social insurance contributions	153	3.8	364	6.4	137.9	5	13	160.0

Source: Bulgarian National Statistical Institute

Graph 6

Overall inflation and contributions to the overall inflation



Source: Bulgarian National Statistical Institute.

The most dramatic drop in the structure of expenditures can be observed with the share of food and non-alcoholic beverages expenditures, which corresponds to the consumption model of developed economies. With the widening of employment among higher education degree holders food products are most likely viewed as inferior goods, the consumption of which decreases as a relative share with the increase of overall income even when their prices increase with approximately 9% between 2008 and 2015. At the same time, however, the share of expenditures for alcoholic beverages and tobacco remains constant at the beginning and at the end of the period in reference, irrespective of the fact that their prices cumulatively increase with almost 53%. Such zero elasticity towards the price changes of these goods creates conditions for their additional acceleration, leading to profits for their producers and additional revenues from excise to the budget, while also creating a premise for increased revenues from smuggling and deepening grey economy.

The registered considerable increase in the prices of utility services and house maintenance is reflected also in the increase of their share within overall consumer spending. The greatest increase in the prices of water, electricity and fuels was registered in 2012 – 9.4%, and that led to the social protests and the political crisis in 2013. Such social processes show high sensitivity towards the price dynamics of this type of goods, which is also illustrated by the fact that they are the second largest in volume expenditures on average per person after food and non-alcoholic beverages expenditures and comprise approximately 47% of them (40% in 2008), whereby one of the reasons for the decrease in food expenditures in the structure of consumer expenditures may be attributed to the significant increase in utility prices.

Service spending is marked by diverse and divergent dynamics: the significant increase in the prices of health and education services, which is also reflected in their larger share in overall consumer expenditures; the decrease in transportation prices and most markedly of communication prices, which corresponds, however, to the preservation of their share within overall expenditures. The increase in the prices of health and education services that are on the most part offered by the state is 11.4% and 30.3% respectively and is due to the decrease of government spending in conditions of crisis, evoking market mechanisms for securing their funding. These processes are also influenced by demographic factors related to the aging of the population and the more intensive use of health services, as well as the dropping numbers of pupils and students in parallel to attempts at retaining the teaching staff.

Inflation in the group of transport has been influenced to a great extent by oil prices, which have been dropping since 2010. At the same time, however, a significant decrease in car purchases and in overall spending on private means of transportation is observed, i.e. postponing long-term consumption on the back of the uncertainty in the economy and the lack of clear signals for economic recovery till 2015. Vis-à-vis this tendency, the share of transport expenditures in the structure of household expenses remains constant due to the preserved levels of prices in transportation services and the low competition in the sector. The bad state of railroad transport, the need to allocate public funds for its survival, as well as the significant monopolization of bus services lead to the maintenance of the price levels of transportation services on the whole relatively unchanged. This is one of the reasons why society fails to register a real sense of the observed since 2013 deflation and it shows the

deficiencies of the market mechanism for the reduction of which the crisis does not contribute greatly. A similar effect may be traced with regard to communication services and the services related to recreation and culture.

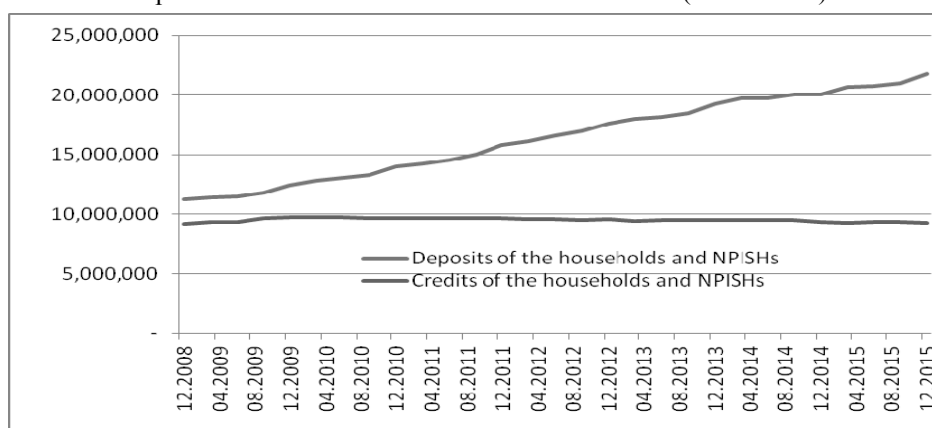
The structure of household consumption suggests that the slowdown of the economy changes households' income sources but not their consumption patterns which remain on the whole dominated by personal preferences and even collective psychology, if we keep in mind the low elasticity to the changes in the prices of services in the country. This creates a long-term pressure for using savings and/or credits so as to maintain the dominant stereotype of consumption and shows that households' expenditures are less dependent by the business cycle phase. Theoretically, such a conclusion tends to describe Bulgarian society as one that is following neoclassical views of orienting current consumption according to the permanent income hypothesis rather than more in line with Keynesian theorists as showing its high sensitivity towards current changes in income (as an argument in latter direction may serve the tendency of abstaining from purchasing long-term goods, such as cars for instance).

Household Savings and Credits

The household savings increase by 41% in the period 2008-2015 and amount to 21.8 bn. euro at the end of 2015 (49% of the nominal GDP). The most significant share among them hold deposits between 500 and 1250 euro, saved under conditions of consistent decrease in interest rates on household deposits in the country.

Graph 7

Deposits and credits of the households and NPISHs (mln. EURO)



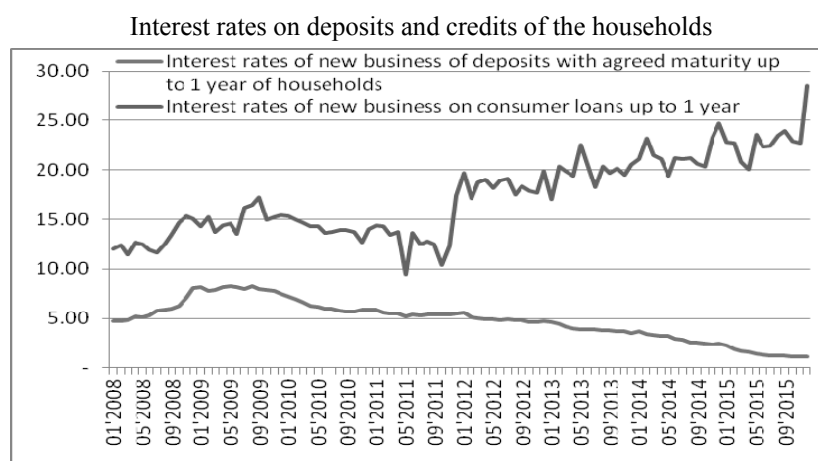
Source: Bulgarian National Bank.

The considerable increase in deposits is due mostly to the uncertainty in the economic environment following the fluctuations in the recent economic development in Bulgaria whereby mass savings are on the whole a result of money saved with difficulty, so as to

cover the most urgent needs if a necessity arises, while the savings exceeding €50,000 are only 0.4% of all households' deposits. This clarification is very important, since it indicates that the use of the large volume of savings in Bulgarian economy so as to accelerate economic activity does not depend on the consumption of the average household but on the investment intentions of the banks, i.e. the risk levels assessment in Bulgarian economy is the leading factor in utilizing the large resource of households in the banking system in the country.

The effect of the overall uncertainty in the economy may also be observed with regard to the credits given to households. Their growth for the period 2008-2015 is only 0.3% and the number of credits given has dropped by 9.5%. Unlike interest rates on deposits, the interest rates on credits register a significant increase and they remain by far higher than those observed in the euro area (by the end of 2015 the interest rates on consumer loans up to 1 year amount at 4.84 % in the euro area based on European Central Bank data while the BNB statistics reports 28.51 % interest rate on the same type of households loans).

Graph 8



Source: Bulgarian National Bank.

The higher interest rates on loans to households after 2008 also shape as a factor which hinders the active loan-taking on behalf of households. The weaker reliance on consumer credits can also be seen in the structure of monetary income whereby it is again the risk profile of Bulgarian economy which appears to be the leading stimulus for refraining from active borrowing, and from their more accessible provision. However, it may also be explained with the intention of financial institutions to preserve profit levels and in a lesser extent with increasing non-performing loans to households. By the end of 2015 non-performing loans to households are approximately 1.62 bn. euro which is 28.5 % of total non-performing loans in Bulgarian banking system. However, the highest increase in profit realization among the industries in the country is registered with financial and insurance activities – 69%. This fact creates the impression that the levels of interest rates on credits are kept high speculatively and, taking into account the large share of foreign ownership in

the Bulgarian banking system, this is also suggestive of using the crisis so as to compensate for losses in other countries, while not offering sufficient support for the development of the local economy. On the other hand, this fact may be read as reassuring in terms of the stability of the Bulgarian banking system which faced challenges in 2014.

Conclusions

The analysis of the effects of recent economic fluctuations in Bulgarian economy on household income and expenditures shows that fluctuations in the business cycle have a significant effect on the structure of household income whereas the households' expenditures remains relatively unaffected by the ups and downs in the economy. The household income begins to depend more on labour remuneration in a clear trend of substituting pension income with employment income whereby the situation on the labour market and the fiscal stability are the leading factors determining household income dynamics in a descending economic development. Income stratification in society becomes more visible with a compensatory effect in which the income of certain social groups compensates the increasing dependency on social benefits with other groups against the background of growing unemployment among household members within the younger age group and with lower educational background as a result of the economic downturn. Household income levels continue to lag behind the average European level and depend on the most part on the income from wages and pension payments whereby the retaining of employees is predominantly in the most labour-active age bracket, with most experience and high qualification, on whose capacity for compensating and supplementing the share of the income of the other groups (pensioners, young people, persons with low educational background) depend both the increase of the overall income of households and its fairer social distribution.

Irrespective of this, the patterns of private consumption 8 years after the initial manifestations of the crisis in Bulgarian economy has not changed dramatically since the higher prices of services have been compensated by the decreased share of household expenditure for food, non-alcoholic beverages and clothing. We observe significant increase in the prices of health and education services while the share of transport expenditure in the structure of household expenses remains constant due to the preserved levels of prices in transportation services and the deficiencies of the market mechanism for the reduction of which the crisis does not contribute greatly. Not surprisingly, we also see a postponing of long-term consumption due to the uncertainty in the economy and the lack of clear signals for economic recovery till 2015. As a whole, we can conclude that Bulgarian society orientates its current consumption according to the permanent income hypothesis rather than more in line with high sensitivity towards current changes in income. Having in mind the unchangeable consumption patterns and their low sensitivity to the business cycle fluctuations, we may expect a long-term pressure for using savings and/or credits so as to maintain the dominant stereotype of consumption. Although the household savings have significantly increased, the mass savings come mostly as a result of money saved with difficulty which is fully in line with the relatively constant consumption pattern of Bulgarian households in an income inequality environment in post-crisis period. This also shows that the utilization of the large volume of savings in Bulgarian economy so as to

accelerate economic activity does not depend on the consumption of the average household, but on the investment intentions of the corporations and especially the banks which continue to maintain high interest rate levels on household credits in a very low credit activity environment and increasing bank profits. Such processes are also driven by still low economic growth and negative unemployment gap showing that the economic recovery after the crisis of 2008 is not yet sustainable and although the real GDP structure in terms of the shares of domestic and external demand is more balanced this does not transform into better conditions for doing business and increasing employment.

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THE COLLAPSE IN OIL MARKETS FROM MID-2014 ONWARDS – ECONOMICS OR POLICY

This article examines the main reasons for the collapse of oil prices from mid-2014 onwards. The main purpose of the author is to determine whether the processes on the crude oil markets are dictated primarily by objective economic circumstances or lead mainly by different geopolitical interests.

The results are rather in support of the first claim – the collapse in prices is caused by oversupply, expectations for an economic slowdown in emerging economies and the refusal of the members of the Organization of Petroleum Exporting Countries (OPEC) to continue to use production quotas as a price regulation tool. At the same time the pursuit of geopolitical interests of countries like the US and Saudi Arabia should not be ignored, but it is rather a secondary, reaction to the current market situation.

JEL: F12; F14; Q02

Introduction

History of oil markets is a chronology of booms and busts. Very often the observed price dynamics is not determined solely by economic factors because the huge importance of crude oil for the world economy and for the leading exporters and importers makes it an important tool for the implementation of various political, geo-strategic, social and other purposes. This is possible due to market concentration and prevailing state ownership of oil companies. Only ten companies hold over 2/3 of **the world's proven reserves**, and nine of them are state-owned. Furthermore, eight of the ten largest world oil **producers** are state companies. In the past, most of these companies were private, nationalized during the 1970s.

For these reasons the following issues are always topical for the oil markets:

1. What is the importance of supply and demand in the price formation, i.e. how the market mechanism works?
2. What is the role of the leading producers and exporters (mainly OPEC members) in the main market processes and what goals do they pursue?

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3. Whether non-economic objectives, such as "punishment" of certain highly dependent on oil export countries are pursued with oil price change?

These questions can fully be placed in the context of the developments on crude oil markets from mid-2014 onwards. After its peak in June 2014 (108.4 USD / barrel) the average monthly price of three of the main sorts of oil decreased by 72.5% by January 2016 (29.9 USD/barrel).² The decline exceeds the one from the time of the global financial and economic crisis (2008-2009) and the recovery of prices, whenever and if it appears, could turn out to be much slower than expected by many economists and representatives of the oil industry. The data suggests that the drop in oil prices has structural/long-term nature.

The coinciding of these events with the exacerbation of geopolitical tensions between the great powers, which are also key players on the oil markets, creates numerous conspiracy theories. They are mainly related with the desire of political groups in US to change the political courses in Russia (like in the 1980s, when cheap oil is considered to be one of the reasons for the collapse of the Soviet Union) and partly in Venezuela. Saudi Arabia is recognized as an US ally in this initiative and its aims are mainly related to obstruct economic recovery of regional rival Iran, especially after the withdrawal of economic sanctions against the country (in the end of 2015), respectively elimination of barriers to Iran's crude oil export. Moreover, Saudi Arabia is seeking to occupy positions of Russia and Iran in Europe and Asia (while maintaining its market share in certain countries), especially since the shale revolution in North America began to threaten its positions on the US oil market.

It could be said that Saudi Arabia has more interest in low prices and gradual increase of oil consumption (not to induce strong price growth), which would allow it to expand its position on the oil markets. Saudi Arabia has competitive advantages in terms of cost of production (even against other OPEC members), which allow it to supply at prices unbearable for many other producers in the long term. The low cost also allows the country to provide discounts, which in turn are an effective tool precisely in situations of low oil prices and tight profit margins for other manufacturers. An important competitive advantage of the country is also its large spare production capacity that enables it to satisfy a greater share of the growing demand without making further investments in fixed assets.³ Meanwhile, other leading producers are unlikely to make new investments in extractive capacity in terms of lower prices and therefore higher risk on return on investment project. Too high oil prices are also not a good option because they will speed up transition to energy-saving technologies and alternative energy sources which within 15-20 years can more or less displace oil. First, high oil prices boost costs for research and development in the field of energy saving technologies. Such is the situation with OECD countries in the second half of the 1970s and in the first decade of this century. The difference between the

² The price is simple average of the monthly average spot prices of three of the main sorts crude oil – Brent, WTI and Dubai medium. The source of data is the IMF.

³ US Energy Information Administration (EIA) defines the spare capacity as the volume of production that can be brought on within 30 days and sustained for at least 90 days. According to the EIA spare production capacity of Saudi Arabia is more than 1.5-2 mln. b/day. For the time being it is used to control the prices, but it is possible in the future for the country to use it to increase its share on world markets.

two periods is that during the first period the costs are largely state, while during the second they are carried out mainly by private companies (IMF, April 2016). Exactly that involvement of the private sector shows that many of the achievements will find application in the industry. There is a positive correlation between oil prices and the so called "clean patents" (related to electric and hybrid vehicles and those with hydrogen fuel cells) and "gray patent" (related to innovations in terms of fuel efficiency). Second, high oil prices stimulate purchase of electric and hybrid cars. An example is the US share of electric and hybrid cars in the new car sales, which in 2013 (higher oil prices, respectively, expensive fuel) is almost 4%, while in 2015 (low fuel prices) it is below 3% (IMF, April 2016).

Despite the seemingly many benefits to the United States and Saudi Arabia from the current market situation, at this stage there is no clear evidence that such largely non-economic interests are decisive for events on the oil markets. To give a more definite answer to these questions, it is necessary to examine whether there are purely economic reasons for the drop of commodity prices. For that purpose, a comparison between the dynamics of oil prices since mid-2014 and the prices during previous market turmoil will be made in this study, the behavior of the prices of other commodities will be examined and the demand and supply of oil and the consequent balance between them will be analyzed in further details. This analysis should cover a longer period – to include the boom in commodity prices from the beginning of the previous decade, as since then oil markets have undergone important structural changes linked to the increasing role of emerging economies, which have become the main engine of the increase in consumption of commodities.

Analysis of the changing role of OPEC will also shed light on the current processes on the oil markets and in particular the inability of the organization to act as a cartel in the full sense of the term. This is caused, primarily, by internal divisions between members and secondly, by weakening the position of the organization on international markets, which stands out especially in the long term.

Evidence "in favors of" and "against" the purely economic reasons for the drop in oil prices since mid-2014

Similarities between the dynamics of oil prices during the global financial and economic crisis and the collapse since mid-2014 onwards

The analysis of the last collapse of oil markets begins with a comparison between the price behavior during current slump and the one during the global financial and economic crisis. The parameters for such comparisons are speed, extent and duration of the decline in prices, as well as the presence of signs for recovery. In the initial phase of the global financial and economic crisis, the decline of oil prices is significantly faster and larger compared to that of 2014 (see Chart 1). This can be explained with the almost simultaneous fall into recession of most developed economies and the coinciding slowdown in emerging markets. In other words, during this period there is a rapid contraction in oil demand, which producers cannot instantly respond to. However, within half a year the market starts to recover, mainly due to cuts in production quotas by OPEC, and then due to the gradual

recovery in global economic growth. In this situation, the lower production quotas of OPEC are effective because market problems are connected with weaker demand, and in addition there are no producers able to compensate for production restraint by the cartel members.

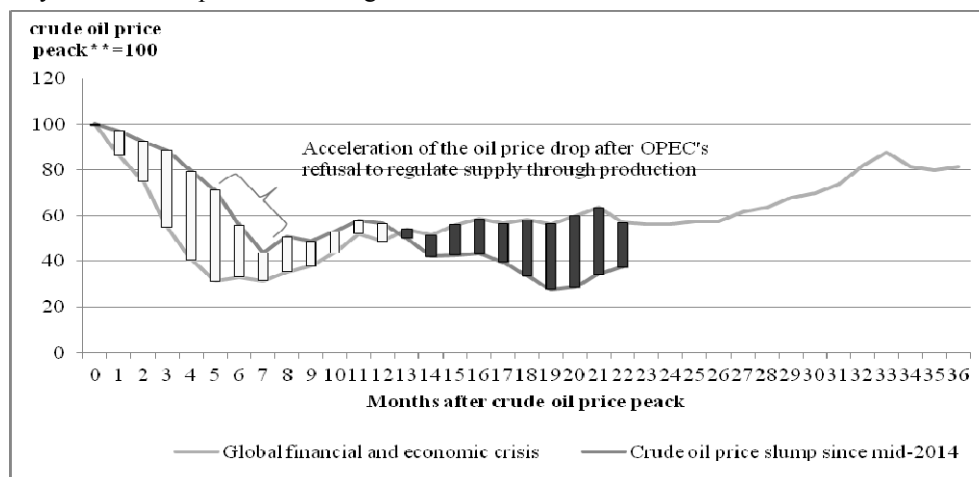
The decline in prices in 2014 is not initially as sharp because it is caused by factors on the supply side – the presence of overproduction and the emergence of new suppliers outside OPEC. Moreover, unlike in 2008, the global economy doesn't fall into recession, and only shows signs of slowing. It is associated more with the slowing growth of oil consumption and not so much with its downgrade. Within 5-6 months after the peak, however, the decline accelerates (from December 2014) and after a year the percentage reduction in price becomes higher than the one during the same time of the global crisis of 2008-2009. Among the main reasons is the decision of OPEC to change its policy in terms of market interventions. This time, the cartel does not regulate oil prices via production quotas and focuses on maintaining its world market share. Implementation of the policy of quotas – reduction in production to keep oil prices at high levels, is considered ineffective in this case, and would actually voluntarily give up market share to producers outside the cartel (USA, Canada, Russia). The latter will benefit from higher prices and will continue to increase their yields and occupy larger market share. On the contrary, in case of a fall of the price more inefficient investment projects will gradually disappear from the market, OPEC will continue to generate profit because of lower production costs. Thus the market will regulate itself and overproduction will disappear by itself. As a result of the OPEC decision the minimal crude oil price becomes uncertain, but naturally the cartel would intervene in case of a drastic and continuous decrease.

Eventually, in the end of 2016, an agreement for cutting production was reached, but with participation of OPEC as well as non-OPEC countries like Russia, Mexico, Oman, Azerbaijan and others (a total of 11 countries outside OPEC). There is definitely doubt what the real consequences for the crude oil market will be and it remains uncertain whether this agreement isn't just a verbal intervention which will only have short term results. We have to point out that production in many participating countries is at record levels which will make cutting of production less effective.

The seriousness of the change in OPEC's policy itself talks about expectations for low prices in long term. Moreover, the absence of distinct signs of recovery in the price, over two years after its collapse tells that behind the fall of oil prices lay more economic and structural factors, rather than cyclical ones. Nowadays it would be difficult even for two of the three largest producers (the US and Saudi Arabia) to keep the price at such low levels for a long time.

Chart 1

Dynamics of oil prices after the global financial and economic crisis and since mid-2014*



Note: * Simple average of the spot price of three main sorts of crude oil – Brent, West Texas Intermediate and Dubai Fateh.

** The peak of oil prices during the global financial and economic crisis is in July 2008, and before its collapse in 2014 it is in June 2014. The peaks are considered in month 0, the numbers on the horizontal axis shows the number of months after the peak.

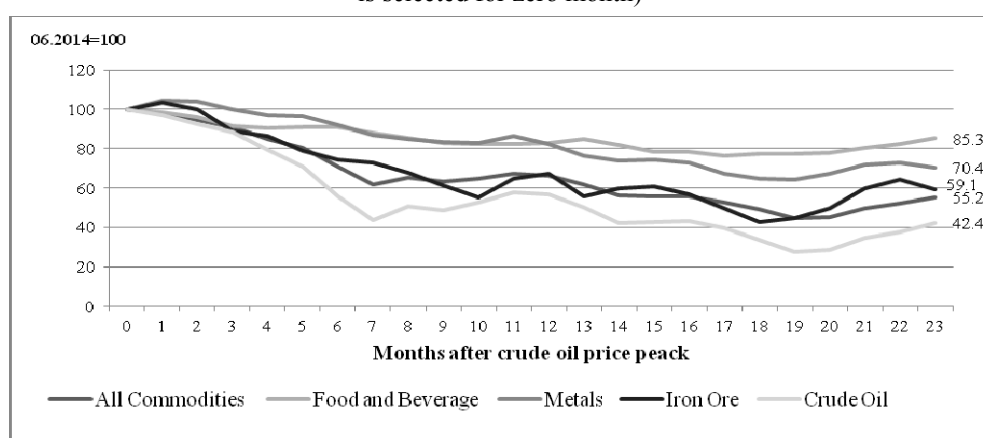
Source: Author's calculations according to IMF data (IMF, Primary Commodity Price System)

Dynamics of prices of other commodities

The turmoil in the oil market from 2014 is not an isolated case, as the drop in prices with a certain time lag is transferred on other commodities. In the first 1-2 months after the peak (in June 2014) the prices for most base metals and iron ore remain stable or even increase, which does not correspond with what is happening on oil markets (see Chart 2). From this it can be concluded that specific factors on the oil market, especially on the supply side, caused the decline in oil prices. Then the OPEC decision to renounce quotas also exacerbates the difference. At a later stage, however, the prices of oil, metals and iron ore begin to follow identical trend which leads to the conclusion that prices of all commodities are beginning to get influenced mainly by the same factors – the global economic slowdown mostly of emerging markets, which had been a key driver of growth in consumption of commodities during the previous decade. In other words to the existing oversupply on the oil market are added concerns about slowing demand for commodities as a whole, i.e. the crisis of oil markets transforms into crisis on commodity markets. Of interest is the comparison of the dynamics of the imported iron ore price in China during the global financial and economic crisis and the commodity slump since the middle of 2014. It shows that it moves in the opposite direction which can be explained by the different state of the Chinese economy during both periods. Given that China is the largest consumer and importer of iron ore (about 1/2 of world consumption and about 2/3 of imports) the country can be considered an engine and a litmus test for the entire market. In

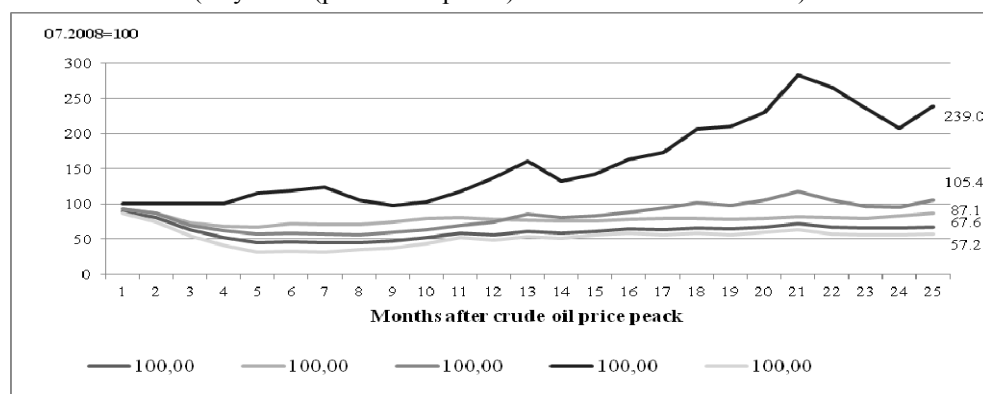
this regard, it can be said that the market for iron ore, and in particular, its price is an indication for the health of the Chinese economy. The current situation on this market certainly gives evidence of problems in Chinese business activity, industrial production, construction sector, which will inevitably deepen the decrease in commodity prices and will make it longer (meaning the impact on the markets for metals and energy in the medium term). Moreover, China is making efforts to gradually change its model of economic growth – from powered by exports and domestic investment to one driven by domestic consumption. This will have an impact on commodity markets in the long term.

Chart 2
Dynamics of prices of selected commodities since mid-2014 (June 2014 (peak of oil prices) is selected for zero month)



Source: Author's calculations according to IMF data (IMF, Primary Commodity Price System)

Chart 3
Dynamics of prices of selected commodities during the global financial and economic crisis (July 2008 (peak of oil prices) is selected for zero month)



Source: Author's calculations according to IMF data (IMF, Primary Commodity Price System)

It can be concluded that the situation on the commodity markets in late 2014 and in 2015 is opposite to that of the boom in commodity prices from the previous decade. Then emerging market economies, led by China, caused repeated price increase in industrial resources, but now most likely, they will play the opposite role.

The scale, the scope and the duration of this drop in prices of almost all commodities also supports the fact that it is related to fundamental and permanent factors (reduced business activity and resource intensity of emerging market economies, sustained shift toward services in developed economies, the development of scientific and technical progress) rather than geopolitical solutions.

Crude oil supply

On the supply side there are two long-term trends that have been growing in recent years and that are key to lowering prices. The first one is the almost steady increase in production, which became particularly apparent in 2010-2011 and from 2014 onwards. In parallel, however, yields of a number of producers and exporters of oil are reduced substantially as a result of various military conflicts. Such examples can be given with Libya, Yemen, Sudan and South Sudan, while the official export from Syria is virtually terminated. Another major exporter – Iran, is affected by economic sanctions, and as a result from 2012 the supply from the country on international markets decreased rapidly. In the absence of force majeure events of this kind, yield would be even greater, the surplus on the market more visible, therefore prices would have maintained even lower levels since 2011. In this respect, it can be said that the oil market has been with a hidden surplus since 2011.

