

INSTITUTIONAL FOUNDATIONS OF HUMANIZING ECONOMIC GROWTH

Tatoul Manasserian

Doctor of Economics, Professor at Public Administration Academy of the RA

Key words: economic growth, institutional foundations, economic category, socioeconomic development

Introduction

The humanization of economic growth is considered a complex socioeconomic phenomenon, conceptualized from various perspectives: as an economic category, a process of transition to socioeconomic development, a prerequisite for its modification, and the primary goal of state socioeconomic policy. It is increasingly recognized that the primary wealth of any country is its human potential [Loskutova, 2005]. It is also axiomatic that the most important and consequential qualitative shifts in the reproductive process of the world's leading economies occur not in the material sphere, but in the sphere related to human development and the satisfaction of human needs. Quantitative economic growth is based on exogenous factors of social production, resulting in GDP growth. However, economic growth that is not accompanied by an increase in the well-being of the country's population cannot be considered socioeconomic development. It is worth noting that the qualitative certainty of economic growth as its final outcome, through the resulting effect, manifests itself in social and economic development. Consequently, the process of economic growth becomes a process of socioeconomic development.

Economic development is a complex concept. In macroeconomics, due to the complexity of its measurement, economic growth is more often analyzed, although it is only one criterion of economic development. Consequently, rapid or, conversely, flat or even negative economic growth does not always indicate rapid economic development, stagnation, or economic decline.

Methodology

The theory of economic growth studies, first and foremost, quantitative indicators of dynamics (simple, narrowed, complete, with constantly increasing or decreasing rates of growth in output), and only then qualitative indicators (the predominance of intensive or extensive factors). Thus, when studying problems of economic growth, quantitative indicators come first, while when studying problems of reproduction, qualitative indicators come first.

The objects of economic growth are the economy, industry, and individual economic entities. The structure of economic growth varies depending on the conditions of social development and the stages of the life cycle of economic entities. Growing real production makes it possible to, to some extent, resolve the problem of limited resources in the face of unlimited human needs [Orlova, 2011, 25-31].

Sustainable economic growth presupposes the creation of appropriate macro-, meso-, and microeconomic conditions that ensure the profitability of expanding production activities and investing in production development.

The primary condition (prerequisite) for economic growth is the presence of growth potential — a highly skilled workforce, land, and natural resources. At the same time, purely geographical and historical factors are also important. However, increasing potential does not always lead to positive economic growth. Economic growth potential is the potential for increasing the scale of resources involved in production and their possible use to achieve competing goals, including the movement of economic entities into innovative sectors of the economy.

In this paper method of classification is widely used. The results of various studies on economic growth allow it to be classified according to the following criteria:

- by the rate of increase in GDP, GDP per capita, production efficiency, etc.: slow, rapid, and sustainable economic growth;
- by the degree of resource utilization: extensive and intensive growth;
- by the nature of the interaction between the national and global economies: export-expanding, imported, import-substituting, and devastating growth;
- by type of growth rate: actual, guaranteed, and natural (the maximum possible rate of economic growth given population growth and technical capabilities);
- in relation to current laws: legal, shadow, and criminal growth;
- by the types of dependence of the global periphery on the Western world: economic growth oriented toward import substitution and the creation of a self-sufficient economy, as well as growth oriented toward accelerated export development and the utilization of the advantages of the international division of labor;
- by duration of implementation: medium- and long-term growth;
- by the nature of implementation: balanced and unbalanced, etc.

Literature review

Experts like Brew and McConnell distinguish three main groups of factors: supply, demand, and distribution [Brew et al., 1993, 118]. In one study of the capitalist system, technical-economic factors (those determining the technical conditions for growth) and socio-economic factors (those determining the internal incentives for growth and its mechanism) are identified. Sidorovich classified the factors of growth efficiency as general (long-term) and specific (short-term). Denison divided the factors determining economic growth into two categories: physical factors of production (labor and capital) and factors of labor productivity growth. In "A Study of Differences in the Rates of Economic Growth," he identified 14 components among the production factors. His analysis showed that the greatest contribution to economic growth in all the countries under consideration was made by the factor of increasing labor productivity [Guseva, 2007, 1-7]. Some consi-

der knowledge to be the most important factor: the economy of any period is based on knowledge. Firstly, the increasing role of humans in modern production predetermines growing demands on their knowledge; secondly, this condition has not previously been identified as a factor in economic growth. According to Stewart, "knowledge is more valuable and more powerful than natural resources, giant enterprises, or a substantial bank account." What, then, is knowledge as a factor in economic growth? There are many definitions of the category "knowledge" in modern economic literature. It is updated, "put into action" information. It is consciously and purposefully updated, generalized, systematized, structured, and coordinated information, representing a proven and relatively true result of understanding reality [Salikhov, 2008, 52].

