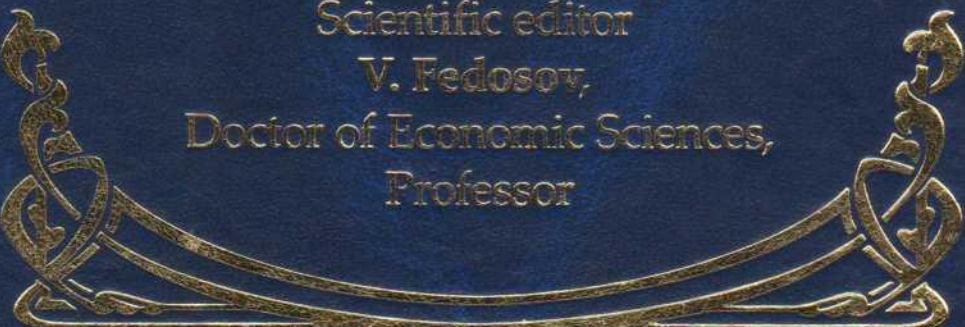




Andriy Krysovaty, Viktor Fedosov
Serhiy Yuriy, Petro Yukhymenko

Financial
Thought of Ukraine:
Genesis and Evolution
in two volumes

volume 2
ENCYCLOPEDIA



Scientific editor
V. Fedosov,
Doctor of Economic Sciences,
Professor

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This is the original two-volume work by the national economic and financial scientists on the evolution of the financial science of Ukraine.

The second volume includes the biographical information and critical analysis of the scientific achievements of the leading national economists - financiers of the second half of the XIX - beginning of the XXI centuries in the second volume. The book is one of the first systematic publications both in Ukraine and on the post-Soviet area. It gives the extensive information about the life, creative work, the variety of views of the financial thought representatives in Ukraine. The biographic articles provide a great volume of information; they are of analytic and research novelty. They accumulate components of the general - the evolution of the financial thought in Ukraine.

The book is for the scientists, teachers, students, post-graduates, all those who are interested in personalities of the Ukrainian financial science.

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Die vorliegende zweibandige Ausarbeitung wurde erstellt von ukrainischen Wirtschaftswissenschaftlern und Finanzexperten zur Entwicklung der Finanzwissenschaft in der Ukraine.

Der zweite Band enthält biographische Informationen und eine kritische Analyse der wissenschaftlichen Leistungen einer Reihe von führenden ukrainischen Ökonomen und Finanziers der zweiten Hälfte des XIX bis zum Anfang des XXI Jahrhunderts. Das Buch in einer solchen systemischen Ausgabe ist das erste in der Ukraine und eines der ersten in den Nachfolgestaaten der ehemaligen Sowjetunion. Es beinhaltet umfangreiche Informationen über das Leben, die Kreativität und die Vielfalt der Ansichten von Vertretern der Finanzwissenschaft der Ukraine wider. Biographische Artikel geben eine Vielfalt von Informationen und Analysen zur Forschung mit ihren Neuheitswerten wider. Sie stellen eine Sammlung von Partikeln zur Entwicklung einer gemeinsamen der modernen Finanzwissenschaft in der Ukraine dar.

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ALEKSYEYENKO Mykhaylo Martynovych

(1848-1917)

Лієквєєєнкo **Mykhaylo Martynovych** is a famous Ukrainian specialist in taxation and financial law from the second part of the 19th and the beginning of the 20th century.

M. Aleksyeyenko was born in 1848 in one of the largest industrial centre of Ukraine, Katerynoslav (now — Dnipropetrovsk) in the merchant family of average income. When he was 16 he finished gymnasium with a gold medal and entered the Faculty of Law of Kharkiv Imperial University. After successfully graduating the university (in 1869) he continued scientific investigations in the theory of taxes which he started as a student.

Aleksyeyenko's pedagogical and scientific life was associated with Kharkiv University for a long time. In 1870, his work "Views on the Development of the Theory on Taxes by Economists Adam Smith, Jean-Baptiste Sey, David Ricardo, Jean Sismondi and John Stuart Mill" was published at the University. It is considered to be the first scientific work in Ukraine where the views of the representatives of the Western financial thought were given. Having defended his thesis, Mykhaylo Aleksyeyenko worked as a freelance-university lecturer, i. e. privatdozent, at the University, at the Department of Financial Law. In 1872, he defended his master's thesis "Essay on the Growth of Public Debt in England and France" at Kharkiv University, and in 1873, he was appointed as a full-time Assistant Professor at the same department.

For a better understanding of the problems of taxation, in 1874, he was sent abroad at the expense of the University. While being in Germany, Austria and France, he thoroughly studied the methods of teaching in Western universities. M. Aleksyeyenko paid special attention to financial phenomena and their analysis by Western financial scientists. By the material collected after his return, in 1879, he defended his doctoral thesis "Active Legislation on Direct Taxes", which was praised by the official opponent during thesis defense Professor K. Hattenberger. By the unanimous decision of the Academic Board of the University, at the same year,

M. Aleksyeyenko was elected as a Professor of the Department of the Financial Law. From 1886 till 1891 he worked as the Dean of the Faculty of Law, from 1890 till 1899 he was the Rector of Kharkiv University. From 1901 till 1905 Mykhalo Aleksyeyenko was the guardian of Kharkiv Education district. Since 1907, he was the Deputy and the Head of Budget Committee of the Russian State Duma. The Aleksyeyenko prize was founded in Kharkiv University in 1900.

Mykhalo Aleksyeyenko wrote a number of works in finance and credit, including the theory of taxation and public debt of the financial sector. The complex process of changing financial institutions under the influence of market transformation of society in the late 19th century and in the early 20th century was depicted in his scientific research. The transformed national finance system, based on state revenues that were in the form of taxes and government loans, needed the introduction of a new and previously existing tax reform. Therefore, M. Aleksyeyenko paid attention to social reforms and economic restructuring, including the science about finance. The scientist was deeply convinced of the feasibility of reform and doctrines that provided a complete satisfaction of the needs based on improving productivity and reducing costs. Taking into account experience of foreign countries where he studied the process of reforms, M. Aleksyeyenko grounded his theoretical position by the idea of statehood which he considered to be the basis of public life.

Staying in Germany, the scholar had a possibility to study deeply the scientific developments made by the representatives of German historical school. Their ideas influenced the scientific views of the scientist. Meanwhile, humanistic traditions peculiar to the Ukrainian economic thought, particularly financial, defined social priorities of nature and a state in M. Aleksyeyenko's interpretation. In his opinion, each function of the state should have an ethnic base and can be understandable in such way. Therefore, the Ukrainian scholar saw the general purpose of the state in the conditions creation for an infinite progress in promoting the happiness of a human being, providing opportunities and means for personal, economic and social development.

However, the scientist warned that the state mechanism as a strong force may have the opposite effect if it is directed in the wrong way when a human being is considered to be a means rather than an aim. Due to this approach, the state as the highest expression of the civilization development, even using the idea of general welfare, can destroy the most valuable thing in the social development of the civilization that is "the independence of the subjects". Therefore, the scientist supported the idea developed by the classic scholars promoting the "natural" development of society, and he raised the

question of “the limits of the state activity”, claiming that, among various fragile political interpretations of this issue, only the economic approach that determines the need for the state and its measures as an economic feasibility, provides a solid foundation for solving some complicated issues.

The scientist suggested that in terms of the general development of civilization, the state, and its activities are to be considered as a separate industry that produces specific public goods and, therefore, shall be the subject to the general law of the market economy — minimizing costs by maximizing the benefit. To implement this law, an essential condition for the society development should be a space of the personal interest efficiency as broad as possible to ensure the principle of the individual freedom. Emphasizing that a business economic system should be based on the reliable historical facts and that social life is of historical nature, M. Aleksyeyenko pointed to the priority of individual households the development as to the changes in national goals. Determined by the state economic system, these goals must meet the ideals of freedom, human dignity as the needs of individual households determine the functions of the state, and it is not vice versa (the state must not adjust economic processes). This idea is especially significant for the economic system in transition in which the measures taken by the government and all financial and economic mechanism must readjust by the changing needs of the economic system in the market environment, and the entities which are its primary elements. In the Russian Empire (which Ukraine was also a part of), burdened by the bureaucratic and government-owned managerial apparatus and feudal remnants, the adoption of the market principles of state activity took place slowly.

Assigning great priority to the role of the state in civilized society, M. Aleksyeyenko defined the position of the science about state activity. Since state economy is only one of the forms of the national economy, this science has to be in close contact with the general science of economics — political economy, applying its main principles. If we study the science of government activity in terms of the key regulators of the economy in the market environment, i. e. supply and demand, based on this, it can be divided into management and finance. The former includes the manufacturing process of various public goods conducted by the state while the latter incorporates the payment for social benefits provided by the state. The most important sources of public finances formation are taxes, duties, public credit while they are also important tools in adjusting market economy.

Considering the special nature of the services offered by such an important institution of social development as a state, M. Aleksyeyenko noted that they acquire the commodity form, as in market economy all goods

have their own price established by the ratio of public supply and demand. However, in contrast to the goods created in the real economy, the price of which is determined by the market, public services “pricing” has its own peculiarities: instead of demand, the government sets certain tasks of social development, which should reflect the real social needs of the population, the most important goals of the social development; instead of rivalry between manufacturers and consumer income, the expenditure limit is taxes.

Having been introduced, taxes caused dissatisfaction among people who were required to pay them. In the development of civilizations, taxes were modified turning from a set of interim payments associated with specific needs into a permanent system of taxes and fees. The scientist considered the taxes in terms of a close relationship between economic and political phenomena. On the one hand, taxes are one of the elements of social redistribution, a constituent of the public good price (the analysis of which gave the start to the actual economics). On the other hand, establishment, distribution (obtaining from some people and rewarding others who need the protection of the state), withdrawing and using the taxes is one of the most important functions of the state in the civilization taxation process. Despite the important role of taxes in the society (and the development of civilization processes), taxation theory and financial science were at their infancy condition, as the scholar said. The weakness of financial science was displayed by a set of unresolved issues concerning the effective functioning of the main structural elements of taxes construction that had a significant theoretical value and, most importantly, a practical urgency. With the development of the trade turnover and economy, the taxation system was being improved, and taxes were becoming increasingly important in the financial sector.

In the end of the 19th century, the taxes became the main source of the national income. M. Aleksyeyenko refused the classical traditional approach in considering a state as an unproductive phenomenon in a market economy, resolving fiscal problems without considering their consequences, and objecting state economy to the national one. He was one of the first scholars in the Ukrainian financial science who proved the necessity of revising the political-economic foundations of financial science, in particular, he set the task of developing the taxation theory as a basis of financial policy. A new theory was to show the ways to overcome the inconsistencies in state structure, particularly contradictions in the tax system, the level of economic development and the state of monetary circulation. His study of the essence and nature of the tax was the basis for the development of the principles and specific forms of the new system of taxation.

Regarding taxes as material resources for implementing the state functions, M. Aleksyeyenko considered them as payment for the state services. The value of these compulsory payments, he explained, by the common costs of state governance, supporting economic and other activities. Without these material resources, the state can't fully perform its functions in a civilized society, so M. Aleksyeyenko supported the view of the French economist and sociologist P. Prudon that the issue of taxes was the matter of the state. The taxation principles, suggested by the scholar, meet the social requirements of state activity: if the aim of state activity is human welfare and satisfaction of human needs then the taxation should be (1) common [all citizens of a country are equal and should pay taxes]; (2) unburden some; (3) maximally close to everyone's share in the consumption of public goods provided by the state and to which production the taxes had been designed. This approach is somewhat intertwined with the generally accepted rules of the collection of taxes by Adam Smith. However, the scientist argued that in practice the system of taxation, like hundreds of years ago, was far from the implementation of those principles because the burden of taxes fell on the most vulnerable sections of the society, and benefits from state received the least burdened population.

The increase in government spending on the militarization of the economy in the late nineteenth century led to the use of new techniques for collecting of funds from the population, and it increased the pressure of the prepared fiscal apparatus or some of its elements. The principle of general taxation had been the subject of debate for a long time, and it caused resistance, especially with regard to the law on taxes for the improvement of the legal construction of tax.

No less important for the scientist was the issue of fairness in taxation. According to M. Aleksyeyenko, different ways of providing funds to the state, i. e. different taxes and tax principles that defined the tax system determined the condition, structure, and society type. In a civilized society, while taxation system forming, its citizens regardless of the social status of the citizens, aspire to justice, for which providing state institutions and tax legislation are aimed. However, M. Aleksyeyenko argued that justice, like all moral, is a relative term and depends on the place, time and culture of the people; its understanding varies depending on the social structure of a civilized society, the dominant attitudes, and awareness of the needs of the economy and the state.

The idea of a common tax obligation could not have support in the society, characterized by the isolation of social groups that were under taxation. This idea, according to M. Aleksyeyenko, was offensive to a significant part of the privileged class as an attempt to equalize the higher

and the lower classes, and it was contrary to the fundamentals of social life. But in a civilized society where the fundamental principle was equality before the law, the court, service and taxation, the general nature of tax collection was a common and natural thing. Thus, the transition to general taxation in Ukraine and Russia actually meant the assertion of civil society, its institutions and changes in social consciousness and morality that were fixed in the economic institutions and law.

Public consciousness is a measure of the effectiveness of public institutions, its overall ideology. As M. Aleksyeyenko said, acknowledging the idea of equality as a generally humanistic slogan, people are not always willing to follow it, to accept and adopt the system of social life which corresponds to the practical implementation of this idea. Therefore, the introduction of the principle of general taxation demanded not only theoretical arguments but also the creation of formal and informal institutional environments and public control over observance of the established institutional principles of public relations legislation and public control over its compliance. M. Aleksyeyenko's work "Existing legislation on direct taxes" (1879) was devoted to those issues, and it received recognition in Western Europe for Professor H. Schanz's detailed description in "Finanzarchiv" (1884).

M. Aleksyeyenko continued scientific analysis of Russian taxation system in his work "Income Tax and the Conditions of Its Usage" (1885). The critical analysis of some existing direct taxes in transition Ukrainian society showed their separation, isolation, and lack of system. According to the scientist, given the significant tax burden, influenced especially the peasantry, the state should not reinforce fiscal pressure but vice versa, in order to improve people's well-being and to strengthen the economy the state should reduce the burden. Taxation system should be agreed with incomes.

With the establishment of financial science and its constituents, Aleksyeyenko's works had a significant contribution to the development of the taxation theory. The scholar identified, the main issue of the taxation theory was the feasibility to pay taxes. The latter, according to the experience of civil society and the rights in laws, existed due to the getting some income by economic agents that ensured their paying capacity. While the scientist developing the concept of taxation, there was ambiguity in the interpretation of tax facilities and tax sources. The idea of the development of the paying capacity (solvency), based on the taxpayer's accountproperty, was associated with the sources of taxes.

The writings of that time reflected the controversy, which was carried out between the representatives of Physiocrat's School (supporters of the single

land tax) and the ones of Industrial Political School (its supporters believed that the tax was proportional to the capacity of solvency). Solvency had a dual interpretation: it was determined either by property or by income. There was no identical approach to the term “income”: should gross income or net income be taxed? There were two systems of direct taxes: the first one was tax sources, i. e. property, enterprises and occupations, and the second system was the collection of taxes from people’s income received regardless of the source. The scientist defended the benefits of income taxation (although in the middle of the 19th century net income was known to be the only suitable and convenient tax object) and determined the general tendency of taxation systems: in the historical development, taxes were gradually changed from head-money (in person am land tax) and per capita income equal to the proportional, and later — to progressive ones.

At the time of writing by M. Aleksyeyenko his works on the theory of taxes, the scientific doctrine did not distinguish the terms as “tax source”, i. e. that part of tangible assets (in particular, property) through which the tax obligation was performed, and “tax object” as a legal basis for any additional obligations.

To prove the appropriateness of taxes to incomes of certain people, M. Aleksyeyenko emphasized the role of social organizations and social conditions provided and supported by the state, in the person disclosing and realization of his own creative potential. Everyone’s abilities, as an important public domain, are formed and developed in the civilized society partly due to the direct impact of its educational and training institutions, and partly — under the influence of a social atmosphere, based on customs and traditions. In addition, the society pays for making these abilities through the social mechanism of distribution of national income. Thus, a person with his/her abilities, certain economic and social status, income as the most vivid expression of economic conditions is the product of social organization, supported and protected by the state. That is why taxes as a means of providing state funds for the functioning and strengthening of the existing social organization must meet income. This study of income taxation, the scholar quoted in his academic speech, “Income Tax and Conditions of its Usage” delivered in 1885 at Kharkiv University.

In the above-mentioned work M. Aleksyeyenko interpreted in a new way the principle of general taxation, taking into account the impact of economic and social conditions to develop techniques of taxation and its tangible content if under the conditions of feudalism this principle was understood as requiring the abolition of the society division into classes, taxable and privileged, in the second half of the nineteenth century it was not interpreted so literally.

By the changes of the civilized society in the understanding social development issues, M. Aleksyeyenko defended the need for the exemption of least income, which provided minimum means of subsistence. When income is limited to the minimum, the scientist stressed, there is no possibility to pay the tax because (even as it needed the state, the maintenance of which are taxes) to meet urgent human needs in a civilized society still has to be a priority.

Further development of the science of finance and realities of the economic practice in highly organized society with market economy confirmed the correctness of the principle of exemption of the subsistence minimum, which was reflected in the legislation today. Especially important was the observance of the inviolability of the part of income that was to meet the basic subsistence needs of taxpayers in the case of low income.

In theory, equality, apart from the general character, turns out to be in uniformity of taxation. Considering the social consequences of this equation, M. Aleksyeyenko emphasized the meaning of “socio-moral sense” during the choice between proportional and progressive tax. If we take the arithmetical proportion, then, despite all its strengths, as noted by M. Aleksyeyenko, it did not meet the “most civil sense”, i. e. social requirements of a civilized society. So, the understanding of the need of progressive taxation, except minimum means of subsistence was derived from this. Its essence lies in the fact that the larger the amount of income, the more it is used at random, therefore, solvency is growing faster than revenue increases.

In the civilized society, the use of the progressive tax scale is the only consistent embodiment of the principle of harmonization with the amount of taxpayer capacity. The degree of progression depends on the public understanding of tax fairness, that is, as the scholar noted of compromise between the wealthy and the poor.

In his writings devoted to taxation, M. Aleksyeyenko identified new opportunities for progressive taxation, which, in addition to treasury needs was a strong argument in its favor: progressive taxation in a civilized society can be used as a “social medicine” in the case of social inequality. Of course, the useful effect of the introduction of any tax depends on the direction of socially useful public spending. The Ukrainian economist argued that the unfavorable economic consequences of tax collection could be mitigated, be balanced and even outweigh the positive results of government spending.

Comprehensively analyzing the problems of taxation, the scientist-financier turned to another socially important problem that had not been solved in Ukraine: the distribution fees for public services among the members of society. Having investigated the mechanism of taxation, he found out that a taxpayer and a tax carrier was not always the same person.

Such important social institution, as a state was trying to identify individual income, said the scientist, and accordingly to impose its tax. The amount of taxes, established by the state needs, was decomposed into objects of taxation; it was the legal distribution of taxes. But for every taxpayer, a tax was a burden which he wanted to get rid of. The implementation of this common desire -to be free from tax, spreading it on the shoulders of other participants of economic relations was known as shifting of taxes. Its result was the valid distribution of the tax burden between individual members of the society — tax carriers. Thus, M. Aleksyeyenko distinguished between three concepts: collection, distribution and shifting taxes.

In a civilized society, the only way to shift the weight of tax to another person is to include it in the price of the product. That question, the scientist considered was concerned to production costs and their impact on pricing, and the doctrine of shifting the tax appears derived from the theory of value. However, at that time in economics there were different views on the concept of value, and therefore, shifting the problem could not be solved for the lack of a theoretical framework. M. Aleksyeyenko offered not to limit the research by shifting exchange, and to apply to the production, considering the balance of forces involved in its organization. The welfare goods are created in the production, which are the basis for income generation. In this case, the initial in the study of shifting, the scientist asserted should be an analysis of the actual form of production that determined the distribution of national income between different classes, and thus their capacity to actual taxes. The distribution of income is derived from one or the mode of production. In the exchange economy, the factor of the division is value, revenues are its elements. Thus, in the determination of the final tax payment, the main role is played by conditions of setting of wages, interest, profits, as only of them can be withdrawn tax. Therefore, shifting taxes in a civilized society really means no change in the tax but redistribution of national income.

In the real economy to solve the question about the shifting taxes, M. Aleksyeyenko suggested, to consider the distribution system and the impact of the tax on economic relations. The research, in his opinion, should be started from the entrepreneur as the center of economic activity.

Whether the enterprise is the subject to tax (land, industrial tax) or directly manufactured goods, it is the entrepreneur who is the first that undergoes tax pressure.

Of course, to maintain the profits, he tries to throw a tax on all his suppliers (materials, means of labour, labourforce, land), cutting payment for production elements (shifting from the buyer to the seller). Then the entrepreneur tries to compensate for his losses related to taxation by the

increasing the prices of products, i. e. to shift part of the tax on consumers — those capitalists and workers (shifting from the seller to the buyer). Thus, there are two ways of reducing the share of entrepreneurs in the payment of taxes through their shifting. But the action of economic mechanism does not stop there: price changes caused by shifting the tax cause the reaction of supply and demand of goods. Higher prices for products causes a decrease in demand, and to keep the price from falling, one should reduce supply. Thus, the entrepreneur must consider what is more profitable for him: to shift tax and reduce the volume of production and sale or to bear the burden of taxation, while holding a significant level of supply of goods? Theoretically, M. Aleksyeyenko actually analyzed the functional dependence between tax, price and the volume of production. Such approach was innovative and close to the mathematical theory of shifting, suggested by marginal direction of political economy.

In his writings, M. Aleksyeyenko analyzed another way to preserve the integrity of profit — the struggle for prices with the suppliers of production elements. In this case, employers are trying to reduce their costs by suppliers of labor — workers. The increased productivity through technical innovation, the rational organization of production, etc. can ensure sustainability of wages without reducing of entrepreneurs' income or at least to have the same amount of vital resources while reducing the share in the gross income of the enterprise. Thus, the increased competition caused by tax reduces wages to a minimum. This, in turn, reduces productivity and quality of work, employee interest, and most importantly -eliminates all production prospects, as it reduces the demand for consumer goods, and restricts the market. The tax becomes an over all burden and a real catalyst for social tension in society.

Because of a critical analysis of the concept of tax shifting M. Aleksyeyenko revealed its shortcomings and showed the benefits of proportional income tax as such that does not violate the equilibrium distribution of elements governed by the laws of the market. In the real economy, the introduction and use of indirect taxation were explained by the complexity of the organizational and legal support of tax collection. From this point of view, consumption taxes have the advantage that the consumer identifies tax on the price of the goods and can not evade its payment, besides it is quite easy to decide on the number and time of withdrawal of the tax. But on the other hand, the benefits are not compensated for the treasury of indirect taxation shortcomings in terms of consumer and the general economy. The Ukrainian scholar this type of tax in all aspects contradicts the so-called fourth the rule of Adam Smith (the tax should be determined on an equitable basis), because these taxes are subtracted from the population much more money than bring them to the treasury, and raise the price of

goods, reducing their consumption and therefore, their manufacturing. As the result, tax shifting is a burden for the national economy and it causes reduction of production.

Summing up his position, M. Aleksyeyenko pointed out that along with economic motives the state was governed by various political, military in particular, i. e. not economic interests, and thus the tax “victims” even in a civilized society could remain without the equivalent, without compensation. The study about a state economy stated the opposite, and often antagonism of state and business interests.

M. Aleksyeyenko like the representatives of German Historical School (Lorenz Stein, Albert Shaffle) recognized economic functions of the government, the fulfillment of which required taxes; he followed economic views on the state and rejected the interpretation of public services as unproductive and taxes — as a clear loss for society.

However, he emphasized that the economic analysis of services provided by the state was new, so the question of how they neutralized the effect of taxes was unexplained.

In terms of transformational changes the nature and purpose of financial reforms, caused by the abolition of serfdom, M. Aleksyeyenko defined, as a more uniform distribution of the tax burden and the elimination of artificial complications for taxpayers. To have sufficient income to ensure state needs, the scientist argued, one should create the conditions for economic development, remove barriers that hinder the real production. Indeed, the growth performance of the national economy leads to the increased state revenues, and these revenues allow the state to carry out the expenses that will return a hundredfold to the national economy. The state as a major institution of a civilized society should establish the general conditions of the prosperity of individual economies, claimed the scientist. Each of its consumption, requiring certain victims from the lieges, must be subordinated to this goal and thus enhance the productivity of individual households, which provide tax revenues to increase the so-called solvency.

M. Aleksyeyenko was one of the first Ukrainian financiers proposed interpretation of the nature and essence of tax based on the idea of the state as an institution to meet social needs and personal development. During the search of the economic and legal tax structures, the scholar launched in the theory of taxation shift the transformation from the certain taxes to the integrated, cost effective and legally balanced tax system. Following the traditions of Ukrainian economic culture that has developed under the influence of the classical school, he subordinated the principles of taxation to Adam Smith’s principles of justice and economic expediency.

The inconsistency in practice exploitation of the weaker by the stronger, which was of a general nature and was enshrined in the system of financial relations in Ukraine, not only by ethical but also by economic principles of public life, was reflected in the concept of shifting taxes by M. Aleksyeyenko. Its main idea was that paid taxes, to which they are shifted. This applied not only to counterparties exchange, but also social classes, the population of some regions and others.

The systematized and described in the basic works the concept state income and tax, developed by M. Aleksyeyenko, his ideas on the principles of building a fair and efficient tax system, the representation of tax economic nature and legal mechanism for its implementation, the theory of shifting taxes made a significant contribution to the formation and development of the theory of finance, financial law and other branches of the science of finance.

Theoretical principles grounded by M. Aleksyeyenko, are the inseparable part of the modern theory of taxation, financial law, budget theory, as evidenced by numerous references to his work in the academic and scientific literature.

The main works of the scientist: “Views on the Development of the Theory on Taxes by Economists Adam Smith, Jean-Baptiste Sey, David Ricardo, Jean Sismondi and John Stuart Mill” (Kharkiv, 1870); “Organization of National Economy” (Kharkiv, 1870); “General Theory of Laws Shifting” (Kharkiv, 1870); “National Credit. Sketch on Rise of Public Debt in England and France” (Kharkiv, 1872); “Actual Legislation about Direct Taxes” (Petersburg, 1879); “Theory and Practice of Industrial Taxation” (Petersburg, 1879); “Income Tax and Conditions of Tax Levy” (Kharkiv, 1885); “About Income Tax” (Petersburg, 1879) and others.



ANTONOVYCH Afinogen Yakovych

(1848-1917)

Antonovych Afinogen Yakovych is a well-known Ukrainian economist ✓ in the history of finance science, famous for his bright ideas concerning the system of paper money circulation. He could be considered a pioneer of the advanced monetary theory which had been developing under the conditions of monetary and credit relations and the search of effective regulation mechanisms for monetary circulation in the economic sector of the capitalist economy.

He was born in Volyn province in a family of a priest. Having finished the courses of the Kyiv theological seminary in 1869, he entered the Faculty of Law at the Kyiv University. Having graduated from the University in 1873, A. Antonovych became a follower of the best traditions of liberal economic thought, formed by the founders of the Kyiv Political Economic School I. Vernadskyy and M. Bunge. From 1873 to 1879 he was working as Associate Professor at the Department of Political Economy, Statistics and Jurisprudence at the Novooleksandrivsk Institute of Agriculture and Forestry. Alongside he continued his scientific activity. He defended his Master's thesis "The Theory of Value: Critical and Economic Investigation" in Warsaw in 1877. Since that time, he could be considered as an experienced scientist. His thesis was highly estimated and published in 1877. The scientist admitted in his work that the most fundamental issue in political economy was the issue of value since it had been connected with the solution of almost all the other problems of the science. His views were based on the scientific achievements of his countrymen, in particular, such well-known economists as T. Stepanov, I. Vemadskyy, M. Zieber, L. Bilinskyi. He emphasized the importance of this and considered that an independent political and economic literature was developing under the influence of great reforms.

Teaching and a great scope of research problems of political economy issues promoted to the development of the exact scientific system for defining of many issues of political economy which had been generalized and published in some editions. After publication of his fundamental

generalizing work “Principles of Political Economy” in 1879, A. Antonovych was appointed as Professor. In 1880 the scientist was appointed as a member of the Board of the Novooleksandriivsk Institute and the Head of the Institute’s estates. He continued to investigate the issue of value and transferred it into the theory of paper money circulation which became the basis of his further investigation.

Since 1882 A. Antonovych began to work at the Kyiv University as an Associate Professor at the Department of Police Law, and then, after the defense of his Doctoral thesis “The theory of paper money circulation and public credit bills” in 1883, he worked as Professor of the Department of Political Economy and Statistics. Lectures delivered by A. Antonovych at the University of St. Vladimir, became the basis for the publication of “The Course of Political Economy” in 1886. From 1883 till 1884 he was editing a journal “Kievlyanin”. Since 1887 he issued a moderate conservative newspaper “The Kyiv Word”.

A. Antonovych combined theoretical studies and practice. From 1893 till 1895 he was working as “a comrade” (in modern terminology *comrade* would be equivalent to *the first Deputy*) of the Minister of Finance of the Russian Empire S. V. Witte. A. Antonovych participated in the development of monetary reform, later he became a member of the Board of the Ministry of National Education.

Investigating one of the most comprehensive theories in political economy — the theory of money and monetary circulation, A. Antonovych started to develop the advanced monetary theory meeting the highest requirements of the capitalist economy modernization and the development of monetary and credit relations. He substantiated the economic role of money as a means of the society productive forces increasing, offered the methods of stabilization and regulation forms of paper money circulation.

As for the theory of money and monetary circulation the scientist supported the concept of three sectors of the national economy (production, distribution, consumption) and his own theory of value, according to which the value was considered to have different significance in terms of production, distribution and consumption. In the scientist’s opinion, fluctuations in the ratio between demand and supply of money depend not only on the general state of productivity, but also on the purpose of investing (in manufacture, service sector or only in consumption). The latter causes one-way stimulation of production leading to the crisis. Money invested in productive organization stimulates the growth of supply of goods resulting in overproduction.

His conclusion about money and production relations can explain issuing of paper money for the purpose of increasing production of goods and

services. M. Friedman's "golden" money rule was based on this conclusion. It was a challenge to the followers of the commodity concept of money origin which was not relevant to that period of time. Paper money was issued and coins were replaced in money circulation. It should be noted that A. Antonovych's investigation of monetary circulation was carried out before the publishing of O. Myklashevskiy's monograph "Money" (1895) and M. Tugan-Baranovskiy's work "Paper Money and Metal" (1919). In general despite different authors' approaches, the stated above investigations of our national scientists was an important stage in the development of monetary theory in the history of Ukrainian financial thought that contributed greatly not only into the national but also into the world science and practice of monetary circulation.

A. Antonovych was against foreign intervention into the economy, he thought that Russia and Ukraine was a colonial market for advanced Western European countries. In his textbook in Political Economy he argued in favour of self-reliance, warned against foreign capital to be extremely harmful, because it did not support the national industry in general, but promoted the development of profitable branches for foreign capital. As for the issue of distribution, he shared the views of the founders of "economic harmony" concept (Ch. Cary, F. Bastia). A. Antonovych considered that economic development promoted the harmony of all the productive forces and eventually all social strata. He was not only a prominent follower of the best traditions of the original economic thought developed in the Kyiv University, but he had a lot of bright ideas concerning the theory of money and money circulation.

After publishing his first work "The theory of value: critical and economic study" (1877), A. Antonovych could be considered a profound and consistent researcher. It could be seen in the presentation of his new ideas on the value in his publications for general public use. Thus, in "Principles of Political Economy" (1879) the Ukrainian economist substantiated clearly his point of view on the commodity origin and nature of money, highlighted the market expenditure approach to value, made comprehensive analysis (production, distribution, exchange, consumption) of the role and importance of money in public sector. Analyzing the evolution of monetary circulation, the scientist drew a conclusion that money, in a certain sense, was a social tool of production, a factor of the mankind progress.

Critically interpreting the heritage of his predecessors, the scientist argued against the commodity concept of the money origin under the new economic conditions. Formerly in economics, the concept of money was studied in connection with distribution and consumption. A. Antonovych considered that production theory could explain the nature and regularities of

money circulation but could not correspond to a new phenomenon of that time — the appearance of paper money and replacement of the coins in money circulation. In his Doctoral thesis, he emphasized that money was of great importance in production. The value or “dignity” of the currency was determined by the quality of its circulation. The scientist’s critical approach to generally accepted postulates promoted to the development of a new original concept of credit paper circulation. Due to this concept, all existing theories of the representatives of classical school were critically reviewed and new approaches to the solution of practical problems of the monetary economy were offered.

Unlike his predecessors and contemporaries, the scientist analyzed money not only from the point of view of consumption but also in terms of production. This approach provided the opportunity to overcome the traditional point of view of classical school and representatives of the money quantity theory, according to which the value of money depended only on its quantity. Following the concept of three sectors in the national economy and his own theory of value, A. Antonovych considered society to be the association where money did not only facilitate the exchange but also increased productivity. Money used for the productive purpose might influence the increase of production of goods and services. Therefore, the Ukrainian economist considered that money circulated not only as a mediator but had to be referred to the productive forces of society.

The issue of money value is one of the most important in A. Antonovych’s theory of paper money. The scientist admitted that combination of usability (*value in use* in the modern political economy) and value of a coin had to be considered the cornerstone of the entire scientific system of “exchange mediator” in general, no matter what kind of material was used for its creation. The fundamental principle of creating the value of commodity money is the costs of production. Under the conditions of the use of paper money, its value is regulated by the market and depends on the ratio between its availability in the market and the aim of buying other goods and its quantity which can be considered as a demand for money. Money is the power that connects the production factors. Thus, the scientist drew a conclusion that the value of money was of less importance than its ability to serve as an exchange mediator, though money did not satisfy any human needs, its role was only subordinate, its form was secondary in relation to the production and exchange, and its quantity was defined by certain objective regularities of production and circulation.

A great amount of economists and researchers of A. Antonovych’s scientific activity refused to consider paper money as the economic phenomenon. When they did it, they made certain remarks.

Having investigated the history of the use of so-called fictitious money which value differed from its own value (copper coins, state banknotes), the scientist argued against the quantity theory of D. Ricardo for paper money circulation. The Ukrainian economist saw the major weakness of the representatives of the quantity theory in the misunderstanding of the role of the essence of the supply and demand mechanism in the economic theory. Actually, D. Ricardo called the theory of supply and demand as “a source of many mistakes”. His enormous prestige among the economists of the later period influenced the transferring of these mistakes into the further researches. The representatives of the Cambridge School made a thorough analysis of the peculiarities of commodity- money circulation, the exchange value of which was equal to the costs of production. A. Antonovych started to write about it much earlier. Discovering of the disadvantages of D. Ricardo’s monetary theory greatly influenced the development of A. Antonovych’s scientific views on money. Considering the concept of real and market value, the scientist proved that real value of money was regulated by production costs, market fluctuations depending on the actual relationship between the market money supply aiming at buying other goods, and the number of goods indicating to the demand for money. At the same time, money supply can be considered not only as its real quantity but also as a speed of its circulation. The scientist emphasized that a speed of money circulation had the same value as its real quantity. It was an important stage in creating of the monetary theory system which was developed in the 18th century and revolutionized in the late 19th century by introducing the principle of marginal utility and conducting the analysis of factors influencing the speed of money circulation.

Later in his work “The Course of Political Economy” (1886), A. Antonovych revealed the dependence between the money quantity increase and the available quantity of goods introducing the concept of “economic quantity of money”, “productivity of a country” and “demand for money”. The value of an exchange mediator in each country depends on the demand for circulation means. Thus, a change of the money quantity in circulation is the cause, but not the result of the value change. This demand is primarily determined by the productivity of the country, therefore the value of money is the result of its productive activity.

The Ukrainian economist introduced a new concept “demand for money” into the science of Economics. This conceptual innovation defined the limitations of the quantity theory as a universal model attributed to the Cambridge school of Political Economy, but it could be read in the works of A. Antonovych which had been written much earlier. The scientist added an important specification to the quantity theory: the price of commodity was

defined not only by the quantity of money but also by interdependence between the demand for money and the amount of money in circulation.

An innovative approach of A. Antonovych to the interpretation of the quantity theory of money allowed him to determine the value of money more thoroughly. In his opinion, it was created by people and was nothing more than the demonstration of their work. The value of the currency depended on the population's economic activity. If the values of goods and money were inversely related, the traditional entrepreneurship and value of money were directly related. The law of supply and demand, where the demand for money is considered to be a number of goods and services, shows the established money value dependence on its quantity. Thus, the Ukrainian scientist was the first in the world financial science that arrived at a conclusion that money value could change quite apart from the changing of money quantity in circulation. This conclusion was of great importance for the development of monetary theory.

A. Antonovych thoroughly investigated the issue of the social value of money. He belonged to the Ukrainian scientists that pioneered the research of this problem. He shared the views of Adam Smith, that money itself did not have any productive value. Though, unlike A. Smith who considered that money circulated only as a mediator in barter transactions and could not have any other usability, A. Antonovych carried out more thorough analysis, considering different spheres of the use of money. Firstly, money as the purchasing power increased demand. This provision had been considerably substantiated by the scientist. Secondly, money as a productive force increased production of goods and services. Additional money had to be directed into the production or only into the servicing of consumption. When there was a great amount of coins in circulation, the conditions of the development of exchange mediators were improved and a scope of productive labor increased.

The scientist realized that positive money value did not depend on money itself but on its productive use. Thus, the researcher paid special attention to labor power and economic activity of population. When the production is based on the use of hired labor, money is a means of a purposeful combination of production factors and this can not be done by the physical property. A. Antonovych admitted that revitalization of the economy required the power of money for bringing people together. Money being a means of creating free associations of people promoted the effective use of disconnected factors of production, and hence to the revival of production of goods and services and productivity growth.

Money is an important factor attracting resources into production in countries which are rich in natural resources. The rapid increase of income as

a result of additional money quantity expenditures increases rapidly the total amount of physical property which better meets the public demand for goods and services.

A. Antonovych tried to modify the theory of money as an important integral part of the theory of production before the publishing of the famous works of Swedish researcher K. Wicksell. The monetary analysis of the economic process in general expanded the views of A. Antonovych on the money functions. According to A. Antonovych, money is a measure of value, an exchange mediator and a means of savings.

According to the concept of the Ukrainian scientist, money in production is considered as a means combining the productive forces and withdrawing the capital out of the unsustainable state into vivid and active one. It was one of the first stages in creating a dynamic model of the monetary economy. In distribution money is considered as a measure of value, a means of circulation and savings. At the same time, the function of money as a means of savings contradicts to its objective in production. The overcoming of these contradictions requires for the necessity of the loan. The same contradictions are observed between the objective of the money in production and the main consumption function.

Having analyzed the value of money, the scientist revealed the contradictions inherent in money circulation such as: between the use of precious metal as consumer goods and its use as money material; between inner money value and its market value; between the use of money for consumer expenditures and its productive use; between money as a means of exchange value and a means of labor social division strengthening; between the private interests to accumulate values and social interests to attract money into the exchanging and development of production; between the quantity of money in circulation and its quality of circulation. A. Antonovych said that the development of these contradictions under the new conditions of economic development caused the necessity of using loans and paper money. Actually, his theory of money became an important achievement of the Ukrainian financial thought and it was emphasized in the late 19th century. The scientist considered money within a system of general theory instead of examining it separately before being included into the system.

A. Antonovych paid great attention to the research of paper money. The analysis of the money signs with their inner value became the theoretical basis for clarifying the essence and value of money substitutes in circulation. Paper money, special economic means of payment and credit bills were referred to substitutes by A. Antonovych. He considered paper money as “things used as exchange mediators, but they did not have any value

themselves". The scientist assessed paper money value due to his theory of commodity money value. According to his opinion, the value of money was determined by its social usability to be an exchange mediator and quality of circulation. He said that "the value of money signs is determined by the national economy, as well as the value of metal coins". Thus, the contradictory nature of paper money could be observed in its influence on the economy of its issuing, especially additional one.

Analyzing the influence of money increase in circulation, A. Antonovych said that emission of money compensated additional expenditures of the government usually unproductive ones (e. g. social programs) and it was not based on commodity supply; it exceeded the demand in money market supported by the produced goods. If paper money was issued and directed by the government mainly for consumption and these issues were supported by institutional conditions, unfavorable for the development of productive and business activity, in this case, it paralyzed economic development and caused a crisis in the economy. Money as purchasing power is directed with certain intent only to buying things that could meet human needs; it causes inflation (the increase of prices) because of the discrepancy of demand and supply. Expansion of the real production caused by unsatisfied demand naturally will be accompanied by the increase of production expenditures.

Therefore, prices due to the imbalance in money and real production market can increase more rapidly than the quantity of money will grow. The general price increase in the domestic market can be considered as a reward for importing of foreign goods and a duty for exporting. According to A. Antonovych, this is the disadvantage of the phenomenon. "It is a mighty weapon in the hands of foreigners to enslave the domestic production market completely". It causes the decrease of the competitiveness of the domestic products, therefore, the national producer can not compete either in the domestic or foreign market due to the increase of production value. Thus, the unproductive use of money causes the chaos, apathy, and stagnation in the country. There is not any stabilization or revival and national currency is devaluated. It can not circulate properly in the domestic market, especially in the case of value savings. These conclusions made by A. Antonovych are still relevant today especially for the modern development of monetary and real sectors of the Ukrainian economy.

The scientist offered measures that can counteract even to negative consequences of money issuing: increase of economic marketability, strengthening of economic and business activity, wider use of credit especially the national one. The ideas about the significance of money supply and especially credit funds supply under the conditions of imperfect

(or asymmetric) information and monetary policy market attracted modern scientists' attention almost in a hundred of years.

The problem of increasing paper money value (purchasing power) is still important today. In his works, A. Antonovych undoubtedly proved that it was impossible to increase the money value by decreasing its quantity (e. g. removing and destroying) even in a case of increasing money quantity caused by its rapid devaluation. This regularity was considered by A. Antonovych as the law of price preservation. At the same time, the reduction of the money quantity in circulation causes the multiple declines in productive and production activities and leads to the development of speculative motives in the economy. It neutralizes the desire to increase the value of money, thus, the emission of money is advisable during the stimulation of production.

The other important regularity was also revealed by A. Antonovych. The scientist proved that even a gradual reduction of paper money quantity could not lead to the desirable increase of its value if the number of goods reduced or remained stable. Thus, the only condition to increase the value of money in the market economy was an increase of the national economy productivity. A. Antonovych proved that the quantitative law of money circulation did not have either reverse or direct influence. The value of paper money is entirely determined by the level of money circulation. His conclusions were confirmed by the market economy.

A. Antonovych was one of the first Ukrainian economists and financiers who managed to overcome "metal" approaches to money interpretation. At the same, time he did not refuse the possibility of regulation of paper money circulation in the process of paper money exchanging into metal coins and in the case of so-called artificial regulation concerning impossibility of paper money exchanging. A. Antonovych did not accept nominalism. He had developed his own concept of paper monetary circulation. The scientist defined the following main requirements for the national monetary system: stability of the national currency value, the ability of the national monetary system to increase and decrease rapidly, i. e. its flexibility.

Being a follower of economic liberalism, A. Antonovych supported economic development that was of primary importance for him but not the governmental financial needs that were mostly of unproductive or political nature. Due to his views on the national economic development, A. Antonovych could not accept economic dictatorship and tyranny of the state. The Ukrainian economist said that transition to paper monetary circulation could resolve the contradictions between the productive use of money and consumer expenditures; between the financial needs and requirements for the development of domestic market productivity; between

private interests and national economy. Economic ways of payment and credit bills in comparison with other monetary forms had advantages of flexibility, low cost, and mobility. In real monetary sector their use does not cause disasters, but on the contrary increases the domestic productive force, promotes the national economic activity.

According to A. Antonovych, the reasons that evoked the use of paper money caused the development of the payment means system associating with the loan. In his work “Principles of Political Economy” credit exchange was considered the third step in the history of exchanging. The scientist emphasized that crediting was a qualitatively new productive force. He highlighted its role in the development of domestic production and in the national wealth increasing:

- to promote sustainable and steady industrial development unaffected to accidents since the availability of funds does not depend on sales;
- to allow the society to use productive forces, activate and utilize the capabilities of its members to the highest extent;
- to combine small shares of capital, belonging to different persons, thus increasing the production, that is sometimes impossible for individual capitalists;
- to create conditions for savings in cash and to invest into industrial operations i. e. to promote the rational use of money: savings of some business entities become the investments of others;
- to influence on the price stability positively;
- to make possible to combine the elements of productivity and thereby to raise both public and personal standards of well-being.

According to A. Antonovych crediting was considered as a bridge across the gap separating wealth and poverty. Modern monetarists have clarified this statement suggesting that under the conditions of credit rationing only a supply is important but not a demand.

Owing to the continuous thorough investigation of the development of monetary circulation and debt obligation (economic means of payment and credit bills) the scientist arrived at the conclusion about the evolution of monetary circulation and functional changes in it. A. Antonovych pointed out to the increasing use of cheques and assumed that this use might even replace money in circulation. This assumption became a reality in the future.

His concept of credit monetary circulation was thoroughly highlighted in his work “The theory of monetary paper circulation and public credit bills” (1883). Having revealed the nature and advantages of credit monetary circulation, he analyzed the value of credit bills in production. There were two approaches to the investigation of this problem. The representatives of the first denied any difference between a coin and a credit bill. English

economist J. S. Mill was a founder of this approach. The followers of the second approach did not recognize an economic value of the credit bills. They said that the banks were not able to fulfill their commitments in terms of free exchanging of credit bills for coins.

A. Antonovych realized deeply the new trends in the monetary economy. The scientist considered that bank or credit bills could never be completely exchanged into metal cash. This exchanging could be equal to the total cancellation of the value of these credit bills. Their value totally depended on their productive use. The scientist emphasized the mediator role of the credit that combined labor and capital. Paper money was issued to meet the financial needs i. e. to cover satisfied needs and unproductive expenditures. Credit bills as a means of crediting were issued to cover future expenditures and investment costs. Thus, the difference between credit bills and paper money was primarily in the fact that credit bills supported production and paper money was issued to increase consumption. Although, as it was observed by A. Antonovych unproductive use of paper money did not explain the impossibility of its productive use.

Analysis of innovative developments in the monetary market had shown that credit bills caused circulation of the capital due to the economic use of loaned means. A. Antonovych proved his suggestion on the example of Scottish banks, which increased the public economic welfare and improved the state of the economy in general by providing loans directly to farmers. Describing the activities of the banks dealing mostly with bills accounting, crediting on the security of gold and silver, stocks etc., the scientist predicted future changes in banking and their active participation in production and even enterprises management. Modern monetarists recognized the importance of such institutions as banks. It proved the rightness of the conclusions made by A. Antonovych about banks' new objectives and the necessity of combining banking and industrial activities.

According to the scientist' point of view, monetary credit bill circulation in the market economy should be only rational. Objections to the usability of paper money he considered harmful in terms of practice and unreasonable in the theory. A. Antonovych said that money issued not for the purpose of production might show its usability due to the favorable conditions of crediting in a certain period of time. Productive use of new paper money that had been issued caused the increase of demand for circulation means and thereby influenced on the increase of their rate. Due to this the total amount of goods and services that could be exchanged for paper money also increased.

A. Antonovych's new approaches to the development of the theory of money and monetary circulation allow recognizing him as an innovator in

reconsidering the quantity theory of money. In his works, the scientist proved that the quantity of money was only one of the factors of its value. Having introduced the concepts of “economic quantity”, “national productivity”, “demand for money” etc., the scientist formulated his own concept of the money value, which was relevant in terms of monetary and paper money circulation. In his fundamental work “The theory of paper money circulation and public credit bills”, the Ukrainian economist proved that money had value not only as an exchange mediator, a means of commodity circulation and its facilitating, but also as a tool of income distribution and a means of productive association. In the economy that has some spare resources, money is the power that transforms passive production factors into active, fictitious capital — into real one improving at the same time the economic activity of the country.

The Ukrainian scientist considered the transition to credit paper monetary circulation as a way of resolving contradictions between the money supply and demand, between its productive use and consumer expenditures, between financial needs and requirements of “national productivity” development, between the private interests and the interests of national economy. A. Antonovych predicted the possibility of monetary circulation regulation in order to combine money flexibility and stability.

The thoughts expressed by the economist were ahead of time. His concept of paper money circulation was the basis of the development of the modern monetary theory.

The main works of the scientist: “The Theory of Value: Critical and Economic Investigation” (Warsaw, 1877); “The Basics of Political Economy. The 2nd Edition” (Warsaw, 1879); “Policy Law and Political Economy: The Introduction” (K., 1883); “The Theory of Paper Money Circulation and National Credit Bills” (K., 1883); “The Course of Political Economy” (K., 1886) and others.



ANTSYFEROV Oleksiy Mykolayovych

(1867-1943)

Oleksiy Mykolayovych Antsyferov was a Russian and Ukrainian /1 economist, statistician, lawyer, theorist and practitioner of the cooperative movement.

Oleksiy was born in 1867 in Voronezh in a family of teachers. He studied at the Voronezh classical school, after which in 1886 entered the law faculty of Moscow University. Exceptional talent distinguished him among the students of the course, which drew attention of an outstanding Russian scientist Alexander Chuprov. The first scientific research as a student O. Antsyferov started under his leadership and that determined the research of cooperative problems as his main future on-scholarly interest.

After graduation from the university in 1890 Oleksiy Mykolayovych worked for ten years as a district and provincial member of a town council of Voronezh guberniya to gain experience. Having received a title of the honored magistrate in 1900, he went to pursue his study in Germany, where he continued to investigate financial cooperative unions.

The unique position of Ukrainian peasants drew attention of O. Antsyferov as a scientist. In 1902 he published his first independent research devoted to the problems of the peasants' capitation holdings rent in Russia. On December 7th, 1902 at a meeting of Kharkiv Law Society he made a report titled "Small Credit, its Organization and Meaning in Russia". Thus, he was the first among academic economists to raise that issue on a scientific level. He stressed on the importance of small loans that functioned through the creation of the system of credit institutions, which, according to O. Antsyferov, should concentrate on the organization of already existing credit relationships. He stated the following: "In fact, credit relations emerge and develop in today's economy due to the reasons that are deeply rooted in social structure and the forward movement of economic phenomena. So-called credit economy is penetrating increasingly deeper into economic relations embracing all the aspects of modern economic life and already dominates over an individual entrepreneur. We are witnessing the most

interesting evolution of the “credit-owner” which is similar to the evolution of the market and capital”.

Particular attention is paid by O. Antsyferov to rural credit. The absence of a developed credit infrastructure leads to the fact that “these relations turn into an ugly form of the kulaks — a kind of usury with the annual loan interest rate of 60-120-200%, either in cash or in natural form, or even in the form of indebtedness, i. e. a temporary personal enslavement of a debtor, that shows the harsh times (juris stricti) of 12 tables of the ancient Rome”.

The scientist said that the main issues that used to arise and still do while organizing the loan, and especially small peasants’ loan are the following: if future borrowers are creditworthy; whether passive operations of future credit institutions are sufficiently provided; if credit institutions attempt to attract free funds in an amount required for their operations. He notes the misunderstanding of the peasant’s creditworthiness that “is poor, and has almost no assets, and as a result, credit institutions cannot function efficiently”.

To explain the proper understanding of the creditworthiness of a small manufacturer O. Antsyferov refers to the experience of Germany and quotes Schulz-Devic, one of the loan organizers. He particularly noted: “a separate worker or craftsman has no trust in the eyes of society in terms of creditworthiness because when he becomes unemployed society could do without his work; but it couldn’t do without the workforce of the whole great labor unions of handicraftsmen and workers as well as without cultivation of the land ... the totality of the members of such unions cannot be simultaneously left without work, that is why the workforce of such unions in economic turnover has the same meaning in the sense of security, as mortgage”.

Antsyferov emphasizes that “the workforce of small enterprises joined in unions is a solid base for creditworthiness. Solvency of working people is identical with its productive activity which is the basis for satisfaction of demands in any society, and denying its creditworthiness means denying the fruitfulness of productive activity...”

The scientist describes in details the short-term extra allotment leases, which were the basis for the appearance of a special type of loan. The fact is that ordinary terms of rent payment coincide in time with the “field shocks records”. Therefore, the period from the end of July, throughout August and sometimes September is characterized by an urgent need for money, which in its turn cause a common phenomenon of a large scale sale of peasants’ bread (grains) in local markets. The researcher states that “Grain traders use this to a great advantage for themselves and make a kind of discount, reducing the price by 3-5 cop. per pood (a unit of mass equal to 40 funt,

l'u' nt pound). This artificially lowered price, irrelatively of the global iinrkel price, does not bring sufficient profit to a landlord if he is not able to postpone the disposal of the crop. It is within the interest of the whole in iety apart from a group of grain speculators to overcome these phenomena. This kind of discount takes dozens of millions of rubles from 11 u- pocket of a manufacturer and puts them into the pocket of grain liaders”. Unfortunately, we can also observe such phenomena today.

I hc similar situation, as described by A. Antsyferov, occurs in spring when a farmer also lacks money. The used method of tax tapping is very destructive for a peasant not only because his equipment is sold out for a cheap rate it but also because the system keeps a farmer under constant fear ol the possibility of such a sale off. And in the case of collective icresponsibility, even a host who diligently performs his taxpaying obligations ha . no guarantee against the possibility of forced sale of his cattle if a partner in communal ownership of land fails to do so. Since this phenomenon is a common thing, many farmers do not want to start any cattle. “Of course, the elimination of this phenomenon is a direct interest of treasury.

I he introduction of small loans should be one of the most important sources to meet the needs of money in all these cases, there is no doubt that with the development of adequate and proper business organization farmers can successfully deal with both bread usury and the above mentioned effects of the tax-paying system”.

I he scientist noted that “the Regulation on establishing of a small loan” t IK95) distinguishes among three types of small credit institutions:

"1) farmers' estate bank; 2) credit unions; 3) loan-saving companies". I his provision approved of the permission of certain transactions “acceptance of investments and granting of loans, and of only one active -members were issued short-term loans for up to 12 months”. Antsyferov states that the only fact that distinguishes credit unions from the loans-savings companies is that the latter have “mandatory share capital, consisting of membership contributions, while credit unions do not require such”.

After this report the authority of Kharkiv University invited O. Antsyferov to work as an assistant professor. In 1903, the scientist published his fundamental work “Small Credit, its Organization and Meaning in Russia” in Kharkiv, in which he analyzed the problems of small loans in Russia. For completion of his master's thesis he set out to Germany and France again, where under the guidance of renowned foreign economists (I. Koprada, L. Brentano, Sh. Zhid) investigated the characteristics of agricultural cooperation in these countries. In 1907, he brilliantly defended his master's thesis written on this subject. The work was reprinted three times, and the latest edition was carried out in the years of Soviet power.

The next decade Antsyferov dedicated to cooperative and pedagogic activities. Being a board member of Moscow People's Bank he actively collaborated with it from the day of its establishment and in 1908 together with V. Zheleznov and others developed its Charter. Meanwhile, he broadened his teaching experience by delivering lectures on cooperation in Kiev Commercial Institute, People's University named after A. Shanyavsky, and in Kharkiv University, and he continued to explore his favorite theme of cooperation through scientific publications.

During the active scientific life of O. Antsyferov, there were different views on cooperation in economic literature. Many economists characterized it as a form of management that can be fully identified with capitalism. Others defined it as a component of a socialist economic system. According to P. Yukhymenko, the originality of O. Antsyferov lies in the fact that he interpreted cooperation as a form of business enterprises and economic relations that were not primitive but ambiguous in their nature: "it is a *sui generis* phenomenon".

To some extent Antsyferov was influenced by German socialist school. Thus, unlike most of the economists who supported both directions ("capitalistic" and "socialistic"), he considered the economic effects and processes, as well as economy and politics, to be closely connected with spiritual and morals values, not in isolation.

The researcher noted in his article "The importance of cooperation" (1911) that cooperation contained a great intrinsic value, i. e. a source that could continuously update and animate the aging tissue of business structure. According to O. Antsyferov, this particular form of economic organization compared to others is the most fertile soil for nutrient impregnation with economic moral principles. "This is its characteristic feature, this is the source of its strength, and this is what discloses the secret of its inner nature". The scientist believes that cooperation incorporates the principle of mutual assistance, free and peaceful collaboration, which is its steadfast foundation, and carries the norms of morality into the economic sphere, continuously updating the whole social life.

The development of cooperation is directly related to effective use of capital. And the organization of capital, according to the scientist, involves another important side of management — the process of production, which is equally important in terms of energy conservation. In this area, the development of cooperation began just as the reform of mediation and transformation of a mediator's labor into useful economic activity. Numerous and very successful forms of cooperative organization of credit relations started to develop. Antsyferov states that "capital and a loan as its instrument have transformed from threatening and often hostile forces into

it", Hui and obedient means of productive work. The energy spent on and productive work is being reduced".

The scientist highlights various forms of cooperative productive use of uipiliil: "companies of joint procurement, companies for the usage of 11 l.k. bines, companies for the usage of electric energy, companies for agricultural I 'i i <<li ids processing, companies for sale, etc."

According to O. Antsyferov, the center of cooperative activities should be the center of economic life, i. e. in the field of agriculture. The lack of a live economic life requires, in his opinion, the spread of the cooperative movement. But he warns that the promotion is only possible and fruitful when it is based on local initiative and does not infringe it. "When independence, as the main element of cooperative organizations is substituted, a falsified cooperation is built, but it cannot be replaced since line cooperation is impossible without independence". Therefore, the scientist draws attention to the importance of state assistance in facilitating the cooperative movement by the creation of good cooperative law.

Active public work of the scientist sometimes stroke with the abundance of daring ideas. Thus, at the congress of cooperators in Kyiv in 1913, he spoke about the need of creation of the institute or museum of cooperation.

In spite of significant criticism of this idea, the congress almost unanimously supported it. The main argument in defense was that the establishment of such institute would exert significant influence on the development of the imperative movement.

In same 1911, the scientist again raised the issue of the way of activity of rural cash desks of small loans in his report "On the desired direction of activity of rural cash desks of small loans". He stressed that "not a single loan but a cooperative credit organization is the main task of rural banks". The main principle of rural banks starts from the essence of rural councils and proclaims the following: "credit relations should be organized for all the population of the area that needs a loan".

O. Antsyferov analyzes three systems, on which the activity of rural cash desks is based, namely: "the system of sole credit, the system of cooperative credit, and mixed system". He stressed that opting for personal loans, rural cash desks transformed into a small provincial bank with a limited number of clients, making it non-suitable for small loans. Working on the basis of rural activities, the cash desks will try to meet needs of all the population in an organized credit, based on cooperative organization. Only in connection with cooperative organization, rural cash desk can fulfill an essential function of a regional institution which combines credit circulation and regulates the circulation of money of cooperative societies. The scientist points out that "It

will contribute to the redistribution of existing working capital and set up the connection of companies' transaction with an overall money market....

To achieve this goal, according to O. Antsyferov, it is important to provide: 1) the inflow of current assets in the amount sufficient for satisfaction of demand for credit by cooperative societies; 2) the ability of quick and smooth placement of surplus current assets that certainly will accrue at certain times of the year and cause difficulty to a balance of rural cash desks. Meanwhile, it is important to establishing links with the overall money market, for the purpose of which "rural cash desks could use the services of the established Moscow People's Bank".

The scientist defines two major tasks of rural cash desks:

1) organization of long-term credit, especially for creation of a fixed capital of credit societies, production, purchase, and reclamation companies, etc.;

2) promotion of the development of various types of societies and the emergence of unions of cooperative societies. The scientist said: "I do not know any other way, except for advanced cooperative organization, which could give a powerful impetus to an economy frozen at a fixed point, and create the elements of development, technical progress, and societies in the rural environment".

Later, in 1915, in his article "The principles of cooperative credit for the Encyclopedia of Banking", O. Antsyferov attributed institutions which organized cooperative loans to the general type of banking institutions. At the same time, he highlighted the characteristics of any organization of cooperative banking as follows: 1) a cooperative bank is run and controlled by the same people (members of a company or a union who use its services); 2) active operations of the bank are limited to the circle of its members; 3) the credit, opened by a bank has a nature of a personal credit and is mainly for industrial purposes; 4) net profit of the company's investments is not the main purpose of banking organizations. Capital is not a source of income, but a tool of its activity; 5) a base of the creditworthiness of the company is the joint liability of its members to third parties. These principles derive from the basic idea of cooperation and common principles of cooperative organization as such.

The scientist notes that typical of any cooperative organization attitude to capital as the only means to create better conditions for productive work and income as a necessary source of this means is reflected in the cooperative credit institution too. Using of cash capital necessary the circulation of cooperative banks is paid only to the extent dictated by the general state of the money market. O. Antsyferov said: "Payment of the services of money capital as a tool of labor by the nominal level of the market is equally an

economic necessity for cooperative and capitalist banks. In this sense, there is no fundamental difference for cooperative bank between the capital gained on the money market, and its “own” capital. Thus, the scientist stressed that we can only talk about the payment of equity by market percent in the cooperative system.

The absence of an element of profit as such, apparently, describes the nature of cooperative credit as the one that has nothing to do with speculative transactions and operations. The latter would aim to profit from the market circulation of real or fictitious values. According to the author, “the lack of such operations, simplifies the activity of cooperative banks, purifies and heals the atmosphere of the bank turnover”.

O. Antsyferov also notes a particular feature of cooperative credit organization, which defines the borrower, his productive activity, economic abilities and integrity in the performance of his obligations to be the basic guarantee of the loan, unlike property. “The main power of cooperative bank is the worth of its members and the cooperative credit — that is capitalized honesty”.

In order to create a real economic basis for creditworthiness, it is essential to use loan in the production process. O. Antsyferov stresses that benefits created in the process of economic production are the only source from which the value of the capital involved and the value of the capital that is paid for services at market level can be derived. The scientist says: “Therefore, the productive nature of the cooperative credit is an essential feature. It will be visible the better, the more cooperative credit promotes:

- a) an increase of the number of manufactured products;
- b) the improvement of their quality;
- c) the reduction of production costs”.

O. Antsyferov was one of the first in Ukrainian and Russian economic literature, who raised the question of a need in the real close relationship of production with the money market. The latter must be regulated and effectively operate through a created appropriate system of the institutions of the money market. The key role must be given to the central bank since local companies are always the basis of cooperative credit. Provincial and regional credit companies provide support in the regulation of money and credit circulation of local companies, the maintenance of credit supply and demand balance, i. e. the movement of capital between the companies. The function of the central bank is to establish regular communication and banking relationship between the whole system of cooperative credit and the overall money market”. Thus, O. Antsyferov clearly distinguished the central bank as “bank of banks.”

In his report “About the union of associated institutions of small credit” (1915) made on Kharkiv congress of credit societies O. Antsyferov spoke about the dependence of the increase in the degree of creditworthiness of societies on the state of union association, as the process of association increases the inflow of circulation means, and creates the possibility of a significant expansion of operations. “Association cash desk is a reservoir that properly and promptly allocates large incoming funds among societies; it establishes a company’s connection with an overall money market, stock exchanges, and commercial institutions, and no developed cooperative credit can do without it. Associated institution assists newly established societies in growth. Even if the personal funds of the latter are insufficient it provides them with the opportunity to properly organize accounting and reporting and to hire experienced and reliable staff”.

O. Antsyferov criticized those economists who exaggerated the importance of local unions, pointing out the differences between the conditions of economic development of Russia and Western Europe, where there was high-efficiency impact on the economy. The scientist points out that it is the credit-monetary transactions, which is the essence of operation of small credit institutions, which have the international character, and are acceptable in any local economic conditions. Therefore, it is a mistake to speak of the differences of local conditions. “If an ordinary farmer who sells bread is associated with money relations with the market, he is, thereby, associated with all the complex modern system of monetary circulation, no matter what you call banknotes rubles, francs or marks. And the consequences arising from this association do not depend on these differences in the name of a currency. Money and credit turnover has internal, inherent laws and is based on technically homogeneous bases in the whole civilized world”. As we can see from the above, the scientist regards the problems that would later be systematized in the theory of global monetarism. However, it will be done in almost half a century.