The second, perhaps more important trend is that an increasing share of the world production is provided by countries outside OPEC (only from 2008 to 2014 this share increased from 58.7 to 61.1 %).⁴ Actually the increase in global supply during 2013-2014 was driven mainly by countries outside the organization. Such a change, however, must necessarily be read in conjunction with the production boom in North America. Still the largest importer in the world - the US, in recent years has significantly reduced imports from other regions due to increased domestic production and the larger share of Canada and Mexico in overseas deliveries. Moreover, the US canceled the over 40-year ban on exports of crude oil and although at this stage it can not become a significant factor on the international markets as an exporter (currently irregular supplies to Europe, China, Panama are being carried out), the country could play an important role against a sharp rise in oil prices. Higher prices will stimulate domestic production, which will increase the export potential of the United States. It should also be noted that the US government has taken a decision to sell part of its strategic reserves, which would be accelerated in a favorable

⁴ The figures are far more impressive when they are considered in the long-term. Nowadays OPEC produces about 32 mln.b/day conventional oil, which is slightly more than 1/3 of world production. 40 years ago it produced about the same amount, but then it represented almost 50% of the total world production. As of January 1, 2017 OPEC members are 13 countries – Algeria, Angola, Venezuela, Gabon, Ecuador, Iraq, Iran, Qatar, Kuwait, Libya, Nigeria, UAE and Saudi Arabia.

situation on the international oil markets (Bloomberg, 2015). From future weakening of OPEC's position and improvement of positions of alternative suppliers derive several consequences:

- 1) OPEC's ability to control prices through production quotas is restricted and at the end of 2014 logically comes the organization's abandonment of applying this policy for the time being. The cartel was even forced to increase production at downward prices in order to maintain its share of world markets and accumulate revenues that are vital for the functioning of the public sector in member states. Internal conflicts between OPEC member states have also caused an increase in oil supply from the cartel in 2015 (for more details see "OPEC's role in recent development on oil markets" in this study). Eventually, from the end of 2016 and the beginning of 2017, OPEC makes an effort to implement similar policy, but with participation of non-OPEC countries. The real effect of the policy however, will be visible after a certain period of time. It's obvious that announcing the policy increased the crude oil price, but it is questionable however whether this will have a long-term effect on the market.
- 2) Improves security of supply as crude oil sources diversify to countries that are considerably politically and economically more stable than OPEC members (USA, Canada, Russia). As a result of this various internal and external conflicts in the Middle East and Africa don't have as much impact on oil markets as they had in the past.

Table 1

Crude oil supply from the world's leading producers (mln.b/day), 2000, 2005-2015

	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OECD	21.9	20.4	20.1	20.0	19.6	19.8	20.0	20.2	21.1	22.2	24.2	25.2
Americas	14.2	14.1	14.2	14.3	14.0	14.4	15.0	15.5	16.7	18.2	20.1	21.0
Europe	6.8	5.7	5.3	5.2	4.9	4.7	4.4	4.1	3.8	3.6	3.6	3.7
Pacific	0.8	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.5	0.5	0.5
DCs	10.9	11.9	11.9	11.9	12.2	12.4	12.7	12.6	12.0	12.0	12.2	11.5
FSU	7.9	11.5	12.0	12.5	12.6	13.0	13.2	13.2	13.4	13.6	13.5	13.7
Other Europe	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.2	3.6	3.7	3.8	3.8	3.8	4.1	4.1	4.2	4.2	4.3	4.4
Processing gains	1.7	1.9	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.2
Total non-OPEC	45.7	49.6	49.9	50.4	50.4	51.1	52.3	52.4	52.9	54.3	56.5	57.1
OPEC NGLs + non-conventional oils*		3.9	3.9	3.9	4.1	4.3	5.0	5.4	5.6	5.6	5.8	6.1
Total non-OPEC supply and OPEC NGLs	49.0	53.5	53.8	54.4	54.5	55.4	57.3	57.8	58.4	59.9	62.3	63.3
OPEC crude oil production	28.0	30.7	30.6	30.2	31.3	28.8	29.2	29.8	31.2	30.2	30.1	31.8
Total supply	77.0	84.2	84.4	84.6	85.8	84.2	86.5	87.6	89.6	90.2	92.4	95.1
Annual change		1.3	0.2	0.2	1.2	-1.6	2.3	1.1	2.0	0.6	2.2	2.7
Annual change (%)		1.6	0.2	0.2	1.4	-1.9	2.7	1.3	2.3	0.7	2.4	2.9

Note: * OPEC's unconventional oil is not subject to production quotas, and therefore is considered separately from conventional oil.

Source: OPEC, Monthly Oil Market Reports (2000-2016)

Crude oil demand

The global financial and economic crisis puts an end to the prolonged upward trend in worldwide oil consumption. Even before the crisis, however, during the boom in commodity prices after 2003, certain processes of transformation become more clear, which could be the reason for the current situation on crude oil markets. The growing role of emerging economies stands out, and they quickly become the engine of growth in world consumption and imports. They are much less affected by the global financial and economic crisis, most of them largely retain their levels of crude oil consumption and quickly restore them afterwards. It is expected in the future, for emerging markets to strengthen their role as consumers and by doing so to determine the direction of oil prices. The state of their economies can now be considered as the main leading indicator of global demand for oil. In parallel, the most developed countries (OECD) limit their consumption of oil, which in most cases is due to substitution with other energy sources, the introduction of energy saving technologies and outsourcing industries in developing countries. Markets in advanced economies are quite mature and sharp and lasting upward changes in demand should not be expected. It should be noted though that changes on the world oil map are quite dynamic. In 2000, OECD countries accounted for 62.6% of world oil consumption, while until 2015 their share has reduced to 49.7%. Then, for the first time developed economies formed less than half of global oil consumption.

Table 2
Crude oil demand from the world's leading consumers (mln.b / day), 2000, 2005-2015

	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OECD	47.9	49.9	49.5	49.4	48.4	46.4	47.0	46.4	45.9	46.0	45.7	46.2
Americas	24.1	25.6	25.4	25.5	24.5	23.7	24.1	24.0	23.6	24.1	24.2	24.4
Europe	15.1	15.7	15.7	15.5	15.5	14.7	14.7	14.3	13.8	13.6	13.4	13.7
Pacific	8.7	8.6	8.5	8.4	8.4	8.0	8.2	8.2	8.5	8.4	8.2	8.1
DCs	19.3	22.7	23.6	24.8	25	25.5	26.5	27.3	28.3	29.2	29.9	30.7
FSU	3.8	3.9	4.0	4.0	4.1	4.0	4.2	4.3	4.4	4.5	4.5	4.6
Other Europe	0.9	0.8	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.7
China	4.7	6.7	7.2	7.6	8.0	8.3	9.0	9.4	9.7	10.1	10.5	10.8
World demand	76.5	84.1	85.2	86.6	86.1	84.8	87.3	88.1	89.0	90.4	91.4	93.0
Annual change of demand												
OECD (mln.b /day)		0.5	-0.4	-0.1	-1.0	-2.0	0.6	-0.6	-0.5	0.1	-0.3	0.5
(%)		1.0	-0.8	-0.2	-2.0	-4.1	1.3	-1.3	-1.1	0.2	-0.7	1.0
DCs (mln.b /day)		0.9	0.9	1.2	0.2	0.5	1.0	0.8	1.0	0.9	0.7	0.8
(%)		4.1	4.0	5.1	0.8	2.0	3.9	3.0	3.7	3.2	2.4	2.7
China (mln.b /day)		0.2	0.5	0.4	0.4	0.3	0.7	0.4	0.3	0.4	0.4	0.3
(%)		3.1	7.5	5.6	5.3	3.8	8.4	4.4	3.2	4.1	4.0	3.1
World (mln.b /day)		1.6	1.1	1.4	-0.5	-1.3	2.5	0.8	0.9	1.4	1.0	1.6
(%)		1.9	1.3	1.6	-0.6	-1.5	2.9	0.9	1.0	1.6	1.1	1.7

Source: OPEC, Monthly Oil Market Reports (2000-2016)

However, processes within each developed country proceed differently. In Europe, the drop in consumption begins in 2007, before the global financial and economic crisis. Thus it is not the root cause, but only a catalyst for this change, and suggests contraction in demand will continue in the future. Quite different is the situation in the US and to some extent in Canada, where there is a process of reindustrialization, which will likely intensify in the

coming years. This inevitably is associated with increased consumption of oil, but the region is unlikely to be the engine of growth in world demand. One can say that North America is close to the peak in oil consumption.

In 2010, oil markets recovered and surpassed pre-crisis levels, but in the following years, growth of demand slowed down and its pace lagged behind demand. Thus the market began to form surpluses that occurred to their greatest extent in 2014 and 2015. The slowdown of economic growth in emerging economies raises concerns that oil markets will not rebalance in the short term, i.e. price will remain low for a longer period of time.

Balance between demand and supply

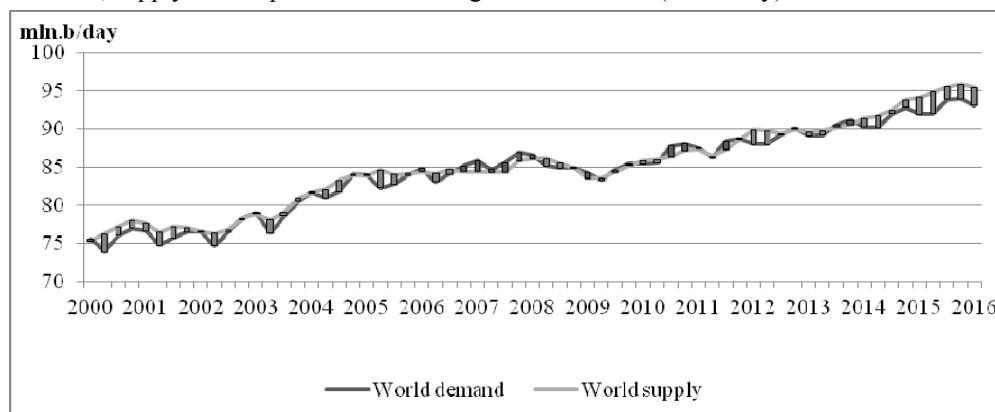
Faster growth rate of crude oil supply than demand is causing the oil markets to form a significant surplus in regard to its size and duration, which is a record for the past 15 years (see Chart 4 and Chart 5). Until clearing this imbalance prices will inevitably remain at low levels (range 40-60 USD/barrel). OPEC's expectations are for the market to gradually start to rebalance from the end of 2016 and only then for prices to take an upward direction (The Telegraph, 2016). Hopes are that not only shale producers in the US will lower their supply but also other countries where production is unprofitable at current price levels (e.g. deepwater drilling in Brazil, production from tar sands in Canada, etc.).⁵ It must be noted, though, the ability of shale producers to considerably quickly resume production, thus they actually appear to hold the growth of prices in medium and long term.

A study of the International Monetary Fund conducted among 41 oil producing countries, which are responsible for over 90% of world production and investment in the oil sector, shows that a 1% drop in oil price can lead within three years to lower investments under their usual trend by up to 0.6 % p.a. That effect can be felt even in the first year after the oil price drop (IMF, April 2015). According to these results, the decline in oil prices since 2014 has begun to reflect on investments (as demonstrated with the example of shale rigs in the US), but more notable effects are yet to be seen. According to the same study a 1% decrease in investment leads to 0.4% variation of production in descending direction relative to trend. That effect though is observed with a significant time lag – after 5 years. This suggests that the present collapse in oil prices could have a significant impact on production around 2020. But again we stipulate that shale producers are quicker than conventional producers not only in limitation of investment, but are also more flexible when time comes to resume them. This is associated with the rapid construction of shale wells and with the considerably short period of their exploitation, which is about 2 years. It can be expected that shale technology will change the economy of the oil market, i.e. will change the function of supply or will accelerate the reaction between the price and quantity of supply.

⁵ According to the EIA, the number of oil rigs in the seven US regions that provided 92% of the increase in crude oil production in USA during 2011-14, decreased from its peak in October 2014 (1309 pcs.) by nearly 80% in May 2016 (down to 262 pcs.). However, due to the increase in average productivity, the produced amount of oil during this period decreased by only 2.3%.

Chart 4

Demand, supply and surplus/deficit on the global oil market (mln.b/day) from 2000 to 2016



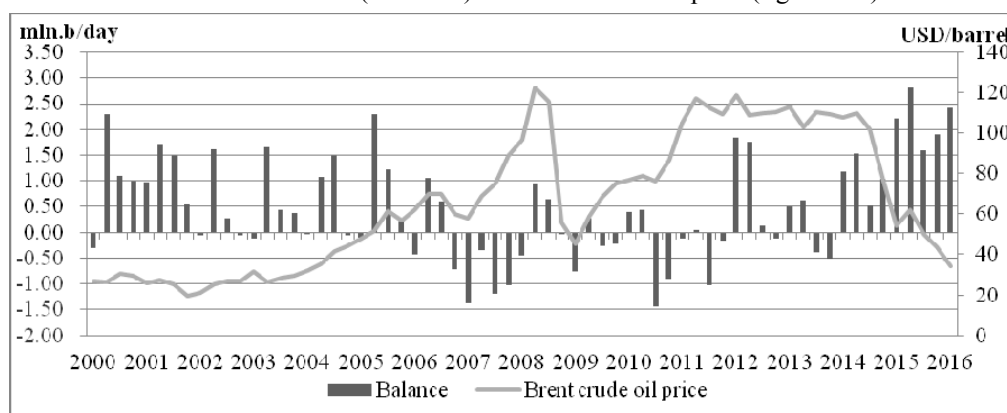
Note: Pillars in red correspond to deficit and those in green to surplus

Source: OPEC, Monthly Oil Market Reports (2000-2016).

Chart 5 is also in support of this assertion. It clearly shows the strong correlation between the balance on the oil markets and the price of crude oil.

Chart 5

Balance on oil markets (left scale) and Brent crude oil price (right scale)*



Note: *U.K. light, Brent Blend 38o API, spot price, FOB U.K. ports

Source: OPEC, Monthly Oil Market Reports (2000-2016); IMF (IMF, Primary Commodity Price System).

Besides the general imbalance on the oil markets, imbalances of the main consumers of crude oil should also be traced separately. This will give a better picture about their ability to satisfy their consumption with their own production and will also show what their import needs are. The analysis is carried out via the ratio between production and consumption of oil.

By 2007, OECD countries gradually reduced their domestic production due to depletion of existing deposits. Thus their dependence on external supplies grew and in 2007 OECD countries imported nearly 60% of the oil they consumed. After 2007, the situation quickly begins to change thanks to the US and Canada, where a growing proportion of demand is met by domestic supply – from 56.1% in 2007 to 86.2% in 2015. Thus both countries in a sense limit their role on the international markets and force leading exporters to strengthen competition on other markets – Europe and Asia.

In developed economies in Europe the indicator production/consumption has accounted for the long-term degradation and as of 2007 these countries assure for more than 2/3 of their consumption through imports. It should be noted, however, that since 2008 the domestic oil shortage (respectively import need for crude oil) remains at almost constant level in absolute terms of about 10 mln.b /day, due to the decline in domestic production and the decrease in consumption (one can even say that in OECD European members are experiencing a long-term stagnation in oil consumption). The situation for OECD countries in the region of Asia and Oceania (Australia, New Zealand, South Korea and Japan) is similar.

Again the changing map of world oil markets is clearly shown. China and other developing countries increase their needs of imports at high speed and are quickly emerging as key customers of the world's leading exporters. Very significant is the fact that in 2015 the import needs of developing economies (excluding China) amount to 19.2 mln.b /day, and those of all OECD countries to 20.9 mln.b / day. Only seven years earlier, in 2008, the import needs of the developing economies are 12.8 mln.b/day compared to 28.8 mln.b/day for OECD countries (see Table 4).

Table 3
Ratio of production to consumption in different regions of the world, 2000, 2005-2015 (%)

	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OECD	45.7	40.9	40.6	40.5	40.5	42.7	42.6	43.5	46.0	48.3	53.0	54.7
Americas	58.9	55.1	55.9	56.1	57.1	60.8	62.2	64.6	70.8	75.5	83.1	86.2
Europe	45.0	36.3	33.8	33.5	31.6	32.0	29.9	28.7	27.5	26.5	26.9	27.4
Pacific	9.2	7.0	7.1	7.1	7.1	7.5	8.5	7.3	7.1	6.0	6.1	5.9
DCs	56.5	52.4	50.4	48.0	48.8	48.6	47.9	46.2	42.4	41.1	40.8	37.5
FSU	207.9	294.9	300.0	312.5	307.3	325.0	314.3	307.0	304.5	302.2	300.0	299.1
Other Europe	22.2	25.0	22.2	25.0	14.3	14.3	16.7	16.7	16.7	16.7	14.3	19.4
China	68.1	53.7	51.4	50.0	47.5	45.8	45.6	43.6	43.3	41.6	41.0	40.4

Source: Author's calculations according to OPEC, Monthly Oil Market Reports (2000-2016).

Realized surpluses in 2014 and 2015 were the reason for accumulation of significant commercial stocks of oil (see Table 4). It is important to note that the increase in stocks during those two years was with a record rate – 5.8 and 10.1% respectively. Historically a drastic increase in commercial stocks has been observed during economic crises – the Asian financial crisis, "Dot-com" crisis of the early twenty-first century and the global financial and economic crisis, but even then the rates are significantly smaller.

Table 4

Balance on crude oil markets in selected groups of countries and oil reserves in OECD countries

	2008	2009	2010	2011	2012	2013	2014	2015
Balance	-0.4	-0.6	-0.7	-0.5	0.6	-0.2	1.1	2.1
OECD	-28.8	-26.6	-27.0	-26.2	-24.8	-23.9	-21.6	-20.9
Americas	-10.5	-9.3	-9.1	-8.5	-6.9	-5.9	-4.2	-3.4
Europe	-10.6	-10.0	-10.3	-10.2	-10.0	-10.1	-9.9	-10.0
Pacific	-7.8	-7.4	-7.5	-7.6	-7.9	-7.8	-7.6	-7.6
DCs	-12.8	-13.1	-13.8	-14.7	-16.3	-17.1	-17.6	-19.2
FSU	8.5	9.0	9.0	8.9	9.0	9.1	9.1	9.1
Other Europe	-0.6	-0.6	-0.5	-0.5	-0.5	-0.5	-0.6	-0.5
China	-4.2	-4.5	-4.9	-5.3	-5.5	-5.9	-6.2	-6.5
OECD stocks (mil. barrels)								
Commercial	2697	2662	2679	2605	2683	2589	2738	3015
SPR	1530	1568	1565	1536	1547	1584	1579	1587
Total	4227	4231	4244	4141	423	4174	4317	4601
Oil-on-water	969	919	871	825	879	909	924	1017
Days of forward consumption in OECD								
Commercial	58.0	57.0	58.0	57.0	58.0	57.0	59.0	65.0
SPR	33.0	33.0	34.0	33.0	34.0	35.0	34.0	34.2
Total	91.0	90.0	91.0	90.0	92.0	91.0	93.0	99.2

Source: OPEC, Monthly Oil Market Reports (2000-2016).

The exchange rate of the US dollar

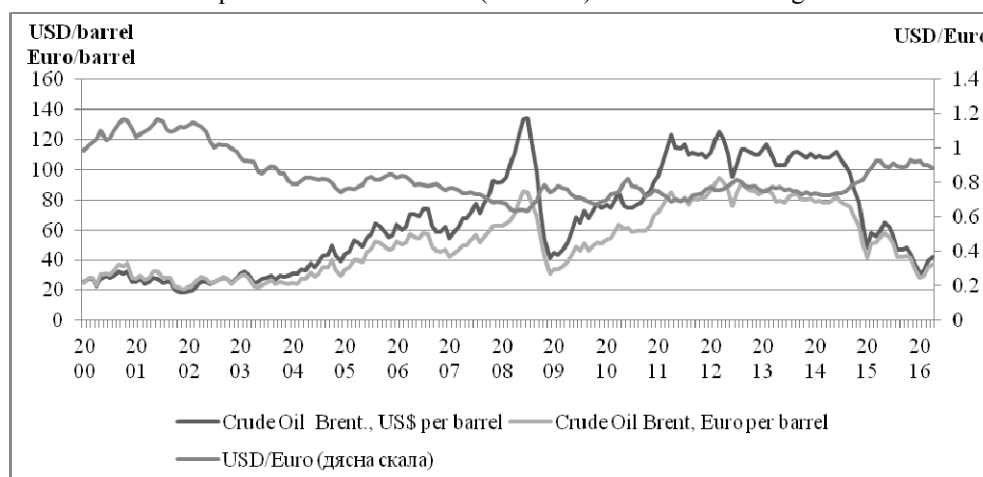
Factor for the drop of oil prices in the past two years has also been the appreciation of the US dollar. As the prices of most commodities on international markets, including that of oil, are quoted in US dollars, the exchange rate of the US dollar is very important for the internal crude oil price of countries, whose currency is not USD or is not pegged to it. Thus the rate of local currencies against the dollar is an important factor in the pricing chain from the producer (exporter) to the final consumer (importer). Besides direct impact on export and import prices the dollar has also an indirect one. Expensive dollar means more revenue for exporters and more costs for importers expressed in their local currency. So it stimulates supply and suppresses demand, which leads to a logical consequence – lower price.⁶

From the beginning of 2002 to the global financial and economic crisis, the US dollar reports constant steady weakening against leading currencies, 45% against the euro. This is undoubtedly one of the main reasons for the boom in oil prices during this period. After mid-2014, however, the US currency is on an uptrend, which "eats" part of the drop in oil prices. From June 2014 to April 2016 the dollar price of oil decreases by 62.5% and denominates in euros by 53.3% (appreciation of the dollar against the euro for the same period is 21.1%).

⁶ There are other reasons for the negative correlation between the USD exchange rate and commodity prices, but they are not in the scope of this paper.

Chart 6

Brent crude oil price in USD and euro* (left scale) and rate of USD against the euro



Note: *U.K. light, Brent Blend 38o API, spot price, FOB U.K. ports

Source: IMF (IMF, Primary Commodity Price System); World Bank.

At the same time, the currencies of a number of oil exporters get cheaper against the dollar, which encourages them to maintain high levels of production and respectively of exports. In some countries the depreciation of the local currency is so great that the change of domestic crude oil price is relatively small. Most obvious are the cases of Russia, Azerbaijan and Kazakhstan (see Table 5). All three countries shift from fixed to floating exchange rate (the Russian ruble was pegged to the basket of US dollar and the euro, the currencies of Azerbaijan and Kazakhstan to the US dollar), which is among the main reasons for the abrupt and significant devaluation of their currencies. Thanks to it, however, the oil price in local currency decreased by only about 20% compared to nearly 60% decrease in the dollar price. Should the oil prices remain low, changes in exchange rate regime can be expected in other major oil exporters – Gulf countries. At this stage they deal with reduced export revenues by spending part of the accumulated over the years public funds and issuing debt. Most of them have not done this for years. These significant changes in the exchange rate and fiscal policies of the above mentioned oil economies could also be seen as an indication that oil prices will stay at lower levels for a long time and will hardly approach their levels from before the middle of 2014 anytime soon. This is another fact in favor of the hypothesis that behind the price decrease stand mainly economic reasons.

Table 5

Crude oil prices decrease in local currency of selected leading exporters and in USD

Country	Devaluation of the local currency against the USD for the period June 2014 – May 2016 (%)	Oil prices in local currency in June 2014*	Oil price in local currency in May 2016*	Crude oil price drop in local currency (%)
Angola	-42.1	10585.4	7763.0	-26.7
Azerbaijan	-47.7	84.9	69.0	-18.8
Brazil	-36.8	242.2	162.7	-32.8
Canada	-16.3	117.3	59.5	-49.3
Algeria	-27.7	8595.3	5045.4	-41.3
Iran	-16.1	2758109.7	1393969.2	-49.5
Kazakhstan	-44.9	19889.3	15302.5	-23.1
Kuwait	-6.4	30.6	13.9	-54.7
Nigeria	-18.1	17668.3	9149.9	-48.2
Norway	-26.6	654.7	378.7	-42.2
Russia	-47.9	3725.0	3031.2	-18.6
Crude oil price drop in USD				-57.6

Note: * Simple average of the spot price of three main sorts of crude oil - Brent, West Texas Intermediate and Dubai Fateh.

Source: IMF (IMF, Primary Commodity Price System); World Bank.

OPEC's role in recent development on oil markets

The analysis of the oil markets would be incomplete without taking into account the position and the specific actions/inactions of OPEC. As already mentioned, in the long term the cartel has slowly lost its position on international oil markets and must conform to an increasingly higher extent with the actions of other market participants. This is especially true in the context of the shale revolution in the US, virtually resulting in the oil market turning from unipolar (OPEC regulates prices through production volume) to multipolar, where Saudi Arabia, Russia, the United States and a number of smaller producers compete for market share and new customers. In the face of shale producers, OPEC, for the first time in more than 30 years, is facing competitors who can actually change the rules of the "oil game". The other major producers outside the cartel such as Russia, Norway, Mexico, Azerbaijan, Kazakhstan are unable to rapidly and significantly change their production volumes and therefore are predictable players whose moves can not threaten the dominance of OPEC.

The current situation with oil production to some extent can only be compared with the 1980s, when the emergence of a new competitor (Norway with deposits in the North Sea) threatened the position of OPEC. Partly based on that experience, now the cartel does not resort to cuts in production to regulate prices and focus on maintaining its market share. The policy was formalized at a meeting between the member states in November 2014 to which markets reacted instantly with price declines.⁷ According to OPEC representatives,

⁷ Actions of speculative traders who began to perceive oil as too risky asset and closed their long positions, are also essential for that decrease in price.

market fundamentals will work again and the intervention of the cartel is not necessary at this moment. Part of the logic is that lower prices would make production inefficient for a number of shale producers, which will push them out of the market. The lower supply mainly from the US and the recovery of growth in demand, thanks to low prices, will lead to rebalancing the market at prices at least higher than the current, if not as high as earlier levels.

In this situation, the unilateral reduction of production by OPEC would have no effect due to the presence of alternative suppliers - USA, Canada, Russia. In the past, quotas have had an important role during shocks in the global economy, but during those periods, problems had arisen only from the demand side. For quotas principal to work at present, actions must be comprehensive – to include participation of all OPEC member states as well as major producers outside the cartel (Russia, Mexico, Oman, Kazakhstan, Azerbaijan, etc.). Exactly that is the condition of Saudi Arabia (the largest exporter in the world and a major producer in OPEC) to reduce its production. The kingdom refused to play the role of "swing producer", insisting that the burden of reducing production must be shared. It should be noted that in the current situation it would be hard even for Saudi Arabia to lower production to such a large extent as to return prices to their previous levels. Such agreement was reached in the end of 2016. Participating countries are most OPEC members, as well as 11 non-OPEC countries. Yet it's too early to say whether production levels will be kept limited in line with the agreement or what the effect on the price would be.

Along with these external factors, some internal ones for OPEC, that question the fulfilment of the aforementioned agreement, should also be noted. There are some compelling political and economic differences between the countries in the organization, while Saudi Arabia and Iran are indeed in a situation of proxy war. After the removal of economic sanctions against the country in the beginning of 2016 Iran categorically rejects any possibility of substantial restrictions on production, and even states that in the short term it will regain its position on international markets. This would mean an increase in supply of about 1 mln.b /day by 2017. Iraq also has been restoring production at a sustained pace and the country is unlikely to agree to cuts in it.

In the current market situation a primordial problem with the functioning of OPEC has crystallized – inequality between member countries. Saudi Arabia has always been a leader of the cartel and largely defines its policy, often lead only by its own interests. Some economists even say that the cartel has never had the market power to set prices. It was actually Saudi Arabia's market power (Alhajji, Jul 26, 2016). The country is one of the world's largest producers (in the top 3 as it can easily take first place), forms about 30% of OPEC's oil exports and takes the largest share of the reduction in supply whenever a decision for reaction towards price adjustment has been taken (see Table 6). Data during the global financial and economic crisis are indicative of the role of Saudi Arabia as a "swing producer." In 2009, OPEC lowered its exports to just over 2 mil.b/day compared to the previous year and a little over a half of this decrease came courtesy of the kingdom. Moreover, the country did not recover its export volumes until 2011, last of all Member States.

