

INTERNATIONAL COMPONENT OF CHINESE ECONOMY PHENOMENON

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More than thirty years have passed since China began the path of radical economic and social change, which was based on a pragmatic calculation and realities of a market economy. This course was called the policy of reform and openness. During this period, China has become an example of how a balanced foreign policy may, in a relatively short period of time, bring a huge country among global leaders.

The impressive success of the Chinese economy, in our view, is conditioned with the most favorable combination of endogenous and exogenous determinants, the cumulative effect of which makes it possible to solve the basic problem of economic development, while renewing the political system of the country. First of all, it is necessary to focus on those factors that led to the emergence of the phenomenon of such importance as China:

- factor of “scale” (large area, population, significant natural resources) creates opportunities for significant savings mobilization, economic breakthroughs, formation of relatively autonomous national reproductive complex;
- effective transition from command to market economy predetermined the sequence of measures, the avoidance of “shocks”, and the rapid privatization operation, the existing of 2-sector economy, the control over basic industries, and the financial sector, as well as on private economic space;
- actively involved component of national cultural traditions, the civilizational factor.

Important features of Chinese reforms should also include self-reliance”, which in modern terms is formulated as a “relatively complete system of modern productive forces. In this sense, it is necessary to pay tribute to the Chinese leadership, which is aware of the impossibility of modernizing the whole country only because of external factors on the initial stage of market reforms. In the mid-80s The World Bank has offered the interest-free loan for the purchase of the imported equipment for light industry and agriculture. Experts from international financial institutions have provided a recommendation on the feasibility of international specialization in production and export of labor-intensive products, which should be crucial to the country.

Due to thoughtful politics that clearly takes into account national interests of China, its economic potential and at the same time, trends in a world development, China manages to show the level of economic growth at 7,7% during 2010-2015. In 2015 GDP was worth 11.2 trillion US dollars, which is 9 times more than in 2000. The GDP growth was fastest in 2007 (14.2%), in 2008 it reached the level of 9.6% due to the global financial crisis and during 2012-2015 the average annual GDP growth averaged 7%. Achieving similar dynamical economic results has already taken place in the world history. But China's uniqueness lies in the fact that such high indicators were provided during such a continuous period. As a result, the complex of modern industry, construction, transport, communications and trade was formed in the country; and the

economic potential of China has its place among countries with the largest GDP. However GDP per capita in 2015 was 8107 US dollars, that is 2 times more than in 2007-2008, China is classified as a developing country.

In our view, the important source of economic growth in China, and structural reorientation of its economy has become the external sector, especially foreign trade. In 2015 China's exports amounted to 2.27 trillion US dollars (9.1 times more than in the 2000). The value of imports in 2015 amounted to 1.95 trillion US dollars (8.6 times more than in 2000). Amid escalating scale of foreign trade, the country has a positive trade balance. Assessing the degree of openness of the Chinese economy by the criterion of foreign quota in view of the dynamism of these indicators should bring the following: in 1995 it was 39% of the GDP; 40% - in 2000; 48% - in 2005; 58% - in 2008, and 38.7% - in 2015. Due to the rapid growth of foreign trade in China, its share in world trade increased from 4.6% in the 90s to 13.7% in 2015. Along with the US, Germany and Japan, the country created a kind of "club of the world's leading trading nations." In addition, the dynamism of foreign trade development has led to rapid growth of reserves.

Noting international aspects of economic growth in China, and strengthening its position as a global leader, a special attention should be paid to international investment as an important component of its development. Foreign investment in China is one of the main factors of economic growth, as evidenced by indicators of China's economic development, which today is the world's leader in attracting a foreign capital.

Economic growth in China provided three powerful waves of domestic and foreign investment. The first - state investment and industrial complexes, which started in 1978, along with the agrarian reform and the beginning of industrialization. The second source of investment came from Taiwan, Hong Kong and Macao. Finally, the third wave began after the Asian crisis of 1997-1998, which has shifted as a result of global investment flows towards China. This period started outbreak investment boom from the US, Japan, Britain, France and Germany to China. The impetus to increased foreign investment was China's entry into the WTO, which adds confidence to investors in the stability of the economy.

Thus, it has been conducted, that a prerequisite for the successful transformation of the economic system in China in recent decades is a favorable combination of endogenous and exogenous (international) determinants of interaction which allows to decide the priorities of economic growth, modernizing the political system in this country. In a relatively short time China has become a powerful global player and took its rightful place in the global economy. This is confirmed by basic indicators of the country (GDP scope and indicators of export growth, changes in industry structure etc.) and the analysis of FDI inflows to China.

However, it is worth noting contradictory results of the Chinese economy transformation system, the unprecedented rise in international level and the significant deterioration of social dynamics. Once again the actual question that has remained rhetorical for decades in world history: the relation between possible targets and methods by which they're achieved.

References

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DECENTRALIZATION OF MANAGEMENT SYSTEMS IN THE TRANSITIONAL COUNTRIES (ON THE EXAMPLE OF THE CZECH REPUBLIC, UKRAINE AND CHINA)

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Transformational processes of the late 1980s – early 1990s, that resulted from the Soviet administrative system collapse, have laid the institutional foundations of political and economic models close to democratic standards in a range of transitional countries. As a consequence of systemic post-socialist transformations one might contemplate ambiguous results on the way to democracy in various countries: from overall success (Central Europe, Baltic Countries) or hybrid political and economic models (Ukraine, Georgia, Moldova) up to democratic attempts' failures (Russia, Belarus, Conglomerate of Asian Post-Socialist Republics). Apart from this, China has evolved a unique model of its own, eventually conforming to the socialist administrative model, yet simultaneously displaying high economic indexes. Taking into account the recent “Chinese economic miracle”, one must focus on geopolitical prospects of China, not the likely erosion of Chinese version of modernised socialism.

Decades long of transformations have given the evidence that one of the most complicated issues of democratic renovations in post-socialist countries has been reluctance to decentralize the state machinery. Concentration of authorities in the administrative centre led to authoritarianisation of power along with a deviation from liberalization course (e.g. Ukrainian political crises in 2004, 2013). In contrast, a moderate and considerate strategy of reforms throughout decentralization and extension of local self-government powers resulted in overall optimization of management system in terms of European democratic standards (e.g. Czech reforms in the scope of public government at the end of 1990s – beginning of 2000s). However, in China economic sector liberalization and gradual withdrawal from the Soviet command-administrative economy serve as an indicator of at least local economic autonomy.

Influence of decentralization processes on the nature of modernization and stabilization will be contemplated on the example of three countries under transition, namely the Czech Republic, China and Ukraine. Each of the abovementioned countries displayed diverse approaches to the entire scope of decentralization in political, economic and civil spheres.