O. Antsyferov paid his attention to the issues of profitability of cooperative credit societies for the state. Using the statistics of the Office for Small Loans, the scientist demonstrated that the capital of the loan savings societies by 67-77% consists of deposits, another 21-23% is the capital and their own funds, state funds make 3-5%, rural funds equal to 1-3% and others give up to 3%. He concludes that “it is not the state which credits loan saving societies, but rather loan saving associations credit the state, and, moreover, they provide the latter with a long term credit of their own funds”.

O. Antsyferov combined active research activity and teaching with public life. In Kharkiv period of creative activity, he was the head of the financial

commission in Kharkiv city council, the head of the Committee of facilitation of Agricultural Cooperation and the director of the public library in Kharkiv. He was also a member of the Committee of rural loan saving and industrial societies at Moskow Society of Agriculture, and a member of Kharkiv Society of Agriculture and the Law Society at Kharkiv University.

Defending the idea of the importance of agriculture on the cooperative basis, O. Antsyferov showed the role of cooperative associations in the development of productivity in this area. In his work "On cooperative law" (1914), he notes that the poor performance of rural economy forces us to export live labor instead of products, which can be as well observed today. And this is a big support of the state budget because the power and prosperity of the state depend on "the welfare of its subjects, which also depends on the resistance of the state budget and credit". Therefore, the scientist believes that without the broad development of cooperation the economic life will not move forward and rest in a state of a completely unstable equilibrium. Revealing different types of cooperation, he stressed that "apart from credit cooperation aims at the organization of funds using not only in the sense of raising capital from the market, but also its usage directly in the manufacturing process, or in other words, in productive capital consumption".

To fulfill his scientific opinion concerning the role of cooperative forms of management in economic development O. Antsyferov developed "The New Cooperative Law and the Immediate Tasks of Russian Cooperation" (1917). However, unfortunately, these ideas will not be realized in life, and the scientist in his research activities pays more and more attention to the central banks of cooperative credit as the most important problem of cooperation. In 1916, he published his work with the same title, on the basis of which he defended his doctoral thesis in 1917 and became a Doctor of Political Economy and Statistics.

A decade of work in gathering material and study of domestic and foreign experience on cooperation allowed the opportunity to obtain the essential principles of the cooperation. The problem of Central Bank arises on the basis of scientific problems: 1) the organization mechanism, which regulates demand for credit and its supply, and 2) the organization mechanism, which connects the cooperative system with overall money market. "Cooperation has to create its own sound and strong central credit organization to become, in extreme cases, in equal position at the money market and the capitalist's banking "concerns". Otherwise, it inevitably falls under the authority of these corporations...".

In his work "The central banks of cooperative credit" (1916) O. Antsyferov examines in detail the principles of these institutions in the

Western Ukraine. The issue of central banks has been relevant and practical since the international Budapest cooperative congress (1904). An active discussion on practical ways of solving this task started among economists. O. Antsyferov analyzes all aspects of such banks, trying to clarify the understanding of certain concepts and particularly scrutinizes the work of his “child”- Moscow People’s Bank. At the beginning of his work he proves that the activity of the central banks will be successful only when they are “not a self-contained source of funds or a self-sufficient reservoir, but rather a channel that facilitates the inflow of funds to and from the capitalist money market... A bank must be a representative and agent of local companies in the money market, and make cooperation as a credit security system understandable and acceptable for the market”.

“Regulations on cooperative societies and their unions” was approved by Resolution of the Provisional Government “On cooperative societies, and their unions” of 1917. O. Antsyferov who was a chairman of the commission dedicated much of his time to this work. Unfortunately, it would not be embodied in life, but one of the major achievements of the new law on cooperation was that it allowed establishing of any type of cooperation society without prior arrangement instead of permission. Since then each cooperative society could be freely created, and independently develop its charter, accounting for the local needs and requirements. This also applied to unions and cooperative societies.

The law defined the legal status of cooperation, expanding the boundaries of its activities, and outlining its tasks and perspective for the near future. It noted that “cooperative societies with variable composition and capital, operating under the special company, are intended to contribute material and spiritual welfare to its members through the common organization of different commercial enterprises or labor of its members”.

Cooperation in Ukraine and Russia now has an opportunity to carry out its long-standing goal — to create a unique and strong legal foundation and then to develop freely on its basis.

The adoption of this law was a matter of life for O. Antsyferov. Cooperation was the focus issue for the government, and it claimed responsibility for its future fate. A new cooperative law firmly established the following four main provisions: 1) the unity of law for all forms of cooperatives; 2) the procedure of establishing of cooperative societies and associations without prior arrangement; 3) the right of cooperative organizations to form unions without prior arrangement; 4) the recognition of promotion of spiritual, not only material welfare of their members as a purpose of cooperative societies.

In his work “The new cooperative law and the immediate tasks of Russian cooperation” O. Antsyferov stressed: “You only need to clearly set the goal, to realize its importance and systematically apply the means that lead to this goal following mutual aid as a great cooperative principle. No quarrel, no hostility, but the inner world, mutual understanding, cooperation, consistency, mutual assistance and organization on a cooperative basis”.

One can only regret that tumultuous October events prevented embodiment of the scientist’s plans into life. O. Antsyferov could not bear the collapse of his “baby”-Moscow People’s Bank, which was turned into a state store, destroying of his fellow cooperators, which was the destruction of the whole system of Ukrainian cooperation. In 1920, not accepting the new principles of economic life building, O. Antsyferov left Ukraine for good. With the outstanding talent of a scientist, he continued his research, teaching, and social activities in exile. In May of 1921 O. Antsyferov founded the Russian Institute of Agricultural Cooperatives in Prague. He was elected the chairman of the board and the editor of “The Scientists’ Notes” of this unique institution. He also headed the department of agricultural cooperation and statistics. In 1930, the scientist moved to France, where he taught economics and statistics in the Russian department of the Law Faculty of Paris University. He was the head of the Russian and Ukrainian academic group and one of the founders of the International Institute for the Study of Social Movement.

The activities of Professor O. Antsyferov were highly evaluated by the French republic. In 1942, he was given the award of the Paris Academy of Sciences. He died in 1943 and was buried in Paris.

Unfortunately, his work was not recognized in Ukraine and his name was forgotten for a long period of time. The scholarly system of financial cooperation of citizens created by him is still vital. At the beginning of the 20th century, millions of people with minor fortune became the members of credit societies, i. e. private owners. Money of the mass of the population was invested both in small businesses and in stocks of large companies, which led to unprecedented growth of industry. Credit cooperation which originated in Ukraine and Russia has got a noticeable spread in Europe today, in over a hundred years, and is one of the most important financial institutions in these countries.

In the financial science, the role of Antsyferov is significant in scientific understanding, promoting and implementing of practical purposes of credit cooperatives. He initiated the creation of the first in Russia People’s Bank which existed until the 30s of the 20th century. In the process of nationalization of all public and private institutions, Bolsheviks did not venture to destroy Moscow People’s Bank for a long time. Its very name

(People's), probably, contributed to this. Only in 1932, it was relocated to London, where it also attained the deals of the Bank of Russian trade, known as the "Arcos Banking Corporation".

Today the system of credit cooperation should revive because it is able to consolidate public funds, and create conditions for financial independence and welfare of the majority of citizens across the whole country. Renaissance of credit cooperation, economic recovery and strengthening of moral principles in economic life is the direct responsibility of our generation in the face of our prominent ancestors.

The main works of the scientist: "The rent of peasants' allotment and its value". The report made in a session of Kharkiv Law society on March 25, 1901 (M., 1902); "The system of domestic industry" (Kharkiv, 1903); "Small credit, its organization, and value in Russia". The report read in the meeting of Kharkiv Law Society on December 7, 1902 (Kharkiv, 1903); "Cooperation in the agriculture of Germany and France" (Voronezh, 1907); "The course of elementary statistics. The manual of lectures. Part 1" (Kharkiv, 1908, Kharkiv, 1910, Poltava, 1919; Prague, 1922); "The dynamics of population. A brief overview of international statistics" (Kharkiv, 1910); "Essays on the cooperation. A collection of lectures and articles of 1908- 1912" (Moscow, 1912); "The central banks of cooperative credit" (Kharkiv, 1916); "A new form of cooperation. Electric power supply of the villages" (Moscow, 1912); "A new co-operative law and the immediate tasks of Russian cooperation" (Wiley, 1917); "The central banks of cooperative credit" (Pg., 1918); "On the nature and essence of cooperation" (Prague, 1926), etc.



BALUDYANSKY **Mykhaylo Andriyovych**

(1769-1847)

III aludyanskyy Mykhaylo Andriyovych is a well-known Ukrainian scholar, political economist, financier, teacher, publicist and public figure.

Mykhaylo Baludyanskyy was born on September 26, 1769 in a family of Greek Catholic priest in the Ukrainian village Ol'shava Bardiyivskyy District (Zamplynskyy county) Zakarpattia region, which then was a part of the Austrian monarchy. The first elements of Latin and Foreign Languages he took over from his father, who was extremely concerned about his son and was his first teacher. After graduating from high school in New Town he studied at the Royal Academy on the Faculty of Philosophy of Law at Kosice (Hungary). His studies at the Academy lasted from 1780 to 1787. He graduated on "excellent" marks. Also he graduated from the Law Faculty of the University of Vienna, in which a four-year course he studied for two years. He discovered extraordinary abilities and knowledge, and immediately after graduation (1789) he was invited on the position of professor in the newly established Academy in Grosswardein to the Department of Political Science, and then — to the Department of Finance and Commerce.

Encyclopedic knowledge of the scholar contributed into scientific research. In 1797, M. Baludyanskyy received a Doctor of Jurisprudence, in the University of Budapest for his dissertation "The granaries (storages, warehouses, shops)" was written in Latin. He also combined his scientific activity with teaching practice. During the 1796-1803 he taught political economy, the state law in Pest University, heading the department of political science at the same time. In 1803 the tsar government invited the scholar to St. Petersburg for the compilation of Empire Law digest. M. Baludyanskyy was appointed to the position of the professor of political economy in the school, and after its reorganization (1816) — to the Imperial Pedagogical Institute, where he taught political economy and finance, heading the department and being the dean of the Faculty of Philosophy and Law at the same time.

He combined his teaching experience with the work of the Commission on the codification of laws. M. Baludyanskyy actively participated in the development of specific issues economic and financial legislation. In 1809 he headed the 4th branch of Commission on the compilation “Laws” of the Russian Empire, preparing all important documents on political, financial and agricultural issues affecting the legislative measures of Emperor Alexander I.

His ultimate scientific talent, his encyclopedic knowledge and a deep respect from his colleagues and students made M. Baludyanskyy known in the family of the emperor. From 1813 till 1817 on the invitation of the royal family, he taught economic and political science to the sons of Emperor Pavlo. His knowledge of Finance was noticed in the government of the Russian Empire. In 1814, Mykhaylo Baludyanskyy prepared for Emperor Alexander I a detailed note on the abolition of serfdom and the improvement of the financial state of treasury heading a few years the known requirements of the Decembrists. In 1817, he was appointed as a Director of the Commission to eliminate debt.

In 1819, with the founding of St. Petersburg University, Ukrainian thinker headed the department of Encyclopedia of Law and Political Science, then he was elected as the dean of the Philosophy and Law faculty. Later he was elected as the first rector of St. Petersburg University. He was the author of the statute of the institution. Exploring the economic processes and studying scientific achievements of his predecessors, M. Baludyanskyy simultaneously worked as the reviewer of political economy, financial and public law in the Commission that worked on making a set of laws, and in the Ministry of Finance of the Russian Empire at the same time.

Combining the science with practice gave effective results and contributed scientific recognition in government circles of the empire. In 1826, he was appointed as the head of the second division of the newly formed Imperial Chancellery. For the successful implementation of the codification of laws (under his supervision 15 volumes were signed) he received the title of the nobleman, the title of Secretary of State and medal, on which the Emperor commanded to engrave number “XV” (the number of volumes of “Laws”). In 1839, the son of the Ukrainian people, M. Baludyanskyy was appointed as a senator.

The scholar was rarely published, but scientific achievements of M. Baludyanskyy were of extremely large quantity and include theoretical and practical developments, special reports, memos, journalistic notes (some of them were written in foreign languages — Latin, French, Old Church Slavonic) and multi-depth research papers that were submitted to official agencies for the purpose of consultation. Some of his ideas have come down

to us mainly in manuscripts including student records of the lectures. Unfortunately, the works of the outstanding Ukrainian, who was the founder of the Russian political and economic terms, have not been published yet, and they are stored in various archives outside of Ukraine territory.

The theoretical legacy of M. Baludyanskyy covers a wide range of economic issues, the most important component of which is a grounding of the state economic system, in particular, the development of economic and legal issues of particular country's credit, currency, finance, the judicial system, agriculture and many others. United in one composition, they entered the history of Ukrainian economy called "M. Baludyanskyy's economic system." The scientific analysis of his heritage shows that M. Baludyanskyy for the first time in the domestic economic literature created a theoretical classification of economic knowledge and gave a detailed account of the history of economic doctrines and economic theories of that time; he launched a study of the historical and financial issues in conjunction with the law. During that period, the science of finance only started to include financial and economic issues as ones of its parts that were not of a systematic character of studies. M. Baludyanskyy made it intuitively and deliberately.

Lecture notes and scientific publications of the scientist under the title "National wealth. Displays of various economic systems" (1806), contained the description of economic doctrine by mercantilists, the physiocrats, and Adam Smith. That work laid the foundations of Russian political and economic terminology. According to Professor of Kharkov University A. Fateeva, M. Baludyanskyy opened the way to the theoretical development of management and legislation.

Extensive exploration of M. Baludyanskyy in the history of political economy and finances were published in the "Statistical Journal" (1806-1808) which received high appreciation by contemporaries. It was the first scientific politico-economic and financial work that appeared on the territory of Russia under the influence of A. Smith. In 1802, the book by A. Smith was published for the first time in the Russian language. The first who spread the ideas of the famous English explorer in Russia were German scholars who had been invited by the government of Russia to teach political economy. H. Schletzer, H. Storch and L. Jacob brought into Russia not only Adam Smith's ideas but also the ideas of German financial school, creating conditions for the development of financial science in Russia. By the 60s of the 19th century, the number of economic works didn't exceed a dozen. Since the liberation of the peasants, economic issues were the object of particular attention in the scientific literature. Thus, M. Baludyanskyy's works about

economics were pioneers in the scientific community, and they covered almost all range of economic issues.

M. Baludyanskyy was the first who introduced the term “political economy” in Russia and Ukraine.

As a criterion for separation of different theoretical systems, M. Baludyanskyy used the interpretation of the authors and supporters of the nature and sources of national wealth. “State (national — ed.) economy is based, — the scientist said, — on three systems, the first one expresses the wealth of the people in money, the second one is in unprocessed fruits of the earth, and the third — in the exchange of value of all goods”.

While revealing a “system” of state economy, that was based on trade, M. Baludyanskyy identified the following principles:

- 1) money as the main instrument of trade and the measure of all values is the main wealth of the people;
- 2) the main rule is to accelerate the circulation of money;
- 3) productive classes are not only those that extract money;
- 4) the entire amount of goods equals the consumption of products;
- 5) residents in towns are more concerned with monetary transactions than those who live in villages, that makes them more valuable.

M. Baludyanskyy supported the idea that the basis of commercial systems is multiplying money. The leading role of the state is required to meet social needs, like the role of a father in the family who should define a certain type of activity for every family member. The main criterion of efficiency of economic activities in such a system is the trade balance, the comparison of import and export. All business activities at national level are eliminated using balance instruments. Therefore, the balance, according to the scientist, is the only guide to verify the commercial policy.

As a lecturer and teacher, M. Baludyanskyy largely followed the already known in scientific circles of Russian classical school of methodology. His course, according to contemporaries, was as the doctrine of state economy and economic policy. It was not limited to the narrowed interpretation of economics, but it relied on general theoretical principles of political economy. In the treatment of money, in particular, the scholar followed Adam Smith’s views, and he believed that money is a means for easy exchange. “Money, - as M. Baludyanskyy said, - is just the perfect tool or machine, that makes the trade easier, and not only the general or prevailing public wealth”. Like goods money has its own intrinsic value, but precious metals are only the part of the country’s wealth.

The scholar examined the patterns of monetary function of money as means of exchange, analyzed the effectiveness of different financial systems. When there are no goods, money cannot be exchanged separately. That is,

money appears only after the appearance of goods. Money will be useless if there will be no means of subsistence. Thus, M. Baludyansky was one of the first Ukrainian economists who tried to analyze the relationship between monetary and real economy.

The scholar defended the need for wider use of credit and paper money, at the same time distinguishing the concept of paper money and securities, “that constitute the capital”, i. e. bills, shares, government bonds. Analyzing the economic nature of paper money, M. Baludyansky established that paper money has no “inner value”. “All kinds of paper money that is in circulation of state must never exceed in number the amount of gold and silver money, the place of which they deputize, or but for the lack of paper money at the same trade if it were in circulation.” The scholar thoroughly analyzed the nature, role and principles of credit money circulation that acquired increasingly broader application.

By the research of theoretical study and practice, M. Baludyansky defined institutional factors of enterprise development and the creation of conditions that promote the development of industry. Being a consistent supporter of economic liberalism, M. Baludyansky believed that the state can neither be a good master, nor a good manufacturer; government should “establish the natural order in society”. State intervention in the economy may be appropriate only to provide freedom of actions. “Credit generally based on the abundance of the borrower and the products of labor. Justice, freedom and the protection of industry, together with public education and dissemination of trade, are the only valid means of enriching the nation”. According to the scholar, agriculture should remain the main branch of the economy, and the development of manufacture should not be by the government protectionism, but it should be based on the free accumulation of capitals.

M. Baludyansky successfully combined academic and public activities. Archives and researches of the nineteenth and twentieth centuries indicate his heading role in the development of finance reform plan in 1810, known as M. Speransky’s “Plan of finance for 1810,” reorganization of finance (1812-1816), the reform of state peasants by P. Kiselev (1838-1841), the currency reform by E. Kankrin (1839-1843).

Finances, according to the scholar, are an important element of the state economy, they should be stable and should base on frugality. M. Baludyansky quite professionally presented the formation and spending of public financial resources, and he also pointed out taxes as the main source of income.

Working in the group for preparing reform of finance, M. Baludyansky supported the idea of creating a “basic financial law”, which was to streamline the financial management and significantly reduce inflation. The

latter remained a key problem that affected the economy of Russia and Ukraine. Price banknotes fell to 20 kopecks in silver. The fact that played the significant role was “spoiling” of copper coins, which in practice were peddling paper money.

Later, the Ukrainian finance theoretician L. Yasnopolsky gave an objective assessment on those developments that had been taken into account in the “Plan of Finance for 1810”. According to him, by the group of people who worked on this document, including M. Baludyansky, it was first created the system of Russian budget law, it was developed legislation to implementation in practice of the financial budget ideas as “basic financial law”, and there were created guarantees for its correct assembly. At the suggestion of Commission, activities of the Ministry of Finance had to be under the control of “core financial law”. That law had to bring order into the “methods of legislation of absolute monarchy”.

Particularly important is the development by M. Baludyansky of measures against estimated appropriations as the main evil of the state budget and approved to maintain balance revenues and expenditures of the state. The legislative procedure for establishing the budget was the cornerstone of budgetary and legal system, modeled by the group of “Plan of Finance for 1810”. The final link in the system was clear organization of enterprises, especially the Ministry of Finance and the establishment of state control.

According to contemporary researchers who study M. Baludyansky’s scientific heritage, the meaning of the “Plan of Finance for 1810”, in the preparation of which the scientist took an active part, is that in the case of its realization it had to create legal principles for the Russian state budget. Such principles were in budgetary practice in constitutional states. Almost all theoretical ideas of adequacy reform ideas in 1862 in their embryonic form were developed in the legislation that was prepared for M. Speransky.

Feudal Russia was not prepared for the implementation of the “Plan of Finance for 1810” because it was too radical reform for that time. However, it was the plan of restructuring the state budget, achieving its balanced budget, reforming the tax system, improving the sources of income, suspending issue of banknotes, setting hard currency and issuing loan notes for silver small change. Therefore, actively working in the group for “Plan of Finance in 1810”, M. Baludyansky, by the fate of history, was at the forefront of state budget rationing system on modern principles.

A lot of ideas being implemented in European countries, “Plan of Finance for 1810” with many Baludyansky’s opinions deserved international recognition. What was impossible to carry out in feudal unconstitutional Russia was done in parliamentary countries. The plan embodied almost all

the basic principles on which the budget structure of all modern developed countries was based. By the developed “Plan of Finance for 1810,” for the first time the working group in Russia laid the foundations of the Russian budget law, which ideas were later spread to the budget system of Ukraine. M. Baludyansky was one of the first developers of the budget finance theory.

The research on the financing of emergency expenses of the government that is written by M. Baludyansky is unique. The financial situation of Russia particularly worsened during World War II (1812). Public spending of war period increased in 1.7 times. For the entire war period to 1823, the share of military spending was lower than 40% of total budget expenditures. The share of total state budget deficit reached 360 million rubles. The country entered the period which in economic terms could be described as the bankruptcy of the state, in the sense of non-performance of its duties, which were carried not by elimination of paper money circulation, but by the issue of paper currency in such amount that inevitably led to a decline in their value. M. Baludyansky was again involved in a preparation group of financial reorganization (1812-1816).

The first proposals reflected in M. Baludyansky’s notes were aimed at protecting the interests of the country from excessive costs, while collecting taxes, accelerating depreciation of banknotes. The scholar proposed to change the tax rate, but to prevent the depreciation of private capital, he considered the necessity to prevent private agreements in free circulation of coin along with banknotes. In addition, he proposed to create artificial demand for banknotes for the payment of taxes in order to keep their course. These proposals were implemented by Finance Minister D. Guryev (1810-1823). Despite the issue during 1812-1815 more than 244.4 million rubles (a huge amount of the budget for that time), rate of bills did not fall below 20 kopecks in silver for one ruble in banknotes, and in 1816 it was up at the previous level of 25.3 kopecks.

Later D. Guryev expressed criticisms on those proposals. The negative point was the fact that there were two separate species of money — metal and paper — the value ratio between them was not established by the law, it was approved by the market participants. These constant fluctuations bills pointed to the need to take drastic measures to balance the monetary system. The well-known expert in financial affairs M. Bunge considered the negative point to be set a compulsory course of bills paying taxes, and only in some cases, the contributions were made in silver ratio — 3 rubles in banknotes for 1 ruble in silver. It should be noted that such course of banknotes was quite beneficial to taxpayers as it was much higher than actual one. However, no matter of criticisms, it should be remembered that during the

war those were forced measures. During a rather large issue of bills, to speak of “reduction” of its circulation for its expansion was impossible. So, the main source of state budget of Russia in the war years (1812-1815) were the issue of new banknotes — 191 million rubles (internal loans — 47 million rubles, England grants — 42 million rubles, other sources — 89 million rubles).

M. Baludyanskyy noted that his proposals were caused by the need to streamline unbalanced finances and to establish such rules that would protect the economy from chronic budget deficits in the future. A large number of his proposals were taken into account and were included in the new “Plan of Finance for 1810”, which was developed under its new finance minister D. Gur’eva. The main principles were the following: withdrawal of banknotes through internal loans (the amount of issued banknotes reached 825. 8 million rubles); development of a new liberal customs rate in 1816; changes in the stamp duties and bond’s (serfs) taxation by the Decree in November 24th, 1821. Being a supporter of the quantity theory of money, M. Baludyanskyy considered the main objective of the plan was withdrawal banknotes from circulation to raise their value.

Working on the issue of financial stabilization in emergency government spending, M. Baludyanskyy reached two fundamental conclusions such as the inevitability of the state budget deficit in extreme conditions (e. g. wars) and the need for emergency measures to obtain quickly additional funds. Another important conclusion of the scholar was the following: after the war the state was very limited in the capacity to repay debt, and therefore, there is the question of debt cancellation.

It should be noted that David Hume was the first who wrote about the scarce military spending in his article “The scarce loans”, whose ideas developed his compatriot and contemporary Adam Smith. The latter justified the state’s inability to pay off its debts and feasibility of timely recognition of its insolvency. M. Baludyanskyy knew these scholars’ opinion on different options for mobilizing public facilities for extraordinary expenses. According to D. Hume, except of loans -both internal and external, open or secret — in a state that is fighting there are no other real options to obtain quickly the necessary in these conditions of too large amount of funds. The scholar explained the fact that taxes being the usual source of the state budget formation, even if they are radically increased, cannot fall in treasury at once. In addition, the increase in tax rates almost entailed a general increase in prices and the deterioration of conditions for most producers.

The way economists proposed to the Russian government — the increasing of money creation — scientists of all countries immediately condemned. They called this variant — the kind of state secret loan for

population and even more difficult in its consequences for the economy than other direct and open loan. The population, which was reported no significant monetary emission, was forced some time to make “hollow” money at par. As soon as breakdowns law paper money, it became obvious distinction between money supply circulating on the one hand, and commodity supply, on the other. As soon as the increased work of the printing press became principle of financing military expenses, ensuring each piece of paper money by goods and precious metals was consistently falling. Paper money as a sign of the value lost a clear correlation for which it, in fact, was published — to provide the turnover. Paper money began to live its own independent life, which was ruled not only by the laws of economics but also by politics.

The new in M. Baludyansky's proposals was the formation of such financial policy that within issue of banknotes was able to keep a compulsory course. The scholar denied the idea that in case of victory in the war, there would be automatic liquidation of debt and the budget deficit. He supported Adam Smith's views there were in the formula “costs — the result,” and he argued that wars were so costly that the quick return of financial costs was not expected even in case of victory. Later military theorists, including Carl von Clausewitz, a German scientist, convincingly demonstrated that from the first half of the nineteenth century military conflicts were not spontaneous phenomena. The Great War was the whole mechanism constantly spun in time and space and which required expenses that went far beyond the normal budgetary capacity. According to M. Baludyansky, costs related to the conduct the war will lead to an imbalance of long-term finance, which modern and future generations will feel. His views do not lose their relevance even now.

As for the postwar stabilization of the financial system M. Baludyansky stood on the positions of Adam Smith. According to them, no matter how large was politically motivated denial of its state debt; it is economically feasible and even inevitable. The specificity of Russia was the fact that the dominated form of deficit financing was perennial direct emissions of excess money supply. Considering this, the scientist called for financial reform. It as due to the fact that there was no other way in Russia except excess emissions actually existed. To seek loans abroad was too hard because nobody wanted to give them to Russia, especially since it became clear that the country was involved in a long military confrontation in Europe.

After the conclusion of the Vienna Treaty in 1815, which summarized a line of dramatic events in Europe, this opportunity appeared for Russia. The first who resorted to loans was D. Guryev. However, the received the loan from the Netherlands did not give the positive results. Then his successor

directed efforts to stabilize the financial backing of the ruble by noble metal and promised to introduce the direct exchange of paper money for precious metals. The search for new deposits and the increase of extraction of gold for the decade since 1830 more than tripled (smelting of ferrous metals increased by 1.5% per year) again brought no success. That was due to the fact that Russia was not among the large gold mining countries and could not justify its economic plans for stable and significant growth in gold reserves. M. Baludyanskyy who worked in the group preparing the “Plan of Finance for 1810” didn’t condemn D. Gur’ev’s recourse to loans. He pointed the need for a clear plan for effective usage of borrowed funds, not rejecting the idea of introducing a direct conversion of the ruble in silver, for which the loan was made in the Dutch banks. He offered to broaden them.

The new Minister of Finance E. Kankrin (1823-1844) didn’t listen to the advice of the majority of group members preparing the “Plan of Finance for 1810” and failed to state secret loans from private banks. This was done probably not to introduce in practice large-scale conversion of the Russian currency, but to use the massive socio-psychological effect, that is by the statement about the beginning of the exchange of paper money to increase the authority of the ruble. M. Baludyanskyy did not support this adventurous idea from the beginning. Practice confirmed the doubts of the scholar. Russian society was shocked when there were rumors that the individuals were invited to put precious metals in treasury at interest to start the conversion not by the state gold reserve, but to carry it as if population made exchanges with itself. The state in this process was like the organizer.

Practice proved the accuracy of M. Baludyanskyy’s scientific views towards the financial situation stabilization. It was made not under the influence of the financial shares, but, as the scholar had predicted, as a result of general correction of affairs in the economy. Measures to partial treatment rejected three decades of post-war monetary reform failed to prevent the crisis. Although after years of hesitation E. Kankrin decided to step into the spirit of M. Baludyanskyy’s recommendations. That was the step consistent with A. Smith’s recommendations, which were supported by the Ukrainian scientist. It was the step about the recognition of financial crisis by the state and lack of effectiveness on its attempt to overcome it.

It should be noted that in practice the measures under the recommendations by Adam Smith were made in the US after the war of independence. Here, in the history of the world economy, for the first time it was observed the phenomenon that we now call hyperinflation (the dollar in 1778 changed 400 times). Financial half-measures taken by the US Congress quickly demonstrated its inadequacy to the scale of inflationary woes. US

authorities decided to conduct radical financial reforms. It was a classical example of recognition insurmountable postwar financial crisis.

However, that was a unique case in the US history, which was not turned to the American tradition. Some researchers, including M. Hendlin and O. Hendlin, recognizing the post-war public debt so that it could not be overcome, offered to make an exception for the United States. Their argument was that the US population reacted with understanding and patience to the difficulties which had arisen. It gave the state the time and space to maneuver.

The presence of different views as to the fairness and practicality of Adam Smith's postulate on the financial bankruptcy of the state shows its depth and inadequacy. M. Baludyansky came from the fact that in the economy, particularly highly developed, every phenomenon is a function of a number of variables that make multiple adjustments to the action of the main factors in the actual implementation of simple interdependence in theoretical terms, which A. Smith focused his attention on. Actually, this was partly seen already by classics. This idea was accepted by the Ukrainian scholar. Later, the issue of financial stability and the state of the debt will be in the focus of prominent scholars and economists such as J. M. Keynes, J. Hobson, H. Hilferding, I. Fisher and others. Their findings largely answered that for decades had written to them representatives of the classical school of political economy.

Ukrainian scholar defended the idea that the increase in taxes as the main source of replenishment of the state treasury, and the many duties of peasants hinder the development of agriculture, especially in the rich lands of Ukraine. M. Baludyansky criticized the poll tax as unfair, defended the need to abolish the natural duties as those that weaken the farm. He insisted on the need to release the peasants from indirect taxation of consumption. M. Baludyansky substantiated his position about the negative impact of serfdom on peasants in the accumulation of capital, which is the basis for production of material objects. He was consistently opposed against the state loan for the development of free enterprise based on private capital accumulation. Working in commissions on codification of laws designed a "vast memoria" about the liberation of the peasants from serfdom and the introduction of the land lease.

M. Baludyansky became known in Europe through multifaceted activities in St. Petersburg. We can say that he is the scholar and economist of European dimension: his theoretical course of political economy and finance played a significant role in the development of economic theory and education of young scientists' galaxy. As a statesman and reformer, professor, State Secretary and privy councilor, M. Baludyansky had the

progressive views, guided by innovative ideas of Western economists, many of whom he corresponded personally with. He creatively applied the achievements of science to modernize the economy and legislative support of economic development, especially in the field of public finance.

M. Baludyansky died April 3, 1847 in St. Petersburg, and he was buried in the Trinity-Sergius Lavra. Today at the Law Faculty of Uzhgorod National University there is a scholarship named after M. Baludyansky.

The main works of the scientist: “The granaries” (1797); “National wealth. Outline of different economic systems” (St. Petersburg, 1806); “National wealth” (St. Petersburg, 1806); “Division and turnover of the wealth” (St. Petersburg, 1808); “National wealth. The theory of Adam Smith” (St. Pb., 1808) and others.



BILIMOVYCH **Olexander Dmytrovych**

(1876-1963)

Olexander Dmytrovych Bilimovych is an outstanding representative of the Kiev political economy school at the end of 19th century — the beginning of the 20th century. He was the first one who recognized and extended the ideas of margin theory, made a significant contribution in the theory of prices development and the application of mathematical methods in economics.

O. Bilimovych was born in 1876 in Zhitomir city. After finishing gymnasium in 1895, where he was one of the best students, he went to Kyiv to get a higher education. At the insistence of his parents, he entered the Faculty of Law in Kiev University named after St. Vladimir, and graduated from it in 1900. Being a student, he showed a great ability in science. He was awarded with a gold medal for statistical research “Freight movement in the Russia Railways” (published in 1902). As one of the best graduates, he was invited to work at the university. In 1909, he obtained his Master’s degree, and in 1915 he defended his Doctoral thesis.

The works of his favorite teachers — D. I. Pikhno, N. H. Bunge made a great influence on outlook’s formation of the young scientist. This influence is manifested in later works of O. Bilimovych written during the period of working at the university. “Trying to apply our own theoretical structure in the form of possible exact schemes brings us closer, — said Olexandr Bilimovych — with the economists of mathematical school. But we have different views concerning the issue on measuring the intensity of the needs and benefits of subjective value. “He was trying to prove that those values were “only comparative, not measuring”. This statement was different from the established opinion of the most economists and mathematicians and it confirms the affinity of O. Bilimovych and his teachers’ views.

From 1909 to 1915 O. Bilimovych worked as an assistant, and from 1915 to 1918 he worked as a professor at the Department of Political Economics and Statistics and continued to carry out teaching and scientific work.

In his early works the Ukrainian scientist investigated the problems of domestic agriculture development. In his opinion, the prosperity as an object

worthy of censure must be spoken about exploring the state of the villages but not the cities. In particular, in a book published in 1907 “Tasks and legislation of land management in Russia”, the scientist supported the program of Stolypin agrarian reform, aimed to improve the economic system of the country. He analyzed the disadvantages of agrarian relations as a result of land reform in 1861, showed the incompatibility of communal land ownership according to the requirements of the progressive development of agriculture and justified the need for private land ownership. “You cannot love someone else’s as your own one — wrote O. Bilimovych — and you cannot improve the land, which is in collective ownership or in temporary use along with your own land. “ Therefore, he paid a considerable scientific attention to the definition of objectives of land management commissions, determination of the main areas of their activity and statistics improvement.

In the context of the ideas development of the Kiev political and economy school O. Bilimovych published a scientific work in 1914 called “To the issue of the assessment of economic benefits,” which became the basis for his doctoral thesis. The Ukrainian scientist devoted the first part of this fundamental research to the coverage of history teaching of needs, analysis of their essentialities, argumentation of needs scale, the first and the second Gosse laws. In addition, he considered the problems of mathematical methods implementation in economics. The most important aspect for financial science was his analysis of the leveling utilities. According to this law, each member of exchange aims to achieve a maximum benefit, distributing his funds between different purchases. A purchaser expects to get the same satisfaction of each amount of money, spent on each item he wants to buy. The scientist analyzes such concept as purchasing ability, which is important in providing real money to the household. That is the law of price unity follows from the law of replacement in consumer goods. For the buyer, there is a certain price limit, beyond of which he will not buy a product. For the seller, there is a certain price he wants to get, below of which he will not sell the product. The price level is on the intersection of the buyers and sellers interests, which corresponds to a combination of equal intensity utilities. This level is the price that corresponds the same utility of purchases.

In the second part of the work, the author analyzes the concept of utility goods and subjective value. It should be noted that O. Bilimovych’s views were in some way mistaken. But it was a typical mistake which existed actually among almost all representatives of the subjective theory of limit utility. Among these mistakes there were the following: 1) the utility of the product is considered as a function of the product quantity, which does not depend on the number of other goods that are consumed; 2) “explanation” of consumer behavior faces the double opposition (one of them says that utility

theory is based on the doubtful and even wrong psychology, and the second one states that the psychological aspects of consumer behavior are not related to objective economic processes, that is independent of the subjective feelings); 3) “welfare” is the sum of all individuals quantitative utilities which are to be measured, and optimal distribution of resources is such that makes “welfare” be maximum in this sense.

In the third part of the work O. Bilimovych analyzes the concept of price and objective exchange value. In his view, the researchers of the category turn their efforts to determine the causes of equality between two numbers of values. Some of them were searching the reason in spending equal amount of work, but others in equal production expenses. There was even a dispute whether some values are transferred in exchange for another one or the values are equivalent because during an exchange some of them are provided by another while in reality there is no equality of two quantities of values (equality in the objective sense).

Thus, giving a great importance to subjective value estimation, the scientist didn't deny the connection between the price and production expenses. In the modern sense, it is that zero price below which it is not profitable to sell a product.

A special attention in this work is paid to the problem of margin theory- an application of mathematical methods in economics. Analyzing the arguments in a favor of such implementation, the Ukrainian scientist paid attention on the need of clear and concise formulation of initial economic principles, laconic and accurate statement of his opinion, a special method of wide range of readers' persuasion in availability of economic data for solution of economic problems, facilitation of interconnection reproduction of various modern economic factors and the manner of their interaction, the possibility of adding qualitative analysis of economic phenomena by deeper quantitative analysis.

Mathematics can be used not only to analyze critical metrics but also for the study of optimal decisions when choosing a preferable variant of a number of possible versions. Their pithiness can be “explained” through evidence of given data and even shown if a hypothesis is “right” or “wrong”, would be “acceptable” as reasonable or “rejected” as “the only specific text that allows to evaluate the hypothesis argumentation may be the comparison with its reality. “

However, O. Bilimovych critically assessed the existing at that time approaches to the application of mathematics in economics. In particular, he considered that the use of mathematical methods in political economy required a rare combination of knowledge in mathematics and political economy. He disagreed with the view of those scientists who denied the expediency of mathematical methods application because of the

unavailability of presentation to the public, and the fact that everything which was available in the works of economists, mathematicians, could be theoretically stated and proved and without any use of mathematics. According to O. Bilimovych's statements, mathematical methods, including the differential calculation have an important place in the economics. They are an essential tool for the analysis and transformation of economics into a precise science. Ukrainian scientist defended his beliefs that economists should be acquired in details with modern mathematics achievements. In general, the level of economic multi-aspectness and relationships in the works of O. Bilimovych are much higher than that of his predecessors, ones from Kyiv political and economy school. They are more adapted to mathematical methods of formalization, but they are generally examined in the traditional interpretation of the theory of value. It gives the concept of O. Bilimovych a qualitatively new determination.

Working as a professor at Kyiv University named after St. Vladimir in 1916 in the "University News" O. Bilimovych published an article "Social theory of separation" in which he justified the necessity to regulate wages through the distribution of national income and explored the possibility of including social and psychological elements in the theory of prices, and as the result of it, he expressed his rejection of the doctrine of "working fund".

In difficult times of Ukraine formation as a state O. Bilimovych had many doubts concerning expediency of radical social changes. Being a supporter of private ownership, he did not understand the economic expediency of its nationalization. He generally approved the reform activity of Skoropadskiy and did not admit the first steps made by the Directory. Therefore, in autumn 1918 after the fall of Hetman Skoropadsky government, O. Bilimovych left Ukraine and moved to Yekaterynodar and later to Novorossiysk. It was a period of hesitation and searches unable to be fully engaged in scientific activity, he was involved in the political life of so-called "white" Russia. As one of the famous scholars, the university professor with high reputation, he was entrusted to lead the work of the National Affairs Commission. Under his leadership and active participation a summary of the commission work was prepared published in early 1919 as a brochure "The division of the South Russia into the regions". Its content pointed about rather deep knowledge of the author concerning the issues of state building. In his summary the scientist comprehensively analyzed all known projects of unitary, federal and confederative structure of European Russia and offered criterions of some regions separation. The proposals of the commission were so convincing and reasonable, that they were supported by Denikin and formed the basis of administrative division in southern provinces.

The candidate of O. Bilimovych was supported by the “Council of Russia State Association” during his nomination to run the Office of Agriculture and Land Management of the “Special Meeting” led by the General Denikin.

According to his scientific beliefs the Ukrainian scientist belonged to marginalists of the second stage, who in their studies significantly expanded the subject of study, using methodological set of instruments, including systematical one due to the use of mathematics opportunities and replacement of causal and classification analysis with the functional characteristics of the relationship and interdependence of economic indicators. Therefore, giving preference to the principles of economic liberalism, holding the post of the head of the government, the agricultural scientist developed a bill that protected the large landowning as more productive and effective form of management in the countryside. However, the Ukrainian researcher departed from the position of absolute preservation of a large landowning and acknowledged the possibility of reconciliation with “illegal alienation of land”, which took place in Russia. These ideas later were used by European countries, conducting social transformation in villages.

Not taking the ideas of the Bolsheviks, after the defeat of Denikin in February 1920 O. Bilimovych went to Yugoslavia, where from 1920 to 1944 he continued the scientific and teaching activities as the head of the Political and Economy Department in Lublin University. Continuing in a foreign country an active scientific and social activity, the researcher was the head of the immigrant cultural and educational organization “Russian Matice” and led the publication of “Blahovest.” In his convictions, he remained the irreconcilable enemy of Soviet regime and actively worked with the National Labor Union of the new generation.

O. Bilimovych tried to argue his beliefs from the scientific point of view in numerous articles and reports that were published in 1936 in Belgrade in a book “Marxism”, where an acute and constructive criticism of Marxism was submitted as a scientific system and revolutionary doctrine. Defining K. Marks as a follower of classics who were engaged in “a basic problem of modern economic welfare and income distribution and the problem of growing income between labor, capital and land owners”, that is, between classes, O. Bilimovych criticized his theory of classes, in which the central idea was the class struggle with a tendency to simplify and polarization of society groups around the main classes of society. Therefore, considering the obvious archaic of the Marxist principle of class struggle as the engine of human progress and denying the possibility of cooperation between classes, the scientist in contrast to Marxist theory saw the civil peace and social partnership as the imperative normal development of human civilization.

In his critical assessment of Marxism and opposing to monism of materialistic understanding of history, O. Bilimovych advocated a comprehensive approach to the analysis of socio-economic problems of society based on science understanding of equality of all factors of social development: political, economic, ethnic and religious. Using new methods of economic analysis, he treated economic life as a dualistic psycho material process, the engine of which was not only material factors but also nonmaterial desire and creativity of the people with intellect and will. A number of values for consumption effects on the assessment of the usefulness from the point of author's view: if the intensity of need is permanent, in the case of increasing the supply of a particular value a subjective evaluation of its usefulness is getting to decline, but the decrease of the reserve is getting to increase.

In the work mentioned above Ukrainian researcher critically analyzed monistic interpretation of value in accordance to which the production and exchanging of goods are made according to the amount of labor time used for producing. O. Bilimovych stressed that the exchange value is not the result of production and it is not created before the exchange, but it appears in a process of exchange. Ukrainian scientist defended the view that the price is not the result of exchange value, but the value is the result of the price. The scientist emphasized, that the value is defined by the subjects of business, based on the value of the benefits that are in their use to support their lives and wellness, so it does not exist beyond their consciousness. He was convinced that reducing the exchange value to a single source of its formation, i. e. labor, Karl Marx hit the "trap" in his theoretical studies because he did not find an answer to questions about the evaluation of work of various quality. It concerns also the evaluation of socially necessary working time and the socially necessary labor costs.

Theoretical proved statements of the study, where labor costs are not property common for all products, provide a reason to say that O. Bilimovych was a supporter of marginalism. However, criticism of western scholars, who had exaggerated the subjectiveness, as he believed, proved that Ukrainian scientist belonged to marginalists of the second stage. He wrote that "incomparable quantities of subjective values for different people make impossible to create the general subjective value of total benefits for all society. All ideas about the social marginal utility and social value, which many economists like, should be found false."

Having accepted the majority of Karl Marx ideas in "Capital", O. Bilimovych, especially his deep analysis of the capitalist mode of production, he supposed that Marxists overestimated the role of labor in the creation of material and non-material benefits and interpreted utility as the

one which does not concern the exchange without any reasons. Ukrainian scientist argued that the true value of benefits is dualistic, as the only organic combination of subjective (the need, utility) and objective (a relative rarity, stock benefits, production costs) makes it possible to explain the exchange points and market rates. The market price is the result of the crossing of the demand that is defined by a limit utility and of the offer price which is determined by the marginal cost.

O. Bilimovych criticized also the Marxist treating of distribution, considering that in a free market economy they don't buy the labor but the work (by the way, this approach is also inherent to Adam Smith and David Ricardo), the price of which is the salary, i. e. the price of labor. Supporting the views of contemporary Western scholars, scientists believed that the capital profit, land rent, business profit are not the deductions from the income of the worker, i. e. not an additional cost, which was made by worker, but it is a natural reward for useful participation in general economic process, which increases the overall product. Having recognized the effects of exploitation in capitalist production and difficult situation of the general population under the rule of capitalization, the researcher drew attention to the weakening trend and even partial destruction of non-economic forms of exploitation through economic reforms that could change the economic and social order that existed.

After the war, O. Bilimovych moved to Munich, where there was the greatest accumulation of Russian and Ukrainian immigrants in the postwar years. From 1946 till 1947 he was a professor and later he got a position of the Dean of the Faculty of Law and Economics, UNRRA (The United Nations Rehabilitation Administration) organized for Russian immigrants. He worked here with such famous Ukrainian financiers as E. Hlovinsky, T. Sosnov.

Having more opportunities to carry out the research work during this period, A. Bilimovych published his book "Cooperation in Russia before, during and after the bolsheviks." The ideas of this work have something in common with problems, studied by A. Chayanov. O. Bilimovych devoted his research to the problems of the past, present, and future of Russian cooperation. Considering the cooperative movement as a factor in social progress and the way to the radical improvement of the agricultural sector efficiency, he made a historic overview of the cooperative movement in Russia and Ukraine and showed that during the life of one generation there had been a remarkable success achieved. According to the scientist, the benefits of cooperation are comparatively low prices for products and additional profits of its members. However, according to O. Bilimovych, bolsheviks destroyed the true cooperation, reducing it to just state one, and it retained only the visibility of its existence.

Ukrainian scientist foresight that future recovering of the cooperative movement in Russia would encounter considerable socio-economic difficulties was confirmed much later. Ukrainian scientist did not lose optimism, he was convinced that in the future cooperative sector would play such an important role that mixed national economy in future would be cooperative in Ukraine and Russia.

Since the late 40s, after the currency reform in Germany and due to the multitude of emigration, the number of students and professors in the Ukrainian-European high schools has decreased significantly. After the finishing of classroom training, O. Bilimovych moved to the United States for permanent residence. Due to his significant scientific contribution and recognition the Ukrainian scientist at was invited by University of California in Berkeley to conduct a seminar in Slavic Studies on the topic: "Five-year plan of Yugoslavia in comparison with the Soviet Union's five-year plan." The following year he was invited to Stanford Research University in California. Since 1949 according to the rules of the university researcher could no longer remain as a teacher, as he completed a teaching job and devoted himself to science and research; he continued studying of economic problems in Soviet Russia.

Some theoretical summaries of the scientific developments were outlined by Ukrainian scientist in this book "Economic system of liberated Russia" published in 1960, where he gave a detailed program of building new economic, social and political society in post-Soviet Russia. On the basis of the theoretical framework of the Soviet economic system, O. Bilimovych proved his own concept of economic development based on the mixed system of economic management. The idea of the mixed economy was relevant in Ukraine only in the 90s of 20th century and was raised to the level of economic theory.

Based on the comparison of two management methods, the market (system of economic liberalism, where the main driving force for progress is competitiveness) and centrally managed (system of centralized strictly- directive planned economy), O. Bilimovych examined their social and economic advantages and disadvantages; he pointed out the need of developing in a "third way". It is based on a mixed method of management joining principle of freedom and the mechanism of market forces with the principle of centralism and state regulation of the economy. Thus, the main problem of civilization development of the new system, as he thought, was searching of the reasonable economically proved "dose" of combination for market freedom and state regulation, individual instincts that motivate people to seek for maximum prosperity for themselves and their families with social institutions that are the basis of progressive development. It is

easy to imagine what level could reach the economies of the former Soviet Union republics in the case of implementing these ideas of Ukrainian scientist.

Despite the contemporary political and economic recovery of the Soviet Union, O. Bilimovych, due to its scientific foresight and deep understanding of the prospects of the global economic system development, was convinced, that in the history of Russia would come new post-communist era sooner or later. Actually, it happened 25 years after the publication of the book “Economic system of liberated Russia. “ Being confident in the anticipation of the future, the Ukrainian scientist analyzed all possible combinations of further political and social economic development of contemporary Russia. Under the first scenario, the Soviet government would exist for a long period and would develop in two ways: 1) continuation of the former communist expansion and imminent death of communism under the weight of its own budget waste and inefficiency of the centrally-managed economy. This prediction was confirmed by practice. 2) The communist world would remain in existing limits, blocked by the highly-developed the USA and Western European countries with market economies. In conditions of a confrontation between two antagonistic systems there would be also two possible scenarios: 1) the Soviet government would not be going to make any adjustment to the democratization of public life; 2) the Soviet authorities would be developing to softening toward the political and economic regime. According to A. Bilimovych, the latter variant was complex, inconsistent and highly unlikely. The latter idea is difficult to accept, considering the example of China.

Under the second scenario, the Soviet government would fall quickly. There would be two possibilities: 1) revolution from the top level, made by some progress organized social force; 2) revolution from the low level, which would be the massive social explosion, a kind of rebellion that could turn into chaos.

Obvious advantages of a democratic society and market economy were the basis of scientific belief that under all possible circumstances, new post- Soviet authorities require action program of country resettlement. According to the researcher, this program should be comprehensive, formulated in order of the hierarchy of values: religious, spiritual, educational, cultural, social and economic. Taking into consideration the mentality of the nation and economic potential, the best way for the Russia future renewed economy O. Bilimovych considered a completely new type of mixed economy with private, cooperative and socialized sectors. He called such economy “mixed economic system” and called for a reasonable mix of principles of market freedom and state regulation based on deepening democratization of society economic life. The effectiveness of this model and now is confirmed by some countries with the transformational economy.

O. Bilimovych wrote more than 150 scientific works in Russian and in many foreign languages. Unfortunately, almost all the personal archives of the outstanding Ukrainian researcher is outside Ukraine, i. e. in the collections of the Hoover Institute of War, Revolution, and Peace (USA).

So, O. Bilimovych is a profound and original Ukrainian researcher, the author of the fundamental research works of the theory of needs, utility, price, subjective and objective values. The achievement made by the researcher was scientific argumentation of the organic relationship, the interconnection of material and nonmaterial aspects and sides of human life in civilized society. His constructive criticism of Marxist doctrine and inefficiency of centralized economy (production, distribution and consumption of goods carried out by the instructions and orders of the centralized authorities) which suppresses the individual freedom and competition without offering for exchange, equivalent in their effectiveness, mechanisms, made by the scientist under the rule of communist ideology was also very important. It is necessary to emphasize again that a scientific prognosis of the inevitability of the system collapse made by the scientist was fulfilled.

Having based on the works of his predecessors and contemporaries, O. Bilimovych defined the basic principles of labor economy, discovered the methods of its optimization, proved the theory of cooperative business, objected the ways of its studying and differentiation. The views of the scientist on the cooperation help the researchers to understand its essence and nature, to orient the cooperative movement to a new type of democratic development in the conditions of market economy consolidation in Ukraine.

O. Bilimovych died in 1963 in California, USA, far away from Ukraine.

The main works of the scientist: “Commodity Movement in the Russia Railways. Statistics Investigation” (Kyiv, 1902); “German Land Management Legislation. T. 1. Section land” (Kyiv, 1908); “Land Management Tasks and Legislation of Russia” (Kyiv, 1907); “Uprising of prices in Russia” (K., 1909); “To the Issue of Price of Benefits. The first Part. Theory of Needs. The Concept of Subjective Value of Prices and Objective Values” (Kyiv, 1914); “In Memory of D. I. Pikhno” (Saint Petersburg, 1913); “Division of South Russia into Regions” (Rostov na Donu, 1919); “Property and Land” (Rostov na Donu, 1919); “Revolution, Bolshevyks and Russian Economy” (Rostov na Donu, 1919); “Marxism (a critique of presentation)” (Belgrade, 1936); “Introduction to Economy Science” (Belgrade, 1936); “Cooperation in Russia Before and After the Time of Bolshevism” (Frankfurtam Main, 1955); “Soviet Cooperation after Second World War” (Munich, 1956); “Era of Five Years Planned Economy in the USSR” (Munich, 1959); “The Economic Structure of Liberal Russia” (Munich, 1960), and others.



BOHACHEVSKYY **Mykhaylo Borysovykh**

(1908 – 1968)

Bohachevskyy Mykhaylo Borysovykh is a Ukrainian scientist financier who made a significant contribution to the theory of public credit and budget.

He was born in the city of Pervomaisk, Mykolaiv region on March 30, 1908. He received his primary education in his hometown. The difficult financial situation of his family forced M. Bohachevskyy to start an early career. As soon as opportunity presented itself, he entered the Odessa Institute of National Economy and graduated successfully in 1930. From 1931 to 1941 he worked as a teacher in Odessa higher educational institutions. At the same time, he was actively engaged in scientific activities. After the war and till the end of his life he worked in Lviv Trade and Economy Institute as the Head of Finance and Credit Department. He knew English, German and French.

M. Bohachevskyy's scientific interest was to study financial and credit problems of the developed capitalist countries, finance and credit of the USSR, and financial management of the USSR consumers' cooperation.

Among the Ukrainian and Russian economists -financiers, he was one of the best experts in the public finance of developed capitalist countries, in particular of the United States and England. His scientific contributions dedicated to this subject include following works: "Finance of the USA and England during the Capitalism General Crisis" (1954); "Budget of the Capitalist State" (1960); "The State Credit in Capitalist Countries" (1966). These works were written in the spirit inherent to Soviet times: critical perception of capitalist reality, the vulgarization of Western economic theories. However, use of primary sources made it possible to implement and convey budgetary analysis of market relations to the reader under ideological stratification. Questions about state budget formation, tax policy, public credit, state capital export were the most deeply analyzed. Under the conditions of artificially created information blockade by the Soviet government, this heritage gave the opportunity to learn about the organization and market mechanisms of state budgeting.

Analyzing state credit in his book "State Credit in Capitalist Countries", M. Bohachevsky reveals its unity with the private capitalist credit as a form of loan capital movement and stresses the unity of their sources, which is supplemented with the unity of money market. "These sources are known", said the scientist, "they are temporarily freed capitals in the industry and trade capital cycle, rentier capitals, deposits and other income strata of capitalist society." However, the scientist points at specific sources, namely "public insurance costs, state enterprises reserve funds and others."

Most of the government loan bonds are the subject of stock exchange transactions. However, as M. Bohachevsky notes, the system of public credit is interwoven with the banking system: the bulk of issuing banks' funds and the most of commercial banks' resources are invested in government securities; government securities are implemented in the money market, the proceeds from the realization concentrates on the current accounts of the treasury; interests are paid on government bonds; redeem and maintain an accounting of short-term and other treasury debts. The difference between state and private credit was in its use. So, to return the loan amount to the lender and to secure interest payment, the state resorts to levy additional taxes. As M. Bohachevsky noted "state credit is a specific form of loan capital movement which is accompanied with the unproductive use of borrowings and increased tax levy." Unproductive use of funds and accumulating them through government loans define the nature of treasury bonds as a special kind of securities (according to Karl Marx, "paper duplicates of destroyed capital"), the interest on which is paid by taxes from the population. Therefore, according to the scientist, "increasing public debt shows the destruction of real capital."

According to M. Bohachevsky, the main reason for public debt growth is a permanent predominance of government spending over income and this discrepancy is both a cause and a consequence of "state loan system." Increasing interest payments become the cause of new deficits and loans.

Analyzing the relationship between government debt and taxes, M. Bohachevsky points out that the current tax system became the necessary prefilling system of state loans. However, their close relationship does not indicate their identity. The first difference which drew scientist's attention was that "tax finds money even if there are not enough, and loans take capitals where they could be found." The second difference is that "the capitals which are mobilized by the state with the help of issuing loans are returned to their owners after a certain period... together with interests, while taxes are taken without return." The third difference according to the scientist is that "loans are usually located on a voluntary basis, taxes are levied compulsory." Finally, the issue of loan enables the government to

mobilize huge sums of money in a relatively short period of time, while the introduction of new taxes and their collection requires more or less long period of time.

M. Bohachevsky exposes the relationship between state lending operations and inflation deepening. It contributes to issue loans of paper money in circulation. “However, the scientist mentions that tangible assets acquired by the state amounts proceeded from the sale of debt do not become the object of wholesale or retail trade. Therefore, they do not cause the need for additional means of treatment and payment. As a result, impaired circulation channels are full of money”. Indeed, stable currency is impossible if the increasing quantity of money in circulation is due to primarily chronic funding deficit. The rise in public debt and additional issue of paper money lead to inflation increase, higher commodity prices, real wages, and real incomes falling.

The scientist emphasizes the relationship between the value of public debt and the state dependence of financial oligarchy; this is the very system of public credit. “The more the debt of the bourgeois state and its local authorities increase, the scientist says, the greater their dependence on banks and other capitalist monopolies (major buyers and holders of government securities) is”.

In his work “The Budget of Capitalist State”, M. Bohachevsky exposes the budget essence of the state with a market economy. According to the author, this is “a set of numbers, which describes the amount and structure of state revenues and expenditures for a certain period, usually a year”. The scientist reveals its basic construction principles: completeness, unity, reality, transparency and publicity. The first of them is that the budget “should cover all income and expenses of the state in full.” There are extensive (when the budget includes all types or items of income, although the volume of each of them can be incomplete) and intensive (each type or each article of government revenue and expenditure is included in full) budget completeness. The principle of budget unity involves “unification of all the deducting estimated income and expenses in a single document and a single classification.” As for the reality of budget, M. Bohachevsky agrees with the famous statement of Marx that “perhaps there is no more cheating than the so-called finance”. The principle of budget transparency and publicity, according to the scientist, provides budget debate publicity in the legislature (parliament) and mandatory budget publication for universal information.

M. Bohachevsky analyzes specifics of developed capitalist countries’ public budgets construction in detail. The peculiarity of the US state budget law is that it does not include all revenues and expenses. As the scientist

mentions, the Congress considers and approves state revenues separately from public spending. Thus, not all the budget revenues in their entirety are approved, but new taxes and other changes in the current tax legislation. The same applies to budget expenditures.

The expenditure of the federal budget, as the scientist shows, consists of disparate acts on the annual allocations provided at different times by the Committee on Appropriations House of Representatives for approval. The US president in his budget message to Congress delivers consolidated data on federal revenues and expenditures just for review. The scientist highlights the peculiarity of the United States budget policy, which is the formation of extra-budgetary funds and provides financial autonomy to public corporations, businesses and institutions that are independent, so-called commercial estimates. The latest are reflected as a balance amount in the federal budget, contrary to the fullness and unity of the budget. Extra budgetary funds: credit, for target financing; special, for covering certain costs; working capital, for financing goods production or services; deposit, for temporary storage; operating, for advance payments during certain activities are used by the government "to bypass parliamentary control."

British budget, as M. Bohachevsky mentions, also consists of several estimates. Chancellor of the Exchequer gives income and expense report to the House of Commons. Its peculiarity is the division into two sections: income and expenditure section, which is called the budget "over the limit", and income and expenditure section which is called the budget "on the limit" (balanced articles). In the revenue section of the budget "over the limit" tax revenues, net postal revenues and other "ordinary" treasury incomes are reflected. While in the expenditure section the royal palace maintaining costs and interest payment on the loan, military spendings, state apparatus maintenance costs and others are reflected. "Under limit" affects the operation of treasury issuance and repayment of government loans, lending to local public authorities, subsidizing nationalized enterprises, partial tax return paid by capitalists, military expenditures compensation and other.

Scientist draws particular attention to the practice of additional loans and special funds in England. He shows that there are four types of such loans in England: 1) additional loans to cover annual costs, which are not budgeted; 2) extra-budget credits for costs that have been implemented by the government in the last budget year without prior Parliament's permission; 3) loans to cover military expenses in wartime; 4) emergency grants to cover one-time costs (foreign country loan and so on). Different "additional incomes" (income from a property sale, rents, fines, etc.) that are attached to institutions where they come in addition to budgetary loans granted by Parliament belong to special tools.

Ukrainian scientist analyzes the practice of budget indicators engineering in market economy countries: automatic method means that the last fiscal year performance figures are taken for budget assumptions value for this article; method of averages means that the average reporting data for several previous years is taken as a basis; majoration method (in the case of economic growth) means that the sum which is determined on the basis of the income average rate or expenses for the number of previous years is added to reporting year data, and monioration (in the case of decline) means that the average reduction of revenues or costs for previous years is taken into account; direct assessment method is the combination of above- mentioned methods, sometimes it is called “free creativity”. The last is used in the United States, England, West Germany, Italy, and in many other market economy countries. According to the scientist, the most important motive for using this or that government budget engineering method is its benefit.

M. Bohachevsky approves annual Parliament budget discussions and confirmation not to violate the requirements of budget unity and balance. The scientist does not support foreign economists’ idea to replace those requirements with new principles of budget plurality, its systematic deficit, and cyclicity. In modern times of permanent economic shocks, the idea of financial resources formation from the budget surplus, generated during periods of economic growth to cover budget deficits during the crisis and depression, attracts practitioners and theorists more and more. The principle of “annual budget period” is violated by nearly all market economy countries, especially by the US, where in addition to annual appropriations are appropriations which validity exceeds two years, and also unlimited in time appropriations. In such a case, Congress determines the overall amount of loans without limiting distribution of budget periods (years). The principle of “annual budget period” is violated by American scientists too. The two- year budget period is still in 42 USA states, and Alabama budget is four years. M. Bohachevsky opposes “deficit financing”, although he concludes that “balanced budgets became a relatively rare phenomenon.” Thus, from 1914 to 1958 there were 29 deficit and 16 balanced budgets in the US, 31 and 14 in England, 41 and 4 in France, 45 and 0 in Germany, 43 and 2 in Italy. We can say that the “budgetary balance” has completely lost its importance now. To provide the lowest deficit is the first question at the beginning of a fiscal year. Instead of balancing the budget, according to R. Lindholm “budget must balance the economy.”

M. Bohachevsky expressed his views on tax theory in the work “Capitalist Countries’ Taxes” (1961). The scientist emphasizes that taxes are the economic basis of the state existence, financial base for all its functions

realization in the book. According to Ukrainian scientist, increased production based on military orders “houses reasons that cause internal market narrowing and eventually results in new crisis maturing”. Indeed, the practice of recent years clearly showed that arms race can't save the country from economic crisis. Temporary recovery deepens disproportion between growing production opportunities and reducing relative solvent expense in prospect.

Criticizing market mechanisms of weakening cyclicity reproduction, M. Bohachevsky acquaints the reader, who was in ideological claws of Marxism-Leninism with them. In particular, he reveals the monetary policy tools of the issuing banks, which provided value to “policy of maneuvering interest rates and open market operations with securities, mainly with government bonds. To overcome the crisis and expand lending to the economy of issuing banks it was recommended to cut interest rates and to buy up securities. Interest rates should be raised and securities should be sold to curb the “boom” and to limit the loan.”

Ukrainian scientist accepted E. Hansen, P. Harris, P. Samuelson, K. Pull and other scientists' proposals on the need to reduce tax rates on large incomes, to expand the practice of accelerated depreciation of machinery and equipment and to provide new tax breaks to capital owners critically. It was rather an ideological approach than scientific. This policy was implemented by the US President Kennedy in his crisis overcome program. He recommended the Congress to pass a law about tax exemptions of the considerable part of the profit which was directed at investments, immediately. Taxes were declared as “the major tool” of economic stabilization in England. The Income Bill approved in the House of Commons on April 1961 gave the right to English government to change indirect taxes on consumer goods and enter, if necessary, a special tax on wages during the budget year to regulate the size of effective demand and market conditions.

