

# Theoretical Bases of Ukrainian Economic Structure

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The article proposes to consider the structure of the economy as a set of different elements of the economic system, characterized by the corresponding interconnections between them and interdependence from each other, and, as a result, form the basis for the stability of the system, the stable development of the whole economy and sustainable development of the country as a whole. The disclosure of meaningful aspects of the structuring of the economy takes place from the standpoint of sustainable development concept. The paper investigates the theoretical basis of economic structure, which is two groups of structuring principles: 1) characterizing the dynamics of economic structure; 2) describing the statics of economic structure; the basic factors determining the economic structure are also established and conditions necessary for the formation of the optimal structure of the national economy are identified. The study of approaches to the typology of economic structure is undertaken and the most appropriate one is identified. A new type of structure – “eco-destructive”, which characterizes the influence of environmental losses from the activity of economic entities on the economy and sustainable development of the country as a whole, has been suggested.

*Key words:* national economy, economic structure, environmental losses, sustainable development, eco-destructive type of economic structure.

*УДК* 338.23:330.341.42

*JEL Codes:* O11, O20

**Problem statement.** The national economy, acting as a socio-economic system of the country and a phenomenon of the macroeconomic order, has a decisive influence on the long-term vector of development of any state. Fundamental studies of the national economy and findings are the key basis for economic policy formation of the state and ensuring its sustainable development in general. An important place in the studies of the national economy belongs to its structural features and individual structural elements, which largely determine the overall efficiency of the economic system of the country, its ability to develop progressively, internationalize and meet all the needs of population.

**Analysis of recent research and publications.** The research of theoretical and methodological structure of the national economy is devoted to the works of such scientists as V. P. Reshetylo [14], O. I. Klimova [8], I. T. Dzagoeva, F. H. Tskhurbaeva [6], I. V. Alekseev, M. K. Kolisnyk, A. S. Moroz [1], E. V. Prushkiv's'ka [12], O. Yu. Krasilnykov [9].

**Unsolved parts of a common problem.**

In modern scientific literature the structure of the national economy is considered in the majority of cases from the position of the ratio between the branches of production and in the context of reproductive processes. Therefore, the optimal structure of the national economy is formed on the basis of the concept of sustainable development. This requires a revision of the approaches to typology of economic structure and considering the life cycle of each of type of economic activity.

**Purpose of the study** is to investigate the theoretical basis for structuring the Ukrainian economy and establish its optimal type.

**Key findings.** National economy is a complex system because it combines a set of elements that function as a unit, and they are characterized by close interrelationship and

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coherence with the aim of promoting the realization of a common goal [10], and is defined by the parameters presented in Figure 1.

Accordingly, analysing Figure 1, it can be argued that the national economy is a dynamic category, which is formed for a long period of time under the influence of many factors, both internal (further, the features of the economy form national identities) and external (the economy corresponds to the world requirements for development and activities, the general principles of functioning, the models of leading economic systems).

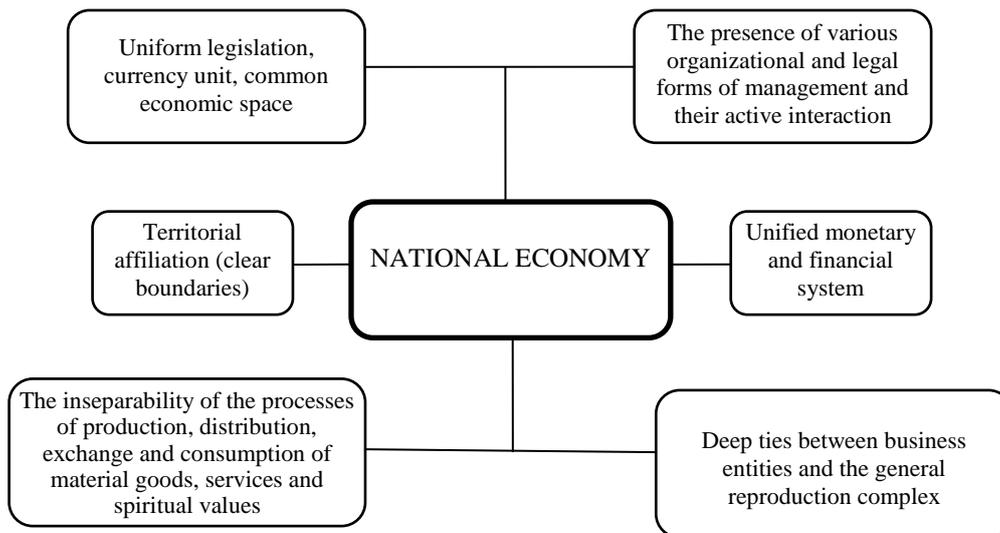


Figure 1. General features of the national economy [14]

