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UDC 330.35.01(476)

THEORETICAL BASIS OF ECONOMIC GROWTH. CHARACTERISTICS OF ECONOMIC GROWTH IN THE NEW ECONOMY

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The article focuses on the problem of economic growth. Economic growth is the basis for increasing wealth. The analysis of the factors which determine it can explain the differences in the level and pace of development in the country in different periods of time. The article reveals the concepts of economic growth and new economy. It also responds to the questions of how to ensure economic growth, what factors are responsible for it. The consideration of economic growth and dynamics of the standard of living forms the basis on which people estimate the work of authorities.

Such famous economists as Roy F. Harrod, Evsey Domar, Robert Solow, Adam Smith and modern representatives as Nikolay Snopkov, Sergey Rumas, Michael Demidenko, Andrey Klepach have been engaged in the problem of economic growth.

Economic growth is a constant increase in goods and services produced over a certain period of time (usually annually) [1, p.442]. It can be measured in physical terms (tons, meters, pieces, etc.) and in terms of cost.

Economic growth is the basis for solving the majority of social and economic problems. Parameters of economic growth and their dynamics are widely used for the characterization of development of a national economy in economy state regulation. Economic growth has been studied by theoretical economists of all generations. The theory of economic growth has recently become a separate, relatively isolated section of economics.

Nevertheless, clear interpretation and formalization of this phenomenon has not been finished yet. It can be said that economic growth is an increase in GDP per capita. The increase in rates of economic growth leads to the increase in the level of income of budget. Therefore assistance in increasing the rates of economic growth is one of the primary goals of economic policy of any state. People estimate the work of authorities considering the rate of economic growth and the dynamics of the standard of living. But economic growth depends not only on the potential of the national economy, but also on the external economic and foreign policy factors.

Economic growth depends, first of all, on the quantity and quality of natural and human resources, production assets and the efficiency of their use, scientific and technical progress and the society aggregate demand. All the factors are interconnected. On the one hand, dynamic rates of economic growth are possible in case of availability and effective use of production resources and achievements of scientific and technical progress. The shortage of resources restrains economic growth. On the other hand, the country can have the richest natural resources but lack funds for their utilization. The objective factors restraining economic growth in Belarus are limited raw materials as well as fuel and energy base, and poor development of market infrastructure.

The factors of economic growth are [2, p.273]:

- investments;
- quantity and quality of natural resources;
- quantity and quality of manpower;
- labor productivity, education and vocational training;
- fixed capital volume;
- new technologies.

The listed factors facilitate the physical growth of production, but it is also necessary to use or consume the increased gross national product. Therefore growth also depends on the demand and distribution factors. It is important to note a significant feature of investments: at the moment of their realization they increase aggregate demand, but during the subsequent periods they increase aggregate supply, as they raise the volume of production capacities.

Economics

Modeling economic growth represents a difficult process of the justification of methods and models of forecasting, the calculation of major macroeconomic indicators of social and economic development in prospect [3, p.367].

The most important macroeconomic parameters characterizing economic growth include: gross domestic product, the consumption level of households, the consumption level of public institutions, the volume of investments, the volume of export-import of goods and services, and also the volume of product output determined by these figures in the leading industries of economy [4, p.140].

The rates and quality of economic growth depend on its type - extensive or intensive. But the economic history does not know a pure intensive or extensive type of economic growth.

Extensive type is based on involving additional resources into production, preserving the level of technologies and quality of resources. Extensive growth of production is the easiest and historically initial way of expanded reproduction. Its advantage lies in the fact that it is the easiest way to increase the rates of economic development. It helps to accelerate the development of natural resources as well as to reduce or liquidate unemployment rather quickly.

On the other hand, this method of increasing production has certain disadvantages such as technical stagnation, during which the quantitative increase in product output is not accompanied by technical and economic progress. Extensive expansion of production presupposes the availability of manpower and natural resources due to which economy rates can increase. However, reproduction conditions necessarily worsen. Thus, the equipment at the operating enterprises gets older. Owing to the growing exhaustion of natural resources, it is necessary to spend more work and resources of production on raw and fuel extraction. As a result, economic growth becomes increasingly costly.

Intensive type means production on the basis of new technologies, improvement of the quality of resources, production organization and work enhancement, improvement of professional qualification of workers. Intensive type is a more difficult type of economic growth. Its main thing is the improvement of production technology, increase in major factors of production. The main distinctive characteristic of intensive type of economic growth is the increase in efficiency of production factors on the basis of technical progress. In the given type of expanded reproduction there is a new factor of economic growth: the increase in efficiency of all traditional factors. Intensively expanded production is more progressive, as scientific and technical achievements start to play the main role in improving the efficiency of production conditions. Simultaneously, the cultural-technological level of employees increases. The barriers of economic growth generated by limited natural resources are overcome with the intensive increase in production. The prevalence of this or that type is determined by various combinations of factors of production.