M. Bohachevsky considered taxes as the main instrument of national income redistribution in the market economy. Analyzing direct and indirect taxes, the scientist notes that “indirect taxes are one of the main price rising factors for mass consumption articles.” He emphasizes their regressive nature, although they range from 60% (France) to 75% (Italy and Germany) in state budget, “The lower taxpayer's income is, the greater share of his income he has to give to the treasury in the form of indirect taxes; and conversely, the larger the payer's income is, the smaller share of his income indirect taxes absorb.”

According to Ukrainian scientist, direct taxes, which are based on the direct taxation of taxpayers' income and property, hinder production, domestic and foreign trade less than indirect taxes. M. Bohachevsky is a

progressive taxation fan, while he considers the social aspect as an argument. Besides the fact that direct taxes are not so easily shifted, “in the case of direct taxation of personal taxes, says the scientist, there is an ability to take into account financial situation of the payer, his family composition and several other conditions that completely disappear in indirect taxes.” The best object of taxation for income tax is “the total income of the taxpayer or certain types of his income.” However, progression does not grow indefinitely. M. Bohachevsky believes that “threshold progression is set in every taxation scale that meets certain income limit. Revenues that exceed this limit are taxed at high, but proportional tax rate.”

Educational activity encouraged M. Bohachevsky to provide students with adequate level textbooks to study financial credit Soviet relations. The result of it was the publication of textbook for higher educational institutions of consumer cooperative “USSR Finance and Credit” (first edition 1964), which withstood two editions.

M. Bohachevsky made a significant contribution to the study of financial cooperation development. The textbook “Consumer Cooperative Financing and Credit” (1959) and a number of textbooks for higher education were issued under his leadership and with his participation. His scholarly works on financial problems in the USSR were published in central journals: “Soviet Finance”, “Money and Credit”, “Economic Issues” and others.

Mykhaylo Borysovysh died in 1968 in Lviv, where he was buried.

The main works of the scientist: “Finance of the USA and England in the Period of General Capitalism Crisis” (Moscow, 1954); “The Money Essence and Functions in the USSR” (Lviv, 1957); “The Capitalist Country Budget” (Moscow, 1960); “The USSR Finance and Credit” (Moscow, 1964, 1969); “Capitalist Countries’ Taxes” (Moscow, 1961); “State Credit in Capitalist Countries” (M., 1966) and other.



BUNGE Mykola Khrystyianovych

(1823-1895)

Mykola Khrystyianovych Bunge is the founder of Kiev political and economic school and a world-renowned scholar. He made an important contribution to science as an economist, financier, statistician, prominent public and state figure. Mykola Bunge was born on November 11, 1823, in the Kiev Lutheran family of immigrants from Eastern Prussia, who settled in Kiev in the middle of the 18th century. Future scientist's grandfather, Georg-Friedrich, was the founder of Bunge Kyiv Evangelical Lutheran community and the owner of the first city private pharmacy at Podol. Large Bunge family (eight sons and four daughters), which reared the pleiad of prominent Ukrainian scientists of that time, was distinguished by high erudition, charity, desire for knowledge and high moral virtues. The head of the family, Georg-Friedrich, gained great respect and citizens' recognition. The Bunge family received an honorary public recognition by Noble Assembly Resolution in 1791, it was registered in the book of Kyiv province generations. Khrystyian-Georg (1776-1857), Mykola's Bunge father, studied in Kiev and later, at St. Petersburg Medical Surgical Institute (1792-1796). He continued to study at the University of Jena in Germany (1796-1798), where he obtained a medical degree for the thesis "Epidemic Diseases in Kiev."

Acquiring a decent education in the family, M. Bunge entered Kiev First Gymnasium in 1841 and graduated with honors. He was the best student from the beginning to the end of his study in the gymnasium, showing exceptional intellectual abilities. M. Bunge wanted to follow his grandfather, who had a law degree, and entered the law faculty of the Imperial University of St. Volodymyr in Kiev in 1841, where economic sciences traditionally were read. Within the walls of this university M. Bunge became interested in the economy and economic theory problems. He graduated successfully in 1845 and received the title of Candidate of Law. In the autumn of the same year, he received a referral for a teaching job.

During 1845-1850, he worked in Prince Bezborodko Law Lyceum in Nizhyn where he taught treasury management laws and left a vivid impression of his teaching in the students' environment. M. Bunge was

recognized as encyclopedist among colleagues. Due to familiarity with the European economic thought and theoretical faculty achievements, besides set lyceum program, he lectured political economy and statistics which caused great interest and admiration of students.

Education and interest in progressive ideas distinguished M. Bunge among teachers. This enabled him to rally around progressive youth, some teachers and community leaders, which were united by the opposition to the existing despotism, corruption, feudal tyranny, atmosphere of advanced, progressive social initiative suppression. Young, captured by scientific research M. Bunge brought to Nizhyn public life the ideas of Europeanism and interest to the phenomena of Western life and science. Ukrainian scientist was a missionary of European science and citizenship. Knowing French and German, Ukrainian scientist tried to share the treasury of European economics with students.

After successfully passed exams in 1847 M. Bunge defended his master thesis “The Study of Peter the Great Trade Legislation Principles” and gained the title of Master of State Law. In December of the same year, he was appointed as professor of the lyceum, a post which he held until 1850 and began the work on the theory of credit study.

Love for youth, their progressive thoughts support, and talent promotion preserved in M. Bunge even after his job change. In 1850, he was appointed as assistant professor of Political Economy and Statistics Department at Kiev St. Volodymyr University. It was a huge trust to the periphery scientist and his scientific talent recognition. M. Bunge became more engaged in scientific activity and in 1852 he defended his doctoral thesis “The Theory of Credit” published as a book in the same year. The depth and breadth of set problems analysis were noted in the scientific community. Therefore, its publication put the author among the number of outstanding domestic economists-financiers of his time. After the successful public defense M. Bunge was confirmed as a professor at Kyiv St. Volodymyr University until his appointment as Minister of Finance in 1880.

M. Bunge began his teaching activities at Kyiv St. Volodymyr University at the Historical-Philological Faculty, where he taught political economy and statistics. In 1863, these disciplines were passed to the Faculty of Law and M. Bunge moved to that department. Since the beginning of lectures on police law, the Department of Political Economy and Statistics was renamed to the Department of Police Law (1869). M. Bunge worked in this faculty almost three decades, from early 1850 to 1880. Not being a brilliant lecturer, he attracted students by independently developed original courses of lectures on political economy, police law (administrative), statistics where he was

able to instill higher educational ideas in their souls without unnecessary words.

M. Bunge was the first in the University who introduced practical classes with students, which were only spoken about in the university, on his own initiative. His lectures for students were always distinguished by extraordinary clarity, logic, richness and conciseness of teaching material that gained enormous prestige among the audience. Due to communication with students he knew perfectly their problems and tried to express them publicly. In 1850-ies the scientist initiated the discussion on the role of universities in the civilizational development of the society, about the content and nature of higher education, the ratio of scientific and educational universities' functions. In some of his articles, he revealed his views on the need for changes in approaches to Economics teaching. In 1857, he addressed to the leadership of the Kyiv St. Volodymyr University with the report program "About the Place that Political Economy Takes in the Public Education System and about Its Attitude to Practice". The program was published in the university printing house and contained reasoning of scientific and practical importance of economic education and program directions of its development. His articles "About Studies Organization in Our Universities" (1858), "About the Current Trend of Russian Universities and Higher Education Needs" (1858) "Letters to Rector" (1858) were devoted to the issue of university education.

Ukrainian scientist advocated restoring European standards of university autonomy, the democratization of governance, strengthening the link between higher education and practice, increasing specialization of teaching, increasing government and public attention to the material needs of students, differentiation and improving multi-level university education. Understanding the need for change in education under the influence of social transformations and the demands of life, clear position and its open expression strengthened and spread M. Bunge's authority as a teacher and economist. All this contributed to the fact that M. Bunge succeeded I. Vernadsky and headed the Department of Political Economy and Statistics. In his future work, he managed not only to keep the traditions of teaching sciences so that they meet the requirements of most modern knowledge, but also helped to transform the department into one of the leading scientific centers of economic science not only in Ukraine, but also in the scale of the Russian Empire. None of the professors had so many disciples and followers as M. Bunge. The establishment of Kyiv Political Economy School was accepted as a scientist's achievement during his life. This rather large vocational and professional research center of talented Ukrainian scientists was formed in the walls of Kyiv St. Volodymyr University in the last third of

the nineteenth century. It showed the presence of mature independent scientific schools in Ukraine. M. Bunge disciples and followers who were motivated by the critical and creative perception of contemporary world economic theory key areas (classical political economy, historical trend, marginalism) openly expressed their views on some problems of theory and practice. They formed the basis. Professors Pikhno D., Antonovych A., Bilimovych O; scientists of Kyiv St. Volodymyr University Sydorenko G., Tsekanovetsky G., Patlayevskyy I., Tarasov M., and others were representatives of Kyiv Political Economy School founded by M. Bunge. Kyiv scientific school tried to bring theory to practice, not to be an enigmatic formula that does not solve vital issues for the general public. It gained world recognition.

M. Bunge led St. Volodymyr University as rector for three terms from 1850 to 1870, as the renowned scientist and recognized humanist and democrat among colleagues. In terms of the attack on the democratic principles of university education in 1859-1862 years, when university government was abolished, M. Bunge led the university at first, becoming the rector for the purpose intended. Honorable rector's behavior (he represented not only government interests, but also University interests) contributed to the fact that after returning universities' suffrage, he was twice elected rector of this prestigious University with renowned scientific traditions (from 1871 to 1875 and from 1878 to 1880). It was the convincing evidence of his high prestige and recognition. Performing duties of St. Volodymyr University rector, he played a significant role in the development of university education system to which he tried to give internal autonomy. He was directly involved in the development of its institutional and legal framework and actively promoted reforming and democratization.

Respect for the individual and the recognition of civil equality that were characteristic of M. Bunge defined its prominent place in the galaxy of prominent university teachers of the late nineteenth century. During scientist's creative activity period, the defining traits of his scientific, pedagogical, organizational and social activities were high educational ideas, close relationship with practice and humanism. Due to academic recognition and high pedagogical skills of the scientist, Princes' economic education was entrusted to him twice. It had a social significance for Russia. In 1863-1864, M. Bunge taught the son of Alexander II, Prince Mykola, political economy and finances. In 1886, he taught future Russian Emperor Mykola II the course of political economy. It was a special order because only a few scientists dared to express their views on the satisfactory princes' performance of public duties. M. Bunge was able to give knowledge to the listener through the sources that have been recognized all over the world.

One of these sources was the book of German financier Carl von Gok "About Taxes and Public Debt", issued in Russian language in 1865 in Kiev. Without giving estimates for its scientific level, contemporaries note that the country, whose leader would learn Gok's views on taxes and state economy, could be happy.

With the talent of a scientist, M. Bunge couldn't not to respond to burning issues that society and theoretical science solve. The breadth of scientific interests and active citizenship distinguished him from the circle of contemporaries. The scientist laid the foundations of national economic science in its major sectors (political economy, credit theory, finance, money, statistics theory) by his fundamental scientific works in which he tried to analyze the most burning phenomena of life. Broad-mindedness and thoroughness in M. Bunge studies were the basis of his works popularity which were reprinted during the scientist's life. The university course on police law, which in addition to the theoretical part contained an overview of economic history, studies and opinions on the financial system, peasant and labor laws of the Russian Empire, was developed by M. Bunge and was issued twice in 1860—1870-ies. in Kiev. The course of lectures had a great popularity not only among students and faculty but also far beyond. The first and the second editions of "The Course of Statistics" (1865 and 1876) were with equally profound content and original approach to the material presentation developed for Kyiv St. Volodymyr University students by M. Bunge. It was the first national university textbook on statistics in Ukrainian economic literature.

Most of M. Bunge works were dedicated to critical analysis of world economic thought achievements and its history such as "The Harmony of Economic Relations. Carey First Political Economy System, Described by M. Bunge" (1860), "John Stuart Mill as an Economist" (1868) should be mentioned among them.

Scientist's theoretical outlook had a certain evolution, from the imitation of political economy classics to the original and distinctive foundations of Kiev school formation. His work "Political Economy Principles" was published in 1870. Scientist's independent way in the development of methodological and practical issues of economic theory is viewed in the book. The main scientist's political economy views are systematically outlined in it. Knowing several foreign languages, he was able to read original works of various kinds of world economic thought representatives personally. His last fundamental work, "Political Economy Literature Sketches" (1895), in which scholar's inherent spirit of research and criticism is clearly viewed, was the evidence of M. Bunge direct appeal to the world

economic science wealth. It contains the detailed analysis of the main research directions in their historical development.

During the difficult period of civilization principles establishment in society, (1850-1870 reform years) M. Bunge distinguished himself not only as an outstanding intellectual and liberal social activist, but also as gifted publicist who spoke “kind words” on the most complex and acute socioeconomic and socio-political problems in Ukraine and Russia.

Promoting advanced progressive democratic principles in his numerous publications, scientist vividly responded to acute and pressing problems of reforming the semi-feudal economic system that existed, justifying the feasibility of a radical change in economic and legal relations of Ukraine and Russia. However, understanding the complexity of social capitalist transformations accompanied by manifestations of social antagonisms, Ukrainian scientist made a sharp criticism of Social Utopianism and Marxism ideas that have spread in scientific community emphasizing the unfounded promises of universal human happiness in the ideal future society. “Society of welfare, said M. Bunge, is the result of continuous joint actions of the government and the people.” He argued that utopian ideas generate illusions and deprive people of real life landmarks and turn into all-embracing state dictate and fundamental rights and economic freedoms suppression. The scientist was a supporter of the organic combination of market liberalism principles and ideas of national statehood. However, M. Bunge works of pre- and post-reform period of Ukrainian economic development were dedicated to a wide range of pressing economic problems: railways and industry development, industrial enterprises establishment in the form of joint stock companies and businesses, pricing problems, foreign trade and so on. Understanding the relationship between the real economy and money economy, he performed as a staunch and ardent supporter of market-based financial and credit relations development, reforming on the tax system fairness principles, banking system modernization (all taxes should be paid depending on income), state fiscal policy rationalization.

Due to series of scientific works on paper money “About Metallic Circulation Recovery in Russia” (1877) and “About Constant Currency Restoration in Russia” (1878) and a number of studies in finance [“National Accounting and Financial Reporting in England” (1890), “Study on the Tax on Salt Recovery” (1893) and others] M. Bunge holds a prominent place in the history of national finance. His doctoral thesis “Theory of Credit” (1852) became the first basic research of the credit relationship system and credit institutions in national and Russian science. He outlined his views on the development of monetary circulation and general theory of money. Based on the theoretical achievements of the European classical economy, the scholar

revealed fundamental theoretical problems of credit essence, consistently and logically researched its origins and history and deeply analyzed economic characteristics of credit activity and fundamentals on which it is based. In his works of financial direction, the scholar thoroughly explored basic forms of credit (commercial, land and state credit), thoroughly analyzed the economic value of the loan, comparing it with the wheel invention, its wide-ranging impact on the overall economic and social development. Revealing the nature of loan and its mechanism of influence on the social reproduction process, M. Bunge has shown conclusively that credit relations development will enable national economy with the help of marketing methods to enter the path of the productive forces rise, active accumulation of capital, their application for large investment projects implementation (railways construction, industrial development, the rise of other economic sectors), and will also contribute to the overall national wealth growth.

The credit identification with capital, wealth and giving it an independent force that is able to enrich the country aroused sharp criticism. Mercantilists pointed at this credit connection with a social production. M. Bunge considered their views critically, to his mind they were “permeated by the sincere belief in miraculous, magical power of credit.” He rejected the idea of extending loans by issuing unsecured notes.

Most of his scientific and journalistic works (1850-1870) were dedicated to credit banking and financial systems reforming as the basis of credit. Based on the special role of credit in business development, routine economic overcoming, industrial stagnation and apathy, M. Bunge assigned a central place to such urgent issues development as public finance, fiscal policy, reform of financial institutions system and establishment of private banks, development of commercial lending, restoring circulation of a subsidiary monetary unit on gold and other. Circulation credit facilities, according to scientists, are much more than money in the transaction understanding “promote capital movement, production enhances, savings accumulation, reducing capital power over labor and economic independence achievement.” Under the influence of these new concepts the theory of credit has to go from the public economic to the private economic sphere, from money and means of circulation to capital and labor sphere.

Trends of financial reform in Russia developed by M. Bunge and proposed to the government for practical implementation were based on the powerful theoretical basis, the latest achievements of world financial and economic thought and profound scientific awareness of objective laws of civilized society social and economic development. The theoretical basis of his original reform ideas was the treasury of world economic theory: achievements of English classical liberalism (Bunge was the follower of the

classical school interpretation of the credit nature), nationally oriented ideas of German historical trend, socially oriented current European reformism.

However, M. Bunge went further his predecessors, finding out the difference between the loan and real capital. He considered institutional and economic credit aspects broader. M. Bunge defined the role of traditions, habits, trust and fixed legal obligations as moral legal credit fundamentals. Then he referred to its economic fundamentals definition, the need to implement, which is the fulfillment of agreement terms. Pointing to limitations of some theories and their unilateralism, M. Bunge always went out of national economy specific historical circumstances, adjusting his theoretical setups in a time, considering the newest theoretical heritage in his financial and economic reform activity. The program of Russian and Ukrainian economy reform, proposed by Ukrainian scientist, was comprehensive and reflected not only the humanistic scientist's outlook, but also the common sense of economist pragmatist who sought to apply the experience of economically developed countries, taking into account national peculiarities of historical development. The scientist linked economic renewal of the country with private initiative and entrepreneurship promotion in all sectors of economic life. M. Bunge stressed on the need for optimum interaction between the market economy, which makes it possible to implement private initiative fully and government regulation.

Substantiating decisive credit role in stimulating economic development, income growth and mitigating social contradictions, M. Bunge called on the government to abandon the treasury system credit, which "can not compete with the private interest energy and agility." According to the scientist, "government would receive more serious assistance from free banks than that of the State Bank treasury and industry could find credit, adapted to the conditions and needs of people's life. The credit would convert people's savings, which often remain dead capital, into the productive force." The combination of commercial credit with numerous "public responsibilities" leads to the fact that state banks "firstly destroy the industry to support finance and then do not help finance but support stagnation in the economy."

Aware of the credit system pervasive influence on the development of the national economy, M. Bunge drew attention to the need for state regulation of credit relations in order to prevent banks conversion on the instrument of speculation and easy money. "The law, as far as possible, should provide security to banks authorized capital, promote lending industry, and eliminate speculative exploitation of national welfare." However, recognizing the need for regulatory legislation and administrative supervision of private banks functioning, he pointed to the danger of over-regulation and stressed on the

importance of personal initiative in the field of economy, considering private credit one of the major economic life incentives.

Scientist's innovation turned out in proposed changes to the tax system principles, where M. Bunge attached great importance to indirect taxes in public revenues. In particular, the scientist supported the idea of excise duty on alcohol and tobacco introduction at state-level, as extremely profitable budget items. However, defending the idea of people's welfare increase, he opposed the establishment of the excise tax on salt and excise duty on sugar increase, because they refer to essential goods.

Analyzing the other sources of sufficient state budget formation, M. Bunge provided a special significance in the system of financial revenues to customs tariffs, indicating their importance for treasury replenish and economically justified protectionist policy realization.

The scholar outlined his scientific developments, suggestions and reflections on the weaknesses of the existing financial system and the need for its restructuring in the lectures from police law course, which were issued twice in Kiev in 1860-1870. The scientist developed specific practical recommendations for the government to overcome the disastrous financial situation in the country: he raised the question about the need to focus all state economy sectors in the financial department management for strengthening the control over state financial resources use; the primary task was to reduce state spendings; one of the budget expenditure savings sources was in reducing the number of bureaucratic bodies; he stressed the importance of clear separation "of department items and cases between various departments, greater simplicity and certainty in the action of each government power organ."

M. Bunge outlined his views on the tax system reform in the previously mentioned lectures on finance for Crown Prince Mykola Oleksandrovych (1863-1864) in a systematized form. Understanding the social significance of prepared lectures, the scientist identified a number of measures aimed at optimizing tax system in his course. The first step to implementing these ideas had to be a comprehensive alienation of state property to increase revenue to the state budget, not the cost for its maintenance at the time of tax reforms. Further, due to the changes in the economic situation, it was planned to replace the taxes and other cash charges that were calculated on a per capita basis, and also salt excise into other tax payments.

In the area of public finances, M. Bunge was not limited to scientific theoretical work and practical recommendations for their reformation. While in high government positions, M. Bunge was able to check theoretical justification of creating an effective financial system, taxation, and monetary circulation practically. As a recognized and experienced financier

theoretician and a staunch supporter of peasants' emancipation feasibility, Kyiv professor was involved by Emperor Oleksandr II to the editorial commissions on the financial aspects of peasant anti-feudal and anti-serfdom reforms development in 1861.

As an ardent supporter of private ownership, M. Bunge substantiated the necessity of resolving the peasants' question by the redemption transaction implementation, which had to be carried out with the active state support through the capitalization of peasant dues in banks. Working in a special financial commission, he played a crucial role in designing the redemption payments for land provided to farmers after their release from bondage, actively contributed to their reduction, organization of village financial support, realization of the effective policy of public credit in agriculture. M. Bunge believed that a crucial role in this business had a mortgage. Therefore, he contributed to the establishment of the first Farmers Bank in Petersburg, which gave loans to farmers to buy the land from landlords at the rate of 6% per annum. "Mortgage loan, he wrote, becomes of public interest when it enters small farms." The scientist argued that agriculture flourishing depends on active financial state support of the most hardworking and initiative farmers who keep their economy with farm methods. In these farms, he saw the basis of commodity production in rural areas. So due to his recommendation, Farmers Bank strengthened credit support of wealthy peasants, whose share of the rural population after 1861 grew steadily in Ukraine and was 30% till 1890.

Following the ideas of the village reform in 1862, being an experienced financier theoretician and practitioner, M. Bunge was appointed as a Kiev office manager of the State Bank. Here he was able to realize his theoretical works in the banking system research and to withdraw the office from an unprofitable situation for a short time, to make it profitable and exemplary in terms of organization. The scientist described the value of credit transactions in the real economy as "concentrating supply and demand for credit agreements, they balance the price of this industry driving force, distribute the risk to the transactions' totality, provide more advanced forms of credit obligations and ensure compliance of obligations' commitments."

M. Bunge led this state leading banking institution of Ukraine in 1871— 1875 and in 1878-1880, combining practical financial activities with the Rector's functions, theoretical research, and teaching. In 1860-1870-ies, during the so-called Kiev period, M. Bunge actively contributed to the formation and development of the state financial and credit system and the creation of financial market infrastructure as an important factor of an effective financial system. Ukrainian scientist was personally involved in the organization of first Ukrainian commercial banks, savings banks, mutual

credit societies. He initially preferred joint-stock banks in the credit area, arguing that corporations are “happy combination of personal and social activities”, that shares “create the most advanced form of private property.”

This idealization of joint stock companies affected scientist's views. M. Bunge was genuinely convinced that the establishment of joint-stock banking companies in the country will promote the release of stagnation and routine spirit production, ensuring “profitable use of the funds which are difficult to accommodate for our government, while we hear complaints about the lack of capital and credit.” Therefore, on M. Bunge own initiative and for his active personal assistance Kiev Mutual Credit City Society and the first joint-stock bank in Ukraine, Kyiv Private Commercial Bank were founded in 1868. Later in 1869, the Exchange Company for Enhance Market Securities was organized in Kiev with the support of M. Bunge. He initiated not only the establishment of the stock exchange, but also personally contributed to the formation of the fund, sacrificing his own money for its establishment and activities organization. As the head of Kiev Office of the State Bank, he contributed land allocation and significant funds for the construction of Kyiv Stock Exchange buildings. His humanity and unselfishness were managing his activities, he never had and did not seek for any commercial profit from his own constituent activities, considering them as a social mission.

Quite successful work of M. Bunge provincial financial infrastructure formation was seen in the center. In 1869, German community in Moscow invited him as an experienced and successful practician to head its Moscow Account Bank, but he refused. M. Bunge didn't agree to leave his favorite Kyiv. In 1871, he contributed to the establishment of the Kiev Industrial Bank.

Ukrainian scientist has not gone unnoticed in government committees' participation. His opinion on finance was crucial in times of significant change in the financial situation of the country. Not by coincidence, M. Bunge was assigned to St. Petersburg for the post of Deputy Minister of Finance in 1880, where he worked for a year. During the next five years (1881-1886), M. Bunge operated as the Minister of Finance of the Russian Empire.

High government appointments opened to Ukrainian scientist and reformer new opportunities of his scientific ideas, reform programs and projects practical implementation. Having power, in the view of pressing economic needs, M. Bunge directed his creative and practical activity on the overall financial recovery of the economy, blasted by Turkish and Crimean wars. Leading role in the government program, submitted by the new Minister, was given to such urgent areas of financial reform as

modernization of the existing tax system, streamlining and significant cuts in public expenditure, monetary system optimization.

Fulfilling his government program, M. Bunge substantiated scientifically and led the restructuring of the existing tax system by abolishing the feudal system (poll tax) and transition to cash income tax. Basic principles of tax law were close to A. Smith's levying tax rules. Therefore, proving the need to implement the principle of income taxation, M. Bunge drew attention to the fact that due to existing rules of a civilized society, everyone should pay taxes and contribute to the best of his forces and funds to support state measures which ensure internal and external security, the use of public goods. He was convinced that "the duty to pay taxes is general responsibility, it is followed from the principles of everybody's equality before the law and from justice principles: the one who belongs to the state union can't be exempted from the obligations arising from the nature of the union; the one who enjoys the benefits of public life must contribute to the objective of the state."

Gradual abolition of a poll tax was introduced by M. Bunge during 1883—1887 due to the reform. Analyzing the results of tax reform first steps, M. Bunge considered setting compulsory banknotes course in bill payments a negative point, and only in some cases prevented implementation of payment at a ratio of 3 rubles with banknotes of 1 rub. in silver.

Having inherited an unbalanced state budget, M. Bunge called for the reorganization of its system development, reducing unproductive bloated government spendings, minimizing budgetary abuses. Striving to fix unbalanced finances, M. Bunge, like his predecessors, considered the fight against chronic budget deficits his main task, which he understood much deeper. According to the scientist, the usual increase in revenues to the state treasury was not enough for the economy of the state budget balance. It is necessary "to destroy the inequality of taxation, to bring new, not yet exhausted sources to it, to reduce unproductive expenditures and deficits will disappear by themselves." To achieve this goal Minister M. Bunge directed his main efforts.

Classical free trade school never had any outstanding representatives in Ukraine. At the time of the greatest impact of A. Smith teachings, educational protectionism ideas of classical school enemy Liszt were more popular in Ukraine. Ukrainian A. Smith followers were never associated with their teacher in one issue, namely in the question of free trade. Even M. Bunge, realizing his beliefs as the Minister of Finance acted decisively to support national producers. He was the first in Russia who resorted to the introduction of moderately high duties on imported goods. Laid principles of protectionism were persisted even after the resignation of M. Bunge from the

post of Minister of Finance. Thus, the duty in the Russian Empire was 19% in 1881-1884, 28% in 1887 and finally 33% in 1891-1900. Setting such tariffs contributed to the fact that prices of manufactured goods on the domestic market were much higher than on the world market, but with the strengthening of domestic industry they were steadily declining. Noting the importance of this source of replenishment, M. Bunge paid much attention to the system of customs policy improving, emphasizing its close relationship with the tax system. As a supporter of the idea of moderate protectionism, he emphasized the need of taking into account the impact of duties on the development of national production, trade, and consumption, with what he stressed centrist position between free traders and protectionists.

Continued moderate protectionist policy, which was led by M. Bunge, helped to return economic positions which country lost after the Crimean War. The growth of national industry was so powerful that Russian Empire had no equal in some industries till 1890. In particular, this applies, for example, to military shipbuilding and sugar industry, the most of which developed in the territory of Ukraine. In general, during those years Ukrainian lands with Donbas coal, Kryvyi Rih iron ore, Kharkiv, Kyiv and Luhansk engineering, Mykolaiv and Kherson shipbuilding were the most promising industrial regions of the empire. At the same time, M. Bunge attached great importance to the problem of railway development, citing the request for accelerated construction and modernization because of grain exports constant growth and the need to develop natural resources of Siberia and the Far East.

The study of European experience and commitment to the ideas of liberalism defined the further M. Bunge reformative activity. In particular, his state activity was also aimed at the monetary system reforming to what he attached great importance in the evolution of economic systems. He also defended the positions of a more efficient functioning of a monetary system in which the value or purchasing power of a monetary unit is equal to a specified amount of metal or group of metals. Money commodity, metal (standard money) is the basis of a monetary system, the measure of value, which serves besides all the other money functions. In addition, nominal substitutes of metallic money operate in circulation (bank notes) that is necessary to ensure flexibility in the macroeconomic sphere of circulation cycle.

The state determines types of banknotes and conditions of interchangeability in standard money. Therefore, M. Bunge considered ruble backed by gold and freely converted into gold coin the guarantee and the foundation of the national economy. For a short period of time, he made a number of practical measures aimed at restoring monetary metal. Already, in 1881 silver coin

minting was restored, and in 1885 a new coinage statute which established European requirements for coins sample was approved. Selling gold abroad was stopped in 1884 to reinforce the currency with precious metals. The gold reserves increased by more than 30% till 1886 in comparison with 1883. M. Bunge was metallic money supporter, but innovation turned out to be away from the traditional identification of coins with metal and metal money value construction to the cost of their production. According to M. Bunge, not value, but suitability to perform their functions, their “purchasing power” determines the value of money. If exchange participants agree to take certain exchange banknotes as compensation for their goods or services, so they recognize them as common equivalent. Consequently, the value of money is a subjective category to some extent related to assessment and mutual people trust. M. Bunge gave many forces to monetary reform preparation, which he was not able to realize in a highly conservative opposition. However, his theoretical works and practical measures determined set direction and created conditions for further monetary reform of his successor and follower S. Witte. Under the pressure of economic difficulties, S. Witte made a transfer to the ruble depreciated paper gold content after the death of M. Bunge in 1897.

The scientific maturity and vast experience in various positions contributed state creating and reforming activity of M. Bunge in the last years of his life. Despite the enormous bureaucratic resistance in the late 1880-ies — early 1890-ies, he realized himself as the statesman and reformer of the late nineteenth century, as one of the largest post-reform government political figures of the Russian Empire. Enormous credibility and positive results of the post of Minister of Finance raised him to the highest governmental level. In 1887, M. Bunge received high state post, he became the Chairman of the Committee of Ministers of Russian Empire. He held this position until 1895, in the period of extremely difficult and adverse conditions of political reaction. He strongly contributed to deepening of economic reforms aimed at the final break with the feudal past, to the civilizational progressive development of society through competitive market business and economic environment creation and deep social reform. In this way, he sought to bring the country to a cohort of economically developed nations.

With the exceptional scholar’s talent, M. Bunge even being in senior government positions did not stop hard intellectual and scientific activities, remaining universal economic scholar and according to contemporaries, “missionary” of European economics, till the end of his life. He devoted himself and his affairs to the progress of society. The act of great civil commitment and patriotism at the end of M. Bunge glorious life was his “testament”, known as “Afterlife Notes”. In the notes Ukrainian scientist outlined a broad program of future society reforms, some of which have not

lost their relevance for modern independent Ukraine: government reforming, administrative reform, local government reform, commercial and industrial law, legal regulation of social and labor relations, etc. In this candid and uncensored work, a great patriot and state founder M. Bunge openly expressed his vision for future civilization development and economic prosperity of Russia. He was the first official, who clearly outlined existing problems and pointed the way to their solution for the highest state official through the letter that was addressed to the emperor. It was strictly confidential and gave the monarch the right to fully use and appropriation of reform ideas. Even after the death of the famous Ukrainian nation representative, M. Bunge sought to serve to high social ideals that he could not fully realize during his life through the resistance of conservative circles.

M. Bunge died outside the country on June 3, 1895, in Tsar Village not far from St. Petersburg. Working away from his native lands, he always wanted to return. Unfortunately, it happened after his death. Under the will, the scholar was buried in the Kiev Baikove cemetery near the grave of his mother. Only after the death of M. Bunge the real extent of his many charitable activities was opened. Under the will, the scholar left his own significant savings to the Kyiv St. Volodymyr University. In 1896 and 1910 the annual award named after M. Bunge for the best work on economic issues and yearly scholarships for poor university students with excellent studies were founded by the University Council on the interest of this amount. Exemplary City College named after M. Bunge was also founded on his funds, which was officially opened in 1904 in Lypky near the house in which M. Bunge lived.

Entering national history as a practicing economist, state liberal activist, M. Bunge left a deep reformist mark on the government policy of the last third of the nineteenth century. His creative intellectual and state reformative activity performed a significant historical mission, laying foundations of the social market economy transformation of the feudal type economy into the competitive business system. As a scientist, he showed his own vision of monetary sphere restructuring, taxation and public finance, public institutions' role in economic life, etc.

The main works of the scientist: "Theory of Credit" (Kyiv, 1852); "Political Economy Foundations" (K., 1870); "Banking Laws and Banking Policy. State Knowledge Collection" (St. Petersburg, 1874); "About the Metal Treatment Recovery in Russia" (K., 1877); "About the Permanent Monetary Unit Reconstruction in Russia" (K., 1878); "State Accounting and Financial Statements in England" (St. Petersburg, 1893); "Research on the Salt Tax Restoration" (1893); "Essays on the Political and Economic Literature" (St. Petersburg, 1895), etc.



DANYLENKO Anatoliy Ivanovych

Фanyienko **Anatoliy Ivanovych** is a Doctor of Economics, Professor, Honored Economist of Ukraine, Corresponding Member of the National Academy of Sciences of Ukraine.

A. Danylenko was born on December 12, 1938 in Kyiv. After finishing school № 9 in Kyiv in 1956 he entered the Financial Faculty of the Kyiv Institute of National Economy named after D. Korotchenko, and graduated it in 1960.

From 1960 to 1967 A. Danylenko worked in Ministry of Finance of Ukraine as an economist, a senior economist, a chief of Department of Financing of Metallurgy and Chemical Industry. In 1967, he was sent to Institute of the Economics of Ukraine, where headed (to 1978) the Department of Finance and Credit, which was firstly created in the system of Scientific Academy of USSR. In 1970 Anatoliy Danylenko defended his thesis for Candidate of Science Degree, in 1986 — hid doctoral thesis in speciality “Finance, turnover and credit” entitled “The financial methods of stimulation of industrial production”. In 1994 A. Danylenko was awarded the title of professor bythe same speciality. In 2006 he became a correspondent member of the National Academy of Sciences of Ukraine in speciality “Finances”.

A. Danylenko belongs to the scientists and economists of Ukraine, whose basic scientific activity direction is the financial and credit regulation of the economy. Since 1969 he has consistently been working on the subjects related to the improvement of financial leverages of economics development.

In the 90s of the 20th century, he published his research on problems of the financial stabilization and overcoming of inflation (1993-1995). Many publications are devoted to the questions of tax politics, correlation of direct and indirect taxes in a transitional period, improvement of income taxes, tax from the profit of citizens and efficiency of tax deductions (1996-2005), currency market, crediting of economy, currency adjusting and problems of financial and monetary politics (2002-2008), to finding out of causes and effects of financial crisis (2008-2009) and others.

The results of scientific investigations have been published in 109 scientific works. Among the last works it's worth to mention a collective monograph (in three volumes) "Financial and monetary levers of economic development", timed to coincide the 90th anniversary of the National Academy of Sciences of Ukraine that was published after scientist's editing at the end of 2008. The theoretical, methodological and practical aspects of forming and realization of financial politics have been examined in this monograph, in particular, forming and using of the financial potential of Ukraine.

In the first volume of "Financial politics and tax leverages of its realization" (2008) A. Danylenko paid considerable attention to the determination of concepts "financial politics" and "country's financial potential". According to his opinion, all present determinations of the term "financial politics" take into account the distributive function of finances. But its productive function must be taken into account during the realization of financial politics of the state. Therefore, the scientist gives more completed interpretation of understanding of the term "financial politics" — "the aggregate of purposeful state measures of forming and effective use of country's financial resources, which contain the resources of its separate regions, sectors of economy, enterprises and households, for providing of stable socio-economic development on the basis of use of corresponding financial and monetary leverages and creation of suitable institutional environment, that promote the realization of this politics".

In this research the author analyses present problems and offers directions of reforming the tax system taking into account world experience. Such items as theoretical basis of fiscal policy forming and principles of effective distribution of budget expenditures are Danylenko's scientific interests. In his writings, he widely covers the issues of balance of revenues and expenditures, problems of local budgets. The special attention is given to the questions of effective debt policy forming.

Within financial globalization the scientist analyses the modern state of financial security of Ukraine that is determined as a constituent part of financial politics. In his view, economic development strategy must contain a clear perspective about the stability of national money, tax regime and structure of budget expenditures.

Among A. Danylenko's scientific interests are the questions of enterprises finance, explanation of their essence and features, determination of priorities in financial politics of enterprises which depend on their financial strength and long-term financial stability. The scientist formulates the methodological approaches to determination of financial stability of enterprises and analyzes current trends of enterprises' financial ratio in

industry of Ukraine. He pays particular attention to determination of factors that stipulate losses of industrial enterprises, to the exposure of the main problems of the financial planning organization and offers measures for its improvement.

Based on the experience of the research methods of crisis financial management and the cost approach to financial management in foreign countries, A. Danylenko justifies the feasibility of introducing improvements in the financial management of enterprises in Ukraine.

During 1986-1992, A. Danylenko worked on the positions of an expert, a deputy representative and a representative of the USSR State Plan in Vietnam. At the same time (since 1990), he was the adviser to the Soviet Embassy in that country. He was awarded a medal of Vietnam for the development of the trade and economic cooperation with Ukraine.

Being on the positions of deputy minister of Ukrainian economics (1993- 1997) and the deputy minister of industrial politics — Chairman of the State Committee for Investment and Clearing of Ukraine (1997-2000), A. Danylenko continued his scientific activity. He headed the Department of Financial and Credit Management of the Institute of Economics of NAS in Ukraine. In May 2000, he returned to work as the Head of the Department of this Institute on the permanent place. Since October 2005, Danylenko was appointed as a deputy director of the state organization “Institute for Economics and Forecasting of NAS of Ukraine.”

In the last decade, A. Danylenko took an active part in the development of a number of actual economic issues. In particular, he was a member of the workgroup on drafting regulations on holding the monetary reform in Ukraine (this work was awarded the Diploma of NBU in 1996), the Concept reform of personal income tax (the draft was reflected in the new law, which is valid from 2004), the main guidelines of the budget policy (budget resolution) in 2005.

A. Danylenko is one of the authors to develop the mechanism reform of enterprises amortization expenses which was realized by the Order of the Cabinet of Ministers of Ukraine in 1995, which contributed to significantly improve the financial condition of the basic branches of economy in Ukraine and indexation of fixed assets in Ukraine.

In 2008 A. Danylenko was awarded a Diploma by the Cabinet of Ministers of Ukraine and the award “For Scientific Achievements” by NAS of Ukraine.

Except the research, A. Danylenko performs scientific, organizational and pedagogical work. Under his leadership, 14 scientists defended candidate and one doctoral dissertation. He is the Head of the specialized scientific council for doctoral and master’s theses of “Institute of Economics and

Forecasting of NAS of Ukraine”, specialty 08. 00. 08. He is a member of the editorial boards of leading professional economic issues “Finance of Ukraine”, “Economy of Ukraine” and “Economy and Forecasting”.

He has been an Advisor of the Minister of Industrial Policy of Ukraine since 2001. He was also a member of the National Bank of Ukraine. Since 2006 he has been a member of the Board of the Ministry of Industrial Policy of Ukraine, and since 2007 he has been a member of the Board of the Ministry of Finance and a member of the Board of the State Property Fund of Ukraine.

The main works of the scientist: “Financial Methods of Stimulation of the Effectiveness of the Industrial Production” (K., 1986); “ Financial and Credit Levers of the Regulation of Economy of Ukraine in the Transitive Period” (editor, author of units, 1998); “Financial and Credit Methods of the State Regulation of the Economy” (editor, writer, K., 2003); “Economic Development of Ukraine: Institutional and Resource Providing” (co-author, K., 2005); “Inflation and Financial Mechanisms of Its Regulation”(editor, writer, K., 2007); “Financial and Monetary Levers of the Economic Development: 3v.” (editor, co-author, 2008).



DESNYTSKYI Semen Yukhymovych

(nearly 1740 – 1789)

Desnytskyi Semen Yukhymovych is a Ukrainian scientist and lawyer, -*-“a father” of Ukrainian jurisprudence and economy, Professor of Moscow University, one of the first Ukrainian and Russian economists, a promoter of a doctrine of a prominent representative of Adam Smith classical school.

The date of birth of the scientist is unknown. It can be suggested that he was born in the family of a priest and according to the tradition he was sent to the Trinity Lavra Seminary to get an education.

The inclination to the secular sciences and outstanding abilities to learn languages questioned the continuing of study in Theological Academy, where a lot of the future scientist's classmates would like to continue studying. Not much is known about his enrolling to one of the gymnasiums which was found on the base of Moscow University. In the “History of Moscow University 1755-1855” (1855) we can find a name of S. Desnytskyi in the lists of students of the first course (1759) who were enrolled into two gymnasiums. His outstanding abilities were revealed completely here and in a year S. Desnytskyi was sent to the Academy of Science in St. Petersburg.

In 1761 after the directing of the Academy of Sciences S. Desnytskyi arrived in Scotland to complete his education studying at the University of Glasgow for six years. During the term in 1762/1763 and the autumn term in 1763/1764 according to Recommendation of the Academy of Sciences, he attended lectures in ethics and jurisprudence, mathematics and medicine, moral philosophy of A. Smith in which the main place was given to the economic problems. Studying at the means of the Academy of Sciences he constantly sent certifications from his professors who highly estimated his scientific achievements.

In Glasgow S. Desnytskyi paid the greatest attention to the study of jurisprudence. After finishing the course in 1765, he received Master's degree in Free Sciences. Having special abilities, he was given some privileges of English citizenship which was considered to be especially

honorable for foreigners. In 1767 having got the title of Doctor in Law, he returned to the Russian Empire.

Travelling abroad and ability to learn the most progressive philosophical and economic doctrines influenced the formation of the young Ukrainian scientist's mind. Especially gifted imprint on the great abilities of the student left A. Smith's lectures that led to self-reflection and development of a new direction in economic thought. S. Desnytskyy began to study actively the works that launched the birth of the historical trend in the study of law, and he became the first brave representative in Russia of the unformed direction of that time. Before that in Moscow University and other educational institutions, where the jurisprudence was teaching, everything was based on the law of nature "which was written with a finger of God in each heart". Puffendorf and Wolf dominated everywhere. Having been educated on their abstract thoughts which were baseless and far away from reality, S. Desnytskyy got rid of them when he was living in England.

Having returned from Glasgow (1767), a young scientist asked a permission to pass an exam as he wanted to give lectures in Moscow University. University scientific elite met S. Desnytskyy with suspicion as they didn't hope to reveal special knowledge because they considered him to be very strange studying abroad such a mix of the subjects. According to the insistence of the University's tutor, a young scientist was let to pass the exam. The first exam was in law. Questions for the examination for S. Desnytskyy were sent from the Senate in Latin and Russian. The Commission highly estimated his speaking Latin fluently.

In some days, the young scientist gave the first lecture on the proposed theme "De praescriptionibus" which got the appreciation of professors Dilthey and Langer.

During 1768-1787 he was teaching Rome Law in Moscow University and then Russian jurisprudence. He had been a member of Russian Academy of Sciences since 1783.

During the period of S. Desnytskyy's activity, professors of the University hadn't opportunity to express their points of view or had lessons using their own systems. Restriction and severe control had been from the Senate. Everyone had to follow the instructions and appropriate resolutions and to use only provided books. Therefore to show independence in looks it was uneasy. The less gifted professorship clearly submitted to the force of circumstances. However, S. Desnytskyy, that already felt the sprouts of democracy in Europe, could not bear with it. All his creative inheritance testified that he was distant from adhering of withstanding forms.

The young scientist highly valued his teacher A. Smith, and became his pupil later. He was one of the first disciples of Smith's ideas in all Russian empire.

Having original views on subjects, Desnytskyy opposed the abstract theory of law that has no value from the point of view of its practical use. In his opinion, science should help facilitate and accelerate natural processes of social life. But it could not achieve this goal only through the study of life today and in the past. The scientist proved that successful mastering of jurisprudence science is impossible without studying of philosophy, economy, logic, mathematics etc. Only fundamental learning of these objects allows students "to practice with such aspects that others cannot admit at all". For practical acquaintance with trials in the university, S. Desnytskyy offered to open the department of practice near the department of theory. This idea about the necessity of practical classes for students was later realized.

The basic scientific S. Desnytskyy's achievements belong to the sphere of sociology and law. His purpose was to set people's interest to study law, and it came true. The scientist pioneered the science of law in the Russian empire. However, S. Desnytskyy was interested in other aspects of public life. All of them are represented in public lectures and the draft reform of the legal basis of the Russian empire which was presented to Catherine II of Russia entitled "Submission to establish legislative, judicial and penal authorities in the Russian empire" (1768). Central place in the scientific heritage belongs to S. Desnitsky research of institutional aspects of the property. He examined the various aspects of the property, its genesis, genetics, national features, and functions on the different stages of civilization development, beginning from the most primitive economic forms. According to him, the owner values his estate, fearing that it might not have been captured by violence or deceit. He saw the source of richness in the rational use of money. Even an empire can be extended and strengthened not only by the armed force but also by well-adjusted trade. "Commerce will make stronger and unite people rather than any other things, — marked S. Desnytskyy. — Undeniable proof of that is the whole Europe. The winner cannot occupy the whole state or ruin it, because other states, being interconnected by trade, will protest against the invaders before a declaration of war."

The scientist observed commerce, the reliable organization of banks and monetary affairs as the essential factors of improvement of citizens' welfare. Banks serve as the basis of the development and trade business. They execute one of the oldest functions—the function of mediation in credit. In fact, banks appeared as a result of specialization of this function. That's why

money changers and middle-men quite often transformed into bankers. Banks liquidate numerous barriers that arise between creditors and borrowers. And the important role is played by laws then.

The problem of value is investigated by S. Desnytskyy in the context of absolute law and organically intertwined in his evolutionary theory of community development. The theory of “natural jurisprudence” was outlined in S. Desnytskyy’s speech in April 21st, 1781. It was published under the title “The legal reflections on the notion that people have the property estates in various sectors of cohabitation” (1781). Due to the four-stage division, he represented community development as the successive change of four stages named states: 1) existence by catching beasts and gathering; 2) cattle breeding; 3) farming; 4) commerce. Possession and property are basic public institutes that mediate the influence of changeable forms of the economy on community development. The change of managing forms in the process of civilization development causes the change of forms of possession and property. An evolutionary theory must be the basis for the analysis of the political system of people and their achievements in the field of science and art.

Thus, S. Desnytskyy introduced the basic ideas of the evolutionary theory of J. Schumpeter. He noted that the evolutionary approach will realize sufficiently the objective, natural and historical approaches to the development of all components of society. The Ukrainian scientist closely linked the origin and development of the institution of property with the development of economic conditions of life in civilized society.

S. Desnytskyy regarded private property as a many-sided economic and legal concept through the prism of the use, alienation and legal state of things. The scientist considered labor as a value of the created products and the source of origin of the public institution of property. “Property, -the scientist said, — of the best understanding of the present most well-educated people contains:!) the right to use a thing in one’s own willing; 2) the right to return the thing from somebody, who owns it illegally; 3) the right to alienate the thing to those you want in life or after death.”

The scientist’s views toward a priority of the private property were forming under the influence of the development and the activation of commodity production, it was a reflection of life in Great Britain. S. Desnytskyy indicated that in the commercial stage the law of the property “gets an incomparable power: a) from the ownership of the different new property; b) it increases due to multiplication of educational customs; c) from the thorough understanding of the total benefit, that comes from approval of the property”. The latter has success everywhere, but especially “acts on the commercial stage”.

Such conclusion S. Desnytskyy made on the basis of in-depth analysis of the way of people's life from primitive forms of nomadic existence to the latest — “commercial”. The scientist examined how people may treat to things in different conditions. According to him, the concept of ownership consisted of the amount of labor spent on the production of things. Thus, the institution of the property was set since that time, when people started to engage in farming and moved from the nomadic style of life to settled lifestyle.

S. Desnytskyy predicted a lot in other sciences. His name isn't among lines of others only because of its Ukrainian, not the foreign origin. Hardly anyone would deny his contribution to the creation of the Law Faculty of Moscow University. He developed and implemented a training program for future professionals and students who were first listeners and were involved in the faculty, where S. Desnytskyy began to teach economic sciences. So some economic problems of the development of civilization can be found in his works. Specifically, the 4th addition to “The legal reflections on the notion that people have the property estates in various sectors of cohabitation” was the project of the financial system reforming in the Russian Empire.

S. Desnytskyy divided all state finances into two main parts: 1) government expends, and 2) state revenues. Since the state hosts if necessary, it needs funds to cover its costs. The household in the state's hands is only an aid for the implementation its public purposes. Therefore, the state does not seek to obtain the greatest income to achieve major benefits, but it needs such income that could cover existing expends. The state never tries to collect more money than it needs in this period. In other words, the original line in the public sector is expends, that the revenues adapted to.

S. Desnytskyy offers a monarch to decide on state spending at first “to install its income according to the charges”. He outlines four main groups of public spending: 1) the maintenance of the monarch and his court; 2) the maintenance of internal order in the state (police, courts, etc.); 3) expenditures for the benefit of society (building cities, roads, canals, institutions of science and education); 4) protection from external threat (army, construction of fortresses, creating reserves).

S. Desnytskyy focused on such feature of the state economy as forcing authorities. On this basis, it has the option to require various donations from citizens -both material and intangible. The state may force its subordinates to give more or less of their income and property in favor of the state economy. The state may also require from its subordinates more victims of such performing military service, i. e. it considers to be possible to take from them the most precious thing for a person — his life and health if this is

necessary for the state. The state can force any economy to give money without any compensation (or equivalent). It has the right to establish compulsory fees in taxes, fees and state monopolies. These charges state are called “extra-economic coercion.” Consequently, as S. Desnytskyy defined, the state economy has a forced character. This follows from the coercive power of the state rule. However, to ensure filling the state treasury, S. Desnytskyy proposes to determine the “objects” of taxation; to ensure easy taxes for the people; to reduce losses during their collection; to achieve reality in tax revenues; to subordinate all branches of finance under single leadership in order to make their economic calculations on the long term.

In general, the Ukrainian scientist proved dependence of the state economy on the national economy. The state economy is not something independent. In fact, it is a part of the national economy. Being a part of the national economy, the state economy is dependent on it. The structure or nature of the national economy determines the structure of the financial sector. Thus, in the era of natural economic development, the financial sector has a natural character. During that period of time, all products produced by the economy of a natural character remain in that economy and they are directly used in that economy. These products are not bartered and are not sold for money. Therefore, a state which had its own economy was forced to limit getting products from its own households, i. e. from state land holdings where the dependent peasants worked, or it took from the dependent a part of their products in natural form. That was the type of the financial state sector of the first half of the Middle Ages.

The economy of the monarch, which was associated with the economy of the state, differed from the feudal and village economies only by its larger size. The king had a large number of estates, in which peasants worked. All income from these estates came to the king in the form of bread, butter, meat from livestock and poultry, wine and other products from agriculture and was stored in barns and warehouses. The king, his court, and his servants lived from these products. During the development of bartering and the emergence of trade, money was introduced. Money became the basis of collapse of the natural economy. Consequently, the state economy began to express elements of the money system. The state tried to collect fees, where possible, in the form of money. Therefore, the natural social structure of the financial sector of that period created layers of monetary nature.

During the period of money circulation, the monetary system penetrates all the parts of the national economy, causing the financial sector to develop a monetary nature. That means that all fees and revenues collected for the state treasury become monetary while natural collection becomes history.

The structure of the financial sector will depend on the distribution of the national income which is occurring in the society. Similarly, the state will have to collect the income of its citizens. It is clear that the nature of income determines the nature of state funds. Industrial taxes, customs taxes and trade agreement taxes are the results of civilization development. State economy, as S. Desnytskyy proved, uses these changes by taxing the increase of valuables.

In his works the scientist identifies such important social objects of taxation as 1) people, 2) property, 3) domestic products, used by the people (salt, wine, tobacco); 4) imported and exported goods; 5) acts (petitions, mortgages, etc.). In his view, direct taxation is forced, and, therefore, has to be moderate not to oppress the people and agriculture. Taxing the property, its structure should be taken into account. Land, for example, needs to be taxed moderately. Other property, depending on its size or amount should be progressively taxed. To ensure that there is no great burden for the majority of the taxpayers, it is recommended to avoid monopolies and various kinds of internal taxes which are not helpful to the development of production and overall wealth of the country. During taxation it is important to compare tax revenues and the cost of tax collection; clearly identify the object of taxation; take into account regional differences. As for the tax on goods, S. Desnytskyy proposed that the seller (not the buyer) paid the tax on goods; otherwise, there would be huge negative consequences.

The Ukrainian scientist believed that the development of farming and trade makes people secured for paying taxes. This indicates his tendency to separate ideas of Physiocrats according to whom in the proper place there is agriculture and trade. Constantly reproducible wealth of rural households, according to S. Desnytskyy, is the basis of the stable economy, as well as promotes trade, the welfare of citizens, moves on the industry and supports the prosperity of the nation. This is consistent with Ukrainian mentality, and S. Desnytskyy came out of the people that with great sacrifice belonged to farming.

Being far away from his native lands, the scientist saw social injustice in the center's treatment towards his native land. Therefore, in his works he denounced national oppression, was against the enslavement of Ukrainian villagers. S. Desnytskyy remarked: "By avoiding any violence, it is possible to encourage Cossack troops to develop agriculture because it is worth seeing cultivated fertile lands than undisturbed ones".

S. Desnytskyy's scientific activity lasted for 20 years. In 1787, he became ill, left the department and soon (June 15th, 1789) he died. All of his scientific inheritance is his speeches delivered in 1819. First of all, they are "A word about the direct and the nearest way to study jurisprudence.

Announced on June 30, 1768”; “Legal reflections on the benefits of knowledge of national legislative art and the necessary renewal of it in public schools, April 22, 1778”; “Legal thoughts about various concepts that people have about the property estates in various states of public life, April 21, 1781, ” and others.

The main works of the scientist: “A word about the direct and nearest way to study jurisprudence” (1768); “Legal reflection on the benefits of knowledge of national legislative and the necessary renewal of it in public schools” (1778); “Legal thoughts about various concepts that people have about the property estates in various states of public life” (1781); Legal reflection about the beginning and the origin of marriage” (1774); “A word on the causes of death penalties in criminal matters” (1770); “Legal reasoning about sacred and other things” (1772), and others.

FEDOROVYCH

Lev Vasylyovych

(1854 – death year
unknown)

Fedorovych Lev Vasylyovych is the Ukrainian economist, statistician and financier.

The state officials did everything to forget his name like the names of many other scientists and withdraw it completely from the scientific literature. This fact explained a lack of information about his childhood. According to the memories of his colleagues, Lev Fedorovych graduated successfully from the St. Petersburg University, and then he was invited to teach there.

At the Moscow University he defended his Master's thesis "Dwellings for the workers" in 1881. In his research he substantiated the need of governmental intervention to mitigate the class antagonism.

Being a patriot of his native country, the scientist returned to Ukraine. In April, 1884 he was appointed as Associate Professor of Political Economy in (the Novorossiisk (Odessa) University. Having received University grants Lev Fedorovych continued his education abroad and in 1888 after coming back to Ukraine he submitted his doctoral thesis "The Theory of Money and Credit Circulation. " He defended it at the Kyiv University of St. Vladimir. The novelty of the scientific approach and the profoundness of his study impressed the Academic Board of the University deeply. Lev Fedorovych was invited to work at the University.

Having accepted an offer of the Academic Board in May, 1888, Lev Fedorovych was appointed a Professor of Political Economy and Statistics. He had been conducting his scientific activity till 1895 cooperating closely with the Novorossiysk (Odessa) University, where he published his main works.

His work "Theory of Political Economy "(1901) is particularly important for financial thought of Ukraine. He developed methodological principles of the theoretical studies of Economy. The needs and problems of the people were the issues of his investigation . Needs were caused by human dependence on the environment and were expressed in "insufficiency combined with the desire to receive more. "

Lev Fedorovych supported the economists that considered the development of needs as the source of progress, and at the same time emphasized that the needs had to be satisfied correspondingly. The basis for

needs' satisfaction was economic activity. The combination of certain types of this activity formed the public sector, development of which was promoted by monetary economy. Achieving of harmonization of interests in economic activity was possible due to the process of exchanging where money was a mediator. Therefore, Lev Fedorovych considered the economic activity in the context of relationships of the real and monetary sectors of economy. According to his views, there were restrictions in terms of the use of causal and functional relationships formalization in the science of Economics due to the simplified and unambiguous mathematical interpretation of reality: "Mathematics deals with the same and fixed units, but social phenomena are diverse and changeable. In addition they are too complicated to be comprised by mathematical formulas. "

Lev Fedorovych studied the monetary and credit circulation in the context of the science of Finance. It was shown in his work "The Theory of Money and Credit Circulation" (1888). His work consisted of three parts devoted to the issues of nature, essence and value of money, identification of the monetary circulation regularities and the issue of monetary circulation development. The first part of his work dealt with the issue of monetary circulation, the second — with the credit and the third one dealt with the issue of paper money circulation.

At the beginning of his work L. Fedorovych considered the theory of value. Having examined thoroughly a number of popular theories and views, the author made a conclusion: "...value comprises the concept of comparison, measurement and evaluation. The basis of this evaluation for goods manufactured under the conditions of free competition is labour; for the monopoly goods — rareness and limitation of their number. "Such approach to the definition of value pointed to the overcoming of monistic interpretation of value by Ukrainian scientists. Lev Fedorovych admitted that value was created not only due to the influence of production but also rareness, supply and demand. It was the achievement of Ukrainian scientists in the financial and economic thought promoted the development of the new synthetic theory of value.

Lev Fedorovych considered the nature of money in accordance with the Classical concept of the commodity. In his work, mentioned above, he admitted: "Despite the fact that labour is the best measure of value, this measure is useless in case of overcoming the practical difficulties of direct exchange. Thus, a mediator of exchange appeared in the economic process which at the same time was a measure of value, i. e. money. In his comprehension of a concept of money, the scientist was ahead of his predecessors that defined money only as a means of circulation ("a great wheel of circulation"). According to L. Fedorovych money performed two important functions in a holistic and interconnected public sector: firstly, it

was an exchange equivalent providing mediation and a means of circulation, and secondly — a practical measure of the goods' value which was being estimated in the circulation. These important social functions of money in the economic process imposed a set of requirements to monetary material. The Ukrainian scientist revealed the nature of the exchange mediator as commodity, usability of which was considered as its ability of exchanging 1 or other manufactured goods (it was desirable for all the things of economic relationships, physically and economically divisible, durable, easy to use, etc.). Being an exchange mediator, money could be considered on the one hand, a purchasing means, and on the other — a means of payment.

In his book "Theory of monetary circulation and credit" Lev Fedorovych critically considered the interpretation of money as a debt obligation or pledge by the representatives of the classical school and their followers, including Adam Smith, F. Bastia, A. Wagner. The Ukrainian scientist M. Bunge shared and worked out the same ideas. Lev Fedorovych showed his uniqueness and maturity in understanding the monetary economy proving that the identification of money and credit did not make sense: "On the one hand, the loan commitment gives the right to require only a certain amount of money, but not all the values to the choice of the lender; on the other — the owner of the money does not have the legal right to force anyone to sell him a desired thing. " He paid attention to the fact that money as an exchange mediator performed the function of a means of payment i. e. a means that released from debt obligations.

Lev Fedorovych conducted thorough critical analysis of the monetary theory of Karl Marx. He did not accept Marx's distinction between the real money as a means of circulation and ideal as a measure of value: "The economic life has to do with certain, real phenomena, but not with the abstract ideal concepts. Generally such thing as "abstract value", "ideal measure" etc. show only marginal abstraction taken out of the reality. The basic economic measure is value and it is ultimately, directly or indirectly used to meet human needs; therefore the value as a material thing makes sense only from the point of view of a human's possession of it. "

At the time of creative activity of Lev Fedorovych, economic science did not develop generally accepted theory of the value of money. There were many concepts and single statements of various authors that Lev Fedorovych summarized and analyzed critically. However, unlike his predecessors, the Ukrainian scientist realized that the issue of the money value was a separate scientific problem.

Despite the recognition of certain reputable conceptions like T. Tuk's idea about denial of the independent factors of the money value by some Ukrainian economists, Lev Fedorovych rejected them, considering that the

general price level was determined by entirely other factors than the prices of individual products and the price ratio.

The Ukrainian scientist criticized the works of A. Sheffle, A. Wagner and other foreign economists. In his opinion they confused economic and legal concepts citing the doctrine postulates of cameralism. Lev Fedorovych did not recognize the rationalist conception of the origin of money, based on the nature of money as a result of public agreement and governmental decisions of determination of its value. The classical school was against this concept, as its members started an evolutionary concept, according to which, the money appeared despite of the will of people as a result of continuous development of the exchange process, when a special product was singled out of the large commodity world and served as money. However, the ideas of the rationalist conception, originated from the ancient Greece (Aristotle), stood the test of time.

Lev Fedorovych was one of the first Ukrainian scientists who distinguished the economic and legal spheres in money circulation. He said: "Money itself is a payment means without any legislative regulations. Sanction of the Law is only a matter of convenience. If the law is not limited by sanctions of existing relationships, it establishes new ones that do not derive from the nature of things, and as a result abnormal phenomena appear in the public sector. "

Considering the inner value of money, i. e. whether metal money had value in itself, or it was only a sign, a name for values, Lev Fedorovych admitted that this issue had been actually resolved. However, the recognition of current, inner value of money did not resolve the dispute between those who determined the value of money due to the costs of its production, and those who considered a certain amount of money to be such a factor.

Ukrainian economists that supported the quantity theory also considered these discrepancies. However, unlike western supporters of this theory not all of the Ukrainian economists recognized the quantity of money as the only factor of its value. L. Fedorovuch was among them. He pointed to the other factors of the value of metal money in addition to the value of the metal: influence of the legislation, frazzling of coins, the cost of mintage.

On the basis of his research, he concluded: "The price of coins can deviate significantly from the price of the metal from which it is made, moreover, coins are accepted due to the weight of pure metal which they contain, in the international exchange . There is a close relationship between money market and metal market, as each exceeding of the defined limits caused coins fusing or metal minting which is available in other form. Therefore, the question of whether the coin real value equals to its nominal price, can hardly cause any doubt. " At the same time, the scientist pointed

out that the subject of the dispute was the problem of determining of the theoretical value of the metal, which served as money. Some researchers considered value in connection with the law of supply and demand i. e whether the value depended on quantity or it was determined by the costs of production.

Lev Fedorovych clarified his position on this issue. He suggested that when supply was increased without any limits, the value of each manufactured product was eventually determined by the material and physical costs of its manufacturing. If the increase in manufacturing of this product was possible in case of a disproportionate increase of production costs, the production costs would be taken into account under even the most unfavorable conditions (it concerns only agricultural products). The law could be implemented only in terms of the balance between the supply and demand, and the economic activity in its development strived for the restoring of this balance in a case it was broken. According to the scientist precious metal was not an exception.

In the harmonious coexistence of real and monetary sector the quantity demanded for money was equal the quantity of all products supplied for sale. These relationships had a reverse side. Thus the quantity for money supplied was determined by the entire quantity of money for goods purchasing.

Thus, according to the Ukrainian scientist and economist, the relationships between the quantity of money and its impact on prices was evident. "The greater amount of goods are exchanged for a given amount of money, the higher is its value or the lower are prices for goods and vice versa. The law can be formulated as: the value of money is inversely proportional to the price of goods. "

The Ukrainian scientist pointed to the fact that adaptation of supply for precious metals to the changes of demand was much slower in comparison with other manufactured goods in the market.