Table 6

Crude oil export of OPEC member countries and their share in total exports of the organization

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2009/2008	
Saudi Arabia	Th.b/day	6813.1	7208.9	7029.4	6962.1	7321.7	6268.0	6644.0	7218.1	7556.8	7570.7	7153.5	7163.3	-1053.7	-14.4
	%	29.7	30.4	29.5	28.6	30.3	28.3	28.7	30.1	29.9	31.7	30.9	30.4		
Iraq	Th.b/day	1450.0	1472.2	1467.8	1643.0	1855.2	1906.0	1890.0	2165.7	2423.4	2390.4	2515.5	3004.9	50.8	2.7
	%	6.3	6.2	6.1	6.7	7.7	8.6	8.2	9.0	9.6	10.0	10.9	12.7		
UAE	Th.b/day	2172.0	2195.0	2420.3	2342.7	2334.4	1953.0	2103.0	2457.0	2445.2	2701.4	2496.7	2441.5	-381.4	-16.3
	%	9.5	9.3	10.1	9.6	9.7	8.8	9.1	10.2	9.7	11.3	10.8	10.4		
Nigeria	Th.b/day	2356.0	2326.0	2248.4	2144.1	2098.1	2160.0	2464.0	2377.0	2368.0	2193.0	2120.1	2114.0	61.9	3.0
	%	10.3	9.8	9.4	8.8	8.7	9.8	10.7	9.9	9.4	9.2	9.1	9.0		
Venezuela	Th.b/day	1566.2	1787.8	1919.4	2115.6	1769.6	1608.0	1562.0	1553.4	1724.8	1528.0	1964.9	1974.0	-161.6	-9.1
	%	6.8	7.5	8.0	8.7	7.3	7.3	6.8	6.5	6.8	6.4	8.5	8.4		
Kuwait	Th.b/day	1414.9	1650.8	1723.4	1612.9	1738.5	1348.0	1430.0	1816.1	2070.0	2058.5	1994.8	1963.8	-390.5	-22.5
	%	6.2	7.0	7.2	6.6	7.2	6.1	6.2	7.6	8.2	8.6	8.6	8.3		
Angola	Th.b/day	940.9	946.9	1010.3	1157.6	1044.5	1770.0	1683.0	1545.6	1663.3	1669.4	1607.9	1710.9	725.5	69.5
	%	4.1	4.0	4.2	4.8	4.3	8.0	7.3	6.4	6.6	7.0	6.9	7.3		
Iran	Th.b/day	2684.1	2394.5	2377.2	2466.8	2438.1	2232.0	2583.0	2537.3	2102.0	1215.4	1109.2	1081.1	-206.1	-8.5
	%	11.7	10.1	10.0	10.1	10.1	10.1	11.2	10.6	8.3	5.1	4.8	4.6		
Algeria	Th.b/day	893.2	970.3	947.2	1253.5	840.9	747.0	709.0	842.9	808.6	744.0	622.9	642.2	-93.9	-11.2
	%	3.9	4.1	4.0	5.1	3.5	3.4	3.1	3.5	3.2	3.1	2.7	2.7		
Qatar	Th.b/day	542.7	677.3	620.3	615.1	703.1	647.0	587.0	587.9	588.3	598.7	595.5	490.7	-56.1	-8.0
	%	2.4	2.9	2.6	2.5	2.9	2.9	2.5	2.5	2.3	2.5	2.6	2.1		
Ecuador	Th.b/day	373.7	380.0	376.3	341.7	348.4	329.0	339.0	334.0	357.7	388.2	422.4	432.9	-19.4	-5.6
	%	1.6	1.6	1.6	1.4	1.4	1.5	1.5	1.4	1.4	1.6	1.8	1.8		
Indonesia	Th.b/day	412.7	374.4	301.3	319.3	294.1	n.a.	n.a.	256.9	228.9	228.6	255.9	315.1		
	%	1.8	1.6	1.3	1.3	1.2	n.a.	n.a.	1.1	0.9	1.0	1.1	1.3		
Libya	Th.b/day	1284.5	1306.3	1425.6	1377.8	1403.4	1170.0	1118.0	299.5	962.0	589.1	319.0	235.0	-233.4	-16.6
	%	5.6	5.5	6.0	5.7	5.8	5.3	4.8	1.2	3.8	2.5	1.4	1.0		
OPEC	Th.b/day	22904	23690	23866	24352	24190	22139	23112	23991	25298	23875	23178	23569	-2051	-8.5

Source: OPEC, Annual Statistical Bulletin (2004-2016).

Besides the availability of alternative external providers the present situation differs in one more aspect to the crisis of 2008, which makes use of quotas not applicable, as only OPEC members participate. During the global financial and economic crisis, Kuwait, UAE, Libya, Iran and Venezuela have also had significant contributions to the reduction of OPEC production and at that time the production of Iraq still hadn't recovered from the 2003 war. Currently Iran is unwilling to fully participate in such an initiative, Iraq is in a similar position, even though it has reached record production levels. The conflict in Libya has minimized production in the country and political uncertainty makes any engagement implausible. Venezuela has repeatedly stated willingness to contribute to contraction of

production, but given its heavy economic and political situation any real action can hardly be expected. Currently each source of foreign exchange revenue is vital for Venezuela and oil sector is one of the few. Moreover, the country has many commitments for oil export to China for which it had previously received financial resources. Nigeria and Angola would also not resort to a drastic contraction of production at a time when they have actually almost lost the North American market (they produce sort of crude oil, which is similar to shale oil and refineries in the US have almost completely replaced the imports from the two African countries with domestic production) and fight for market positions in Asia.⁸ To summarise, one can say that the only OPEC members that have the opportunity to support Saudi Arabia in output reduction are Kuwait and the UAE.

The contradictions and competition between OPEC members are increased also by the change on the world map of oil trade. After the shale revolution in the US and Canada, the North American region is on track to achieve self-sufficiency through local production. As already mentioned above, Nigeria and Angola are pushed out completely, and Saudi Arabia is gradually losing ground (the reason for the kingdom not to completely lose its market position on North American market is that it produces oil with different qualities which is used in the mix of refineries). The crude oil market in Europe has been in stagnation since before the global financial and economic crisis and as an only client that can accommodate growing exports of OPEC emerged Asia. Not only a lot of OPEC members but Russia as well head towards it (forced by Western sanctions for the annexation of the Crimea), a kind of a price war unleashes.

In 2004, 41.8 percent of OPEC's oil export is focused on Asia and the Pacific, just over 1/4 to North America and more than 1/5 to Europe (see Table 7). In 2015, the picture is radically different – Asia and the Pacific region attracted more than 60% of the total oil export of OPEC as to North America are exported only 12% and this share decreases rapidly. The positions of OPEC in Europe are far more stable as the decline for the period was only 3.2 percentage points to 18%.

Changes in the geographic orientation of OPEC's oil export are even more evident when you consider foreign trade of crude oil of each individual member. Charts 7 and 8 show shift of the oil export flows from the countries of North America to Asia and the Pacific. The period during which we examine the changes is from 2008 to 2015. The starting year is selected in view of the fact that then the US economy reported high levels of import, as at that time production from shale deposits hadn't started yet. In subsequent years, oil import in the US decrease, initially due to low consumption because of the global recession, and later (2010-2011) because the shale oil had started to replace some imports. Shale revolution affects firstly and mostly exporters from Africa – Nigeria, Angola and Algeria. Oil exports of Nigeria to North America decreased from 1381 thousand b/day (65.8% of Nigeria's total crude oil export) in 2008 to less than 84 thousand b/day (4%) in 2015. In addition to the three African countries Iraq was also affected greatly. During the period in question North America's share in its crude oil export decreased by 33.6 percentage points

⁸ Although in the first half of 2016 there were signs of recovery in the supplies of Nigeria to the United States, thanks to declining shale production, they can not be considered as reliable in the long run and do not mean that the country should give up the search for alternative markets.

to just 7.3%. Along with this process of export redirection, the country had increased significantly the amount of its export as a result of restoration of the oil industry after the war in 2003, in which China and Japan had had important contributions with their investments (considerably large part of Iraq's oil production is directed to these countries). After 2011 Iran was also forced to focus on trade relations with countries in the Asian region in order to compensate for the loss of the European market as a result of the imposed economic sanctions. Venezuela also deepens trade relations with Asia, mainly China, with which a number of credit agreements had been signed, that have been paid in oil. Moreover, the two countries have many common projects in the energy sector of Venezuela. As a result, in 2015 a little over 1/3 of overseas oil supplies of the South American country were directed to Asia compared to only 5.4% in 2008. Outside OPEC, Russia is also forced to focus on the Asian market following the above mentioned deterioration of relations with the West. All these economic and political processes cause these countries to begin to compete with suppliers incumbent on the Asian market such as Saudi Arabia, UAE and Kuwait and at least partially jeopardize their positions. In this respect, one can say that these three countries use low prices as a tool to preserve their positions with emerging Asian economies and as a tool for redistribution of markets after shale revolution in the US and Canada. It can be concluded that until recently partners within OPEC are increasingly becoming competitors, which will inevitably impede the functioning of the cartel.

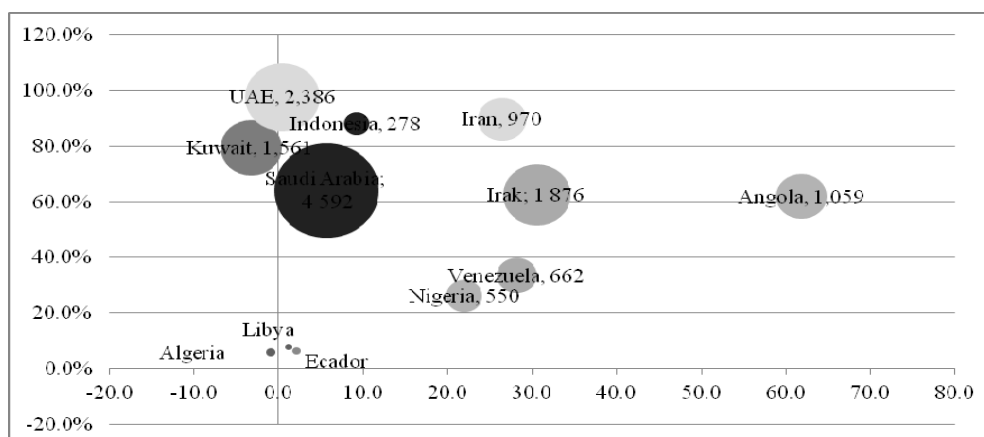
Table 7
Geographical structure of crude oil exports of OPEC member countries from 2004 to 2015

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Europe	Th.b/day	4853.5	5119.1	4844.7	4574.5	4819.2	3917.0	3958.0	3899.3	3954.8	4086.3	4036.2	4241.6
	%	21.2	21.6	20.3	18.8	19.9	17.7	17.1	16.3	15.6	17.1	17.4	18.0
North America	Th.b/day	5768.3	5598.4	6140.7	6711.5	5940.1	5279	5100.0	4644.3	4667.7	3475.6	3170.6	2834.9
	%	25.2	23.6	25.7	27.6	24.6	23.8	22.1	19.4	18.5	14.6	13.7	12.0
Asia and Pacific	Th.b/day	9582.2	10256.9	10688.6	10947.8	11401.4	11146.0	11546.0	13325.3	14607.9	14420.6	13924.3	14504.2
	%	41.8	43.3	44.8	45.0	47.1	50.3	50.0	55.5	57.7	60.4	60.1	61.5
Latin America	Th.b/day	966.3	1034.7	913.1	913.4	1054.3	1105.0	661.0	1249.8	1189.9	1070.9	1153.4	1075.0
	%	4.2	4.4	3.8	3.8	4.4	5.0	2.9	5.2	4.7	4.5	5.0	4.6
Africa	Th.b/day	704.6	675.2	486.7	454.2	459.6	406.0	389.0	579.3	588.2	539.7	616.0	620.5
	%	3.1	2.9	2.0	1.9	1.9	1.8	1.7	2.4	2.3	2.3	2.7	2.6
Middle East	Th.b/day	338.6	558.2	299.9	336.6	304.5	296.0	305.0	293.3	290.1	282.2	277.8	293.2
	%	1.5	2.4	1.3	1.4	1.3	1.3	1.3	1.2	1.1	1.2	1.2	1.2
Total	Th.b/day	22904.0	23690.4	23866.9	24352.2	24190.0	22139.0	23112.0	23991.3	25298.7	23875.3	23178.3	23569.5

Source: OPEC, Annual Statistical Bulletin (2004-2016).

Chart 7

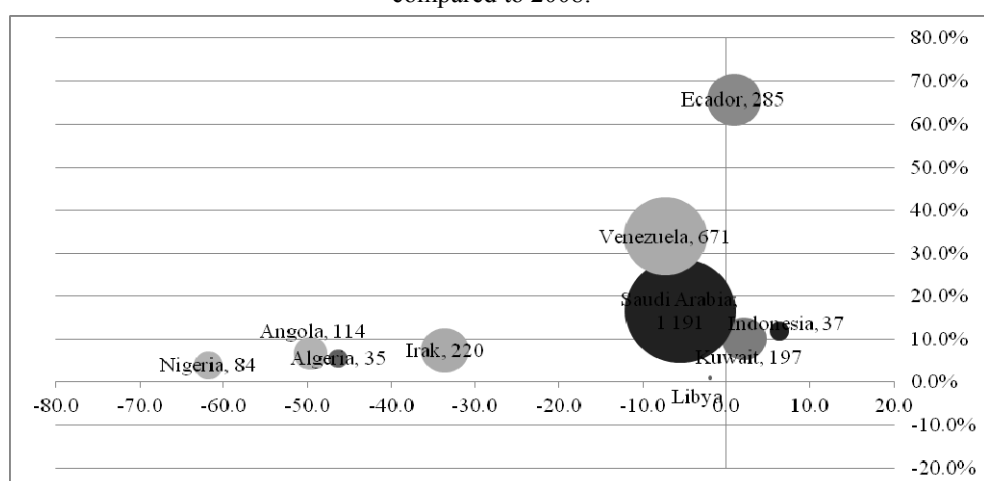
Increasing dependence of the OPEC members on oil exports to Asia and the Pacific for 2015 compared to 2008*



Source: OPEC, Annual Statistical Bulletin (2004-2016).

Chart 8

Decreasing dependence of the OPEC members on oil exports to North America for 2015 compared to 2008.*



Note: * Horizontal axis shows the growth (in percentage points) of share of oil exports in total exports of crude oil of OPEC member state to Asia and the Pacific/North America for 2015 compared to 2008. The right-more horizontally is a country, that increases its share the most. The vertical axis shows the proportion of total oil exports of each OPEC member to Asia and the Pacific / North America in 2015. The higher is a country, the greater is the share of its exports to this region. The size of the bubble shows the size of country's oil exports to Asia and the Pacific/North American (in thousands b/d).

Source: OPEC, Annual Statistical Bulletin (2004-2016).

The noted disagreements within OPEC and the rapid increase of production by countries outside the organization puts a number of questions over the future of the cartel. You could even say that through their current actions OPEC is actually a cartel only by name. Its weakened position does not allow it to fully act as a “Price maker” setting a high price. It is more likely for member countries to strongly intervene only during a drastic fall in oil prices, i.e. to set a minimum price.

Conclusion

After the analysis of the crude oil market we can conclude that the current situation reflects primarily objective economic realities of overproduction, the emergence of alternative suppliers competing for larger market share and growing fears of economic slowdown in emerging markets. The latest have been the engines of growth in oil consumption over the last decade. Moreover, taking into account a number of unforeseen events (long wars, economic sanctions) which "removed from the game" quite significant producers and exporters of oil, it can be said that oil markets have been functioning in a hidden surplus since 2011-2012, which is long before the last price collapse. When we add to this the significant drop in prices of other commodities, we could reach the conclusion that the collapse in oil prices is related mainly to economic problems of the market with structural nature. Geopolitical issues remain in the background and although they can not be ignored completely, they are definitely not leading factors but complementary to economic ones. In this regard market recovery can not be expected in the short or medium term. Perhaps supply and demand will rebalance, but at much lower price than the one from before the middle of 2014. In support of these conclusions are the actions of many of the oil exporters, which confirm the expectations for a prolonged period of lower prices. Examples can be given with Russia, Azerbaijan and Kazakhstan, which switched to floating exchange rates, and in the present situation this is tantamount to a strong depreciation of the national currency. This supports foreign trade flows and mitigates the decline in budget revenues and revenues of the oil companies. Other petroleum exporters, those in the Gulf, spent part of the accumulated reserves and resorted to issuing loans and bank credit, instruments that have not been resorted to even during the global financial and economic crisis.

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THE MECHANISMS OF STAGFLATION IN EGYPT :THE ARAB SPRING FIVE YEARS LATER

This study addresses the economic performance of the Egyptian economy during the periods before and after the 25th January upheaval in 2011. It analyses, in particular, the extent to which monetary and fiscal policies contribute to the phenomenon of stagflation in Egypt after 2011. The study adopts Gordon's (1977 & 1985) model in specifying the relationship between inflation, unemployment, and real GDP growth. SVAR model has been employed to determine the factors behind stagflation in Egypt. The results suggest that macroeconomic performance does not significantly change during the periods before and after the 2011 and stagflation occurs in Egypt through the following mechanisms; (i) the existence of excess demand in the commodity market in conjunction with the existence of structural unemployment in the labor market. (ii) An existing mutual relationship between inflation and unemployment where both inflation and unemployment feed each other through the wage-price spiral and the elevation of the cost of production triggered by domestic currency depreciations. (iii) The subordination of monetary policy to fiscal policy which is in line with the fiscal dominance hypothesis and crowding out effect. (iv) Expected higher rates of inflation, through the expectations channel, shifting Phillips curve upwards.

JEL: E24, E31, E60

I. Introduction

The key statistics that indicate a direction of an economy are inflation, unemployment and GDP growth rates. Following the 25th January upheaval in 2011 there were concerns that growth rates in the Egyptian economy have slowed. Before that forecasts were expecting the pace of growth in 2011 to remain robust, meeting the government targets of around 7 percent growth rate, a sustained period of price stability, and a stable volume of unemployment.

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Figure 1 explores the rates of CPI inflation and unemployment during the periods before and after the 2011. Clearly, the 2007/08 global credit crunch had a notable impact on both inflation and unemployment in Egypt but the upward trend accelerated and gained significant speed after 2011.

Figure 1

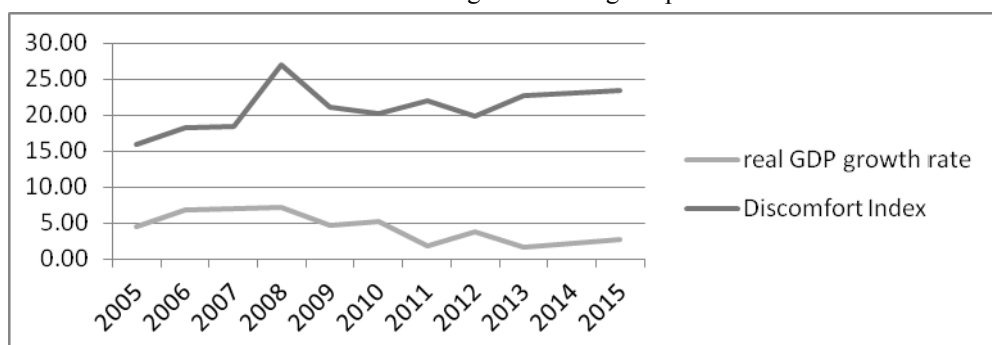
Developments of annual inflation and unemployment during the period of 2005-2014



Source: Data is collected from IMF, IFS. Years 2015 & 2016 from Central Bank of Egypt, available at: <http://www.cbe.org.eg/English/>.

Figure 2

Discomfort Index and Real GDP growth during the period of 2005-2015



Source: Data is collected from IMF, IFS.

The discomfort index in Figure 2 (i.e. the rate of inflation + the rate of unemployment) indicates constant and successive upward movements along with a decline in real GDP growth especially after 2011. The simultaneous upward movements of inflation and unemployment can be described as “Stagflation”.³

³ “Stagflation” is the case in which the price level is rising despite the existence of substantial unemployment, or the unemployment level may be rising at the same time. See Bronfenbrenner, 1976.

This study investigates the factors behind stagflation in the Egyptian economy during the periods before and after 2011. Specifically, the study intends to answer the following questions; did the performance of Egyptian economy change after 2011 compared with other preceding periods? What are the factors leading to stagflation in the Egyptian economy? Did monetary and fiscal policies implemented by the government contribute to stagflation?

The remainder of this paper is as follows; section two highlights the mechanisms of stagflation. Section three discusses the model and variables specifications. Section four explores the methodology and data used in the study. Section five reviews the estimation results. Section six offers concluding remarks.

II. The Mechanisms of Stagflation

In the literature, there are a number of models that explain the existence of stagflation⁴. Monetarists argue that the stagflation occurs because of expansionary fiscal and monetary policies adopted by the government to stimulate the economy. Such policies result in accelerating the inflation rate at the level of long-run unemployment. The intervention by the government afterwards to stabilize the economy will push the economy into recession where unemployment exceeds the natural rate (i.e. NRU) and inflation rate stands at high level (Friedman, 1968).

Contemporary economic theory explains how a negative supply shock that increases the cost of production, or causes a decline in the productivity of labor relative to real wages, will eventually cause the short-run aggregate supply to shift leftwards causing both inflation and unemployment to rise. Modigliani (1977) argues that under the supply shock there is no miracle cure since there is no macroeconomic policy that can maintain both stable inflation and unemployment simultaneously. Furthermore, he argues that the suggestion by the monetarists of a constant rate of growth of nominal money supply is not enough to stabilize the economy as long as the economy is exposed to exogenous shocks. Moreover, he argues that the oligopolistic pricing model, instead of the market auction model, dominates the labor market. This implies that firms respond to demand changes by adjusting output and employment without instant changes in prices relative to wages. Hence, the resulting unemployment during the contraction times is involuntary not “voluntary” as propounded by monetarists.

In explaining the stagflation that hit the developed economies during the 1970s, the Neo-Keynesians argue that if a supply shock hits the economy, price level rises, the monetary authority mistakenly adopts a contractionary monetary policy to defeat inflation, unemployment then deepens, whereas inflation does not significantly change (Modigliani, 1977).

Using a dynamic model of aggregate demand and aggregate supply, Gordon (1977) underscored the role of supply shocks in the phenomenon of stagflation as follows:

⁴ For more details see Awad (2002).

$$P_t = Y_t^* + \alpha (U_t - U_{t-1}) \quad (1)$$

Equation 1 comes from identity of nominal GDP and Okun's law. It shows the dynamic aggregate demand which plots a positive relation between P_t and U_t given Y_t^* and U_{t-1} . All variables in equation 1 are expressed in growth-rate form. Where, P_t stands for growth rate of GDP deflator, U_t stands for unemployment rate, and Y_t^* stands for growth rate in nominal GDP, Y_t , minus long-term trend real GDP growth rate, q^* , i.e., $Y_t^* = Y_t - q^*$.

The term $\alpha (U_t - U_{t-1})$ in equation (1) comes from Okun's law which establishes a negative association between the deviations in the unemployment rate, $(U_t - U_{t-1})$, and the difference between real GDP growth rate, q_t , and long-term trend real GDP growth, $(q_t - q^*)$, so that;

$$U_t - U_{t-1} = -\beta (q_t - q^*) \quad (2)$$

Where q_t stands for actual real GDP growth rate.

Equation 3 outlines the supply side of the economy and it comes from the Phillips curve relation;

$$P_t = P_t^e + g (U_t - U^N) + Z_t \quad (3)$$

Where P_t^e stands for expected inflation rate, U^N stands for the natural rate of unemployment, and Z_t stands for cost-push factors like oil shocks, labor union pressures, depreciation of domestic currency, etc. At equilibrium where there is no supply shocks and actual inflation equals expected inflation ($P_t = P_t^e$), there is a single level of natural rate of unemployment, U^N . Given U^N , equation 3 plots a negative relation between inflation, P_t , and unemployment, U_t , only when expected inflation, P_t^e , is fixed and the supply shocks, Z_t , don't exist. If expected inflation is rising in response to past realizations of P_t , both inflation and unemployment will rise where the Phillips curve shifts upward. Under the supply shocks, however, the Phillips curve (or equivalently the supply curve) will shift up the fixed demand curve thereby inflation and unemployment will rise simultaneously.

Post Keynesians economics developed the micro foundations underlying the macroeconomic theory, a relationship that Keynes stopped short of arguing that microeconomics should be firmly grounded in macroeconomic theory. In addition, Post-Keynesians concerned with issues that Keynes did not provide an account of such as the theory of distribution of national income and the theory of economic growth. In their analysis of price and output decisions, Post-Keynesians divide the economy to two sectors. The central sector, which includes oligopolistic firms that administer prices and the small sector, which includes small firms in raw materials, agricultural products and small industries whose prices are determined under market clearing basis. In the central sector

each firm sets price, (P), by adding a certain markup ratio, (m), to its average variable cost, (AVC). Thus, $P = AVC + (m \times AVC)$. The ratio of markup depends on the demand elasticity of a firm's product. If a firm's AVC is invariant to changes in its output within a certain range, the marginal cost equals AVC (Tarshis, L., 1980). Post-Keynesians argue that prices are sensitive to cost changes but insensitive to demand changes. Because the cost of borrowing exceeds the cost of using retained profits, firms tend to raise their prices to maintain a targeted level of profits necessary to finance future investments.

Another channel of price soaring in the administered section of the economy is the increase of prices in the competitive sectors causing the cost of production of oligopolistic firms to rise. Once the oligopolistic firms raise their prices to maintain targeted profits, the wage-price spiral is activated. Hence, short-term inflation is ratcheting up at the level of real output and employment. Yellen, Janet L.(1980), reported the following IS equation used by Post-Keynesians, where saving equals investment as a condition of short-term equilibrium, such that:

$$I = S_w \left(\frac{WN}{P} \right) + S_p \left(Y - \frac{WN}{P} \right), \quad S_w < S_p \quad (4)$$

Where, S_w & S_p denote average saving propensities of workers and capitalists, W & P denote nominal wages and prices, N & Y denote employment and real output, and I , denotes real investment. As Post-Keynesians assume a proportional relationship between N and Y where, $N = nY$, equation (4) can be rearranged such that;

$$I = Y[S_p + n \frac{W}{P} (S_w - S_p)] \quad (5)$$

Equation 5 tells us that a wage-price spiral could happen at the same level of real output and employment.

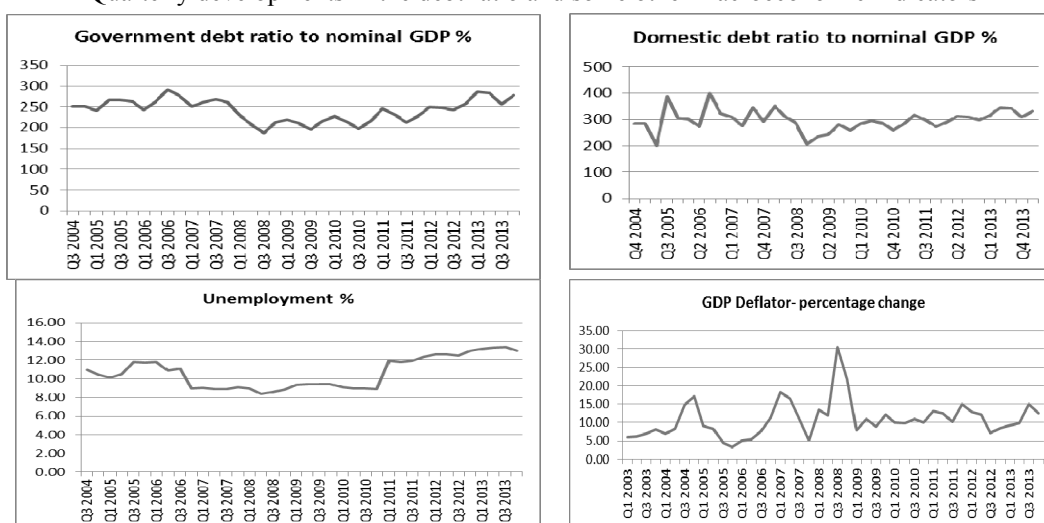
Other possible explanations to the currently existing stagflation in Egypt are the “fiscal dominance” and the “crowding-out” effects. Fiscal dominance indicates the situation in which the central bank partly gives up the primary goal of monetary policy, price stability, and gears monetary policy instruments to serve fiscal policy priorities including preventing the government from default on its public debt. Crowding-out effect, on the other hand, indicates a situation where a massive increase in the government spending, financed by either taxes or debt issuance, displaces a near-equal amount of private spending in the long-term. The crowding-out effect is based on the assumption of a constant money supply accompanying fiscal expansion. Hence, the increase in public and central government debt, caused by fiscal expansion, will result in an increase in nominal interest rate leading to a decline in private spending, and so a decline in the employment levels.

In the case of Egypt, both “fiscal dominance” and “crowding-out” effects are linked to each other where the central bank of Egypt is obliged to finance budget deficit. Under the regulation of the Central Bank of Egypt (CBE), the CBE is committed to finance budget deficits upon the government request with an amount not exceeding 10 % of the average revenues of the state budget during the previous three years. The term of such financing can

be extended to twelve months and the conditions are determined by an agreement between the ministry of finance and the CBE (Awad, 2013)⁵

The obligation to finance budget deficits by CBE, coupled with excessive increase in public and central government debt, could explain the phenomenon of stagflation which currently exists in the Egyptian economy. Whilst the issuance of new money to finance budget deficit maintains inflation rates at a high level, the resultant increase in nominal interest rates minimizes real GDP growth and has continues to worsen unemployment rate. Figure 3 shows the quarterly developments in the government debt ratio and domestic debt ratio to nominal GDP, along with developments in unemployment rate and GDP deflator inflation during the period of 2004-2013. Clearly, central government debt ratio and domestic debt ratio to nominal GDP have increased constantly to unprecedented levels, especially during the periods after 2008. For the whole period of 2004Q3-2013Q3 the average domestic debt ratio and government debt ratio are 296 percent and 243 percent, respectively. The government debt ratio elevated from 236 percent for the period of 2004Q3-2011Q4 to 262 percent for the period of 2012Q1-2013Q4. The upward trend in the debt ratio was in conjunction with rising unemployment rate and inflation rate in terms of quarterly percentage change in GDP deflator.