The retrospective of the formation of the national economy (the degree of development of the productive forces, the propensity to innovate, the state policy, sensitivity to external shocks, etc.) plays an important role in its further stability. Along with this, in our opinion, the economic structure is the fundamental criterion that forms the basis of all further researches, developments, steps of the state towards intensive economic development of the country (for example, in the form of reforms) as a whole.

The economic structure is the cornerstone on which the national identities of the economy are formed. There is no doubt that the national economy is a clearly structured system.

The work of economic statistician C. Clarke titled “Conditions of economic progress” [4] is evolutionary in the context of the research questions of economic structure. It proposes to structure the economy into three large sectors (the first sector is agriculture (production of raw materials), the second is industry (production of finished products) and the third – services), each of which included the industry, based on technological and economic characteristics of its development. According to the scientist, with the development of the economy and its transition to the top lines of functioning, the dominant sectors of economy are changed. Analysing the modern structure of the world economy and the transition of countries to post-industrial development, we can confidently assert the correctness and fairness of the conclusions of Clark and his follower J. Furaste [7], who noted the prevalence of employment in the service sector.

The continuation and development of the Clarke model of economic structure was also

carried out by the American sociologist D. Bell [3]. The modification of his point of view on economic structure has the following form [12]:

- the first sector: traditional production (raw materials presented with agriculture, forestry and extractive industry);
- the second sector: manufacturing (raw materials processing and construction);
- the third sector: production of material goods (transport, communications and utilities);
- the fourth sector: other services (trade, finance, real estate operations);
- the fifth sector: public services (health, education, research).

It is worth noting that to date the sectors modification in economic structure of the continues.

In our opinion, the economic structure characterizes the consistent development of the economy as a system and its individual components. The complexity and multidimensionality of the category under study, among other things, is explained by the presence of a large number of interrelated processes (reproductive, resource, technological, labour, investment, innovation, financial, organizational, etc.). Proceeding from this, it is proposed to consider the economic structure as an aggregate of various elements of economic system, characterized by corresponding interrelations between them and interdependence of each other and, as a result, form the basis for the system stability, stable development of the entire economy and sustainable development of the country as a whole.

The analysis of conceptual approaches and works devoted to the study of theoretical basis of economic structure makes it possible to form a list of fundamental principles that ensure the observance of features of systemic nature in further research (Table 1). It is worth noting the advisability of dividing all principles into two large groups: the first group comprises the principles that characterize the dynamism of economic structure, and the second group includes the principles that determine the static structure of the economy. This division is due, firstly, to the fact that the economic structure is defined by constant fluctuations that occur as a result of structural changes, and secondly, by the fact that the analysis of economic structure is always conducted for a specific (fixed) period of time and corresponding dynamic changes in the structure can be track only on the basis of its static states.

*Table 1*

Principles of the study of economic structure

Group	Principle	Definition
I	Evolutionism	characterizes the relationship between the development of internal and external environment of economic system and structural changes with the aim of preserving its integrity and the unity of its elements
	Cyclicity	defines the economic structure as a relatively independent characteristic of the system, which in its development passes through the stages from progressive to regressive influence on the system integrity
	Polycentricity	determines the direction of development of economic structure, proceeding from the continuity of reproduction process
II	Subjectivity	the principle that allows us to classify the economic structure depending on its component's composition, the influence of the elements on each other and on the ties quality
	Polystructural structure	the principle that determines the complexity of economic system, its fullness with many structural elements that have a certain degree of self-regulation based on the interests and multifaceted relations of subordination in subsystems of one level to another