Lev Fedorovych did not take for granted the basic ideas of the classical theory of money, he clarified and developed them. He considered that it was impossible to deny the influence of money on the prices of goods, but at the same time it could not be said that the number of them was directly proportional to the value of money or that it was inversely proportional. Lev Fedorovych pointed to the relationships of the value of money with the real sector of economy.

According to the scientist, the amount of money needed for national economy, depends on the level of economic development, the speed of the exchange mediators circulation, the development of the credit system. Even in the same country, this amount varies at different times due to the periods of recovery and stagnation of industry and commerce.

In his study, revealing the problem of the value of money Lev Fedorovych, like his predecessor A. Antonovych, used economic concept of labour performed by full-bodied paper money to transfer values. Coherency of scientists' views were confirmed by Lev Fedorovych's using of the data presented in the work of A. Antonovych "Theory of paper monetary circulation and the state credit bills"(1 883) in order to illustrate and analyze fluctuations depending on the season.

On the basis of conducted analysis the scientist concluded that the maximum of the monetary circulation needed for the country or locality could be estimated by the highest amount of payments that had to be carried out simultaneously in a certain period of time. Lev Fedorovych showed the practical value of such statistics for the effective functioning of banking business and determined the nature of fluctuations in demand, analyzed the causes and nature of such fluctuations.

Economic development in general tended to the undulatory process depending on the market conditions. Such market fluctuations, according to the scientist, made it impossible to establish absolute correspondence between the quantity of goods produced and the quantity of money in circulation. This correspondence in market economy could be relevant and dynamic only as a general trend. The original approach to the subject was shown by Lev Fedorovych who considered two possibilities: firstly, recurring changes in total demand were caused by the economic process; secondly, the real sector of economy did not exclude the sudden increase in demand for money, which was of extraordinary nature. Therefore, in the monetary policy depending on the nature of fluctuations, appropriate measures had to be taken. Thus, the Ukrainian scientist emphasized the important role of the State in monetary regulation.

Unlike the followers of the classical school, Lev Fedorovych considered that governmental intervention in money circulation was necessary. At the time when the ideas of liberal economy had been recognized by the majority of scientists, the most of the economists advocated laissez-faire. The idea of metallic circulation was based on the postulate of sufficiency of such circulation. The Ukrainian scientist arrived at the conclusion about the necessity of active government policy in the sphere of finance owing to the study of the experience and practice of the system of paper money circulation. He also argued for the state regulation of money circulation. This showed that Lev Fedorovych even within the metallistic conception tended to monetarism, the theoretical principles of which started to develop.

Distribution of banknotes as a developed form of credit money in the late 19th century attracted the attention of economists and finance practitioners to credit development as an important component of market economy. A new stage

in the development of monetary circulation was associated primarily with the displacement of metal by credit money and emergence of the state and private commercial banks, the use of the state paper money and banknotes. Gradually professional bankers changed jewelers, large merchants and money exchangers. The banker was obliged to accept deposits, to use money for making profits and to share profits with the investors. Thus, the interests on the loan appeared that constrained a flow of money into the banks.

Credit was similar to a wheel in business. Research of credit circulation was conducted by Lev Fedorovych on the principles described in the general monetary evolutionary theory. The emergence and development of credit relations the scientist connected with the evolution of production and exchange. However, if the emergence of money signified to the end of barter operations and transition to commodity money exchange, the development of credit made it possible for banks to increase or decrease the total quantity of money supplied for the economy. It was impossible in a case when banks issued notes and deposits, the number of which was relevant to the amount of gold that remained in the bank. Therefore, credit commitments did not have a separate, inner value, their value was a derivative. Lev Fedorovych gave a definition for the term "credit": "Credit is a kind of exchange in which mutual transference of values is disconnected in time. "

Definitions involving ethical categories were offered in works of the famous national and foreign economists. In particular, the famous Ukrainian economist M. Bunge defined "credit" according to the views of Sociological school as "a kind of exchange, when value or service is transmitted to faith for a future reward. " This economic category was considered by him as relationships on the basis of mutual benefits and compensation.

Definition made by Lev Fedorovych was based mostly on the principles of Economics. It did not include the concepts of trust, duty, etc. as they were beyond the scope of economic research. The scientist examined the economic category of "credit" as relationships based on mutual benefits and compensation. In these terms, the government's policy on coercive crediting of the state by the citizens by issuing the state credit bills could not be considered crediting within the meaning of this word. The Ukrainian scientist wrote: "It is impossible to identify coercive relationships as voluntary ones, even in the sphere of credit. The effects of voluntary loan agreements are generally beneficial for the social economy: their values are transferred to the people who can see their more productive use. However consequences of coercive loans are always harmful. "

Analyzing thoroughly the market monetary national economy and the conditions of the money market, Lev Fedorovych pointed to the possibility of money substitution by the credit. At the same time he opposed the identification

of the concepts “credit” and “capital” (credit replaces value and capital creates it). Concerning the problem of the exchanging money for credit, he wrote: “Under certain conditions replacement of values can be performed easier with the help of credit than with the help of precious metal. Thus, in practice, in many cases, credit replaces money as a means of exchange, so the amount of the latter, which is necessary for circulation of goods in a country or area, is reduced. “

To find out in what way the credit could promote the saving of money, the Ukrainian scientist studied various forms of credit. An original credit bill as a permanent bank bill, that was paid due to the request by gold (silver), was the most convenient and the most common form of debt obligations. They were issued in raised bills and were used only for commercial payments by people. Banknotes were universal unlike the bills of exchange and checks; they were specially assigned to be a means of circulation equal to a coin. At the same time it is impossible to equal a banknote and full-bodied money.

Banknotes changed with the development of market conditions: gradually the state began to control their emission. Fundamental and important stage of this evolution was the state announcement of the bank’s credit bills to be the legal payment means, and they were issued in comparatively small denominations. Lev Fedorovych saw their difference from full-bodied money in the absence of their inner value, as bills represented only a value, debt and cash substitutes. The scientist said: “ In ordinary banking, the banknotes replace the metallic money with great convenience; but in a crisis and panic when trust is broken, the difference between money and credit obligations appears rapidly. “ Despite this difference, the bills came into all areas of monetary circulation and in the 19th century became the state form of monetary circulation. The scope of full-bodied money circulation began to narrow.

Another important issue of the scientist’s research dealt with the revealing of money influence on the price. In this connection Lev Fedorovych critically analysed the basic conceptions of representatives of metallistic (supporters of bimetallism and monometallism) and bank schools on this issue and drew a conclusion: “Credit can influence on prices as far as it replaces money in circulation and correspondingly as far as it promotes the reduction of its quantity. Credit can promote reduction of the quantity of money under the conditions: firstly, due to the change of one obligation into another, and credit bills are the most suitable for this as they have the highest circulating power and, secondly, due to the recognition of mutual obligations.” Thus, the commodity market impact on prices can be exercised only by the monetary tool that can be used for payments for several times.

Lev Fedorovych emphasized that the origin of credit money unlike paper one, that appeared due to the needs of the State, was connected with the

development of credit operations and banking. The creation and national development of the latter increased the importance and role of banknotes in die circulation. But in this case according to the scientist, there was an important problem of the correlation of quantity of banknotes. Obviously, as it was proved by the scientist, the amount of banknotes in circulation was determined by the real possibilities of the economy and the opportunities to cover them. The Ukrainian scientist distinguished two extreme forms of paper money according to their convertibility — credit money and banknotes. Banknotes had an important feature typical for the state paper money, and likewise any other debt obligations provided mandatory debt repayment, i. e. free exchange for coins. But unconvertible paper money, the origin of which was related to the development of economy, was issued by a government as a means of expenditures covering and consequently it did not provide any payment. Thus, the amount of paper money was limited by its possibilities to exchange for coins. Emission of paper money depended on the requirements of commodity and money circulation. The amount of banknotes (the unconvertible paper money) issued by a government was determined due to the financial requirements of the state for additional financial resources and was not protected against tyranny. Though they had something in common — they had a legal payment power and a fixed exchange rate.

L. Fedorovych analyzed critically credit agreements differentiation into voluntary and coercive ones, offered by A. Wagner and widely spread in economic literature. L. Fedorovych said: “Paper money being a special form of the government loan obligation, usually appears as a result of state operations in contrast to banknotes being the result of private credit relations.”

The Ukrainian scientist considered paper money in circulation to be a special form of coercive loans provided by totally or partially fixed exchange rate. Being a legal means of payment it was accepted by everybody at a nominal price providing in such a way its circulation.

Circulating and providing of the the real sector of economy vital functions, paper money had also a real value. The basis of paper money value, in opinion of Lev Fedorovych, was, firstly, its usability as a means of exchange, and secondly, its rareness that was predefined by the government monopoly for issuing. In the monetary market the maximum of paper money value, as the scientist observed, was its metallic price but it did not have the lowest limit, it could be even equal to zero. Thus, in the real sector of economy the most important factor of depreciation of paper money in the monetary market was its excessive emission which caused imbalance of demand for money and supply for commodity. As a result the law of money circulation was violated and inflation began.

Lev Fedorovych analysed detrimental effects of money depreciation for: distribution (creditor's loss of property and casual enrichment of a debtor), consumption (decrease of the real income as a result of decreasing of purchasing money power, impoverishment of the poorer strata of population) and money circulation (disorder of credit and violation of principle of exchange equivalence). However a producer was affected more. Thus, the scientist paid a special attention to detrimental effects of inconvertibility and depreciation of paper money on production: uncertainty and instability arising from currency fluctuation; stagnation in industry and trade; total costliness and speculation.

Lev Fedorovych emphasized the effects of paper money circulation in the field of finance where it was originated from. He said: "Dispute about increasing and decreasing of profits, expenditures of the Treasury due to the depreciation of money, seems useless to us in terms of financial economy where profits are compatible with expenditures, but not vice versa. In addition, government can increase taxes. In any case the direct income of the Treasury was the amount of money received as a result of issuing paper money. Each of the money issuings, and each decrease of paper money value caused the reduction of this amount. " Thus, the effects of influence of the additional paper money issuings on the Treasury could be revealed indirectly: firstly, tax ability of population reduced; secondly, it is impossible to balance the state budget since there is no way to determine the value of its components in advance; thirdly, the credits are not trusted and this can influence on the future operations with the government loans.

Being a follower of the sociological school, Lev Fedorovych paid great attention to the social and moral aspects in his researches. According to his opinion, depreciation of paper money resulted in bankruptcy of creditors that accumulated the capital by the labour and entrepreneurship. However, borrowers-losers and spenders were in favourable conditions. The scientist emphasized that the income originated from the issuing of paper money did not correspond to the principles of the levy of taxes defined by the founder of the classical school Adam Smith. These principles are still relevant today. Decrease of money real value reduced the purchasing power of paper money that worsened the position of the poor people causing their impoverishment, while richer strata of population made profit on inflation. Showing the absolute comprehension of paper money value for the development of economy, a scientist examined it as a factor of moral decline of society, thus its circulation, and especially fluctuations in value promoted the loss of the labour income and capital accumulation! due to the speculation and dishonest business.

These moral aspects influenced on his point of view as a follower of the metallic monetary system in which the value or purchasing power of the

monetary unit was equal to the amount of a certain metal or a group of metal. Lev Fedorovych analyzed different ways of metal circulation restoring: recognition of national bankruptcy; devaluation of paper money i. e. recognition of partial bankruptcy and reduction of the value of paper money; restoring of currency i. e. raising the value of paper money to nominal prices and making its value equal to a coin. The choice of specific methods in each country depended on the governmental actions in terms of emission for covering the unproductive expenditures and according to this — on the degree of depreciation of paper money.

All the methods proposed by the Ukrainian scientist included losses, but he was convinced that these losses could be considered the lesser evil than supporting the inflationary paper money circulation. These opinions of Lev Fedorovych are still relevant nowadays in terms of providing the stability of national banknotes.

In his historical overview of the development of paper money circulation and the attempts of its regulation (increasing the value of currency and turning to the to metal) Lev Fedorovych wrote: “The history of paper money circulation is a series of constantly repeated attempts to recover the currency failed as a result of new Treasury’s difficulties. Paper money increased significantly a number of circulation means and due to its inconvertibility impeded the recovering of metal currency.” It showed his comprehension of the importance of transition to paper money, the feasibility of using money substitutes.

Lev Fedorovych also paid great attention to the necessity of changes in the development of the industrial capitalism in the late 19th century in Ukraine resulted into its gradual transformation to monopoly. This objective process was a natural result of the development of the national capitalist relations. These transformations in Ukraine did not differ from the similar processes in the developed countries of Western Europe and the USA. But being one of the most actual issues of economic life, they attracted attention of the representatives of the economic science.

D. Pikhno was among the first scientists that tried to clarify the nature of monopolies in the Ukrainian economic thought. The research work of V. Zheleznov devoted to this issue was also distinctive and significant. L. Fedorovych was also actively involved in these discussions. He presented his own monopoly classification as a result of studying the economic nature of capitalist monopolies.

Lev Fedorovych classified monopolies into types according to their characteristic features. He distinguished absolute and relative (incomplete) monopolies due to the degree of the industry monopolization. According to the methods of organization, he distinguished natural and artificial monopolies. This approach prevailed in Ukrainian economic literature.

Wider approach was typical for D. Pikhno, who distinguished the following types of monopolies: “1) legal and factual; 2) absolute and limited; 3) permanent and temporary; 4) total and local; 5) monopoly of production, consumption...”

The Ukrainian scientist conducted thorough analysis of changes in the functioning of the market mechanism caused by the emergence of monopolies. He drew a conclusion that syndicates and trusts influenced on all spheres of social life. Lev Fedorovych considered this impact as negative one for the development of social and economic structure of the market economy. It should be noted that this was the opinion of the majority of Ukrainian scientists researching this issue during the period of monopolies formation, since the beginning of their development in 1880s and till the economic crisis of 1900-1903.

Analyzing the nature of joint-stock company forms, Lev Fedorovych showed their advantages. In his opinion, owing to these advantages more and more workers became “co-owners” of this form of enterprise. “Limited responsibility for a small amount of shares gives poor people the opportunity to participate in large and profitable enterprises.” M. Tugan-Baranovskyi, N. Sobolev and other Ukrainian economists and scientist of that time shared these views.

In the period of active scientific research of Lev Fedorovych, the scientists focused their attention on the problems of the development of free competition, comparison of monopolistic and competitive forms of production organization and their impact on the price formation. Lev Fedorovych analyzed not only the experience of market relations development in Western Europe, but the peculiarities of the national market genesis, market behavior of the domestic consumer and price formation specifics in a competitive and monopolistic market.

The Ukrainian scientist supported the statement according to which a process of price formation was significantly influenced by both market institutions: the monopolies and competition. Thus, he paid great attention to the study of the economic nature of each of the factors.

He considered competition as an important factor causing to apply all the entrepreneurship skills and the economic activity of individuals. Effective economic development was possible due to the competition as well as the harmonization of social interests with individual ones.

Referring to the well-known concept of Adam Smith, L. Fedorovych observed that competition did not allow the producers to direct their labor and capital to the production of unnecessary goods or sell their products to consumers at a price which wasn't more than the costs of production; competition superseded the entrepreneurs out of the market that were not

able to use the best available tools and means of production at this time. Among the negative effects of competitive relations the scientist pointed out to the problem of unequal relations of the representatives of great capital and small entrepreneurs and the possibility of reducing product quality. These effects were caused by the will to reduce the costs of production in the process of competition.

So, among the most important theoretical achievements of Lev Fedorovych was his interpretation of value. The scientist considered that it was formed not under the influence of the costs of production but also under the influence of its rariness, supply and demand. It was an important stage in the development of a new theory of value. Lev Fedorovych was among those scientists that opposed a simplified interpretation of the quantity theory of money. He determined factors that affected the quantity of money and its value (credit, speed of money circulation and credit tools).

The Ukrainian scientist pointed to the market fluctuations as a factor that did not allow to establish an absolute correspondence between the quantity of goods and quantity of money. It was shown in Ukrainian economic literature for the first time.

His research of nature, forms, mechanisms of crediting and their significance in market relations was also of great importance for further development of Ukrainian financial thought. He distinguished paper money as a form of debt obligations and bank credit bills of the private economic sector. To a certain extent he generalized contradictions in terms of expediency of paper money issuing, showed historical futility of metal money circulation, natural process of demonetization of gold, displacing it by money substitutes in circulation.

F. Fedorovych's scientific worldview, his original approaches to the highlighting of certain problems of economics allowed to regard him as one of the famous Ukrainian scientists and financiers. His critical works, historicism and a scope of his research promoted the formation of the entire scientific system and the development of a number of issues of the finance theory, corresponding to the time.

The main works of the scientist: "Dwelling for the workers" (SPb., 1881); "The theory of money and credit circulation" (Odessa, 1888); "History and theory of statistics" (Odessa, 1894); "History of political economy" (Odessa, 1900); Part 1. General concept. Production and distribution of values" (Odessa, 1901); "The theory of political economy. Part II. Circulation and consumption values"(Odessa, 1901) and others.



FEDOSOV Viktor Mykhaylovych

(Tedosov Viktor Mykhaylovych is the Ukrainian scientist and financier,

Doctor of Economic Sciences, Professor, Honored Scholar of Ukraine, Head of the Department of Finance of Kyiv National Economic University named after Vadym Hetman.

Viktor Mykhaylovych was born on September 21, 1939 in Kyiv. He graduated with honors from Kyiv Institute of National Economy by specialty “Finance and Credit”. After graduation from the University, he worked in the Ministry of Finance of Ukraine. Since 1963, V. Fedosov has been working at Kyiv Institute of National Economy (Kyiv National Economic University, KNEU). He completed postgraduate and doctoral studies at the Department of Finance, worked as Deputy Dean, Vice-Chancellor, served as the Rector of KNEU. Since 1975 he has been holding the position of the Head of the Department of Finance.

The department headed by Fedosov was opened more than 100 years ago. World-famous scientists Kovanko P. and M. Mitilino are considered the founders of the Department (during 1921-1922 M. Mitilino had been the Rector of the Institute). Their fundamental works on the theory and practice of Finance contributed greatly into the development of the Ukrainian financial thought. A famous scientist and economist, a Full Member of the Academy of Science, L. Yasnopolskyy was also involved in the development of the department.

Headed by V. Fedosov, the Department of Finance became a well-known for its scientific activity, methods of teaching of financial disciplines and publishing of fundamental textbooks. A lot of financiers for public authorities were trained there. The achievements of the Department staff are well-known and recognized in Ukraine and abroad. Thousands of highly qualified specialists of the financial system of Ukraine, hundreds of foreign specialists in other countries throughout the world, dozens of Candidates of Economic Science in Afghanistan, Syria, Yemen, Vietnam, Mongolia and in many countries of Africa, famous people, who contributed greatly to the development of the financial systems in many countries, graduated from the

Department. Many graduates head the financial authorities in their countries, working as ministers and their deputies.

There is hardly such a Department of Finance in Ukraine which has managed to train such a great amount of the Ministers of Finance in our country. Thus, G. Sakhnovskiy has prepared his Candidate dissertation studying as a postgraduate student at the Department of Finance. During 1937-1941 he was the Rector of the Odessa Credit-Economic Institute, and after the war, he became a Minister of Finance and a Minister of Commerce of the Ukrainian SSR. Hero of Socialist Labour, Candidate of Economic Science, Associate Professor V. Garbuzov also graduated from the Department of Finance. During 1944-1950 he was the Rector of the Kiev Financial and Economic Institute. Later he became a Chairman of the State Plan of Ukraine, Deputy Minister of Finance of the USSR and for more than a quarter of a century he had been a Minister of Finance of the USSR. Another Department graduate P. Germanchuk headed the Ministry of Finance of the independent Ukraine during 1994-1996. The University graduates A. Baranovskiy and I. Zabrodin were Ministers of Finance from 1961 till 1979 and from 1987 till 1990.

Many university graduates hold responsible positions in the Ministries and departments of Ukraine in the years of independence. Candidate of Economic Science S. Buriak worked as a Chairman of State Tax Administration of Ukraine, V. Rehuretskiy was his deputy, V. Lisovenko, S. Makatsariia and many others were the deputies of the Minister of Finance of Ukraine. Department graduate V. Padalka headed Financial Department of Kyiv City State Administration for many years. In 2006, KNEU was named after a financier and reformer Vadym Petrovych Hetman (he was awarded the title of Hero of Ukraine posthumously). Vadym Hetman graduated also from the Department of Finance of KNEU. He worked as a Chairman of the Board of the National Bank of Ukraine and Interbank Currency Exchange in the period of market transformation of the economy in Ukraine.

For more than 30 years the Department of Finance has been headed by the Department graduate, Professor V. Fedosov. He is the world-famous Ukrainian scientist. He is the well-educated person who speaks several languages fluently. V. Fedosov has published more than 250 works. His monographs, textbooks, articles and tutorials were published in Germany, Poland, Russia, Slovakia, Hungary, the Czech Republic etc. He is the author and co-author of the first Ukrainian textbooks and tutorials in Finance such as: "Public Finance", "Finance of foreign corporations", "The tax system of Ukraine", "Budget Management", "Finance", "Tax Management" etc. He is the co-author of many textbooks published in Ukraine and Russia highlighting the theoretical and methodological principles and practical

aspects of management of the public and corporate finance and tax functioning and the international experience in this field. The problem of crisis of the Soviet economy in the 1980s was revealed in the textbook “Public Finance” published in the USSR due to the efforts of V. Fedosov. It was a period of finance, monetary, credit, economy and consumer market disorder and imbalance. Such social problems as inflation, budget deficit and public debt appeared. Ways of overcoming the crisis including the objective necessity of transition to the market economy were shown from the scientific and theoretical point of view. The public was also concerned about these problems as well as the theoreticians and practitioners. The chapter “Financial regulation of market relations” was included into the content of the textbook. V. Fedosov founded his own scientific research school of taxes and public finances. He is a participant of many Ukrainian and international conferences. Over 50 Candidate and Doctoral dissertations were defended under his scientific supervision.

Viktor Mykhaylovych is the head of the Specialized Academic Council of KNEU for Doctoral and Candidate dissertations defence by specialty 08. 00. 08 — “Money, Finance and Credit,” a member of the Specialized Academic Council for Doctoral and Candidate dissertations defence of the Institute of International Relations of Taras Shevchenko National University of Kyiv by specialty 08. 00. 02 — “The world economy and international economic relations.” V. Fedosov is a member of editorial boards of many magazines and collected scientific papers. He had been a member of the Expert Council of Higher Attestation Commission, an advisor to the State Commission Chairman on securities and stock market, a member of the Council of Experts under the President of Ukraine and a member of many governmental and presidential commissions on reforming of the financial and tax system of Ukraine and developing the strategy of economic and social development of Ukraine in 2004 — 2015. He participated in the development of the Ukrainian financial legislation. For the time being Fedosov is an advisor to the Minister of Finance of Ukraine, a member of the Board of the National Bank of Ukraine, the Chairman of the Public Council of the State Control and Auditing Service. V. Fedosov was awarded the Orders “For Merit” of the 2-nd and 3-d Classes.

V. Fedosov is the author and co-author of many scientific works. The most significant are the following ones: “Taxes in the system of the statemonopoly capitalism of FRG”, “Taxes in the economy of modern capitalism”, “Modern capitalism and taxes (Questions of methodology and theory)”, “State — Taxes — Business”, “Financial Restructuring in Ukraine: problems and trends” (co-authors S. Liovichkin and V. Oparin, it was awarded the 1st degree Diploma at the National competition of scientific

monographs dedicated to the 140th anniversary of M. Tugan-Baranovskyy). The basic principles and directions of financial restructuring in the period of the market economy transition have been investigated in this monograph. The experience and results of the economy financial sector and the State financial sector reforms have been generalized, the main components of financial strategy and tactics of Ukraine have been highlighted, and financial potential of Ukraine has been defined and estimated. The work of famous German economist Sh. Blankart “Public finances in a democracy” was translated into Ukrainian and published under the scientific editorship of V. Fedosov.

The monograph “Zaporizka Sich as Ukrainian phenomenon” was issued under the editorship of V. Fedosov and awarded the Prize of Yaroslav the Wise. This book deals with the mysterious phenomenon of national history — Ukrainian Cossacks, Zaporizka Sich and its public institutions. The Cossack Republic is regarded as a peculiar form of the Ukrainian people’s life organization, as the source of our State not only from the social and political point of view but also in terms of ethno national, financial and economic development.

The theory and methodology of finance and taxes, the world financial thought and western experience, the theory and practice of public finance, taxes transfer are the main scientific concerns of V. Fedosov. The scientist investigates the finances and taxes of the economy of the industrialized developed countries, the problems of budgeting and taxing organization and techniques and budgetary federalism. He has devoted a lot of his works to this issue. The active creative scientific research has made possible for him to formulate a number of conceptually important ideas of financial theory and practice, fiscal policy, the methodology of financial science, its apparatus of categories and concepts.

Firstly, it concerns the definition of methodological approaches to the disclosure of the essence, opportunities and potential of finance and fiscal policy, the reasoning of the methodologically important statement — tax as an initial category of the state finance. This scientific thesis had been proposed by Professor B. Sutormina, was developed and reasoned by V. Fedosov later.

It has been proved by him that tax is a universal initial category showing the main internal essential traits and qualitative characteristics of public finances in the developed market economic system. It has been substantiated that market economy tax system of financial relations is a dominant one, the social capital is largely determined by the state fiscal policy and it influences on the entire process of production, distribution, exchange and consumption of national product under the current conditions of market economy

development. A part of the national product value appropriated by the state by means of taxes can circulate to a certain extent independently within the tax and financial systems. Further, it becomes a part of the general circulation under the influence of the state, which uses actively various financial instruments and levers. It allowed to reveal cause-effect relationships between objective and subjective sides in the finance and taxes, between objective financial categories and mobile changeable reality — finance law, financial policy, and financial management. Stable interrelations and interdependencies singling out allowed to detect objective regularities and tendencies of the finance and taxes as the specific sphere of economic relations development, to reveal its laws, to prove that the development of the market economy promotes to include objective and subjective features into the finance and taxes.

Secondly, the scientist drew the conclusion due to which finance, taxes, the market and commodity-monetary economy are fundamental foundations of human civilization. Finance is one of the pillars of society as well as family, property, State and religion. They have internal inherently unique logical structure, which consists of individual segments of financial relations with specific internal laws of movement. Each component of the internal structure of finance is a financial category. These categories can form specific rows and groups from the simplest ones to the most complicated financial groups; they are all directly and reversibly interconnected. Highlighted levels and forms of financial relations can be specified according to the reality. As the result the institutional structure of the financial system can be formed. Finance, financial policies and management are implemented by means of the system of the state financial bodies and institutions.

Thirdly, it deals with the highlighting of the genesis and evolution of the world financial thought. In this regard special attention should be paid to the research of the theory of bureaucracy in general and particularly to the financial bureaucracy. This research was conducted in Ukraine by V. Fedosov together with Professor V. Andruschenko. In this context, the implementation of the results of theoretical studies of Western economists into the fiscal policy of the developed countries becomes an interesting issue. The main thesis of all the works of Fedosov is that fiscal policy should be based on a strong conceptual basis. Following this, fiscal policy should be based on fundamental theoretical principles and on certain financial and economic doctrine. This doctrine is a dominant, starting point and indicator of the fiscal policy. Fiscal policy should be scientifically substantiated and conducted simultaneously with the other components of economic policy (price, money, credit, currency) aimed at the solving of common problems.

Conducting the policy of economic growth should be the dominant part of the fiscal strategy. The strategy of fiscal policy development in Ukraine should be based on a thorough theoretical basis and the characteristic features of the economy transition state should be taken into account.

The necessity of stable and dynamic economic development providing in Ukraine requires a clear definition of priority targets, strategic and tactical objectives of fiscal policy and the criteria for their implementation. Under these conditions, according to V. Fedosov, the development of financial strategy and the state tactics of the fundamental financial and economic doctrines, flexible combination of neo-Keynesian and neoclassical approaches should be one of the most important tasks of national priority. This requires changes in priorities, nature and directions, different means and mechanisms of fiscal policy and public financial management. Economic development depends on the quality and effectiveness of these phenomena.

Fourthly, it deals with the searching and substantiating of the opportunities of transferring of the most efficient, effective elements and forms of the world experience in the theory and practice of finance. In particular, it deals with the budget management, its modern instruments, different national versions of the budget process and tax systems, various fiscal procedures and new technologies in tax and budget management. Advanced technologies of budget flows management have been developed by the financial science of the West. Medium-term financial planning is common in the most Western European countries. Theoretical and practical financial management has been significantly developed. A great variety of ideas and knowledge revealing the achievements of the world theory and practice of finance and financial management, international experience of budgetary procedures and techniques improvement has been shown in the works of V. Fedosov. His works help to understand the Western doctrine of finance which is based on the responsibility of government to the taxpayers and the people in general. In the center of the Western models of economy and public finances are the people's concerns both the citizens and consumers. Thus, the theoretical interpretation of financial phenomena and practical techniques of budgeting are subjected to this imperative.

Fifthly, V. Fedosov grounded the important thesis regarding the need of thorough and radical financial restructuring in Ukraine. It is proved that complete and effective financial restructuring is possible only on the basis of a comprehensive theoretical reasoning and practical implementation of the achievements of the world financial thought, under the conditions of market reforms combined with the elements of effective and targeted state regulation. The financial model of the administrative economy is still practically unchangeable in Ukraine as for the proportions and the sequence

of distribution of the national product. Financial relations in Ukraine have not been radically changed yet. V. Fedosov said that under such conditions the income policy should be in the centre of the economic and financial policy of the State. Thus, the main task is to ensure a high level of individual income. It will increase the share of wages in GDP, the welfare increasing and the public finance reducing.

So, the change in the balance between public and private consumption must be in the center of the financial model reforming. Incomes rising will stimulate production through the expansion of public demand. Currently, the main economic problems of Ukraine can be explained by the low purchasing power of its citizens. And this, but not high taxes influences on the production. The increase of individual income will promote to the citizens' payments to the budget and reduce social expenditures, allow to solve one of the most urgent tasks of economic transition — reducing business taxation. Thus, it is the income policy which can be the key to the reforming of the financial model of society, optimize the structure of GDP, which is necessary for the real economic restructuring and reforming financial and fiscal policy.

The main works of the scientist: “Taxes in the system of the state monopoly capitalism in FRG” (Moscow, 1969); “Taxes in the economy of modern capitalism (on the example of FRG)” (K., 1977); “Modern capitalism and taxes (Questions of methodology and theory)” (K., 1987); “The state — taxes — business (from the global experience of fiscal regulation of market economy)” (editor, co-author K., 1992); “Zaporizka Sich as the Ukrainian phenomenon “ (co-author, K., 1995); “Financial Restructuring in Ukraine: problems and trends” (editor, co-author, K., 2002); “Budget Management” (editor, K., 2004); “Finance” (editor, K., 2008); “Financial Markets: European integration paradigm” (editor, K., 2008); “Theory of Finance” (editor, co-author K., 2010) and others.



FRANKO Ivan Yakovych

(1856-1916)

Ivan Franko was a man of encyclopedic knowledge, author, publicist and public figure. Although he wasn't a professional economist he made a significant contribution into economic theory, including his works on money turnover and finance, development of credit and banking. He was the type of thinker who stressed the importance of economic issues. In the current edition of Franko's collection of literary and scientific works, his economic theory books make up 2 out of 50 volumes. His literary works supplement his specific works on economics and give more a complete idea regarding the evolution of economic views of that time. Given his profession and the main direction of his creative activities, Ivan Franko didn't claim to write the compendium of economic knowledge. Even though he did some research on market theory and its main categories, he was doing it only for two reasons. The first was to arouse readers' interest in financial and economic problems, understanding of which would give them better insight into what causes the poverty and impoverishment of the masses. The second was to get around censorship and promote progressive ideas as if they were based only on academic research.

The Ukrainian thinker was born on 25th of August in 1856, in the village of Nahuievychi (today called Ivan Franko's village) of Drohobych county in a wealthy family. His father was a blacksmith and he was able to support the family on his own. Ivan Franko attended elementary school in the village of Yasenytsia Silna. In 1875, after his successful graduation from Drohobych gymnasium he entered the Faculty of Philosophy of Lviv University. His study there was interrupted on the 8th month due to the arrest (1877-1878) for his participation in student democratic movement. Under those circumstances, he deepened his knowledge in the field of economics, to considering it one of the most important social sciences. Following the second arrest in 1880, his study was interrupted for almost 10 years. After Ivan graduated from Chemivtsi University in 1891, since 1892, he had been working on his doctoral dissertation in Vienna under the supervision of Professor V. Jagic. In 1893 he got his Doctor of Philosophy degree in the

University of Vienna and hoped to start teaching in Lviv University; however, he was denied as he was deemed unreliable by the officials. He mainly did literary work, but at the same time, economic knowledge enabled him to better understand particular economic phenomena. This helped him, as for some time Ivan Franko taught political economy in workers' selfeducation clubs and compiled a suitable social economy textbook using the ideas of John S. Mill, M. Chernyshevskiy, K. Marx. Ivan Franko knew German, so he was able to read the original "Capital" by K. Marx. To spread his economic ideas, that reveal the laws of capitalist production, he translated the 24th chapter of the first volume of K. Marx's "Capital" into Ukrainian and planned to publish it as the textbook's appendix. Unfortunately, the textbook never saw the light of day, so Ivan Franko started to print series of brochures and articles dedicated to specific problems of political economy that impress with his awareness of economic issues of social development even now.

Publications regarding the problems of the social and economic situation of Galicia as a part of Austro-Hungarian Empire that had its own specifics were an important part of Ivan Franko's scientific works, and those of his outstanding fellow countrymen's (V. Barvinskyi, O. Terletskiy, V. Navrotskyi, Y. Bachynskiy). Franko as a writer and economist researched as the government's fiscal policy, the establishing of banking and its social significance, economic problems of the region during the active development of money economy and the establishment of the market economy after the abolition of serfdom in Galicia in 1848 on a very high level. While studying the problems of forming and distribution of budget, fiscal policy, and credit, Ivan Franko, first of all, was interested in the social and economic function of these publically important institutions and their role in the economic life of Galicia.

Ivan Franko, being a carrier and spokesman of the Ukrainian language, was first to introduce and use Ukrainian economic terms. Under the influence of theories by A. Smith, D. Ricardo and other classics he developed and presented conceptual apparatus that was mostly adopted from labor theory of value. This can be seen in particular through the usage of categories like "replacement value", "applied value" etc. The Ukrainian philosopher and economist had a harmonious and logical system of economic categories that was a methodological basis for analysis and understanding of contemporary paper money, the evolution of money turnover in the market economy and the development of finance. In publication "The conversation about money and treasures" that was included to the 19th volume of the twenty-volume edition of works of the great Ukrainian thinker, he looked into the money concept, its value, functions,

and evolution, because these questions were potentially interesting for vast masses. Using news style, which made it easy to understand for the general public, he displayed complicated economic categories, which were at that time still remained the subject to debate in academic circles of different economic schools. The essence of paper and metal money the author illustrated through the fact that money serves as an intermediary in a trade regardless of whether commodity money or their substitutes (fiat money, that have a representative nature and no internal value) are in use. The value itself, in Ivan Franko's point of view, has dual nature — it takes into account the consumption of labor and utility of the product. These ideas regarding the nature of value were a lot more complex than the ideas of his predecessors and some of the contemporaries, but at the same time, we can see the alteration in Ivan Franko's understanding of these categories. They changed under the influence of different circumstances.

I. Franko revealed the meaning, patterns of occurrence and role that money plays in trade. In work "The conversation about money and treasures" the thinker outlined his perception of basic functions of money in a form of a fictitious narrative, at great length reviewed such money functions as a measure of value, a medium of exchange, an instrument of payment, a means of hoarding treasures. He comprehensively and easily outlined the patterns of money development — from bullions or bars that were weighted (pounds) to paper money with their national form, state signs, and forced exchange rate. In an easily understandable for wide masses form, Ivan showed coins' formation process and a process of creation of treasures in Middle Ages, explained the functions of money while doing operations with moneylender and trade capital in the pre-capitalistic era.

Ivan Franko, as well as most of his contemporaries, adhered to the quantity theory of money. He stated that the paper karbovanets, the value of which is forced by government, was the borrowing karbovanets, therefore, to increase its real value you need to decrease its amount in circulation. Moreover, I. Franko used microeconomic approach, which is shown in taking into the consideration the motives of economic agents. The Ukrainian scientist believed that state of the finances, in particular, the attempts to form them in liquid, i. e. cash form, is detected through the real, not the nominal value: if the of karbovanets falls, then there is no room to talk about improvements in the financial circumstances, as well as the economic activity in general. Ivan Franko critically appraised the doings of Russian ministers, who used foreign loans to balance the budget deficit. He gave an objective assessment of the main problem of the Russian budget and revealed the real purpose of those loans. They were taken not for balancing

the internal expenses of the country, but for war needs, which he believed to be unjustified waste that was also accompanied by a loss of life.

In the work “The Galician indemnification” the scientist, while considering the consequences of serfdom abolition, as one of the forms of noneconomic relations, and implementation of indemnification laws, in a fictitious style, but with deep scientific understanding of the problem, described the mechanism of transformation of feudal duties (gavel work, homage that was paid to the feudal lord) into capitalistic forms. They intensified the market and economic relations between entrepreneur and employees when the government assumed the function of intermediary that provided landlords with the refund through the collection of indemnification debt from peasants and workers. Under the conditions of budget theft and waste that led to general poverty and ignorance of the majority of the population, it became increasingly important to conduct educational activities regarding the laws and new directions of the government on the problems of taxation and credit among the most exposed strata of society — peasants. A significant part of Franko’s publications was dedicated to this problem. In particular, regarding one of the most difficult theoretical problems (the problem of the tax shifting), which still remains vital in present days, I. Franko openly called for even distribution of taxes between citizens according to their solvency. With clear condemnation, he opposed infliction of harm to the industry caused by the conversion. This issue was raised in the article “The conversion of the indemnification debt” and in the notice “A word about conversion” which revealed the true anti-national, anti-economic nature of the conversion introduced by the government. By using statistical calculations, I. Franko proved that behind declared by the government phrases on the growth and development of the region, on investments and so on, greedy interests of the limited circle of people which consists of gentry and financial tycoons lie. After all, debt recovery with the refund of the value of abolished feudal duties to local landlords for 7 years, as it was offered to the Galicians increases a number of payments several times. Simultaneously, for the existing financial institutes that operated at that time conversion was the most drastic instrument of placing their capital surplus while forming syndicates to finance the conversion of government loans was the easiest way to obtain extra income without specific risks and efforts. I. Franko is known for being a supporter of the “strong and rich government which is capable of conducting economic transformations” with the help of state credit and well-organized tax structure. He was one of the first to draw attention to the problem of interconnection of taxes and state credit. Ivan was an adherent of the reasonable taxes, which were designed to cover ordinary

state expenditure, whilst the credits were intended to meet common needs, which governments should have abandoned.

Franko's statistical analysis of the government budget was intended to figure out the correlation between revenues that the Habsburg monarchy obtained from Ukrainian lands and the Imperial budget expenses on solving economic problems of the region. Aggregate revenue of the economically developed region was extremely low and this fact prompted the Ukrainian thinker to speculate about the tax responsibility of the workers. These speculations were presented in his economic essay "The power of taxes in Galicia". While considering the budget of Galicia in 1883, Ivan Franko provides quite an interesting comparative statistics data. He stated that revenue produced by the region was equal to 9.6% of total income of the monarchy while the proportion of the population is 26.9% and the proportion of the area is 26.1%. It came as a big surprise for the Ukrainian researcher that even the perfect levy machine that existed in Austro-Hungarian Empire wasn't able to extract more money from the local population thus proving its poverty and non-solvency.

The analysis of the revenue constituent structure of the local budget that was made by I. Franko attested that Galicia was paying the lowest income tax amongst all other lands of the monarchy. This indicated the absence of development in the business and the low-income level of working people that make the basis for taxation. In comparison with other regions, industry and traditional agriculture in Galicia were outdated. This was shown in the low solvency of region's population. But at the same time, statistical calculations revealed the highest tax burden that showed not only the people's poverty but also hard exploitation, robbery of people through taxes. Income from individual activities and also statistical data of ministries and certain departments that operated in Galicia verified that fact.

Ivan Franko was familiar with scientific attainments regarding the explanation of the legal structure of taxes. He showed his deep scientific understanding of the main point of taxes and the mechanism of taxation in the review of the publication of S. Shepanovskiy "The misery in Galicia in numbers". The Ukrainian philosopher critically evaluated the existing technique of definition of taxation burden in different countries, which involved the estimation of tax amount compared to a number of residents. From Ivan Franko's perspective, these incomplete calculations didn't give the real picture of the fair and equivalent (to the income) tax burden. He insisted on examining tax payment not in relation to its aggregate amount, but in relation to the amount of products that are produced in the region. A common method of estimating the percent of taxes in gross income per capita actually characterized the tax burden. The scientist believed that

estimation of the tax burden could be more objective if the mortgage and indemnification debts, losses arising from custom policy etc. were taken into consideration.

As well as other economists who were actively debating the consequences of the country's participation in All-European confrontation, Ivan Franko studied economic problems in the context of actual problems of the region's development. The majority of the economists condemned the financial "tricks" of the government that tended to destabilize the economy. Ivan Franko proved that ruinous consequences of fiscalism and detrimental actions of government had systematic nature. The scientist also (besides the general economic problems that were caused by the government actions) pointed out the political apathy of Ukrainian people, as the result of their economic dependence on the center. The existing social structure of the population attested to the insignificance of the middle class, on which the economic, national and cultural development depended on, and which apparently provided a basis for the market economy. The distrust of the industrial activity in the region among the affluent segments of the society was justified because the impetus for the entrepreneurship was not patriotism, but a hunger for profit earning. According to Ivan Franko the main reason for the retardation and decline of the local industry was excessive tax burden, in particular the autonomous, regional, district, public and other taxes, that were so severe that they made it impossible for the industrial products of the region to compete with the industrial products made in other regions.

This approach of the central government didn't give a single opportunity for the regional governments to conduct the economic policy that would provide consistent and continuous transformations in the economy.

The proof of the preservation of the class nature of taxation in the region was the system of indirect taxes imposed primarily on the articles of consumption of an ordinary person — the biggest consumer and taxpayer.

Ivan Franko stressed the necessity for the government to implement personal income tax to provide economic equity and tax equality for all taxpayers. He also substantiated the expediency of imposing the taxes on the activities of money and commodity exchanges, which received significant income from their indirect activity and also the expediency of the luxury tax increase. Franko studied indirect taxes amongst the group of other factors that prevented the development of The Galician agriculture and the economy of the region in general because they concerned every inhabitant of the region, especially the overwhelming majority — poor farmers. Galicia provided more than one-sixth of the amount of the indirect taxes in the

monarchy. The amount of indirect taxes per capita in the region was 2.7 times the amount of direct taxes.

In his general conclusion, that was made by I. Franko after he researched the revenues of Galicia budget and the role that some of its components played in the consolidated budget of the Austro-Hungarian Empire, lied in the recognition of the low taxation solvency of the enterprises and individuals because lagging economy and the under-development of the industry and agriculture. Fiscal system, that operated then, repressed normal reproduction by disrupting the fundamentals of the economy and deteriorating the economic situation in Galicia. Its productive forces were dwindling, and the population was becoming poorer only to fill the treasury. I. Franko claimed that national wealth of Galicia was getting damaged by the combination of European capitalists and Austrian bureaucracy. From the scientist's perspective, customs duties were the political instrument that conflicted with the interests of the economic development of the region. Russian Empire imposed the high customs tariff on products that were made using the local components (earth wax, wood etc.), without making any changes in the custom tariff regarding the resources. This contributed to the outflow of both natural and financial resources from the region, and its transformation into a raw materials appendage of the other regions and the global market.

In the publication "Galicia and the state budget of this year" Ivan Franko analyzed the revenues of the Austro-Hungarian government from Galicia and the expenditures of the state on this destitute region. Unlike the predecessors, his scientific innovation was in not confining himself to the ascertaining of the absolute figures of the revenues and costs. Statistical analysis that was used by the author was combined with the comparative analysis and calculations of the amount of government revenues per unit area and per capita for the different parts of the Empire. As the result, of this comparative analysis it was revealed that according to the absolute indicators Galicia was ranked 3rd in Austro-Hungarian Empire in income per capita, and according to comparative indicators: it was ranked ninth by area and next to last by population. In his investigation I. Franko emphasized the necessity of taking into consideration a number of amendments during the process of formulation the economic policy. Thus, the existing at that time methods of estimating the revenues of the treasury of the region, that were used by the officials, included the amount of income in the regions but didn't take into account almost the one-tenth of the aggregate amount of budget revenues that were forthcoming from railways in the region, and from other undivided profits.

The Ukrainian writer and economist pointed out the widespread phenomenon of the tax shifting in the economy of the region: "With all sorts of consumption taxes being in use, not the producer, but the consumer always pays the whole amount of the tax." To confirm his conclusions, he provided concrete examples. In particular, he showed that for products for which there were a demand (for example beer, sugar etc.) the producers shifted tax to the consumer. Given the tax shifting and the centralization of the income in the capital, I. Franko reached a conclusion, that the figures of the revenue from the region were much higher than the figures provided by the officials.

Other important questions to which the Ukrainian economist sought the answers were: to what extent Galicia used the state budget assignment, in which way the funds that were transferred to the state budget in the form of taxes and other revenues were returning to Galicia and if this kind of budgetary financing and staying as a part of Austrian monarchy, in general, was beneficial for Galicia at all. After comparing the sum of the total expenditures and the total revenues, Ivan Franko found that only during 1884 the government received more than 13 million of Austro-Hungarian guildens of net profit from the economic activity in Galicia. Moreover, this revenue to the state budget was increasing annually. Franko also stated that the finances directed to the state budget were spent mainly not on ensuring the economic development of the region and not on the creation of new businesses and new jobs, but on maintenance of local bureaucracy and functioning of the mechanism of exploitation and subjugation. Also, the large-scale public funded railroad construction that officials bragged about primarily served the strategic interests of the state. And whether Galicia would or wouldn't have benefits from that, was actually a debatable question according to Ivan Franko. The railway construction was funded from the money of the empire's inhabitants or, in other words, from the money that was received by the state treasury. It's noteworthy that I. Franko considered statistics to be "the end element of the science about the communities that provides this science with the level of thoroughness and certainty that is in common for all experimental sciences." While conducting a critical analysis of statistical and economic works of V. Navrotskyi, Ivan Franko stressed that during his short creative life Navrotskyi in his solid works "shed light on dirty public houses, poor households and everywhere showed grief and extortion to the previously blind eyes."

The problem of state budget expenses on the regional needs was also raised in the publication "How much do our schools cost" that actually was a continuation of the previous deeply academic work "The power of taxes in Galicia". The Ukrainian scientist stated that among the expenses that

government spent on the needs of the regions, the expenses that were spent on the schools and social needs of the local population had to be prioritized. The culture and education, to Ivan Franko's mind, were the fundamentals for the civilized development and, moreover, they strengthened the social relations in a state and ensured its integrity. Therefore, the Austrian government had to take better care of the national and cultural interests of the Empire's provinces for its own sake. However, even one of the important factors of the social development — education wasn't funded sufficiently. While estimating the government budget, the scientist noticed that in Galicia only 11.4% of the expenses were spent on schools, whilst by the area and population the region was one-fourth of the size of the whole monarchy. Even in worse conditions, in comparison to the other regions of the Empire, was the maintenance of the regional higher educational establishments. For example, Lviv and Chernivtsi University, Lviv Polytechnic were the poorest in the Austro-Hungarian Empire in regards to the material and technical support of the educational activities of the teachers. Summarizing the analysis of the government budget policy on the costs required for the establishment of the social infrastructure of the region and for the people's needs, the writer reached a depressing conclusion: the state as the one of the most important institutes for promotion of the business development was like a stepmother for the Ukrainian land that tried to get more and to give less with the obvious and uncalculated harm to the economic and cultural development. While conducting the analysis Ivan Franko wasn't motivated by the professional interest to the questions of the budget, finance and credit, fiscal policy of the central government and the local government; he was motivated by the desire and necessity to investigate the condition of the region as the part of the Habsburg Monarchy, by the need to reveal the mechanism of people-robbing with the means of financial and credit instruments.

On repeated occasions I. Franko used the analysis of the local finance and its economic allocation. The report of the minister of the finance for 1882 forced the scientist to make its critical review. The outcome of the critical analysis of that report was the work called "The report of the minister of the finance on the state revenues in 1882" in which the scientist negated optimistic conclusions of the finance minister regarding the growth in prosperity of the population of Galicia.

The work "Five years of the region's economy" was dedicated to the problem of governmental giving false statistics to the public, which one-sidedly characterized the revenues of the region. With a rather effective use of statistical calculations and by comparing the revenues and debts of the region in 1876-1880 Franko showed that the debts were increasing faster

than the revenues. These manipulations with the statistical sources and the conduction of his own statistical research were used as the evidence base for many of his conclusions and generalizations. In particular, while investigating the consequences of the phenomenon mentioned above, Ivan Franko discovered the considerable increase in the expenses on the maintenance of bureaucratic apparatus. For example, in 1879, the salary of the local officials, paid from the state budget, was increased 1.5-2 times, despite that the year being extremely difficult for the region's economy. Using the statistical instruments to conduct the research in his works, Ivan Franko repeatedly claimed that "the high and mighty" who "graciously protect our welfare" don't let the others access the statistical sources; they "falsify them mercilessly" and submit the false data as the collected statistics.

The substantial expenses on the maintenance of the government officials and the imperial court drew the scientist's attention to the problem of unproductive governmental expenses. It's worth to note, that at that time the economists' awareness of the substance of the state budget expenses and their destination in the conditions of the market economy establishment was minimal. There were the extreme views: according to the classical approach (A. Smith) all the governmental costs were considered unproductive. However, the new approach was based on the acknowledgment of the governmental services' necessity to ensure economic development and create general economic conditions that would stimulate the "economic man". The innovation of the Ukrainian scientist was that he not only gave the definition of productive and unproductive costs and examined the major difference between them but also conducted the item by item analysis of the state budget. Some tables that were built by him required not only hard work but also the knowledge of the statistical methods that successfully complemented and provided facts for theoretical reflections of the researcher. For example, while examining the correlation between the productive and unproductive costs at one side and the revenues on the other, Ivan Franko reached a conclusion that cutting the costs on the maintenance of the bureaucracy by half would solve the problem of the budget deficit and thus create the proper monetary basis for the business development.

Despite the fact that Ivan Franko's passion for the problems of the budget, finance and taxing in his multidimensional scientific and journalistic works wasn't the professional passion and the materials and statistics that he used were incomplete, and sometimes even inaccurate, the scientist still managed to reveal the social and economic nature of the regional budget and deepened the theoretical analysis of various economic phenomena. While working as an employee in different periodicals, Ivan Franko did economic

reports with the diligence and profundity of a scientist and used statistical calculations in a rather effective manner. Thus, in the work “The regional budget” he used factual statistical calculations to compare the budget revenues and expenses and viewed them by constituents, assessing each of them from the perspective of the labor force of the region and its national and cultural needs rather than the perspective of the government. With typical for the Ukrainian thinker sarcasm, those constituents that dealt with the material funding of the social security, education and etc. succumbed to the biting criticism. During the analysis of the budget assignments on the development of the mining and manufacturing industry and the agriculture, which were the basis for the economic activity in the region and the establishment of the welfare of the population, the scientist tried to explain their role in the general economic development and in the future of Galicia. In the Ukrainian scientist’s conclusions were distressing — even employing simple budget calculations that were done using the available faked by “the mighty of this world” statistical data; Ivan Franko was able to show the miserable state of the region and the exploitative nature of the Austro- Hungarian financial policy.

Therefore, in addition to the finance, the statistics and the problems and limits in the application of it play quite an extensive role in the works of Ivan Franko. It was the evidence base for many of his conclusions and generalizations and also the instrument in the research. This explains the rather active role he played in the Lviv-based newly formed (1883) “Ethnographical and statistic club” of the Academic Brotherhood. His goals were, firstly, to collect materials (printed and hand-written) that referred to ethnography and statistics of the Ukrainian nation; secondly, to study the methods and the object of these sciences, using the researches and the reports; thirdly, to organize expeditions to collect ethnographic and statistical materials, to examine these materials directly on-spot in different places of the region. The participation in this club enriched the possibilities of wide utilization of the statistics in economic works for the member and journalist Franko.

I. Franko didn’t stay away from the important questions like the market economy development and the establishment of the banking system in Ukraine under the influence of the objective process of the strengthening of the commodity-money relations. In Galicia, the author had the opportunity to observe the banking activity at the stage of formation, and so to properly evaluate its social and economic consequences from the get-go.

Ivan Franko in his social and economic observations (for example “The bank of the region” (1883)¹ with proper completeness and consistency examines the role of the bank in the lives and economic activity of the most

common segment of the population — the peasants. The real “martyrology” for the peasants he calls the establishment of “the regional banks”. They contributed to the development of the monetary economy that was actively superseding the traditional or subsistence economy. Appreciating the role of the banks in overcoming of many economic ills in the development of the industry and business, Ivan Franko was realistic about the development perspectives and indicated the necessity for creating the conditions for economic stimulation. Franko’s explorations on the finance and the development of the banking bore deep scientific and concrete nature. The economist was clarifying financial problems, not from a narrow, mainly the Galician, but rather from the Western European perspective, which illustrated his knowledge of the advanced views of the European economists. He conducted analytical research and compared the real financial resources of Galicia and the resources of other European countries, especially the resources of Italy and Hungary as they were the countries, whose capitalistic and economic development and the market foundation of the monetary and credit policy started relatively recently. As the result, Ivan Franko found out that the capital at that time was accumulated in the banks, saving banks and advance associations of Galicia, was dozens of times smaller in absolute size and per capita than in those countries. This showed the lack of national capital that hindered the economic and social development of the region. Obviously, that amount of capital was not enough to overcome all economic problems in the regional development. That’s why pretty much all his articles on banking were concluded with the thought that Ukrainians should start taking part in banking activity. This showcases his good understanding of the role of the banks in economy development.

The second feature of the development of monetary and credit relations, and particularly the banking, on the territory of Ukraine was the money- lending, which was based not on the solving of current economic problems, but on getting a proper gain. The scientist dedicated a number of his publications to this problem, among which there was the research called “The money-lending in Galicia”. Indicating the cons of the banking activity, Ivan Franko would still prefer bank loans, because, in his words, money- lending practice was like the fungus that was spreading on all the manifestations of economic life and with equally devastating consequences for the economic development everywhere.

The money-lending practice exceeded the banking activities in the region and was the disrupting factor in the sectors like the bank credit, the commodity trade and the development of the livestock and grain farming.

From the scientist’s perspective, considering the general development and the nature of the monetary economy and its influence on the real

economy, Galicia might be called the classical country of the usury, because in Europe there was no other country that could display such a large number of the professional money-lenders and such a scale of the usurious transactions in the economic activity. Among the reasons that prompted considerable masses of peasants to use money-lenders' services were the governmental and the autonomous money taxes, for the prompt payment of which there was never enough money. The massive extortion by the small rural money-lenders, who often led their borrowers to the execution, and not to mention the crushing terms of working off and paying the interest in kind, resulted in the emergence of the advance money cash and banks, that had lower interest rates for the credits. Their evolution led to the shaping of the more reliable money market infrastructure in Galicia that was regulated by the market mechanisms.

Realizing the problems of peasants as the most common stratum of the regional population, Franko examined the process of establishment and development of the banks in Galicia from the perspective of the local working people. The role of the banks in the life and the economic activity of peasants was clarified in the article "The bank of the region" that was mentioned above. The proclaimed and declared bank's objectives to assist the development of the production, according to Franko, were out of sync with its actual practice (profit earning). The scientist noticed that during the founding of the banks and the formation of their capital, the analysts, as well as the practitioners, were expressing a lot of optimistic predictions. Many of them perceived the credit to be a panacea for all the ills of the market economy, but as time went by it was revealed that peasants received one more burden (the loan interest) to bear in addition to the existing ones and the banks were getting benefits from it. The provision of the cheap and simple credits for peasants to pursue their economic motives was the urgent problem to solve and the necessary requirement for the development of the economy that was based already on market principles. But, according to Ivan Franko, the banks ran their business in the interests of the big landlords, and not the poor peasants, whose forests and pastures were forfeited after the reform of 1848 (the abolition of serfdom in Galicia). The loan interest at the rate of 11.5% annually and the mortgage loans at 4-5% were excessive for most peasants.

Considering the establishment and the development of the important institutions of the money market in Galicia, the scientist was very interested in the peasant credit structure. The peasants' households' being auctioned off, money-lending and the lack of money prevented the development of the agriculture that was based on the advanced technology and of the new business forms (farms) during the formation of the market. The scientist

noticed that the transition to the commodity-money method of economic relations, where the actual production development depends on the monetary development, is conducted by the considerable social and economic costs. The way out of this situation, during the transition from the subsistence economic relations to the developed market relations, Ivan Franko saw in the establishment of the peasant credit on the principles of the mutual aid and offered to implement the ideas of the famous Ukrainian economist V. Barvinskyi to create special credit institutions that would give the credits with the grain, cattle, household items.

I. Franko paid much attention to the role of the foreign capital in the development of the national economy. In particular, while investigating the activity of the Rustical (the Galician credit institution for the peasants, Rusticalcreditanstalt) and the Kryloshanskyi banks and of other credit institutions, the scientist revealed their money-lending and anti-Ukrainian nature. The most common practice of these banks was the collection of debts and interest from Ukrainian peasants mainly through the auctioning, in other words through buying the rural lands. From the mentioned works of Ivan Franko, that were dedicated to the academic analysis of the establishment and the development of the banking in Galicia, one can see that he understood well its function in the development of the economy, in particular of the market economy (capitalistic economy). In the specific conditions of economic development of Galicia the big landlords and the industrialists, who were created by the new foundation of the market economy, desired to use the banking to strengthen their economic position.

By writing the academic and literary works Ivan Franko tried to reveal the deceitfulness of “the organic work” conception, which the gentry and the Austrian magnates were persistently implementing among the local population in the eyes of population; he also urged people to participate in the banking activity and to promote it in every way, to pick up the qualities like resourcefulness and economic activity from the Jews, Poles, and other nations. Being aware of the experience and the consequences of the development of the commodity-money relations in the other European countries, Ivan Franko aimed to arouse the interest in the active entrepreneurship in Ukrainian community, not only in the real sector of the economy but in the sector of the bank and credit relations.

The scientist examined the banking thoroughly — he followed the penetration of the banking activity into all the sub-sectors of the real economy sector; he wrote about the importance of this financial infrastructure of the market economy and the role of the banking in the development of the agrarian society in the new economic conditions, and in the development of the railway, handicraft industry, and other industries.

He also wrote about the banks' support of the new business forms and their adaptation to the economic progress on all levels. The understanding of the historical perspectives (increasing importance of the money and credit in the market economy and of the new functions of the bank) was inherent to the economic views of the Ukrainian scientist.

With equal criticism Ivan Franko investigated the fiscal mechanism, the economic and social consequences of the aggressive money-lending activity of the banks and the governmental mortgage credits. The outstanding Ukrainian philosopher developed the comparative analysis of the revenues and the expenditures of the budget in the regional context, examined the structure of the government expenditures and their function in the economic life of the region. The economic program of Ivan Franko as a part of his work was aimed on the direct implementation of the social functions of the state (in particular through the development of the public investment loan) and on the establishing of the principles of the adequacy and fairness of the tax system, that would promote the justified redistribution of the government budget and economic development.

Evidently Ivan Franko's works reflect the problems of the development of the commodity-money relations, the practice of money-lending, banking activity in the new conditions of the establishment of the market economy. Researches of the taxes conducted by the Ukrainian scientist, the comparative analysis of the revenues and expenses of the budget in the regional context and the description of the social and economic consequences of the fiscal policy became the essential part of the Ukrainian financial thought. His works produce are very interesting in terms of studying the history of finance and the establishment of financial theory.

Ivan Franko died on the 27th of May in 1916 and was buried on the 31st of May at Lychakiv cemetery in Lviv.

The main works of the scientist: "The power of the taxes in Galicia" (Lviv, 1883); "How much do our schools cost" (as second part of the article under the name mentioned above) (Lviv, 1883); "The bank of the region" (Lviv, 1883); "Budget estimate of Mr. Vyshnegradskiy" (Lviv, 1888); "From the realms of the fiscalism" (Lviv, 1888); "The peasants are paying their debts" (Lviv, 1888); "The change in the regulations of the regional bank" (Lviv, 1888); "The argument about the deficit" (Lviv, 1888); "The regional budget" (Lviv, 1889); "The money-lending in Galicia" (Lviv, 1893); "The credit money of Mr. Tyshkovskiy" (Vienna, 1895) etc.



HLOVINSKY Y Yevgen Oleksiyovych

(1894-1964)

Hlovinskyy Yevgen Oleksiyovych is a famous Ukrainian researcher of finance and financial system that initiated the study of financial colonialism.

Yevgen Hlovinskyy was born on November 1, 1894 in the town Rzhyschiv in Kiev. In 1914 after graduating high school with honors entered the historical-philosophical faculty of Kiev University of St. Vladimir.

In 1915 with a group of volunteers Hlovinskyy participated in the First World War. During the war in Galicia, he first learned about the existence of the Ukrainian national movement. Introduction to separate it participants influenced the views of E. Hlovinskyy. In 1919-1921 He became a member of the Ukrainian national liberation movement. After the defeat of the Ukrainian National Republic he moved into camps in Poland, and in 1922 went to Czechoslovakia, where he became a student of Ukrainian Academy of Business (UAB) in Podybrady. Already a student, Hlovinskyy demonstrated outstanding abilities in science, took an active part in the Ukrainian Society of economists, so after UAB received his degree as an engineer-economist and stayed to work as an assistant at the Chair of Finance.

At the invitation of the Directorate Ukrainian Scientific Institute in Warsaw in the early 30s of the twentieth century he moved to Poland. Hlovinskyy accepted the invitation primarily because the said Institute was organized in 1928 on the initiative of Professor A. Lototsky and with financial support from the Polish Minister of Education, began an active study of Ukrainian economy. The Institute, which operated until 1939, published numerous scientific papers from different sectors of Ukrainian. A partial description of these publications (to 1937) can be found in the "Catalogue of publications Ukrainian Scientific Institute. 1930-1937 years" which are presented as summaries of individual of monographs. The main task of the Institute was the research of Ukrainian issues, including those that could not be scientifically worked in the USSR. Here were concentrated many Ukrainian scientists, including economists.

Not full description of these issues (only to 1937) we can find in "The catalogue of issues of the Ukrainian Institute of Science in Warsaw. 1930— 1937", in which annotations of several monographs are introduced. The main task of the institute was a research of questions about Ukraine, particularly those, which couldn't be scientifically processed in the USSR. There was a great quantity of Ukrainian scientists, including also economists.

His scientific career, as was indicated, Hlovinskyy started in Czechoslovakia, but first scientific developments, that brought him the fame, were printed in Warsaw. At the Ukrainian Scientific Institute was the separate economic department, that was under the control of the professor V. Sadovskyy, where was a permanent seminar. Hlovinskyy was chosen as a clerk, it attested about the recognition of young scientists. Seminars were held constant and 15-20 economists and other specialists of the same discipline were present too. Nearly 51 seminars were held to 1937. We can judge the active scientific work of Hlovinskyy from lithographic reports. From his reports delivered on seminars (1930-1931) we have to name following: "The problem of current balance of Ukraine", "Problems of the Ukrainian currency — Ukrainian money of 1917-1920", in 1931-1932 — "Problems of the Ukrainian currency — soviet money and the question of inflation", 1932-1933 — "The agricultural tax in the USSR", 1934-1935 — "Money of the USSR of the last phase NEP" and "The credit of the USSR of the last phase NEP", 1937-1938 — "The evolution of budget law in USSR".

His main works were shown to the world in other issues: in 1934 — "Money and credit of USSR in years of the first Five", 1937 — "The problem of the current balance of Ukraine", 1939 — "The finance of the USSR".

