Anais da Academia Brasileira de Ciencias (2018) 90 (1 Suppl. 2): 1229-1239
(Annals of the Brazilian Academy of Sciences)
Printed version ISSN 0001-3765 / Online version ISSN 1678-2690
http://scielo.br.com/en/scielo.php/script=sci_serial&pid=0001-765&nrm=iso
www.scielo.br/aabc

ACADEMIA BRASILEIRA DE CIÊNCIAS

Economic Growth Stability under National Markets' Integration: Mercantilism Striking Back

MARIA ERMILOVA[1], DENIS USHAKOV[2] and MURYANI[3]

[1]Senior Lecturer, Candidate of Economic Science, Department of Financial Management, Plekhanov Russian University of Economics, Russia, Moscow
[2]Professor, Doctor of Economic Science, International College, Suan Sunandha Rajabhat University, Thailand, Bangkok
[3]Associate Professor, Ph.D., Faculty of Economics and Business, Airlangga University, Indonesia, Surabaya

ABSTRACT

Sustainable economic growth as an overall positive dynamics of macroeconomic indicators without any serious fluctuations in values during a relative long term belongs to the most persuasive evidence of the internal efficiency of national economic system and also of global competitiveness under all uncertainties of the world market environment. In this article, 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. Countries are classified here depending on the dynamics of their trade balance. Contemporary factors of national economic growth stabilization are outlined being in direct dependence with the dynamics of external trade.

Keywords: economic growth, external trade, export, import, stabilization, sustainable development, external factors of economic stabilization, trade balance.

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 hand, it is also supposed to guarantee the priority of national economic interests and national economic security in particular. The 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 et al, 2017) etc. Only internal economic stability can rescue national economy from the fluctuations at the world markets (Kharchenko, 2017) 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

CC BY

serious of which are related to the limited capacities of national governments under globalization conditions (Ushakov et al., 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 (Bandurina & Bandurin, 2017; 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 (Khairiree, 2017), including their special regimes of economic regulation, specific policies and preferences etc. Extremely rapid development of multinational businesses promotes 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 (Bandurina & Shkodinsky, 2017).

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).

Thus, our research aim is to analyze the macroeconomic statistics and the rate of economic progress in various countries of the world so that to determine the correlation between the stability of national economic growth on the one hand and the depth of country's integration into the world markets on the other.

In accordance with the research aim we set forward the following research tasks:

- using the author's original methodology we will determine the stability index for economic development of various contemporary countries worldwide. The study period covers the most recent 15 years for which the full data is available. Then, the countries will be classified according to their values of this index, and these values will be compared and correlated with other important macroeconomic features of the same countries (for example, GDP per capita, natural resource potential, consumer market capacity);
- a correlation will be determined between the indicators of economic growth stability and external trade activity of the selected contemporary countries, the latter will be again classified, now depending on the dynamics of their trade balance;
- to outline the most contemporary factors of national economic growth stabilization, all being correlated with the dynamics of external trade of the selected countries. To offer author's recommendations concerning the possible strategic guidelines as per stabilization of national economic development rates.

Research hypotheses:

Availability of strategic supply of natural resources and also agricultural lands are not the most decisive factors of economic growth stabilization for today's countries;

Countries with high indicators of material welfare will demonstrate not high, but still very stable rates of economic development;

Dynamic (or intensive, that is, at least 4% per annum) rate of economic growth during the whole period in question (15 years) simple cannot be stable all the time;

There is a direct correlation between the stability of national export growth and stability of country's economic growth overall;

The most vital factors of economic growth stabilization are not the impressive indicators of national export or import but the dynamics of their change in time.

MATERIALS AND METHODS

Due to their absolute top priority, the general problems of economic growth along with the factors of its provision under the conditions of market instability have been already quite thoroughly developed by the

representatives of nearly all schools of economic thought.

Due to current multimodality of the world economy, the functioning of various economic systems differs by their fundamental features (the very construction of the national socioeconomic system, the type, and practices of reproduction, the role of the state, the functions of business etc.). Obviously, these national socioeconomic systems also have differences in terms of their geographical and climatic features, natural resource potential etc. For this and other reasons, cross-country studies are always of significant scientific interest, since only such studies can provide the necessary conclusions and recommendations concerning the specificity of national economic growth strategies' development and implementation.