Figure 3
Quarterly developments in the debt ratio and some other macroeconomic indicators



Source: Data is collected from IMF, IFS.

⁵ Law No. 88 of the year 2003 amended by law No. 162 of the year 2004 and Law No. 93 of the year 2005 is known as the new law of the CBE, the banking sector, and the money. Available at: <http://www.cbe.org.eg/public/Banking%20Laws/Law%2088,%20amendments,%2013-7-2005.pdf>.

III. Model and Variables Specifications

This study is grounded on Gordon's (1977 and 1985) model which specifies the association between inflation, unemployment, and real GDP growth. The unemployment rate that corresponds to the long-term growth rate of real GDP can be estimated from Okun's law in equation 2. In addition, Gordon (1985) reduced-form inflation, equation 6 (or, equivalently, expectations- augmented Phillips curve), is the baseline model adopted by the study to estimate the inflation rate in Egypt.

$$P_t = P_t^e + m(v_t) + g(X_t) + h(Z_t) \quad (6)$$

Where, $m(v_t)$ symbolizes to excess demand variable (s) in the commodity market, $g(X_t)$ stands for excess demand variable (s) in the labor market, and $h(Z_t)$ stands for cost-push or supply-shift variables. Money supply growth rate minus natural real GDP growth rate can be used to measure the commodity market excess demand, $m(v_t)$. Current and lagged values of percentage change in GDP deflator or percentage change in CPI can be used to measure P_t and P_t^e , respectively. The adoption of lagged inflation to express expected inflation term can be regarded from two angles. On the one hand, lagged inflation represents the inertia of wage-and price-setting institutions because of the contractual nature of wages. On the other hand, it is a proxy for price expectations which are supposed to be formed adaptively.

Either actual unemployment rate or the difference between real GDP growth rate, q_t , and long-term trend real GDP growth rate, q^* , ($q_t - q^*$) can be used to measure excess demand in the labor market, $g(X_t)$.

Supply-shift factors, $h(Z_t)$, includes a number of variables; (i) the difference between the rate of growth in real wages and the rate of growth in labor productivity. Obviously, stickiness or inertia in real and nominal wages can aggravate unemployment at the existing level of prices and shift the Phillips curve upward. (ii) the growth rate in the price of imported goods and/or the depreciation of domestic currency. (iii) the ratio of personal tax collections to personal income and/ or the ratio of indirect business tax receipts to private GDP.

Structural VAR technique can be employed to determine the impact of various shocks on inflation, unemployment, and real GDP growth rates through the impulse-response function and the variance decomposition analysis.

To distinguish the impact of a specific shock in the error terms, the nonzero covariance of error terms under unrestricted VAR model is treated by transforming the model into a structural VAR model where the error terms are no longer contemporaneously correlated and structural or orthogonal innovations are determined for the impulse response and variance decomposition analysis purposes.

Zellner and Palm (1974), Cushman and Zha (1995), and Zha (1998), use the following reduced form representation of a structural VAR model:

$$\beta(L)Y(t) = \varepsilon(t) \quad (7)$$

Where, $Y(t)$ is an $(m \times 1)$ vector of variables, i.e. $(P_t, P_t^e, m(v_t), g(X_t), h(Z_t))'$, $\beta(L)$ is an $(m \times m)$ matrix in the lag operator (L) , and $\varepsilon(t)$ is an $(m \times 1)$ vector of structural disturbances.

A reduced form (7), can be expressed as follows⁶:

$$Y(t) = -A(L)Y(t) + V(t) \quad (8)$$

Where, $A = \beta_0^{-1} \beta^0$ and $V(t) = \beta_0^{-1} \varepsilon(t)$. Because the system in (8) is not identifiable β_0 is imposed as a lower triangular matrix to discern structural shocks $\varepsilon(t)$ from reduced form residuals, $V(t)$.

If, instead, variables are nonstationary but co-integrated, ECM can be used accordingly where the existence of a cointegrating vector implies an error correction representation. Since the seminal work of Engle and Granger (1987), ECM has become a dominant econometric framework. If a certain set of conditions about the number of cointegration relations is met, the following ECM can be used to estimate reduced-form inflation, equation 6.

$$\begin{aligned} \Delta P_t = & c_t + \underbrace{\alpha(P_{t-1} - \beta_2 P_{t-1}^e - \beta_3 m(v)_{t-1} - \beta_4 g(x)_{t-1} - \beta_5 h(z)_{t-1})}_{ECT} \\ & + \sum_{i=1}^k \gamma_{1i} \Delta P_{t-i} + \sum_{i=0}^k \gamma_{2i} \Delta P_{t-i}^e + \sum_{i=0}^k \gamma_{3i} \Delta m(v)_{t-i} + \sum_{i=0}^k \gamma_{4i} \Delta g(x)_{t-i} + \sum_{i=0}^k \gamma_{5i} \Delta h(z)_{t-i} \end{aligned} \quad (9)$$

IV. Data

Quarterly data covering the period of 2004Q3-2015Q3 is unavailable for some variables reported in equation 6. Data on most variables is collected from IMF-IFS. Data on Real GDP growth for the periods of 2014Q1-2015Q3 is collected from CBE⁷. All variables are seasonally adjusted and are expressed in growth rates form. Excess demand in the commodity market, $m(v_t)$, is defined by the difference between M_2 growth rate and the natural real GDP growth rate. The natural real GDP is the trend of actual real GDP estimated by Hodrick-Prescott (HP) filter with smoothing parameter, λ , equals 1600.

⁶ For details on the derivation of the reduced form (2), see Awad, 2010.

⁷ <http://www.cbe.org.eg/English/>.

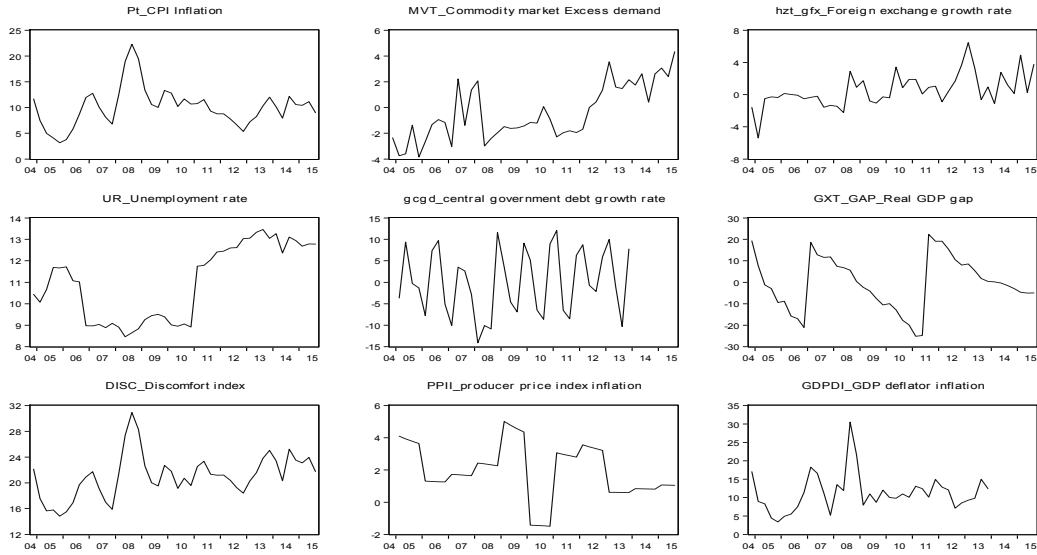
Current and lagged values of percentage change in CPI are used to measure P_t and P_t^e , respectively⁸. The difference between actual and natural unemployment rates (the trend of actual unemployment rate estimated by HP filter) is experimented as a proxy for the excess demand in the labor market. Alternatively, the model is estimated using real GDP gap as a proxy for excess demand in the labor market. Real GDP gap, $g(X_t)_{gap}$, is calculated from the following formula;

$$g(X_t)_{gap} = \frac{\text{Actual Real GDP} - \text{Natural Real GDP}}{\text{Natural Real GDP}} * 100 \quad (10)$$

Where, natural real GDP is the trend of actual real GDP estimated by HP filter. The rat of change in nominal exchange rate is used to express the supply shift factors, $h(Z_t)_{grx}$, and the growth rate of central government debt, GCGD, is used to reflect the impact of fiscal policy dominance on the stagflation.

Figure 4

Equation 6 seasonally-adjusted variables on the period 2004Q4-2015Q3



Source: Prepared by the author. Data is collected from IMF, IFS.

In light of the above description, the expected signs of explanatory variables included in the equation 6 are positive except for real GDP gap, $g(X_t)_{gap}$, which is expected to be

⁸ Adaptive expectation hypothesis defines expected inflation (π_t^*) as follows: $\pi_t^* = \pi_{t-1}^* + \gamma (\pi_{t-1} - \pi_{t-1}^*)$. Given the expectations factor (γ) = 1, the lagged value of inflation, π_{t-1} , is considered as measurement of expected inflation. See, Awad & Soliman, 2016.

positively related to inflation rate under the stagflation phenomena. The rate of change in foreign exchange rate, $h(Z_t)_{gfr}$, might be linked positively or negatively to the rate of inflation. In both, the association between change in foreign exchange rate and inflation is positive.

Figure 4 shows seasonally adjusted variables for the period of 2004Q4-2015Q3. Clearly, most variables involve a structural change in 2008 due to 2007/08 global credit crunch. In addition, quarterly data on some variables, such as central government debt, unemployment rate, and GDP deflator are not available beyond 2013. For these reasons, the estimation process of the model is limited to the period between 2008Q4-2013Q3.

V. Empirical results

The unit root tests in table 1 indicate that the variables P_t , P_t^e , $m(v_t)$, $g(X_t)_{gap}$, $h(Z_t)_{gfr}$, and GCGD are integrated of order zero, or, $I(0)$.

Table 1

Augmented Dickey-Fuller (ADF) Test Results for Unit Roots

Variables	Constant with Trend	Constant without Trend
P_t	-3.64**	-3.73**
$m(v_t)$	-4.28**	-1.43
$g(X_t)_{gap}$	3.10*	-3.119**
$h(Z_t)_{gfr}$	-5.77**	-4.31**
GCGD	-2.48	-2.81*

* indicates rejection of null hypothesis of existence of unit root at the 10% significance level

** indicates rejection of null hypothesis of existence of unit root at the 5% significance level.

The lags of the dependent variable used to obtain a white-noise residuals are determined automatically using SIC, max-lag =9.

Table 2

Estimation results of equation 6

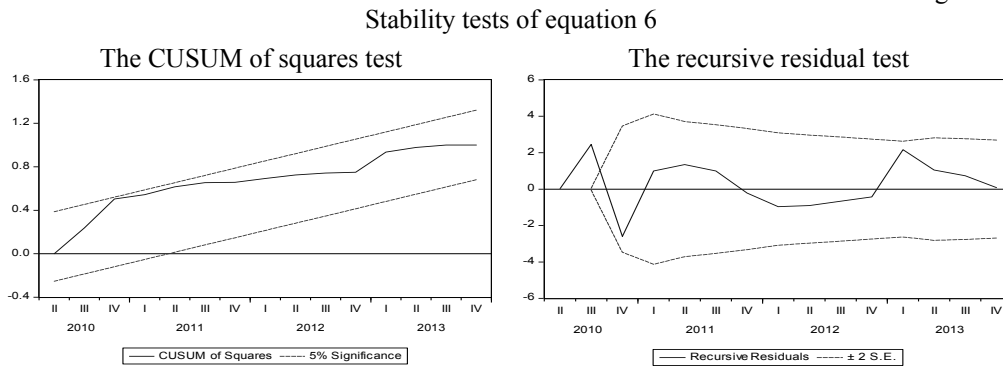
Dependent Variable: P_t				
Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	4.243	1.009	4.204	0.0008
P_{t-1}^e	0.633	0.091	6.914	0.0000
$m(v_t)$	0.534	0.256	2.089	0.0541
$g(X_t)_{gap}$	-0.055	0.021	-2.630	0.0189
$h(Z_t)_{gfr}$	-0.549	0.201	-2.721	0.0158
GCGD	0.082	0.040	2.027	0.0608
R-squared	85.8%	F-statistic		18.163
Durbin-Watson stat	1.728	Prob(F-statistic)		0.000007

In light of the unit root tests, OLS is used to estimate P_t/P_t^e , $m(v_t)$, $g(X_t)_{gap}$, $h(Z_t)_{gfx}$, GCGD for the period of 2008Q4-2013Q4. As shown in Table 2, all variables are significant at 5% or 10% significance level. The coefficients' signs are consistent with the above descriptive analysis. The negative sign of output gap, $g(X_t)_{gap}$, indicates a positive relation between unemployment and inflation. That is, when output gap is positive (actual real GDP exceeds potential real GDP), or unemployment rate is low, the inflation rate declines. In addition, the positive relation between CPI inflation and unemployment rate is found when $g(X_t)_{gap}$ is replaced with the unemployment rate, U. However, R-squared in the latter case is lower than the former one expressed by Table 2.

The negative sign of the rate of change in nominal exchange rate, $h(Z_t)_{gfx}$, indicates the pace of movements between the change in the rate of change in nominal exchange rate and the change in the rate of inflation. That does not contradict the positive relation between foreign exchange rate movements (price of US dollars in terms of EGY pounds) and the inflation rate movements.

Recursive least squares tests are used to check the stability of the estimated parameters reported in Table 2. According to the CUSUM residuals test and the recursive residuals test, Figure 5, the estimated parameters are stable.

Figure 5



Since the vector of variables $[GCGD, m(v_t), g(X_t)_{gap}, P_t, h(Z_t)_{gfx}, P_t^e]$ is found stationary according to the unit root tests reported in Table 1, the reduced form of structural VAR model (8) is estimated by imposing β_0 as a lower triangular matrix under the following benchmark identification scheme;

$$\begin{pmatrix} e_t^{GCGD} \\ e_t^{m(v)_t} \\ e_t^{g(X)_t, gap} \\ e_t^{P_t} \\ e_t^{h(Z)_t, gfa} \\ e_t^{P_t^E} \end{pmatrix} = \begin{pmatrix} \delta_{11} & 0 & 0 & 0 & 0 & 0 \\ \delta_{21} & \delta_{22} & 0 & 0 & 0 & 0 \\ \delta_{31} & \delta_{32} & \delta_{33} & 0 & 0 & 0 \\ \delta_{41} & \delta_{42} & \delta_{43} & \delta_{44} & 0 & 0 \\ \delta_{51} & \delta_{52} & \delta_{53} & \delta_{54} & \delta_{55} & 0 \\ \delta_{61} & \delta_{62} & \delta_{63} & \delta_{64} & \delta_{65} & \delta_{66} \end{pmatrix} \begin{pmatrix} v_t^{GCGD} \\ v_t^{m(v)_t} \\ v_t^{g(X)_t, gap} \\ v_t^{P_t} \\ v_t^{h(Z)_t, gfa} \\ v_t^{P_t^E} \end{pmatrix} \quad (11)$$

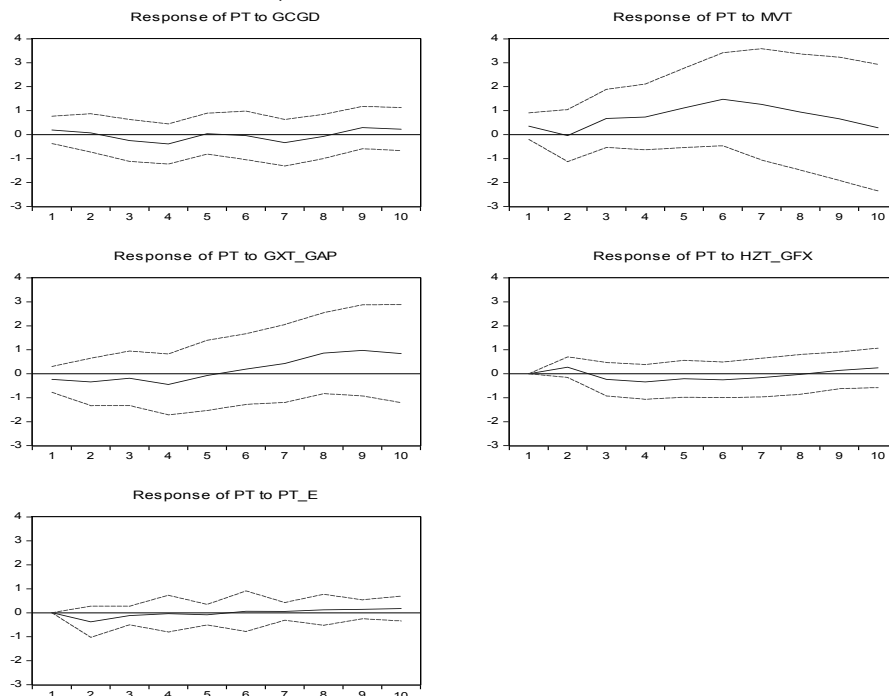
Zero block(s) corresponding to a variable shock means that the variable responds contemporaneously to changes in the preceding variables' shocks. A shock in a variable itself, however, does have a contemporaneous impact on the following variables, but affects the preceding variables after one lag (or, one quarter).

Figure 6

Response of CPI inflation

Scheme 11: $[GCGD, m(v)_t, g(X)_t, gap, P_t, h(Z)_t, gfa, P_t^E]$

Response to Structural One S.D. Innovations ± 2 S.E.



Responses to structural innovations ordered as in 11 have been estimated. Figures 6 and 7 depict responses of CPI inflation, P_t , and real GDP gap, $g(X_t)_{gap}$, to structural innovation of other variables during the period of 2008Q4-2013Q4.

Response of CPI inflation, Figure 6, to structural innovation of other variables comes consistent with the aforementioned description and the results reported in Table 6 except for the response to expected inflation, P_t^e where CPI inflation goes down in response to a positive structural shock in the past (or expected) inflation.

Real GDP gap responses to structural innovation of CPI inflation, Figure 7, comes to underscore the mutual relation between inflation and unemployment, where both of them affect each other in the same direction, i.e. the higher the unemployment rate the higher the inflation rate, *vice-versa*. The initial response of real GDP gap to structural shock of expected inflation is positive. Also, real GDP gap, or unemployment, decreases in response to both positive shocks of the foreign exchange rate (or a depreciation of domestic currency) and central government debt. Moreover, the negative response of real GDP gap to a positive structural shock of excess demand in the commodity market indicates one of the most important features of unemployment in Egypt. That is, unemployment is “structural” where, unemployment in the labor market and excess demand in the commodity market co-exist.

Figure 7

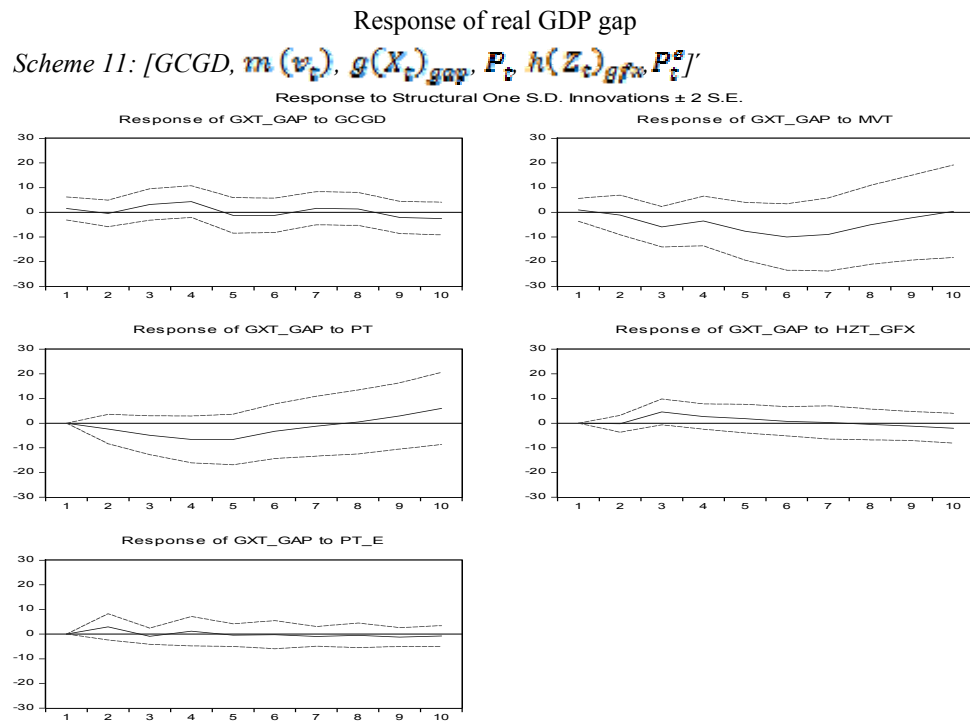


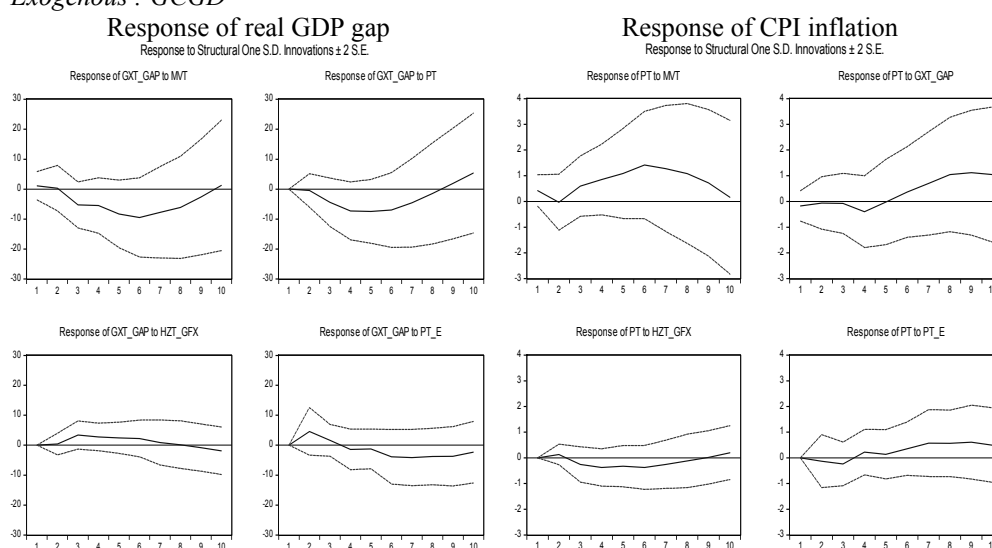
Figure 8 depicts responses of CPI inflation, P_t , and real GDP gap, $g(X_t)_{gap}$, to structural innovation of other variables under the identification scheme 12. Clearly, the direction of responses of CPI inflation and real GDP gap to other variables' shocks does not change compared with Figures 6 and 7 but the level of responses is higher under the latter case.

Figure 8

Response of real GDP gap and CPI inflation

Scheme 12: $[m(v_t), g(X_t)_{gap}, P_t, h(Z_t)_{gfx}, P_t^e]$

Exogenous : GCGD



Under the fiscal dominance hypothesis and the obligation of CBE to finance budget deficit, the identification scheme 11 is adjusted to take account of this issue. Identification scheme 12 treats central government debt, GCGD, as exogenous. The order of variables does not change to make comparisons valid.

$$[m(v_t), g(X_t)_{gap}, P_t, h(Z_t)_{gfx}, P_t^e] \quad \text{Exogenous: GCGD} \quad (12)$$

In light of the results of the above analysis, the mechanisms of stagflation in Egypt during the period of 2008Q4-2013Q4 can be explained as follows;

(i) The existence of excess demand in the commodity market coupled with a negative real GDP gap, or an increase in the unemployment rate, would support the hypothesis of the existence of a structural unemployment in the Egyptian economy. Hassan, M. & Sassanpour, C. (2008) and Awad (2002) attributed the high level of unemployment along

with the widespread of educated youth unemployment to the skills gap, or the mismatch between skills offered by labor and skills demanded by the labor market⁹.

(ii) A mutual relationship between inflation and unemployment does exist, where both of them feed each other. High inflation causes a negative real GDP gap, or high unemployment, and inflation declines in response to a positive output gap, or low unemployment rate. In the literature, inflation causes unemployment either under the mechanisms of price-wage spiral or under the production cost hike where aggregate supply curve shifts leftward. The depreciation of the Egyptian pound increases import costs and puts pressures on domestic cost of production thereby aggregate supply curve shifts leftward. According to the empirical results, domestic inflation rises in response to domestic currency depreciation.

(iii) The contribution of the CBE in financing budget deficit along with a constant and excessive increase in public and central government debts explain the high inflation level in Egypt. According to the empirical results in Figures 6 and 8, a positive shock to central government debt and excess demand in the commodity market causes a rise in inflation. However, the nominal interest rate elevation, caused by either the crowding out effect or inflation hike, negatively affects aggregate demand and so real GDP growth and unemployment rate deteriorate as a result. The empirical results in Figures 7 and 8 show that the response of real GDP gap to both structural shocks of central government debt and excess demand was initially positive but then turned negative during the successive periods.

(iv) As mentioned in equation 3, if expected inflation is rising in response to past realizations of price level, both inflation and unemployment will rise where the Phillips curve shifts upwards. Figure 8 captures this association where inflation and unemployment pick up after three quarters, in response to a positive structural shock of expected inflation.

VI. Conclusion

This study analyses the macroeconomic performance of Egyptian economy during the periods before and after 2011 to answer the following questions; (1) is there significant change in macroeconomic performance during the periods after 2011 compared with other preceding periods? (2) What are the reasons behind stagflation in the Egyptian economy? (3) To what extent did monetary and fiscal policies contribute to the phenomenon of stagflation?

To examine the association between inflation, unemployment, and real GDP growth the study adopted Gordon's (1977 and 1985) model and estimated Gordon's (1985) reduced form by both OLS and SVAR model.

⁹ Some studies indicate that the official unemployment rate in Egypt is underestimated or, at best, it represents the lower bound of actual unemployment rate. For details on the nature and reasons for unemployment in Egypt see; Hassan, M. & Sassanpour, C. (2008), Awad (2002), and Willem Van Eekelen, et al. (2004).

In light of the descriptive and empirical analysis results, the study concludes that; (1) macroeconomic performance did not significantly change during the periods before and after 2011. (2) Stagflation occurs in the Egyptian economy through the following mechanisms; (i) the existence of excess demand in the commodity market in conjunction with the existence of structural unemployment in the labor market. (ii) A mutual relation between inflation and unemployment exists, where both of them feed each other through the wage-price spiral and the elevation of the cost of production triggered by the depreciation of domestic currency. ((iii) The subordination of monetary policy to fiscal policy priorities through the fiscal dominance and the crowding out effect. (iv) The expected higher rates of inflation shift Phillips curve upwards.

The results of the present study underscore the fact that the 25th January upheaval in 2011 did not contribute to stagflation in Egypt but the opposite might be correct. Expansionary policies before and after 2011 led to consistently increasing inflation rate without effectively reducing structural unemployment. Concisely, the adoption of demand-side policies to stimulate the economy in the short-term coupled with the fragility of supply-side policies that promote productivity growth in the long-term represent the main reasons behind stagflation in Egypt¹⁰.

Policy implications of stagflation mechanisms revealed by this study suggest that the CBE has nothing to do with the unemployment since it is structural in nature. Yet, the coordination between monetary policy and fiscal policy is quite important to defeat stagflation.

To successfully avoid stagflation in Egypt, the CBE needs to gradually withdraw money out of circulation to maintain consistency between the growth of money supply and the expected performance of the economy in the short and long-term. In this regard, the instrument independence granted to the CBE under the latest legislations in 2003 and 2005 should be factual so that the CBE can independently use monetary policy tools to maintain the goal of price stability without any interference from any side¹¹.

In addition, to avoid persistent inflation in the economy, the growth in money wages should be linked to the growth in productivity within an anti-inflation income policy supported by the government.

Importantly, the monetization of public debt will jeopardize economic stability, push up interest rate, and adversely affect economic growth and employment. To reduce the debt burden the government has to shrink budget deficit as much as possible. As higher taxes

¹⁰ Productivity growth in the long-term hinges on many factors including the growth of fixed capital formation, the growth of labor force, the growth of human capital, and the technological change.

¹¹ Following Fry's methodology, which assumes that the level of independence of the central bank is determined by fiscal attributes, Awad (2008) assesses the factual independence of the central bank based on the ability of central bank to fulfill its money supply target without squeezing the private sector. Applying this criterion to the case of the CBE, the author found that the legal independence granted to the CBE by the latest legislations is not factual.

will have negative effects on economic growth, the government spending has to be reduced or reallocated to boost productive capacity of the economy.