In autumn of 1939 after closing The Ukrainian scientific institute in Warsaw Hlovinskyy moved to Lublin, where lived during The World War II. From 1940 to 1944 worked as a director of harbarnia Brickmann in Lublin province. In June, 1944, Hlovinskyy moved to Podybrady, where he took an active part in the revival of Ukrainian technical and economic Institute. 26 November, 1945 in Regensburg the last Podybrady Institute restored its activity, besides several teaching processes is held on faculties in Munich. Here Hlovinskyy passed exams to get a readership and taught the finance together with a professor T. Sosnov.

We need to say, that students of economic faculty were very little, as those who wanted to get an economical education entered The Ukrainian high school of economics (Munich), where the main attention spare to practical studying of students and academic requirements weren't so high. Besides the wide program of economic faculty of The Ukrainian free university (Munich) also attracted a big quantity of students.

Teachers and students of this Institute published “The Scientific bulletin of UTHI” to spread inner information (there were published nearly 47 issues). In 1951, when classroom training finished in UTHI, the Institute existed as a research institution in Munich. With the foundation, in 1963, “Society for Promotion of Ukrainian Science” the scientific activity of UTHI finished too. To the foundation of this society the financial support has done the apostolic exarchate for Ukrainian Catholics in Germany and the Bavarian Ministry of Labour. The fifth book was published for their help “The Scientific notes UTHI” (1961), where was the article of Hlovinsky “The condition of socioeconomic sciences in USSR”. The scientist marked the full politicization of social and economic sciences.

Hlovinsky actively cooperated with Ukrainian society and different educational institutions for Ukrainians in Germany. He taught the Finance in The Ukrainian free university, which got the official recognition of the Bavarian Ministry of Education in September 1950, and the science degrees and diplomas were compared with such degrees and diplomas of German Universities.

In 1954 after protection of doctoral thesis Hlovinsky became a professor UTHI and wonderful professor of UVU, he also was chosen as an active member of the Society of Shevchenko and active member of The Institute of studying of the Soviet Union, where he worked as Senior Researcher, and from 1963 to his death — as Deputy Director. In 1957 Hlovinsky became an ordinary professor of UVU, and from 1963 — the member of the Scientific Council of the Society promoting Ukrainian science in Germany.

Nearly 50 scientific researches and articles of Hlovinsky were published in the scientific works of the Institute of studying of USSR — in Ukrainian, English, Russian, French, German, Spanish, Turkish and Arabic. The significant portion of his articles was published in socioeconomic addition “The modern Ukraine”, some — in magazine “Modernity” and “The development of the state”, also in “Scientific collections of UVU”. Hlovinsky actively cooperated with German soviet issues, his articles about the financial household published in the encyclopedia “Sowjetbuch” (Cologne, 1957). He was one of the editors of “Encyclopedia of Ukrainian knowledge”, in which a great quantity of his articles on economic issues was published.

Assessing scientific achievements of Hlovinsky Professor B. Wynar calls him as a successor of theories by M. Yasnopolsky that was the first in Ukrainian economic literature who raised the question of economic exploitation of Ukraine and developed the concept of territorial budget. However, B. Wynar notes that Hlovinsky went on his teacher in his research. Studying the issues of economic colonialism, using the statistical

method, showed the shortcomings of the popular then the theory of territorial balance as signs of colonialism. In his works he was inclined to adoption of the method of payment (cash) balance to determine the extent of colonial exploitation of Ukraine.

This method does not only contain the trade balance, but the rest of the transactions making up pay settlements between Russia and Ukraine. From this perspective, the research work of E. Hlovinskyy is synthesizing achievements of Ukrainian economics of 1920s, including such controversial issues in Ukraine as the territorial budget. It should be noted that the external pressure and rejection at home and emigration conditions are hindering scientific work of Hlovinskyy, a scientist often had to settle for short publications instead of engaging in large-scale studies. Nevertheless, Hlovinskyy left a valuable legacy in the field of financial science, greatly expanded and enriched the theoretical arsenal of Ukrainian economic thought.

Having started research work in the Department of Economics in Warsaw UNI, Hlovinskyy paid much attention to researching of the financial policy of the Soviet government in Ukraine. He reveals the most characteristic features of the colonial structure in the Soviet economy with all consequences arising from this situation. Ukrainian scientist works are recognized as the most significant contribution to Ukrainian emigration science on this issue. Here he is already the author of these two works published in the first and second volumes of “Modern problems of economy of Ukraine. “ In the book “Money and credit in the last phase of the NEP in the Soviet Union”, he reveals the question of centralism of credit system in the Soviet Union against the backdrop of the credit reform of 1930-1931 and gives interesting information about the circulation of money in the Soviet Union and the separate financial orders of the Soviet government that hindered the development of the national economy of Ukraine. In the second work “Balance billing problem of Ukraine” a historical review of exports and imports in Ukraine of 1922-1929 was made, and its trade balance was examined thoroughly. Statistical data on the author’s work relate to this period, it presents a rich statistical data on trade relations of Ukraine with foreign countries, Ukraine and other Soviet republics.

In the above mentioned work Ukrainian scientist pointed to the impossibility of a comprehensive analysis of the estimated balance of Ukraine, because “Ukraine is not yet a separate, independent economic body. It has not separate custom network, separating it from other economic organisms. It does not have its currency without leading independent credit operations. It does not exist as an independent state.

”The unmatched scientific work on the subject (including the work of Professor W. Sadowski, who was in exile) was the monograph by Hlovinskyy “Finances of USSR” (1939). This work is inherent in the very depth of analyticity, attempts to take into account all factors determining the current balance of the country. “As for Ukraine, the problem of its estimated balance at the moment, — researcher pointed- can only be asked, you can chart the methodological approaches to its solution, we can try to identify some trends of development, but solving of the same problems, specific definition of balance billing in Ukraine and its rare items today still can not be given.

Among the main reasons the author calls Ukraine’s lack of independent monetary economy. But despite this, due to different methodological simplifications the researcher managed using the comparative method of “purification” of statistics from colonialist “eclipses” to prove that “all positions of estimated balance of Ukraine, in addition to the balance of trade, are forming not in favor of Ukraine”.

Finding out the essence of finance of Ukraine, Hlovinskyy said: “We understand the finances of USSR not only as so called republican finance, within the state budget of the USSR. The finances of the USSR, we understand wider: the object of our study should cover all financial institutions operating in the territory of Soviet Ukraine.

”These considerations became the methodological basis of research by Hlovinskyy who came from the fact that the finance and budget of UkSSR is only a segment of Finance and Budget of the USSR. This, however, could not be an insurmountable obstacle in the analysis of the finances of the UkSSR, if taking into consideration the historical development of finance of Ukraine.

Hlovinskyy investigated the finances of Ukraine not only as part of Finance of the USSR, but in the days of Russian empire, he submits information about financial policy of the Central Rada, Hetman and the Directorate during the Ukrainian People’s Republic. Scientists said that although the existence of the Ukrainian state was short, but it due to the very fact of its existence has influenced the development of financial system “of Soviet Ukraine”.

The continuation of the study of Finance of Ukraine became the consideration by Ukrainian scientist the finances in times of War Communism and the NEP. According to him, finances of Soviet Ukraine suffered from a negative impact of the policies of war communism, which was long felt by the economy, including financial one.

Improving of the financial situation in Ukraine in the 30 years of the twentieth century became possible, according to E. Hlovinskyy, as a result of

tax reform in 1930. He also examines separately the organization of credit business, provides interesting details of the farm taxing, analyzes the structure of the All-Union budget and budgetary relations. Separate sections are devoted to tax in the private sector, the sales tax and to other taxes within the socialized sector.

The most valuable sections include scientific research, where Hlovinskyy has shown economic exploitation of the Ukraine by the USSR. Scientist widely used research about “territorial budget” by Yasnopolskyy, Maltsev and Porsche (if it was about the pre-revolutionary period), materials of the Ukrainian State Planning Commission, along with the works by Dobrohayev, Volobuev and other Ukrainian economists (if it was about Soviet period). “The eleventh chapter, — Hlovinskyy pointed, — contains a natural answer to the question that arises in the mind of every Ukrainian, who thinks over the question of financial relations and financial dependence of Ukraine from Russia. This section presents the methodology of problem of financial operation and it is outlined the attempts to give numerical expression of Ukraine exploitation both in tsarist times and the days of the Bolshevik regime.

”According to Ukrainian scientist, the concept of “economic exploitation” is often used to describe the relationship between the mother country and the colonies. This situation can exist within the same state. ‘Colony — Ukrainian researcher pointed — should not be separated from the metropolis by seas and oceans, should not necessarily belong to exotic countries with semi-wild population. A number of measures of conscious economic policy can form one colony within one state, and the colony can be richer and with stronger economic potential than the metropolis.

”Within the economic exploitation Hlovinskyy allocated its portion - financial exploitation. “The problem of financial exploitation — he wrote, — It is primarily a problem of geographical or spatial distribution of government revenue and expenditure. “The scientist argued that the uneven geographical distribution of government revenue and expenditure. In order to determine the total income and expenditure attributable to a certain territory, one must understand the following categories:

- a) the cash balance of the territory;
- b) the financial balance of the territory;
- c) the territorial budget.

Cash balance, as Hlovinskyy noted, is a comparison of public revenue and expenditure recorded in the cash register reports. This is the set of those amounts received for a certain period in government offices in the area, and the ones that came out, published for the needs of the area. However, the cash balance does not show the true state of things, does not reflect those real

losses of exposed population of the territory to the state benefit as well as the real benefits, which the territory obtains from the state budget certain funds for their needs.

”Financial balance — according to Hlovinsky — should reveal both the real state of the victims that population suffered in the territory, and those gains which were received. This is not the usual amount of revenue and expenditure of individual banks located in this territory. This is a result of the finalization of the data given by cash balance, financial balance, therefore, it is revised cash balance. “

From a theoretical point of view to build the financial balance of a certain territory is possible. In practice it is very difficult to do, because we must overcome considerable methodological difficulties. The scientist points out that the main shortcomings of many researchers during the consideration of the question — “ignoring the economic effects of management. “ “For definitions of the burden, bearing population from taxes imposed on him (and this is the main objective of financial balance), it is not enough to know and install the taxpayer.... We must find a true tax owner.

”Hlovinsky considers one of the most difficult issues of financial science, that is, shifting of taxes and related economic effects of taxation. If a true tax owner is outside of this area, such a tax does not pull the financial burden of the country. A real taxpayer may be outside the country, but actually he may pay this tax to its people.

Analyzing past scientific achievements of the problem, the scientist notes that “researchers of financial balance take into consideration shifting only preliminary taxes so-called excise taxes, where shifting phenomenon is official. But they never take into account the shifting of direct taxes. “

Therefore, in his analysis Hlovinsky carries on the disclosure of financial and tax mechanism the shifting of the tax burden on the population of the area, bearing in mind the interests of Ukraine. He considered the scientific researches of Polish scientists who have studied the financial position of Poland within the Russian Empire and Austria-Hungary. These developments determine the specific role of capitals where all taxpayers’ money was concentrated, which was kept largely due to the exploitation of the provinces by the state. “Researcher of financial balance of Ukraine -the scientist pointed- . . . Should remember that most of the income gains of Moscow are made of Ukrainian income gains. “

Ukrainian scientist points to the difficulties of definition of the profit of communication and road arteries, including rail transport, in individual territories, as well as during separation of finances within local and state budgets. Regarding the analysis of the expenditure of the budget, there is much less such difficulties. Therefore, Hlovinsky pointed “financial

balance is a real value. .. Territorial balance is a value constructed by the researcher. .. When the financial balance shows that the costs of this area meet the stated needs, some portion of which may not be the needs of the territory, then the activity of territorial budget clearly indicates the presence of financial exploitation of this territory”.

The basis of this methodological approach was laid by M. Yasnopolsky. Hlovinsky emphasized that the importance of famous financial iconometrics research of the scientist is not the factual saturation, but are the methodological principles. He regretted that “Ukrainian econometric opinion is not interested in the issues raised in the works of M. Yasnopolsky and does not use materials collected in this work, does not develop and improve methodology of the matter. “ This observation is right as well for modern scholars of economic problems in Ukraine. Although some attempts to analyze finance of Ukraine on the basis of the Yasnopolsky’s methodology were implemented by N. Maltsev and Porsche, who studied Ukraine’s place in the state budget of Russia. “According to their estimates, during the 1900-1914 the revenues from Ukrainian provinces were higher at 150-200 million rubles than spending on development. In the 1913 Budget of Ukraine within the Russian Empire was: income — 649 037 thousand rubles, or 18. 69% of the budget of the Russian Empire, the cost — 585 458 thousand rubles, or 17. 9%. Thus, Ukraine gives more than 60 million rubles for total empire needs. “

”In 1922-1923 the share of the UkSSR in the USSR revenues was 22.2%, and in 1923-1924 it was 21.7%. In those years the share of expenditures of UkSSR amounted to 17.8% and 18.9%. In 1924 and in 1925 Ukraine paid for all-union needs 1/5 of its income. “

Even M. Volobuev, publishing these figures, argued that colonial dependence on Ukraine in the days of Bolshevism did not decrease compared to the ruling period of the empire. Both in times of tzar and Bolsheviks Ukraine gave away 1/5 of its incomes. “Absolute numbers — Hlovinsky pointed — don’t matter, and there may be considerable mistakes on both sides. It is the proportion of numbers that really matter. And both in the times of tzar and Bolsheviks this proportion shows that certain and very big amount of Ukrainian incomes, from 10 to 30 % of the whole amount of state incomes is taken away from Ukraine never to return either in the form of real state expenses or in in the form of services Ukraine gets from the central power. It is the fact called financial exploitation. The tendency of exploitation of Ukraine got stronger. Here we should add the growing expenses for armament. Hlovinsky’s calculations for the period of 1926- 1927 proved this tendency. Having examined incomes and expenses the scientist made a conclusion that the rest of incomes were more than 165

million roubles only in the state budget. For the next years (1925-1926) the rest was 0, only 94. 6 million roubles. Using the scientific analysis of many statistic data Hlovinsky made a conclusion that Ukraine was an object of financial exploitation during the bourgeois power as well as in the federal republic during the dictatorship of the proletariat and in the times of reconstruction of the national economy on the base of socialism.

Hlovinsky analyzes the conditions of exploitation. In his view, they are connected with the fact “the Ukrainian people are not a subject, but only an object of economic and financial policy. A natural richness of Ukrainian lands naturally contributes to the fact that the nation that conducts economic policy that this time the Russian nation, defines this richness for their own purposes, for the development of its fisheries, the rising of the material and spiritual culture, its promotion and elevation of great prestige.”

To get rid of this financial exploitation Ukraine, as a state, should gain independence. This will give it an opportunity to be the subject of finance and establish its rules. “All the necessary financial conditions in this Ukraine has — E. Hlovinsky wrote. — Profits that are collected in the territory of Ukraine are enough to pay all the costs necessary for the maintenance of national independence”. Time confirmed the conclusions of Ukrainian scientist. All the released funds, as predicted by E. Hlovinsky, go to the development of material and spiritual welfare of the Ukrainian nation.

In 1938, Hlovinsky correctly told: “ Attempts to build their own state economy, to introduce its own currency, to establish its own budget — these attempts not only belong to the past, they also shed light on the future. “

Nevertheless, the establishment of the Ukrainian state requires cleaning financial legislation from previous layers. “We must — a scientist wrote — ensure proper maintenance of national and economic organism, eliminating what does not correspond to the new state-legal and social and political basis of this body”. This issue is important for Ukraine today. Created legal framework of an independent Ukraine does not fully eliminate the institutions of financial policies that impede or completely render impossible the development of private initiative and private enterprise.

So, summing up fundamental research analysis by E. Hlovinsky, we can conclude about disclosing his financial mechanism operating in Ukraine within the USSR. The perspectives for full development of the financial system of Ukraine, according to the theory of the scientist, is to build an independent state. The practical significance has its methodological principles concerning calculation of the financial capacity of individual territories. In terms of Ukraine’s independence, they can be used in the calculation of regional financial balances.

Hlovinsky was also interested in question of influence of the financial structure of Soviet agriculture. Under his scientific interest was to study the issue of cooperation, transport and distribution of industry and so on. The most important article about these issues that relate directly to the economy of Ukraine: “Sixth Five-Year Plan and the economy of Ukraine” (1956), “Ukraine in the seven-year plan” (1959) and “The structure of Farming in Ukraine and postwar changes” (1955) and others.

In his research activities at the Institute for the Study of the USSR Hlovinsky continued researching the finance of UkSSR, as well as financial sector of the USSR. In characteristic style and spirit of the scientists, scientific exploration “Finance of Ukrainian SSR within the finance system of the USSR” (1955) was written, where on the basis of available material the author tries to answer the question of what percentage of state budget revenues, accumulated in Ukrainian SSR is spent on the needs of other parts of the USSR. This issue of scientific reviews in other articles was published in English in “Bulletins” of the Institute. In particular, these articles are the following “The Soviet budget 1955” (1955), “The Soviet national budget 1956” (1956) and others.

Famous modern Ukrainian economist S. Zlupko in his article “E. A. Hlovinsky is the researcher of financial colonialism “(2002) appreciated his work in the following way:” The study of finance of Ukraine made by E O Hlovinsky more than half a century ago is multidimensional, it contains a significant theoretical and application value. It is based on the best traditions of Ukrainian and world financial science. “

Hlovinsky died in 1964 in exile in Munich, where he is buried. But all thoughts and scientific activities of the scientist were devoted to Ukraine.

The main works of the scientist: “The money and credit in the USSR during the First p’yatylitka. Modern Problems of Economy of Ukraine “(Warsaw); “Finance of Uk. S. S. R. “ (Warsaw, 1938); “Currencies, money Reform in Ukraine” (Cleveland, 1974) and others.



ILOVAYSKYY Serhiy Ivanovych

(1861-1907)

Ilovayskyy Serhiy Ivanovych is a Ukrainian scientist, lawyer, financial economist whose scientific findings weren't only rejected, but fully denied because of the new economic policy refusal in the USSR in the end of 1920s. It was primarily connected with the dominating idea of the Soviet economic theory and practices about money that is only a means of accounting in socialism.

Serhiy Ilovaiskyy was born on June 8, 1861 in the family of Don Cossack in Hartsyzk suburb of Mitsk district (nowadays it is Donetsk region) of the Don army region (nowadays this territory is a part of Rostov and Volgograd regions of Russian Federation, Donetsk and Lugansk regions of Ukraine).

Financial possessions let all members of the family move to Saint Petersburg where the possibilities for children's studying were better. Serhiy Ilovaiskyy got his primary education in Petersburg gymnasium № 6 which he finished with honors. His diligence and ambitiousness inherited from his parents were noticed by teachers. His addiction to humanitarian subjects became a crucial point of his further choice of education. He entered Saint Petersburg Law School in 1879 and joined the research work at the first year of studying.

In November 1883 after his graduation Serhiy Ilovaiskyy was employed in the National bank of the capital of Russia. In April 1884, he defended a dissertation, gained an academic degree of Candidate of Legal Sciences, and started the preparation for the rank of professor at the university. In 1886, Serhiy Ilovaiskyy accepted the post of privatdozent after his successful passing master's exams in financial law and two testing lectures.

Since that time his life was connected with work in his homeland. On 1 December, 1886 Serhiy Ilovaiskyy was elected on the post of a privatdozent in Novorossiysk (Odessa) University. On 7 January, 1887 due to the university tradition he delivered a public lecture called "Definition, Content and Sense of the Financial Legal Science in Relation to the Short Sketch of the Most Important States' Financial Status" which was highly

estimated among the professors in the university. It was a sort of an admission to his teaching profession. Then he started giving lectures at the financial Law Department of the Law Faculty of the University.

Serhii Ilovayskyi continued his active scientific work. In 1893, he presented his thesis “Indirect Taxation in Theory and Practice” for a Master’s degree and defended it in Kazan University. Also, in 1893, he published his first edition of “Short Textbook of Financial Law” which later was issued four times during the author’s life. At that time financial legal science started to be separated from financial science in two ways: studying of financial and legal issues as individual topics and studying of financial law at the higher educational establishments of the country as a separate discipline. The first approach was represented by the works of the famous Ukrainian scientist and financier Ivan Ianzhula “Study Experience of English Indirect Taxes” (1874) and “Main Issues of Financial Science” (1899). This tendency was developed by the Russian scientist and financier Ivan Ozerov in his scientific works (“Basics of Financial Science”, 1905). The second way was set up by Fedir Milhauzen (“Financial Law”, 1883), whose ideas were promoted by Serhiy Ilovayskyi. At the same time, he was appointed to perform the duties of the extraordinary professor at the Financial Law Department in Novorossiysk University. He gave all his efforts and talents to his profession and got a great honor and recognition among students and colleagues at the department. Heorhii Tikhtin made his first scientific steps under his supervision. In 1897, Serhiy Ilovayskyi got an appointment of the head of Financial Law Department which he managed for 10 years up to his tragic death on April 13th, 1907.

Serhiy Ilovayskyi was the first scientist in Ukrainian financial science that differentiated the notion of the object and source of tax in his analysis. He supplemented the list of elements of the scheme of taxes by dividing them, giving them the notion of tax item and source of tax and also adding a new concept of tax unit and tax rate. Serhiy Ilovayskyi understood tax unit as a separate item of the tax which was defined by a number, measure or balance, due to all these separate items taxes were defined. Nowadays it is understood as a unit of taxation. Tax rate is a tax amount which is subtracted from tax unit. The notion “tax rate” refers to the modern conception of tax percentage rate. Serhiy Ilovayskyi understood tax source as a totality of value which tax was paid on. He emphasized that the given notion shouldn’t be confused with the unit of tax (tax item) though in his publication Serhiy Ilovayskyi studied tax item identifying the notion “tax subject” and “tax object.” He referred material and immaterial values of tax item which had a particular relation to the person, person’s action and people in general. Relations connecting a person with material values were relations of

property and other property rights. The author referred people to the tax items (tax for service which is procured by the owner) which were the result of identifying notions of tax subject and tax object. Tax payment wasn't connected with a person who resided in service but with the legal fact of obtaining the services, that was the usage of additional labour. Tax was measured concerning the number of services namely the number of particular persons who were hired by the owner.

In the textbook of Financial Law, Serhiy Ilovayskyy controverted the issue of the source of tax obligation execution. The author cited the opinion of Adolf Wagner, the representative of social and political school who told "about the possibility of taxing capital at a rate that exceeds the yield of the latter, in order to promote a more equitable distribution of property in the nation", though Serhiy Ilovayskyy himself expressed his negative attitude to the given statement. Later these ideas of a Ukrainian scientist found their development in the works of Russian financiers V. Iarotskyi, L. Hodskyy, I. Ozerov and others.

Noteworthy is the fact that while criticizing "Plan of finance" by Mykhaylo Speranskyy, Serhiy Ilovayskyy noticed that he deserved international honour at the same time. Under such circumstances, it was impossible to carry out in a constitutional and feudal Russia the way of development which was followed by the parliamentary countries. Mykhaylo Speranskyy "noted almost all the basic principles that hold the budget structure of modern representative states".

The prognosis of Serhiy Ilovayskyy was confirmed. Considering the modern analysis of pre-revolutionary financial thought, we can confidently acknowledge that Mykhaylo Speranskyy gave the basis of the budget law in Russia and Ukraine in his work "Plan of finance" for the first time. So he could be placed in the line of the first authors of the budget theory and financial law.

In S. Ilovayskyy's book, the concept of financial law was quite often identified with the notion of finance as well as the financial legal science and even finance in general. But it should be underlined that the legal category of "financial law" was genetically linked to the economic category of "finance", and this interconnection was determined by both dialectical form and content.

The main question in the works of S. Ilovayskyy was what should be referred to the subject of finance. He studied whether it was only the regulation of public funds of a country or municipal formation or money funds of some other material entities, i. e. public and private, for example. There is still no general consensus on this question in the field of financial law among the academic lawyers even nowadays. As for S. Ilovayskyy, he

was greatly influenced by his forerunner I. Patlayevskyy who stated in his book "Financial Law Course" (1885) that finance was not only the income of a state but also all the material and personal means that public authorities had at their disposal to meet the needs of a society

S. Ilovayskyy considered cash income as well as various natural duties and taxes to be the parts of government revenues. He stated that citizens' labour obligations of any forms were income of a state in the intangible form, but they constituted real material income in the form of non-payment labour costs and the results of work in any material form.

In the scientist's opinion, any non-paid activity in the public interest might be considered to be labour conscription and can be accounted in money terms. But it was a misconception. Today, such public relations are regulated by the public and administrative law.

In general, having followed the mentioned theory S. Ilovayskyy included the regulations of treasury contracts and supplies into the financial law. Today, these regulations are governed by civil law.

General scientific views of the Ukrainian scientist were influenced by the ideas of the historical school which proposed the idea of class nature of a state and proved the necessity of its intervention into economic life. Those views were reflected in the so-called "social-political" direction that emerged in the financial science in the 1970-1980s.

Previously, it was considered that the main task of the financial theory was the investigation of the regular impact of the financial sector on economic life. But the founders of the social political direction L. Stein and A. Wagner advanced the idea of causal investigation of financial phenomena as a product of social conditions, mainly economic and political. They considered financial science to be a science that took the material to research some theory and statistics. In other words, they actually led it to the financial policy of a separate state and considered it necessary to formulate the conclusions based on the characteristics of financial structure and governance of a state.

The characteristic feature of S. Ilovayskyy's research was the combination of the historical school's provisions with the ideas and approaches opposite its directions in the theory of finance. The proof of this was his textbook based on the idea of social political direction of the historical school. However, in his conclusions the author tried to follow the provisions made in the works of the famous representative of the subjective psychological school Emil Sax.

Serhiy Ilovayskyy's understanding of financial science in both narrow and broad senses was typical for the supporters of the historical school. By financial science in the narrow sense the author understood, on the one hand,

the finance law, but on the other hand, a complex of theory and policy. Concerning the latter point of view, financial law, financial history, financial statistics and inquiry were considered to be additional disciplines and methods of investigation. The complex of the main and additional financial disciplines formed the content of the concept. G. Tiktin, who was Ilovayskyy's student, couldn't overcome that eclecticism. It was also proved in the 5th edition of the book of S. Ilovayskyy. However, it should be mentioned that later in the 1920s G. Tiktin devised the theory of finance on the base of formal finance science. Then Tiktin suggested another abstractive theoretical method that was based on his prior approach to investigate finance.

In addition to the textbook containing scientific papers by S. Ilovayskyy, it is also important to mention his monograph named "State-owned Monopoly as a Way to Charge the Objects of Consumption" (1896). In his last years of life, he worked on "Historical Sketch of the Fiftieth Anniversary of the Russian Society of Shipping and Trade" which was released in a separate edition in 1907. Unfortunately, the author didn't see it. According to S. Ilovayskyy's will, one of his best students G. Tiktin prepared the fifth revised and enlarged edition of the book "Financial law" for publication (edited by M. Yasnopolskyy, in 1912), which was considered to be the best book on finance in pre-revolutionary Russia.

In the post-revolutionary period of the USSR, it took place the process of financial law formation as a science. But its development was significantly lagging behind the development of finance in Western countries because of the vivid absence of understanding of the important role of finance under socialism.

During those years, the state supported the idea according to which money was incompatible with the ideology of socialism. That idea was quite different from those of S. Ilovayskyy that were expressed in his book. But in spite of that, the book of S. Ilovayskyy remained indispensable for a long time in the Soviet period.

Along with the subjective reasons for such an approach to financial legal science, there were also objective ones. Difficult conditions of civil war, as well as devastation of national economy, were the reasons for the emergence of the war communism period when the strict centralization in the distribution of products, rigid rationing, in-kind compensation led to the reduction in the scope of money, its social economic depreciation and destruction of its role in society.

In general, such circumstances caused reduction of commodity and money relations that in turn gave rise to the idea of money uselessness as well as its quick loss of value. The idea of the futility of money under socialism and communism was supported by the state.

Because of the objections of the money importance different processes such as displacement of financial disciplines at the universities, the financial collapse of the credit system and the reduction of financial activity of the state took place. On 19 January 1920 National Bank was abolished, where the scientist and financier O. Antsyferov was one of the creators. It was also suggested that National Commissariat of Finance should be closed up.

Under such circumstances, the young science of financial law (great contribution to the development of which was made by S. Ilovaysky) was embraced by general expectation of finance disappearance. Therefore, the question whether the financial law could exist as an independent branch of science seemed to be irrelevant and not perspective.

However, ideas of S. Ilovaysky gave some results. Changes influenced by new economic policy led to the reassessment of the lawyers' opinions about the issue of finance and financial science. One of the first who continued to develop ideas of S. Ilovaysky was his student G. Tiktin. He prepared "Essays on the General Theory of Public Finance" (edition 1-3, 1926).

Except for scientific activities and work at the university, S. Ilovaysky took an active part in the public life of the city. He actively promoted a healthy lifestyle among teachers and students. His love to mountain trips led him to the Crimean, later Crimean and Caucasian mountain club (CCC), an active member of which he became on 17 February 1891, almost since the inception of this company. His initiative and commitment to the club were confirmed by his election as its vice-chairman in 1895. Organizing of informative and recreational excursions to the mountains was considered by S. Ilovaysky as one of the main tasks and he devoted it a lot of personal time, especially in summer. He was convinced that the best recovery of active members in society, especially the urban intellectuals were intelligently organized trips and mountain tours. Unlike others who believed it to be only a holiday, S. Ilovaysky supposed it to be a powerful experience, strengthen relations in the team and the possibility to compare views in unusual circumstances. Program of the club in this direction was described in his article "On the mountain tour", which was published in the Notes of Crimean and Caucasian Mountain Club Notes of CCC in 1895.

In the memoirs of S. Ilovaysky his colleagues, who traveled with him, noted that he was a romantic man who knew how to ignite discussions and organize a wonderful evening recreation. S. Ilovaysky always organized student tours too so students respected him very much. In addition to having a rest and visiting many attractions, as his student G. Tiktin told, every student returned home being concerned of his future scientific research.

S. Ilovaysky was not only acknowledged scientist among researchers and unsurpassed teacher. He tried to raise a sense of teamwork among his

students and love to their land (especially mountains), to form the desire of understanding something new in life, education, science. He was the model of high moral principles for club members, to the work of which he eagerly involved new people, especially young ones. The feeling of solidarity climbers repeatedly led him to take part in international congresses and conventions climbers. Particular, the trip to one of these conferences in France was described it in Notes of CCC, №12 in 1900, where he taught experience of mountain climbing in other countries.

The first trip to the Caucasus Mountains impressed S. Ilovaysky so much, that he opened the department of the club in Gagra. As a sort of solidarity and friendship with mountain fans, he made his club renamed from the Crimea into Crimean and Caucasian. He issued Merkulov's guidebook (V. Merkulov "Guide of Caucasus Mountains", Saint Petersburg, 1904) in the coastal part of the Caucasus. Using his own money he bought the land in Krasnaya Polyana, in the center of Romanov town, and began to build the mountain storage facility here.

S. Ilovaysky tried to make the club a center of intellectual's communication. In winter he arranged meetings in the form of lectures and readings, he also published the magazine "Notes of CCC".

Active public position and desire to help people was manifested in the reliability of the scientist to participate in the work of public organizations. S. Ilovaysky was an active member of many local and charitable organizations, including the shelter at Michael Arkhangelsk dining room. He was repeatedly elected as a magistrate, the head of City Council.

As a hunter, he was a board member of Novorossiysk Society amateurs hunt, the member of the commission at a special committee of Odessa guardianship over people's sobriety for many years. The sudden death on his way to Odessa pulled him from his active life of a scientist and a vigorous, active and sincere person. These facts were noted by his colleagues, Professors of the University where he had worked: O. Klitin, W. Kosinsky, M. Pavlovsky and others at the funeral in the university church.

S. Ilovaysky was buried in the cemetery in Odessa Resurrection Church (Middle Fountain).

The main works of the scientist: "Definition, Content and Sense of the Financial Legal Science in Relation to the Short Sketch of the Most Important States' Financial Status. Introductory lecture" (Odessa, 1887); "Lectures on Financial Law" (Odessa, 1889); "Indirect Taxation in Theory and Practice" (Odessa, 1892-1893); "Short Textbook of Financial Law" (Odessa, 1893); "Textbook of Financial Law" (Odessa, 1912), and others.



**KOVANKO
(KOVANKIVSKYI)
Petro Leonidovych**

(1879 – after 1938)

rV'ovanko (Kovankivskyi) Petro Leonidovych is a Ukrainian economist and financier. He belongs to the scientists of the financial sphere whose scientific achievements are still unexplored.

Petro Kovanko was born on June 27, 1879 in Armyansk, Tauride province in the aristocratic family. He got the secondary education in the Kherson gymnasium which he successfully finished in 1895. The desire to continue education led the sixteen-year-old boy to Kyiv University named after St. Vladimir where he studied at the Faculty of Law in 1895-1899.

The peculiarity of studies at the Faculty of Law at classic universities of that time was that the economic disciplines were dominated among academic ones, especially Political economy, Statistics, Finance, History of Economic Studies and Business Life. Later in 1911, P. Kovanko critically assessed the state of studying the political economy and history at the universities of the Russian Empire. "In the absence of special economic faculty at Russian universities," he wrote, "political economy is considered not to be the main subject. History of Political Economy in some way coincides with the Theory of science. All themes are studied sketchily: special courses are not developed and often considered to be unnecessary, their aim is only to give the scientific work and practice to young privatprofessors". At the same time, on the base on personal teaching practice, P. Kovanko said: "the higher educational establishments where there are economic faculties are in better position, such as the St. Petersburg Polytechnic Institute and Commercial Institute in St. Petersburg, Moscow and Kyiv."

One of the special features of studying at the university was the active involvement of students in scientific work, through the competition for the best student essay in particular. P. Kovanko was fortunate: for the essay which was given by the Faculty of Law in Kyiv University "The main reforms undertaken by N. Bunge in the financial system of Russia", he was awarded a gold medal and money prize. Later, after Kovanko's graduating from the University in 1901 this work which was headlined "The main reforms undertaken by N. Bunge in the financial system of Russia. The

experience of critical evaluation of N. Bunge's activity as the Minister of Finances (1881-1887)." Having over 500 pages, it was printed at the printing house of Kyiv University. On 29th of May 1889, P. Kovanko being the graduate of the Law Faculty got a diploma of the first degree and certificate from the Office of Kyiv school district, which officially confirmed that fact. For his merits, he remained in the Kyiv University at the Department of Finance for the professor activity training. This training was supposed to last for three years (from January 1st, 1900 to January 1st, 1903) at public expense.

In 1914, Kovanko defended his master's thesis, and according to the results of defense he obtained the title of Master of Financial Law.

The long period for the preparation of master thesis was probably related to the financial hardship of the young scientist and the attempts to resolve problems by intensive teaching. In 1900, he accepted an invitation to conduct the course "Commerce" in Kyiv Female Trade School. There were no textbooks or programs for that course. So P. Kovanko had to develop them by himself. At first, he prepared and issued in the brief form of lecture notes a textbook on trading knowledge for trading schools, and constantly adapted it for the following years. As a result, the course of lectures turned into a textbook, which numbered seven editions (the last one was in 1919).

Since 1909 Petro Kovanko worked as an assistant privatdozent at Kyiv University. Simultaneously, he gave lectures and had practical lessons in Financial Science in Kyiv Commercial Institute.

On September 1st, 1911, the Ministry of Education sent P. Kovanko abroad to have preparatory courses for a professorship at the Department of Finance for two years. He was given a scholarship (2000 rubles a year) (cf - Kovanko's payment for the practical classes at the Law Faculty was only 800 rubles a year in 1910). During that trip, Kovanko worked in archives and libraries of Berlin, Munich, Munster and Paris (as well as St. Petersburg) collecting necessary materials for the future master's thesis. At the same time, he attended lectures of professionals in political economy and financial science — A. Wagner, G. Schmoller, H. Meyer, L. Brentatno, L. Bortkevych, P. Leroy-Beaulieu, C. Gide and others. As P. Kovanko noted, he paid a special attention to learning the organization of practical training while attending foreign universities.

After returning from foreign trips, P. Kovanko continued research and teaching at the Kyiv Commercial Institute and at the same time in Kyiv University as well as. In 1914 he was elected as a Professor of the Institute of Commerce and only in 1919 as a professor of the University of Kyiv. Despite the extremely unfavorable conditions for scientific work after 1917, P. Kovanko continued to study issues of financial science. He focuses on

developing the topical issues of local finances, including financial problems of land tenure in Russian and Ukrainian cities. In 1919, the scientist published a work “The financial problems of land tenure in Russian cities” and sent it as his doctoral thesis to Kharkiv University. But, as Kovanko himself pointed out, “the defense did not hold due to revolutionary events”. His doctoral thesis did not include materials about cities of Caucasus as the author was not able to collect the necessary data for analysis because of civil war. As soon as such a possibility emerged in 1919 Kovanko was sent by the Commercial Institute to Rostov-on-Don and other cities in the south of Russia to study the financial situation of settlements and lands during the revolution and civil war.

In his autobiography P. Kovanko writes about it in the following way: “Being in the scientific trip, I received the invitation from the Council of Kuban Polytechnic Institute to give temporary the lectures in Economic Policy and Finance with the same payment as the professors of the institute. I started lecturing in autumn 1919. In 1920 at the opening of newly formed by Soviet authorities the Kuban University I received the invitation to give the lectures in Finance, being the professor of the Kuban Polytechnic Institute”.

By the order of People Commissariat of Education in 1921 P. Kovanko was dispatched to the previous place of work — Kyiv Institute of National Economy. Here, as a professor of the first category, he lectured and conducted the scientific research. However, P. Kovanko also worked in the Cooperative Institute and in the Commercial and Industrial College.

In the late twenties of the 20th century, there was a difficult situation in the science and teaching in Ukraine and in the Soviet Union as well as. An interesting document from Kovanko’s personal file proved the conditions under which everybody had to work. The document is so typical for those times that it is submitted below in full:

“Explanatory note to the rector of KINE (Kyiv Institute of National Economy)

In the “Kyiv Proletariat” newspaper 5 / 11-1929 in self-criticism column was published the article, which contained the following lines regarding me: “Professor Kovanko (KINE), while teaching Economy of industry, avoids the transition period and doesn’t say a word about the general course of the party on country industrialization.”

P. Kovanko understood the consequences of such accusation rather well. So, unlike a number of his colleagues he did not go into defense, but advanced skillfully and actively, denying fictitious accusations. He wrote: “With regards to the extract I consider it is necessary to give such explanations: 1) this year I have conducted a course “Applied Economic” (at the commercial and financial faculties) in which the industrial economy

takes the center place. According to the program, approved by subject committee and the faculty, I have not yet taken notes of the themes concerning small industry in the present academic year as the first semester I devoted to issues of large-scale production, industrialization and electrification. I am going to deliver lectures on the topic of small industry in the second half of February, so one can assume that the mentioned article does not mean that course I am currently having and which is conducted by me using processed program.

2) In previous years in accordance with the old program, I started the course with the lectures on the theme of small industry and after finishing it, I proceeded to the theme of large-scale industry. According to this old program (due to delays with the approval of the new program), I started to conduct a course at industrial faculty, but because of being overloaded with the work I gave it to professor Chorny, having only delivered lectures on the theme of small industry.”

So, P. Kovanko started lecturing from issues of the small industry. And to avoid the accusation of “counter-industrialization” and to protect his position, the scientist enlisted F. Dzerzhynsky to his allies. “However, I suppose that the issues of handicraft industry are of a great importance for modern Soviet reality and its support through the cooperation is one of the targets of the country industrialization, — says P. Kovanko. — As for this issue I can refer to the work, which was made under the leadership of late F. Dzerzhynsky entitled “Home industry of the USSR” : “They are not likely to deny the fact, says Dzerzhynsky, that the handicraft industry and small industry are important for further development of our national economy, raising and strengthening the farm.” To deliver lectures on handicraft and small industries I did not miss the tasks on its relation to the industrialization of the country, and to give the idea of industrialization a preferring position in my course, I started to deliver lectures on the large-scale industry, according to the new program. P. Kovanko. 10/11 1929.”

We don't know the reaction of the institute authority on P. Kovanko's note. But it's known that the scientist could neutralize the menace of punishment from the political motives for some time.

The teaching and scientific work of P. Kovanko were connected with the work of other famous scientists in Kyiv Institute of National Industry. His research and development were the valuable addition to his lecture courses and practical lessons. At the same time teaching gave an impulse for researching the urgent topics of political economy, financial science, and budget law.

Referring to the most urgent problems of financial science, love to the research of the primary source, especially archival materials, comparative

analysis, the usage of considerable statistical and actual material, inclination to the inductive method of research with the simultaneous usage of the deductive method — these distinctive features characterized P. Kovanko's scientific work.

It is not so often in the scientific world that the first work of the young scientist makes him famous for the rest of his life, distinguished among the other works because of its eccentricity, fundamentality, ideas etc. It was his first monograph, which was mentioned above and published at the age of 25 in 1901. Its distinguished feature is the detailed analysis of extensive archive material from the written heritage of M. Bunge, which was delivered to the library of the Kyiv University after his death. P. Kovanko closely studied the activity of famous reformer in the sphere of the Russian finances through the prism of his drafted principles. "Russia can get rid of financial deficits during few years, -wrote Bunge in his paper about the state budget in 1882.

- But only government, which never steps back from the basics of national industry, justice in distribution of taxes, parsimony and order in expenses can provide the development of political and financial power in the country." That is why M. Bunge, as the author of the monograph indicated, did not shun from the duty of avoiding deficits, which was the touchstone for every new Finance Minister, but he deeply penetrated into this issue. His targets were the same, but his means were different: "to destroy the inequality of taxation, to draw new, not exhausted power, to shorten inefficient expenses and deficits will be disappeared."

A young Kyiv researcher made the critical analysis of N. Bunge's reformatory activity in the sphere of direct and indirect taxation and taxation management. It restricts the range of real reformatory actions in some way, leaving behind a lot of them in the sphere of credit, banks, finances, relations of capitalists and workers, but it gives the possibility to concentrate on chosen objects of analysis and expose them deeply. Besides, P. Kovanko highly assesses the work of M. Bunge outside the range of taxation. He wrote if to take into consideration "such actions as foundation of peasant agrarian bank, the law of the 1st June 1882, which made the first and successive step on the way of regulation the factory labor in favor of workers, and, finally, the rules of the 26th April 1883, which started more right arrangement of urban and private conditions, -it is easier to understand how wide a transforming activity of M. Bunge was, how big aims he had and directed to attain them in the financial and economy politics of Russia according to demands of modern cultural development." In the consequent of the research, the young scientist made a conclusion that from the time of reformatory activity of M. Bunge the Russian financial system was in accordance with the course of that period in Russian history, the beginning

of which started by the emancipation of peasants and by other reforms of emperor Alexander II.”

A decade later, P. Kovanko got acquainted with a lot of famous scientists and teachers in Kyiv Commercial Institute. In 1913, professors K. H. Voblyi and L. M. Yasnopolskyi — both future Ukrainian academics, unconditionally supported P. Kovanko in assigning to him an academic status as a professor. Scientists gave positive feedbacks on his works. K. Voblyi’s analysis of his main work is still valuable now. He noted the depth of author’s disclosure theme on the reformative activity of M. Bunge, based on the analysis of primary sources — archive materials. K. Voblyi fairly stressed that M. Bunge reforms are put by the author in historical dependence from the past but they are of a great importance even nowadays. The whole research is taken upon one common idea — how the main leading task of the whole Bunge work — the task of facilitation the position of the most involved in taxes payers and bigger equality in taxation in general was implemented. The author of the monograph fervently sympathizes with this idea, as Voblyi stressed. In some actions where M. Bunge shuns from his imposed aim the author negatively threads to the Bunge’s actions.

From this point P. Kovanko illuminates all numerous reforms of M. Bunge, applying to their positive sides in the abolition of poll tax, tax on fixed property, the taxation on trade and on the business with interest charge, taxation on the income of the monetary stock, death duties, the abolition of salt tax etc. From the other side, the author of the monograph, according to the idea mentioned above, is negative to the other politic Bunge actions, first of all its customs, transformation natural taxes into redemption payment and the establishment of high taxes on sugar and vodka.

Practically the same thoughts also have V. L. Stepanov, Russian famous modern researcher of reformatory activity of M. Bunge. He considers it (monograph) as something that still remains as the most fundamental work in the tax policy of Russian autocracy in 1880-s. Some researchers suggest that its defect is in omission of the investigation of transformation in credit and banks. But exactly that approach to the research could give its author possibility to study deeply some matters about financial policy and taxation.

An important milestone in Kovanko’s life was his thesis entitled “The reform of 19th February 1861 and its consequences from the financial view (Redemption operation 1861-1907).”, by which he obtained Master’s degree in Kyiv University (1914). As L. Yasnopolskyi said, the author was the first in Russian literature who had done the complex task about checking financial accounts of repurchase operation and its financial results.

Petro Kovanko considered that the serfdom in Russia made a special tax regime which did not let the further growth of state budget. In the sphere of

direct taxes the serfdom of rural working people was promoted by capitation tax with its collective responsibility and passport fee; in the sphere of indirect taxes there was salt tax and wine buy back (approximately 16/17 from the whole amount of direct taxes accounted for poor rural population and only 1/17 accounted for the rest of social groups); in the sphere of financial managing there wasn't any rendering of accounts, abuse and fear of publicity.

The conclusion of Petro Kovanko was leading to the point that all financial system was like anachronism and financial difficulties played a great role among different reasons which pushed on the government to cancel serfdom law. "The state was ruined on its own, — wrote Petro Kovanko, — disadvantages were like a natural phenomenon and their (finances — *author*) getting was just a hopeless thing". However, Yasnopolsky considered that authorial statement of reform in relation to financial difficulty of Russian government was an obvious exaggeration of the real state of things.

Under such conditions the income of the state, where all tax force was focused on inferior, the modest agrarian group of population couldn't be persistent. The needs of the state increased the whole time especially in the second part of 1870s and in the beginning of 1880s of the 19th century. The increase of tax percentage rate meant that all increment of growth came in the State Treasury. Petro Kovanko thought that the country was at the state when everything was taken from the old tax system and there was nothing left to take at all. The downsides caused deficits, deficits caused borrowings, borrowings caused ruble downing, the decline in money value added complexity to payments on public debt, and for their lightening taxes were increased again, but they didnot give any income, there were taxes in arrears, deficits, borrowings, ruble downing and etc. That's why he agreed with reformatory work of Mykola Bunge which was oriented on the dissolution of this "charmed circle".

While analyzing the history of taxes, Petro Kovanko gives such general remarks:

- the idea of personal tax (personal tax is the main direct tax in Russian state which was put in place in 1724 after household taxations were canceled on January 1st, 1887 on the initiative of Mykola Bunge) during all its existence was corrupted, this tax was turned into "estates" which is rural;
- collective responsibility made personal tax more unjustified and chargeable for ordinary people which was introduced for support of state financial requires;
- the draft of the substitution of personal tax by others, concerning reforms of Mykola Bunge, was not implemented because of some reasons,

particularly because of usability for the government and impossibility of refusal from personal tax in consequence of permanent budget deficits.

Petro Kovanko was the first in Ukrainian economic literature who raised a problem of economic essence of taxes. Taxes must have net profit in return the taxation of gross income threatens to reduce capital. The author thought that it should always be carefully protected, as it is the main productive power of the state, the same as work and it isn't profitable for the state to disrupt these two principles. There was a weird approach in Russian empire: if a merchant, landowner or manufacturer were richer they had to pay fewer taxes. It grew out of tax theory requires, it was converse to that one which had to be in the state having justified tax system.

Petro Kovanko shows all new problems which occurred, while analyzing the other important step in financial system reforming which includes taxation, transformation of labor tax (introduced by Petro I) in redemption payment. After the reform of 1861, the existence of this tax caused some anomalies again, as the release of villagers foresaw the formation of small owners but state informal fees prevented it.

Due to processing operations of Petro Kovanko financial results of redemption operation on January 1st, 1907 were following: capital debt of villagers for the land was 900 million rubles and villagers managed to repay 53, 2%, the government did the rest — 45, 7%, there were nine west provinces which weren't covered by the procedure of manifesto on November 3rd, 1905 — 1, 1%.

Maturity had the largest value in repayment of debts concerning villagers, as there was discharged only 2,7% from the whole amount of debt by pre-term payment. According to manifesto on November 3, 1905 25% from the whole amount of debt was marked off out of villagers and due to the law of 1881— 1884 about decrease of redemption payment, the debt of the villagers was reduced to 18, 8%. The rest of tax deductions didn't have any sense. As the Ukrainian scientist noted, decrease of redemption payment and early accomplishment of the operation of buy-out incurred losses to the treasurer's office. However, these government measures made sense completely and they were necessary from the standpoint of broad understanding of state interests, as tax payment validity was increased for villagers. Furthermore, tax deductions, which were provided by the government, decreased expenses of the villagers for purchase of land greatly. According to the primary plan, villagers had to pay approximately 8 rubles per acre of land and 27 rubles for denomination of capital charges. Indeed villagers paid 40 rubles per acre and 14 rubles were accounted for denomination of capital charges.

The investigation of budgets, budget law, and its academic subject area were the basis of studying and pedagogical activity of Petro Kovanko from

1910. His first publication in this domain was “Contain and essence of budget law” (1910). He considered a budget law as a set of legal rules defining the preparation procedure, confirmation, implementation and supervision of budget. Petro Kovanko stressed the importance of historical approach in the investigation of budget law matters. Every country went through particular periods of development of state living and each of them had a specific type of budget law. It was Petro Kovanko’s opinion that first of all, the task of budget law involved uncovering and describing of derivative laws and secondly, operating system of budget law in different states led to the schematic order by rendering them into particular types.

On the assumption of the understanding the subject matter and tasks of budget law, the scientist marked off and analyzed different theories of budget law, in particular those ones the representatives of which gave priority to hierarchical approach and also their followers based on the principle of popular sovereignty. On the one hand, Petro Kovanko considered the theories of both scientists groups correct, as they complied with the social and law terms of those counties where state living was taken as a basis of theoretical development. At the same time, the investigator put emphasis on the point that any of those theories didn’t have generality. On the other hand, Petro Kovanko preferred the theory of budget law that based upon the principle of popular sovereignty. The scientist wrote that “it is in higher realism because of its logic nature of the construction and also by the reason of making its consequences on the investigation of budget fairs of those countries which had a long way of cultural life”. The Ukrainian scientist proves that the rules of state budget growth are the rules of budget laws growth of popular representatives. In consequence of this investigation of the subject matter and essence of budget law and different theories, the science theorist made such important conclusions: “The tasks of the state are getting to grow, its functions become more complicated, budget is growing, tax burdens concerning citizens are growing, their duties are growing and civil rights are growing as well. Nowadays right leading of national economy isn’t possible without the participation of popular representatives in the budget case and without the firm legal bond between the society and government, it would be impossible to collect billions which “decorate” budgets of all main states of the world”. It’s quite obvious that these conclusions have to be left on the front burner, they concern the modern budget law and budget process.

In scientific studies of P. Kovanko a significant place belongs to the analysis of state budget. The particular interest is the investigation “State expenditures in Russia according to the designed subjects for the years 1903- 1911”. It has primary interest by the choice of the period of analysis. This

was the period when Russia lost the war, social revolution and further military preparations, which could not impose its imprint on the country's budgetary expenditures. Their analysis made it possible to identify certain trends in public expenditures in the years of the period. According to Professor K. G. Voblyi, the main importance of this research is that the "state expenditures of Russia are considered by the author not according to the ministry system but to appointment items that can give a correct picture of spending public money."

Another important feature of this study was the author's usage of a comparative analysis of state expenditures in Russia and major European countries. This method made it possible for P. Kovanko to compare budget expenditures of different countries in the overall management, in health, education, science, etc., and to separate the different trends of these costs. "We somehow got used to the fact -wrote P. Kovanko — that spending on education, science and art are not very high; we accepted another point which lies in the fact that this type of spending is marked surprisingly by a weak tendency to its growth." Meanwhile overseas, says Kyiv scientist, governments do not regret funds to these important areas of human life. We now have to say that almost a century later the situation in Ukraine has changed little.

The highest authority in the case of government spending for P. Kovanko was M. Bunge whose legacy concerning finance was considered to be forgotten. Passionate desire for speedy resumption of attention to these wills the Ukrainian scientist concluded by topical proposals: to lower the cost of governance; to ease the burden of defense spending; to reduce the burden of expenditures for obligations of the state; to increase spending on health, education, culture, aid to agriculture and handicrafts. It is necessary to improve maintenance treasury operations, treasury forestry, mining, railway sector; it is necessary to restructure the tax system. Kovanko concludes that the country needs fundamental reforms of the financial system. But at the same time he put the rhetorical question: who will make them?

Later the scientist considered the problem of land tenure of cities in the terms of the necessity to strengthen finances in fundamentally different socio-economic conditions. In the work "The financial problems of Russian cities land tenure" (1919) he emphasizes a high budgetary importance of urban land and quit-rent articles both in the past and in the present time and probably also in the future. This work has analyzed factual and statistical material in the field of land tenure of Ukrainian and Russian cities over long historical time: the 18th century — 10-s of the 20th century.

Even in Soviet conditions P. Kovanko actively researched local budgets in Ukraine. This issue is devoted to a number of his works: "The local budget of Kiev province in its present territorial limits for 1912, 1913 and

1914” (1925); “The local budget of Ukraine in 1912” (1924); “The local budget of Ukraine in 1912 and the current territorial boundaries of administrative-territorial division” (1925); “Local Budget of Ukraine in 1923- 1924 “ (1925); “The budgets of cities of Ukraine” (1925). The scientist continued to develop his favorite theme in the 50-s of the last century already being in emigration. He studied the budget of the USSR and Soviet Ukraine, their relationships.

The works of the scientific and methodological orientation play a special role in the creative activity of P. Kovanko. This is the work “Pedagogical authority” (1905) and a number of articles in the magazine “Commercial education” (1911-1912). In these articles the author appears as an experienced teacher, methodologist who justifies a number of key provisions to improve the teaching of political economy and its history in the middle and high school based on considerable experience including his own one. These scientific and methodical works gave P. Kovanko the reputation of connoisseur of the specifics of teaching basic theoretical discipline in specialized schools and colleges.

In our opinion, several issues are still relevant nowadays. These questions are related to the authority of the teacher and are set out in the work of P. Kovanko “Pedagogical authority. “ The essence of the author’s position on this issue is in a statement that the main factor of authority is a person, whom we respect. Therefore, only personal virtues of teacher, his love for children and for teaching of the subject can be a solid foundation of credibility. Any activities outside influence cannot raise anyone’s authority, any administrative position does not give a patent; neither rank nor age nor social status gives in this case any guarantee.

P. Kovanko drew attention to the existence of “a fatal abnormality”, the attempts to “support” the authority of the school and its representatives and its apparent decline. To discover this “abnormality, ” the Ukrainian scientist, on the one hand, tried to understand the moral health of the domestic teacher, and on the other hand, he explored a number of social conditions under which somewhat strange and far from the ideal type of “teacher” was formed. “The society and state, when education interests are valuable for them — wrote a young scientist — are under an obligation to create such terms for pedagogical activity that the personality of teacher could freely develop and improve mentally and morally”. However, P. Kovanko stated, that “here we are faced with a number of new conditions of Russian activities, the sad reality, severe, and material neediness and lack of complete independence of teachers within their scientific and educational work are in the foreground. “ He analyzed these unfavorable social terms thoroughly.

Regarding the situation of the teaching staff in the universities of Ukraine and Russia, the P. Kovanko describes it in very dark colors. In his view, “the lack of university autonomy, full neediness of people who are left in the university to prepare for a professorship, and doubtful material wealth of professors, disorganized our universities and led them to a miserable existence in which meeting with the teacher and scientific authority would be a rare exception. “ The assessment of position and pedagogical authority of national university professors at the beginning of 20th century is quite unusual for the modern reader.

Vital position of P. Kovanko is determined by a high demand to the personality of teacher, his mental, ethical and professional qualities, to the persistence in their statement. “If you cannot impart to your pupils or students the necessary ethical ideals, cannot give them moral values and meaningful understanding of dignity, honor, calling and responsibility to lower, equal and higher you should leave the institution and seek more relevant employment to your personal qualities” — requires the teacher. He understands the tragedy of teacher very well, in the opposite case — “you will quickly become a martyr and tyrant simultaneously”.

From the earliest days of the Society of economists at the Kiev Commercial Institute (January 1909), P. Kovanko took an active part in its work, discussions and individual presentations.

Undoubtedly, P. Kovanko is well known scientist and teacher who made his worthy contribution to the development of the Kyiv Commercial Institute (later — Kyiv Institute of National Economy). He made a contribution in its transformation into one of the leading centers of science and education in Ukraine.

The fate of the scientist after 1938 is unknown. Some information can be found about his emigration to Germany and work in the Institute of the USSR Studies in Munich. In 1956 his work “The budget of the USSR” was published.

The main works of the scientist: “The main reforms undertaken by N. Bunge in the financial system of Russia. Experience of critical evaluation of N. Bunge as the Minister of Finance (1881-1887)” (Kyiv, 1901), “Pedagogical authority” (Kyiv, 1905), “The content and nature of the Budget Law” (Kyiv, 1910), “Inheritance tax in Germany” (St. Petersburg, 1910), “Public expenses of Russia by purpose subjects: years 1903-1911. Financial and statistical sketch with 15 diagrams” (Kyiv, 1911), “Reform of February 19, 1861 and its aftermath from a financial point of view. (Redemption operation: 1861-1907)” (Kyiv, 1914), “The fate of residential taxes with the introduction of income taxation” (Moscow, 1914), “The financial problems of land tenure in Russian cities” (Kyiv, 1919), “The local budget of Ukraine in 1912” (Kharkiv, 1924) and others.



KRYSOVATYY **Andriy Ihorovych**

/V'rysovaty Andriy Ihorovych is Doctor of Economic Sciences, -*_Professor, Full Member of the Academy of Economic Sciences of Ukraine, Honoured Scholar and of Ukraine, Rector of Ternopil National Economic University.

He was born on December 23, 1965 in Koshliaky village, Pidvolochysk district, Ternopil region. In 1989, he graduated with honours from Ternopil Financial and Economic Institute with speciality “Audit and Control” and received a qualification of an economist.

Having graduated from the higher educational establishment, since August 1st, 1989, Andriy Krysovaty has been working in Ternopil Institute of National Economy. He worked as a trainee teacher at the Department of the Theory of Accounting, Audit and Control; a lecturer, a senior lecturer, an Associated Professor of the Department of International Finance and Credit Relations and Taxes; an Associated Professor of the Department of Finance; the Head of the Department of Taxation and Fiscal Policy; the Vice-Rector in Education and Organizational Work; the Vice-Rector for Scientific and Pedagogical Work. Since November, 2012, he had been serving as the Rector of Ternopil National Economic University. In April 2013, he was appointed the Rector of TNEU.

He studied without interruption from work as a post-graduate student at Kyiv State Economic University (1991-1995). In 1995, A. Krysovaty defended his Candidate Thesis “Indirect Taxes in Ukraine: Theory and Practice”. In 2006, he defended his Thesis for a Doctor Degree in Economic Sciences “Taxation Policy in Ukraine: Principles of Theory and Practice”.

During 1996-2001 he was scholarship holder of Cabinet of Ministers of Ukraine.

In his professional activity A. Krysovaty extensively uses foreign experience, tries to improve the educational and scientific process. He participates in scientific seminars, regional and international conferences: the 5th International Scientific and Practical Conference “Formation of the European Common Scientific Area and the Challenges of Economics”

(2013); the 10th International Scientific and Practical Conference of the Young Scientists “Economic and Social Development of Ukraine in the 21st Century: National Vision and the Global Challenges” (2013); the 3rd International Scientific and Practical Conference “The State and Perspectives of the Development of Accounting and Information System in Ukraine” (2014); International Scientific and Practical Conference “Transformational Processes of Economic System within up-to-date Requirements” (2014); International Scientific and Practical Conference “Pedagogical Theory and Practice in the Context of Integration Processes” (2014); the 11th International Scientific and Practical Conference of the Young Scientists “Economic and Social Development of Ukraine in the 21st Century: National Vision and the Global Challenges” (2014), etc.

A. Krysovatyty carries out his research in the field of state and local fiscal policy formation. He fully defines the concept of tax as a fundamental principle of the state financial economy on the basis of the conceptual foundations of the market social-oriented economy that provides step-by-step analysis and understanding of the taxation principles and allows defining qualitative and quantitative factors of this process. Providing considerable theoretical and empirical evidence, the scientist reveals composition and structure of tax system, the ratio of taxes to the value of Gross Domestic Product and the tax rates.

Due to its consistency, novelty and deepness, the research of A. Krysovatyty enriches the science of Finance and allows evaluating the regulatory function of the State when solving the problem of economy global system restructuring and expanding of market transformations.

A. Krysovatyty identifies not only two basic functions of taxes (fiscal and regulatory-distributive) but he also singles out such taxes sub functions as economic, social, incentive and restrictive. It allows a better understanding of the role of taxes and their impact on people.

The scientist considerably devotes his research to the analysis of tax system formation and development in the countries with transition economy, revealing certain trends, contradictions, and results of tax systems reorganization. Due to the tax legislation of these countries, the fiscal function is dominated over the regulatory and incentive functions appearing only to a very low extent. This is a characteristic feature of transition economy tax systems.

A. Krysovatyty also highlights the problem of tax evasion and avoidance. He considers that strengthening of the State capacity can facilitate to solve this problem. This is the basis of his approach to the problem of tax evasion. The scientist underlines that bureaucratization of economic relations, the omnipotence of bureaucracy and increasing corruption in Ukraine are caused by low State capacity and its functional weakness.

\ successful attempt of A. Krysovaty to emphasize the main trends of pumping up the budget in the countries with transition economy can be recognized as a scientific achievement. The scientist draws great attention to the basic issues of the tax burden in Ukraine and to the problem of measuring the individual solvency of citizens and the principle of equivalent assessment of the state counter services. A. Krysovaty considers that principle of solvency is aimed at the achievement of social objectives of the state because it involves redistribution of wealth from rich to poor citizens. The principle of equivalence is aimed only at equalization of tax payments and the State counter services. Along with the analysis of the development of tax reforms in the countries with transition economy, the scientist continues to investigate problematic issues of tax evasion, revealing the peculiarities of tax ethics and the imperatives of fiscal control. Andriy Krysovaty stresses that “the basic problem of taxation is administrative and managerial ability to ensure the highest degree of public revenues along with the decreasing of the adverse impact of this process on the economic situation and economic levers when the level of taxpayers’ dissatisfaction is the lowest”.

The scientist focuses considerable attention on the study of the state fiscal policy. He identifies four tools (elements) of the state fiscal policy:

- Incomes Policy (tax regulation);
- Expenditure Policy (expenditure regulation);
- Transfer regulation;
- Debt finance.

According to the scientist, among the issues of effective use of the financial tools are the following ones concerning:

- fiscal direction of the state tax policy;
- complexity, instability, inconsistency and contradictions of tax legislation;
- defining of the tax burden in Ukraine and distribution of tax pressure between

the factors of production;

- unsystematic and unjustified tax privileges and exemptions;
- unsystematic allocation of state budget expenditures;
- uncontrolled debt policy;
- unbalanced system of budget and social transfers.

A. Krysovaty studies the role of tax policy within the structure of the state regulation tools, identifies the main directions and forms of the state tax policy implementation. He supports the idea that economic growth is possible not only under the conditions of tax burden reduction.

The scientist draws great attention to the issues of the fiscal regulatory paradigm of the tax burden, especially taxes management in Ukraine, their

transformation trends, harmonization, preferential taxation and financial regulation of investment and innovation processes in Ukraine, etc.

It should be noted that A. Krysovatyty has greatly contributed to the development of Ternopil scientific economic school which postulates are well-known in Ukraine and abroad. Its followers take an active part in the development of the economy of our State.

In April 2013, Stopanska Academy “D. A. Tsenov” (Svishtov, Bulgaria) awarded the honorary title “Doctor Honouris Causa” to A. Krysovatyty.