For example, Robert J. Barro (1996) analyzed the data on 100 contemporary (at that time) economies during the period of their economic establishment and development (1960 till 1990) and came to the conclusion that growth is negatively related to the initial level of real per capita GDP and also that political freedom has only a rather weak effect on growth, and also that once a moderate level of democratic development is reached – its further expansion would only reduce the growth.

Kevin B.Grier and Gordon Tullock (1989) used the pooled cross-section/time-series data on 113 countries to investigate the empirical regularities in the post-war economic growth and found that the growth of government consumption is significantly negatively correlated with the economic growth in the OECD and that political repression is negatively correlated with growth in Africa as well as in Central and South America.

A separate direction in the research is represented by the studies on the internal peculiarities of national economic systems and their global competitive advantages which are, to a large extent, the key factors in maintaining stable and long-term economic growth. For example, Emil E. Malizia, Shanzi Ke (1993) clarified the influence of economic diversity on unemployment and instability in regional economies of the United States, the United Kingdom, and Canada and indicated that metropolitan areas which are usually more diverse experience lower unemployment rates and less instability than the areas which are smaller and less diverse.

Shungo Sakaki (2004), in the same research context, came to the conclusion that income distribution is independent from long-term economic growth, and that management of the income distribution ratio enables the promotion of the growth driven by the replacement of the existing technology with new knowledge stock. In the countries where income is not that highly concentrated and larger share of it operates within market economy, the consumer demand-driven economic policy is effective. On the other hand, in a society where income is highly concentrated, the investment demand promotes growth by increasing concentration at the growth phase, while in the sluggish phase, a temporary equalization of distribution enables the creation of a new growth course by inducing a technological change brought about by consumer demand.

Arusha Cooray (2009) investigates the role of national governments in economic growth by extending the neoclassical production function to incorporate two dimensions of government as a phenomenon – the size and the quality dimensions, indicating that both these parameters of governments are important for country's economic growth.

William Easterly (1993) found a strong association between development level and fiscal structure: poor countries rely heavily on international trade taxes, while income taxes are important mostly for developed economies; fiscal policy is influenced by the scale of the economy, measured by its population; investment in transport and communications is consistently correlated with overall economic growth, while the effects from taxation are difficult to isolate empirically.

Jiandong Ju, Yi Wu and Li Zeng (2010) studied the external preconditions for economic growth stabilization in contemporary countries (in particular, active involvement in external economic operations). And they revealed that liberalization of markets and of external economic activities worldwide has its negative impact on the stable growth of national

economic systems. Dependence of today's economies' growth on export diversification was also evaluated by Badri Narayan Rath, Vaseem Akram (2017) on the sample of South Asian countries. They came to the conclusion that export diversification causes economic growth in the long run, whereas no causality found in the short run, thus, they suggested that export diversification is crucial for avoiding the volatility in export growth and for the enchantment of productivity growth, at least for the economies of the South Asian region.

Gershon Feder (1983) indicated that marginal factor productivities are significantly higher in the export sector and that growth can be generated not only by increases in the aggregate levels of labor and capital but also vie reallocation of the existing resources from less efficient non-export sectors to higher productivity export sector. Bela Balassa (1978) also investigated the relationship between exports and economic growth on the group of 11 developing countries that have already established their industrial base.

Ann Harrison (1996) tested the association between openness and growth, namely, the correlation across different types of openness and growth and different measures of openness. Hamid Davoodi (1998) investigated the relationship between fiscal decentralization and economic growth and found a negative relationship between fiscal decentralization and growth in developing countries, but nothing of the like for developed countries.

Shantayanan Devarajan, Vinaya Swaroop, Heng-fu-Zou (1996) focused on the link between public expenditure volumes and growth, thus, they managed to describe the conditions under which a change in the composition of expenditure leads to a higher steady-state growth rate of the economy. Using data from 43 developing countries over 20 years these co-authors show that an increase in the share of current expenditures has positive and statistically significant growth effects. By contrast, the relationship between the capital component of public expenditure and per capita growth is nearly always negative.