Reducing money in circulation may put downwards pressure on inflation but unemployment would still rise unless the underlying causes of structural unemployment are addressed. Improving labor skills through vocational training, on-the-job training, and upgrading the educational system to make consistency between labors' skills and labor market conditions should be given a top priority.

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MODERN SOCIETY AND ECONOMY: THE DIALECTICS OF INTERDEPENDENCE OF POSSIBILITIES AND THE METHODOLOGY OF ITS COGNITION

The article investigates the philosophical and methodological problems of defining the principles, the realm and the boundaries of mutual coexistence and interpenetration of functions of the market economy and the society from the standpoint of achieving a sustainable synergistic effect in the process of implementation of the strategic needs of the mankind in general and of an individual person in particular. A critical description of forms of modern economic and social contradictions is presented, the intensification causes of the growth of irrational, distorted and "twisted, treacherous" forms of the spiritual life of economic systems and the society are revealed. The article pays great attention to the analysis of the dialectic unity and opposition of the society's moral values as a peculiar systemic realm of relationships between people, and to the "value rationality" of the modern market economy.

JEL: B00; G28; H2; I38; N1

Problem Statement

The humanity entered the XXI century with a lot of achievements that distinguish it in a quality and favorable way from the previous centuries and eras. Distinct changes have taken place in the technological mode of production, in the institutional architectonics of the functioning of the economy, of the social sphere, of politics, of management, etc. The formation of a new, innovative type of the development of economic systems, the socialization of the economy, democracy as the main conceptual model of the modern State administration are the undoubted achievements of the man and the world's society.

However, far from ridding the man of existing contradictions, such as the inequity regarding the access to vital resources and the distribution thereof, poverty, even hunger, about what Tomas Piketty is persuasively writing in his work "Capital in XXI century"

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(2015, p. 238-466), the new century has generated new ones: the excessive atomization of the society and, simultaneously, the transfer of the market laws to social relationships, conserving the inequality of economic, social and political possibilities in relations between different regions and countries of the world due to the monopolization and, paradoxical as it may sound, due to the achievements of the information economy (Barnett, 2004, p.104), the intensification of the growth processes of irrational, distorted, “twisted, treacherous”³ forms of the spiritual life⁴ of economic systems and of the society.

Objectives of the Research

Under those conditions, the disclosure of principles, forms and results of the manifestation and the implementation of the dialectics of possibilities for cooperation and mutual influences, as well as the disclosure of the boundaries of the interpenetration of the society and the economy is, in our view, the foundation of understanding the substantive and institutional architectonics of the modern society, its functions regarding the provision of the meaningful economic development, the social, political and spiritual life of a country and the planet as a whole, regarding the formation of efficient concepts and models for the removal of existing contradictions of socio-economic nature. As Milton Friedman pointed out in his “Methodology of Positive Economics”, “The fundamental premise of science is that the appearance is deceptive, and there are ways of analyzing, interpreting and organization of data, which show that unrelated and different at first glance phenomena are manifestations of a fundamental and relatively simple structures” (Friedman, 2004, p. 43).

The solution of these problems will be undoubtedly contributed by, *firstly*, a deep understanding of the functioning and development of a modern economy and society, associated with qualitative changes in the driving forces for values that are reflected in their institutional structuring. In particular, the transformation of values of the modern economy movement is manifested in deepening real and immediate relationship between the level of development of social production, according to their formation level, and the level of harmonization of interests of key actors of economic life (within the framework of both national and regional, and global economic systems) and the level of development and realization of the needs of society in the culture, spirituality and moral standards in the world of labour and business, which form any given quality of the system of values of the

³ It was K. Marx who widely introduced the concept of “distorted” forms into the scholarly circulation (Let us recall his “Capital”. It is the distorted institutional forms of the society that the book in question is rich in the analysis of). He emphasized the need for deeper conceptualization of such forms to better comprehend the nature of the processes of functioning and the development of the capitalist economy, the nature of its contradictions and possible options for resolving thereof. New times, new conditions of functioning of economic and business systems generate new distorted forms. A. V. Buzgalin and A. I. Kolganov, in their book entitled “The Global Capital” (2015), define “distorted forms” as “phenomena” (“facts”) of the world of alienation, whose relations “turn the real social practice inside out and upside down”.

⁴ As evidenced, for example, by such modern phenomena and processes as downshifting, glam-capitalism, trendoids in consumption, hipsters, “mosaic thinking”, etc. (Ivanov, 2015).

economy, an individual and the society as a whole. In these circumstances, beyond the understanding of the dialectic of the mechanisms of performance motivation system evolution, labour ethic in the process of transformation of the economic and social systems in the field of national and universal civilization, it is practically impossible to determine both remote, and the closest tendencies to form patterns to ensure the effective use of creative, intellectual work of employees, entrepreneurs, successful operation of the national states and supranational institutions, the free development of society.

Secondly, you need a deep understanding of the essence of the concept of “possibility”, “opportunities”, the dialectic of their role and functions in perception of the interdependencies of processes occurring and developing in the real economical, political and social life.

Thirdly, the study of the dialectic coexistence and interaction between society and the market economy extremely actualizes the need to apply the principles and techniques of modern political economy, which allows the researcher not only to plunge into the depth of nature of the relationship between economic, social, political and religious aspects in society, but also swim to the surface from these depths, enriching the world with understanding of the nature of the above relationships, field and borders of interpenetration of different subsystems, for which a synergistic effect of this interpenetration is lost, or turns into its opposite. While assessing the need for such an analysis, Milton Friedman emphasized: “It is clear that it is possible to compare the impact of factors only comparing the impact of one or the other of them on the differences between actual and predicted behaviour” (Friedman, 2004, p. 43).

A Review of Recent Studies

According to Karl Polanyi, in a market economy, where “it is not the economic system that is built into social relationships, but rather those relationships are mounted into the economic system”, where “all the esthetics of everyday life should conform to the principles of utility, or, in an extreme case, should not interfere with the market mechanisms” (Polanyi, 2010, p. 41), such forms of freedom also appear that lead to the “dismemberment of human integrity into a real person tied to the property, and into its better, ideal Ego” (Polanyi, 2002, p. 273). The dominance of the market and the unification of the rules on the planet caused the intensification of processes of ignoring issues of “social being”, even of the society itself. For everything that was contrary to the demands of a self-regulating market “was declared aberration and abuse” (Polanyi, 2002, p. 273).

The famous theoretician (sociologist, economist, philosopher) Peter Kozlowski has a paper entitled “Society and State. An Inevitable Dualism” (1998), which, in fact, deals with the dialectics of direct and reverse links in the relationship between the State, the society and, in fact, an individual as an element of the society (Kozlowski, 1998). But, of course, the realm, the nature and the implications of that relationship cannot be revealed thorough enough without such a major factor of influence as the economy being taken into account, and not just the economy as such, but the economy in its institutional market form that

functions as a system, with its specific laws, which target success and efficiency through permanent mergers, concentration, centralization, i. e. target the aggressive competition in the struggle for survival and development.

At the same time, the society, from the standpoint of market relations, acts as a certain external constraint for purposes and forms of the implementation of those relations. What is more, it is a powerful constraint, and that is through the formation of the extra-market (above-market) consciousness, philosophy and behavior of individual members and groups of the society, and, under the conditions of the well-formed civil society, of the society as a whole.⁵ (By the way, the future winner of Nobel Prize “for the study of contractual and constitutional bases of economic and political decisions” James Buchanan created the Committee on the adoption of non-market decisions as early as 1963). It is right there that the nature of the objective contradiction between the society and the market economy finds itself in, and it is right there that the need to find some balance, some compromise, a “golden section” in the interpenetration of the economy and the society manifests itself.

In this regard it should be noted that the problem of values that define the principles of dialectical combination of private and public interests in the course of economic life, the definition of strategic development of goals and tools for achieving them, has always been the subject and the object of attention of many scientists. Among the most prominent authors in recent years who prepared deep theoretical works devoted to the analysis of such problems above all are worth mentioning: Denis Rodrick (2016), Enrico Kolombatto (2016), Shourd Begelsdeyk and Robert Maseland (2016), David Throsby (2013), Thomas Piketty (2015) Max Höfer (2015) Guy Standing (2014), Paul Mason (2016).

All the above-mentioned researchers are united, above all, by their anxiety about the nature and dynamism of the changes taking place in the core value system in the rapid formation of the information economy, information society, the global information space. The authors of the abovementioned works try not to be limited to a statement of facts, but to explore the underlying causes of the negative phenomena in the system of values and value orientations of nations and peoples, to formulate and propose ways of formation of a qualitatively new design of values, based on the world's cultural achievements, spirituality, ethics, cooperation and etc.

The problems of research of the directions of the economic analysis subject field with the position of determination and studying the principles, forms, tools, coordination of the rational and moral aspects in the economy, the implementation into the economic life the

⁵ According to some researchers, in the modern sense of the word, the society becomes a theoretical concept used to describe and to analyze social relationships between groups of people. What is more, in our time, the concept of the so-called civil society has acquired a special significance. That concept treats *«the society as an area independent in relation to the State, that area featuring its own forms of movement and at the same time acting as a realm of free self-development of individuals»* (emphasis added) (Brockhaus, 2010, p. 234, 235). By the way, Sweden could be a vivid example of such a society, where more than for 100 years, almost all the country's citizens are united on the principles outlined above. United not by commercial, mercantile, but namely social, spiritual, intellectual interests.

general moral principles and concepts, such as, in particular, freedom, rights, equality, justice, are given significant attention in the writings by Hausman and Mcpherson (1993, 2006).

In particular, these authors state that economists should care about moral issues, at least for the following four reasons: 1) The moral of economic agents affects their behaviour and, therefore, affects the economic results. In addition, own moral views of economists can affect the morale and behaviour of other people. As economists are interested in the results, they should be interested in morality; 2) The standard economy of the well-being is based on strong and competitive moral premises. Thus, in order to assess and develop the economy of the welfare it is necessary to focus on morality; 3) The results of the economy should be linked with the moral obligations that govern public policy. To understand how the economy is transferred to the policy, it is necessary to understand the subject of moral obligation, which, in turn, requires attention to morality; 4) Positive and normative economics are often mixed. Understanding of the moral importance of a positive economy requires understanding of the moral principles that determine its relevance (Hausman, Mcpherson, 1993, p. 673). According to these scientists, "*Ethics determines the ends, and the economics determines the means*" (Hausman, Mcpherson, 1993, p. 672) (our italics).

The key provisions and generalizations of the above authors concerning mutual dialectic moral factors, ethics and economics suggest a deep understanding of the problem of interference of a modern society and economy, the principles of effective and constructive development.

The complexity of the research challenges mentioned above is determined, according to Daniel M. Hausman and Michael S. Mcpherson by the fact that "the most of the regulatory issues of applied economics of welfare are associated with the problems of efficiency and equity. Since the values supporting higher efficiency seem to be less controversial than those that support greater equity, the efficiency issues are viewed as manageable and indisputable, while equity issues are perceived as strange, contradictory and theoretically unsolvable". No wonder, scientists have concluded, that the standard of welfare economics focuses on the effectiveness (Hausman, Mcpherson, 1993, p. 675).

At the same time, a significant number of internationally renowned economists (see, for example, A. Bergson (1938), K. Arrow (2004), P. Samuelson (2002), K. Basu (2014) believe that in the state management one cannot proceed only from the standpoint of economic efficiency, that is Pareto-optimality, it is *social optimality* that should be taken as a basis for a progressive system of state management. At the same time, an important task is to "build a more just world" (Basu, 2014, p. 35). This position of the abovementioned scientists found the support and development in the work of Natalie Fraser (2003). In particular, the scientist substantiates the provision that institutionalized patterns of cultural values should provide all members of society with equal respect and equal opportunity *for the public respect* (our italics).

Key Research Findings

Analysis of recent publications, one way or another connected with the study of the problems that are discussed in this article leads to the conclusion that the level of resolving such a dialectical contradiction in the relationship between the economy and the society depends on the depth of theoretical conceptions of politicians and practitioners regarding the permissible scope of the penetration of market relations into the peculiar environment of such a phenomenon as the society and regarding the society's utmost possible impact on the market economic system (without trespassing against the laws of the latter's functioning, those laws being related to rational and efficient use of limited resources), that is on the level of understanding by the parties involved in political and economic activities of the nature and functions of the dialectics of the relationship between the subjective thinking and the objective logic of the economic development from the standpoint of using the laws of synergy when making both strategic and tactical decisions.⁶

The direction of the research of the philosophical foundations of the evolution of institutional forms of functioning components of modern economic systems, in their indissoluble interdependence with modern society as a metasystem can, we believe, contribute to the formation and rapid development of this scientific direction in the general philosophy as a philosophy of the economy. After all, the content of the subject of this science, as we define it, is to study the values formation process, operation and development of economic and business systems based on the current established views about the nature and functions of *epistemology* (the study of consciousness and cognition), *axiology* (the doctrine of values), *anthropology* (doctrine of a human being), ontology (the study of the basic properties, structure and laws of objective reality – being).

Such an interpretation of the subject of the philosophy of the economy allows, in our opinion, to identify the main benefits of philosophical understanding of laws and institutional forms of the successful development of a modern economy and to make on this basis structural adjustments to the conceptual model of economic policy in both developed countries and countries that are just getting in the way of innovation development. These advantages of philosophical analysis of the contemporary economic issues, in particular, include the following: it is philosophy and, in particular, the philosophy of the economy, that *makes* a scientist focus on a holistic worldview perception of the issues in the process of investigation of the laws of the individual sub-systems of society; it *provides* at the substantive level the value orientation of concepts and theoretical models of economic

⁶ A striking example of the reality of contradictions, hence the urgent need to solve them is a constant pursuit of business, in fact all over Ukraine, to use for its own development parks, public gardens, sports grounds and facilities, cartilages, cultural institutions, etc. for profit and superprofits from the location of the objects in a comfortable zone, and opposite is desire of citizens - to maintain minimum comfortable conditions of life from the social, environmental, aesthetic, cultural and other standpoints. The same can be said with respect of reservoirs shores, deforestation in the Carpathians, performances for money in election campaigns, political corruption, corrupt media, and the like. For business it is the money "under the feet", from nothing, to the public - permanent loss of the normal human reproduction conditions as a member of society, the loss of vital value orientations, dignity and the like.

development, which are formed in the course of the study; it *determines* the orientation of the humanitarian paradigm of the social sciences and, in particular, economic theory and contemporary political economy; it *directs* representatives of various scientific disciplines in recognition of the principle of pluralism of opinions, conclusions, decisions.

It should also be noted that modern economic theory is increasingly integrated into the process of interdisciplinary research using interdisciplinary approaches, among which the philosophical approach plays an important role, as it involves systematic ideas about the world, it comes from its integrity in any possible manifestations according to the logic of the objective needs, therefore from the recognition of the existence of interdependence, mutual penetration of its components. By the way, in the philosophical literature, the category of “possibility” is considered one of the most important, since it has «as its binary oppositions the concepts of “reality” and “necessity” and, in complementing them, allows one to view “the whole universe in three sets that mutually disjoint (the world of the impossible, the world of the possible and the world of the necessary)” (Lebedev, 2008). In relation to reality, as, for example, S. A. Lebedev emphasizes, in relation to what actually exists, “the possibility acts as a state that precedes it, as *pre-reality*” (Lebedev, 2008, p. 181-182).

“In the real, objective sense – according to the author just quoted – the possibility is a peculiar kind of objective being, which the Greeks were the first to identify as a special world of potencies that is primary in relation to the real, material world, which represents only a negligibly small, materialized part of the infinite world of potencies⁷, i. e. of the eternal, unchanging world that is absolute in its entirety, in its structural and functional diversity” (Lebedev, 2008, p. 181-182). The characteristic *features of the possibility* as a “pure conceivability of a thing and of its internal consistency”, which is a potentiality and which can become a reality, i. e. can act as a material cause, although the “real needs material conditions as well”, can be considered a highly constructive addition to the above-said about the nature and the place of the possible in the cognition of the dialectics of the architectonics of the states of the economy and the society in the process of their development (Brockhaus, 2010, p. 63).

⁷ By the way, one of the key principles of research methodological potential of modern political economy should be the realization of the dialectic relationship between the concepts of potential as a noun and as an adjective: if the «potential» is a set of tools, features that are in stock and can be applied in a particular area, then adjective «potential» means something that exists in potency: hidden, that does not occur, possible. Just this hidden, not shown, however, possible in the system of modern methods of knowledge, combined methods, which can provide a new institutional space of modern economics research, is the subject of interest of researchers, since the definition and justification of these new features to determine the degree of functionality, weightiness of science in terms of theoretical challenges and problems of modern economic life

Formation of information-based type of economy and society causes qualitative changes not only in all components of the structural elements of the economic system, but also in the whole system of levers and the factors that ensure its functioning and development. These changes are manifested primarily in the enrichment of the objectives of economic development, socialization of all institutional forms of economic life. In these circumstances, of course, the paradigm of the methodology of the study of economic phenomena and processes, trends of development in the long term is changing (Zaitsev, 2009, p. 39-50).

Nowadays (in particular, in Ukraine and in other post-socialist countries), a kind of reality is formed, in which the world of the impossible becomes reality, finding its realm in distorted or, rather, in “twisted and treacherous” forms (political rent, corruption, virtual finance, orientation to gaining profits and excess profits after the $M - \Delta M$ pattern, i. e. actually by virtue of non-economic and non-productive activities, etc.), which rapidly spread, diffuse in the society, providing the penetration of market relations (again in “twisted and treacherous” forms) into all, without exception, spheres and spores of social life, creating conditions for the transition of the impossible (in this case, of the disruptive, of the objectively inappropriate, of the antisocial) to the real, to the world of the possible. However, substantively, such a reality comes into conflict with the world of the necessary, which requires the existence and the development of special, peculiar institutional forms and functions of the society that should secure the “human” and the “universal” for an individual, i.e. the implementation of the totality of his/her needs and interests of the civilizational character, without limiting them to purely economic, material ones (Maslow, 2013; Chetvertakov, 2011).

At the same time, it should be noted that the economy and society of the twentieth century knows the bright and effective examples of constructive dialectic transitions from impossible state to possible on the basis of understanding and awareness of the needs of “the world of necessary things” (from the standpoint of reconciling the interests of society, rights and conditions for the functioning of a market economy) by theorists, politicians and practitioners. We are talking about the concept and model of the social market economy, created by Alfred Muller-Armak, Walter Eucken, Wilhelm Röpke and Ludwig Erhard and implemented in post-war Germany in the second half of the 1940-1960s.

The concept was formed in the alleged “world of the impossible” (work on it began in the 30th years of the twentieth century ..., continued from 1943 by L. Erhard directly in Germany (that was under the rule of Hitler's Nazi regime), but from the standpoint of future requirements – “the world of the necessary” under these conditions, the impossible has become possible and have been implemented in order to restore market principles of functioning of the economy, however, on the principles of consolidation and the dominance of the interests of society in the future with the use of non-market (social) economic management methods (different institutional forms of industrial democracy, etc).

According to A. Mueller-Armak, pragmatic core of a social market economy philosophy is inherent in the interaction of the market economy, and “social concern” state based on “the principle of combining market freedom with social balance” (Zinn, 1994, p. 31). “The fundamental principle of the market economy – individual freedom of economic actors (producers, those who distribute, and consumers) – is preserved, but is not absolutized; it relates to the opposite principle – the public debt. This, in contrast to the unrestricted capitalism, set limits on the freedom of economic actors in the realization of their interests” (Rich, 1996, p. 565).

A peculiar feature of the functioning of the market economy laws in the implementation of the model of social market economy, according to the bright representative of the ordoliberalism school Walter Eucken, is that the economic policy of the competitive order is “focused on such ordering of markets, which would allow rationally combine into a

single entity all the economic progress components under the conditions of free activities of all market participants, while limiting or *even avoiding only one kind of freedom: the freedom to arbitrarily determine the rules of the game, to create those forms, in which economic process, market forms and monetary system are developed*" (our italics). This is the place, according to V. Eucken, where the possibility to enforce ordering policy is opened. "Both a law-governed state and the competitive order, Eucken said, should establish such a framework in which the free activity of the individual is limited to the sphere of freedom of the other, with the result that the scope of the freedom of the people are in a state of equilibrium" (Eucken, 1995, p. 326-327; 331).

Characteristics of a few key points of the theory and the model of social market economy, realized at that time in Germany leads to the conclusion according to which the synergistic effect of the successful combination of theoretical views with the principles, objectives and instruments of economic policy was the result of the coincidence in time and intellectual space-based subjective perceptions of a group of scientists on the objective necessity and logic of economic development in the future which provided the transformation of the possible and the desirable from "the world of the impossible" by understanding the nature of the "world of the necessary" into the world and the state of the possible, the real and the perfect.

The depth of such dialectical metamorphosis of theory and practice was adequately, in our opinion, praised by German theorist Heinz Lampert, outlining decisive, in his opinion, feature of the essence of social market economy: "It is, –according to the mentioned scientist, – understood as a social technology related to fundamental values, target system which is open to possible changes" (Lampert, 1994, p. 67).

Unfortunately, it should be recognized that, *firstly*, not always a subjective conception, formed on the basis of subjective thinking and subjective understanding of one's interest, corresponds to the objective needs and to the objective logic of the development of the economy and that of the society as a whole. *Secondly*, not always the potential, or potential relationships that can provide a systemic balance between the economy (excessively market economy) and the society, becomes a reality. Therefore, the achieving such equilibrium involves the comprehension of the nature and the principles of motivation, the nature of institutions as tools for the formation of a stable realm and principles of interaction of entities and subsystems in the institutional field of the society. In particular, as noted by D. North, the main role that institutions play in society is to reduce uncertainty by establishing a stable (though not necessarily efficient) structure of human interaction (North, 1997, p. 21).

The institutions (whether market or society ones) are not just a set of standards and rules of conduct for individuals. Their efficient functioning also presupposes the system of external coercion to the fulfillment of the society-prescribed rules and regulations, ensuring transitions of the possible, the potential to reality, to the world of practical implementation of the necessity on the principles of preserving social priorities during the process of development and sophistication of the architectonics of the holistic meta-system. A significant role in the implementation of such functions of the institutions in the economic and social life of the modern world belongs to the theoretical research of James Buchanan,

the founder of a new, or the constitutional political economy, one of the main principles of which is in our view revolutionary principle for a representative for the institutional theory.

Firstly, the scientist *noted* in the “Limits of Freedom (between anarchy and Leviathan)” (1975), that “a human being in the twentieth century fell into the trap of the dilemma. He understands that the two “great alternatives” – laissez-faire and socialism – are dying, and their revival can hardly be expected. What a modern man does not understand neither intellectually nor on an intuitive level, it's the fact that pragmatism, as an alternative, is equally uncertain, *and long unwillingness to analyze the situation globally and systematically can pose a serious threat to the viability of social organization* (our italics). Therefore (though not only), George Buchanan insists, a modern man needs a new social and political concept of society. Without it “the constitutional revolution, necessary for the survival of society, will not happen” (Buchanan, 1997, p. 430). As we can see, J. Buchanan undoubtedly remains a supporter of market economic system, at the same time he opposes to the domination of “market economic civilization”.

Secondly, crucial for the characterization of conditions for the preservation of freedom of choice and decision-making by the members of society in all the spheres of their life from the standpoint of the principle of a new social order – “*an open relationship between the free people*” is the interpretation by J. Buchanan of the nature and functions of the “constitutional economy” – economy, in his view, which is able to “stop the rampant growth of the state apparatus and put it under the control of civil society”. It is the constitutional revolution in a democratic society, according to Buchanan, that “could lead to a constitutional economy”, eliminating “the game beyond the rules” and ensuring “fair play” (see more details – (Nureyev, 1997).

According to James Buchanan, only the constitution (in other words, the institutional field, the institutional environment, institutional norms and rules accepted by all economic agents) formed on the basis of the unanimity principle, can ensure the harmonization of personal and public interests, eliminate or minimize controversy resulting in social production, society, between economic life parties. The basic institutions that provide a combination of theoretical and practical foundations of the theory of constitutional choice are economic freedom, direct democracy, the appropriate regulations, which defines the principles, conditions, and thus, the possibility of choice of those or other decisions about ways of achieving economic and social objectives of the country's national economy and the legal system, which supporters of the constitutional choice theory consider as a kind of social capital, which ensures the growth of inter-individual relations stability.

Analyzing the importance of the constitutional political economy for solving the problem of effective and constructive co-existence of a market economy and society, Buchanan highlights such its features: firstly, public choice theory provided endogenization process of political decision-making; secondly, the constitutional economic theory, which arose on the basis of the theory of public choice and represents a broader discipline “becomes a channel through which the role of institutional factors returns to a very sterile social science”; thirdly, in the narrow sense the constitutional economic theory brings “political aspect” into the “economy”, “thus restoring the link that was broken at the time when the “economic theory” claimed independent status” (Buchanan, 2004, p. 176-177). Perhaps we cannot

disagree with the idea of the role and functions of the political economy, economic theory in a broad sense, in the removal of “social tension” and “social hostility”, which grows in a society in the conditions of aggressive attack of market principles and forms solutions of purely social problems.

Considering the possibilities of interdependence and mutual influences between the society as a holistic system and the economy as an integral subsystem, an element of that holistic system in the form of “pre-reality”, “a special world of potencies”, we must make up our minds as to in what manner and in what forms those possibilities are related to the reality and the necessity. In doing so, we will be able to determine, *firstly*, the vitality of such possibilities, *secondly*, the boundaries of the social and economic realm of transformation of those possibilities into reality and, *thirdly*, those material and immaterial reasons and factors that can turn the potential into the world of real objective being, the being constructive, creative and efficient to boot.

In this regard, potential options for the transition of certain trends in the development and mutual influences of the economy and the society from the world of possibilities into the world of reality should, perhaps, be first outlined. One of the first of such options is a process recorded and described by K. Polanyi (2002, 2010) quoted above. The characteristic feature of that process is a brutal takeover by the market of the entire system of social relations, which would otherwise find their manifestation primarily in the development of the spirituality of the people, their culture, creative potential, teamwork, relationships of trust, friendship, patriotism, etc. The possibility of such a version of the coexistence of the economy and the society gradually but persistently turns into reality in the life of most countries of the world, including Ukraine (the said process is extremely precipitous in the latter). However, is the materialization of such an option of the interaction of the economy and the society a necessity? Will it not contradict the objective logic of the social progress in the long run? Will it not lead the humanity into a dead end of relationships based on the principle «*homo homini lupus est*»?

The objective nature of such processes is related to the controversial character of the needs and interests of the society and those of the market-specific institutional form of the modern economic system's functioning: the strategic need and the interest of the society is to provide the minimum social standards of civilized living conditions for every person, regardless of his/her status, place of residence and abilities. The development level of the productive forces of the world's society technically permits doing so. The materialization of such a scenario means, however, a redistribution of income of capital owners, i. e. the high-earners. In a market economy, this is almost impossible, has high threshold limits under any circumstances, and is resisted. That is, the technological possibilities keep remaining potential ones, without being transformed into real results, as the market and the society have different values.

For the society, values are, first of all, “the basic, universal goals and ideals both of human activity in general (Truth, Goodness, Beauty, Justice, Usefulness, etc.) and of its various types (values of science, economics, morals, politics, arts, law, etc.)”. “Values, – as emphasized by researchers, – are the basis of human spirituality and that of the society, the regulator of their true life” (Lebedev, 2008, p. 272). In contrast to such moral values of the society as a peculiar systemic realm of human relations, the market economy as an

institutional form of functioning of the modern economy and hence the entities of that economy base their activity on the principle of “value rationality” formulated by Max Weber. In his view, “those people act in a value-rational way who are guided in their behavior solely by their own beliefs and by the awareness of the value of their actions, without taking into account the possible side effects of those actions” (Brockhaus, 2010, p. 377).

Such views of the author just quoted have found further development in the modern neoclassical paradigm, which, according to some researchers, not only “provided a comprehensive and cohesive mechanism for the conceptualization and analysis of the individuals', companies' and markets' behavior”, but also “gave a number of verifiable hypotheses”, “a model of utilitarian rational decision-making that operates in competitive markets and, in recent years, has found an application in an array of areas of human behavior, which array has grown ever broader, encompassing marriage, crime, religion, family dynamics, divorce, philanthropy, politics and law, as well as the production and the consumption of the arts» (Throsby, 2013, p. 17-18). However, according to, for example, David Throsby, «despite its intellectual imperialism, the neoclassical economics is actually very limited in its assumptions, is weighed down by its own mechanics, and has a limited ability to explain» (Throsby, 2013, p. 18).