He has founded the scientific finance school. A. Krysovatyty is the Head of the Specialized Scientific Council D.58.082.01 for defending Theses on Degree of Doctor (Candidate) of Economic Sciences. Eleven Candidate’s theses and three Doctor’s theses were written and successfully defended under his scientific supervision. Two Doctor’s theses have been prepared for defense.

A. Krysovatyty is the Chief Editor of a scientific journal “The World of Finance”, the Chairman of Editorial Board of the Ukrainian theoretical and methodological social humanitarian magazine “Psychology and Society”, a member of the following Editorial Boards: “Journal of European Economy” (TNEU scientific journal), a collection of scientific papers “The Economic Theory”, and a collection of articles “Optimum Economic Studios” (The University of Bialystok, Poland). Jointly with the Scientific Research Institute of International Scientific Association for the World Economy and Politics (Berlin, Germany), he founded a collection of scientific papers, a series of “European Integration. Basic Issues of the Theory and Politics”.

Among his retraining placements are the following Universities: Inholland University of Applied Sciences (Amsterdam, Netherlands, 2006); University of Applied Sciences (Vienna, Austria, 2006); Technische Universitat Dresden (Dresden, Germany, 2007); Rensselaer Polytechnic Institute (Troy, USA, 2008); University of Education Management of the National Academy of Pedagogical Sciences of Ukraine (2011); NORD University (Bode, the Kingdom of Norway, 2014).

A. Krysovatyty investigates the issue of legal regulation and organizational support for development and implementation of the state tax policy. He is the author of more than 130 scientific papers and methodological recommendations, 5 monographs, 16 textbooks. The main of them are the following: “Tax Transformations in the EU and Tax Policy in the Context of European Integration” (2014), “Taxes and Taxation. A Range of Current Challenges” (2014), “Tax Concessions. The Theory and Practice of Appliance” (2014), “New World Economic Order and Global Challenges for Ukraine” (2014), “Tax Management. Advanced Course: Textbook” (2014).

A. Krysovatyty notes that “World Economic Order stands for international economy functioning according to the international law under

the conditions of peaceful coexistence of all the States. Today this order needs renewal. It concerns monetary and financial system especially dollar currency rate, terms of trade, functioning of investment mechanism, supranational governance, international financial and economic organizations, international legal system, industrial and military complexes, weapons market and defense systems.

New World Economic Order and its economic component must include a mechanism which will end all kinds of wars: military, cold, economic. It has to put an end to the list of ideological confrontations, global revolutions and wars as a history of mankind”.

A. Krysovaty is the President of the Civic Organization “Ukrainian- American Association of the higher education employees”, a coordinator of Ukrainian Norwegian project “Professional retraining of the retired personnel of the Armed Forces of Ukraine and other uniformed services, members of their families and promotion of their employment”. A. Krysovaty is a founder of TNEU business school (in cooperation with Estonian business school, Tallinn, Estonia).

He holds a patent of Ukraine for utility model № 97086 МПК E06B/00; F24 I 2/00.

A. Krysovaty worked in a team of experts that were preparing the Budget Code (2007 — 2008) and the Tax Code of Ukraine (2010-2011).

The scientist emphasizes “Tax is the basis for fiscal provision, an important financial base not only for the state funding and execution of its functions but also for the social welfare of its citizens. In addition, the state influences on functioning and activity of business structures creating GDP through taxation. Taxes are involved in the processes of redistribution of newly created values and social reproduction. Taxes functions reflect the way of the realization of their common social objective as a tool of distribution and redistribution of GDP. That is a macroeconomic effect of taxation on the economy.

However, financial support for sustainable society development is not restricted to the accumulation of income through taxation. Debt financing and transfer regulation play an important role in the global and domestic fiscal practice. Skillful use of these tools of fiscal policy allows balancing revenues and expenditures of the State and ensuring the provision of public goods at the appropriate level. In addition, tax policy has not to be aimed at the maximum fiscal revenue; it has to focus on the limits of the tax burden and the needs of society which have to be satisfied at a sufficient level only but not to the whole extent. Only such philosophy and understanding of this problem will help to ensure sustainable development and provide a stable economy for future generations”.

A. Krysovatyty was awarded the Honourary Diploma of Ministry of Education and Science of Ukraine (2008), Honourary Diploma of the Cabinet of Ministers of Ukraine (2013) for conscientious work, high professionalism and significant contribution to the development of science.

On May 15th, 2015 according to the Decree № 269/2015 of the President of Ukraine “On awarding by state awards of Ukraine on the occasion of Day of Science” A. Krysovatyty was awarded the honorary title “The Honoured Scholar of Ukraine” for his significant contribution to the development of national science, strengthening of the scientific and technical potential of the State, long conscientious work and high professionalism.

He takes an active part in social life. A. Krysovatyty is very concerned about the future of his country. He supported the initiative of the student community of Ternopil National Economic University to found the youth patriotic association “Oberih” in the higher educational establishment.

On October 1st, 2015 A. Krysovatyty was awarded the Order “For Volunteering “The Power of Ukraine”” for his significant contribution into the development of the State due to the recommendation of the Charity Fund “Viruyu” for this award. It signifies the respect and gratitude of society to volunteers, benefactors and philanthropists who provide selfless volunteer assistance for the defenders of the State, participants of ATO, disabled people and families of the victims.

A. Krysovatyty is a person of deep moral principles, amazing spirituality, noble and honest, demanding and humane. He has a well-deserved reputation among the teaching staff and the students of Ternopil National Economic University due to his hard work, competence, and wisdom.

The main works of the scientist:

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15. Krysovaty A. I. Planning and forecasting of tax revenues: Textbook / A. I. Krysovaty, A. Y. Kizima, V. V. Maslii. — Ternopil: Economic thought, 2011. — 260 p. — (On the 50th anniversary of TNEU). 16. Tax system of Ukraine: Textbook / A. I. Krysovaty [and others] ; edited by M. Y. Azarov. — K. : Ministry of Finance of Ukraine, 2011. — 656 p.
17. Scientific and practical commentaries to the Tax Code of Ukraine in 3 vol. / A. I. Krysovaty [and others] ; under the general editorship of M. Y. Azarov. — K. : Ministry of Finance of Ukraine, 2011. — 516 p.
18. Turbulence of tax reforms: Monograph / A. I. Krysovaty, S. I. Yurii, I. A. Maiburov, T. V. Koshchuk. — K. : Znannia, 2011. — 382 p. 19. Tax systems reforming. Theory, methodology and practice: Monograph / edited by I. A. Maiburov, Y. B. Ivanov, A. I. Krysovaty. — K. : Kondor, 2011. — 352 p. 20. Krysovaty A. I. Taxes management in Ukraine: organization and trends of transformation [Text] : Monograph / A. I. Krysovaty, T. L. Tomniuk. Ternopil: Economic thought TNEU, 2012. — 212 p. — (On the 50th anniversary of TNEU). 21. Strategic directions of development and implementation of Fiscal Policy of Ukraine [Text] : Monograph / A. I. Krysovaty, O. M. Desiatniuk, A. Y. Kizima, M. P. Chorny; edited by A. I. Krysovaty ; TNEU. — Ternopil: Vector, 2012. — 356 p. 22. Krysovaty A. I. New paradigm of preferential taxation [Text]: Monograph / A. I. Krysovaty, H. V. Vasylevska. — K.: TUL, 2103. — 260 p. 23. New World Economic Order and global challenges for Ukraine: Monograph / [V. Koziuk, A. Krysovaty, Y. Savel’ev and others]; under scientific editorship of Prof. A. Krysovaty and Y. Savel’ev. — Ternopil: TNEU, 2014. — 504 p. 24. Current paradigm of Fiscal Policy in Ukraine under the conditions of sustainable society development: Monograph / under scientific editorship of Prof. A. Krysovaty. — Ternopil: TNEU, 2015. — 460 p.



KULISHER Yosyp Mykhaylovych

(1878 - 1933)

GL^ulisher Yosyp Mykhailovych is the famous Ukrainian and Russian -*\,scientist, economist and financier.

Y. Kulisher was born on August 1, 1878. His father, Mychailo Kulisher, was a well-known lawyer, ethnographer and historian of culture. Scientific articles of Mychailo Kulisher dealt with the history of law, law of domestic relations, political system and property were published in the book “Essays on Comparative Ethnography and Culture” (1887) and became well-known among the scientists outside Ukraine. Worldview formation of Y. Kulisher was under the influence of his parents’ education and views.

Y. Kulisher began his studies in the gymnasium in Kyiv. When his family moved to St. Petersburg he continued his studies in German Annenska gymnasium. After graduating from the gymnasium, he was awarded a gold medal and entered the Faculty of Law of the St. Petersburg University in 1896. He attended lectures of talented specialists in Financial Law P. I. Georgievskiy, M. I. Tuhon-Baranovsky, L. V. Hodskiy, I. I. Kaufmann, A. O. Isaiev and many others carried out teaching and scientific work at the departments of Political Economy, Statistics and Finance of the Faculty of Law because of the lack of the faculty of Finance at that time in the University. These scientists influenced greatly on Y. Kulisher’s worldview formation and aroused his interest in Economics. The first work of Y. Kulisher “Return on Capital” was awarded a gold medal when he was a student.

After graduating from the St. Petersburg University in 1900 Y. Kulisher received the first-degree Diploma and was invited to work at the department of Political Economy of the University. However, this decision was not approved by the trustee of the educational district because of the famous works of his father, M. I. Kulisher, and his Ukrainian national position in the study of ethnography and history of culture.

Upon the recommendations of the University professors Y. Kulisher went abroad to study the latest achievements of the World Political Economy and the Science of Finance. He knew German, English and French. So, he

attended lectures in Economics of such famous professors as G. Smaller, A. Wagner, K. Blucher and many others in Berlin, Gall, Vienna and Leipzig. The works of these famous scientists — the representatives of the new historical school of Political Economy — influenced his scientific activity. He began to apply historical approach as a research method in studying economic phenomena. Such features as positivism, considering society progress as natural evolutionary development, the crucial role of science and technology, the plurality of social factors and the importance of social and psychological motives determined his scientific worldview.

Y. Kulisher's active scientific research abroad having lasted four years (1899-1903) resulted in publication of his article (over 300 pages) "Zur Entwicklungsgeschichte des Kapitalzinsens" ("Return on Capital: History of Development") in "Jahrbücher für Nationalökonomie und Statistik" magazine ("The Yearbook of Political Economy and Statistics"). The author thoroughly revealed the nature of return on capital and various sources of income at the main stages of trade and industrial development. Alongside with publication of Y. Kulisher's articles in German magazines there was a series of articles and reviews published in Russian magazines.

Having returned to Russia, Y. Kulisher was invited to work at the Faculty of Law in the St. Petersburg University as a private associated professor of the Department of Political Economy and Statistics where he started scientific work on his Master's Thesis. He was working at this department as a private associated professor over 10 years (1905-1917).

Taking into account Y. Kulisher's knowledge of peculiarities of economic development of Western European countries, University authorities offered him to conduct lectures in History of Economic Life in Western Europe. Y. Kulisher was a good lecturer, a master of teaching methodology, so he became famous outside the University. The scientist combined successfully research and teaching activities with his work in various state commissions. So, in 1905 he was enrolled in the Department of Trade of the Ministry of Industry and Trade and approved in the rank of collegiate secretary. In 1907, Y. Kulisher started his work in the Ministry of Finance as an official for special assignments. At the same time he continued to work at the University as a private associated professor.

Y. Kulisher often applied historical and comparative research method and followed the common laws of economic evolution of Western European countries and Russia. His profound knowledge of the History of Finance, French, English and German Economics made possible the solving of different actual problems. Highly estimating scientific research of C. Marx, Y. Kulisher at the same time didn't share his conception about the

impoverishment of the working class and his opinion on the economic theory of revolutionary Marxism.

Y. Kulisher was among those Ukrainian scientists who tried to combine abstract-theoretical and concrete-historical research methods, the theory of marginal value and the theory of production costs. He often used the concept “institute” and analyzed the economic role of such institutes as shops, merchants’ guilds, trade unions, business associations, church, state, etc. His attitude to the problems of social and economic policy was predetermined by G. Smaller as a founder of a new historical school and the head of “Verein fur Sozialpolitik” (The Union of Social Policy). In his monograph “The Evolution of Return on Capital Due to the Development of Industry and Trade in Western Europe”, one of his early and famous works, Y. Kulisher laid the foundations of a new evolutionary theory of return on capital, and at the same time, he did the research of the historical development of trade and industry due to the evolutionary theory highlighted by him in his monograph. Combining the historical approach with the abstract method of the Austrian school, he tried to overcome the limitations of the historical school.

Supporting the abstract method, Y. Kulisher denied the system of free competition as a presupposition of the economic theory development. He considered the system of free competition to be the same creation of human mind as the system of monopoly. It had been developed as an economic organization of a certain period and had been a result of long-standing antagonism. As free competition was established by the state, so a system of monopoly was replaced by more sophisticated forms of the economic organization due to the influence of the state. Y. Kulisher paid special attention to the system of monopoly as an independent economic organization. On the one hand, he opposed it to the system of free competition, and on the other hand, to the collective economic organization. Y. Kulisher said that a system of monopolies representing “the economic structure which had been existing since the 17th century started to be replaced by the system of free competition only in the 19th century”. The Ukrainian scientist analyzed thoroughly various theories of profit ranging from the views of “church fathers” to the conception of E. Bohm-Bawerk.

According to Y. Kulisher, the source of profit is changing in its historical development. He defined four stages of the profit evolution to prove this statement: 1) profit as a result of property confiscation; 2) profit received from the consumer income by a monopolist-merchant when a consumer is weaker than a monopolist-merchant in the market; 3) profit received from the worker’s (apprentice’s, craftsman’s) labor by the owner; 4) the source of profit is inventor’s creativity. So, since the 19th century, profit was gained not only due to the worker’s labor but mainly due to the inventor’s creative

labor shown in machines and other technical means. It was the main thesis of Y. Kulisher's concept. Each of these sources of profit dominated in a certain country for a certain period of time, but they were not combined as a single unit. Their combination depended on the level of economic development of a particular country.

Y. Kulisher's book "Essays on the history of industry forms in Western Europe during the 13th—18th centuries according to the study of industry profit nature in this period" (1906) became his Master's Thesis. Defense of the thesis was held in the form of public debates after his passing Master's exams in February 1908. M. Kovalevsky and M. Tuhan-Baranovsky were his official opponents.

Y. Kulisher gathered information for his research on trade policy and finance and collected data for course development in the history of economic life in his annual trips abroad after 1908. All information gathered by Y. Kulisher was analyzed in his books: *Local taxation in foreign countries* (Part I, II, 1911, 1913), *Municipal taxation in Germany in its historical development. The experience of studying major trends in the urban finance development*, 1914. The latter became the basis of his Doctor's Thesis and its defense was successfully held in the Moscow University in 1915. In his work Y. Kulisher continued the research of local finance in Economics started by M. Tsytovykh in Russia (*Local Prussian expenditures and the theory of local expenditures*, 1898), by P. Hansel (*New kind of local taxation*, 1902; *The latest trends in the Western municipal taxation*, 1909) and by the Ukrainian scientist V. Tverdokhlebov (*Western municipal taxation*, 1909).

The growth of urban and rural finance after the reform (1870s-1890s) required theoretical substantiation. M. Tsytovykh was among the first Ukrainian scientists who raised this problem. His book *Local Prussian Expenditures and the Theory of Local Expenditures* (1898) had been for a long time a single work devoted to the local expenditures. And it is still considered one of the best works on this problem. However, Y. Kulisher and other scientists referred mainly to the German literature, German practice and German Theory of Finance in their works. It was the downside of Y. Kulisher's book.

At that time Y. Kulisher began to write his *History of Stock Exchange for the Banking Encyclopedia* which was published in Kyiv in 1916, as well as books on foreign trade statistics and factory production. His work *Lectures in History of Economic Life in Western Europe* (1909) contained a lot of facts and was republished eight times. It was last published in 1913 in two volumes. It was updated and expanded. Y. Kulisher described the evolution of different forms of economic life from the simplest to the most complex, so

his book was worth studying. Internal evolution of economic phenomena was shown by Y. Kulisher in close connection with the external factors of economic life. Special emphasis was laid on the economic policy of the state and the city's economy. Economic life was personified Y. Kulisher, numerous quotations of various sources introduced the language of participants of economic relations of that time, their towns, fairs, exchanges. Due to this description Y. Kulisher showed the European business life since the Middle Ages up to the late 19th century.

The extensive use of juridical research methods, primarily the analysis method of different types of deals (acts of sales and donations, employment contracts, debt obligations, trade treaties, bills, etc.) are the generic features of this book. On the basis, of this analysis the author researched different forms of the trade organization and credit development, etc. Qualitative analysis methods of economic relations prevailed in his research over the quantitative methods due to the poor statistical base of the research. Despite the lack of tables and diagrams in his book Y. Kulisher skillfully handled digital material and showed a wide amount of data on price dynamics, wages, etc.

In his research, he pointed out the great importance of international relations in economic life. First of all, it concerned foreign trade that followed the development of domestic trade as Y. Kulisher thought; it was an important source of capital accumulation that attracted author's attention. He also emphasized the role of population migration in the development of Economy. Y. Kulisher gave a lot of examples in his book about the transference of culture, production techniques and technologies, new knowledge in the field of trade and banking from more developed countries to less developed ones under the influence of natural and forced migration. This was Y. Kulisher's vision of the mechanisms of the economic life development where technology borrowing and its adaptation to new conditions was of great importance. These issues are still vital today.

Y. Kulisher's research of European economic life when more developed areas are close to less developed ones and have constant economic relations is also of scientific interest. He described these relations as a system where less developed areas were in agro-commodity periphery and the center was in more developed areas. This center moved historically from Constantinople to Venice and Genoa, then to Antwerp, Amsterdam and at last into London. International activity of merchants and bankers combined this system as a whole. Many years ago such world conception of Economy was offered by F. Brudel.

Y. Kulisher was a member of the Council of Free Economic Society in 1909-1912. He participated in the development of the joint-stock and

cooperative legislation in the Ministry of Trade, worked on income taxation introduction and industrial taxation revision in commissions under the Ministry of Finance.

Alongside with the scientific research Y. Kulisher was engaged in teaching. He conducted lectures at the University. Since 1910 he had been lecturing in the Commercial Institute (Higher Courses of Commerce earlier) and was awarded a title of Professor of this Institute in 1916 and a title of Professor of Psychoneurological Institute in 1915.

At the end of 1918 Y. Kulisher was awarded an academic rank of Professor according to the Decree of the Council of People's Commissars. Due to this Decree, all Master's and Doctor's degrees and academic ranks were abolished. Scientists could only be awarded a title of a teacher and an academic rank of Professor. Y. Kulisher had been lecturing a course in History of Economic Formations on the Department of Economics of the Faculty of Social Sciences of the Petrograd University which was founded instead of the Faculty of Law in 1919 and the Theory and Practice of Taxation in Russia and abroad for the students of the Department of Finance. Besides the course lectured by Y. Kulisher the students of the University attended lectures in Currency, Credit and Banks; Local Finance (lectured by Professor V. Tverdokhlebov); Budget, Financial Management, Class Structure and State Control; Finance of Foreign Countries; Financial Policy of the USSR.

During 1920s Y. Kulisher was teaching not only at the Leningrad State University but also in the Institute of National Economy, Military and Economy Academy, Agricultural Institute, Forestry Engineering Academy, Polytechnic Institute. At the same time some of his works "The main issues of International Trade Policy" in two volumes (1918, 1919), "Essays on the Science of Finance" (1919, 1920) were published. The title of the latter doesn't match its content. The author described only the most important subjects of the science of Finance. The work was dedicated to the systematized and detailed description of the main principles of direct taxation. Writing this book Y. Kulisher applied the historical approach the followers of which first were successful in writing their works in the 1860s. Today this book is worth studying first of all of the availability of a large amount of information about the taxation technique since this problem has not been highlighted yet in the Ukrainian literature. The problem of expenditures and revenues of the State was highlighted in the first part of the book. The second part dealt with various types of taxation: land, domestic, industrial. In addition, the author described generally a system of taxation in some European countries and the USA. A similar approach to writing books

in Finance dealing with the detailed description of the existing taxes and duties was usual to the authors of the late 19th-early 20th centuries.

In the beginning of his book Y. Kulisher described the reasons of appearance the science of Finance and explained the etymology of the term *finance*. He revealed the ambiguity of this term due to the scientific developments of famous Western scientists and financiers: a) fraudulent, cunning, unscrupulous operations (16th-17th centuries); b) the science of National Economy (late 18th-early 19th century). Changing of the meaning of this term became possible due to the positive trends in the development of the state and economy. Financial changes could stipulate rapid development of the national and state economy as England had experienced, so the understanding of *the profound creative force* of the Finance became clear. Y. Kulisher said that changing of the meaning of the term *finance* contributed to the terminology adaptation to life. This term began to be applied as a separate scientific field which was earlier called the Science of the State Economy.

By the middle of the 19th century, finances had been associated with the State. So, starting work on his book Y. Kulisher clearly defined distinctions between the Economy of the state and private sectors. The main distinction is: private sector defines its costs (they are secondary) by revenues (they are primary); needs are of primary importance in the state sector and the funds must be found when the expenses are defined. The other distinction is: the State “doesn’t accept accumulation for accumulation. It follows the principle of possible increasing of income neither for immediate expenses nor for reserves accumulation for future needs”. The State conducts a sensible policy when reserves are in the disposal of the population but not in the state boxoffices. “Money in people’s hands can lead to its increasing while in the hands of the State each ruble has rarely a value which is more than written on it”. So, Y. Kulisher drew the conclusion that private sector of Economy was more effective than national Economy. One more distinction is the State can raise funds via taxation as the coercive measure of raising funds to meet public needs and demands, so the State controls spare funds. This is extremely forceful measure and needs careful applying. Any rich country “will eventually become bankrupt if it follows the principle — I need a certain amount of money, so give me it”. That’s why Y. Kulisher proposed to follow Sh. Montesquieu’s principle: “State revenues should not be measured with people’s possibilities but with their obligations. If they are measured with people’s possibilities, it must be taken into account at least what they are able to give all the time”. Therefore, the scientist laid emphasis on the importance of careful planning of budget expenditures when budget

should act as “people’s guide and defender against excessive encroachment on their money”.

Y. Kulisher described the history of changes of the state expenditures, their nature and amount beginning with the war costs and the ruler’s provision and ending with the expenditures on education, science and art. The scientist didn’t specify their optimal value but offered to increase them. In order to prove this he quoted D. Lloyd-George: “educated, well-fed, well- dressed people with good accommodation increase the wealth of the country many times; therefore you mustn’t be short-sighted and abandon these costs”. Y. Kulisher’s argumentations and opinions are still vital today even a hundred years later.

Costs increasing in the process of the State development stipulated the necessity of searching for new sources of income. Y. Kulisher showed a historical retrospective of the development of methods of treasury replenishing: domains, regalia, and alchemy encouragement (as a means of gold production), promoting “noble” pirates and taxes finally. The author said that Russia didn’t lag behind Europe in search of fees. “Treasury experienced the least resistance following the principle: take everything you can and everywhere you can, don’t miss anything near you”. At the same time, “the State was often aware of the possibilities of the economic sector. State entrepreneurs sometimes took control over new, undeveloped branches of Economy”. Afterwards the State allowed private entrepreneurs to manage or buy out these new branches of Economy and exerted pressure on the population getting it out of the inert state and apathy. Overtime “exited by the State policy forces gradually overgrew it, free themselves and flee away from their caregivers”. Y. Kulisher highly appreciated the creative role of Peter I who was the initiator of many innovations. All his efforts were aimed at increasing budget revenues by regalia and other fees. At the same time the scientist emphasized on the inefficiency which was usual for the state-owned enterprises. Y. Kulisher illustrated this with the example which was given in German literature: state porcelain Prussian factory could exist because every Jew who got married or received permission to trade or craft was obliged to buy goods manufactured at the factory and estimated at 100 thalers.

Description of the evolution of taxation system in European countries by Y. Kulisher is of great importance for the Science of Finance. The system of taxation viable and acceptable to the people was clearly formed in Europe on the eve of 17th — 18th centuries. “Poll tax and peculiar dissonance between the state and people’s needs” existed for a long time in Russia.

Y. Kulisher revealed different approaches to the understanding of the concept *tax*, examined various theories of taxation (atomistic theory, diffusion theory, Kanar theory, the theory of services (kind of payment),

etc.), analyzed the possibility of shifting taxes with its internal and external nature due to the excise and customs duties. According to Y. Kulisher, understanding the essence of the shifting taxes doctrine was of great importance for any educated financier.

Alongside with his teaching activity Y. Kulisher held a position of the Director of Economic Scientific and Research Institute at the University during 1921-1924. He succeeded in forming two educational sections in the Institute: Political Economy and Finance. Such well-known scientists as V. V. Sviatlovskiy, O. I. Bukovetskiy, A. Y. Finn-Yenotaievskiy, M. I. Boholepov, V. M. Tverdokhlebov had been working at the Institute at that time.

Available educational literature didn't meet the needs of that time, so the scientists under the guidance of Y. Kulisher started their work on a new textbook in Finance from a Marxist point of view. Marxist analysis of the financial phenomena was considered by the Ukrainian scientist to be an extremely difficult task. Marxists and Communists had little financial experience when they became engaged in the science of Finance. A lot of important issues had not been developed yet from Marxist point of view. Y. Kulisher said that it was the challenge of the time and despite all the problems it ought to be coped with. D. P. Boholepov ("A Short Course of the Science of Finance", 1925) was the first financier involved in this challenging mission. Y. Kulisher helped him with this task. The scientists noted that each of the social groups understood financial science in their own way. In addition, the scientists distinguished clearly the Science of Finance and Law.

Y. Kulisher was engaged in scientific and teaching activities as well as in practice. In 1924 after closing the Economic Scientific and Research Institute having significant scientific achievements Y. Kulisher was the Head of Tax Commission in Petrograd branch of the Institute of Economic Research, an adviser at Northwest Regional Chamber of Commerce, participated in the development of the reform of local finances. In the 1920s, he published numerous articles on the problems of tax policy and economic growth in foreign countries. He was a member of the editorial board of the famous magazine "The Economist" where he published some of his articles. In the 1920s Y. Kulisher wrote such his works as "International Trade Agreements" (1922), "Industry and Working Conditions in the West in the 19th century" (1923), issued reviews of the war and post-war world Economy (1923, 1924, 1925). Simultaneously he extended the scope of his research in History of Economics. He began to publish a series of works devoted to the History of Economics in Russia: "The Essay on the History of Russian Industry" (1922); "The Essay on the History of Russian Commerce" (1923); "The History of Russian Economy" in two volumes (1925).

Y. Kulisher was the first economist who began such all-encompassing study of “Economic History of Russia” (Ukraine was a part of Russia at that time). Earlier these problems were raised by M. Dovnar-Zapolskyi (“The history of Russian Economy”, 1911, “Review of the History of Russian Economy”, 1914), but he didn’t complete his research. Therefore, Y. Kulisher was invited by the German publishing house Fisher in Jena to prepare for publication multivolume history of the economic life of all countries under the general editorship of Professor Brodnits. Y. Kulisher described the economic history of Russia on the base of various facts, analyzed the development of domestic and foreign trade, currency and finance since the time of Kyiv Russ to the 17th century comparing it with the economic history of Western Europe, highlighting common features and differences. The authors arrived at a conclusion that the Economy of Western Europe and the Economy of Russia had been developed according to the same laws but these laws varied to some extent. However, these distinctions were not principal. Y. Kulisher pointed to the common features in the development of trade, industry, currency and crediting in Russia and abroad. He paid great attention to the international relations. He drew the conclusion: “World industry had been developed since ancient times to the present in the West and in the East under the direct influence of foreign migration using foreign capital up to the 19th century”.

Analyzing the development of trade in general in Moscow State and Western Europe in the 17th century, Y. Kulisher defined the specific feature of the Western trade — appearance of merchants’ class while in Russia at that time all groups of population were engaged in trading — from the lowest to the highest. He also pointed to another drawback depending on the level of financial management that affected the trade organization — there were no banks and stock exchanges, bill and stock transactions in Russia. Banks and stock exchanges were functioning not only in the advanced countries of Western Europe but also in such relatively backward countries as Austria, Prussia and other German states at that time. Therefore, Y. Kulisher said that capital in Russia only began to develop and its significance could hardly be exaggerated.

In 1928 Y. Kulisher was staying in Germany for three months and in 1928, 1929 he prepared a two-volume version of “The History of the Economic Life in Western Europe” which had been published in German. This book was highly appreciated by the scientists of Western Europe and translated into English, Italian, Polish and other languages. The great French historian F. Braudel in his fundamental three-volume research *Material Civilization, Economics and Capitalism of the 15th-18th centuries* which was published in France in 1979 (Russian version in 1992) admitted: “I read two

volumes of “The History of the Economic Life in Western Europe” written by Yosyp Kulisher and published in 1928, 1929. They are certainly still the best guidance and the most trusted generalizing work”.

Y. Kulisher was a Professor (1930 — 1932) and the head of the Department of Applied Economics (1930 — 1931) at the Leningrad Institute of Economics and Finance which was founded in 1930 and based on the Faculty of Economics of Polytechnic Institute. He was discharged due to reorganization. In 1932, he left the Leningrad Institute of Economics and Finance and resigned from other higher education establishments. It might have been due to his health problems and the growing criticism of bourgeois scientists. This was especially obvious after the publication of the last 8th edition of “The History of the Economic Life in Western Europe”. It was revised to a certain extent from a Marxist point of view. However, critics especially O. Pryhozhyn said that “the author of The History... was not a Marxist, he didn’t use the concepts of mode of production and socioeconomic formation, quoted C. Marks and F. Engels very seldom and didn’t recognize Lenin at all!”. Therefore such criticism adversely affected the psychological state of Y. Kulisher.

Y. Kulisher died in November 17th, 1933, in Leningrad and was buried there. After his death, his works were not republished and his name was actually forgotten in his homeland. However his *General History of Middle Ages and Modern Times* was issued twice in Germany (1958, 1965). It was translated into English, Italian, Polish, Japanese and other languages and issued not only in Europe but also in the USA and Japan. This work is still highly appreciated in the West. The greatest French historian of the 20th century F. Braudel referred it to classical economic literature. Y. Kulisher’s historic-economic conception was based on the scheme of economic history. F. Braudel said that Y. Kulisher’s homeland ought to be proud of the world- famous scientist.

The distinguishing feature of the works of Y. Kulisher is their fundamentality in comparison with other similar works of Ukrainian and Russian authors. The scientific ideas of the most respected scholars had been presented in his books. A large amount of researched material and analysis of different scientific ideas showed Y. Kulisher’s profound knowledge of literature. His works contain a thorough analysis. Starting points for future research were also clearly defined by the author. Modern scholars should follow Y. Kulisher as a scientist of extraordinary knowledge and interests. His works devoted to various fields of Economics are distinguished by applying a historical approach to the subject of the study. The scientific value of his works is in his great contribution to the development of Economics as a science in Ukraine, Russia and in the Western Europe. He

could be considered as one of the founders of the Science of Finance in our country. The evolution of this new discipline which is closely connected with the Economic History is being continued still today. Both historians and economists often have different points of view on the importance of the Science of Finance. However, Y. Kulisher made a significant contribution by his devoted work to the development of the Economic History having written a series of works that had become classical in the Economic History. The History of Finance is one of its major components. This gives reason to believe that Y. Kulisher is an outstanding Ukrainian and Russian economist, world-known scientist and our national science is proud of him.

The main works of the scientist: “Essays on the history of customs policy” (St. Petersburg, 1903); “The evolution of the return on capital due to the development of trade and industry in the Western Europe: in two volumes” (St. Petersburg, Vol. 1, 1906; Vol. 2, 1908); “Local taxation in foreign countries” (St. Petersburg, 1911); “Industry and working class in the West in the 16th-18th centuries” (St. Petersburg, 1911); “Political Economy. Popular Course” (St. Petersburg, 1911, 1913); “Lectures on the history of economic life in Western Europe” (St. Petersburg, 1913); “Municipal taxation in Germany in its historical development. The experience of studying the main trends in the development of urban finances” (St. Petersburg, 1914); “Essays on the Science of Finance” (St. Petersburg, 1919, 1920); “The History of Russian Economy” (Moscow, Vol. 1, 1925; Vol. 2, 1926); “Essays on the economic history of Ancient Greece” (Leningrad, 1925); “The cost of World War” (Moscow, Leningrad, 1926) and others.



MIHULIN Petro Petrovych

(1870-1948)

(TL/ ihulin Petro is the Ukrainian scientist and economist, whose researchs ««'r £. in finance about problems of state credit of the 1769-1899 periods remains the only detailed source for modern scientists.

P. Mihulin was born in the family of the priest in Kharkiv on August 8(20), 1870. At the age of nineteen, he finished successfully Kharkiv gymnasium № 2. Good family education and natural curiosity led to a rather successful familiarization of school objects. After finishing the gymnasium, he entered the Faculty of Law of Kharkiv University.

His student years passed during the establishment of new University Charter (1884) which was copied from the existed German universities orders of that time. The peculiarities of German high school were widely used a private associate professorship, and a special fee system of professors and lectors remuneration. Staff professors received certain salaries and additional fee remuneration. Private associate professors did not receive any regular remuneration for their work, but every student who listened to their lectures had to pay them fee remuneration. If for some reasons a course, which was announced by a private associate professor, attracted a large number of students, the private associate professor could receive a substantial remuneration. In the early years of the Charter (1884) implementation in Ukrainian universities, the private associate professors were allowed to lecture only parallel courses to a professor's course, the chair of the appropriate department. Having such opportunities, the future scientist preferred lectures in financial law.

With the ideas of the old historical school of political economy P. Mihulin first acquainted at the university. In particular, he read Lorenzo Stein's papers, one of the first foreign scientists tried to apply the sociological approach to the existed financial legislation. His persistence in scientific researches and diligence in studies was marked by university professors. In 1893 after graduating the university, P. Mihulin was awarded a diploma of the first degree and left for teaching at the university.

Earning 600 rubles per year at the Kharkiv University, he began an active preparation for a professor degree at the Department of Financial Law. In the academic decision of Faculty of Law was pointed out that P. Mihulin had sufficient language skills to read scientific literature, and as early as the second year of his degree he won rave review for the paper “Prince’s Scientific Institutions”. It shows his ‘natural talent, love, and devotion to science’. M. Aleksyeyenko was appointed as his Academic Advisor who, in fact, in a special instruction for P. Mihulin’s studying determined his scientific interests. It indicated the necessity to study the Russia finances by the acts of financial legislation, and the government documents (public murals, financial estimates, reports of the State Audit, Ministry of Finance, etc.).

In order to improve his knowledge, P. Mihulin went abroad in autumn 1893. He studied courses at the universities of France, England, Switzerland, and Austria, worked in their libraries. After returning into Ukraine in spring 1894, he was employed as an assistant barrister at law office.

Being a student, P. Mihulin admired the lectures of Professor M. Aleksyeyenko who saw the overall purpose of a state in creating circumstances for the eternal human progress; in promoting human happiness; giving opportunities and money to achieve personal, economic and social development. The idea of social life was that a state might create relevant conditions, but this task was beyond the power of an individual. However, contrary to his teacher, P. Mihulin understood that the state mechanism was a powerful force that could have an opposite effect if it was directed by the wrong direction; if the person was not a goal but a mean. The priority of human in scientist’s consciousness would help him to ensure to be the exact opposite of his predecessors.

Good faith and persistence to achieve aim impressed professor M. Aleksyeyenko, at whose suggestion P. Mihulin, in fact, was joined to the scholars at the Department of Finance Law. From 1894 until 1896 he went abroad to learn about the political and financial structures, and economic life of the European countries. This time, he was in Turkey, Bulgaria, Serbia, Romania, Hungary, visited Prague during the industrial national exhibition in 1895, then Italy, Spain, Portugal, once again France, Holland (Amsterdam International Exhibition, 1895), Belgium, Germany (in particular Berlin, Munich and Dresden).

Having collected rather significant foreign material and acquainted with the practice of separate institutions abroad, P. Mihulin travelled through Ukraine and Russia with the research purpose, and for comparison: from St. Petersburg to Moscow; then into Warsaw, Odessa, Kyiv, Rostov, Volga region with Nizhny Novgorod exhibition of 1896; Caucasia, Transcaucasia and Crimea.

So, in contrast to other researchers P. Mihulin most of his time spent on studying bureaucracy and work of state establishments; and not least of all spent on theoretical achievements of the European science. Therewith, after the replenishment of his scientific baggage P. Mihulin successfully passed his master exam in finance law and political economy, and from 1897, with the permission of the Kharkiv educational district curator, began to lecture at the Department of Trade Law as a private associate professor. Since 1899, after M. Aleksyeyenko had left the university, he also started to lecture at the vacant Department of Finance Law, which was few and far between the universities to read a compulsory course of Finance Law without a master degree. This is explained by family ties: P. Mihulin was M. Aleksyeyenko's son-in-law.

During his work at the university, P. Mihulin actively continued his scientific activity. Studying the European economic science became determining in his scientific outlook. He became not only an adherent but also a promoter of European economic science innovative ideas in Ukraine. Mindless adherence to foreign economic theories was not typical for the scientist but its creative use. He tried to light them up through the prism of his conception of state development and realization social and economic reforms in it. That's why his researches were with more practical than theoretical aspiration.

Despite the specific presentation of P. Mihulin's views, his first scientific steps attracted the attention of the scientific community to a young scientist. Thus, his first scientific research "Regulation of paper currency in Russia", published in 1896 in Kharkiv, received positive reviews. In particular, a member of Academic Committee of the Ministry of Public Education L. Lavrentiev pointed out that the young scientist showed 'very thorough' knowledge of this subject (it concerned the timely renewal of metal (gold) turnover in Russia, which was planned by Ministry of Finance). Based on a very thoughtful analysis, and development of his own project of necessary reforms, P. Mihulin concluded that 'the haste of reform implementation can only spoil that advantageous position in which is Russia now.'

Unfortunately, the Russian government did not heed Ukrainian scientist's warnings. The currency reform was carried out hastily; it had some negative consequences for the economy. In particular, it was negative for the Ukraine economy, where agricultural sector was mainly developed. Because of a strong decline in agricultural prices, rents for land increased. The industry of Ukraine felt overload and lack of sufficient financial support and, therefore, entered into the economic depression. A wave of bankruptcy swept a country, as well as a number of large enterprises. Later, in his memoirs, P. Mihulin expressed his surprise of implemented mediocre reforms,

because, at the stage of project preparation and discussion, the reservations were repeatedly expressed by scientists and financiers who, unfortunately, had not been heard by the reformers.

Having started lectures in financial law, P. Mihulin actively set to work on master's thesis. The processing of archival material to perform his planned work on the history of Russian Finance continued until 1900. In 1900, in the Imperial Kazan University, he successfully defended his master's thesis written on the basis of published work: "The Russian State Credit (1769-1886). V. 1. — The Experience of Historical and Critical Review" (1899).

After thesis defense, he held the position of extraordinary professor at the Department of Finance Law at his alma mater in Kharkiv. He was appointed to teach courses in Finance and Commercial Law, as well as in Jurisdiction.

It should be noted that the research was performed on archival materials, in particular on acts of the Russian financial legislation, government documents (public murals, financial estimates, reports of the Ministry of Finance, etc.). Whereas the fact that the state budget was secret until 1862, even top official managers did not have exact data on revenues and expenditures of the country, this work was and remains the best paper of total actual history. During the existence of Credit Office of the Ministry of Finance from 1802 until 1917, only three persons studied its affairs — V. Sudeikin, P. Mihulin, and I. Levin. The government considered dangerous to acquaint a wide range of public where and for what purpose state funds were spent. In these circumstances the waste was intensified, theft and abuse in the financial sector were increased. The defeat in the Crimean War, financial turmoil and the need to seek loans in foreign countries put an end to the era of 'patriarchal autocratism' and led to the annual promulgation of state revenues and expenditures. After 1862, the state budget of the Russian Empire was published annually. However, a part of budgeting expenditure remained secret, uncontrolled were, also, ministers, the main sovereign managers of finance.

Having the opportunity to work in the archive of the Credit Office under the patronage of Budget Committee Chairman of the State Duma Professor M. Aleksyeyenko, the Ukrainian scientist P. Mihulin took the same topic for his doctoral thesis. In December 14th, 1901 at St. Volodymyr University he defended his doctoral thesis "The Russian State Credit (1769-1899)", which was written based on the publication "The Russian State Credit (1887-1882). V. 2. Ministry of Finance under 1. O. Vyshnyehradsky 1887-1892" (1900).

The legal right to work in the archive P. Mihulin received by the permission of that time Minister of Finance S. Witte. From 1899 until 1907 P. Mihulin published three volumes of his fundamental research "The

Russian State Credit (1769-1899). “The first and second volumes were scientist’s master and doctoral thesis. The third volume released by five editions: “The Russian State Credit (1769-1899). V. 3. Ministry under S. Y. Witte and the Future Objectives. Ed. 1. Transactions Conversion in 1893-1901” (1901); “The Russian State Credit (1769-1899). V. 3. Ed. 2. Monetary Reform of 1896-1898 and Its Credit Operations” (1902); “The Russian State Credit (1769-1899). V. 3. Ed. 3. Railway Loans and Railway Policy. 1893-1902” (1903); “The Russian State Credit (1769-1899). V. 3. Ed. 4. Bank Policy and Government Mortgage in 1893-1902” (1904); “The Russian State Credit (1769-1899). V. 3. Ed. 5. The Results of Witte’s Ministry and Review of Credit Operations” (1907).

By the saturation of unique actual archival material and validity of conclusions, this research determined P. Mihulin’s place in the history of financial thought. Act materials of the Russian financial legislation, and government documents (public murals, financial budgets, the Ministry of Finance reports, etc.) have a special value now, due to the Credit Office archives losing during the World War II.

While the works of P. Mihulin’s predecessors were based on the deep knowledge of global economy and culture, and they primarily revealed theoretical questions, P. Mihulin’s research was characterized by the deep reflection of Tsarist bureaucracy. His other works were on the same topic: “Revisiting the Land System of Peasants” (1906), “Revisiting the Private Railway Construction” (1910), a collection of historical and journalistic articles “Economic Studies and New Projects” (1910), etc.

His research on credit got an appreciation among the scientific society of his contemporaries. In particular, one of the founders of local finance, the Professor of St. Petersburg University V. Lebedev said that it was certainly ‘a phenomenon in our financial literature.’ M. Yasnopolsky, the Professor of Kiev St. Volodymyr University, called this research as a very valuable contribution to financial science for a keen interest of his topic towards the modernity; for a plenty of work spent by the author; for a scientific character of his techniques; and, for a self-worth. He also noted ‘in the submitted work ... credit operations were expounded with such completeness which they had never considered in the Russian financial science.’

Having a unique opportunity to work with archives materials and official documents, P. Mihulin for the first time made available to the public, especially university students, many facts of the most recent financial history of Russia and Ukraine in the branch of state credit. Exactly this fact, as well as a deep analysis of the situation in this area, from the time of Catherine II and ending by the activities of Minister S. Witte, who gave him permission

to access these Office documents, were highly appreciated by P. Mihulin's contemporaries.

Despite some criticisms about the lack of theoretical value of this research, in its review in the journal "Russian Thought" was emphasized '...in such things the popularizing is sometimes more important than the research itself, as the issue for public opinion explains through it, and more specific views in society are formed on it.' However, from the scientific point of view, P. Mihulin's merit as a scientist and essay writer was his attempt for the first time in the history of Ukrainian financial thought to analyze the reasons of profitability or loss of credit operations, and to compare these processes in Russia and in more developed countries of Europe and the USA.

P. Mihulin declared himself as a supporter of 'strong and wealthy government that is capable for economic changes' through the state credit and good tax system. He was the first in Ukrainian economic literature that drew attention to the interconnectedness of tax and state credit. Reasonable taxes have to cover ordinary government expenditures; loans have to satisfy emergency needs. If a good tax system is the first loan basis, the disbursement of the loan is the motive to establish taxes.

According to P. Mihulin state credit has a wide meaning. It promotes the development of industry, agriculture, and trade; increases monetary capital, as 'government bills in large turns replace hard cash.' Credit using allows to attract the labor efficiently and to create new jobs. State credit cancels or facilitates high taxes. It has a positive effect on public education and training, without which welfare is impossible. Thanks to state credit the credibility to the government strengthens. At the same time, the establishment of state credit makes the government act reasonably and carefully, to strengthen the mutual interest of the state and private business. Therefore, according to P. Mihulin, the state credit can close the era of political upheaval once and for all.

To P. Mihulin's mind, the state credit is the instrument of state economic and political settlement. P. Mihulin summarized, that the system of loans, which had based on the rules of state credit, became the main necessity in the first half of the 19th century. State credit by its origin owed to the disturbance of state finances. The Ukrainian scientist revealed the mechanism of the state budget. Making loans without repayment determine payments of 'eternal and continuous interest.'

To provide benefit to the lender, state bills should obtain the status of credit money with an appropriate turnover on the Exchange (Stock Exchange — *the author*). Thirdly, cash department of reimbursement is necessary to repay state debt, on its formation is used part of state charges. A bad debt

transformed into a redemption debt through the cash department of reimbursement. P. Mihulin emphasized that the problem of government bills redemption was solved more practically than theoretically. The scientist established the rules, in order to operate the state credit mechanism in practice: to consume moderate taxes on ordinary expenses; to satisfy emergency needs through the loans; to provide loans with eternal interest payment without payback; government bills have got access to free turnover on the stock exchange; to establish a cash department of reimbursement for debt service and gradual debt buy-back.

P. Mihulin defined credit limit when the debt service would become burdensome and impossible, just that defined limit of state credit. Scientist criticized the idea of denial external debt. He saw no difference between internal and external debt, as they both sooner or later would be redeemed by cash department of reimbursement.

In the research "Russian State Credit" (1899), P. Mihulin formed the basis of the state credit theory for financial science, which is actually for the modern practice of state credit and debt. The particular importance he gave to statistics. While reading this work, a large amount of factual material and digital data, at first sight, blurs all analysis and criticism. This peculiarity is in his other works.

In the review of the journal "Newsletter of Europe" due to P. Mihulin's monograph "Monetary Reform in Russia and the Industrial Crisis (1893— 1902)", which emphasized the availability of evidence wealth in his works, at the same time, it was correctly pointed out that sometimes the advantages became 'disadvantages, pushing into the background theoretical basis of research issues.' But hardly anyone denies that scientist's researches are the best set of the actual history of finance, and some believe these are advantages to using by other researchers. Thus, B. Heifetz noted that 'better statistics throughout the whole state debt of Russia, which are used by most other researchers, P. Mihulin suggests in his monograph.'

In April 1902, P. Mihulin was appointed as a full professor of the Department of Finance Law of Kharkiv University, and the next year as a full professor in the rank of state councilor. For his work on this position the government of Russia decorated P. Mihulin with an Order of St. Anne II degree and the Order of St. Vladimir IV degree. However, this patronage by M. Aleksyeyenko caused a mixed reaction from the university professors. This is evidenced by P. Mihulin's full blackball when choosing a Professorship Court at the University.

Having a small estate in Dolbino, Kursk province, P. Mihulin interested in agricultural problems. He was well acquainted with the rural life and his own arguments for the decision of agrarian question derived from the

interviews with peasant, because according to his words, ‘what may seem to us good and charitable for peasants, however for peasants may be too bitter and unpleasant.’

As an opponent of land nationalization, in 1905 P. Mihulin drafted a project of additional land allotment of the peasants, seeing it as a stable source of the state budget replenishment. In 1907, he was appointed as a Council member of the Main Department of Agriculture and Land Management. In 1908, he presented a financial plan to the Finance Committee of the State Duma III, where were proposed measures to eliminate deficit of the state budget; rejection of double taxation; bringing in foreign capital; the idea of the State Bank reform, which has put forward a proposal to create an autonomous Russian Central Bank of Issue, which would not depend on the Ministry of Finance.

In view of scientist’s considerable experience and knowledge of financial aspect of the railways construction and operation, as they were questions of his scientific interest, in 1810 P. Mihulin integrated into the Special Higher Committee for a comprehensive research of the railways in Russia, where he promoted the idea that the railway construction in European Russia should be carried out by the Treasury, and in Siberia by private entrepreneurs. As a member of Committee, he participated in the inspection visits of railways.

To the Kharkiv period achievements of his creative work, one should include P. Mihulin’s research “Our Banking Policy (1729-1903)” (1904). In this work scientist shows the differences between Russian banking policy and banking policy of the developed European countries; summarizes the history of their origin. In Europe banks were established on the basis of private capital and by the initiative of private individuals without effective government intervention. Only with the formation of preferred Central Joint Stock Banks of Issues begins some interest of government circles in banking. Later the government intervention was expressed in the provision of law and relevant regulation of state policy of emission operations of these banks. In Ukraine banks appeared only in the second half of the 19th century (almost 250 years after their appearance in the West). As throughout the Russian Empire, banking had the official character, except only court bankers, who provide loans mainly to the needs of the court.

The development of market economy aspects in Ukraine required the activation of commercial and mortgage lending. However, the lack of capital adequacy and institutional legal framework were serious obstacles for the creation of private banks. In order to solve this financial and economic problem, the Russian government resorted to the establishment of state- owned banks. The first such bank was established from 1729 until 1733, with Mint office which provided short-term loans on the security of precious

metals in terms of 8% per annum. The peculiarity of this bank was to make credit transactions from tax resources; public deposits were not accepted. From that period, the foundations of the banking system in Ukraine began to start up.

The banks of European type, which actively used private capital, began to create in the mid 50s of the 18th century. Their activity was focused mainly on providing loans for nobilities and merchants. This expansion helped to reduce market accounting and loan interest. In this period began to develop the functioning of exchange bills.

In the late 50s of the 18th century specialized bank branches began to create. Misuse of the Board and clients of these branches made the government stop their existence. Instead, in 1768 was founded a new Central State Bank of Issue with the right to issue notes, secured by silver and copper coins for trade and industry.

An important state step in strengthening the banking system was the permission of Treasury to accept paper money in tax payments. The Tsar Manifesto provided to organize their turnover: government paper money must be issued no more than available capital in the state-owned banks that is small change existing fund. It was done to reinforce the role of paper money in the economy; for possibility, as noted P. Mihulin, of government receiving 'additional funds to cover the first Turkish war.'

In his research, on a wide actual statistic material, P. Mihulin shows that some increase in the number of banknotes that were in turnover helped to revive the commercial and industrial and did not harm the national economy. He was one of the first Ukrainian financiers who drew attention to the positive effects of increasing money supply in the economy (in modern terminology: moderate inflation) for the real economy. At the same time, the scientist showed that paper money in Ukraine and Russia hadn't been yet the paper money in the full sense of this word. Firstly, they hadn't had forced rate of exchange, although had contained 'tax-paying security'; and secondly, they hadn't replaced completely full of money from the turnover.

The successful military and political actions of the Russian Empire and a positive balance of trade for a long period provided the high rate of paper money. However, the scientist warns, that the abuse of additional issues of paper money by the government will lead to inconsistencies between the amount of paper money and their tax-paying provision (Exchange). The confrontation in government circles, the increasing taxation to cover the deficit or extension of issue resulted by the additional release of paper money. At this time paper money completely squeezed out metal from the turnover on the territory of Ukraine, changed them into the commodity. A large proportion of new issue paper money, noticed P. Mihulin, was intended

to reinforce the resources of the Treasury. As to commercial transactions of the Assignment Bank, it was nothing appointed for this purpose of the new issues of paper money.

With the alterations in the economic situation the budget deficit became a regular phenomenon. For its coverage the state credit and external loan were used. The productive expenditure was drastically reduced: the economic improvement of the South Russian Empire; the construction of roads between St. Petersburg and Moscow; the commercial transactions and so on. Since 1790 the state resorted to regular issues of paper money. On this occasion P. Mihulin noticed ‘this factor contributed to the widest distribution of paper money in the lower strata of the population, and at the same time to the removal of metal money from the turnover, which gradually began to acquire more character of goods, while paper money, on the contrary, became real paper money, although they were not recognized the legal currency between individuals.’

P. Mihulin explored the banking system of this period which is represented by paper money and bank loans, and also by protected treasuries. Other financial infrastructure: charges, loan and widow cash, according to the scientist, was very poor developed and did not play a significant role in the financial turnover. The lack of complete credit bank system hampered to a complete financial providing. The attempts to stabilize money turnover by cutting expenditure items individually by the emperor, which, according to P. Mihulin, could reduce, did not solve the problem of scarcity funds in the turnover. The problem was not in the quantity of money itself, but a lot of paper money did not find profitable and reliable placement in trade and industrial turnover of the country. The lack of adequate conditions and appropriate financial institutions did not make it possible to use them even by the government.

People and even foreign companies savings, that for reasons of securing invested in Russian credit institutions, where were paid higher interest, far exceeded the demand for the long-term mortgage loans, but bring them into the turnover was not possible due to lack of legal basis. The state sometimes resorted to loans of these savings to the State Treasury. However, these internal mediate objections had secondary nature of the money market development. The main source of covering the deficit remained emission.

In the first decade of the 19th century, in the economy in Ukraine and Russia, there were all consequences for paper money issuing to finance any measures including the emergency (military needs of the state). For their stabilization, there were needed the reforms of M. Speransky, which were based on the principle of satisfying state financing needs not through the state credit, but the increasing of taxation. Commenting on this viewpoint of

the Minister of Finance, P. Mihulin noticed that if the government followed the priority of tax sources of public funds, it would never get so easily funds for wars. Moreover, according to scientists, the society itself would strongly act against the war with France if it was accompanied not by the additional emissions, but by the new taxes.

Under the conditions of constant depreciation of money, primarily merchants and entrepreneurs were interested in increasing the number of paper money; they felt limited of current assets under the conditions of their impairment. The government continued to solve budget problems through the issuance of new paper money (in 1810 there were issued 44,308,700 rubles).

P. Mihulin was one of the first who drew attention to the quasi-market and irrational nature of state credit in Ukraine and Russia: the adoption of an unlimited number of demand deposits, and most credit establishments gave out long-term loans to individuals and to the State Treasury. This practice required a constant issue of additional paper money which did not find application in commerce and industrial turnover of the country. The mismatch between assets and liabilities served not for productive needs of the real economy, but for personal gain despite its development. Only in 1810, through the issuance of state loan bonds was the first attempt to organize debts by the Treasury loans from the credit establishments by converting demand deposits, which had been made by individuals and had been spent by the government, into the state loan bonds, to the same (if possible) unlimited term, i. e. in the form of rent. This step of the state P. Mihulin assessed as an attempt to create an effective system of state credit, the settlement of all state debt.

The scientist did not support the idea of paper money retirement by issuing interest loans, as the reducing of their number by itself, without the restoration of their free exchange, could not increase the rate. Instead, the scientist considered that the idea of turning debt of state credit establishments by the deposits, transferred to the State Treasury for its needs, into the correct state (if possibly in the form of rent) loan, that was consistent to the very essence of state credit, was right. Although it was not implemented because of the war with France, however, we see quite a scientific approach to the problem of strengthening the national currency.

However, at the end of the war, there was a restoring of the monetary and financial systems due to the destruction of paper money by leveraging. There were set up of commercial banks, but the practice of involvement all bank funds 'to support turnover of the Treasury' was continued. The process of transfer deposits from a commercial bank into a lending one was started. The lack of demand for credit by private individuals was evidence of an

■ ii. iiH-ly low level of entrepreneurship and inventory relationships in i i i mik- and Russia. The successful capital accumulation in the country and i ipilal inflows from abroad temporarily decided the problem of plenty ¹ < ii i < i icy in conditions of stopping issuance of the paper money.

According to P. Mihulin's research, it can be summarized the functioning nl .late credit in the Russian Empire:

unlimited and permanent pumping of money into military and political needs of the Empire was a common, typical and constant phenomenon;

(he lack of sufficient financial infrastructure contributed to underdevelopment of market relations (there was no demand for credit, nor commercial credit proposal);

slate credit establishments were the safest placement of savings for the public.

P. Mihulin noted both positive and negative effects of state credit establishments: 1) by their funds were held almost all charitable establishments; 2) by their assistance was organized cheap (6%) innovative and commercial credit (deposits were used as commercial turnover and gave out by banks deposit tickets were in turnover as notes); 3) the state in 'borrowings' from rental agencies found relatively not expensive source to cover their extraordinary expenses, without which it would have to turn for expensive and dangerous foreign loans.

The attempt of 'capitalization' the credit by the Minister of Finance of the Russian Empire E. F. Kankrin in 1829-1830 was made unsuccessfully. Due to the low demand for commercial credit P. Mihulin gave the following examples: in 1843, the Loan Bank (which had also the deposits of Commercial Bank) gave out loans for private individuals in 2. 5 times less than for the Treasury.

Silver coin issued as the main currency into the turnover by the Edict of 1839 did not solve the problem of financial stability. From 1839 until 1840 there were depleted almost all cash of Loan Bank and Savings Treasury, so from 1841, these institutions were issued new currency — 'banknote'. It was decided to borrow by neither silver rubles, nor paper money of the previous view, nor deposit tickets, but only by new banknotes that had to be in turnover throughout the empire along with silver money.

Already in 1843, there was completed phased substitution of paper money by banknote, that called 'state' (the purpose and the economic nature of these notes are the same, the difference was that in the Russian Empire emitents (issuers) were governmental, not joint stock institutions, as abroad). Paper money gradually replaced by state banknotes, which on demand had to exchange for metallic currency. According to P. Mihulin the disadvantages of E. F. Kankrin's monetary reform were the following: 1) it was not given

adequate flexibility for notes turnover, so they actually became paper money, but not banknotes; 2) they could not be issued and withdrawn from the turnover according to the needs of population to increase or decrease the number of currency note. This judgment was erroneous because issuing banknotes for mortgage loans was quite consistent to the issue of ordinary banknotes. People who received these loans put them back into their deposits instead of given them by banks deposit notes that had almost turnover as money, and if they were in turnover, they were in commercial transactions. It gave the money turnover some elasticity. In addition, the government remained in its hands another way to regulate the amount of money in turnover — issuance of the Treasury series, which were in turn almost on the same basis as money.

In practice, the realization of this policy had led to, that in 1853 a bargaining fund did not have a single ruble which belonged to the State Treasury, moreover, banknotes were not provided nor metallic currency, nor interest bearing securities. The Crimean War (1852-1857) urged the government once more to new issues of no secured banknotes. According to P. Mihulin, these issues contributed to not only covering war expenditure but inflowing deposits into credit establishments and caused the increased demand for domestic government bonds, including Treasury notes. Difficulties of interest payments made the government resort for periodic external loans. The financial system came to a critical point where depositors' demands much exceeded new additions. State-owned banks resorted to issuing banknotes ones more and they had to satisfy investors by general budget revenues. The reform of state-owned credit establishments began necessary and urgent.

P. Mihulin's thesis that the main issue of banks reorganization was the allocation of free capital, which had received, caused doubt. In fact, in Ukraine and Russia unfolded the construction of railways, prepared peasant reform, envisaged the increased development of commerce and industry, all of these were required a cheap credit.

With the liquidation of state-owned establishments, there were observed, as P. Mihulin noticed, the artificial revival of trade and partly industry; the 'escape' abroad of the capital; speculative promotion. Almost for ten years separate branches of industry would use the loans of private individuals, i. e. moneylenders. Because of an insufficient number of commercial establishments (local, public and private banks) interest rate significantly increased. The State Bank could not be a regulator of accounting and loan interest in the country, as the funds which were in its possession, were spent on the liquidation of state-owned public establishments.

P. Mihulin preferred essentially the state-owned banks; as, to his mind, private banks were without any government control and bankrupted

depositors. Their liquidation caused the disorder of monetary system — there was held the outflow of metallic currency from the bargaining fund and channels of turnover; the bill rate and the loan rate of ruble fell down. With the cessation of exchange, the trust of foreign capitalists to the creditworthiness of the Russian Empire has been lost, which hampered the implementation of government loans. This was the basis to P. Mihulin's conclusion about the ineffectiveness of the pre-reform state banking policy, and the reform efforts he described as unsuccessful.

The effectiveness of the financial system to stimulate the development of industries required the creation of favorable conditions for the emergence of new factories and continuation of the old one. P. Mihulin emphasizes the necessity of development corporate legislation; commercial law; regulation of market-making; reforming of credit banking system. These bills were prepared by a commission chaired by P. Tsytovych. However, the Russian central administrative system of financial management did not allow the industry freedom. As P. Mihulin noticed 'the omnipotent finance minister stood in the way.'

According to P. Mihulin, the lack of understanding by Witte's government, credit role in the development of industry was the main reason of inhibition the process of formation industrial and commercial banks in the Russian Empire. In the last decade of the 19th century, the attempts to transform state-owned bank into industrial were not pulled a punch. Contrary to the Bank Charter, the industrial credits were mostly given to unreliable enterprises, caused the credit losing of the state. The banking syndicate, created with the lead of the State Bank began to issue various papers that plunged on the stock exchange. Industrial enterprises were required to include to their courts unfamiliar with industrial affairs officials from the finance department that increased the cost of maintaining their bureaucracy. Due to the system of permissions and prohibitions, these officials brought more harm than benefits.

The lack of industry freedom and competition freedom reflected on the formation of commercial credits establishments. In general, the government did all deterrents to the emergence of new banks, including commercial. As an exception to this, there was the Kingdom of Poland, where credit establishments operated in almost every village, which significantly contributed to the development of industry and trade. Instead of stimulating industrial development through the creating appropriate financial basis of crediting, the officials resorted to the policy of high customs tariff and state orders. The lack of effective commercial legislation did not stimulate the turnover of commodities. High customs tariff led to a customs war against Germany. The inability of local products to compete with products of

Western Europe and the United States caused the manufacturers to conform to the government, which made huge state orders. As P. Mihulin noticed, this put the industry in the hostile work environment without consideration of place conditions and time, the commercial market condition of production.

To create new factories there were offered by the treasury not the market, but unreasonably set high prices at which the enterprise could pay off almost immediately by the first order. Quite often were built new railways to provide the income of many plants, which were established through the state support. Under these circumstances, foreign owners of enterprises based in the Russian Empire benefited, because, firstly, they were built not by their own capital, but by the advances, given by the state treasury; and secondly, huge cashless capital stock that contributed to 'success' of the enterprise, grew up and enriched their owners. The strong increase of industrial enterprises and limited domestic demand for their products caused the crisis. The Treasury began to reduce their orders, which further worsened the situation of enterprises. The inability to implement their internal accumulation for the re-creation real industrial and commercial credit for enterprises of the Russian Empire deepened the crisis. The finance system of that day put brakes on industrial development based on market relations. In order to amass huge capital under the speculative promotion, money, knowledge or skills aren't necessary, enough only relations with the Ministry of Finance and the others powerful of the world', wrote P. Mihulin in 1905. However, this thesis is consonant with modern conditions.

Under the S. Witte's ministerial activity, as P. Mihulin pointed, was 'the principle of uncontrolled disposal of the Treasury funds, that transferred through the state bank, state funds, state railways and state orders in the hands of various dealers who created Russian industry by means of, as if, foreign capital.'

Based on his own research P. Mihulin made the following conclusions:

- The state credit in the Russian Empire used unproductively, basically, it was intended to support landowners who became bankrupt, for compensation old debts;
- The support of speculative transactions, fictitious corporations by the government prevailed the over satisfaction of public and business needs. The officialdom in government activity was mainly aimed to protect interests of financial capital of the elite;
- The lack of free market with all its attributes and institutions did not promote the development of clear banking system, which would stimulate the economy, the market system of industrial (commercial and investment) credit.

Aller V. Lebedev's release from the position of full professor at the Department of Finance Law of Imperial University for criticism of V. Kokovtsev, the Minister of Finance, P. Mihulin was invited to fill this position in December 1911. Here he continued to work effectively on the research of economic issues. In December 1912, he founded the journal "New Economist", the aim of which was to highlight and develop the ways of rapid increase of the productive forces of Russia and its economic revival. Among its authors were the Ukrainian economists and financiers I. Yanzhul, O. Mykhashevsky and others, who comprehensively covered economic and financial issues of Ukraine, Russia and abroad.