Hadi Salehi Esfahani (1991) showed that the correlation between export/import and economic growth has been mainly due to the contribution of exports to the reduction of import shortages which tend to restrict output growth. In this sense, export promotion is particularly important for those countries which cannot obtain sufficient foreign aid or capital.

In the research below we plan to assess and explain the export-import dynamics (in its absolute and relative terms) as a factor of economic growth stabilization for the selected group of countries, data as of early years of the current, 21st century. Using the data on this century makes this research different from all of the abovementioned, since economic growth, at least so far, has been predominantly studied on the data from the previous century. This analysis gives us an opportunity to analyze and evaluate the factors behind economic growth stabilization which are relevant specifically for the context of the emerging century, not the previous one.

RESULTS AND DISCUSSION

In our research and analysis, we have been mostly operating the statistical information of the World Bank (from their official site - worldbank.org). From this large massive of data, we have extracted the needed information on the 150 countries of the world, the study period being from 2000 till 2015. Table 1 shows, on the example of Albania, which specifically data we had in use.

Table I
Statistical indicators used in our research (on the example of Albania, authors' extraction and calculation from the World Bank data)

Albania							
Years	GDP growth (annual growth	Exports of goods and services (% share of	Imports of goods and services (% share of	Years	GDP growth (annual growth	Exports of goods and services (% share of GDP)	Imports of goods and services (% share of

	rate, in %)	GDP)	GDP)		rate, in %)		GDP)
2000	6,66	17,86	38,05	2008	7,53	29,59	56,43
2001	7,94	18,43	38,99	2009	3,35	29,6	53,75
2002	4,23	19,59	44,33	2010	3,71	32,44	53,02
2003	5,77	20,35	45,08	2011	2,55	34,01	56,74
2004	5,7	21,98	44,37	2012	1,42	33,35	51,98
2005	5,72	22,82	47,47	2013	1,11	35,44	53,48
2006	5,43	24,93	48,52	2014	1,8	28,23	47,22
2007	5,9	28,08	54,78	2015	2,59	27,25	44,52

In order to determine the indicators of economic growth stability, we have used the statistical method of mean-square deviation calculation in the indicators of economic growth dynamics as well as the indicators of national export and import growth for all the analyzed countries during these 15 years in question. The obtained results are presented in Table 2.

As it is shown in Table 2, during the period of 2000-2015 the most stable economic growth has been demonstrated by the developing countries of Asia and Africa, and also by some developed – but noteworthy, distanced from the global economic processes and world turmoil overall Australia and Norway. Both these countries, apart from having powerful technological and industrial platforms for such an impressive economic growth, also have sufficient strategic reserves of natural raw materials. Among other developed countries rather stable economic growth has been observed in France, USA, Canada, Austria, and Denmark.

At the same time, economic growth stability of Japan turns out to be on the same level with Tunisia (a country still feeling the consequences of the severe political crisis), while the dynamic economic growth of India was rather unstable, thus, the indicator of this country turns out to be on the same level with Italian economy (the latter demonstrated mostly negative dynamics in the several recent years). The absolute leader in terms of economic growth stability during the first 15 years of the 21 century became Norway, while its closest geographical neighbor, Sweden, has found itself on the same level with Mexico and Brazil (the indicators of Finland are even lower). Most of the fluctuations in economic growth among the well-to-do countries have been demonstrated by Ireland and Iceland. Countries, exporting raw materials (first of all – hydrocarbons) and thus having low diversification of their trade and economy overall, such as Azerbaijan, Nigeria, Russia and the United Arab Emirates – all find themselves in the last third of the list (100-150 ranks). Therefore, we can state that our hypothesis #1 is confirmed.