The technological aspect of industrial structural modernization has been examined in considerable detail in the works of Yakovets, Lvov, Glazyev, and others. In particular, Glazyev was the first to associate modern economic growth with the consistent replacement of integrated complexes of technologically related production—technological paradigms (TPs) [Glazyev, 1991]. He associated structural modernization with the transition to a new TP followed by the elimination of the old one. The hypothesis of the existence of TPs was later supported by many researchers. The issues of scientific and production cycles, long waves in the post-industrial economy, the life cycle of a technological paradigm, the processes of replacing dominant technological paradigms, and the development of infrastructure for new technological paradigms were examined in considerable detail. Progressive technological shifts in industry are associated with the emergence of modern fifth and sixth technological revolutions, within which the role of knowledge-intensive high-tech industries is increasing.

Analysis

Economic growth is merely a manifestation of economic development, one of its variants. As economic growth becomes the goal of public policy, economists no longer perceive development without economic growth. Meanwhile, in its true sense, development is a change in the system as a whole, a transition from one qualitative state to another. For this reason, economic growth appears as a model of development. It is important to emphasize that economic growth itself is contradictory. Therefore, economic growth makes sense when combined with economic and social stability. Such growth presupposes the achievement of a number of balanced goals: increased life expectancy; reduced morbidity and injury; improved education and cultural standards; more complete satisfaction of needs and rationalization of consumption; social stability and confidence in the future. Thus, it is necessary to clearly distinguish between the concepts of "economic growth" and "economic development." Firstly, development also occurs when there is no growth, but the preconditions for it are being laid. Secondly, it can be expressed in structural transformations and various innovations that do not directly lead to economic growth. Thirdly, development

can also proceed in a downward direction, when not only is there no quantitative growth, but there is also a process of decreasing properties and qualities of a product or service.

Thus, knowledge forms the basis of scientific and technological progress and modern economic growth [Kolodko, 2004, 35]. Growth is influenced by interrelated factors [Gusev, 2009, 34]:

- knowledge and technology;
- stability of the macroeconomic environment;
- the quality of public institutions. In the theory of multi-level economics, the factors of economic growth are studied not only as physical resources, but also pay attention to the degree and structure of their economic heterogeneity and the change in their qualitative composition in the context of the new economy. Consequently, growth is no longer determined so much by classical comparative advantages as by a complex system of dependence on the competitiveness of specific national economies. The theory of post-industrial society (proposed in the late 1960s and early 1970s by American and European researchers) is today one of the most widespread scientific concepts allowing for an adequate understanding of the large-scale changes that have occurred in the economy over the past thirty years. Three main characteristics of such an economy can be identified: a developed non-manufacturing sector, information technology, and innovation. The emergence of "new" economic characteristics has led to the formation of "new" factors of economic growth. Modern technological advances are establishing new types of dependence of the global periphery on the Western world, which dictates the terms of exchange between the high-tech, industrial, and raw materials sectors of the economy. Within this type of economy, three main trends in societal development are clearly evident:
 - informational, closely linked to the development of global governance systems;
 - knowledge-intensive, facilitating the production of material goods based on fundamental and applied knowledge;
 - innovative, the essence of which is the acquisition of new knowledge and a qualitative change in the human environment. The frequently used terms "information society" and "knowledge-based economy" are often used and perceived today as synonyms.

High-tech industries possess innovative capabilities in both products and processes. International trade in high-tech products primarily serves to improve production conditions: 52% of this trade consists of intermediate goods, 42% of equipment, and 6% of final consumer goods. High-tech industries are characterized by a tendency toward rapid change due to technological advances [Glazyev, 2007, 12]. The lack of high technology, but technological primacy, translates into economic growth and serves as an important monopolized resource for development. Thus, in the context of a post-industrial economy, the following factors of economic growth can be identified, manifesting themselves in the process of social development transformation:

- rapid technological development, achieved through the informatization of society, the accelerated growth of knowledge-intensive services for business, and increased innovative activity in the economy;
- people, acting as a key inexhaustible resource, the driving force of progress, capable of generating new knowledge and information, possessing high intellectual and creative capital, and the skills of a highly qualified manager;
- a shift in the balance of economic sectors toward an increased share of:
- "second-tier" industries: science, education, healthcare, recreation, etc.;
- modern technological paradigms.