During this period, P. Mihulin wrote many articles that haven't theoretical value, although they reflected the issues of that day. In his articles, he often criticizes the economic and financial policies of the tsarist government, presented the financial projects. He was often invited by P. Bark, the Minister of Finance at the meeting of the Finance Committee, which was responsible for major financial affairs of the country. At these meetings, the scientist tried to convey his ideas to the government. From 1914 he became a full member of the council of the Minister of Finance; worked in the commission of Official Secretary P. Kharitonov, created for the construction of public revenues and expenditures.

After the February Revolution, P. Mihulin stopped his teaching in Petrograd University and focused on the work of committees and commissions, created by the Interim Government. In April 1917, he was the member of Committee for the plan of financial reforms, created by the project of the Ministry of Finance. However, the Bolsheviks' assumption of power broke down all plans. P. Mihulin discountenanced the events of October and new political system in Ukraine and Russia and left the country.

P. Mihulin immigrated to France, where he began to work in the Russian academic group in Paris. While in exile, the Ukrainian scientist watched carefully everything for what happened in new Ukraine. In the article "The Russian agrarian problem and agricultural disaster in Soviet Russia" (1934), he analyzes the disastrous situation in this branch in Ukraine. He emphasized that the Soviet power had violated the relationship of Ukrainian peasant with the land, 'made him proletarian, the servant of communism, pulled up by the roots love for the land, and hunted people from it. The peasants are destroyed as a class. Its revival is extremely important, requiring efforts of generations.'

Being abroad, P. Mihulin continued to work a lot and actively. According to the researchers, his scientific work, a scientific bibliography includes over 400 titles of books, brochures, research notes, projects, journals and newspapers articles, reviews, which are waiting for their republication in Ukraine.

P. Mihulin died in October 1948 at the age of 78, in France, where he was buried.

The main works of the scientist: “Regulation of Paper Currency in Russia” (Kharkiv, 1896); “Modern and Future of Russians Finance” (Kharkiv, 1907); “The Russian State Credit since Times of Ekaterina II till to the Present Days, Historical and Critical Review. V. 1, 1769-1886” (Kharkiv, 1899); “The Redemption Operation and its Results” (Kharkiv, 1903); “The Russian State Credit. V. 2. Ministry under I. A. Vyshnegradsky 1887-1892” (Kharkiv, 1900); “The Russian State Credit. V. 3. Ministry under S. Y. Witte and the Future Objectives” (Kharkiv, 1901-1903); “Monetary Reform in Russia and the Industrial Crisis” (Kharkiv, 1902); “The Newest Railway Policy” (Kharkiv, 1903); “The Russian Agricultural Bank” (Kharkiv, 1902) and others.



MITILINO Mykhaylo Ivanovych

(1875-1930)

(TL/ **itilino Mykhaylo Ivanovych** is the Ukrainian scientist, economist and *JVI*-financier. In his two fundamental works “Elements of Financial Science” (1926) and “Foundations of Financial Science” (1929), Mitilino gave in a consistent manner the main aspects of financial theory, based on the major theoretical finance achievements of Ukraine and the world, without any ideological bias.

Mykhaylo Ivanovych was born on February 25, 1875, in the industrial town Kerch, where he got his elementary education. Since early childhood, he worked to help his parents provide for the family. However, the dream to obtain higher education did not leave him. So, his father once felt the opportunity to support the family alone, sent M. Mitilino to study in Kyiv. In 1900, M. Mitilino went to the Faculty of Law in St. Vladimir’s University. Among students he was one of the eldest, yet one of hard-working and diligent. In 1905, M. Mitilino graduated from the university with a Degree in Law at the age of 30. As one of the most active in scientific work Mitilino was remained at the university to prepare for a Professor Degree at the Department of Civil and Commercial Law.

He obtained a rank of Associate Professor after successful passing master’s examinations in 1909. Mitilino’s active scientific searches created the first scientific papers of Civil Law: “Civil Court Before and After the Reform” (1913); “Building Tenancy: the Experience of Research of Civil Institute” (1914). These first papers were highly appreciated by the academic world and in 1914 thanks to the latter one M. Mytilino obtained a Degree of Master in Civil Law and a rank of Professor.

M. Mitilino combined his active research activities with teaching. Except the Kiev University he was invited to other Kyiv education institutions and far beyond. Thus, in 1911 after a foreign travel he was invited to read the author’s course of Commercial Law at Warsaw University. Later, in 1915, in revised form, this course of lectures will be published in the book for students “Commercial Law and Commercial Litigation. The program of lectures”. This theme of scientific research will be continued during the

Soviet period of his teaching: “Project of Trade Directory of the USSR” (1923), “Trade Law” (1925), “Trade Law of Soviet Republics. The Course for High Schools” (1928) and others.

Along with scientific work and teaching, M. Mitilino was active in public work. He held concurrently positions in the organs of People’s Commissariat for Finance, Provincial Government and other organizations. From 1919 to 1922 he was the Head of Committee of People’s Commissariat for Education of the USSR concerning reforms in high school. Since the latter half of 1920s of the twentieth century he took part in scientific institutions’ activities of the Ukraine Academy of Sciences (UAS) as the Deputy Head of Committee for studying financial and bank issues (since 1926), and as a member of committee for studying Soviet law (since 1927).

The importance of M. Mitilino’s activity of this period was based on the following circumstances: Regulation about the Academy, approved in July, 1921 by the Council of People’s Commissars of Ukraine, determined not only its organizational structure, but the primary goal: to become higher scientific institution of the republic. To implement this task throughout Ukraine there were created research departments, which coordinated their activities with UAS — the Research center in Ukraine. Like many other scientists involved in the department’s work, M. Mitilino served as a connector union of research departments with Ukrainian universities. Because of the universities’ elimination in Ukraine in 1920, which were mistakenly considered as the most “conservative” form of higher education, there were created institutions of public education and some other schools that needed teaching staff. Therefore, the role of special superstructure over the universities, which had not only to ensure the organization of scientific research, but also to prepare scientists of new formation for higher schools, to give them as stated in the Regulations “young professors, imbued with Soviet construction tasks” were given to research departments and sections, created in leading scientific centers of Ukraine (M. Mitilino was a member of Kiev scientific center).

Being the Head of Committee for studying financial and bank issues, M. Mitilino gave great importance to the restoration in high schools the financial science teaching. During this period he prepared for students financial textbooks and their separate constituents: “Elements of Financial Science” (1926), “Foundations of Financial Science” (1929), “Basic Lines of Modern Japanese Tax System” (1929) and others.

M. Mitilino executed the great organizational work on his basic job. From April 1916 to April 1930 Professor M. Mitilino was nearly allied to the Kiev Commercial Institute (since 1920 is the Kyiv Institute of National Economy). During his creative activity period, he held various positions:

From January to November 1924 he was the Dean of the Faculty of Economics; from August 1921 to September 1922 — the Rector; from February to October 1924 — the Dean of the Faculty of Economics and Social Sciences; from September to January 1930 — the Vice President; from October 1923 to April 1930 — the Dean of the Faculty of Finance and Economics. At the same time M. Mitilino was the chair of Trade and Industrial Rights at the Faculties of Economics and Social Law; he was a member of scientific notes' editorial committee of the Kyiv Institute of National Economy "Technique, Economics and Law" and from 1924 he was in charge of this magazine's publications.

M. Mitilino actively participated in formation and development of the Kyiv Commercial Institute (later Institute of National Economy). He actively collaborated with the famous Professor P. Kovan'ko, over by his active participation the Kyiv Institute of National Economy began to specialize in the local economy, preparing economists — public utility organizers. This specialization started at the Kiev Commercial Institute, where the Department of Local Economy had been operated since 1912 and the Office of Local Economy had been settled. M. Mitilino supported the idea of creating at the Institute the first in Ukraine (and in Russia) Department of Local Finance. On its basis at the Institute through the Professor P. Kovan'ko's initiative, the Dean of Faculty of Economics at the Kyiv Institute of National Economy, the Department of Local Economy Sciences, which became the basis for students' specialization, was created.

The most significant M. Mitilino's work is his "Foundations of Financial Science" (1929), where he deeply analyzed the state economy. Despite the fact that it has already some prints of time, the attempts to show advantages of socialist state economy, some theoretical generalizations are still actual in our days. Especially it should be noticed the ideas of budget and taxes characteristics. According to M. Mitilino, rational budget has to meet the following basic requirements: 1) budget has to be single (the holistic plan of state economy, government revenues and expenditures can not jump over the budget plan); 2) budget has to be published (required publication schedule of revenues and expenditures to the public, for the public control over its proceedings); 3) budget has to be universal (all financial transactions, as revenues and expenditures proceeding not generally but detailed, clear and complete so that no one income or loss is not left out of the budget plan); 4) budget has to be specialized (all revenues and expenditures in the budget should be presented with the most crushing certain types of revenue and expenditure); 5) budget has to be balanced (total revenue should always be equal to the sum of expenditures). When incomes are not enough to cover government expenditures, in budget revenue does not specified budget

deficit but specified sources to cover the deficit; 6) budget has to be urgent (usually for one year); 7) budget can be gross and net (the first: all incomes are shown completely, including expenditures to recover their costs, that is in the revenue part are all incomes and in the expenditure part are all outlays, without specifying net balance of any turnover, the second: revenues are held by net balances with expenditures to recover their costs); 8) the list of government revenues and expenditures can be built on such principles: a) ministerial (all government expenditures are allocated to individual departments); b) by expenditure items (indicated the distribution of costs based on expenditure items). According to M. Mitilino, the system of expenditure items is more appropriate, but to compose, to perform and to control the budget is more convenient by the ministerial system. That is why, in practice he advises to use a mixed system, but in this case, together with a total construction of budget by agencies, attached the report of expenditure on items; 9) budget has to consist of consolidated (permanent revenue and expenditure of the budget) and mixed (it is annually reviewed and approved by the Parliament) parts. Positive in such consideration, according to M. Mitilino, is the possibility to estimate its targeting by people's representatives.

Regarding tax policy, M. Mitilino deems the necessity to perform functions by the state. "Both organic and historical perception of the state based on that supposition, — emphasizes scientist, — that the unity, which the state is its deputy, is absolutely necessary for the development of human society toward external forms, as well as for the cultural existence of each individual. " The state should have permanent funds to perform these tasks. These funds the state can get only from its citizens. Thus, according to M. Mitilino, "tax assumes the character of civil obligations that simultaneously combines with the benefit for the taxpayers".

M. Mitilino generalized taxes' classification. Noting the lack of unified approach to the classification in financial literature, he emphasizes on relational nature of their division. However, in his opinion, it is necessary "from the theoretical side as a factor in scientific systematization and from the practical side as an element that helps us to define better the characteristic points of a tax. "

According to M. Mitilino, the criterion for taxes classification should go out "a concept of historical development of the tax system ", and this development shows that the evolution of taxes finds out the gradual transition tendency of property taxes into income taxes, transition of real taxes into personal. Therefore, its classification has two groups of taxes: to the first group he includes taxes that are based on external characteristics; the second one includes so-called taxes of "personal" type. To the first group

11 oin the Soviet taxes he includes income and rural; and the second group includes industrial, from the heritage, customs, excise duties and fees. The argument of association into one group the direct taxes with industrial is that and industrial tax, and stamp duty and any excise appear basically the same in the taxation of both property and action; they take no notice of individual points, they do not care if there is a big family in the consumer of tobacco or 11 a person who makes notarized agreement has a minimum, etc. “.

Some M. Mitilino’s expounded methodological ideas towards financial science don’t lose their relevance in our days, especially in relation to the system city of scientific research. “Every financial sector according to essence and characteristic features is defined by political, economic, social conditions and general cultural situation of certain day. To evaluate properly the financial phenomena, which are only a part, or one of the sides and elements of a unit — the state or any other public associations, it should imagine clearly the general course of that unit’s historical development, which led by those conditions of that day. That is why financial science needs connection with general history. “

M. I. Mitilino died in April 23rd, 1930 in Kiev, where he was buried.

The main works of the scientist: “The Project of Trade Directory of the USSR” (K., 1923); “Trade Law” (K., 1925); “Elements of Financial Science” (K., 1926); “Trade Law of Soviet Republics” (K., 1928); “Foundations of Financial Science” (K., 1929); “Basic Lines of Modern Japanese Tax System” (K., 1929) and others.



MYKLASHEVSKYY Oleksandr Mykolayovych

(1864-1911)

(Ti/yklashevskyy Oleksandr Mykolayovych is a Ukrainian scientist- r £ economist, educator, public figure, whose works on the money theory and money circulation were the greatest contribution into the development of Ukrainian financial thought.

The future Ukrainian scientist was born in 1864 in a small town Horodnia Chernihiv province, in a Ukrainian family, which came from a Cossack family. The family was proud of its origin and procreation of the Cossacks. This greatly influenced the sense of patriotism and honour of the scientist to the famous Ukrainian land. The desire to be like his ancestors, who were very educated people, differentiated O. Myklashevskyy since early childhood. At school, then in high school, he was distinguished from the others by his diligence and curiosity and he loved to read a lot. After graduating from high school with a gold medal, he entered the natural history department of Moscow University. The first meeting in the university with the works of scientists-economists determined his fate. Already in the second year of study, he entered the Faculty of Law, where traditionally, because of a lack of economic faculties, economic disciplines were taught. He studied the theoretical aspects of the role of money in a real economy. For his final work of the faculty on the theme “History of the Assniation Circulation in Russia” O. Myklashevskyy received the highest award — the gold medal. He graduated from the university with a degree of candidate of Law in 1888. Having received a university scholarship, O. Maklashevskyy actively undertook the development of theoretical gains of foreign and domestic economists.

The young scientist continued to explore the legal foundations of society. His first works, printed in Chernihiv, were devoted to the painful problems of social development and people’s lives -“On one of the first shelters, prisons for juvenile offenders”(1889), “Compulsory education in rural primary schools” (1890). O. Myklashevskyy is one of the researchers who saw the relationship of the level of institutional support and social development. He considered the economic well-being an important factor in

the solving of many current problems. That's why the largest portion of his scientific papers was devoted to the study of the history of the economy and its major components. Being unsatisfied with the knowledge gained at the university, O. Myklashevskyy, after passing the master's examination, went on a scientific mission abroad. During 1892-1894, while living in England, Italy and other European countries where it was possible to read the works of original representatives of the classical school, O. Myklashevskyy studied the theory and history of money circulation. He became more thoroughly acquainted with the German historical school, the social direction in economic science and theory of limitedness. The latitude of scientific interests of the young scientist and the depth of theoretical disclosure of studied problems impressed O. Myklashevskyy. He was especially interested in alternative current political economy that had the powerful influence on the formation of his theoretical outlook.

On returning from scientific missions, O. Myklashevskyy defended his master's thesis "Money. The experience of learning the basics of the classical school of economic theory in connection with the history of money issue" (1895). The thorough study was written about the latest ideas of European and domestic economists. It was recognized not only by profound theoretical research but also it was extremely timely, as it contained a number of practical ideas for reforming the monetary economy. During that period, the tsarist government did everything to organize the circulation of money in the Russian Empire. After receiving the scientific degree of Master of Political Economy and Statistics, the Ukrainian economist was offered the position of private assistant professor at Moscow University. This position recognized his research and thesis accomplishments. Taking into account the scientific interests of O. Myklashevskyy to the theory of money, the talented economist was also invited to work in the Ministry of Finance. In particular, he took an active part in the work of commissions that dealt with issues of monetary circulation and preparation of monetary reform.

Working in Moscow, the scholar didn't break ties with Ukraine and its scientific elite. During another visit to Lviv, O. Myklashevskyy met with Ukrainian writer-economist Ivan Franko.

The result of creative achievements over a long period was the doctoral thesis in Dorpat (now Tartu) University, where in 1896 the Ukrainian scientist worked as a professor, as the Dean of the Faculty of Law and later was elected a vice rector. O. Myklashevskyy, except for teaching and research, translated the works of English economists to make them available to students. Individual copies of the notes are kept in the Vernadsky National Library. This is the evidence that the Ukrainian scientist working abroad didn't break ties with his Ukrainian counterparts.

As an expert on several European languages and tireless researcher of the history of economics, O. Myklashevskyy translated the works of famous Russian representatives from the most influential European economic schools. The most important among them were the works of representatives of physiocrats — F. Quesnay, A. Turgot and classical school — D. Ricardo, T. Malthus. Research interests of the Ukrainian scientist were primarily economic studies of history and monetary theory. Therefore, O. Myklashevskyy entered the history of economics-financial thought as the author of the concept of regulated money circulation, the representation of the historical and moral direction of political economy.

For the Ukrainian scientist it was characteristic not to idealize dogmas, but on the basis of critical analysis to express his views. Thus, in determining the objective relation to economic laws, the interpretation of the basic principles of political economy O. Myklashevskyy went away from traditional postulates. Recognizing the power of the foundations of theoretical achievements of the classical school representatives, he also denied the doctrine of the immutability of organizational forms of the capitalist economic and social laws fatality.

The significant impact of the historical school on the overall scientific outlook of the scientist appears in the historicism and evolutions that are general principles of his economic research. Unlike the members of the classical school with the idea of their minimum state role in the economy, O. Myklashevskyy advocated state intervention in economic life and searched for the best combination of market limits of self-regulation and state regulation of the economy. However, to make sense of the historical school, he opposed the unilateral seizure of the historical method. In particular, the work “Exchange and Economic Policy” (1904) O. Myklashevskyy, stating the total triumph of historical trends in science and the emergence of so-called economic materialism, at the same time emphasized that although philosophical and ethical principles of the classical school were outdated, it was not necessary to reject the method of the classical school.

Supporting the materialist explanation of history, O. Myklashevskyy emphasized the unity and mutual influence of objective and ideal as two interrelated aspects of reality. Therefore, as a scientist and researcher, he opposed the application of the principle of monism in social studies and declared moral principle as major in science. According to the principle of rationality and values of social priorities, in the opinion of the Ukrainian scientist, philosophical and ethical foundations of “classical rights” were old-fashioned; he rejected the idea that selfish desire to idealize the personal goals was the only incentive for economic and social progress. Having received the latest ideas of the margin school representatives, the scientist

categorically opposed the dogmatic interpretation of the classic labour theory of value as the only correct and believed in the value of a synthesis utility, rarity and labour.

In the mentioned above O. Myklashevskyy's work, there were already visible manifestations of support to a new area of knowledge — economic psychology. Therefore, he stressed that the aim of science was knowledge of the laws of social life in the unity of its spiritual, moral and material manifestations. On the basis of comprehensive knowledge of those laws, it became possible and more realistic to predict the future development of the economy and determine economic policy. Without understanding the motives of the economic behaviour of different social groups, it was impossible to develop effective economic policy. The scientist questioned the principle of economic freedom; he thought it was necessary to set reasonable limits to it by means of public opinion, various unions and our higher moral force — the state. Attaching great importance to the development of civilization — this public institution, O. Myklashevskyy believed that economic policy should ensure the realization of social goals, which do not always coincide with the interests of individuals and economic agents.

These were the first stirrings among economists-scientists who understood the importance of various institutions in social and economic development. That is the institutional framework is clearly traced in the economic concept of Ukrainian scientist. In his scientific study, O. Myklashevsky emphasized that the state, which exists on the basis of law, is supported by existing social forces. That's why economic relations are not based on coercion, but on the habit to obey and follow established procedures, as a sense of commitment and confidence in the government. In a not organized form, almost all the major institutional components of economic growth were discovered. Thus, social institutions become economic factors.

Together with the institutional factors of real economic development, the Ukrainian scientist emphasized the importance of analysis of the most important foundations of "reasonable monetary policy." O. Myklashevsky noted that "money matters had always been one of the most difficult and important aspects of economic development. Valuing the gains of the representatives in this area of the classical school, considering them "a strong foundation and basis" of the theory of money, however, the scientist on the basis of comparison of "real treatises, most important representatives of the classical school" with rich in content English parliamentary reports on money matters, tried to provide an analysis of "key provisions of this school in connection with the history of the disputes, which were caused by the organization of monetary affairs."

Of these methodological positions the Ukrainian scientist came to a comprehensive analysis of the monetary economy and was one of the first in the history of financial thought of Ukraine, that attempted to combine the field of monetary theory and policy. The fundamental work “Money. The experience of studying basic principles of the classical school of economic theory in connection with the history of economic issues” (1895) was published on the eve of currency reform 1895-1897, in the conduct of which O. Myklashevskyy took an active part advocating the need of establishing the system of gold monometallism in the Russian empire, i. e. the introduction into the circulation of the real money. It was a form of money, for which it could be used in addition to monetary and non-monetary purposes — as commodities while the commodity value of money equal to their cash prize.

Developing the theory of the origin and nature of money, O. Myklashevskyy stressed on the features of the commodity, its role in the overall cost equivalent in particular. He considered it to be inappropriate to limit the role of money only to the intermediary in the exchange. Supporting the idea of the multifunctional role of money in the economy, at the same time he opposed the primacy of its roles in the real economy, noting that the money — not the cause but the consequence of certain economic relations, to the development of which they contribute.

Analyzing social civilization development of these theoretical positions, O. Myklashevskyy revealed the role of money in the process of class differentiation of society (money divides society into the rich and poor). Besides, he disclosed the deepening social division of labour as one of the most important components of the development of exchange and commodity production. However, he showed another value of money. In particular, the scientist-economist saw that money in their social value combines and dismembers and subordinates the individuals and their significant social groups within a single national economy; money is the power that drives the people through the mediation of existing financial institutions.

And now the functions of money and determination of their number are a problem in the science of money. Different authors identify different amounts of monetary functions, and these functions themselves are sometimes interpreted ambiguously. However, they all define the most characteristic feature of money — absolute liquidity, i. e. the ability to instantly share and no losses on other types of assets. None of the other assets have all of these properties, but most of them are present in gold. Among economists, there was a theoretical discussion on the future monetary system. According to O. Myklashevskyy, neither bimetalism, which had enough supporters, nor the paper circulation, were acceptable to

perform the main function of money — to create optimal conditions or the exchange.

Defending the idea of returning to a metal monetary system, the scientist opposed the quantity theory of money, which had already acquired distribution in the scientific community. In the above work, he argued that the amount of money in circulation is only one of many factors that influence the real prices of commodities that amount of money temporarily and disproportionately affect their relative value as well as a number of other products — their value (law of marginal utility).

Unlike paper money, which was generated by public needs, the emergence of credit money is connected with the development of credit operations and banking. Credit money emerged on the basis of credit and passed a long evolutionary path.

The prototype of modern credit money, the first financial instruments were in the form of clay tablets, existed in Assyria in 9th century BC. They were used as receipts for deposits of precious metals or money changers in the temple or as transfer requirements (similar to today's checks). Credit symbol, released into circulation, is a debt obligation of any person or organization received by economic agents due to their confidence in the fact that at a certain time, this debt will be exchanged into a metal coin. Therefore credit circulation, according to O. Myklashevskyy, neutralizes fluctuations in the value caused by the existing disparity in the money market money demand and supply.

Being a supporter of the commodity theory of money, the scientist believed that the labour value of the metal — gold — best determine the value for money. His argument was too simple: if you want to weigh the product, you need a “weight piece”, which has weight. And similar to the “weight piece” in the economy is money which value is determined by the socially necessary labour inputs for their production (for extraction of gold).

At the same time, O. Myklashevskyy saw the evolutionary (under the influence of market forms of economic and infrastructure development of the money market) changes in the development of commodity-money economy and was well aware of the limitations of monetary metal. Indeed, gold is one of the most challenging in terms of extracting metals. It is a rare metal and its commercial development is made even more difficult by its small size: 6 grams per 1 ton of rock. The needs of the real economy, which was growing rapidly, exceeded the opportunities of the gold supply in exchange intermediary.

The scientist came to the understanding of the need to use money substitutes, the supply of which was more elastic. By doing this, he became closer to the supporters of the quantity theory of money. The latter believed

that money does not necessarily have “internal weight.” Banknotes do not have their own value; they are easily printed and put into circulation. Money can measure the value of the goods without having to worry about “inner substance” value for money. It is enough to proceed from the fact that the cost of goods, expressed in money, is the price. Therefore, by the narrowing of commodity production banknotes via money intermediaries can be easily withdrawn from circulation because of their exchange for gold. Thus, in the new conditions of commodity production, there are the benefits of so-called mixed-monetary circulation.

However, according to O. Myklashevskyy, the value of money substitutes, which stems from the emergence of the two functions of money — a measure of value and medium of exchange, and which are complementary to handle full money, should be based on the possibility of free exchange of the metal. Under these conditions, the monetary system of the country becomes sufficiently flexible and efficient without losing connection to the metal as the basis of values. The scientist understood the disadvantage of the monometallism — metal money does not have the necessary flexibility in terms of macroeconomic development needs. To overcome it is necessary to transit to the new forms of money.

He linked the emergence of paper money with the development of the economy. Perhaps more than any other, he understood the causes of the appearance of paper money: firstly, it's the difficult financial situation of the state; secondly (which directly follows from the first), chronic fiscal deficit and balance of payments. The scientist-economist built the theoretical analysis of paper circulation on two main points: firstly, the issue of paper money with less value cost, is much cheaper for society and has no significant quantitative restrictions; secondly, the internal value of money is not the prerequisite of its life as a measure of the value of exchange of goods and as a mediator, by contrast, fluctuations in the value of their own money make it more difficult to measure the value of the goods.

In the general context of the study of the problem of money, a special place in the theoretical works of O. Myklashevskyy research takes credit and paper money. The study of the history of assignment circulation in Russia was the subject of his master's thesis. Partly accumulated and generalized material became a part of the above-mentioned book “Money. The experience of studying basic principles of the classical school of economic theory in connection with the history of economic issues”. Revealing the economic content of the loan and its place in the development of the real economy, the author warned against the surface perception of it or as a panacea for all the evils or as the root of all problems. He showed that this area of theoretical research, as well as the direction of practice, remains to be

.i source of excessive hope and unjustified frustration. The national credit system, the activity of which is reduced to the accumulation of “free” money of some economic subjects and their provision to other economic entities, emphasized O. Myklashevskyy, more and more becomes the basis of the entire national economic system.

The scientist, analyzing the pace and extent of social, economic potential, predicted that in future civilization development, an era will come when the functions of general exchange units of measurement, storage, and transmission of value will perform the credit, the modern economy is only a transition to credit (from current position can be said developed market). However, recognizing the importance of the development of the real economy and the fact that the credit spread of means of payment as well as stocks, bonds, and various interest securities as a means of circulation of goods and obtaining credit, O. Myklashevsky did not recognize them as money, stressing the absence of their intrinsic value and the need of artificial (state) regulation. In particular, the Ukrainian scientist insisted on establishing strict civil procedures, which should ensure the legality of credit agreements which provide for the transfer of real assets (including money) in exchange for future assets (including money) on conditions of return for a fixed term and to the payment of interest. That was about the need to create sustainable legislation on general obligations, bankruptcy, and usury, etc., the formation of an appropriate institutional environment for the complete implementation of the role of financial intermediaries who act as channels through which funds of primary lenders come to the end user. This shows the importance of understanding by the scientist the indirect financing of a market economy.

Investigating the processes of development of the national economy on the basis of concentration and centralization of capital, O. Myklashevsky pointed to the public the distribution in the development of state-monopoly tendencies, emphasized the need to counter these negative social phenomena, because they lead to industrial feudalism.

O. Myklashevskyy drew attention to the spread and growth of speculative agreements and the growth of fictitious capital in a scientific study of the internal organization and external expression of the credit economy as a continuation and development of monetary. Under this event, he saw the emergence of the financial and credit institutions sector. Their development is able to realize a major “transformational function” of credit, as a result of which in minor and short-term deposits can be transformed into long-term loans. Its significance for the economy and real efficacy are similar to a powerful lever of influence on the social development of the invention of the wheel and the ability to make fire. The opinion of the scientist in the

development of the forms of the market was groundbreaking and, in particular, in the establishment of the financial market, where money is the “lowest” financial asset. Without a developed financial market, money has the lowest profit-making capacity (cash has no it) and the lowest risk. This minimum profitability is the price of the maximum liquidity because between profitability and liquidity the tight inverse relationship exists. In other words, the price of liquidity is the omission of the interest. The financial market with its infrastructure could provide The latter for only money.

Using in the research, such terms as “speculation, ” “speculation order, ” “speculative purchases” etc., O. Myklashevskyy described deployment mechanism in the economic crisis, the way they cover the scope of treatment initially, and later — the scope of production. He actually the first, compared with previous achievements in economic theory, described the phenomenon that is called in modern literature the effect of acceleration (direct link between changes in demand and caused by it much greater change in investments). Based on the quantity theory of money, most economists — contemporary scholars of the scientist, believed the reason for the crisis in the monetary system was the disorder and unstable situation in the field of financial relationships. O. Myklashevskyy, one of the first Ukrainian economists, proved that money is only a catalyst and not the cause of the economic crisis.

The Ukrainian scientist did not deny the possibility of rapid economic growth thanks to the credit, but he considered a rise to be unclear. To some extent, the author suggested that during economic turmoil, credit can become an additional factor of the instability of the economic system: a series of impoverished borrowers and lenders can make an additional incentive to strengthen economic crisis. So, the main precaution of O. Myklashevskyy on paper-credit circulation is associated with the risk of speculation and crisis. This dilemma — inflation or economic stagnation — is current for the contemporary Ukrainian market economy, because the quantitative increase money does not increase productivity. Conversely, monetary expansion can lead to inflation and thus reduce the productivity of money. In contrast, the increase in the loan can increase consumption, and therefore — performance. This idea will be deeply analyzed only by modern monetarists.

Setting by O. Myklashevskyy the issue of credit circulation consists actually of three parts: freedom, centralization and government monopoly — private nature of emission banks. In the general characteristics of the process of formation of the banking system, the central problem of the organization of credit institutions and their impact on prices and the redistribution of wealth attracted O. Myklashevskyy’s attention. Grounding its position of

mixed monetary circulation, the scientist advocated the centralization of emission rights and considered concrete ways and forms of state regulation of monetary-credit circulation. This idea of centralization was transferred by him on the proposals to reform the international monetary system. In particular, a reflection of this trend in the monetary views of the scientist was the support of the idea of creating a single international coin, which is the united world monetary system, a kind of global monetary cartel.

Grounding his proposals, the scientist stressed that the basis for this function of money is to serve the international unit of accounting. Pointing to this specific function of money, O. Myklashevskyy emphasized that in the development of civilization all material interests of humanity would be linked into a single entity and the conditions for the emergence of the international division of labour would appear. However, this idea was rather an expression of his commitment to the gold standard, when, according to K. Marx, on the world market the national money puts off their “national uniform” (coins, paper money, and credit) and acts in the form of valuable metals.

Like any other category, money has meaning and form. A content of money is determined by its functions, including the ones underlined by the scientist. However, money is a form of internal organization and external expression of content. The form and content of the money form an indissoluble unity. The content is a moving, dynamic side of categories of money (cash continued development functions), and shape as they specify in what form the money used to function in the country at this stage of economic development. In the process of social development, some discrepancies arise of the form and content of money, which are solved through the “putting off” of the old forms of money and forming of the new ones, adequate to its content.

Consequently, the scientist realized that the emergence of paper money was associated with the development of the economy. Money O. Myklashevskyy treated as a liability of the state, and the need for their production linked to the needs of the Treasury in extraordinary resources. The government issue of currency for their payments is what the scientist considered the most distinctive feature of paper money. Basically, the paper money is based on the redistributive function of the state and its ability to carry out extra- economic coercion. This factor has forced O. Myklashevskyy to criticize the theory of paper money, which they attributed to independent internal value debunked allegations of nominalists about the stability of paper money and persistently argued that they undergo the depreciation compared with gold, and in respect of goods, and to varying degrees. The size of the emission does not depend on the needs of trade and of payments in cash, and the needs

of the state in additional financial resources. Herein is the instability of paper money. This negatively affects the economy and redistribution of income and property relations in society.

The Ukrainian scientist stressed that the issue of paper money was the issue of state financial policies. He proposed to consider not the abstract concept of values and purchasing power of money that changes in the conversion of banknotes (notes) issued by one or more banks in paper money. Banknote due to the increasing of the bank on the exchange of their gold automatically degenerates into paper money. Therefore, the purchasing power of paper money by O. Myklashevskyy is determined by several factors: the credit of the state, the amount of paper money in circulation, the balance of payments, the value of precious metals in the world market, measures to support the exchange rate and stock speculation. Although the scientist mixed up the factors affecting the purchasing power of paper money and its exchange rate, he made a clear scientific analysis of the problem of monetary circulation.

Realizing that money serves the macroeconomic cycle, in constant circulation, O. Myklashevskyy constantly stressed in his writings on the importance of the proper organization of state real and monetary economy, sound economic and financial policies. According to the Ukrainian scientist, the further development of capitalism and the change of economic expansion led to the need for public intervention, and, according to the scientist, “the transformation of natural liberty, constitutional state established on the basis individualistic economy led to a country that has a social purpose.” O. Myklashevskyy claimed this important function of the state was intensified because of the social problems of the market. Accordingly, state intervention in economic processes should not be limited by the regulation of distribution relations, as the representatives of the classical school considered.

Thus, in O. Myklashevskyy’s works about the theory of money, we find an innovative approach to defining the place and role of government in a market economy. The current practice of a market economy reaffirmed this important conclusion by the Ukrainian economist. The scientist’s views were much broader than the ones of the representatives of the new historical school (not to mention the classic direction). He pointed to the necessity and the possibility of adjusting the introduction of the government’s actions in the functioning of the market mechanism, i. e. the need to introduce the idea of introducing in Russia and Ukraine the economy of mixed type.

An important role of government in a market economy is due, according to the scientist, by the necessity to create conditions for transition to a market-oriented type and to reduce the possible negative social

consequences. This social orientation of his theory with the special brightness appeared in the analysis of the effect of paper money in the economy. Analyzing the causes of instability of paper money, like most of his contemporaries, O. Myklashevskyy recognized the devastating impact on the economy of newly issued money that was caused by the need of the state, not the real economy. However, he revealed their ambiguous, contradictory effects: first, recovery, flash feverish economic activity, and then — decline and crisis; for some segments of the population — the expansion of consumption and additional revenue, for other social groups — poverty and the struggle for existence. Additional financial issues, argued by O. Myklashevskyy, greatly contributed to both the tremendous growth of public debt and burdening taxpayers and the disorder entire monetary system. Socially, accordingly, there was a certain redistribution of wealth — goods sellers and manufacturers were enriched by the state and consumers.

The expansion of paper money base served more implementing fiscal challenges that carried out in order to obtain additional state funds. That's why O. Myklashevskyy considered the valid comparison of direct and indirect taxes and stressed that additional money issues are not only disproportionate to the taxes, but also the worst of its kinds. Such a tax can only be random, arbitrary, exacted from all, excluding net income.

Considerations of the Ukrainian scientist about the contradictions and deleterious effects of paper money circulation subordinated to one goal — to prove not only the opportunity but also the need in a market economy foundations. The active state of the monetary policy would serve as an activator of the national economy. Scientific research on the issues of regulatory state influence on commodity-money relations is more fully described in the book “Exchange and Economic Policy” (1904).

Thus, criticism of the methodology of O. Myklashevskyy of the classical school, overcoming its abstract and individualistic principles opened the way for analyzing interdependencies of a functioning market economy and the absence of language unconditional observance of the principle of economic liberalism was the first step towards the development of alternative principles of the regulated market.

The Ukrainian scientist in his scientific writings sought to combine the theory of money with financial policy. He explained the need for state regulation of monetary circulation, initiating monetarism as the direction of economic theory and practice. Ideas of monetary economy impact on the real economy development are found in the theory of money in another paper by outstanding Ukrainian scientists-economist -M. I. Tuhan- Baranovsky.

The scientist died in his prime (47 years) in 1911 at his family estate in the village of Gorodnya Chernigov province.

The main works of the scientist: “Money Talks in literature and in real life phenomena” (St. Petersburg, . 1896); “Money. The experience of studying the provisions of the classical school of economic theory in connection with the history of the monetary issues” (Moscow, 1895); “The history of political economy: the philosophical, theoretical, and historical beginning of the nineteenth century economy.” (Yuryev, 1909); “The exchange and economic policies” (Yuryev-Dorpat, 1904); “Realism and idealism in political economy. Introductory lecture at the Imperial Yuryev university” (Yuryev-Dorpat, 1896) and others.



NAVROTSKYI Volodymyr Mykhaylovych

(1847 – 1882)

(TI)"avrotskyy Volodymyr Mykhaylovych was a Ukrainian philosopher, 'J' economist, statistician, lawyer, as well as an ethnographer and publicist. He had a short life but thanks to his serious works, in the words of Ivan Franko, he burned the darkness of the colonial night.

Volodymyr Mykhaylovych was born on November 18, 1847 in the Kotuzov village (Ivano-Frankivsk region) in the family of a priest, where spirituality and patriotism had the biggest value. While he was a child, his parents always cared about him and taught to love people and do everything for people. Firstly, he studied at home, and then he also had a high-school primary education in Coloma. After the successful graduating, parents sent him to study in the high school in Stanislav. While studying, Navrotskyy joined the youth movement "the community" and prepared a number of analytical articles for the high school popular newspaper that called "The Star".

Everyone who taught the young boy in the school was really surprised discovering his analytical ability and erudition. Especially he preferred economy and law. In 1866, Navrotskyy entered the Law Faculty of Lviv University which in that time was called as Franz Joseph University. Being a student, he did not stop taking an active part in the Ukrainian Student "community" in Lviv, and he also began to publish his first scientific, historical and ethnographic work ("Russian family", "Wedding in Kotuzov" et al.). The thought about a Homeland, like he was taught earlier in the family pushed Volodymyr Navrotskyy on to write these articles. Because the majority part of university professors were mostly from Poland and Germany and they had no cultural and no national relations with Ukrainians, and so they glorified everything foreign. Their objective position to the national local interests was added to their trustiness to the historical state of Poland.

In 1871, after successful graduation the young scientist was appointed for a civil servant in Rzeszow, where he was working till his death. Because of the duties of his work Navrotskyy often visited villages that were far away

from the railways, therefore, he knew the way of life and economic problems of Galicia.

Scientific skills and analytical thinking led him to reflections that he formed in his articles. The articles on economics and finance of Galicia were especially deep. Among them were the following ones: "What is the worth for us the Propination (Some figures to the interpretation of national poverty in Galicia)"(1875), "Drunkenness and Propination in Galicia (statistical investigation)^ 1875), "The class interests and the interests of the people (1876), "Reforms of house order" (1875), "Ukrainian Galician folk schools" (1876) and others. It was true statistical and economic research that brought him recognition without any academic degrees and membership in university elite.

Mainly from the views of the Physiocrats and the classical school (that indicates a good awareness of schools of thought in political economy), Navrotsky studied the problems of forming industry in Galicia within the numerous remnants of serfdom after the serfdom abolition in 1848 and the exploitation of natural resources and foreign labor capital. He criticized the tax laws and financial policy of Austria-Hungary. Moreover, in his works we can find the influence of his favorite professors who were reading lectures on taxation and monetary theory in his University (L. Bilinski, S. Hlombinski). He published his works in Lviv, Kyiv, Odessa, and Geneva. They even during his lifetime were highly appreciated by the Ukrainian elite: S. Podolynskyy, M. Dragomanov, A. Terletskyy, and especially by Ivan Franko, who called Navrotsky's explorations the capital works and valued them for their theoretical depth and social orientation. Despite his works were based on the European economic thought of the mid-nineteenth century, they anyway were filled with unique information about Ukrainian life and critical understanding of foreign concepts.

An important theme of his research was the transition of the economy of Galicia being a part of Austro-Hungary into market-monetary economy and the development of the relevant financial institutions. Visiting rural areas, he observed expropriation against all human rights and the strengthening of the "economic enslavement." Protecting the economic interests of peasants, V. Navrotsky criticized landowners' Galician agrarian program who under the Constitution in 1867 received the autonomy of Galicia and the full authority. He stressed that the Austrian tax legislation did not consider the difference in incomes of different categories of landowners and let down business profits. The Ukrainian economist pointed to the anti-scientific basis of the tax law by which taxes were not determined by the net income, but by the object, i. e. by the income that brought "ground, home, concentrated in real money capital, craft, factory fishing, trade, personal services — each of

them separately, as if each of these things were some fictitious person living for themselves.”

Today, the biggest part of the public relations is regulated by the law, and taxes are of no exception. And now we can already talk about the formation of an independent sub-sector of the finance law — the tax law. This science studies the issues related with the installation and charging of taxes and the person’s responsibilities for their duties for paying taxes and fees. But you cannot regulate social relations of this sphere without understanding the definition of the tax and the main elements of its legal construction. The issues about the elements of the taxes are the central themes in the taxation system, so they attracted the attention of scientists throughout finance history. The tax object as one of the main elements of the tax law was described by many authors and among them was V. Navrotskyy.

At the time of writing works, Navrotskyy recognized that the normal and convenient object of tax can be income. The exception to this rule some Ukrainian scientists called the tax that coped during the movement of the capital, and so-called Tithe fees — the remnants of the Middle Ages. However, at the time of creative activity of the Ukrainian researcher the scientific doctrine did not distinguish some terms like “the source of taxation”, i. e. the part of the tangible tools (including property), through which the tax obligation was performed, and “the object of taxation” as a legal basis for the emergence of tax obligation. In the center of his scientific analysis, Navrotskyy put the main elements of charging such as the subject of taxation, the object of taxation and their relationship.

The subject of taxation is to be the person that is obliged to pay taxes. The object of taxation is to be the citizens’ property, the part from which taxes are levied. The author was sure that the only object of taxation could be the net profit. However, he did not clearly distinguish the concepts of “the object of taxation” and “the source of taxation”, but in his works, he identified those terms. For the first time, in Ukrainian economic literature, the distinguishing between these two terms would be done by S. Ilovayskyy.

Navrotskyy was the first Ukrainian economist who, in his own works about the evolution of the agriculture households in Galicia, revealed all metamorphosis from the transition of the natural economy to the market one, showed the mechanisms that pushed agriculture household in dependence on bank and usurer capital, explored the negative impact of the central financial system on the local production and socio-economic situation of the region. The main themes of his works were the problems of the canting (sale by auction) of peasant’s field boundaries, the gentry monopoly on production and sale of alcoholic beverages, and reimbursement for landlords the cost of canceled serf peasants obligations that brought big profits to the landlords

without any labor cost on their part. The guilders received from sale V. Navrotsky called “sweat and blood clots of exploited peasantry.” The relationships between peasants and landowners, in his view, were comparable to “economic bondage of the peasants.”

Widely studying the Galicia economy of the 70s of the 19th century, V. Navrotsky deeply studied the social and economic results of its colonial status during the development of the market relations and the establishment of the financial capital. He disposed the main trends and set the reasons that directed the development of capitalism in the lands of Galicia in a colonial way. The scientist, in particular, determined the role of the Galician nobility in preserving the remnants of feudalism and agrarian and raw economic structure. Pointing to the downward trend in daily wage of Galician agricultural workers (during 1866-1876 from 38. 5 to 32. 72 Kreuzers) and the difference of wages among men, women and teenagers, he emphasized the negative consequences of using the natural form of wage for the working population. The use of their own shops as an institution to make payments to the workers by the products of poor quality did not contribute to the development of commodity and money relations. According to V. Navrotsky, it was a sign of the low level of monetary and commodity production in general, when “the bitterly earned money, paid to worker from one pocket, comes back to the other one.”

V. Navrotsky as one of the first Ukrainian economists and practitioners analyzed the actual production in close relationship with the monetary economy. He understood the interdependence between different sectors of production, the ratio between production and consumption. “Consumption, — said the scientist, — is in close relations with the production: the first develops and supports the second and vice versa.”

Using statistical methods, which later became a part of economic theory, V. Navrotsky as the modern monetarists, focused on the problem of changes in the purchasing power of assets turnover, which he defined as a value inverse to general price level. In the center of his attention was the analysis of the ratio of aggregate money demand and supply. The issues related to changes in supply and demand of goods and the movement of relative prices, that is the issues that the theory of general equilibrium examines, he ruled out of the theory of money. Thus, it can be argued that V. Navrotsky accepted the “classical dichotomy” of real and monetary sectors of the economy.

The innovative initiatives of the Ukrainian economist in the analysis contributed significantly of the deeper investigation of the mechanisms of the relationship between money and the real economy, changes in price of goods due to a decrease in its value. “If instead of huralnias Galicia had a

hundred machines for the production of watches, so in ten years, the price would fall on the clock so that every farmer could buy it." The growth of marginal utility of goods causes the price increase. The scientist clearly showed that on such a unique commodity as land. "If impregnable forest thicket," he wrote, "does not bring revenue, the forest, through which paved highway or railway, gives the same income as the corresponding area arable land." Especially large and growing, according to V. Navrotskyy, is the rent of land for buildings in large cities, contributing to its usefulness and, therefore, value. For example, 1 nr of the land in Lviv is worth as much as 1600 m² on the Podillya. The price of land for a building in Vienna is the price of the whole street in the Galician town.

The named by the researcher the rent-forming factors are rather convincing: the different natural potential of areas (fertility) and their different remoteness "from transportation routes and markets", where the commodity products can be obtained. Such views reflect the views on rentforming factors by D. Ricardo. But it is evident that for V. Navrotskyy like for the majority of the representatives of the classical school, the land is unrenewable and is considered as physical, but not an economic resource. Thus, in his opinion, not only the land but rent is a "free gift of the land."

However, as the limited land fund is used by only one way (for example, such as arable land or pasture) and by the impact of natural decrease, V. Navrotskyy expressed the warning: "... the meaner the land becomes on its gifts, the more price it needs for the work." It is interesting to note that to some extent the scientist followed the idea expressed by James Millen that rent as income would need to remove in taxes to the state to improve the welfare of its people.

And if the rental income went from landlords to tenants, the prices of agricultural products and the average profit rate in agriculture would remain the same because the transition income did not affect the marginal costs of production.

In general, for V. Navrotskyy, the guidelines about rent do not go beyond the scientific problems, and his approaches to differential rent marked the birth of marginalist approach in economic science.

After criticism of the Galician tycoons for their ingenuity, the Ukrainian researcher revealed new mechanisms of enslavement of poor peasants through the so-called "portion." A peasant taking from the landlord cash loan for a year returned it without interest, but in fact, he had to work on the landlord's farm one day a week, that is 52 days a year. "Portion, — said the scientist, — is the unjustified reduction of wage, the gentry's desire to return to serfdom, the worst way to ensure the landlord estate of working force."

Describing the anti-scientific basis of tax legislation and financial system of the Austro-Hungarian, the scientist proved that the fiscal policy of the government is destroying the economy and undermining the economy of Galicia. V. Navrotskyy claimed the colonial nature of customs policy was that, protecting the interests of big capitalists, the government harmed industrially underdeveloped provinces, consolidating their status as backward raw material appendages of the metropolis. He opposed the financial support of the industrial centers of the state through the borderlands, denounced any attempts of getting Galician economy to the status of “exploited colony” and of transforming Ukrainian lands into large plantations where “millions of hungry slaves should work for thousand of the most despicable parasites.” Based on statistical data used by the scientist and his thoughts, one can distinguish the trends that had a negative impact on the overall development of Galicia.

Firstly, the political liberation of Galician lands (1867) did not bring the expected results. Caught up in the regional market of Austria-Hungary underdeveloped Galician land turned into raw material suppliers. Their economy influenced by the penetration of foreign capital, mainly Austria- Hungarian became of monocultural development.

Secondly, for the most part of the 19 -20th centuries, there was not the “incubator” of the region development, maturing its identity and as the result the integration of the national state. An integrator role could have been played by the civil society in Ukraine, which would embody the achievements of social cohesion. However, such society had not time to emerge on the lands of Ukraine.

Thirdly, the Galician land economically did not resist the attack of Austria-Hungary at the destruction of their identity, mixing it with unified metacivilization of “market society”. The inertia (primarily statistic) became a new obstacle to the new development of the region, sometimes turning civilized values and institutions of Galicia after release to the “guard of the past.”

V. Navrotskyy made scientific economic and theoretical analysis of existing common rules in force at the time the tax law and practice of the Austrian tax system and stated them as anti-scientific. As the researcher wrote, the fact that tax was associated not with the net income, but with the object that has to generate the income, created the possibility of large landowners and capitalists to hide the value of their money income, while peasant’s small plots of land, his home, in tax regulations, were treated as income that was the subject to taxation.

V. Navrotskyy followed the principle that in the country “equal weights always corresponded to equal benefits.” The tax would be fair when it were paid from the “net income.”

The researcher made a sharp criticism of the draft of governmental reform of the house tax in 1875, which included the replacement of the so-called class tax by the new one, the generalized one. He made a proposal not to tax the income from farming with 600 rynns per year. In the taxes, he saw not only the source of replenishment of the state budget but also the support mechanism of households that fall into decay. Granting of tax incentives motivates encourages household owners to the development of production and increase of its efficiency. V. Navrotskyy highlighted the basic principles of the taxation system in such way:

- 1) Efficiency which is determined by regulation and incentive functions of taxes;
- 2) Justice — the unreasonableness of shifting the tax burden on the poor layers of population;
- 3) Utility — collected from the peasants taxes have to go back to them by creation a necessary infrastructure (road maintenance, schools, etc.)
- 4) Economic assessment of taxes etc.

The researcher in his works through the analysis of the main principles of the reform exposed its social and economic sense: reducing taxation of large urban property owners and increase taxation of the owners of small buildings and even rural houses. Having outstanding ability of an analyst, due to a deep scientific argumentation, he managed to convince the governmental officials in the antisocial orientation of their project. He was supported by the wide public, due to which the project was rejected. Later, coming from the persuasions about the justice of tax, V. Navrotskyy supported the law draft of the government, which a progressive income tax was proposed to introduce in (1877). The researcher by statistical calculations proved that this tax would lead to more equitable spending charges of the state between the different property layers of the population. He proposed to launch progressive taxation from a “net profit”, the rate of which grows with the increase of the income that is taxable.

Thus, V. Navrotskyy defended the idea of a living wage that was not to be the subject to taxation, which was widely used in practice on the modern stage of development of civilization. He came to the understanding of consumer minimum — the necessary minimal level of the consumption of material goods and services for providing normal vital functions of a human being at the certain level of development of the productive forces and the attained standard of living. He defined it even in a form of costs.

V. Navrotskyy was the first in Galician Ukraine and one of the first in Europe who investigated the budget of a peasant family, and on that basis reasonably proved the destructive action of taxation policy to a peasant economy. Having analyzed in detail the budget of a peasant family, he came

to the interesting conclusion, that already “the miserable situation of a peasant easily can produce in him the inclination to look for a delight on the bottom of a glass of vodka”. By statistical material of western lands of Galicia, he showed that poverty was the reason of the increase of murders and deaths. And vice versa, providing the increase of educational level (on 22,23% more of students), the state received a great profit (on 20,39%).

Analyzing the tax system and its unfair character, the researcher exposed the mechanism of shifting tax payments from the large landowners to the peasants. In particular, he investigated such means as the different estimation of soils, forests, and pastures for different tax layers, the usage of consummated (indirect) taxes. Using a typical style of his argumentation, V. Navrotskyy, using the wide statistical material, proved the colonialist character of the tax system of Austria-Hungary. Exposing openly noble policy and criticizing administrative-financial activity of the Galician Sejm, the researcher set that through the landowners’ reactionary policy remained the separation between the court and the community in an administratively- political aspect, and all charges on maintenance of schools, building and repair of the roads, and other public needs were put on peasants. He criticized the landlords’ argumentation that their children did not study in public schools, and showed that landlords’ children studied in schools that were hold on state (public) money. Similarly, it was with the duties related with the building of roads.

The researcher also showed, that the different estimation of landlords’ and peasants’ lands during the input of cadastre and the determination of cadastre profit from plough-land, being four times higher than from the forest, not only caused the tax pressure on the peasantry, which was burdened with all local and central taxes, but also provided to the gentry the refund as unpaid taxes in monetary form for the monopolistic possessing of the forest. The scientist-researcher came to the conclusion, that the refund to the forest magnates for using such unique natural resource, essentially, was a bonus for the elimination of the Galician forest. This theoretically justified economic conclusion, unfortunately, was prophetic in relation to the woodlands of Galicia and rational use of their resource.

Thus, in economic scientific and popular works of the Ukrainian scientist was established the adjusting effect of taxes to the different types of economic activity, socio-economic development of separate regions, and the structure of the economy. V. Navrotskyy was the first in Ukrainian economic scientific literature who violated the problem of regional distribution of tax pressure, initiating the research of financial colonialism and tax exploitation.

V. Navrotskyy’s scientific publications were printed in various parts of Ukraine and the world, and they got the very high estimation of the

contemporaries such as M. Drahomanov, S. Podolynskiy. They had the notable influence on the work of the prominent scientist, writer, publicist and Ukrainian public figure.

Exhausted by illness, circumstances of his life, Volodymyr Mykhaylovych Navrotsky died in Geneva, in March 16th, 1882, leaving a valuable scientific inheritance to the descendants.

The main works of the scientist: “Pyanstvo and Propagation in Galicia: Statistical intelligence” (Geneva, 1882); “What does propagation cost for us? (A few numbers are to find out of folk need in Galicia)” (Lviv, 1876); Works” (Lviv, 1884); “Geographically-statistical and statistical-economic works” (Lviv, 2004) and others.



NEZABYTOVSKYY Vasyl Andriyovych

(1824-1883)

niTezabytovskyy Vasyl Andriyovych was a Ukrainian scientist, philosopher, economist, and lawyer.

Vasyl Nezabytovskyy was born in 1824 in Radomyshl, the Kyiv province (presently Radomyshl is Zhytomyr region) in the family of a fractional clerk. He got his primary education in the second Kyiv gymnasium. As one of the best students of gymnasium he was sent to study on the Faculty of Law to Kyiv University of St. Volodymyr for state facilities. Existing at that time the institute of public students was directed to support talented young people. Full material support gave an opportunity to the young man to study properly and fully give himself up to scientific work. Under the direction of such demanding professors of the university, as K. Nevolin and S. Bogorodsky, diligent and talented V. Nezabytovskyy received good knowledge in many spheres of the Russian legislation. The interest to the philosophy of Hegel and a set of laws made him strong and well-informed both in a theory and in the dogma of the law.

Coming from the poor family young V. Nezabytovskyy, despite the desire to science, considered the career of scientist inaccessible for himself. Getting the degree of Candidate of Law after graduation from the university, he was appointed as the assistant of the chief in the Kyiv Chamber of Civil Court and from the first days, he realized that he did not like such service though he knew laws very well. In 1848 Vasyl Andriyovych left the service in a chamber and went to be a teacher of legislation in the native Kyiv gymnasium. He worked there not so long. After moving of M. Bunge (Professor of Law) from Nizhyn Lyceum to the Kyiv University of St. Vladimir, as an adjunct at the Department of Political Economy and Statistics V. Nezabytovskyy was invited to his place to Nizhyn.

It was a high credibility and appreciation of the young scientist. Having outstanding talent of scientist, he immersed himself in scientific work. History of the Russian Financial Legislation Development became the circle of his interests. For the very short term V. Nezabytovskyy prepared two works for publication "About the tax system in the Moscow state from

...riling of autocratic to introduction of capitation salary” and “Essay of the .Y'.lcm of public profits in Russia since an emperor Peter the Great to the death of empress Katherine II”. In contrast to his predecessor at the department who was interested mainly in the theoretical aspects of object and who worked out his “Theory of credit” in Nizhyn that would be published in Kyiv in 1852, V. Nezabytovskyy paid main attention to the dogma and history of the Russian Financial Law. According to memories of witnesses, while the world-known work of Adam Smith was a handbook for M. Bunge V. Nezabytovskyy always used the complete collection of laws and other collections of historical material at work.

Both of the above works were characterized by precision to use statistics and historical objectivity of K. Nevolin, the supporter of whom V. Nezabytovskyy remained for all his life. For the time, it was a significant contribution to the legal science. Because of these works, the scholar was appreciated in scientific circles.

Works of V. Nezabytovskyy were filled with historical facts and based on the legislative basis in revealing of the evolution of public finances. The scientist underlined that by the Cathedral conclusion of 1649 it was introduced the general system of equal Constitutional Law, which provided the monopoly of the state in power over all that was on its territory. The tax system was of primary importance for the state economy, public finances. Direct taxes for the compulsory collections was used the organization had mostly the military goals. According to the reform of 1679-1681, the cities and the peasants of the north mountain areas paid shooting taxes, the territories of other districts paid taxes by money and shooting taxes -by bread. Taxes were coped from a house in accordance with “census books.”

The Ukrainian scientist revealed the evolution of the tax system, especially the reform in 1718, according to that the process of passing the poll tax began. The first poll tax was collected in 1724 (74 kopecks from a person). For comparison, the payments with the servant peasants paid “obrok” tax: from mountain peasants and free people — 40 kopecks and from urban residents- 1 ruble 20 kopecks with capitation. During 1719- 1724, the passport system was introduced. In Ukraine, the poll tax was widespread in the second half of the 18th century (in 1776 in Slobozhanschyna, in 1783 on the Left-bank of the Dnieper, in 1796 on the Right-bank of the Dnieper). In the 18th century, the poll tax was about 50 % of all incomes in the budget of the state. It was abolished in Ukraine in 1887.

V. Nezabytovskyy made some interesting generalizations about particular fiscal measures for increasing income and they are relevant even nowadays. They are about transferring in a free commerce with the additional tax the series of goods, measures about the implicating the

currency in the country, limitations for the foreign commerce preferring the national commerce, progress of the commerce infrastructure, the creation of the trading fleet. However, as V. Nezabytovskyy noted, regulation and domestic duties were barriers to market development. The scientist pointed out the importance of the stimulation role of the tax and fiscal policy in the domestic economy. He paid a particular attention to the policy of Peter I on the granting privileges to the industrialists (1719) and to the mining freedom, to the property of right for the factories and the other factories exemption from tax services (1721), to the fixing the measures of stimulation industry (1723). In particular, everyone could set up a factory and it was allowed; they had the right for free trade and some more protections from competition, those “pioneers” also were allowed to have a monopoly on their production (for 30-50 years). The country was trying to protect the national industry from the foreign products.

Generally, V. Nezabytovskyy showed that the evolution of state was accompanied by a concentration of strength at the top of the pyramid of powers and resources that were necessary for the military goals and for the empire construction. The military and financial growing needs and the shortage of the budget caused the destruction of the state structures that stimulated the “innovation” in the government, influenced the social evolution of the society. The search of the government source income determined the economic policy.

Having gained the degree of Master of Public Law for his work “About the tax system ...”, in 1853 he was transferred as the adjunct to Kyiv University of St. Vladimir to the Department of Nationwide Law. For the next 30 years, until his death, he was working at the university. In 1858, he received the title of the extraordinary professor and for the funds of the university, he was sent for a half of a year (from July 1958 to December 1959) to Germany to gather the material for his doctoral dissertation. Then he successfully defended his dissertation and received a degree of Doctor of Political Sciences in 1862. The next year he was elected as an ordinary professor.

The topic of his dissertation was “The doctrine of publicists about interstate ownership”. The theme was not chosen by a chance. During his foreign trips he had read the original works of R. Mole and other scientists about the need of delineation of state and society, social and political interests, and also, he was acquainted with Kant’s legal views. His high scientific intelligence and efficiency helped him to develop his own original theory of law. “The doctrine of publicists about inter-state ownership” was the only his work that was published as a book.

His ideas about the relationships between the theory and practice were original and deeply philosophical. Financial science was not limited by the

theory only. The scientist said that it also had other components, such as financial policy, finance and financial history. The latter was a system that bowed the historical development of the financial management and its components in the different countries, the description of the financial economy of those countries. The financial history provided an invaluable and necessary material for the generalizations of the financial theory.

In his master thesis, the scientist showed as Russia with access to the catching-up path of development of Russian autocracy not only increased but also made a leap to overcome historical backwardness. With historic enlargement the economic space emerged, safe in the sense of access to international trade routes and rich resources. Unable in its political objectives to rely on the national economy, the state was trying to force its economic growth through strengthening the tax burden on peasants and stimulating industrial development. As the result, Russia of the eighteenth century in its industrial development bypassed many European countries.

V. Nezabytovskyy noted that the financial policy was the practical application of financial theory to the demands of life in the country for a certain period of time. Even in his master thesis, he had showed particular examples that in those conditions were forming such questions as of what to do, what kinds of taxes to introduce, and what kinds of revenues were the best to develop. The scientist underlined the necessity to apply scientific laws to the practice of a certain country at that time. Thus, the conclusions of the financial policy could not be abstract or generalized; they always had to be accurate, i. e. to deal with specific cases of the financial policy. There could not be universal solutions, general financial policy recipes for all occasions. On the contrary, in the every occasion, we had to take into account all its peculiarities and to make a particular proposal only using these peculiarities. Here, every proposed measure had to fit the ruling class interests that were the only way to implement it.

B. Nezabytovskyy expressed his understanding of finance as a science, studying the financial laws of different countries, i. e. the laws that outlined in what way and by what methods the taxes were imposed and the revenues of the state were generated, what was the procedure of the national budget forming, its ratification, and implementation, and the laws that define financial management bodies. In his view, Financial Law did not only explain the certain financial laws; in that situation that would be just a retelling or a collection of generalizations. In the reality, it led them into the system, and made conclusions on their basis, and brought them to the well known legal principles. Those ideas he expressed in his lectures at the Kiev Cadet Corps, where he lectured legislation for a few years since 1857. Having the high scientific and philosophical erudition scientific basis, in

addition to teaching his subject, he often assigned to deliver the other lectures in the lack of the profile of the professor. For some time the position of professor of finance was vacant, V. Nezabytovskyy was also giving lectures on Finance. His students loved him; his colleagues respected him for intelligence and modesty.

From 20 September 1863 to 17 September 1865 and from 1 July 1876 to 26 February 1879 he was the dean of the faculty, and from 1865 to 1867 he was the Vice-Rector, in the absence of the Rector repeatedly performing his duties. He was twice elected as a judge of the university. He was an active member of the Board, took an active part in the faculty life, and all that meant he was a human with the high and moral life principles. In 1863, he participated in the drafting the famous pamphlet: "The rise of Polish in the South-West of Russia." That work was aimed at helping another scientist more than at writing his own one.

There was no one on the faculty with such level of legal erudition and critical way of thinking, that's why V. Nezabytovskyy was so often asked to be a reviewer of dissertations and to oppose the debates. He repeatedly defended the honour of the university and the faculty in the public debates. Thus, in 1874 after 25 years of work, V. Nezabytovskyy was left as a professor at the university for the other five years, and in five years, in 1879, the majority of the Council of the University voted for his term for the next five years. He could not imagine his life without lecturing, without the university, which he dedicated his life and his achievements in the science.

On July 14th, 1883 Vasyl Nezabytovskyy died from a serious illness.

In 1884 by the decision of Kyiv University Board and by Romanovych-Slavatynskyy edition, Nezabytovskyy's works were published. It was said in the foreword that his life was modest, without any gloss and glamour, but it was the life of the man with a rich inner world. The press did not write about his life, his science achievements, and teaching. However, all who had worked with that scientist, with that person, who observed his work, knew that he was a very valuable man. So it was not a surprise when on the eve of its the 50th anniversary the St. Volodymyr University called V. Nezabytovskyy to be one of its the best and most worthy figures. Those he earned by his teaching, his humanity, and his devotion to education. The spark of his natural talent pushed many students to their own scientific achievements.

To this should be added the personal originality of Nezabytovskyy, i. e. his analytical mind and extreme modesty. According to his university colleagues, he could always be found with a book, he constantly studied. A deep thinker, passionate for knowledge, he worked tirelessly, going from one book to another. Each of them he experienced differently. They were full of

different notes, and that was the evidence of his deep thoughtfulness in the research question

V. Nezabytovskyy belonged to the cohort of Ukrainian scientists, who preferred thinking to writing. Judging the scientist's works, with all their brevity and simplicity in the formulation, you could speak about their approaching in their clarity and precision to scientific excellence. The saved notes acquainted us with scientist creative work. Numerous strikethroughs showed us the persistence with which he refined clarity and precision of expression.