Table II

Indicators of economic growth stability and of external economic activeness of the countries, 2000 to 2015 (calculated by the author on the basis of the World Bank statistics)

Stability of economic growth			Stability of national export development			Stability of national import development		
#	Country	Indica-tor	#	Country	Indicator	#	Country	Indicator
Leading countries								
1	Vietnam	2,83	1	Malaysia	14,92	1	Ethiopia	9,4
2	Indonesia	2,93	2	Senegal	15,14	2	Russia	13,23
3	Australia	2,98	3	Thailand	16,22	3	Norway	14,4
4	Bangladesh	3,35	4	C. Rica	16,34	4	Canada	14,41
5	Lao	3,78	5	Sweden	16,92	5	Lesotho	15,89

6	Cameroon	4,48	6	Poland	17,29	6	Australia	16,44
7	Tanzania	4,67	7	France	18,11	7	Malaysia	16,53
8	Guatemala	4,99	8	Mexico	18,59	8	Swaziland	17,53
9	Norway	5,21	9	Cyprus	19,11	9	Mexico	18,26
10	Bolivia	5,47	10	Croatia	19,21	10	UK	18,46
A separate group of large countries								
17	USA	6,38	11	UK	19,81	22	Germany	23,75
26	South Africa	6,9	15	Germany	21,58	42	Italy	27,95
32	UK	7,49	20	Russia	23,33	50	Turkey	29,82
35	China	7,61	40	USA	28,12	62	Brazil	33,58
47	India	8,44	70	S. Africa	36,03	73	Thailand	37,38
48	Italy	8,45	78	India	39,23	86	S. Africa	39,71
53	Germany	9,02	86	China	41,87	96	China	42,05
63	Thailand	9,78	93	Turkey	43,24	101	India	44,29
Outsiders								
146	CAR	39,55	146	Congo	135,97	146	Nigeria	135,04
147	Zimbabwe	39,83	147	S. Leone	141,03	147	Congo	148,86
148	S. Leone	40,13	148	Chad	142,9	148	Chad	150,4
149	Liberia	43,76	149	Liberia	144,81	149	Serbia	159,46
150	S. Sudan	51,36	150	Argentina	148,1	150	Liberia	511,59

As Table 3 clearly shows, among the countries with the maximum average rate of economic growth during the 2000-2015 period, there is no leader as such in terms of economic dynamics' stability. Moreover, the correlation between macroeconomic indicators is 0,06, which basically means no correlation as such between them. Analysis of the obtained data confirms that high indicators of economic growth during the period in question (high here means at least 4% per annum) in the majority of countries is demonstrating it was accompanied by great deal of economic instability (however, with the exception of 9 countries, namely, Bangladesh, Bolivia, China, India, Indonesia, Malaysia, Tanzania, Thailand, Vietnam). This confirms our hypothesis #2.

Table III

Stability of economic growth vs average rate of economic growth by countries of the world, 2000-2015 (compiled by the author on the basis of the World Bank statistics)

#	Country	Average rate of economic growth, 2000-2015	#	Country	Stability of economic growth
Leading countries					
1	Azerbaijan	10,94	1	Vietnam	2,83
2	China	9,59	2	Indonesia	2,93
3	Ethiopia	9,03	3	Australia	2,98
4	Turkmenistan	8,51	4	Bangladesh	3,35
5	Chad	8,31	5	Laos	3,78
6	Rwanda	8,03	6	Cameroon	4,48
7	Tajikistan	7,83	7	Tanzania	4,67
8	Cambodia	7,82	8	Guatemala	4,99
9	Bhutan	7,61	9	Norway	5,21

10	Nigeria	7,54	10	Bolivia	5,47
		Outsiders			
141	Brunei Darussalam	1,02	141	Kosovo	31,72
142	South Sudan	0,95	142	Chad	33,68
143	Yemen	0,94	143	Yemen	34,69
144	Japan	0,89	144	Azerbaijan	37,84
145	Jamaica	0,69	145	CAR	39,55
146	Portugal	0,42	146	Zimbabwe	39,83
147	Italy	0,24	147	Sierra Leone	40,13
148	Greece	0,16	148	Liberia	43,76
149	CAR	-0,01	149	South Sudan	51,36
150	Zimbabwe	-0,01	150	Iraq	64,73

Table IV

Correlation between the indicators of economic growth, national export, national import and payment balance (in % of national GDP, 2000-2015) (calculated by the authors)