The process of forming the economic structure can be traced through structural changes that reflect the transformation of relationships between various components of economic system in space and time. Accordingly, structural shifts arise as a result of gradual accumulation of structural changes in the economy. For example, the gradual economic development of the country causes changes in the structure of production and consumption, reflected in a reduction in the share of industries that produce primary resources and an increase in the share of industries producing services. So, on the one hand, the share of primary resources in the gross domestic product is indicative of the level of technological development of the economy and its individual sectors (the smaller the share of consumption of primary resources, the more productive is the economy of the country). On the other hand, the growth in the share of services in GDP indicates an increase in the wealth of the nation and the quality of life of population, since a poor society requires a much smaller list of services. So, we can conclude that it is the wealth of a nation and the degree of economic development that determines the economic structure and not vice versa.

In professional scientific literature one can find a considerable number of views on the typology of economic structure which differ from each other:

- reproducing; branch; hierarchical; economic (ownership structure); value;
- material; financial and cost; the structure of demand; management structure;
- reproducing; territorial; branch; organizational and economic; foreign economic;
- reproducing; branch; territorial; socio-economic; technological;
- reproducing; branch; territorial; ownership structure; organizational and legal; the structure of investments; social; foreign economic; market infrastructure;
- reproducing; branch; technological; regional; socio-economic; structure reflecting the process of concentration, cooperation and centralization of capital;
- reproducing; branch; technological; special;
- the structure of social production; branch structure; sectoral structure (in the context of its large sectors); branch structure; the structure of production and consumption [1, 2, 6, 8].

Each of the presented approaches is justified and certainly forms the basis for scientific discussions on the most optimal economic structuring in the country. The above views of scientists on the typology of economic structure correspond to specific conditions for the development of national and world economy and the specific period of historical development of the country, and determines the differences in presented approaches.

It is also notable that most of the professional scientific literature devoted to the study of the issues of economic structure has a one-sided view of its typology, considering the economic structure only from the position of the ratio between the branches of production and in the context of reproductive processes. Also, there is still no consistency between scientists regarding a unified approach to distinguishing between different types of economic structure. The only thing that unites all scientists is the assertion that the essence of the concept 'economic structure' and its types are determined depending on the purposes of research and analysis. In our opinion, such an approach does not contribute to sustainable development of the country as a whole and the stability of the national economy in particular. This also makes it impossible to build the optimal economic structure in the country and, accordingly, reduces the effectiveness of structural shifts and their impact on the adaptation of the national economy to world trends.

The mainstream of modern development of both the world economy in general and national economies in particular is the global doctrine of sustainable development, which is closely linked with the changes (transformation) of technological economic structures and the

need to ensure the global dynamic equilibrium. The term 'sustainable development' was first proposed in 1987 by the International Commission for Environmental Protection and Development. The concept was finally formed in 1992 during the UN conference in Rio de Janeiro. The essence of the concept and the term 'sustainable development' is the development that meets the needs of current generations, but does not threaten the ability of future generations to meet their future needs [13]. There are two dominant approaches in the formation of this concept – biosphere-centered (the environment is not only a source of resources, but also the basis for all living things on the planet) and anthropocentric (the existence of mankind depends on the ability of future generations to meet their needs for natural resources). So, the imperative of the concept of sustainable development is the convergence of the triangle of spheres – ecology, economy, society. Considering the purely economic prerequisites for the emergence of this concept, it is worth noting the powerful influence of environmental factors on the production of the world economy. Thus, according to the International Institute for Social and Labor Studies, an increase in the concentration of greenhouse gases in the atmosphere will lead to a reduction in world production and the level of aggregate demand: if the traditional development scenario is followed, the level of production in 2030 will be 2.4% less than the current 7.2% in 2050 (as of 2012). Accordingly, destructive changes in ecological systems lead to the loss of jobs and incomes by all subjects of economic relations.

Also, one cannot ignore the influence of social factors on the development of the economy. Thus, the fundamentalists of the concept of sustainable development argue for the gradual shift of priorities in the economic and social values of man, in particular, the emphasis shifts from the purely material welfare to the non-material services (the availability of socio-humanistic services, such as quality of education, health care systems, security level, etc.) [5]. It provides the stimulation of higher levels of economic development. Also, a special place in the concept of sustainable development belongs to the impact of poverty on economic and environmental development.