Economic growth can be defined as a process characterized by the increase in the amount of created welfare and services according to the volume and structure of developing personal and public demands. It is accompanied by the expansion of resource consumption of all kinds and is expressed in incremental values (goods, income, development and etc.).

Today the model of steady economic development is objectively in high demand in the world. Economic development is a multi-aspect phenomenon reflecting economic growth, first of all, structural changes in economy and the growth of standard of living.

Stability presupposes continuously maintained development of social, economic and ecological spheres in their reasonable interaction, which is capable «to meet current demands and does not threaten the future generations' possibility to satisfy their requirements». The justification of the trajectory of steady economic growth should be based on a complex estimation of all factors. However, it is necessary to consider the changing roles of major of them in the conditions of transition to a new technological way.

New economy (neoeconomy) is the economic infrastructure mainly characterized by prevalence of intangible assets (services and technologies), and decrease in the role of tangible assets (land and buildings, installations, machines and equipment, facilities and accessories, tools and assets in the course of construction and development) [5, p.120].

The new economy is an economy of knowledge, new information technologies that provide leadership and competitiveness. The main feature of «the new economy» is the development of the intellectual capital and its joining to other three major factors of production, which distinguishes this economy from all the previous types in a revolutionary way.

One of the major world tendencies in forming modern society is the transition from raw and industrial economy to the new economy which is based on intellectual resources, high technologies and information technologies. Now the new economy plays a determining role in economic development. In connection with it the search for methods of provision of the new economy development in general and its industries in particular is becoming relevant.

The major difficulty in studying the processes of forming the new economy lies in the fact, that despite the increased interest to the given problem, there are no uniform theoretical and methodological approaches to determination of the contents of new economy, its peculiarities. There are no complex models of development of the new economy in the transforming economic system.

"The new economy" today comprises industries with high specific weight of non-material, human capital, such as information-communicative technologies, education, science and intellectual services (consulting). New economy received enormous benefits, including fast growth of productivity, income, low unemployment and moderate inflation.

As a new order of socioeconomic relations the new economy has the following characteristics:

- dynamics. Fast changes in the market occur constantly (new players, improved technologies, products, etc., force out the old ones), and its rates are only accelerated;
- innovations. New business approaches and management methods, new developments and flexibility become the major attributes of successful businesses;
- mass production develops qualitatively – new economy merges with specialization according to the demand of each separate consumer;
- effective application of information-communicative technologies becomes of vital necessity for competitiveness, both for separate enterprises and the country as a whole.

This article reveals the essence of economic growth. From the above mentioned information we found out that economic growth leads to the increase in level and quality of life because the amount of goods and services grows per citizen of the country on average. There are two ways of economic growth. The first (extensive) way consists in increasing quantity of resources used with invariable efficiency of their use, which does not give high indicators and has a stagnant character. The second (intensive) way presupposes efficiency increase with invariable quantity of resources used, which is considered more optimal as it is provided with factors of economic growth.

Economic growth provides production increase that is used for the solution to internal and international social and economic problems of any state.

Considering the types of economic growth it is necessary to note that extensive economic growth is accompanied by the reduction of unemployment rate, the full employment of the population which allows increasing production growth. But this phenomenon is temporary as the full employment condition cannot be filled annually and the next year growth rate will be same. Hence, the given way of development has a stagnant character; actually, there is no technical progress. However, it is necessary to mention that the extensive way has given birth to a new type of development – intensive. Having created the basis for development of new economic relations, the extensive way has made a great contribution to the development of the national economy of the whole world. Currently it is impossible to find the pure type of economic growth in industrially developed countries. They are combined in a certain ratio depending on the prevailing method of increase in production of goods and services. In the Republic of Belarus the intensive type of economic growth prevails.

Economic growth is determined by the following major factors: natural resources, manpower, capital, technologies. State regulation of economy and measures for its constant growth are necessary for the realization of social policy of any state.

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UDC 336.717.061 (476) = 111

FLEXIBILITY ASSESSMENT OF CREDIT RESOURCES OF CORPORATE LOAN PORTFOLIO OF BELARUSSIAN BANKS

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The article describes basic conditions of development of bank lending sector of the Republic of Belarus. Flexibility of comprehensive corporate loan portfolio is assessed. Measures to increase the flexibility of credit resources are presented.

An effectiveness of banks' credit functions determines the condition of the overall economy. Bank loans contribute to productivity increasing and work quality, expanded reproduction, implementation of investment projects, etc. Therefore, the improving of the level of bank credit resources distribution, the increasing of the flexibility of banks' loan portfolio is a prerequisite for building a strong, stable economic system.