

Chapter 1

Budgeting Administration and Economic Growth Dynamics in Conditions of National Markets' Integration

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ABSTRACT

In this chapter we analyze the macroeconomic indicators of the contemporary economies so that to determine the level of impact from their involvement in the world trade on the stability of their economic development. A new, author's method is offered here to determine the index of economic growth stability for the economies of the 21st century. A correlation is revealed being between economic growth stability and external trade activeness of the today's economies. In the chapter based on the authors' approach to the definition of strategies for fair and effective social compensation, as well as a proposed methodology for calculating the indicators of social compensation strategies feasibility, the conclusions regarding macroeconomic conditions of selecting a state participation program in the process of economic achievements converting into social conditions were done, recommendations on modernization the social compensation policy in the dynamics of integrating markets were also offered.

INTRODUCTION

Under today's conditions of the world economy globalization and transnationalization of production & distribution system more topical and urgent are becoming the issues related to stabilization of economic development trends and overall progressive development of macroeconomic systems (Rodionov & Rudskaya, 2017, 2017a). This stabilization, on the one hand, is supposed to maintain the dynamics of national economy's integration into the world economic space and all related processes, and on the other

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hand, it is also supposed to guarantee the priority of national economic interests and national economic security in particular. Stable economic growth of a country means this country has internal economic efficiency, and its internal system of resource use and welfare distribution (between the state and the business, between citizens and various social strata, etc.) is in full compliance with the demands of all active participants of the national socioeconomic system. Moreover, stable economic growth is yet another confirmation of country's external (or even global) competitiveness and is a decisive factor when it comes to country's attractiveness for international finances (Rodionov & Rudskaya, 2017a), migrating highly qualified labor, potential trade partners (Kudryavtseva, Ivanova, Kozlova, & Skhvediani, 2017) etc. Only internal economic stability can rescue national economy from the fluctuations at the world markets and from all uncertainties of the global economy today.

At the same time, efficient implementation of national economic growth stabilization strategy today may face a range of obstacles, most serious of which are related to the limited capacities of national governments under globalization conditions (Ushakov, Elokhova, & Kozonogova, 2017) and these limited capacities of public authorities are related not only to external trade, but often also to internal markets, national business development, taxation, labor conditions, etc. (Ushakov, 2017a).

Unification of doing business conditions and common rules of market regulation, similar patterns of privatization processes and liberalization of trade and other forms of external economic activities, freer than ever international exchange of technologies and capital – all these key features of today's world tend to negate all “natural” competitive advantages of the countries including their special regimes of economic regulation, specific policies and preferences etc. Extremely rapid development of multinational businesses promote nearly absolute automation of corporate production & distribution systems, thus, the latter become nearly fully protected from any state control and/or intrusion, since nearly any corporate asset today can be transferred, in a matter of seconds, to another jurisdiction, which seems to be more attractive and/or favorable in terms of taxation, customs, internal market etc.

Therefore, studying the factors which have their influence on the stabilization of national economic growth remain topical today, especially taking into account the rate and the extent of countries' economic interdependence (one of the manifestations of which is state's participation in export-import operations) (Kharchenko, 2017).

The success of modern state economic progress is connected not only with its achievement of a certain level of material prosperity, forming of comfortable conditions for doing business necessarily reflected in the country's attractiveness to foreign capital, but with efficiency of country's economic success converting in the quality of own citizens life (the level of personal incomes, the state of social infrastructure, the completeness and targeting of social programs, the development of human potential and so on).

In this paper we used the term “social compensation”, which in the authors' interpretation is understood as the conversion of macroeconomic achievements and economic results of the national (and attracted foreign) business to high standards of the quality of population life implemented with the participation of the state. At the same time, the state can act as a benefits redistributor from business to the population (fair strategy of social compensation) or as a stimulator of this conversion through creating of comfortable conditions (effective strategy of social compensation).

The research problem lies in the fact that the state needs to determine the conditions under which the choice of the first or second social compensation strategy will be more appropriate, as well as to assess the prospects for the social compensation strategies implementing in the dynamics of world and national markets.

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