The above allows us to assert that it is impossible to form the optimal structure of the national economy without considering the concept of sustainable development and effective structural policy of the state. This makes it necessary to revise the existing approaches of scientists to the typology of economic structure. Before presenting the author's suggestions on the types of economic structures, it is advisable to consider the time factor or the life cycle of each structural type. So, the following stages of life cycle are proved in work [9], which pass each separate type of economic structure:

- the occurrence (a new type of structure may arise both during the formation of a new country with its economy and within the framework of already existing structure during transformation processes in the economy and, in general, by a qualitative change in the economic structure);
- the development (like the previous stage, it can occur within already existing structure);
- the maturity (the development of the structure is somewhat suspended, it acquires the features of stability, 'static' and the balance of processes occurring within the structure);
- the regressivity (this period of life cycle is characterized by structural crises and imbalances that lead to a violation of the balance state of the structure and have negative consequences for its functioning);
- the decline (the structural development stops, accompanied by its replacement with a new structure).

It's worth noting that considering the stages of the life cycle presented above, which are

characteristic of the economic structure, will allow timely reactions to the corresponding structural changes and deformations in the economy and processes, it is accompanied. Along with this, it is necessary to understand that within the framework of the work a generalized typology of economic structures is presented that form the basis for the study of certain aspects of the economic structure and the stages of the life cycle described above do not undergo directly suggested type of structure, but its subtypes or the state of structure that is characterized by a clearly defined period of time.

Thus, in the framework of the study of theoretical foundations of economic structure, it is proposed to improve the typology of the structure of national economy, which is shown in Figure 2.

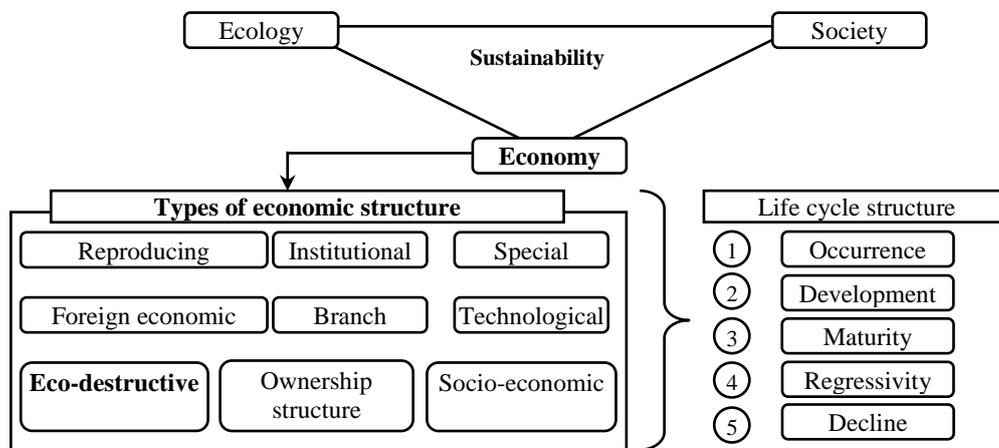


Figure 2. Typology of economic structure from the perspective of the concept of sustainable development of the country (compiled by author)

According to Figure 2, the author proposed a new type of structure – ‘eco-destructive’, which characterizes the impact of environmental losses on the activities of economic entities on the economy and sustainable development of the country as a whole. The essence of this type of structure is the distribution of the entire economy and, accordingly, production in the country to ‘green’ or those that prevent / do not lead to environmental pollution, provide / promote the restoration of ecological systems and rationally consume resources and those that carry out destructive influence on the environment and lead to environmental losses in the economy. Thus, ecology is a factor that determines the type of economic structure.

Along with this, it should be noted that all production in the country, regardless of industry, sector of the economy or technological equipment, should strive to reduce the volume of environmental losses. Ecological losses should be understood as “the losses in the national economy expressed in value terms (losses, additional costs, lost profits) from the eco-destructive activity of economic entities” [11]. Accordingly, environmental losses lead to environmental consequences, not only in the environment, but also in the social and economic spheres, fully consistent with the fundamental principles of the concept of sustainable development.