While agreeing with the view of the scholar just quoted, we would like to note that the dialectics of relationships in highly complicated social systems should, probably, be regarded as a diamond that does not have a single, stable internal coloring. Depending on external circumstances, external sources of light, even the feelings of the owner or the user, the diamond can convey an extremely rich palette of its inner nature, creating ever new sentiments, thoughts, expectations, etc. The same can be said about the gamut of possible options in relationships between the modern economy and the modern society.

In this context, a philosophy of methodology of economic research, proposed way back in the early twentieth century by S. Bulgakov, seems to be extremely fruitful and constructive. In his book “Philosophy of Economy” (1912 (1990)), he formulated some key principles of research methodology, which are nowadays characteristic of both the representatives of neoliberalism/neo-institutionalism and modern political economy. The scholar emphasized, in particular, the need to analyze such institutional factors of economic development as freedom and creativity, the place of an individual in the economy and his/her ethics, stressing that freedom is the common basis of the creative process: “Where there is life and freedom, there is also place for new creativity, the automatism is already shut off there, the automatism that is the consequence of a fixed and permanent set-up of the global mechanism, which operates like a wound-up alarm clock, that is why the economy – both in the broad sense and in the narrow, politico-economical, one – is also creativity, a synthesis of freedom and necessity” (Bulgakov, 1990, p. 184-186).

As can be seen from the above viewpoint of the philosopher, already at the beginning of the twentieth century, the synergistic effect of the research of problems of functioning and development of economic systems could be achieved only on the basis of a paradigm that was built on the understanding of the economy as a synthesis of freedom, creativity and necessity. In the 1950-1980s, such an approach to determining transformation patterns of the basic institutions of economic systems of the developed countries, and to respective

social forms of their manifestation and functioning, such as post-industrial society, information and post-economic ones, was considered new and, so to speak, revolutionary in the economic theory.

However, the aforementioned scholar, way back at the beginning of the twentieth century, predicted the emergence of economic life from the rigid framework of determinism, since the economy, seen as creativity, is also a psychological phenomenon, a phenomenon of spiritual life, as are all other aspects of human activity and work. That is why, in S. Bulgakov's view, to proclaim that phenomenon a «reflex» of the economic relations is possible only under that logical fetishism the political economy lapses into when it regards a household, the development of productive forces, various economic organizations through the prism of abstract categories, regardless of their specific nature. That is why, the scholar says, the political economy needs grafting the genuine realism, which necessarily includes both «causality through freedom» and the historical psychological logic, the latter can mark the spiritual atmosphere of a given era. (Bulgakov, 1990, p. 187).

Such an approach to understanding the trends of the political economy's subject-matter is undoubtedly based on the concept of the society as a holistic, multi-vector system with a complex structure. And that is why the “value rationality”, the “utilitarian rational decision-making model” is completely unacceptable not only for the formation and functioning of the social relationship system used by the individuals of social life, but actually even for the market economy, as each entity of economic relations is not only a rationally thinking individual, but also a personality, hence his/her range of goals, needs and interests as *homo economicus* and that as a personality cannot match absolutely even under the laws of objective logic of functioning and development of mankind, of human society.⁸

Such a philosophical approach to the analysis of economic problems makes it possible to not only create a system of views on the development patterns of economic systems, but also to determine the place of those systems in the world around them, in conjunction with the society, to seek to determine the role of man as a holistic entity of social life and not only as an economic person or as an institutional one. For, *firstly*, the “social activity exists only insofar as a man exists, and we can cognize that activity only in connection with a man, a being, in respect of which we imply that he/she is capable of independent actions, of a conscious choice of ends and means”, and, *secondly*, what constitutes social activity exists and changes over time, is historical in nature, is conditioned by a number of factors, has a multi-tier structure and generates a set of phenomena, which is actually called *social activity*, hence it “also includes a covert mental component in the form of viewpoints of people, who create it (that social activity)” (Borodkin, 2003, p. 98-108). Such an approach undoubtedly leads to deepening of the research of the nature of an individual's motives to

⁸ Unfortunately, neither the IMF nor our governments, including the government of A. Yatsenyuk, are unable to comprehend that logic, and that is why they try to implement their concepts and models of dealing with the systemic crisis in Ukraine at the expense of Ukraine's citizens, i.e. members of the society, and, in fact, at the expense of non-materialized potential possibilities of both the society and the national business community, at the expense of the market economic system, without taking into account the real needs, interests and problems of an individual and the society as institutional environment, in which that individual can and should live and work instead of vegetating for the sake of the abstract rationality of politicians and officials.

work not only in the field of material leverage, but also through the use of informal institutions, i. e. value-esthetic, socio-political and cultural ones that define the relation of one person to another and to the surrounding world, hence that approach promotes deeper understanding of the dialectics of the mutual influences of the society and the economy precisely in terms of the growth of the overall synergistic effect of their interaction.

By the way, researchers describe the synergetics as “the science of the complicated, of self-organization, of the universal patterns of evolution of complex dynamic systems, in which sudden changes of states take place in times of instability” (Borodkin, 2003, p. 98-108). But of paramount importance for the study of the aforementioned issues is the fact that in the scholarly literature, the synergetics is seen not only as a science of self-organization, but also as a theory of “joint action of many subsystems, which action results, at the macroscopic level, in a [new] structure and respective functioning” (Haken, 1980, p. 7). Such a characteristic feature of the subject and the methodology the synergetics as a science makes it possible to conceptualize the nature and the institutional forms of the manifestation of the society as a large, highly complicated meta-system, and to outline not only its architectonics, but also to determine the content, the nature and the functions of the institutional forms of individual subsystems of such a meta-system, their place and role in ensuring its integrity, understanding the dialectic of interdependencies and mutual influences between the individual elements (subsystems), between them and the metasystem itself, finding out the causes of conflict, hindering the possibility of achieving synergies functioning of a holistic socio-economic formation.

Depending on the nature of the needs, the level of their development and the ways of their implementation, certain subsystems become dominant in the architectonics of the meta-system during a given historical period. Those subsystems determine the general directionality of the meta-system, conditions of its functioning, and the dynamics of its development. However, under any conditions, it is the society, in which realm alone the functioning, self-organization, synergistic integration, materialization and development of such its subsystems as the economy, politics, culture, spiritual life etc. are possible, that gives signals and impulses to the economy regarding the axiological orientation of its movement.⁹

The essence of the nature and the content, the principles and the forms of the manifestation of interdependence of the society and the economy lies, in our opinion, in the fact that it is in the society that the formation of civilizational features of functioning of economic and household systems of a country, of a people, or of a region takes place. Such a dominance of the societal over the market-specific can also be explained by the fact that the substantive

⁹ Such a science as the philosophy of economics, in particular, reflecting the process of cognition of the principles, the objectives and the dialectics of the development of the economy and the society, the social ideas regarding the desired results of the social production, the distribution and the redistribution of the product created, chose as its subject the values of the process of formation, functioning and development of economic and household systems drawing on the currently prevailing views regarding the nature and functions of epistemology (the theory of consciousness and cognition); axiology (the theory of value), anthropology (the theory of man), ontology (the theory of basic properties, structure and patterns of objective reality, i. e. being). *This definition of the philosophy of economics has been formulated by us.* – Yu.Z.

nature of an economic system of the market type is directly related to an extremely limited range of needs and interests of its entities, viz. to victory, survival in competition, generation of income (profits, excess profits). The society, as opposed to such a nature of the objectives of economic life that are too deep into the market economy, cannot live and develop on the principles of utter pragmatism and rationality. The objectives of the society, at all stages of its historical development, were more varied, filled with spiritual, cultural, personified tone.

Conclusions

Such a conception of the peculiar features of the development objectives of a holistic highly complicated system, viz. of the society and its subsystem, i. e. the economic system, leads to the conclusion, according to which the market, the market relations should not cover specific, purely societal relations, particularly in the sphere of spirituality, cultural values, general moral and ethical principles of behavior, and, consequently, should not affect those relations between the individuals of economic life. For it is in the society – consciously and subconsciously, in the process of evolution of moral and ethical, civilizational, institutional standards and rules of conduct – that the moral and ethical principles of economic behavior of business entities, of entrepreneurs and employees are formed, and, consequently, the principles of their relations with the society and the State.¹⁰

In our view, Huerta de Soto reveals in a remarkable manner the general nature of interdependence and mutual influences of the society and the economy, when, in his book “The Theory of Dynamic Efficiency”, he defines the manifestation pattern of such interdependence: «If we regard the market as a dynamic process, then the efficiency, understood as coordination, results from the people's behavior when they act in accordance with certain moral principles, and, conversely, the human activities that correspond to those ethical principles, generate dynamic efficiency, understood as a factor coordinating the processes of social interaction» (Huerta, Jesús de Soto, 2011, p. 185, 187). On top of that, “...people often agree to make serious sacrifices for what they think is right and fair from the moral point of view” (Lebedev, 2008, p. 181-182).

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¹⁰ As stressed by Robert M. MacIver, one of the authors of the foreword to Karl Polanyi's book «The Great Transformation: The Political and Economic Origins of Our Time», «only having discovered and realized the absolute primacy of the society, the paramount value of the all-embracing unity of human relationships and interdependencies, we can hope to emerge from the intellectual impasses of our era and to resolve its contradictions» (Polanyi, 2002, p. 9).

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THE PERCEPTION MOVEMENT ECONOMY OF UKRAINE TO BUSINESS

The article provides the analysis of the entrance into the innovative activity and organized regulation of interaction which is based on the scientific and technological changes, concentration of production and the feasibility study of administrative decisions, which are dominated by a conglomerate of technical, technological and engineering management decisions. The research formulates the provisions for the productive use of business as the form of economic relations which is based on the entrepreneur function. These provisions are formulated basing on the conditions of efficient division of labor and cooperation. The research singles out a number of systemic positions which allow perceiving logically and distinguishing the production, service and business, to distribute human activities between the groups of occupations and types of service activities. Among these systemic provisions the most efficient is a modeling approach which, when the society enters more complex social and economic stage, transfers the science from the environment of operations with the bulk characteristics into the environment of the analysis of specific sets of coefficients. The logistics of Ukraine's joining the process of business is associated with the position of the recognition of the primacy of the physical abilities of the person, which should be developed in part in the system of public security and partly in the business environment, commercialization and private capital. Person enters the business environment and habitat as an initiative individual. These indicators are the following: «connections» between the old and the new, between the objects which exist and those which only start to appear and will exist in future; «sources» of development, movement, changes; «mechanism» of development, ways of changing from old to new quality; «direction» of development; «style» of thinking, understanding reality; «essence» of true knowledge; «essence itself» of cognition; «alternativeness» of metaphysics and dialectics.

JEL: B12; B13; B24; I25; L84; M21; O52; P2; P46

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Business (a person's regular occupation, profession, or trade; an activity that someone is engaged in; the practice of making one's living by engaging in commerce), or entrepreneurship is defined as activities aimed at making a profit; any kind of income-generating activities. (Soviet, 1988). Business is a form of economic relations in the state, institutional collaboration and exchange activities in the unstable environment of providing means for living. Such understanding of business is also supported by modern researches (Augier & Teece, 2008; Keller & Richey, 2006; Porter & Rivkin, 2012). To have the characteristic parameters of this form of relationship it is required to conduct a study of the essence of social production and conditions of human development activities. When we study the environment of social production we consider as logically justified the scheme «Business and industrial conditions of its strengthening in economy», and when we study the development of human activities we can make use of the scheme «Social environment and the conditions of choice». The informative method of research is the historical approach for evaluating the changes that are inherent in economic formations, in the social and economic structures and stages of the cyclical development of industrial production.

Since the 1980s Ukraine received the ideological permission to conduct business and entrepreneurship in its territory. As a result of more than 20 years of economic development we can see that small businesses have successfully consolidated in Ukraine, medium businesses work without much success, and big businesses operate with large amplitudes and differences. This thought can be proved by the following researches (Zhalilo, Kononenko & Yablonsky, 2014; Stepanov & Voloshin, 2013).

Business in Ukraine as a form of economic relations initially started its development on the legislative basis and in the conditions of administratively regulated economic system of the USSR in which the economy of Ukraine existed in the period 1985-1991 as an integral part. Business had the limited resource of the regulated and controlled socialist entrepreneurship (Alexandrova, 1991; Gnidenko, 1991). Apologists of regulated economy (Abalkin, 1987; Bunich, 1980) under the pressure of scientific evidence at that moment (Vlasov, 1990; Gnidenko, 1991) were forced to yield to the pressure of progressive-minded scientists (Kovalchuk, 1981; Lemeshevsky, 1986); they had to recognize the objectivity of business functions and actions and to add the productive force of business to the number of productive factors (in addition to «land», «capital» and «labor»), which fact had been recognized for decades by the capitalist economic structure (Clarke, 2000; Marshall, 2012; Fisher, Dornbusch & Schmalensee, 1995). The economy of Ukraine at that period according to experts' assessments (Cramon-Taubadel, Zorya & Striwe, 2001, p. 35) belonged to the category of closed ones and because of the ideological reasons did not give adequate and proper space for the development of such initiative relations as business and entrepreneurship are in the whole world. All successful enterprises in that sphere were joint ventures (Britchenko, 2000; Miklovda, Britchenko, Kubiniy & Didovich, 2014; Teece, Peteraf, & Leih, 2016) which provided the entrance of private capital into the territory of Ukraine.

Since 1991, after the collapse of the Soviet economy, Ukraine appeared in the unstable conditions of the transition economy of a sovereign state, which worked in accordance with the formula «What is not forbidden is allowed». Since that moment the economy of Ukraine started quality changes and «became a small open economy which means that it

became a state which did not have influence on world prices »..., but at the same time the state which «freely exports and imports goods, services and capital» (Cramon-Taubadel, Zorya & Striwe, p. 35). That opened up opportunities for full affirmation of business in Ukraine and allowed to enjoy the world scientific experience, to get closer to the classic version of the business organization in the state, to formulate a scientific basis for the development and its trajectory.

The purpose of this research is to analyze the provisions of the full systematic movement of the Ukrainian economy to the civilized development and consolidation of business in the state.

There are some variants of the entrance of the Ukrainian economy into business relations. To understand them, we have to consider the five academic periods in which the scientific evidence was accumulated for the analysis; scientific and methodological premises for the recognition of properties of entrepreneurial labor force were created and approved in different societies; this entrepreneurial labor force currently occupies a place as an independent factor of the productive forces of society which is called «entrepreneurship». These periods are the following:

- A. Pre-capitalist period of perception of weakly expressed properties of the initiative human activities in the field of handicraft, patriarchal and manufactory production. The economic theory of A. Smith (Smith, 2007) formulated the first element of entrepreneurship. According to his statement the function of human self-sufficiency includes self-regulation function to which an attention should be paid for the reason that in the nature there is a certain mechanism to mobilize its potential. This mechanism remains invisible and intangible for the environment, but in certain situations a person guided by self-interest and self-interest «is led to the target by invisible hand» (Smith, 2007) to have the maximum possible profit. *The task and recommendation:* to use personal capital of skillfulness and own employee's ability to work with the intention of obtaining an indispensable application of this ability and the highest value for it. *The formula of motion* of the owner of capital: the result of the production includes only one step in the scheme:

$$\text{Skillfulness of a worker} - \text{Money}, \quad (1)$$

It means that this formula registers a development motion where a finished work is substituted with the maximum cost. Business is characterized with prevailing of big private capital.

- B. The monopolistic period of the use of labor with its creative mechanisms of productive capacity. The materialistic perception of reality connected workforce with technology related jobs which varied in the complexity of the operations, activities and functions. With the help of division of employees between the groups of simple and complex labor K. Marx (Marx & Engels, 1978), basing on the theory of labor division, formulated the theory of an individual becoming a productive force, provided that the latter has a productive capacity that can be used in product manufacturing technologies. *The task and recommendation:* to use the personal ability of the body, his muscles and biological energy to ensure the profit of the capital owner. *The formula of motion* was also

developed by K. Marx (Marx & Engels, 1978): the result of the capital turnover is represented in the transitional stages of the transformation of money into commodities and commodities into money by the scheme:

$$M - C - M, \quad (2)$$

It means that this formula registers the following development motion: money – commodity – money. Business is characterized with prevailing of big monopolistic capital.

- C. The industrial period of capitalist relations of production structuring, discovery and refinement of business components. The number of scholars considerably increased in that period, instead of individuals tens of researches started studying the elements of entrepreneurship. Among the most prominent of them were R. Barr (Barr, 1995), who studied the risk factors in the changeable environment and the ability of the specialist to make decisions when the economic situation has probabilistic and not clearly expressed nature; A. Marshall (Marshall, 2012), who connected together the terms «organization» and «entrepreneurship ability»; J. B. Say (Say, 2008), who introduced the understanding of entrepreneurship as economic function, and others. *The task and recommendation*: to use in the technological processes of material production the productive force of labor in the conditions of industrial society environment. *The formula of motion* was developed by V. I. Golikov (Golikov, 1984, pp. 91-94): the result of goods production (P) is represented as a function of the increase of productive force with three components connected in the scheme:

$$P = L^{\alpha} C^{\beta} S^{\gamma}, \quad (3)$$

where L is the potential of employees who work in material production (the cost of living labor); α – an indicator which shows educational, scientific and technical, cultural and organization level of the use of living labor; C – the potential of the means of production (costs of past labor); β – the same as α , but relating to the use of the means of production; S – the potential of scientific knowledge for the improvement of the means of production and forms of rational connection of live and past labor; γ – the same as α , but relating to the use of scientific knowledge in the spheres of their application.

Business is concentrated in the industrial monopolies.

- D. The period of scientific and technological change, concentration of production and the feasibility study of administrative decisions. The concentration of production, which is the characteristic of the economies of the three orders – capitalist, socialist and feudal, brought to the limited industrial area of factories and corporations, constructed in the places of cheap labor concentration, greater labor supply which operated powerful tools, which, in turn, repeatedly facilitated work, opened up new opportunities for technical improvement and manufacturing processes and proper labor management systems. Radical changes in the production process, in turn, led to the regulation of the number of employed workers, which is based on the reduction of low-skilled labor, and the preservation of engineering knowledge which ensures efficiency and flow of technical improvements of involved technologies.

The growth of production volume (ΔP) now has to take into account not three parameters as in formula (1.3), but only two parameters, namely:

$$\Delta P = f(L^\alpha, R^y), \quad (4)$$

where R^y – the total efficiency of technical improvements; y – an indicator of the technological and technical and organizational level of the means of production.

Moreover, one more economic circumstance is added, namely: the work is carried out in the conditions of the shortage of funds for the purchase of tools, and therefore the productive power of the society (PPS) increases only because of labor skillfulness. The indicator is proposed to be calculated according to the formula:

$$PPS = \Delta L_t + L_{t_0}, \quad (5)$$

where ΔL_t – increase in productive power. It is calculated with the formula:

$$\Delta L_t = [p^{hl} - (P_{t_0} L_t)] / P_{t_0}; \quad L_{t_0+t} - \text{engaged labor resources by the end of period } t;$$

p^{hl} – notional value of the gross national product, resulting from changes in the quantity and quality of used human labor; P_{t_0} – the productivity of one person engaged in the sphere of material production ($P_{t_0} = P_{t_0} L_t$); L_t – the component of the productive forces of the society based on the raising of the qualification of human labor.

It means that in order to systematically describe the economic conditions of production of goods we should consider at the same time not one but several complex interdependent indicators that over time became known as «synthetic», and the function itself – «correlation and regression». There were changes in the structure of scientific support for the development of material production environment on the methodological basis of the movement; it requires preliminary attention before we consider the features of the last period included in the analysis under the title «Post-industrial period of entering into innovational activity and organized regulation of interaction».

The essence of these methodological foundations of the movement is associated with the entry of activity subjects into chaos and transformational changes of a higher level. These changes received the avalanche-like tendency of almost continuous changes and rationalization and gave to the economies of different countries the names «mixed», «transitional», «transformational» and so on, and then gave to the process of interaction protracted, continuing up to the present time character. In order to formulate the system requirements for the transition of these economies in the stabilization processes of development, we use the method of logical formalization. This method applies to each of the possible constructions of organizational schemes. Attention should be paid to the fact that during the analyzed – the fourth – period business and entrepreneurship forms had conditional outlines, so the attention of scientists is drawn, as in the previous three periods, again to the manufacturing sector, while non-production sector remains unheeded, as of

small importance for the environment of economic growth and accumulation of wealth in the states. That is to say, the branches working in an environment of regular scientific and technical progress still remain the most attractive sectors of the production sphere, which operates to this day. The reason for such interest was the fact that the labor outflow in these sectors has been very substantial and continuing, because the enterprises belonging to them always were of large-scale and designed for large-scale service of territory of the states. In some countries new states appeared within the territory of a former state and the subjects of activity began inevitably lose customers of their products. Let us conduct analysis, connecting the findings to the designated methodical basics of movement on the basis of structuring.

The process of structuring social production requires consideration of a number of conceptual approaches that are applied to the classification of the genera and activities. This allows us to highlight in the study a number of system products, which show how to distinguish between production, service and business and distribute human activity between groups of occupations. Modeling approach is the most effective technique to perform such an analysis. Then:

1. Social production according to the criterion of material base can be represented as equal sector model. The theory is to ensure that the technological process for the conversion of natural substances to adapt it to the consumption in social production is a large sphere made up of a number of industries. It includes two branches. They are a) the sphere of material production and b) the sphere of non-material production. The sphere of non-material production is also known as the sphere of services. The proponents of this position are, mainly, the classics of Marxism-Leninism and their followers.
2. Social production by the criterion of diversity of the production environment can be represented as a sector model of economy. The theory comes to the conclusion that with respect to a method of converting natural substance for public consumption big branches make a major production industry. There are three of them. They are: a) mining industry, b) manufacturing sector and c) service sector. Among the proponents of such classification are the researchers who support the theory of A. Fisher (Fisher, Dornbusch & Schmalensee, 1995) and J. B. Clark (Clarke, 2000).
3. Social production according to the criterion of efficiency of non-material production services can be represented in the form of a detailed sector model. The theory proves that certain types of activity in the service sector in relation to the productivity of labor force occupy unequal place, and therefore this area is divided into three sectors, and the actual qualification is represented as follows: a) mining sector, b) manufacturing sector, c) transportation and utilities, d) commerce, finances, insurance and real estate operations and, in the end, e) medical services, education, recreation, research activity and administrative institutions. Such classification is supported by the scholars who follow the theory of D. Bell (Bell, 1973).
4. Social production can be examined in more detail and according to the criterion of the productive forces of the services. This theory proves that certain types of activities can be subdivided regarding the productive work and represented as a sphere of «service activity» (Burmenko, Danilenko & Turenko, 2007, pp.40-43). For example,

J. Singelmann suggested (Singelmann, 1978) to single out one sector of services basing on the transposition of different kinds; M. Porat (Porat & Rubin, 1977) wrote about the desirability of allocation the information sector into a separate element.

Consequently, the period of scientific and technological change, concentration of production and the feasibility study of administrative decisions is a conglomerate of technical, technological and management solutions under which, in the conditions of efficient division of labor and cooperation, labor provisions are formed for the productive use of business and entrepreneurship as forms of economic relations. This process is facilitated by the system of concentration that isolates in separate groups auxiliary and service industries and services, and those, in turn, claim to be a full-fledged force, possessing entrepreneurial ability. *The formula of motion* was developed by L. N. Matrosova (Matrosova, 2000, pp. 264-266): it uses the methodical approach to the calculation of the investment attractiveness of «old enterprises», which represent the sector of economy:

$$RIA = S \sum k_i (A^i / A_{mid}^i), \quad (6)$$

where RIA – rating of the investment attractiveness of the object; S – the average coefficient of investment attractiveness of the enterprise in this sector; k_i – weighting factor in a number of indicators; A^i – the value of the indicator; A_{mid}^i – the average value of the indicator among the enterprises of this sector.

As we introduce a lot of author's coefficients (k_i), this formula (6) should be explained. We use such indicators as balance profit (BP), receivables (R), accounts payable (AP), production output (sales output) (PO), value of assets (VA), which are included into statute funds, accounts payable and the balance sheet profit, the value of fixed assets (VFA), statute funds (SF). Besides this, we include into the list of calculated parameters ten weight indicators which form the numerical value RIA , and also six description characteristics which have functional meaning. Weight indicators are represented by five grades, including the assessment of the profitability of equity k_1 $k_1 = BP/SF$, return on sales k_2 $k_2 = BP/VA$, return on assets k_3 $k_3 = BP/VA$, capital productivity k_6 $k_6 = PO/SF$ and assets productivity k_7 $k_7 = PO/VFA$, and also five coefficients which include capitalization ratio k_4 $k_4 = VA/SF$, asset coverage coefficient k_5 $k_5 = VA/AP$, asset turnover ratio k_8 $k_8 = PO/VA$, payables treatment ratio k_9 $k_9 = PO/AP$ and the coefficient of exceeding the maturity of receivables by the maturity of payables k_{10} ($k_{10} = [(R - AP)/PO] \bullet 360$). Description characteristics include assessment coefficients such as: of finance «autonomy» – the ratio of own sources and equated credit; of financial stability – the ratio of own and credit funds; of financial leverage – the ratio of long-term commitment to its own source of funds;

treatment of working capital – monetary income ratio from sales excluding VAT and excise duty to the amount of working capital; stock turnover – the ratio of the cost of the sales to the average inventory value; absolute liquidity – the ratio of enterprise funds to the sum of short-term liabilities.

The task and recommendations: the set of given here indicators which describe economic phenomena and processes does not always represent them fully because modern society receives an inheritance of such a large number of diverse activity subjects that it makes the management environment of the industrial society of innovational not only at the stage of monitoring and development, but also at the level of operative intervention and control. According to the data of the cited author L. N. Matrosova (Matrosova, 2000, p. 387), to make such activity less complicated we have to master and use a) communication links which unite subjects of activity that complement each other's work, function and operate within the method of complementarity join together into the network, b) connection of the innovations according to the constellation method or c) creation of a number of cluster chains according to the communication method, where the chain «entrepreneur – manufacturer – customer» allows the society to add the lacking elements in the environment of enterprises, organizations, and companies; the chain of «inventor – entrepreneur – customer» allows to organize the development of the innovative process which works at the macroeconomic level. *The formula of motion* is connected to many coefficients. Business is concentrated in enclaves.

E. Post-industrial period of the entry into innovation activity and organized regulation of the interaction. This period reflects the conditions of life of the post-industrial society, in which everything that happens is rotated in the environment of reality, which combines the processes of material production and business on a large scale. It requires limiting the study with the specific business environment and the appropriate conclusions should be associated with the processes of its content and development. So, on the basis of inclusion in the environment of exchange activity a variety of different in structure, purpose and direction objects of individual production and welfare, business segments and entrepreneur sectors, the activity itself is distributed between the enterprises, organizations, institutions, companies and sections, where it splits into operations, works and functions. This complicates the description of activities and makes it so cumbersome that we urgently need to seek ways of its division into parts. In this regard if we assess the economic processes which take place in both industrial and post-industrial societies we will find a few differences: a) both in the first and second societies there is a rapid process of division and appearance of subsidiary organizations, enterprises and companies, b) both in the first and second societies service are considered as the factor of economic growth. There are also other reasons for considering services as separate sectors, but two mentioned above are the main. Such process of concentration and distribution is still facilitated by the objective factors of scientific and technological progress, social and economic development of the society and, actually, the needs of material production which form a number of main enterprises, auxiliary and ancillary service facilities, supplying links, organizations, workshops, sites and proper processes for the provision of services.

Movement of activities at all times is connected with the sequential processing of natural substances and adapting it to the purposes of satisfying personal and social needs of

society, but the effectiveness of such a movement becomes more noticeable when all stages, from product production to its consumption, are subject to structural transformation, optimization and management of production and labor. The process of movement focuses the social environment on the formation of human culture systems through the development, the accumulation of material wealth of the state, strengthening of the social resettlement and domestic equipment of citizens. Such movement in its specific embodiments is provided by the technology «which has in its basis the use of the instruments, tools, equipment, processes, related to the application of techniques, knowledge and skills, adequate information, control systems, the use and application, finding and creating the necessary resources: energy, raw materials and human resources» (Burmenko, Danilenko & Turenko, 2007, p. 11). There is a dependence which can be seen in all spheres of life: the change of technology is mechanically reflected in the reconstruction of all parts of society. In this regard such traditional branches of service as the satisfaction of personal needs and the needs and entertainment, trade, finance, and others are more and more complemented by filled with social value health care, information services, law enforcement, educational environment, communications and media systems, public transport and management, and finally, science and scientific monitoring of processes. Some of the plurality of entities and components in the field of social production require the development of a common approach to their classification and systematization, for it provides the structuring of activities on different principles. For this reason, variants of structuring public production considered above are important for clarifying the research. Decisions based on the scientific and methodological content are also linked to another basis if the society forms and recognizes the classification «subject – subject based systematization of relations». It reflects «subject – subjective» sector or the same pole of activity according to the model «individual – individual». This pole of activity «combines such industries in which human interaction is based on interpersonal communication and the product of which has a low degree of reproducibility and is largely presented by information and knowledge» (Inozemtsev, 1997, p. 66). According to the opinion of the developer of this classification system, this pole can be connected to the sphere of culture and entertainment, education, research institutions, the production of information, advisory and legal services, finance and currency, insurance operations and real estate, public administration. The attention of the researchers should be paid to the differences which allowed singling out the needed property. It is characterized by a variety of processes, a high degree of professional skill of workers and, consequently, the exclusivity of the most of the created products and services. According to the recommendation of the cited authors (Burmenko, Danilenko & Turenko, 2007, p. 43) such approach allows «to illustrate the logic of the structural shifts in the social production» of the post-industrial service society and consider modern economy as the «economy of services».