Indicators in correlation	Correlation values		
	National export volume	National import volume	Payment balance of the country
Stability of national economic growth	0,12	0,19	-0,09
	Stability of national export growth	Stability of national import growth	Stability of payment balance growth
Stability of national economic growth	0,53	0,58	0,54

Our results from evaluation of correlation between economic growth stability and dynamics of key macroeconomic indicators for the groups of countries, as described above, shows that this correlation is much more significant for the countries with positive trade balance (these are 49 countries from the analyzed) and also for the countries with rather slow but still average economic growth (around 4%) throughout the whole period of 2000-2015.

Table V

Correlation between the indicators of economic growth, national export/import and payment balance (in % to national GDP, 2000-2015; calculated separately for the countries with dynamics and with slow economic growth)

Indicators in correlation	Stability of national export growth		Stability of national import growth		Stability of payment balance growth	
	Countries with dynamic economic growth (the average indicators of	Countries with slow economic growth	Countries with dynamic economic growth	Countries with slow economic growth	Countries with dynamic economic growth	Countries with slow economic growth

	GDP growth by countries, 2000 to 2015)					
Stability of economic growth	0,5	0,72	0,52	0,68	0,54	0,71

CONCLUSION

Our analysis of correlations between economic growth indicators and dynamics of external trade operations for various countries of the world (2000-2015) proves that growth of both export and import may have quite a stabilizing influence on the economic development of the countries, however, only provided the trade balance is positive. A separate analysis of this correlation by the decile groups of countries (divided according to the volume of their trade balance) demonstrates that the highest correlation is observed for the top deciles (the countries with the maximum positive trade balance - Ireland, Turkmenistan, Brunei Darussalam, Gabon, Switzerland, Thailand, Netherlands, Maldives, Slovenia, Hungary) and also in the countries where trade balance is close to zero (Cyprus, Bulgaria, Greece, Nigeria, Belarus, Chile, Finland, Japan, Uruguay, Swaziland). At the same time, for the countries with the negative balance of payments external trade operations have very little or none at all influence on economic growth and its stability.

Therefore, we can make a theoretical conclusion that even in the 21st century maintaining positive trade balance is still the key decisive factor for economic growth and development of countries, regardless the availability of many other options for growth and development – such as instruments of the international financial market, well-developed service sector, transfer of innovations etc. However, there is a big difference from the classical times of traditional mercantilism: nowadays growth of import can lead to economic stability only provided export growth is still higher (even if insignificantly when the trade balance is still quite close to zero). Negative trade balance, in the majority of cases worldwide, is still among the most destabilizing factors for economic growth.

Rapid economic growth tends to have a mostly negative influence on the stability of economic systems. This is quite logical if we take into account the imminent restructuring of the whole economic system in favor of most dynamically developing sectors, temporary financial misbalance (and a significant one), investment “overheating”, limiting state capacities in timely and efficient regulation of the economic system which is developing too quickly (and states, traditionally, tend to be always late in their reaction). Under the conditions of rather dynamic economic growth indicators of external trade may change suddenly and dramatically: for example, export of readymade product from the developing sectors may suddenly grow, thus causing also quite sudden growth in imports of the related raw materials and technologies. All these quick changes will cause abrupt fluctuations in trade balance and balance of payments, they may also lead to significant changes in international labor migration, cross-country investment flows etc. Obviously, all these changes – being abrupt and often not quite predictable – will have their negative influence on the stability of economic growth of countries. Finally, too rapid economic growth may lead to overdependence of a country from foreign consumption due to fluctuations of the world prices. In a longer term, this can limit the economic development horizon as such (the most typical scenario will include full degradation of the non-growing sectors because all their resources have been moved to more profitable sectors which sooner or later will have its negative impact on internal consumption). All

these trends and manifestations tend to increase destabilization effects manifold, even if an annual reduction of GDP rate is not that significant (in such a situation skeptical sentiments or even panic emerge too easily, thus causing capital outflow from a country, lower prices of raw materials, higher prices at consumption markets etc.).