Conclusions

The main factor is the development of mechanical engineering as a knowledge-intensive, high-tech industry, the development of which influences the formation of an effective economic structure (this industry is the bearer of technologies for new technological paradigms), the growth of innovation, and the development of knowledge-intensive services. Institutional factors in economic functioning include: the bureaucracy, business coalitions, civil society, democracy, the judicial system, corruption, and information transparency in society. All of these factors are closely interrelated.

References

1. Cirel' S. Vlijanie gosudarstvennogo vmeshatel'stva v jekonomiku i social'nogo neravenstva najekonomicheskij rost// Voprosy jekonomiki. 2007. # 5.
2. Cherkasova T.P. Kategorial'naja opredelennost' ponjatij «jekonomicheskoe razvitie» i «jekonomicheskij rost» // Jekonomicheskaja teorija Nauka i obrazovanie: Hozjajstvo i jekonomika; predprinimatel'stvo; pravo i upravlenija 6 2011g.
3. Dlinnye volny: nauchno-tehnicheskij progress i social'no-jekonomicheskoe razvitie /S. Ju. Glaz'ev, G. I. Mikerin, P. N. Teslja i dr. Novosibirsk : Nauka, Sib. otd-nie, 1991.
4. Glaz'ev, S. Ju. O zadachah strukturnoj poli-tiki v uslovijah global'nyh tehnologicheskikh sdvigov // Jekon. nauka. sovr. Rossii. 2007. # 3. S. 49.
5. Guseva V.I. Sovremennye faktory jekonomicheskogo rosta // Kyrgyzsko-Rossijskij Slavjanskij Universitet (Bishkek) Jekonomika Ijul'-Avgust 4'2009 str. 3-7.
6. Harrod R. F. International Economics. 4th ed. Cambridge : Cambridge University Press, 1959.
7. Jekonomicheskoe razvitie sovremennoj Rossii / Pod red. N.V. Jaremchuka. M., 2005.
8. Krasil'nikov A. Jevoljucionnye modeli v teorii jekonomicheskogo rosta // Voprosy jekonomiki. 2007.# 1.
9. Kisova A.E., Romashhenko T.D. Konceptual'naja model' gumanizacii jekonomicheskogo rosta // Social'no-jekonomicheskie javlenija i processy # 5-6 (027-028), 2011 str. 110-115.
10. Kolodko G. Instituty, politika i jekonomicheskij rost // Rossijskij jekonomicheskij zhurnal. 2004.# 7. S. 35–50.
11. Lingardt, Zh. Promyshlennost' vysokih tehnologij v Evropejskom sojuze // Jekonomist. 2004. # 8. S. 12.
12. Loskutova M. V. Social'naja orientacija jekonomicheskogo rosta // Sb. tr. kaf. jekonom. teorii. Tambov, 2005. Vyp. 2.
13. Makkonell K., Brju S.L. Jekonomiks. M.: Respublika, 1993. T. 1. 399 s.

14. Orlova T.S., Konjuhovskij E.P. Jekonomicheskij rost: obzor klassicheskikh teorij // Jekonomicheskaja teorija, Izvestija UrGJeU 25, 3 (35) 2011 str. 25-31
15. Salihov B.V. Intellektual'nyj kapital organizacii: sushhnost', struktura i osnovy upravlenija. M.:Dashkov i Ko, 2008. 156 s.
16. Tereshhenko D., K voprosu o kolichestvennoj ocenke institucional'nyh faktorov jekonomicheskogo rosta Petrozavodskij gosudarstvennyj universitet, 2021, str.18.23.

Tatoul Manassarian

Institutional foundations of humanizing economic growth

Key words: economic growth, institutional foundations, economic category, socioeconomic development

Economic growth reflects the process of its improvement over a certain period of time. IN this paper economic growth is understood as an increase in real output per capita. Sometimes, a distinction is made between the growth of income per employee. In economic literature, one can also find a definition of economic growth as the development of an economic system through an increase in real income in the economy. It can be stated that economic growth means a quantitative and qualitative increase in the results of production and its factors over a certain period of time (usually a year). It reflects the long-term aspect of the dynamics of the potential volume of output. At the same time, economic growth can also be viewed as a positive supply dynamic. In economic literature, economic growth is most often understood as the rate of GDP growth, less often as the process of improving the standard of living of citizens of a country as a result of increasing per capita income.