Now we can form the intermediate conclusion. One of the above-mentioned properties is of considerable importance for this research is: with an increase in scale and concentration of material production, non-material service industry has taken an equal place among the factors of economic growth, has become an effective way to provide additional development and growth of material production. It is proved by the characteristics of education, awareness and physical health of the worker, his activity properties, business ethics and qualifications, and after that by the artificially developed property of

management, service activities, and by the predisposition to search for new solutions. *The task and recommendations*: there are two of them – a) in the post-industrial society in the production and technological processes of material production we should continue to use the productivity of labor force in the same conditions that were the characteristic of the industrial society environment, b) for the sphere of services we need to develop new criteria and ways of reflecting the essences, events, social and economic life which actually manifest themselves, but still remain sketchy and fragmentary. *The formula of motion*: it is chosen according to the trajectory calculated with K. Shannon's formula of entropy, Neumann-Gale model or the totality of coefficients and indicators of our own model. Business is divided and distributed among the sectors and fractals.

Thus, the movement of production from pre-capitalist to a post-industrial society in its development complicates the processes of interaction and exchange activities, which greatly facilitates to increase the scale of activities and actual business sectors. This allows considering the economic reality from the position of business needs.

Each new phenomenon, as business is in Ukraine, is accompanied by processes of nation's comprehension of the dialectic and deep metaphysical senses of economic reality and their driving forces. The primary purpose of metaphysics in relation to the disclosure of the phenomena in economy is determined by the fact that, firstly, there is a need to constantly reflect upon and re-think, re-evaluate and disclose the content of modern economic knowledge of the nature of economic reality and human activity, applying the theoretical and methodological possibilities of metaphysics; secondly, recourse to metaphysics as an essential method of penetration into the content of the object of study is a sign of informative scientific approach; third, alternative thinking about the environment problems is the basis of the approaches to the clarification of the problems of motion, the disclosure of their nature and, in fact, the method of knowledge. We consider dialectics and metaphysics as a certain alternative philosophical concepts that wait for the moment of establishing connection with economics, add to it and make some substitutions. Their content in the short summary is the following:

1. The notion «dialectics» has some definitions. Without going into a lot of the basics, we can say that this research considers dialectics as the theory of cognition which takes into account the complexity and inconsistency of connections between the subjective and objective truth, the unity of the absolute and the relative, and so on.
2. The notion «metaphysics» represents an intermediate state of things, their changes, movements, etc., which are perceived as the essence of nature or natural sciences that studies the general properties of the material world in a probabilistic environment of interaction. Metaphysics is the concept of development, learning method, which is an alternative to the dialectics.

The contrastive method is quite natural for the sciences and is used very often. The alternativeness of dialectics and metaphysics as two concepts of development and methods of cognition is very useful here. The dialectical approach is more suitable in studying the material production which has high stability. The metaphysics approach is more suitable in the non-material sphere of services which has relative stability.

The use of a metaphysical approach to work may be justified in dealing with not only the mental problem relationships when there is no explicit knowledge and it will be received or updated in due course, but also for those situations when time for management decision has come and it is required to make it on a probabilistic basis.

Thus, at the first stage of the entry into the new environment, as business does in Ukraine, it is still inevitably to appeal to the methods of will-decision management in the uncertain conditions. Achieving the goals can be realized by combining the dialectical and metaphysical reflection of the environment, description of the phenomena occurring in it, etc. Now, when we know the methods of the reflection of the social and economic environment, we have to concretize the organic basis of the interaction between a physically developed individual and the environment.

The economic environment of the European continent has relative homogeneity that enables large-scale integration associations. If we eliminate some of the shortcomings inherent in such associations and enlargements, it must be said that this process has a positive impact on business development and the establishment of productive relationships. States operate under the influence of global processes which convert and transform many economic systems, social facilities, cultural norms and life standards. These processes, despite their initially devastating character, stimulate the creation or improvement of artificial support and service, organizational and management, production and consumption structures; promote the realization of material and spiritual requests of citizens; accelerate the socialization of the person in transitive economy and social security institutions. But it is only one side of the issue.

From the other side, globalization 1) unbalances the ethnic environment, mainly because it makes peoples closer and creates the unified global system, and 2) creates new demands to the physical and mental capacity of an individual. In the end of its movement it must become a very stable system, but on the trajectory of this movement it has to destroy a) anthrop sphere because б) it has a threat to the environment of human coexistence. It has also necessarily 1) destroy those patterns which existed for a long time, 2) to expose an individual to an unstable environment, 3) to reset his psychology with the development of scientific and technological progress with the help of the newest technologies and management. A human being is not adapted to the changes, since they create at first a lot of delays, inconveniences and losses in all spheres of life. However, we should remember what for this movement happens: it brings humanity to a higher and more effective stage of development and satisfaction of needs, and makes an individual more autonomous and organic. Autonomy in this study is perceived as a characteristic of the living and the social systems in which their life and behavior is determined by internal causes and does not depend on the impact of the external environment. In addition, autonomy means independence, the ability or the right of an individual to act according to the limitations and principles established in the society or compiled by him.

In turn, organicity is complemented by the autonomy and this means that the basis for the formation of the intrinsic qualities and personality traits naturally follows from the essence of the individual. In this regard management as an art has an important role. We only have to put in motion the abilities to efficiently use the experience in practical management

activity. Management becomes important if there is one or several technological processes and management methods of orderly influence on a human.

According to such point of view an individual is always considered regarding his belonging to social and economic group of people where he can become «a worker» in fractal organization, «a human capital» in the market, «industrial and production personnel» at the enterprise, «staff» in the human resources office, «manager» in the organization, «executive» in the technological links and workshops. The transformations in the status happen within the framework of the model «resource – capital – professional recognition». In the end it is connected with personification; in different classifications and different conditions an individual should preserve his own inner essence which allows him to fulfill some operative task in the form of the living labor and in the best fitting format. The format depends on the level of professional readiness to carry out the operation, work or function with the proper level of virtuosity, art or skill. Consequently, methodically such a format is perceived as a progression of the movement of the subject's activity in the infrastructure of social and economic environment, where it, again, subordinates to organically-controlling system. It means the full circle. But the research will not be complete without considering the fact which is given in (Kochetkova, 2006). Interpreting these ideas we may formulate its essence as follows:

- 1) an individual should develop himself to the fractal condition; he should achieve a certain level of maturity. In this case, he has to summon the will to act, to the perception of the joys of life; to realize a sense of responsibility and, of course, to give up bliss and satiety, and then to give up a variety of temptations, entertainment and pleasures. Fractal condition is based on the understanding own strength which has to be constantly complemented by changes and developed;
- 2) an individual may become fractal basing on a) circumstances which put him into the environment of survival, deprivation and ill-saving mode, or b) his own voluntary will to develop and improve physical conditions and spiritual qualities. Entering the path of training and multiple repetition of the exercises, trying to change internally according to the own settings, an individual should adhere to the transformations which are accomplished quickly and painlessly, i.e. an individual must transform and evolve and this should be done with ease. It means that only a willing, psychologically trained and strong personality may survive a lot of hardships. The traditional way to the fractal condition is opened to those who follow the postulates «At first a weak person must become strong and then a strong person must become weak» or «At first a person should meet violence in order to defeat his cowardice, and then he should learn non-resistance to overcome this violence».

The analysis shows that a person can take in society any social position – a dependent position, the position of a craftsman, the position of the citizen possessing the property of initiator, organizer, producer and entrepreneur, and, finally, the position of a dedicated personality or fractal position as it is given in this research. It means that we have to know the trajectory of movement of a personality which can be defined basing on the hierarchy method. This is a methodological system which allows defining a) the order of dependence of the lower links on the higher links in branch organization structure and b) organization and distribution of these links in branch structure, and also gives a possibility c) to use in

the research the principle of management which effectively reflects centralized structures which are known as «hierarchical structures». Here we can see the method of branching off when smaller lines, objects, parts and fractions evolve from a big object; they have the feature of likeness and fractal quality and represent the essence in the more detailed indicators.

The hierarchical basis of the study is to establish the motion of an individual in the environment on the basis of the planned feasibility from the initial stage of development to a higher or even the highest. According to (Egorov & Egorov, 2007, p. 59) this goal is achievable because «for a person who is on a fixed higher level, achieving the next stage it is quite real». The derivative of human movement towards physical development is his self-awareness of the feasibility of the movement which is the movement of an individual in his environment.

The researches study all sides of the human essence including his movement on the way of personal physical development. It is known that vital functions of the human being and the physiological existence is supported by consumption, digestion and absorption of water and mineral substances by the body, which as a result of assimilation of the required components allows to build muscle, and body parts of the body and put out the exhaust waste and toxic compounds from the body.

Such an interpretation can be found in the sources, considering the human being as an object the physiological, social and industrial processes. Some authors consider it from the point of view of physical development (Bernstein, 2004; Rovnyy, Rovnyy & Rovna, 2014), others – from the point of view of industrial production (Leontiev, 1975; Owens, Baker, Sumpter & Cameron, 2016), management (Frese & Keith, 2015; Linden & Teece, 2014; Mintzberg, 2014) or physical culture and sport (Dubovoi & Saienko, 2013; Saienko, 2011; Tolchieva, 2011), they all consider physical development, ways to accelerate this development and the means of improving the abilities that stand out from the totality as a separate position. But there are also analysts who see a human being as the creator of himself and his environment, and their opinion in this case departs from the reflection of purely physical or physiological conditions, but is based on and formulated according to the ideological or philosophical grounds. The scheme of research combines the following elements:

a) the processes of movement:

a human being → understanding of the known facts → the beginning of something new;

b) the formula of movement: concept → image → object; (7)

c) the mechanism of movement: difficulty → clarity → simplicity.

According to this scheme of the perception of reality, which is the principle, we consider the human being as a spiritual being, and technically it can be stated as follows: from one side, a man as an organic being is the object of fixing and designing the environment, and on the other side he is an object of development, improvement and self-assertion in the environment. Since «the world (we consider this term in our research as «environment» –

author) is unlimited and that is why includes everything ...», then «any fixed construction is only one of the manifestations of this endless world» (Egorov & Egorov, 2007, p. 65).

Consequently, an individual's personal world is his «world view»; it is perceived both as physical and spiritual foundation of the world, which is constructed by man to enter into communion with others. Communication is viewed as the plurality of interconnections and actions which have different character: a) spiritual which are based «on beliefs», b) scientific and philosophical which are the result of experiments and experience and c) industrial and production; these interconnections and actions can be felt and by the nature of the relationship may be real, potential or artificial and ideologically, mentally, psychologically or physically acceptable. It means that an individual should create «constant tension», which is «the driving force of his activity» and «constant source of a bigger or a smaller degree of discomfort»; a human being is not something constant, by his organic content he is created anew each time, and in the new circumstances of life in harmony with nature and the surrounding; a human being reflects the environment at different ages and with the acquired own experience corrects the behavior in accordance with the knowledge mastered subsequently, artificial skills and abilities that are added in the natural order to those which already exist. It means that an individual receives other tools and techniques which are new not for the society but for this individual.

This paper puts forward an intermediate assumption: a human being is an abstract mental essence, which specifies the actions under the physiological synthesis beginning within the physical body and constantly becomes more complex. We have to find out the efficient mechanism of managing actions and the way of development; on this basis the issue of physical improvement of an individual will have clear outlines.

The essence of the physical development of the person is reduced to the position of establishing himself on the trajectory of the chosen path of improving, choosing informative factors and standing the test. Intuition and personal natural qualities can be helpful because they assist in making the right choice. This choice in future has to be adapted to the environment which may neutralize it. The environment for an individual is a multi-dimensional entity which includes family and kinship, motherland and power, production areas and enclaves with industrial, infrastructure and natural objects; when an individual is involved into a self-sufficiency system this environment also includes business, health care, culture, education, justice, production and so on. It means that at least two levels exist for an individual who is the object of development, namely:

- 1) physical and physiological level. It fills the inner essence of the personality;
- 2) social and artificial level. It creates an extended nature of the individual's requirements to the environment, adjusts to his inclinations and abilities.

That is why we should consider the existence of a human being and his movement to perfection regarding the environment of social relations. In order to live in the social environment an individual should possess some qualities, namely: a combination of a) brain, b) central nervous system and c) consciousness which provides a human being with the environment of concepts in which he exists. If the ideas remain the same, the person does not acquire, respectively, indicators for the development for the reason that

there is no «moment of change» (Egorov & Egorov, 2007, p. 39): the environment 1) is not new, 2) is not «contact variable», 3) does not include the components of movement. For such components of movement appear, we need to have two substances, namely: a) the material substance and b) the ideal substance. The ideal substance allows creating artificial objects in our brain and they, in turn, allow us to change the old environment into a «something contact». But it is possible to carry out the movement in the development only under condition that there is a material substance, which is the carrier of reification of the ideal object. It means that at more detailed description the research returns to the consumption of mineral substances and water. At this point it is based on the 1) closer connections of the inner and the external within an individual and such combination allows bringing the process 2) to the logical sphere of formalization. It is rather a complicated scheme because from one side an individual as a personality is the creator of the Universe, but from the other side he is influenced by the environment (by the Universe); an individual goes along the path of physical and mental development, which quite real and complicated.

In our view, there exist a number of characteristics by which a person arbitrarily or unconsciously is always evolving, but it is not always possible to recognize and formalize them. That is why we may suppose that in his development an individual always moves in the environment which should be called «object environment». Its complexity, according to personal assumptions, is the only driving force of progress which is clearly maintained and reproduced by something. According to (Leontiev, 1975) such driving force is the human consciousness. Appeal to the human consciousness makes it possible to assess the nature of his personal experience from the perspective of organization.

Considering this experience the essence of a human being is represented with four indicators which should be mentioned here.

1. A human being sensuously perceives objects in the outside world. He has the sense organs and the brain, which are formed according to the constants of the environment and its reflection on the various components and parts of the object, i.e., a human being obviously registers factors of reality.
2. A human being takes part in forming the objects of the environment. Material objects are identified as those which act in an abstract way and during their movement cross the border from invisible to visible, i.e. they fix the ability to perceive the reality.
3. A human being is a necessary element of the system which fixes the origin, reflection, research and registration of the newly created object. There is an environment, organs of reflection and representation, body design and construction of the brain that extends the recognition and understanding of the object, the formation of a substance, its foundations and Gnostic movement and control mechanisms of the central nervous system processes, i.e., there are foundations of a critical assessment of the events in the environment.
4. A human being is the object of development and personal improvement. He is at the same time a subject for other objects which are also improved, act and die out, i.e. there are groups of contradictions and dialectical reflection of reality.

Regarding this we can state that the development of an individual is connected with the following variants: a) fundamental which evolution or revolutionary change of life conditions and b) technological which is repetition, education and training. Since mankind's transition to industrial methods, dictated by scientific and technical progress, evolution, which is a natural way of human development, has been overshadowed and replaced by a revolutionary reconstitution of conditions. This means giving up the aging means of movement and the transition to effective livelihood almost continuously in a spiral. Such an effect, for example, on the choice of the means of training the person to work, has reduced these means to expanding the influence of methodical repetition systems and training; an individual develops a means of ownership of sensors which are physiological elements of the internal activity. From the experience of many generations we can formulate two statements which should be taken into consideration in the research. They are the following:

- 1) in fact, sensors are material because they were formed with a human being during the process of his evolution;
- 2) theoretical sensors are manageable, since they are formed together with the brain to speed up the process.

An example of sensors shows the organic unity of the interaction of the material and with introduced object that may be subject to improvement. The experience of interaction brings human sensors to the perception of one or another level of reality, and with the acquisition of experience it allows distinguishing more details, signs, images and elements. Since classifications have psychological and physiological character there is no need to provide the analysis. We can only make some conclusions. They are following:

- a) everything, what a person aspires, in fact, depends on the expediency, content, ideas, plans, programs, structure and so on; i.e. everything what is of interest for him. We should remember the fact that a human being always combines material and ideal substances. He can also use written mechanical indicators, voice signals, ideographical signs; with the help of technical equipment and electric and magnetic signals a human being can transmit information into the space which fact can be seen as ideal reflection of the material or artificial objects, conglomerates and concentrates;
- b) to be able to be perceived in the country as a professional specialist, performing or driving force, a person must have the physical abilities and go through some training course in his chosen profession or occupation. He needs to gain knowledge and develop targeted skills for their use in the chosen field of production or social interaction. This affects the transformation of his mental and physical abilities, that is, his overall development.

Conclusions and suggestions: The logistics of Ukraine's joining process into business is associated with the primary position of the human abilities and secondary position of human habitat. Since these concepts are connected dually we have to follow some foundations of cognition. They are the following:

1. The methodological basis for the research is studying the level of human mental and physical abilities, his acquirement of needed knowledge in the needed time in the proper

environment. The environment includes everything what was given to it by previous generations, can be reproduced and revived by a modern human being. The transmitted experience can provide the existence of a personality which follows mental and natural processes, perceives them, thinks and transforms. It means that for an individual there is always an environment which helps to develop a personality because the environment is constantly becoming more complicated and the motion is constantly becoming faster. There are a lot of indicators which influence the development of an individual and they are based on the fact that the object:

- a) acts in the same form and in the stable environment. Therefore it is required to take care of the preparation and the timely replacement of the specialist of the needed qualification in order to provide constant servicing and working condition of the object;
- b) adapts to the environment in an unchanged form, but organizational arrangements for its functioning change. It is therefore necessary to continue to develop a more effective system of training and retraining the person, which maintains and preserves the object;
- c) is included in the environment that has changed, and expects appropriate substitutions of the outdated elements, structural changes or improvements in the means of processing one form of energy into another. Therefore a care must be taken in a timely manner about the choice of the system of training the person who will accept the changes in the object with the proper levels of mental and physical preparation.

It means that in order to perceive the environment as a world of human activity with material and ideal objects we need to perceive the movement of any object as something that changes this environment.

2. The philosophical basis is the study of the level of mental and physical qualities of the person in the unity of the two components, among which: a) aspiration of person's thoughts to achieve a higher level of well-being by performing work with more creative content and b) the formation of the moral values of the society according to the state standards. Such basis dialectically joins the goal of the state and the goal of the individual which a person forms for achieving during his life. We should take in to consideration the fact that properly chosen life goal activates social and economic environment. Positive shift is also provided by spiritual and ethical practices.

It means that in order to move from chaotic connections in the environment to spiritual and moral values a person should have his individual, ethics-based goal which will provide the movement of the personality in the development of personal qualities.

3. The epistemological basis is to establish personal development, which combines physical and spiritual perfection of human qualities.

It means that to achieve the harmonious development of personality, which would combine the functions of a generator of ideas, producer, manager and executive, it is necessary to

provide the proper development of the spiritual, mental and physical properties. These qualities give to an individual the means of self-sufficiency in the environment.

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LOCAL IMPACT OF REFUGEE AND MIGRANTS CRISIS ON GREEK TOURISM INDUSTRY

The movement of multiple groups of refugees and migrants to countries from the touristic macro region of Europe became one of the historical phenomena of the new century. In particular, the refugee stream of recent years has a decisive impact on the demand of touristic services to the Greek islands in northern Aegean Sea. Tourism in Greece is an important source of income by providing more than 9% of the GDP and stimulating the development of other related economic sectors such as trade, agriculture, and communications. It also provides about 30% of the total workforce in the country. Because of their favorable location, near the coast of Turkey the islands of Lesvos and Chios became a bridge to Western Europe for large numbers of refugees and migrants. This study aims to reveal the local impact of the refugee and migrants' crisis on tourism development in Greece and particularly on these two islands Lesvos and Chios.

For this purpose a research was conducted based on a representative sample, which includes the survey of 168 hotel managers. The primary empirical data was collected from the local hospitality entrepreneurs and was registered. After processing and analyzing the data, the research results show that there is a significant difference in percentage of reservations between January - February 2015 and January - February 2016 and the same about cancellations. As main reason for this situation the majority of the interviewed show the refugee and migrants' crisis.

JEL: Z32

1. Introduction

According to Dimitrov (2009) even in ancient times there were formed certain contact zones between the major civilizations and world's economies that created opportunities for intensive commercial and economic relations between them. One of the oldest economic contact zones of the world is the Mediterranean, which was formed in the 3rd millennium BC (Dimitrov, 2009), when the Cyclades Islands, Crete island and southern Peloponnese develop civilizations (in Greek language *Κυκλαδικός, Μινωικός, Μυκηναϊκός πολιτισμός*), which connected Egypt with the Balkan lands and islands in the Eastern Mediterranean, thus giving ground to developing weaving trade, cultural influences and strategic interest.

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Since then, in the 21st century – the era of contrasts, Mediterranean is updating dynamically through the centuries its importance as an economic contact zone with a global role. The International Organization for Migration (IOM, 2016) stated that in 2015, about one million refugees and migrants passed from Mediterranean Sea to Europe, and nearly 850,000 of them along the so-called Balkan route from Turkey to Greece, through the Aegean Sea. The favorable location of the islands Lesvos and Chios located near the coast of Turkey became a bridge to Western Europe for large numbers of refugees.

2. Literature review

For the purpose of this work it is necessary to make an initial clarification the terms “refugee” and “migrant”. The refugee problems became a subject of international law after the World War II. In 1951 a leading act of the international refugee law was adopted – Convention related to the Status of Refugees (Geneva Convention). According to the Geneva Convention (UN Refugee Agency, chapter I, article 1 (2)) as a “refugee” has been defined an individual who;

“due to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality, and is unable to, or for the reason of such fear, is unwilling to avail himself of the protection of that country”.

Coherent with the Geneva Convention is an instrument of secondary EC legislation (Gil-Bazo, 2006) – the Directive 2004/83/EC of the European Union in paragraph 3 (European Council, 2015):

“The Geneva Convention and Protocol provide the cornerstone of the international legal regime for the protection of refugees.”

In granting “refugee status” the host country is obliged to provide housing services, employment, access to education and health, rights to acquire citizenship by issuing identity documents (UN Refugee Agency, 2011).

According to Article 1 of the UN Convention on the Migrants’ Rights the term “migrant” can be understood as (UNESCO, 2015):

“any person who lives temporarily or permanently in a country where he or she was not born, and has acquired some significant social ties to this country”.

The special Rapporteur of the Commission on Human Rights has proposed that as “migrants” should be considered the following (UNESCO, 2015):

- *“Persons who are outside the territory of the State of which they are nationals or citizens and who are not subject to its legal protection and are in the territory of another State.*
- *Persons who do not enjoy the general legal recognition of refugee status by the host State.*

- *Persons who do not enjoy either general legal protection of their fundamental rights by virtue of diplomatic agreements, visas or other agreements”.*

This definition follows the term “migrant” and shows that refugees differ from migrants. Migration has a *dynamic quality* (Migration, Sociological studies 1969) and covers the cases where the decision to migrate is taken freely by the individual concerned, because of personal convenience and without intervention by an external compelling factor. Eventual reasons that make migrants to move are the political, social, economic and demographic changes (Isaac, 1949) in the country of origin. Although, they have the right to return to their homeland because they enjoy the protection of government and the rights defined by its laws.

But, what means an increasing number of migrants and refugees for a tourism destination with a good image? Brundell (2015, p. 1) notes that “*migrants have made Australia what it is today*” and states that Australia gives a welcome response to the crisis by taking an extra 12.000 refugees from Syria and Iraq. He also remarks that having in mind that three million are the produced refugees by the Syrian war it is a humanity duty to support these “*boat people*” in this refugee crisis, which is the worst since World War.

As Dimitrov (2007) presents in his book “Conjuncture in the tourism industry” the term conjuncture could explain as a mirror of the status and development of an economic system and mainly of the changes occurring in it as a result of a number of political, economic and natural factors. In unfavorable tourism conjuncture the supply structure is deteriorating, the manufacturing base can not access the optimum, as well as the labor resources, the competition is increasing and the final financial results are worsen. In terms of demand, the picture of tourism conjuncture has strong relationship with the demographic trends and sociocultural changes. He also notes that in view of the fact that tourism is not a vital service, tourist behavior is highly vulnerable to psychological and social influences, personal sensitivities and short-term reactions. If the image of a destination just in one link of the chain is bad then the all perception suffers.

Another researcher, Hein de Haas (2008) notes among the main reasons why it is hard to make general explanations about the causes and the consequences of migration are the diversity and complexity of the phenomenon, as well as the difficulty of separating migration from other socio-economic and political processes. Describing the historical-structural theory he notes that “historical-structuralists postulate that economic and political power is unequally distributed among developed and underdeveloped countries, that people have unequal access to resources, and that capitalist expansion has the tendency to reinforce these inequalities. Instead of modernizing and gradually progressing towards economic development, underdeveloped countries are trapped by their disadvantaged position within the global geopolitical structure”.

In addition, according to Ekberg (1999) “immigration may affect the income conditions of the native population in many ways”. There may be effects on the markets, on employment opportunities for natives and on economic growth. In the same moment intercultural dialogue, through tools for adaptation may minimize misunderstanding with people from different cultural background (Kiryakova-Dineva & Kitkova, 2016, p. 595). A research (Revkin, 2008, p. 742) conducted by Migliorino in Syria and Lebanon, concerning

the Armenian refugees moved there after the World War II, shows that while in Lebanon the Armenian community has benefited from the state's efforts to facilitate the preservation of their cultural identity, in Syria the mid-century emergence of authoritarian regimes has been detrimental to the autonomy of culturally diverse groups. More precisely Gerhard (1996, p. 161) remarks that *“political losers in their countries of origin, refugees often suffer new abuses in their countries of asylum, where no domestic constituency exists to defend their rights”* and recommends making an appeal to the host country nongovernmental bodies to focus on human rights behavior and organization of their operations according to the 1969 OAU Convention of Refugees. Additionally, such facilitators can be intercultural communication and effective dialogue, which play a huge role for building different kinds of ties and relationships with local residents (Saunders et al., 2015; Kiryakova-Dineva, 2016; Suci, Pompili Pagliari, Neagu Trocmaer & Donolo, 2013).

The World Bank (2013) has studied the impact of the Syrian conflict in the economic and social life in Lebanon and had found that the conflict and the open border policy (*“Since the onset of the Syrian crisis, Lebanon has generously maintained an open border policy and has permitted refugees to temporarily but freely settle across the country”*) are pronounced in the services trade sector and in particular to the large tourism sector – *“with the number of international visitors having steadily declined since 2010”*.

3. Methodological framework of the survey

In this paper the researcher works on a case study about the Greek islands Chios and Lesbos and the impact of the refugee crisis on the tourism industry on this location. Like a result of these observations the researcher tries to make some generalizations on the topic. This is inductive approach. At the same time the research is based in some theories (deductive approach). Finally the methodology used is a combination of inductive and deductive approach. The instrument of the inductive approach is the questionnaire. The research was conducted by the author from February to March 2016. The questionnaire was distributed to hoteliers in the summer resorts of the two islands – on island Lesbos and island Chios, which are two of the islands through which pass a great number of refugees and immigrants in order to continue their road to the other countries of Europe. According to data taken from the Hellenic Chamber of Hotels the total number of registered hotels in the examined islands is approximately 178. The sample size of the research in this period of time is 168 hotels (one to five stars), an appropriate size for this research, taking into account the table for determining minimum returned sample size for given population size (Bartlett, Kotrlik, Higgins, 2001).

4. Refugee's and immigrant's segmentation

According to the National Organization of Migration (2016) in 2015 about one million refugees and immigrants passed from the Mediterranean Sea (Naimou, 2016) to Europe and

nearly 850,000 of them used the so-called Balkan Route from Turkey to Greece, through the Aegean Sea.

The profile specifically for this group of refugees and immigrants will be examined according to separate segments – geographic, demographic, socio-economic, psychographic and behavioral one. As Kyurova (2013) underlined segmentation is an effective instrument for taking adequate decisions according to the situation in the market.