Thus, taking into account the outlined specificity of economic development of the countries during the early years of the 21st century, we can also formulate a range of vital requirements to the process of strategy development and implementation so that to make national economic growth more stable and long-term, even under all the risks and uncertainties related to unavoidable integration of the world markets.

Today, dynamic economic growth (again, dynamic here means more than 4% per annum) would be nearly impossible without intensive external trade and cross-country borrowing of production factors. Many countries worldwide do not have enough internal capacities for economic development this quick. This means neither they have the economic strength to guarantee own long-term and stable economic growth on the basis of external trade only (as statistical analysis clearly shows this trade potential survives usefulness during some 8-10 years only). Among all 150 countries, we have analyzed here only two (Croatia and Guinea Bissau) had outstripping economic growth (meaning every new year the indicator was always higher than in the previous year) during at least 12 years (out of 15 overall). In 19 more countries (including India, UAE, and Pakistan) such outstripping growth was observed for 11 years. And in Germany, Russia, and Denmark it was recorded only for 6 consecutive years. The worst indicator in this regard got Southern Sudan – 4 years since the year this country got independence. In the absolute majority of the studied countries (72 out of 150) this outstripping growth lasted for 8-9 years, and this rather short-term significantly limits governmental efforts when it comes to change of priorities and strategic guidelines in national economic development.

Relatively small volumes of national export or import do not necessarily mean lack of economic growth. For example, to the group of 20 countries with the smallest volumes of national exports belong Pakistan, Haiti, and Columbia, and all three economies have also demonstrated rather average dynamics of GDP growth – slightly less than 3%. Majority of the analyzed countries, including the United States, had the economic growth on the level of 3,8-4,5% throughout the studied period.

If we analyze the import indicators separately – the situation is more explicit. To the group with minimum import, volumes belong very different countries, including Brazil (the average rate of economic growth – 4,2%), Japan (7%), USA (3,8%), China (5,1%), India (3,7%), Indonesia (1,6%). Therefore, we can state that slow-but-steady economic development by means of internal reserves is possible even in the 21st century, and the only major problem for the governments striving to develop their countries under sanctions, for example, or under high external competition with neighbors would be finding sufficient internal reserves for this growth. And the key sources for these resources are internal consumption and internal competitive environment. Better internal consumption means internal demand must be efficiently satisfied (and this, in turn, means that internal demand will develop qualitatively further), while more competitive internal environment means that the most competitive enterprises and sectors must be developed in a country.

In the case when a state is actively integrating into the world markets, its strategies of economic growth stabilization must guarantee, in the first place, not necessarily high indicators of export, import and trade balance – but stability of positive dynamics in these indicators, even under global instability and constant fluctuations at the strategic markets of raw materials, food products and electronic services. This is why stabilization of economic growth in a country must be seen as, first of all, reducing its dependence from externalities, for example, through diversification of external economic activities. This diversification should include the following items: monitoring the

contributions of all important trade partners making sure none of them is getting a too risky large share in export or import; stimulation of competition between foreign agents and at foreign markets; widening the area of export activities etc. At the same time, development of internal markets must rest on maintaining the sectoral balance in national economy (for example, through introduction of mandatory quotas for all large exporters of what they must sell internally; flexible taxation and budget policies, both aimed at regulation of intersectoral flows of investments, labor force, resources etc.; promotion of regional cooperation which would allow, on the one hand, to accumulate the advantages of external trade (foreign distribution, availability of resources and production factors), and on the other – to localize many economic processes so that they can be better regulated, controlled and forecasted by regional authorities.

REFERENCES

BALASSA B. 1978. Exports and economic growth: Further evidence Journal of Development Economics, 5.2, June 1978. pp. 181-189.

BANDURIN V. & BANDURIN A. 2017. Taxation Regime as a Factor of Mutually Integrated Macroeconomic Systems' Dynamics, Montenegrin Journal of Economics, 13 (1). pp. 171-179.

BANDURINA N. & SHKODINSKY S. 2017. Country's Welfare as an Efficiency Factor in Fiscal Policy Promoting Economic Growth. Montenegrin Journal of Economics, 13 (2). pp. 21-28.