Eco-destructive type of economic structure is characterized by deep ties between the three main components of the concept of sustainable development: the environment, social and

economic spheres. This determines the need to consider the principle of synergy between these spheres for ensuring sustainable development of the country. On this basis, the traditional identification of welfare in the country and economic growth based on GDP does not meet the current requirements of the concept and does not allow for an objective assessment of these categories. That is why, within the eco-destructive type of economy, it is advisable to expand the list of indicators, except for economic processes which will consider both environmental and social. Also, within this type of structure it is important to present clearly the list of losses that can be received by the country's economy as a result of its destructive impact on the environment.

Therefore, structural restructuring, as a permanent process characteristic of the Ukrainian economy, should consider the state of the environment, the need to maintain ecological balance, especially during the rapid modernization of production and innovative development and stimulate the formation of new industries. Ignoring the peculiarities of eco-destructive type of economic structure will necessarily lead to the destruction of the integrity of economic system, the loss of its quality properties and deformation of economic relations.

**Conclusions and directions for further researches.** Summarizing the study of theoretical foundations of economic structuring, we note the need to transform the views on this concept and its main characteristics. The disclosure of substantive aspects of economic structuring should be conducted from the perspective of the concept of sustainable development, that is, considering along with social and environmental foundations. The economic structure is an indicator of its stability, sustainability, and also an indicator of ensuring the national economic security of the country as a whole. Thus, an effective economic development of the country depends not only on resource provision, the quality of ties between the subjects of economic relations, institutional environment, the level of innovations implementation, etc., but also from destructive processes in the environment.

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*Manuscript received 10 November 2017*

### **Теоретические основы структуризации экономики Украины**

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В статье предложено структуру экономики рассматривать как совокупность различных элементов экономической системы, которые характеризуются соответствующими взаимосвязями между ними и взаимозависимостью друг от друга и, в итоге, формируют основу для устойчивости системы, стабильного развития всей экономики и устойчивого развития страны в целом. Раскрытие основных аспектов структуризации экономики рассматривается с позиции концепции устойчивого развития. Рассмотрены теоретический базис структуры экономики, а именно идентифицированы две группы принципов структуризации: 1) характеризующие динамичность структуры экономики; 2) характеризующие статичность структуры экономики, так же установлены основные факторы, определяющие структуру экономики и определены необходимые условия формирования оптимальной структуры национальной экономики. Проведено исследование подходов к типологизации структуры экономики и определены наиболее адекватные из них. Предложен новый тип структуры – «эколого-деструктивный», который характеризует влияние экологических потерь от деятельности субъектов экономических отношений на экономику и устойчивое развитие страны в целом.

*Ключевые слова:* национальная экономика, структура экономики, экологические потери, устойчивое развитие, эколого-деструктивный тип структуры экономики.

*Mechanism of Economic Regulation, 2017, No 4, 183–191  
ISSN 1726-8699 (print)*

### **Теоретичні засади структуризації економіки України**

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В статті запропоновано структуру економіки розглядати, як сукупність різних елементів економічної системи, що характеризуються відповідними взаємозв'язками між ними та взаємозалежністю один від одного та, у підсумку, формують підґрунтя для стійкості системи, стабільного розвитку всієї економіки та сталого розвитку країни в цілому. Розкриття змістовних аспектів структуризації економіки відбувається з позиції концепції сталого розвитку. Розглянуто теоретичний базис структури економіки, а саме ідентифіковані дві групи принципів структуризації: 1) які характеризують динамічність структури економіки; 2) які характеризують статичність структури економіки, також встановлені основні фактори, що визначають структуру економіки та визначені необхідні умови формування оптимальної структури національної економіки. Проведено дослідження підходів до типологізації структури економіки та визначені найбільш адекватні з них. Запропоновано новий тип структури – «еколого-деструктивний», який характеризує вплив екологічних втрат від діяльності суб'єктів економічних відносин на економіку та сталий розвиток країни в цілому.

*Ключові слова:* національна економіка, структура економіки, екологічні втрати, сталий розвиток, еколого-деструктивний тип структури економіки.

*JEL Codes:* O11, O20

Table: 1; Figure: 2; References: 14

*Language of the article:* English

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