The **geographic segment** distinguish refugees and immigrants in terms of the countries they come from. In 2015 and until mid-December over 57% of refugees and immigrants arrived in Greece indicate Syria as a country of origin, 24% Afghanistan, 10% Iraq, 3% Pakistan, 1% Somalia and 6% other countries such as Eritrea, Morocco, Nigeria, Sudan, Senegal and Gambia. Over 60% of the arrived refugees and immigrants from Syria mentioned as residence city Damascus and Aleppo, respectively 37.22 and 25.24% (UN Refugee Agency, 2015, p. 8).

Map of Syria



Source: www.maps.com (2016).

Table 1
Place of residence in Syria

№	City	Percentage
1.	Damascus and Rural Damascus	37.22
2.	Aleppo	25.24
3.	Homs	6.43
4.	Daraa	6.03
5.	Al Hasakah	5.05
6.	Idlib	4.07
7.	Latakia	3.58
8.	Deir ez Zor	3.42
9.	Hama	3.01
10.	Ar Raqqa	2.52
11.	Quneitra	1.63
12.	Tartus	1.06
13.	As Suwayda	0.41
	No Reply	0.33

Source: UN Refugee Agency, 2016, p. 8.

The second of the examined segments – **the demographic** is mainly concerned with information related to age, gender, religion, and the marital status of the population. The percentage of refugees and migrant women and children varies, depending on their nationality. For example, among Syrian, Afghan and Iranian population, women represent 17%, 12% and 15% of the total number of refugees and immigrants, while children are 32%, 28% and 28% of them. Among Pakistani and Bangladeshi citizens, women are only 1% of the total number and children respectively 4% and 10%, while among Eritrean citizens, women form 62% and 11% of children and 11% of the population (Europe And Central Asia Regional Office UN Women, 2016, p. 13).

Table 2

Percentage of refugees and migrants by gender

Man	Women	Children
55	17	28

Nearly 50% of the refugees and migrants coming from Syria have said that they are not married, while 45% indicated that are married. The rest of them (about 5%) indicate that they are divorced or widowed. Approximately 56% of them said they do not have children and 44% have children who are with them at the time of the survey or they are in another country. Concerning the confessional composition over 85% of the refugees and migrants from Syria indicate that they are Sunni Muslims, 6% Christians (various denominations), 5% other religions (Yazidi, Druze and Alawite) and 4% did not respond (UN Refugee Agency, 2015, p. 7-8).

From its side the **socio-economic segment** characterized population mainly according education and occupation criteria. Refugees and immigrants from Syria indicate a high level of education – 86% secondary or higher education, and the higher educated have the highest percentage among them. Concerning the profession practiced in country of origin of refugees and migrants from Syria, have stated 16% students, 9% employed in trade, 8% employed in the private sector, 7% workers in engineering trades (carpenters, electricians, etc.), 5% engineers and architects, 5% teachers, 4% pharmacists, medical doctors, veterinarians, biologists, chemists and others such as lawyers, judges, cooks, drivers, professors, academics, hairdressers, beauticians and IT professionals, 4% workers and 4% housewives (UN Refugee Agency, 2015, p. 7).

The other segment within the migrant and refugee stream is examined – the **psychographic** one, treated the issues related to the value system and lifestyle of the population. Thus according to the psychographic segment the main nationalities of refugees or migrants passed from Turkey to Greece in 2015, will be considered. These nationalities are the Syrians and Afghans who represent over 80% of the total number of refugees and migrants.

Syrians have kept family and religious values, respect for elders, hospitality and generosity. Fundamental basis of the social relations is the family relationship. In general the inheritance is through the male line. Marriages are often concluded after the elders opinion is taking into account. Marriage between relatives is common and allowed in Syria (Maziak, 2005, p. 549) and is often preferred in order to strengthen family ties. The daily life of the women after marriage is bound to care for the prosperity of household and children. Local etiquette of communication is complicated. Foreigners should not gesticulate intensively – many traditional European gestures may be indecent. But the restraint is also not welcome. Such behavior may be perceived as a gesture of unwillingness to communicate with the person. Hospitality can be seen as a Syrian Tradition in which the pleasure is for the invited guests and for the host himself (Ribov M. et al, 2007, pp. 678-682).

Although the population of **Afghanistan** is made up of many different ethnic groups, certain elements of their way of life are common. The family is the basis of Afghan society. In the family there is extremely close relationship, which is being constructed by members

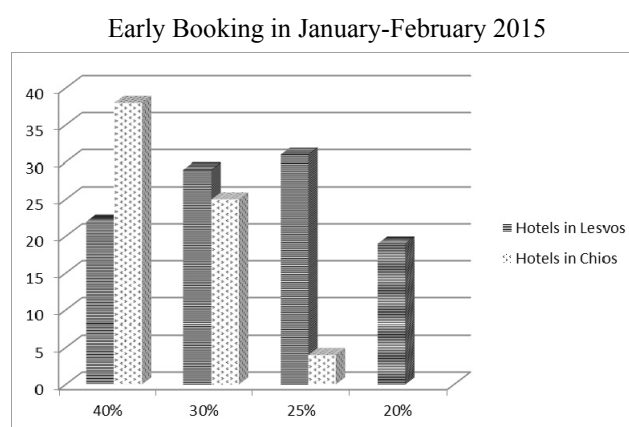
of several generations. It is led by the oldest man or the oldest living representative of the family, whose word is law for the whole family. Family honor, pride and respect are also extremely important. Usually marriages are settled in advance, most often older women play an important role in the decision about marriage. In the center of life in Afghanistan stands the family (Ribov M. et al., 2007, pp. 254-256).

The last of the examined segments is the **behavioral**. It characterizes refugees and migrants in terms of benefits sought from taking a trip outside the country of origin. So 95% of them point that the war and the negative consequences of it as well as the uncertain future forced them to leave their place of permanent residence. The remaining 5% did not indicate a specific answer. Taking into account that the workforce is moving to countries with well-developed industrial base, relatively high standard of living and better salaries (Balkanska I. 2010) it is understandable why the majority of them – 98% who have left the country of first asylum and have taken a trip mainly to Western Europe, point out the lack of employment opportunities related to their skills, financial needs, for reasons of security and protection, seeking better opportunities for their children and the hope of educational opportunities. Only 2% of them mentioned as a reason for leaving the first country of asylum, exclusions from the host country (UN Refugee Agency, 2015, pp. 5, 12).

5. Analysis and evaluation of results

To the question which was the percentage of early booking during the months January and February last year (2015) some 30,6 % of the hoteliers of island Lesvos answered 25%, while the same percentage of early booking on island Chios declare only 5,97% of the hoteliers. Of significant importance for the research, something that will be shown after the next graphic, is the high percentage of early booking for the examined period - 40%, 30%, 20% respectively for 21,70% of the hoteliers on island Lesvos and 56,71 % of them on island Chios, for 28,7% on island Lesvos and 37,31 % on island Chios, for 18,8% of the owners of hotels on island Lesvos and none of them on island Chios.

Figure 1

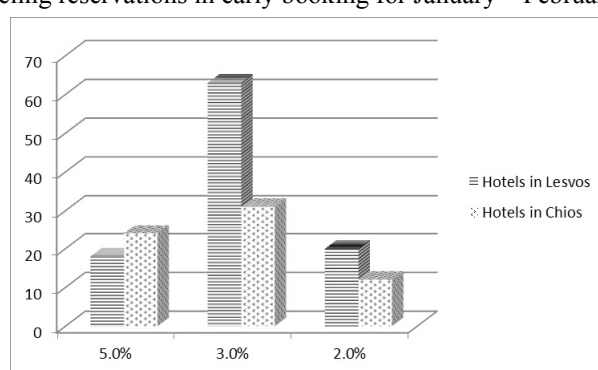


Source: Author's research.

Generally the analysis in graphic 2 shows that hoteliers from both island Lesvos and island Chios declare low percentage of canceling reservations in early booking for January – February 2015. Some 17,8% of the hoteliers on island Lesvos and 35,8% of the hoteliers on island Chios answered that the percentage of canceling was 5%. Close to this percentage – 3% is the 62,4% of the owners of hotels in Lesvos and 46,3 % of them on island Chios. Some 20% of the hoteliers on island Lesvos and 18% of them on island Chios have given the answer that the cancelations in early booking (January – February) for 2015 was 2%.

Figure 2

Canceling reservations in early booking for January – February 2015

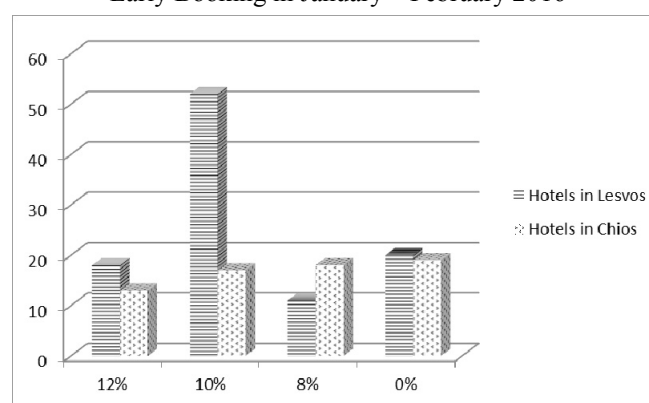


Source: Author's research.

These were the results of the analysis about reservations and cancelations of reservations in early booking for the months January-February 2015. The graphics that follow will show the situation for the same parameters but for January – February 2016, the year that the refugee and migrant crisis on the islands of north Aegean Sea reached high percentages and the social media spread abroad the things that happen in the region.

Figure 3

Early Booking in January – February 2016



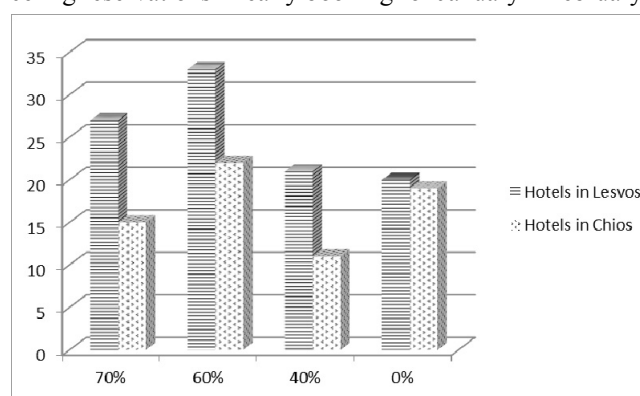
Source: Author's research.

Unlike to the tendency of the previous year (2015), for reservations in early booking with a percentage of 40%, 30%, 25% and 20%, this year (2016) the percentage is relatively lower. To the question “Which is the percentage for reservations in early booking for the months January – February 2016?” more than the half of the hoteliers from island Lesvos answered 10%, some 17,82% answered 12%, 10,89% give the answer 8% and 1/5 of them said that they do not have any reservations at all. Divided into almost same parts seem to be the results on island Chios, where 19,40%, 25,37%, 26,87% and 28,36% of the hoteliers answered that the reservations in early booking for January – February 2016 were respectively 12%, 10%, 8% and 0% .

As regards the percentage of canceling reservations in early booking in January – February 2016 a high percentage - 60% of interviewed hoteliers on island Lesvos show that they have a great number of reservations that are cancelled 60% -70%. Respectively, over 50% of the hoteliers on island Chios gave the same answer. As it can be seen in table №6, 1/5 of the interviewed hoteliers on island Lesvos and 1/3 of them on island Chios answer that they have no cancelations. This 0% is because of the fact that they have no reservations for the examined period – January and February 2016, conclusively they have no cancelations.

Figure 4

Canceling reservations in early booking for January – February 2016



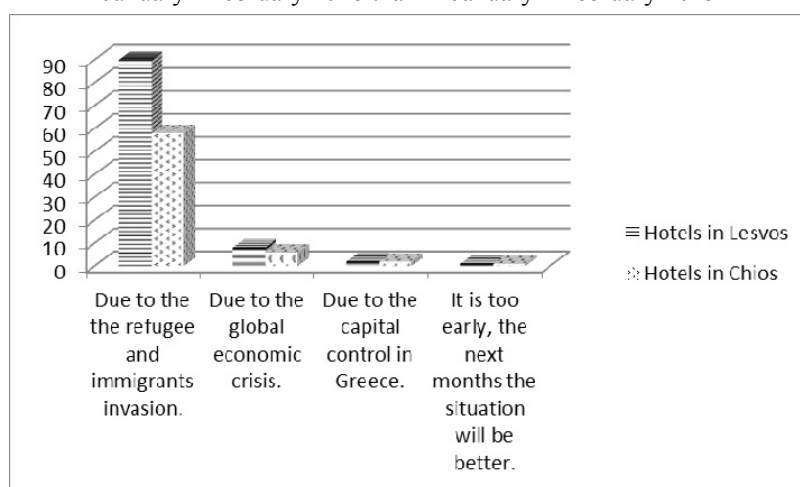
Source: Author's research.

The results for this period is something that comes in contrast with these from January-February 2015, that leads the author to make the question “If, there is a significant difference in percentage of reservations between January – February 2015 and January – February 2016 and the same about cancelations, why do you think it is happening?”. The answers to this question can be seen clearly in the next table.

The results from the research show that a high number of the interviewed hoteliers, about 90% on island Lesvos and island Chios see as main reason for the lower percentage of reservations and higher percentage of cancelations in January - February 2016 in comparison with these in January – February 2015, the refugee and migrants crisis on the islands. As other reasons for this situation, but definitely in a lower percentage they state

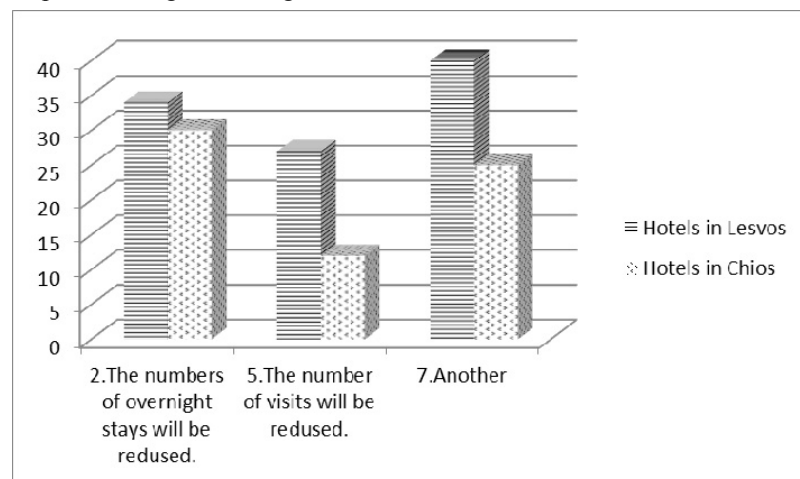
“Due to the global economic crisis” respectively 7,9% on island Lesvos and 8,95% on island Chios, “Due to the capital control in Greece” respectively 1,98% on island Lesvos and 2,98% on island Chios and “It is too early, the next months the situation will be better” respectively 0,99% on island Lesvos and 1,49% on island Chios.

Figure 5
Reasons for lower percentage of reservations and higher percentage of cancellations in January - February 2016 than in January – February 2015



Source: Author's research.

Figure 6
Impact of refugee and migrant crisis in tourism sector of the Greek islands

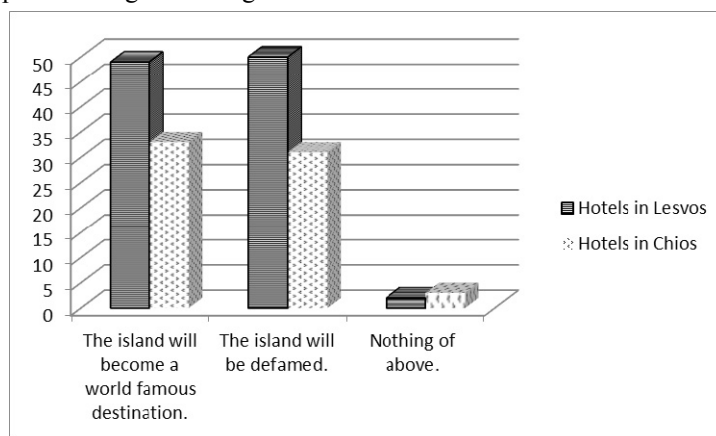


Source: Author's research.

To the question “Which is the impact of refugee and migrants crisis in tourism sector of the Greek islands?” no one of the interviewed didn’t choose the answers “The number of overnight stays will increase”, “The number of overnight stays will remain the same as last year”, “The number of visits will increase”, “The number of visits will remain the same as last year”. About 60% of the interviewed hoteliers on island Lesvos and island Chios share the pessimistic opinion that the number of overnight stays and visits to the islands will be reduced. Interesting are the results from these almost 40% that answer “Another impact” and fill in the questionnaire that they will achieve completeness in the hotel with the stays of the refugees and immigrants themselves, as well as with the NGO’s that have interest, doing their volunteer work to visit and stay on the island.

Figure 7

Impact of refugee and migrant crisis on the island as a tourism destination



Source: Author’s research.

Divided seems to be the opinion of the hoteliers on islands Lesvos and Chios, about the impact of refugee and migrant crisis on the island as a tourism destination, as some 48,51% of the hoteliers from island Lesvos and some 49,25% of them on island Chios think of positive impact and specially “That the island will become a world famous destination” and some 49,50% of the hoteliers from island Lesvos and some 46,26% of them on island Chios gave answers that show a pessimistic point of view – “That the island will be defamed”.

6. Conclusions and Recommendations

The article had the aim to to reveal the local impact of the refugee and migrants’ crisis on tourism development on the islands of Lesvos and Chios, in Greece. The analysis shows some interesting results. Firstly, according to the surveys founding it could be said that the refugee and migrant crisis contribute for an unfavorable tourism conjuncture on the Greek islands of the north Aegean Sea. Secondly, there is a significant difference in the

percentage of reservations in January-February 2015 and the same months in 2016, which are less than in 2016. On the question “If you find significant differences in rates of bookings and cancellations of reservations between 2015 and 2016 (January and February), please give your opinion on the reasons for this”, 90% of the interviewed of both islands said: “Due to the refugees and migrants crisis”, as the other rates are associated with responses such as “Due to the global economic crisis” and “Because of the capital control over Greek population”. Thirdly, concerning the cancellations of early reservations there are made more in January and February 2016 in comparison with these one of the previous year. According to the survey 60% of the interviewed hoteliers on the islands Lesvos and Chios share the pessimistic view that as a result of the refugee and migrant crisis, the number of overnight stays and visits to the islands will be reduced. Interesting are the results of these almost 40%, indicating that the results will be different – other than those proposed in the questionnaire and they add that they will have clients - the refugees and migrants, as well as representatives of NGOs that have interests to visit and stay on the islands, but in this case the motivation is not tourism its self, but work (either voluntary or not). Finally, the hoteliers – representatives of the two islands are divided in their opinion whether the refugee and migrant crisis would help the islands to become known tourism destinations or will affect negatively the image of the islands.

This is a major challenge (Roberts B. et al, 2016, p. 4) and in the same moment a security threat for these tourism destinations coming outside (Stankova M., 2016, 162; Schmeidl, S., 2002, p.7) the Greek borders. There is a need for a good and adequate approach to minimize the negative effects on the tourism industry, the local economy and the local community without violating human rights and freedoms. Crucial to maintaining the good image and identifying these islands known as tourist destinations which are offering high quality and professionalism of tourism services is the good coordination between the local communities, local authorities and those at regional, national and international level on marketing, economic and regional policy. They should establish the balance needed in order to contribute to positive results in the touristic sector of the region.

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SUMMARIES

Zoya Mladenova

REFLECTIONS OF THE GLOBAL CRISIS 2008-2009 UPON ECONOMIC THEORY: ATTEMPT FOR GENERALIZATION

The paper aims at analyzing the impact of the global financial and economic crisis in 2008-2009 upon economic theory. The focus is on the dominant theoretical paradigm: the neoclassical theory (economics). The research consists of two parts. The first analyzes the effects of the crisis on the neoclassical theory. The main directions of criticism against economics in the light of the last crisis are presented. Within the context of the philosophy of knowledge the issue about the “failure” of economics to predict the crisis, is discussed. The second part of the paper deals with some new processes and phenomena in the field of economic theory – both orthodox and heterodox, which develop in the post-crisis period. The final conclusion of the author is, that there are deserving attention novelties in the sphere of economic ideas. They, most probably, outline new perspectives in front of economic theory: in front of the science, and in front of the teaching of economics.

JEL: A20; B22; B41

Stefan Ivanov

COMPARATIVE ANALYSIS OF THE LOCAL FINANCE SYSTEMS IN THE EU COUNTRIES – CONCLUSIONS AND LESSONS FOR BULGARIA

The current study presents the essence and goals of the system of local finances. It conducts a comparative analysis and assessment of the types of services, the structure of local expenditures, the main revenue sources for local budgets, the way the system of government transfers functions, and the legal rights of local government in the EU with regard to expenditures and revenue generation. Furthermore, the study draws comparisons and analogies with the practice in Bulgaria. The conclusion presents theoretical and practical summarizations of the international experience and on that basis formulates recommendations for improvement of the system of local finances in Bulgaria.

The main formulated recommendations are as follows: Bulgarian municipalities are comparatively large, which is why the creation of a second level of local government is unjustified; conditions for local democracy can be created by transferring legal powers and resources from the municipalities towards their territorial structures – the mayoralties; the municipalities need to receive legal powers to provide services relating to combating everyday crime, local fire protection and protection of the harvest; the scope of social service provision needs to be increased; the municipalities need to receive expenditure powers with regard to delegated services; the municipalities need to be given legal rights to vote on taxation rates up to 2-3% within the general 10% rate of the personal income tax.

JEL: H7

Baki Huseyinov

SOCIAL-DEMOGRAPHIC CHARACTERISTICS OF THE ETHNIC GROUPS IN BULGARIA

The paper reasons the necessity and significance of the study of social-demographic characteristics of the ethnic groups in Bulgaria. It determines the changes in the social-demographic structures of the Turkish and Roma ethnic groups, considered an object of the study. The paper outlines the normative framework for identifying the term “ethnic group” as a premise for a reliable study of the relevant social-demographic characteristics. It systematizes the typical social-demographic characteristics and profiles of the Turkish and Roma ethnic groups. It analyzes and evaluates the state and dynamics of the relevant parameters. The paper outlines the possibilities for their use as a source of information for interrelated economic and social studies. It draws conclusions and concrete recommendations for the competent authorities for making grounded governance decisions.

JEL: J1; J11; J21; J24

Dimitar Zlatinov

EFFECTS OF BUSINESS CYCLE ON PRIVATE CONSUMPTION IN BULGARIA DURING THE GLOBAL FINANCIAL AND ECONOMIC CRISIS

The paper discusses the patterns of individual consumption in Bulgaria after 2008 and we focus our research on processes in the real sector the crisis amplified or made more resistant. We analyse the structure of household income and expenditures through tracing the dynamics of actual and potential GDP, inflation, actual and equilibrium unemployment, savings and credits of households. The basic conclusions revolve around the significant impact of the business cycle fluctuations on the structure of household income against relatively stable preferences for private consumption which is in line with the permanent income hypothesis and shows low sensitivity of households' expenditures to the business cycle phase. The considerable increase of household deposits and very low credit activity are also cyclically driven and show that although the real GDP structure in terms of the shares of domestic and external demand is more balanced after 2008 this does not transform into better conditions for doing business and increasing employment.

JEL: E20; E32; E66

Valentin Bilyanski

THE COLLAPSE IN OIL MARKETS FROM MID-2014 ONWARDS – ECONOMICS OR POLICY

This article examines the main reasons for the collapse of oil prices from mid-2014 onwards. The main purpose of the author is to determine whether the processes on the crude oil markets are dictated primarily by objective economic circumstances or lead mainly by different geopolitical interests.

The results are rather in support of the first claim – the collapse in prices is caused by oversupply, expectations for an economic slowdown in emerging economies and the refusal of the members of the Organization of Petroleum Exporting Countries (OPEC) to continue to use production quotas as a price regulation tool. At the same time the pursuit of geopolitical interests of countries like the US and Saudi Arabia should not be ignored, but it is rather a secondary, reaction to the current market situation.

JEL: F12; F14; Q02

Ibrahim L. Awad

Ashraf Galal Eid

THE MECHANISMS OF STAGFLATION IN EGYPT :THE ARAB SPRING FIVE YEARS LATER

This study addresses the economic performance of the Egyptian economy during the periods before and after the 25th January upheaval in 2011. It analyses, in particular, the extent to which monetary and fiscal policies contribute to the phenomenon of stagflation in Egypt after 2011. The study adopts Gordon's (1977 & 1985) model in specifying the relationship between inflation, unemployment, and real GDP growth. SVAR model has been employed to determine the factors behind stagflation in Egypt. The results suggest that macroeconomic performance does not significantly change during the periods before and after the 2011 and stagflation occurs in Egypt through the following mechanisms; (i) the existence of excess demand in the commodity market in conjunction with the existence of structural unemployment in the labour market. (ii) An existing mutual relationship between inflation and unemployment where both inflation and unemployment feed each other through the wage-price spiral and the elevation of the cost of production triggered by domestic currency depreciations. (iii) The subordination of monetary policy to fiscal policy which is in line with the fiscal dominance hypothesis and crowding out effect. (iv) Expected higher rates of inflation, through the expectations channel, shifting Phillips curve upwards.

JEL: E24; E31; E60

Yurii K. Zaitsev

Oleksandra M. Moskalenko

MODERN SOCIETY AND ECONOMY: THE DIALECTICS OF INTERDEPENDENCE OF POSSIBILITIES AND THE METHODOLOGY OF ITS COGNITION

The article investigates the philosophical and methodological problems of defining the principles, the realm and the boundaries of mutual coexistence and interpenetration of functions of the market economy and the society from the standpoint of achieving a sustainable synergistic effect in the process of implementation of the strategic needs of the mankind in general and of an individual person in particular. A critical description of forms of modern economic and social contradictions is presented, the intensification causes of the growth of irrational, distorted and "twisted, treacherous" forms of the spiritual life of economic systems and the society are revealed. The article pays great attention to the analysis of the dialectic unity and opposition of the society's moral values as a peculiar systemic realm of relationships between people, and to the "value rationality" of the modern market economy.

JEL: B00; G28; H2; I38; N1

Igor Britchenko

Volodymyr Saienko

THE PERCEPTION MOVEMENT ECONOMY OF UKRAINE TO BUSINESS

The article provides the analysis of the entrance into the innovative activity and organized regulation of interaction which is based on the scientific and technological changes, concentration of production and the feasibility study of administrative decisions, which are dominated by a conglomerate of technical, technological and engineering management decisions. The research formulates the provisions for the productive use of business as the form of economic relations which is based on the entrepreneur function. These provisions are formulated basing on the conditions of efficient division

of labour and cooperation. The research singles out a number of systemic positions which allow perceiving logically and distinguishing the production, service and business, to distribute human activities between the groups of occupations and types of service activities. Among these systemic provisions the most efficient is a modelling approach which, when the society enters more complex social and economic stage, transfers the science from the environment of operations with the bulk characteristics into the environment of the analysis of specific sets of coefficients. The logistics of Ukraine's joining the process of business is associated with the position of the recognition of the primacy of the physical abilities of the person, which should be developed in part in the system of public security and partly in the business environment, commercialization and private capital. Person enters the business environment and habitat as an initiative individual. These indicators are the following: «connections» between the old and the new, between the objects which exist and those which only start to appear and will exist in future; «sources» of development, movement, changes; «mechanism» of development, ways of changing from old to new quality; «direction» of development; «style» of thinking, understanding reality; «essence» of true knowledge; «essence itself» of cognition; «alternativeness» of metaphysics and dialectics.

JEL: B12; B13; B24; I25; L84; M21; O52; P2; P46

Krasteva Rouska

LOCAL IMPACT OF REFUGEE AND MIGRANTS CRISIS ON GREEK TOURISM INDUSTRY

The movement of multiple groups of refugees and migrants to countries from the touristic macro region of Europe became one of the historical phenomena of the new century. In particular, the refugee stream of recent years has a decisive impact on the demand of touristic services to the Greek islands in northern Aegean Sea. Tourism in Greece is an important source of income by providing more than 9% of the GDP and stimulating the development of other related economic sectors such as trade, agriculture, and communications. It also provides about 30% of the total workforce in the country. Because of their favourable location, near the coast of Turkey the islands of Lesvos and Chios became a bridge to Western Europe for large numbers of refugees and migrants. This study aims to reveal the local impact of the refugee and migrants' crisis on tourism development in Greece and particularly on these two islands Lesvos and Chios.

For this purpose a research was conducted based on a representative sample, which includes the survey of 168 hotel managers. The primary empirical data was collected from the local hospitality entrepreneurs and was registered. After processing and analyzing the data, the research results show that there is a significant difference in percentage of reservations between January – February 2015 and January – February 2016 and the same about cancellations. As main reason for this situation the majority of the interviewed show the refugee and migrants' crisis.

JEL: Z32