BARRO R. 1998. Determinants of Economic Growth: A Cross-Country Empirical Study. MIT Press Books, The MIT Press, 1st ed., 1.

COORAY A. 2009. Government Expenditure, Governance and Economic Growth. Comparative Economic Studies, 51.3. pp. 401–418.

DAVOODI H. 1998. Fiscal Decentralization and Economic Growth: A Cross-Country Study. Journal of Urban Economics, 43.2, March 1998. pp. 244-257.

DEVARAJAN S., SWAROOP V. & HENG-FU-ZOU. 1996. The composition of public expenditure and economic growth. Journal of Monetary Economics, 37.2, April 1996; pp. 313-344.

ESFAHANI H. 1991. Exports, imports, and economic growth in semi-industrialized countries. Journal of Development Economics, 35.1, January 1991. pp. 93-116.

FEDER G. 1983. On exports and economic growth, Journal of Development Economics. 12.1–2. pp. 59-73.

GRIER K. & TULLOCK G. 1989. An empirical analysis of cross-national economic growth, 1951–1980. Journal of Monetary Economics, 24.2. pp. 259-276.

HARRISON A. 1996. Openness and growth: A time-series, cross-country analysis for developing countries. Journal of Development Economics, 48.2. pp. 419-447.

JU J., WU, Y. & ZENG, L. 2010. The Impact of Trade Liberalization on the Trade Balance in Developing Countries. IMF Staff Papers, 57.2. pp. 427–449.

KAVOUSSI R. 1984. Export expansion and economic growth: Further empirical evidence, Journal of Development Economics, 14.1. pp. 241-250.

KHAIRIREE M. 2016. Sufficiency Economy as an Alter-Globalist Development Concept: Topicality Factors and Conditions Needed for Introduction The EUrASEANs, 1. pp.7-16.

KHARCHENKO L. 2017. Environmental Factors of National Competitiveness in Modern MNCs' Development. International Journal of Ecological Economics and Statistics, 38 (2). pp.78-84.

KUDRYAVTSEVA T.J., IVANOVA E.A., et al. 2017. Pricing and assessment of competitiveness of innovative medical devices in the context of commercialization strategy. Academy of Strategic Management Journal, 16 (1). pp. 110-122.

MALIZIA E. & KE S. 1993. The Influence of Economic Diversity on Unemployment and Stability. IMF Economic Review, 33.2. pp. 221–235.

NARAYAN RATH B. & AKRAM, V. 2017. Export diversification and total factor productivity growth in case of South Asian region. Journal of Social and Economic Development, 19.1. pp. 196–210.

RODIONOV D.G. & RUDSKAYA I.A. 2017. Regıonal Innovatıve Envıronment in Natıonal Economıc Development (The Case of Russıa). International Journal of Ecology & Development, 32(4). pp. 20-28.

RODIONOV D.G. & RUDSKAYA I.A. 2017a. Econometric modeling as a tool for evaluating the performance of regional innovation systems (with regions of the Russian Federation as the example). Academy of Strategic Management Journal, 16-2. pp. 12-21.

SAKAKI S. 2004. Income distribution management to sustain long-term economic growth: does the equalization of income distribution contribute to long-term economic growth? The Annals of Regional Science, 38.2. pp. 199–218.

SHABUNINA T.V., SHCHELKINA S.P. & RODIONOV D.G. 2017. An innovative approach to the transformation of eco-economic space of a region based on the green economy principles. Academy of Strategic Management Journal, 16-1.pp.176-185.

USHAKOV D. 2016. Dynamics of international economical relationships in the global context of Innovative Modernization. International Journal of Environmental & Science Education, 18. pp.10160-10165

USHAKOV D. 2017a. Information Technologies Within Market Economy: How Communication Tools

Became a Field of Activity. The EUrASEANs, 1.pp. 7-18.

USHAKOV D., ELOKHOVA I. & KOZONOGOVA E. 2017. Post industrialization prospects in the dynamics of socioeconomic transformations: cluster approach. International Journal of Ecological Economics and Statistics. 38(2). pp. 46-57.