Nezabytovskyy did not like to publish his own works, he did it only when it was necessary, i. e. doctoral thesis, reviews. There were only two works that by his decision were to be published. The first one was the subject of his public lecture and research called "The latest international treaties statute" (1882), and the second one was "On the bureaucrats" (1883). They were among the works published after his death. However, some expressed opinions of the Ukrainian scientist were so deep that they did not lose their actuality even later.

The main works of the scientist: "The doctrine of publicists about interstate ownership" (K., 1862); "About the new projects of international charter" (K., 1874); "About the tax system in the Moscow State since the establishment of single state until the introduction of capitation by Peter the Great" (K., 1884); "The sketch of the system of state-owned revenues in Russia since Emperor Peter the Great to the death of the Empress Katherine II" (K., 1884); "Collective works. Edited by professor Romanovych- Slavatynskyy" (K., 1884) and others.



OGORODNYK Sava Yakovych

ZAgorodnyk Sava Yakovych is a financier, an economist, Doctor of **V** Economic Sciences, Professor, Honored Economist of Ukraine.

Sava Yakovych was born on February 2, 1923 in Cherkasy region in a peasant family. In 1940 he graduated from Uman secondary school and entered Uman Pedagogical Institute, but his education was interrupted by the war. Sava Ogorodnyk was mobilized to the army. He was involved in the fighting of 516th Tank Regiment (the Southern Front, 2nd Baltic, 1st Belarussian).

In 1945 he entered the financial-economic faculty of Kyiv Financial and Economic Institute (now — Kyiv National Economic University named after Vadym Hetman) and graduated from it with honours in 1949. Being a student, he showed his aptitude for scientific work. He was offered his postgraduate studies at the Finance Department. In 1952 he completed his postgraduate studies and defended the thesis “The State Budget Development of the Ukrainian Soviet Socialist Republic during the First Postwar Five-Year Plan.” While being a postgraduate student, he began his teaching. In a short period of time Sava gained high prestige among students and teachers and showed good organizational skills. In 1953 he was appointed Deputy Dean of the Faculty of Finance of Kyiv Financial and Economic Institute. At the same time he was actively involved in the work of different Finance and Education Commissions. Active public work, integrity, and professionalism contributed to his recognition as a personality outside the educational institution.

In 1958-1971 Sava Ogorodnyk was the rector of Odessa Institute of National Economy. As one of the most respected rectors, he was elected the Chairman of the Council of Rectors of Odessa region. He showed himself as an innovator, improving the educational process at the institute. Running the education establishment, he made a number of changes in the institution management, the educational process and the organization of a student on- the-job training program in enterprises. He increased the number of faculties and consequently training areas. Because of the region’s growing needs for highly qualified economists the rector expanded his activities to prepare

lin-ni at the institute. Pursuing active social activities, Sava Ogorodnyk knew the needs of the region and he directed the Institute to meet those needs. In 1958 there were three specialties in the Institute, and in 1966 there were eight ones.

As the head of the educational institution, Sava Ogorodnyk continued his scientific activity. In 1967 he defended his doctoral thesis “The issues of increasing the production efficiency and improving relations of division.”

From 1971 till 1983 he worked as the director of the Ukrainian Research Institute of Scientific and Technical Information and Technical-Economic Research (now — Ukrainian Institute of Scientific, Technical and Economic Information (UkrISTEI)). Sava Ogorodnyk was a member of the State Planning Committee of Ukraine. Under his management, new inter-regional centers of scientific and technical information were created in Odesa, the Crimea, Zaporizhia, Chernihiv, Rivne, Khmelnytsky, and unique collections of scientific and technical information were formed.

Since 1983 Sava Ogorodnyk has been Professor of the Finance Department of Kyiv Institute of National Economy (now — Kyiv National Economic University named after Vadym Hetman). Today he is a professor and a consultant of the Finance Department of the above mentioned university.

Sava Ogorodnyk is the author of over 100 scientific papers, which present the results of his research on problems of production and distribution of relations. At the time, in the economic literature there were many publications in which the processes of production and distribution were outlined differently. There was no single view among economists towards the terms of financial science such as the parts of the financial system, content and functions of finance, the economic characteristics of financial categories, etc.

The scientist discussed all these theoretical and practical issues of finance. In the monographs “The Budget of the Soviet State” (1956), “National Income and Its Distribution in the USSR” (1958), “Production and Distribution” (1965), “The Issue of Increasing the Economic Efficiency at the Present Stage” (1967), “Financial and Credit Mechanism of Industrial Production Efficiency” (1990) and in his other publications Sava Ogorodnyk presented his point of view and gave arguments on the most important issues of financial nature and the development of financial science itself. However, his research is based on the fundamental principle that the reproduction expresses a dialectical unity of production, distribution, exchange and consumption. The starting point of social reproduction is the production, and the way of distribution is the inverse side of production mode. Each stage of social reproduction with all economic mechanism is an objectively inevitable element of social reproduction.

Considering the social reproduction not as a mechanical process, but as a socio-economic phenomenon, Sava Ogorodnyk claims that the elements of social reproduction are not only the production, but also distribution, exchange and consumption of created material goods. Without these elements production is impossible. Each stage of social reproduction affects production, its structure and rates. Consumption and material production depend on distribution and exchange.

In his publications Sava Ogorodnyk gives the definition of finance: "Finance is a system of economic relations, through which, based on distribution and redistribution of the gross national product and national income, centralized and decentralized funds of monetary resources used to meet national needs are created." In the publications there is a list and a detailed analysis of these needs. So, since finances belong to the economic relations of distribution and redistribution of national income, they should be considered as one element of social reproduction. But it is impossible to conclude about the production function by financial performance. To clarify the functions of a specific economic category it is important not only to identify whether it is an element of social reproduction, but to find out what place is allocated to it in the same system of interconnected and interdependent economic phenomena. The determination of the finance functions must be based on their nature and purpose in social reproduction. In this regard Sava Ogorodnyk gives the example of money that mediates all stages of social reproduction. In terms of objectively existed commodity-money relations, without mediation of money there can be neither own production nor distribution or exchange, or consumption, i. e. money is such an economic category, without which each stage of social reproduction gets along. But money does not perform a production function. It performs the functions that are inherent in its nature.

In his work "The Issue of Increasing the Economic Efficiency at the Present Stage" Sava Ogorodnyk showed his understanding of the concept of the financial system. The characteristics of its certain parts was given by other scientists, financiers, including M. B. Bohachevsky. For the first time in Ukrainian economic and financial literature Sava Ogorodnyk gave a generalized description of economic efficiency, considering it as a set of economic forms used by the state in the process of "distribution and redistribution of the gross national product and national income to form funds of monetary resources needed to meet public needs." According to him, each such economic form (link) performs its own tasks and functions, and it is used in a particular area of financial activity. Each of them has its own financial categories through which it runs the establishment and use of

centralized and decentralized funds of monetary resources in the distribution and redistribution of the total product and national income.

Compared to the existing approaches, Sava Ogorodnyk increasingly reveals the essence of the loan. In his opinion, this is the economic form of development and use of monetary funds, “which runs through the mobilization of temporarily free funds in the economy to meet the needs of . . . enterprises and the public in cash resources.” On the basis of the actual data on the production and distribution in the state Sava Ogorodnyk has made a number of suggestions on how to improve production efficiency, distribution process and use of financial resources. Specifically, analyzing the factual material in terms of the need to improve production efficiency, Sava Ogorodnyk has substantiated the necessity of significant changes in the structure of material production, distribution and redistribution relationships. In the former Soviet Union there was clearly irrational ratio in the pace of the two subdivisions of social production to the detriment of the production of consumer goods. All this hampered the welfare of the population.

Unfortunately, in economic and financial policies of the former Soviet Union, these recommendations were not taken into account, which was one of the significant causes of imbalances in the economy of the state that was particularly evident in the 80s of the 20th century. The threat of crisis phenomena in the economy of any country always occurs when the organization of material production and economic relations violate economic laws, and there is noncompliance with the fundamental provisions of scientifically based principles of organization, public administration and regulation of economic processes. The analysis of specific reasons for economic crises completely confirms this general conclusion about their causes.

On this occasion, in 1967 in his monograph Sava Ogorodnyk stated that the effective role of finance in social reproduction appeared not directly but through economic mechanism of distribution and redistribution of national income, through distribution and control functions of finance. If the effect of this allocation and control mechanism fully meets the requirements of economic laws and economic policy is subordinated to these requirements, the finance impact on public reproduction will be the most effective. And this provides economic and financial stability of the state, which does not create conditions for the emergence of the economic crisis.

Sava Ogorodnyk has been active in community activities. He was repeatedly elected deputy of the Kiev city and district councils, a member of the Presidium of the Council of Scientific and Technical Society of Ukraine, Deputy Chairman of the municipal organization “Knowledge, ” a member of

the Commission for UNESCO of Ukraine, a member of the Republican Commission for Economic Education.

Sava Ogorodnyk was a participant of World War II, in 1943 he was wounded (the veteran of World War II, group 2). He has many governmental awards. He is an honored economist of Ukraine. He is a holder of the award “Honored Worker of Kyiv National Economic University.”

The main works of the scientist: “The State Budget Role of the Ukrainian Soviet Socialist Republic in Economic and Cultural Development of the Republic” (Kyiv, 1955); “National Income and its Distribution in the USSR” (Kyiv, 1958); “The Issue of Increasing the Economic Efficiency at the Present Stage” (Kyiv, 1967); “Finance: Textbook” (co-author, Kyiv, 1999, 2003); “Financial and Credit Mechanism of Industrial Production Efficiency” (co-author, Kyiv, 1990); “State Finance” (co-author, Kyiv, 1991)



OLEKSIYENKO Mykhaylo Maksymovych

(1923-1992)

Z^leksiyenko Mykhaylo Maksymovych was a financial economist, a 'Doctor of Economics, and a Professor. He was born on March 13, 1923 in the village of Narodychi, Zhytomyr region. In 1951, he graduated from the finance and Economics Faculty of Kyiv Financial and Economic Institute.

From 1951 until 1957, Mykhaylo Maksymovych worked as an Inspector and Senior Inspector of the Government Revenue of Lviv Regional Financial Management. In 1957, he became the Director of the Central Financial training courses of the Ministry of Finance of the USSR. Then from 1961 until 1965 he was working as a researcher for the Institute of Social Economy Sciences of the USSR. From 1965 to 1966 he was the Director of the Lviv branch of the Kiev Institute of National Economy.

Oleksiyenko was actively engaged in scientific activities. In 1964, at the Kiev Institute of National Economy he defended his thesis for the degree of Candidate of Economic Sciences on "Provisions for Profit Growth in Industry Trends and Their Most Effective Use." Oleksiyenko was awarded the title of Associate Professor in 1967.

From 1966 to 1976, he was working at Lviv State University as the Dean of the Faculty of Economics and as the Head of the Department of Finance, Accounting, and Statistics. In 1976, Oleksiyenko was associated with Temopil Finance and Economics Institute, now Temopil National Economic University. Until 1986, the scientist worked as the Vice Rector for scientific work. From 1983 until 1990, he was the Head of the Department of Finance, later Doctor of Economics, Professor Serhiy Juriy hold that position by. From 1990 to 1992, he was working as a Professor at the Department of Finance.

The scientist continued to explore relevant theoretical and practical problems of finance industry of industrial enterprises, and their influence on the efficiency of the economy. In 1981, he defended his doctoral thesis on "Money Accumulation of Reserves and Industry Growth" at the Moscow Financial Institute. Oleksiyenko was awarded the rank of professor in 1982.

Oleksiyenko was engaged mostly in public activity. He was a member of the Western Branch Office Research Center of the USSR in the Academy of Sciences, as well as the Chairman of the Scientific and Methodological Council to promote economic knowledge in the Ternopil society known as “Knowledge”. He worked as the secretary of the Ternopil Council on issues related to scientific progress in the Soviet deputy district. From 1961 to 1963 and from 1969 until 1971, the professor was working as a deputy chairman of the Lviv Budget and Finance Committee.

Oleksiyenko was a scientific co-developer on recommendations for improvement of working capital for Ministry companies within the forest and wood industry for Prylutskyy and Brovary Plastics Plant, for Nikopol Spinning Factory, for the Orthopedic Industry UIC USSR, for both the Ternopil industrial and agricultural associations, the sugar industry, for the manufacturing unity “Ternopil Combine Harvester Plant,” and for Lviv Production Association “Kinescope.”

Throughout his lifetime, Oleksiyenko dedicated himself to the creative development of economics based on research theory of finance and financial relations. In his research works, he systematized a large amount of historical material and practical trends. He investigated the history of financial and credit systems of the USSR in the process of its formation, its evolution, and its further development.

In monographs, Oleksiyenko analyzed the problem of reduction of social labor costs of production and the role of economic incentives in the growth of cash savings, making proposals to improve their distribution and use. The problem of creation and consumption of economic incentive funds to strengthen industrial interest in finding and mobilizing additional sources of increased production and net income were discussed there as well.

Oleksiyenko actively participated in writing books on finance and credit of the USSR, and finance of socialist industry: “Finance and Credit of the USSR,” led by Professor M. Berkov, and “Finance of Socialist Industry,” coauthored by S. Eremenko and A. Zaitsev.

In the book “Finance and Credit of the USSR” (1974) Oleksiyenko prepared the following sections: (1) “Coverage of Finance farms” (Section V), (2) “The USSR State Credit and State Labor Savings Banks” (Chapter XII), and (3) “International Payments and Credit Relations of the USSR” (Chapter XIV). The author argues for the objective need for money in a socialist society, grounding his views on the critical analysis and experience of economic construction in the USSR. He stressed that under socialism money was an effective means of planned economic management, improving the efficiency of social production and the welfare of the Soviet people.

From the theory of finance perspective, the author's interpretation of the public credit of the USSR is analyzed as a "special form of financial and credit relations associated with the mobilization of the state population temporary funds to common national needs." Additionally, "Unlike a bank loan," stresses the scientist, "Where companies, organizations, and people act as borrowers and banks as creditors, government debt is a form of credit relations when the debtor is the state and the creditor is mainly the public."

While researching the financing of companies and sectors of the national economy, Oleksiyenko realized that the basis of new economic conditions, on the ideology of Marxism which considered industrial relations as relations between people, resulted in the production, distribution, exchange and consumption of material goods. Under the rule of commodity-money relations, the flow of gross national moved from the product stage to product consumption mediated by formation and use of funds. Consequently, finances governing these processes reflected the economic (cost) relations arising with the production of material goods with their distribution and exchange, while monetary relations associated with the formation and use of funds acted as financial relationships.

Other scientific studies focus on the importance of public ownership on the means of production and on the economic laws of socialism. It is shown that the formation of funds of state resources should be directed to the growth of social production, progressively increasing the material and cultural standard of living and other needs of the socialist state with accordance to its functions.

Oleksiyenko's research brought to discussion different economic problems. In particular, he paid much attention to issues of scientific analysis of the economic nature of finance companies. Based on the understanding of finances, as a system of economic relations on the formation, distribution and effective use of financial resources at all stages of the life cycle, scientists believed that the improvement of monetary relations in enterprises, transfers payments to the budget, the formation and use of budget funds, and the timely repayment of loans banks are impossible without an increase of liability economic stakeholders (state, banks, businesses, workers sphere of material production).

M. Oleksiyenko convincingly argued that systematic changes in the economy at the micro and macro levels required the progressive development of financial science, enhancing the role of theoretical knowledge, improving the teaching of financial disciplines in higher educational institutions throughout Ukraine. The scientist placed great importance in controversial issues of economic theory. In this regard, many of his articles were devoted to

reviewing scientific studies of young scientists on actual problems of financial science in leading journals and reviews.

Oleksiyenko died on August 27, 1992 in Ternopil.

The main works of the scientist: “Finance of Industrial Enterprises in Terms of New state Assurances” (co-authored, K., 1969); “The Increase of the Effectiveness of Production in Unity” (co-author, Lviv, 1971); “Money Accumulation of Reserves and Their Industry Growth” (Lviv, 1972); and “Finance and Credit of the USSR” (co-authored Lviv, 1974).



PATLAYEVSKYY Innokentiy Yustynovych

(1839-1883)

/TJatlayevskyy Innokentiy Yustynovych was a Ukrainian scientist, **■/** economist, and financier. He was born in Zolotonosha, Poltava Province, in a merchant family in 1839.

His parents tried to attach their son to the family business, which required a good education. His primary education was led under the supervision of family and teachers. Then Innokentiy was sent to school in Zolotonisk. Perhaps he would have remained forever as an assistant in the family business, namely to the merchant business, if not for A. Hlushanovskyy, Director of the Poltava Gymnasium, who was sent to inspect the school that Patlayevskyy attended. A detailed study of the economic activity there showed its satisfactory condition. At the request of the state education system, Hlushanovskyy was sent to the class where Patlayevskyy studied. The inspector was impressed with the level of knowledge and erudition of the latter. The extraordinary ability of the student became the basis for his transfer to the Poltava gymnasium by the recommendation of the inspector. Despite the fact that Patlayevskyy was transferred to the school in the middle of the school year, he quickly mastered the material and joined the most talented cohort of students.

After graduating from the gymnasium in 1858 with a golden medal, he entered the Law Department of St. Vladimir Kyiv University. Young Patlayevskyy showed particular interest in the development and persistence of political and economic sciences taught by M. Bunge. Despite the fact that Bunge was elected rector (1859-1862), he still maintained close ties with his best students. After his graduation in 1862, Patlayevskyy was sent to Nijinsky Lyceum on the recommendation of his teacher. For almost a year, he devoted himself to teaching preparatory training and in July 1863 he was appointed as an acting professor of the law of the public administration. By 1866, the scientist was engaged in teaching and research work in the beautiful ancient city, made friends with the best professors in the Lyceum including I. Lashnyukov, A. Voronj, and others.

His future research interest was largely determined by the works of Bunge. Patlayevskyy became acquainted in detail with the work of the latter entitled "The Theory of Credit" (1852) and realized that financial science was his future. In 1865 at St. Vladimir Kiev University, Patlayevskyy passed the exam to enter graduate work in finance and started actively preparing his master's work.

During this period, the young scientist was invited to fulfill the position of assistant professor in finance at Novorossiysk University, where he lectured from August 1866 until the end of 1868. In 1868, he finally published his thesis, "The Money Market in Russia from 1700 to 1762", which he successfully defended in December of the same year. Patlayevskyy was a fan of monetarism, whose adherents C. Overton, R. Torrence, J. McKullagh, and others believed that the monetary system was the most advanced golden coin standard. In his view, valuable coins in circulation could be many or a little. The only drawback of this system was the weight of money because it could eliminate the introduction of banknotes. The number of issued banknotes was to match exactly the golden reserves of the country. The money, according to the scientist, was exclusively the bank notes of the central bank and coins in circulation (i. e. what we now refer to aggregate MO).

Patlayevskyy believed that the amount of money and speed of its circulation determined price level. The mechanism of balance supply and demand for money is inherent to the economy. If money is bigger than necessary, price rising starts, resulting in trade deficit and the outflow of gold abroad. Therefore, the country should have the amount of money that is objectively necessary for the functioning of the economy. He thus stressed his adherence to the ideas of David Ricardo, the founder of monetarism.

The ideas of the young scientist were based on the unwavering concept of the gold standard, under which the money supply in circulation had to be covered with gold by 100%. Increasing the money supply is possible and permissible only if it is supported by a corresponding increase in gold reserves.

In early 1869, after defending his master thesis, Patlayevskyy went abroad in order to write his doctoral dissertation. The bulk of his studies were undertaken in the oldest German institution of higher learning, the University of Heidelberg, which in the nineteenth century was one of the leading educational centers in Germany, known by such names as G. Hegel who taught philosophy there and created a school of followers, and G. Helmholtz, a distinguished naturalist. In April 1871, Patlayevskyy returned to Odessa where he defended his doctoral thesis on "The Monetary Theory of Ricardo and His Followers" which was published in "The Notes

of the Imperial University of Novorossiysk” and also separately published by “Odessa” publishers in 1871. In April of the same year, by the references of Professor N. Wolski the scientist was elected as extraordinary, and in September 1871 as an ordinary professor of finance. From April 1871 to April 1874, Patlayevskyy was working as a secretary and from 1881 to August 1882 he became the Dean of the Faculty of Law. At the university, he was repeatedly elected as a member of the University Court, a testament to his high moral character. For a long time, he headed the Department of Finance.

Patlayevskyy died after a long illness in Odessa at the age of 44, on August 10, 1883. In the last years of his life, he held the position of the director of Odessa Commercial College (since 1882) and was a secretary of Odessa Committee of Trade and Manufactures. During his life, apart from the dissertation, Patlayevskyy wrote also several articles and prepared a unique “Course of Finance” which under the recommendation of the Academic Council of the University of Novorossiysk was issued immediately after the scientist’s death in 1885 in Odessa. Some ideas expressed there were extremely deep and marked a new approach to the subject of the most important issues of financial law on which discussions continue today. The most controversial aspects of finance continue to be the following:

- 1) the identification of the specific material objects that belong to the field of finance, i. e. definition of the subject of finance;

- 2) the relevance of specific funds of cash to this sector.

Solving these problems largely depends on understanding the role played by finance in society. Today, some scientists identify “finance law” with the term “finance” together with financial and legal science and even with the science of finance. This is because the category “law of finance” is linked to the economic category of “finance” and this relationship is due to the dialectics of form and content.

The most controversial issue is the subject of finance and law regulation. What do we attribute to it? Do we mean only funds of public cash belonging to the state and municipalities or cash funds of other material public and private entities? Still common approaches of scientists and lawyers in the sphere of finance do not exist.

In the above work, Patlayevskyy indicated that finance was not only government revenues or cash, but all material and special tools that the state or public power had at its disposal to meet the needs of society. Interestingly the scientist did not attribute the cost of “public wealth” to the field of finance. It is application and spending according to the scientist that are beyond the scope of financial science. In terms of financial management, the

function of the use of funds lies only in their release according to the requirements set by establishments. The scientist believed that spending was attributed to the regulation of finance, but he limited the spending only within a scheme “budget -office — recipient of budget allocations (company, institution, etc.)” Currently, this scheme is called the distribution of funds.

Interestingly, the Ukrainian scientist attributed to the state revenue not only cash income but also a variety of natural duties and taxes. In particular, he posited that personal labor obligations of citizens in any form constitute the income of the state in intangible form, but at the same time, they create real financial income in the form of non-labor costs and the obtaining work results in any material form.

In Patlayevskyy’s opinion, any unpaid activities in the state’s interest can be considered as duty and calculated in monetary terms. Accruing income from these activities constitutes, according to the scientist, material state revenues. In the current economic *Zeitgeist*, social relations of this kind are regulated respectively by administrative and state law.

As a result of these scientific reflections on obligation, Patlayevskyy associated the above with tangible benefits through state monetary terms, for example, with money or with cash flow, but in the end still with funds. The Ukrainian scientist nevertheless included duty in the subject of regulating financial law. He included as well regulation and supply contracts in the scope of finance and treasury. Today, these relations are governed by civil law.

Arguably, Patlayevskyy is one of those scientists who attributes all state property be it monetary or material to the subject of financial regulation regardless of how it is acquired and spent. Financial law is defined as a set of rules that are “attributable to the acquisition, management, and disposal of material money” by the state or a “set of laws on which the government now satisfies its material needs.”

Essential to Patlayevskyy’s understanding of the subject of finance is an extended approach that prevailed among legal scholars who developed the science of finance in the late nineteenth and early twentieth centuries both in Ukraine and Russia, although it should be noted that during this period there existed already a narrower stance and understanding of the subject of financial law. Thus, the Ukrainian scholar I. Yanzhul did not attribute natural duties to the subject of finance believing that these social relations were regulated by other branches of public law, such as the state and administrative. The subject of finance and law regulation he limited only to the relationships of formation of government funds.

Patlayevskyy’s active research activities fit well into the period when financial scientists in Ukraine and Russia was discussing the effectiveness of

taxation of the population, the need for a differentiated approach in determining income tax per capita. In the controversy between the representatives of the school of physiocrats (supporters of single land tax) and industrial political school (its supporters believed that the tax capacity is proportional to solvency), Patlayevskyy substantiated the ease of collecting the single tax. Although at the time of active scientific work it was admitted that the only appropriate and convenient tax object could only be net income, at the time of Patlayevskyy's thesis writing scientific doctrine had not yet developed the concept of 'source tax, ' that portion of material resources, including property, through which the tax obligation is performed, and "object tax" as the legal basis of tax liability. In his scientific research, Patlayevskyy lists the main elements of charging and relates them to the subject of taxation, the object of taxation, and their interrelationship. The first category includes the persons who are required to pay taxes. The object of taxation is the property of citizens, namely that part on which taxes are imposed. The object of the tax is that foundation by which "is determined the tax-paying ability of the individual and with which tax or duty is compared". The best measure of the tax-paying capacity, in the author's opinion, is property state.

The innovation of this Ukrainian scientist was his expressed opinion on the possibility of convergence and divergence of concepts of source and object. By tax-paying unit, Patlayevskyy meant "a tributary of the object set for an account. " However, the definition given by the author is inappropriate when the object of taxation is presented as the moments of property transition. The size of the tax-paying defined from each tax-paying unit is the tax-paying share (quota).

In view of the above, it can be concluded that the Ukrainian scientist almost formed a concept of the facility tax as a legal entity tax. However, after the rejection from the New Economic Policy in the late twentieth century in the Soviet Union, the problem of finance was not the subject of research for legal scholars. This is primarily due to the fact that the practice of economic development, and also in Soviet economic theory dominated by the view to which the money under socialism played the role of only a counting tool.

Accordingly, money was not a management tool, nor displacement of goods and services nor economic development and social processes. It was mainly a technical tool of exchange. At that time, the basic principles of socialism came into being: to detach and to share. They were manifested in the following: in the performance plan approved by the highest body the enterprise profit was withdrawn to the state profit then redistributed by the state. This was the basic principle of Soviet state building.

Deep and long underestimation in practice and theory of Soviet construction in the role and importance of finance and law of finance and commodity and money relationships and money at all caused an underestimation of law as an independent branch of science and law. At this time, Patlayevskyy's works among the works of other Ukrainian scientists in the field of finance were subjected not only to audits but also to complete denial. There was a socially confirmed view according to which law of finance was not an independent branch of law. It was clear that this approach could not affect the development of science in finance and financial law, which at that time did not manage to take the rightful place in the system of jurisprudence objectively. This fact alienated consolidation finance as an independent branch of Soviet law at the end of the nineteenth and early twentieth centuries.

There was a dominant misconception that firstly until that time the financial law was not an independent branch; secondly that the emergence of financial law was associated with the release of state and administrative law.

It is necessary to take into account the fact that the process of defining the role and place of finance happened in difficult social and political circumstances defined "need" to combating the influence of bourgeois ideology and capitalism. This struggle has generated almost a complete denial of all the positive experience that has been accumulated in the preUkraine legal science, which held many positions of a leading role in the world. Thus, for a long time, I. Patlayevskyy's scientific contributions were forgotten and only with the restructuring of the economy and winning national independence revived the interest in heritage attractions of Ukrainian scientists of the past to the cohort of which belongs Innokentiy Yustynovych Patlayevskyy.

The main works of the scientist: "Monetary Market in Russia from 1700 to 1762" (Odessa, 1868); "The Theory of Monetary Circulation by Ricardo and His Followers" (Odessa, 1871); "On Income Tax" (SPb. 1877); and "The Course of Financial Law" (Odessa, 1885).



PIKHNO Dmytro Ivanovych

(1853 – 1913)

Dmytro Pikhno is a Ukrainian scientist, economist, developer of production management and its financial resources issues.

Dmytro Pikhno was born on January 13, 1853, in the city of Chyhyryn in Poltava, presently Chyhyryn district of the Kiev province, in a large poor peasant family. His father descended from peasant farmers. Following his elder brother, he got his primary education in the second gymnasium of Kyiv. Because of poverty, he studied without paying any fees. Being a pupil of the fifth form (1866), Dmytro began to give lessons. He graduated from the secondary school at the age of 16, but he was not accepted to the university because of his age. During that year, he taught K. D. Ushynskyy's children, who undoubtedly influenced the outlook of young Dmytro. In 1870, he entered the Faculty of Law at the Kyiv University, where he began to specialize in Civil Law. He graduated in 1874, having defended with honors a research paper titled "Historical sketch on public penalty events according to Russian law."

Influenced by the works of M. Bunge, who had prepared several courses in both subjects, Dmytro Pikhno was interested in Economic Theory and Law of Police. Having passed his master's examination in these subjects, in 1876 he defended his thesis titled "Commercial operations of the State Bank" and got the title of Master in the Law of Police. Since 1877, he was an assistant professor at Kyiv University, a lecturer at the Department of Political Economy and Statistics. At the same time, D. Pikhno started publishing and working in the newspaper "Kyivite". After the death of its founder V. Shulgin, from 1878 he became its editor-in-chief. During 1879- 1880, D. Pikhnowas engaged in applied economic issues. He took part in Kyiv Subcommittee on the Study of Railway Business in Russia. The work in the subcommittee made an impact on his further scientific activity. From 1885 to 1888, at the invitation and according to the Minister of Finance, M. Bunge's order, Dmytro was appointed the first officer for special issues at the Ministry of Finance, and later a member of the Ministry of Railway Transportation. During these years, under his leadership were committed

some transactions on repurchase and transfer to the treasury a number of private roads that abused the guarantees obtained from the government.

Fundamental disagreements with his successor M. Bunge made D. Pikhno return to Kyiv, where he carried on lecturing at the university. In 1876, a young scientist published a paper “Commercial operations of the State Bank, ” and ten years later — “The law on supply and demand (To the theory of value).” In 1888, on the basis of the material collected (in the country and abroad), Dmytro Pikhno presented and defended his doctoral thesis titled “The Railway tariffs.” Working at the Department of Political Economy at Kyiv University, he coordinated the newspaper “Kyivite.” In his twilight years, he was actively engaged in the public activity, since 1907 he was a member of the State Council.

D. Pikhno’s scientific interests were quite diverse. Being engaged in teaching at the university, he did not leave the science. A number of published articles during this period were devoted to legal issues and specific problems of the political economy: on money, credit, banks, trade, joint stock companies etc.

On receiving the doctoral title, D. Pikhno was elected a Professor of the Economics Department at Kyiv University, where he worked during 1888- 1902. He set his views on political economy further in a course book “Principles of Political Economy” (1899), dedicating it to his teacher M. Bunge, thus testifying his understanding of political economy issues identity. However, unlike his teacher, D. Pikhno managed to formulate fully and specifically the political economy categories, clearly outlined their system. In particular, analyzing the allocation process, the scientist developed the “distribution system” and proposed the characteristic elements of the system (the concepts of “value”, “marke””, “form and medium exchange”, “trade” etc.).

Under political economy or the science of the economy, D. Pikhno understood the science that studied economic phenomena in national life and domestic laws governing those phenomena. In its turn, the economy is a “human activity that aims to meet the needs of material.” This activity consists of the following tools and processes: firstly, the actual economic activity (the set of processes by which one reaches various economic objectives); secondly, the organization of this activity (“a varied combination of factors involved in the economic activity”); and, thirdly, a set of tangible assets (the factors and results of economic activity). Introduced by Dmytro Pikhno such categories as “goal, ” “need, ” “factors-means, ” “results” needed a semantic streamline. The scientist followed the reasonable approach in terms of solving economic problems, highlighting the category of “means.”

The scientific approach to the issue on the method of investigation of political economy is marked as original and distinctive. This science, according to the researcher, has to deal with complex phenomena, so in the study one cannot use the experiment artificially set that lets out to analyze certain aspects of phenomena. D. Pikhno identifies four methods: 1) the method of single or specific observations; 2) the method of mass observation or statistical; 3) historical method; 4) deductive method. The Ukrainian scientist warns scholars about the capture in their studies by the deductive method, at the same time emphasizing its importance for the theoretical sciences. He also denies the mathematical method application in economic studies that would turn “economic issues into a mathematical theorem.” He presented a system of political economy as one based on the classical scheme: needs, production, distribution, consumption. “Production, distribution and consumption of economic benefits consist of three main processes that make up the economic life; and needs are the driving force that makes these processes possible.”

The study of the major issues of political economy D. Pikhno begins with a scientific analysis of needs, disclosing their nature, source, developing their detailed classification. Based on this analysis, he makes a generalized conclusion that the needs are both the initial stimulus for economic activity causing this activity and the permanent leader because upon the “direction in the needs development and their changes, the direction and change of economic life depend on.” According to D. Pikhno, those needs are not vague and dreamily wishes but those needs truly stimulate economic activity and have the means to meet them, including financial ones.

The Ukrainian scientist clearly understands and, based on theoretical generalizations, explains the meaning of needs in social and economic development, arguing that their satisfaction ensures the harmonious development of both individuals and society as a whole. It is important to ensure the “correspondence between the needs of individuals and public associations that make up the nation.”

In the above-mentioned work D. Pikhno begins the analysis of production from its original definition, which refers to “economic activity aimed at obtaining utilities and adapting them to human needs.” He points out that “production does not create new substances, but only modifies them according to human needs.”

A scientific approach to the characterization of factors of production is distinctive and original. Analyzing the productive forces, or “factors of production,” the scientist, guided by the “common classification” identifies three factors: 1) nature, 2) labour, and 3) capital. Besides, he adds the fourth category, i. e. 4) cultural and historical power of the people.” D. Pikhno

suggests a fairly detailed description of each factor and determines their role in economic activity. According to him, the labour, from the economic point of view, is a human effort aimed at achieving a goal. "The labour, reaching some useful purpose, is productive." Capital is the result of past economic activity that serves to facilitate and enhance the follow-up activity.

The role of D. Pikhno's fourth factor of production is of great importance. "The performance of three main factors (nature, labour and capital) appears very different depending on the cultural and historical conditions of the economy or, in other words, from the cultural and historical forces of the people." The scientist emphasizes that people do not only accumulate material capital but also create wealth and spiritual forces that are transferred from generation to generation (in the modern sense — human capital). The forces surrounding a person can either strengthen the economy or play a negative role in its development. Their impact, D. Pikhno said, can't be identified clearly, but it is necessary to be taken into account. "The most important of these forces, constantly affect the economic activity of both individuals and the whole nation, are the following: character and manners, moral values, education, energy, legislation, political and social systems." He does not only name these important factors of socio-economic development but also clearly reveals the role of each of them in the production process.

Thus, D. Pikhno analyzes non-economic factors of the social development that form the basis of institutionalism (formal and informal institutions, human capital). Institutionalism is recognized as a modern trend of socioeconomic thought that was not yet formed at that time. It could only refer to the sources associated with the historical school, whose representatives emphasized the importance of ethical, psychological and especially legislative factors in the economic development. Both D. Pikhno and M. Bunge are followers of the historic school. D. Pikhno supports its institutional and empirical tradition. In his "Principles of Political Economy", D. Pikhno refers to W. Roscher, borrowing his classification of labour. However, in D. Pikhno's view, the institutional element is more important. "Cultural and historical power of the people," the author singled out as a separate factor, the influence of which he gave great importance. This gives the reason to believe that the Ukrainian scientist should be considered one of the institutionalism founders, the founder of a new direction in economic thought.

The presentation of the theory of distribution D. Pikhno starts to divide into two parts: the theory of exchange, or circulation of economic benefits, and the theory of income. He includes the studies of value, market, communications, and trade in the theory of exchange.

D. Pikhno went beyond the study of the classical school schemes and the central place in the theory of exchange gave to the category of values. Like his teacher M. Bunge, he is a supporter of the theory of supply and demand. If M. Bunge drew only its general outlines, D. Pikhno devoted to it a special work “The law on supply and demand. (The theory of value)” (1886). This work or, as the author writes, “sketch, ” he calls the introduction to another special study on the value. And it is actually a section of his work “Principles of Political Economy.” Already in the introduction to the work of D. Pikhno writes that in the basis of the research “it is laid the doctrine of supply and demand by Malthus and Herman.” However, he went much further in his understanding the meaning of categories such as utility and value.

According to scientist, utility or suitability, serving for maximum satisfaction of human needs, are given by nature as its gift in such forms and amounts that people do not face any obstacles satisfying their needs or, conversely, to obtain this suitability in general or in the right quantity, with its natural storage is necessary to overcome difficulties, to spend some efforts to change its shape, chemical composition, location and so on. In all these cases, suitability is closely connected with the idea of the difficulty of its possessing, and this idea gives new properties to suitability, that in economic theory is called value. If economically active person realized suitability of things, forces or services and the difficulty in its acquiring, the suitability is perceived as value. The moment of this realization is, therefore, the moment of value occurrence that manifests itself in the pursuit of factual or legal assigning of values by an individual or a society.

In the process of economic relations, the value creation, firstly, is in an individual, that assesses the suitability of the things or services and the difficulties in terms of acquiring from the views of individual needs and conditions of their purchase. Such an individual assessment creates individual value.

Simultaneously, a human being is a member of various social associations (or public institutions) which carry out activities related to the satisfaction of social interests. If this awareness as the universality of human needs and conditions that surround a person becomes the social one (public), i. e. if the thing suitability and the difficulty of its purchasing are recognized by the society, the value is converted into the public one.

The scientist notes that the value may be subjective or objective. In the first case, it refers to the subjective assessment of an item or service and the difficulty of its purchase by a particular person or several people (for example, one book for a particular person has more value than the other; the same book has a different value to different people). In the second case, it refers to the item suitability for a particular purpose and needs regardless of

the subject and the complexity of its purchase not for certain individuals, but in general, compared to other goods and services that have value (for example, black soil has more value than sand; birch firewood is more valuable than alder ones; wheat bread is more valuable than rye one, etc.) According to this, it is distinguished the subjective and objective value. Unlike his predecessors, D. Pikhno tries to link these categories with a price.

During active social and economic activities, all items and services, generally recognized as social values, acquire joint properties that are in their suitability and the complexity of the purchasing; at the same time, they serve to meet different needs. Hence, it appears their ability to be changed in a ratio equivalent to one another, and thus, every public value is or may become an exchange value. The exchange value as the suitability to equivalent exchange and as their purchasing power finds its expression in specific amounts of all other suit abilities, for which it is exchanged.

This definition of a value through a specific number of any other values that is a quantitative expression of values is called price. Since all values generally get their expression in specific quantities of a general commodity (money or an agent), the expression “price” is used mainly in the sense of money price.

What determined the exchange value and price? Any exchange transaction involves two contractors who alienate some values and acquire either the other ones in exchange or their cash equivalent. In any value, there are two required elements: the suitability of a thing or service, and the complexity of its purchasing. Obviously, the exchange value, or price, will be determined on the basis of the evaluation of both these elements by the two parties involved in the transaction. This double-sided assessment of all subjective and objective moments contained therein, motives, forces and external conditions in the economic literature is called supply and demand.

Perhaps, more intuitive D. Pikhno is trying to show the correlation between the real and monetary economy, the impact of the latter on the real economy. Demand in the literal sense is primarily the desire to buy the value, and supply is usually the desire to alienate it. However, the desire alone is powerless if it is not accompanied by the necessary means for their implementation (available purchasing power). So, speaking about supply and demand, it does not mean the nominal demand but the real one, provided with a certain power (money). The real demand is called the desire to buy the value, coupled with the necessary means for this (purchasing capacity level) and a real supply, i. e. a desire to alienate the value, combined with the means or possibility of alienation. The demand is the estimation of the one who acquires the value (a buyer); supply is an assessment of who alienates the value (a seller). The exchange agreement is when these two estimations

coincide or, as some people say, there is the equality of supply and demand. What is the basis of such equality? Obviously, one cannot speak about the equality of desires because desires of representatives of supply and demand in a market economy are opposite and can never be the same. Economic agents are guided by the same motive, i. e. the desire to meet the needs at most of the least possible efforts. Those who are requesting want to acquire the value as cheaply as possible, i. e. to give for it as its value as expensively as possible. Those who offer, by contrast, want to sell their value as expensively as possible, i. e. to get for it someone else's value as cheaply as possible.

The Ukrainian scientist recognized the subjective factors of influence on the value considered the objective factors to be important. In his opinion, the equality that is unattainable in the form of consent of subjective desires is easily achieved as the equality of economic power held by both sides to maintain their desires. Therefore, the equality of supply and demand, or the ratio of demand to supply, which will determine the exchange value is nothing like a combination of economic factors or elements of supply and demand, in which equilibrium is established.

If the exchange value and price are determined by the relation between supply and demand, then to explore the establishment of exchange value, or price, in every certain case means to determine, firstly, the elements of demand, secondly, the elements of supply, and thirdly, the relationship between supply and demand, i. e. the way of their elements combination.

According to D. Pikhno, demand is the desire to acquire values, combined with the necessary means. The desire of the buyer to buy the value is determined by the need for a thing or a service, which is acquired; a measure of the suitability of a thing or a service; difficulty (problematic) of their purchase. The buyer instruments depend on his purchasing power or payment capacity (solvency).

The scientist believes that the proposal is a manufacturer's desire to alienate the value, combined with the necessary means for this, which determine the possibility of alienation. The desire or need of alienation depends on the purpose of production; economic and physical properties of the product which is alienated; the organization of production; problematic sales. Saler means are reflected in those expenses that are spent not on the production, but on the supply at the market the value embodied in the production costs.

In an active economic environment, according to D. Pikhno, the relationship between supply and demand is established on the basis of individual assessment; the market valuation that can be competitive or monopoly; tradition or law.

From the above-mentioned elements of the demand, the first one presupposes the need in the purchasing of the value, being a fundamental principle and source of supply, because without a need there could not be any demand. However, the impact is not limited to the needs that they generate the demand; they determine its size, quality, direction. All existing diversity of supply in quantity and quality of values, if required, as the persistence of these requirements, as their constancy or variability, development or decline, depends on the size and quality of the existing society needs and the change of those needs. D. Pikhno analyzed deeply the demand compared to the classical school representatives.

The scientist stressed that the quantitative size of needs determines the quantitative value or volume of the demand, which, on the one hand, depends on the number of suit abilities, which is required by each individual representative of the demand, on the other hand, the number of those who ask, i. e. the prevalence of needs. A quantitative size of the demand (aggregate demand), as the number of people who ask, and the number of what is asked and fluctuations of both their components have a direct multilateral impact on the prices.

In the general flow of aggregate demand, the degree of urgency needs determines the intensity of demand. The demand caused by the necessary urgent needs is different by intensity limit and can raise prices to thresholds, i. e. to the absorption of consumers' funds, reducing the demand or only slightly affecting it. The demand caused by the less necessary and urgent needs effects weaker on prices, and by the recent growth of the latter is accompanied by a reduction in consumption, i. e. a quantitative decrease in demand.

The permanent, equal and stable needs result correctly in the demand and cause fewer price fluctuations than inconstant, changeable, unpredictable, the so-called unusual needs.

This applies to the total supply. The scientist emphasizes that upon the ability of the needs to the development depends the development of the demand, which also has a significant impact on prices. The surplus production that meet the needs that are growing and developing is easily absorbed, creating only steady lower prices, while surplus products which consumption is restricted, causes a sharp reduction in prices.

D. Pikhno stressed that it is necessary to distinguish between the need and, accordingly, the demand for direct consumption of that who asks, and the demand for commercial purposes, or so-called technical and commercial demand. While the latter follows from the first and is caused by it since all commercial demand depends on the value demand of end users, still these two types of demand are not identical. Technical and commercial demand is

caused not only by current needs but also by future ones — even more by the latter; it can predict not only sales in the near future but also the instruments formation; it can be caused by the structure of enterprises, which requires a long time for its implementation; it can rely on the customers from remote locations or new ones who currently do not exist, and so on; in general, the commercial demand differs by its breadth and diversity of its displays.

The second element of demand, pointed out by D. Pikhno, is the degree of suitability of goods, productive labour or services, which is requested, i. e. the consumer quality.

The impact of suitability on the value is in a direct connection with the influence of the needs as the suitability of an item or a service for a particular use, being determined by the existing property demand. But, in addition, the degree of suitability has its independent significance and influence, which is in demand for homogeneous items or services and in price change due to changes in the product lifecycle.

Homogeneous utilities or suit abilities, according to the scientist, serve to satisfy the same needs. For example, for meals is used rye or wheat bread, the meat of various animals, etc., for clothing — cotton, linen, wool, silk fabrics; for heating — wood of different species of trees, coal; for lighting — candles, oil etc.

The utilities or suit abilities of higher quality will be more demand and will be valued more expensive or will acquire greater prevalence than the ones of lower quality, and the price does not matter (if differences depend on the suitability of variety, the natural properties of the object (natural strength, color, shape, taste, ability or inability to storage and so on. al.) or on treatment); if it will be real or only apparent difference. Since almost all products are of several varieties, and, on the other hand, one and the same need in most cases can be satisfied by many kinds of products, the degree of suitability makes the permanent and very significant impact on the price of all products and services.

The change in value due to utility changes appears to reduce the prices of all items in the case of damage or reaching expiry date. Sometimes, the price reduction is not caused by some changes in the thing itself, but only because it is reduced the degree of validity (marginal utility) compared with other things.

Equally important, according to D. Pikhno, there is the third element of demand — the difficulty of purchasing for buyers.

When calling, the buyer takes into account not only the urgency of the needs in a particular thing or service and their utility (usefulness), but also the difficulty of the purchasing, and depending on the difficulty it offers the price. If the buyer can itself produce that value, the difficulty of own

production is for him the measure of difficulty and limit the maximum purchase price that he is willing to pay. If for the buyer the own production is not available, he compares all the ways of purchasing this thing through the purchase in different people, in different places, at different times, and so he chooses, of course, the most profitable way. The comparison of different methods of purchase is determined for the buyer by the intensity of its demand relative to the method and the price which he will offer in this case.

The attention is paid not only to the difference in price of items or services while purchasing by different ways, but also other circumstances and conditions are here: the guarantee of high-quality goods, more or less the period during which it can be delivered, the urgency of the needs, etc.

If all of those two aspects of the purchasing process are equal (for example, in one and the same place in two shops located nearby, selling the same products of one factory), the choice is determined by the difference of prices; in the case of inequality in other conditions the price for this product will be appointed in view of its prices in other cases, plus or minus other benefits or disadvantages of the purchasing by other methods. The different, even insignificant circumstances can have a very large impact on the size of demand and its intensity.

Different, even insignificant circumstances can make a considerable impact on demand volume and its intensity. For example, a small distance between the place of purchase, the need to cross the street or go to a nearby street, the need to go into two stores instead of one, etc. may encourage some buyers in small purchases to prefer one of two ways. Such arguments, but in another form, such as the benefits of trade relations, reliability and punctuality of the firms with which we have to deal, etc. substantially affect the implementation of trade agreements.

Selected by D. Pikhno the last item of the demand is the purchasing means or purchasing power of the buyer. The combination of funds and cash credit is the purchasing power of the buyer, and the manifestation of this ability in each case expresses its purchasing power on a specific value.

The purchasing power of the buyer to the consumer expressed as the sum of income buyer, movable and immovable capital (land, buildings, machinery, etc.) i. e., the amount of its free capital. Of course, in the case of necessity or because of wastefulness, the purchasing power for consumer goods of the buyer may exceed profits and absorb capital but this phenomenon will only continue to the capital depletion.

It is necessary to distinguish between general and special purchasing power. The first covers the entire purchasing means of the buyer, and the second refers to the part of those assets, which are designed to meet an individual need, without all the others.

If immediate or daily needs replacing all others, the capacity payment for the purchase of the articles of prime necessities is determined by the size of all the income or capital of the buyer, therefore, coincides with the total payment capacity.

According to D. Pikhno, the payment capacity to purchase all other life articles (i. e. pleasure and luxury items) is determined by the balance on income or capital requirements necessary to meet, so it is always special.

If fluctuations of general payment capacity depend on fluctuations of income and capital of the buyer; fluctuations of special payment capacity depend on the reason and the size of the funds spent on articles of prime necessities, i. e. the price fluctuations in these items. According to the Ukrainian scientist, the ratio of the value of each item or service on the solvency (payment capacity) of the buyer expresses relatively high cost, which is for two people to be inversely proportional to their general or special capacity to pay. The purchasing power determines the size and quantity of demand and the price of products or services, which are asked for; and for the payment capacity, the price and quantity of the demand are always in inverse dependence. The purchasing power of different consumers, for which the product is intended, being different, the possibility of price fluctuations, and in dependence on prices — demand fluctuations, is also very different. The smallest increase in prices for articles intended for consumers with limited means can completely exceed their purchasing capacity and force the consumers to abandon the consumption or significantly reduce it; meanwhile, the consumer commodities of the wealthy classes easily withstand significant price increase, since these increases do not carry a significant effect on the purchasing power of the buyers.

It is possible the opposite phenomenon, i. e. a slight decrease in prices can cause a lot of new customers and significantly increase the size of the quantitative demand. In both of these cases, it may be, of course, that the consumption has the ability to reduction and development.

However, more thoroughly and consistently D. Pikhno explored the category of value in his issue “Principles of Political Economy.” Like M. Bunge, D. Pikhno expressed the importance and complexity of the research of this category and emphasized its importance in the economic sciences. D. Pikhno expressed an interesting opinion about the relation of this category to “all business processes.” “The value of production occurs as the result; it is actually defined as the exchange in the exchange of value and price, and at the same time, it greatly depends on consumption conditions.”

Thus, firstly, the value is of the objective nature and occurs as the result of production. But this statement not completely coincides with the subsequent determination of the value, given by the scientist. D. Pikhno

identifies the value and utility, which serve to meet human needs, and are given by nature as a ready gift, or they are the result of some difficulties, efforts related to their purchasing.

The very idea of the difficulties of purchasing “utility” provides the latter with a new quality, called “value.” Thus, the value is the subjective assessment of “utility” and the recognition the difficulty of its obtaining. “The moment of realization — wrote D. Pikhno — is, therefore, the moment of occurrence of the values which apparently finds expression in the pursuit of an actual or legal assignment of values by an individual or the society.”

Thus, we are talking about the realization of value. If it occurs in individuals who evaluate the suitability of the thing and the difficulties of its purchase, “this individual assessment creates individual value.” If the suitability of the things and the difficulties of its purchase are recognized by the society, “the value is converted to the public.” Depending on the purpose of the value purchasing, D. Pikhno distinguishes subjective and objective value.

The scientist analyzes such a category as the “exchange value.” The exchange value is “the ability to exchange utilities,” it is their purchasing power. Determining the value of using a certain number of other values, D. Pikhno calls a price. Each transaction involves the exchange of two contractors who alienate the same values and acquire others or their cash equivalent.

The scientist defines “the exchange value and price,” and sometimes identifies them when he writes about “the exchange value or price” and raises the question of its value. “The exchange value, or price” is established being based on two components that determine the value, namely the thing utility and difficulty of purchasing. These elements are evaluated by the participants of the transaction. “This double-sided assessment with all the subjective elements that determine it, motives, forces, and external conditions, has the technical name of supply and demand.”

Unlike previous studies, D. Pikhno clearly interprets the supply and demand and emphasizes that we are talking about purchasing power, that is, the security agreement means. The exchange transaction is made when evaluating the participants of the transaction are the same, that is, in the case of matching supply and demand.

The Ukrainian scientist puts an interesting question: under what conditions the demand and supply match, become equal because we can not talk about the similarity of desires. The desire of demand representatives and supply representatives are opposite. The determination of the exchange value is due to a combination of balancing economic factors. It requires the study

<d elements of supply and demand. D. Pikhno conducted their appropriate in- depih analysis and concluded that the defining element of demand was the olvency of the buyer, and of supply — production costs.

I he combination of supply and demand elements and their interaction in general and in each case, — concludes the author, — determine the price of a product or services.”

I he scientist in detail and consistently, that inherent as a scholar, traces Ihe interaction of the elements of supply and demand and determine their role in pricing. He identifies the various forms of pricing: 1) pricing on individual assessment; 2) establishing market prices; 3) setting the price by law and custom. The dominant form is the process of market pricing. The scientist expressed interesting views on the processes of pricing, examined the impact of various factors on the formation of market prices, in particular, and showed the role of competition and monopoly.

1). Pikhno paid much attention to the problem of values. In its definition, he was on the subjective psychological positions. The value he defined as a subjective assessment of the usefulness (utility) of the subject. The focus of his research was on the exchange value and the price.

In the writings of the classical school representatives, the main problem was also the exchange value. For its representatives, the main task was to discover the objective basis for goods, i. e. “natural price.” This framework they relate to labour. Actual or market price fluctuates around natural price, influenced by supply and demand. Thus, according to the ciassists, supply and demand do not determine exchange value and the price. The latter is formed independently of supply and demand that affects only the market price. According to D. Pikhno, the price is determined by supply and demand.

The original is D. Pikhno’s understanding of the role of a state in the economic life of society. He highly appreciated its role, but he noted, “we can speak not only whether it is relevant the state intervention in economic life, but of the appropriate limits of such interference. ”Different views on the role of the state make it difficult to understand this issue. The scientist concludes that this “issue can not be resolved by one sort of principle once and forever, and for all cases; it is decided by a set of circumstances and historical conditions.”

In his opinion, D. Pikhno analyzing specific issues of foreign trade leans toward free trade, but he “does not exclude the care of the state.”

His general conclusion is that the state must send “its care and efforts to create an overall favorable environment for the national economy and in the development and strengthening of the productive forces of the people overall positive activities that serve all industries.”

The scientist did not bypass one of the most important issues that were in the center of attention of the representatives of different areas of economic thought in the late 19th-early 20th-century -agrarian and peasant issue and the ways of its solution. His views on this issue, he expressed at the pages of his self-edited "Kyivlyanyn."

O. Bilimovych, in his memoirs, says that this matter has always bothered D. Pikhno, perhaps because he came from the peasant family, and he gave the agriculture a priority in the economic development of the country. In 1882, he responded to the problem of the peasants' resettlement, having published a pamphlet "On the issue of resettlement". In it, Pikhno assessed this process, which is at odds with the official.

Due to changes in market conditions of agricultural production in the 90s of the 20th century, the issue of the price on bread caused by a decrease in the world markets was being vividly discussed in the literature. A group of Moscow economists including Chuprov, Posnikov, published an issue "The impact of harvests and grain prices on some aspects of Russian national economy" (1897), in which argued the benefits of low prices in Russia so that the farmer is not the seller and the buyer of bread.

D. Pikhno gave the brilliant critique on Moscow authors' position in his work "Importance of grain prices for Russia"(1897)."

The opinion of the Moscow writers he called incorrect and tendentious, thus supporting "a prosperous layer of the peasantry" as "healthy enzyme and social support to improve the situation and the rest of the masses."

On the prospects of the development of this important for Ukraine sector, D. Pikhno is a supporter of the large farms, orderly and prosperous, as the force of "higher technical value and capital, and in this connection — the arena more boldly and broadly of efficiency and progress." However, he stresses the need for the medium and small farming development, on their peaceful coexistence.

D. Pikhno presents a peculiar approach to the economy description, which he calls a human activity that aims to meet the needs by tangible assets. The concept of the economy includes: 1) economic activity itself, i. e. the set of processes through which the person reaches different economic goals; 2) the organization of this activity, i. e. the combination of a variety of factors that are involved in economic activity; 3) a set of tangible assets that are a factor and a result of economic activity. The distinguishing feature of economic activity is not only that goal of satisfying needs since any activity (e. g., scientific, artistic, etc.) is caused by the desire to satisfy or pleasure the needs, sometimes the needs aimed at economic activity, and satisfying tangible and spiritual needs. Economic activity has to do with material means. The main task is to provide the material resources to meet all needs.

As for material resources, they, according to the scientist, is nothing like liability, utility or benefits. Some benefits are given by nature as a gift ready in such forms and amounts that the person is not facing obstacles in the process of meeting their needs; the benefits of such kind are called gratis utility or gratuitous utility.

In other cases, for certain benefits, at all or in sufficient quantities, are to overcome certain difficulties, expend some effort to benefit from its natural storage, change its shape and chemical composition, its location, or to connect a few utilities into a new unit etc. In all these cases, the utility is linked to the idea of its transformation difficulties, and this idea gives new properties to the utility, which is called a value. Material resources or utility contains: 1) things, 2) cumulative forces of nature, 3) human activities or services, and 4) the relationship to other people, things and forces. The collection of gratuitous utility and value, managed by private individuals and the people to meet their needs, is called the private and national wealth. The peculiarity of economic activity, according to the scientist, is that it delivers material resources to meet the needs of people who are directly involved in this activity, as well as all other members of the society, who have dedicated their work to science, the arts, government and public services, etc. as well as various public unions and institutions. From this, it follows that the economic activity associated with all members and classes of society, all public associations and institutions, that is, all the people; economic relations permeate the entire life of the people, forming a special and very important and broad areas of life -business and economic.

In his research, D. Pikhno distinguishes the following types of households: private, public, national. Economic activities carried out under different environmental conditions surrounding a human being caring in all its manifestations of common purpose (search for material resources to meet the needs), it breaks down the target on a number of special challenges striving to achieve them in different ways; in the end, economic activity is developing in various public unions and involves a different relationship between the particular individual and society. The combination of all these conditions creates different types of economy.

This division of households into two basic types corresponds to two areas of human life: personal or private, and public.

1. In general, a person is a social being distinct cultural personality that works for yourself, taking care of the personal welfare or, in other words, private interests. Economic activities designed to fully meet this goal through the personal expenditure of human energy to achieve useful results, and are separated into certain independent organisms closely related to the human person, is known as the private economy. The subject of the private sector

may be one person, blood unions — family, genus, finally, private economic union of many individuals (industrial and commercial associations and unions).

This reflects the economic approach of D. Pikhno to the study of economic activity, i. e. the cost of human efforts and achievement of useful results. The “understanding and assessment of relations” between the two is “the economic aspect of the economy or economic activity. “Moreover, the assessment is based on the “economic principle, which requires the achievement of the greatest possible amount of wealth at the possible less cost. “

The scientist expresses this principle as follows: “To use all the productive forces and to extract from them all the benefits they can provide, at the same time to spend the most amount of force (more gently and economically) in the implementation of each of the economic problem. “

2. However, a person is a member of various public unions with the aim to realize such objectives or that is not under the power of individuals or easier to run and more perfect performed by public unions; for the same purpose are the various public institutions that have special bodies to meet those or other public needs. These unions and institutions to achieve their usual objectives have material resources and engaged in economic activity. Public unions and institutions are called the social economy. It doesn't serve a particular person or his private purposes, but a specific social union or a social purpose. Types of social businesses as varied as the existing public organizations and institutions, such as rural farming unions, urban, public sector (public finances); housekeeping, charities, and other companies; schools, hospitals and so on.

D. Pikhno proved the existence of a close relationship and interaction between private and public holdings, despite the differences in principles that form their basis.

“Being a very social phenomenon, economic activity, on the one hand, is influenced by other branches of social life (the influence of the state system, private and public law, morality, education, etc.), and on the other — it has a large impact on all sectors of public life. “

In the common system of economy, the private economy or households, according to the scientist, form a sphere of personal initiative, seek exclusiveness, individuality, but they can not be completely independent and isolated households (as the economy of Robinson Crusoe on a desert island).

Economic activities carried out by each individual in the society and in the alliance with others, each private economy is linked to other private enterprises and with the public a variety of links that define its direction and

de tiny. These links are more and more developed and secured together with the development of human culture; they are becoming more and more of an organic nature so that every private enterprise while retaining their own individuality, at the same time becomes a component, a large body of economic spheres. Guided by self-interest, the private sector, at the same time, serve social objectives because it gives a part of their means of social economy to meet social needs. On the other hand, the public sector does not just take their money out of the private economy, but taking care of the public interest, they also serve private households, for the success of which different favourable conditions are created (education, security, roads, etc.)

D. Pikhno concludes that private and public sectors are different areas, but not the opposite ones, and in solidarity, united by a common goal mutually support each other and organically linked to its existence and activities.

The economic system is a collection of all kinds of economic activities of people during their interaction, aimed at the production, distribution, exchange and consumption, which constitutes the national economy.

1 However, D. Pikhno goes beyond this analysis. He shows that the link between households is not limited to one nation; they pass national boundaries and are expressed in the form of international economic relations. In terms of the latter, the individual national economies are links in the global economic system, and a set of national economies operating in permanent relationships forms the world economy.

The latter is not a real organization, formed a union (with the exception of some parts of economic life, for which a stable international organization already established, such as the postal and telegraph international unions); but the concept of the world economy has a very real meaning, firstly, as opposed to the national economy of a people, and secondly, for a clear understanding of many phenomena, depending on movement and comparing the economic forces not in a particular country, but in the whole civilized world (the directions of production, pricing, etc. under the influence of international competition).

The importance of the world economy is growing along with the development of international economic relations and the overall international cultural communication.

D. Pikhno was an opponent of communal land tenure. He was a supporter of private peasant land ownership. In a review of A. Postnikov's work "Communal Land Tenure" (1875), the scientist writes that "the author failed to prove the advantages of communal land ownership over the private property of the peasants. "There are no reasons for this. In contrast the community, he prefers agricultural development based on the private

ownership of land. “Only the right of ownership — writes Pikhno — can give the farmer the energy that is required of him to move the economy from predatory forms of exploitation of the soil to the economy, based on the entry in the land of the considerable preparatory work and capital and careful care of the earth. “The elimination of the community will provide the land with a “host land-owner. “This opinion and the arguments in favor of free small farms the Ukrainian scientist expressed in the “Emancipation of Peasant Land” (1908), written on the occasion of the Law on November 9, 1906.

The publication of the Law and other measures for the “liberation of the land allotment from the community captivity, and peasant households — from the chains of ruggedness of the economy into separate sections and forced crop rotation — all of this will create conditions for the emergence of a healthy and free of small farms instead of the sick and the weak, which declined in the community captivity, care and different kinds of oppression¹

Later, the Ukrainian scientist M. Tsytovykh in his memories of D. Pikhno, depicting his work, finds the difference between his views from those of Moscow economists who adhered to populist (narodnytskyy, “people, folk”) views and saw Russia as a country that did not have favourable conditions for the development of capitalism. D. Pikhno, on the contrary, “in the facts of Russian economic life did not see any evidence that our homeland . . . should go in other ways than those that the entire world used. “This view is common to the members of the Kiev school of political economy, notes M. Tsytovykh, has nothing in common with both the populism and Marxism, which appeared in Russia in the 90-ies of the 19th century, as opposed to “narodnytsvo” (populism).

The active process of monopolization of industrial production in Russia affected all aspects of economic life; it caused an increased scientific interest in this issue. The latter was widely covered in the works of the representatives of various schools of economic and financial thought in Ukraine.

This topic was the focus of scientific and civil society. In particular, the issues of the economic nature of the monopolies, the reasons for their formation and their role in the socio-economic life of the country were widely discussed at meetings of the Imperial Free Economic Society. Given the significant impact of monopolistic associations on the life of the society, the members of Kyiv Law Society at the next meeting on February 17th, 1914 adopted a resolution to hold a special meeting of the society, dedicated to comprehensive coverage of the issue of the syndicates, implementation of which was prevented by the First World War.

The issue of monopoly at the beginning of the twentieth century, according to privatdozent of Kharkiv University O. Antsyferov, was one of the acute issues of economic life.

This explains why so much attention on the part of representatives of economic science to the problems of monopolization of the industry. Taking into account the comprehensive nature of the process of monopolization and the great influence that had the monopoly associations on all aspects of the society, it captured the scientific thought in Ukraine.

In the economic literature of Ukraine, the first attempt to clarify the nature of monopoly was made by a Professor of Political Economy of Kyiv University D. Pikhno.

In April 1885 at the meeting of the Kyiv Law Society, he spoke on “Commercial and Industrial Strikes (in the terminology of D. Pikhno — Ed.)”, Proceedings of which were later published as a book. The scientist’s work was the first serious study of the issue of monopolization of the industry in Russia and in Ukraine and the second in the world after the book of an Austrian economist F. Kleinwaechter “Cartels” (1883).

With a command of several languages, D. Pikhno was familiar with the Western thought on this issue. He reviewed F. Kleinwaechter’s work and presented his own scientific view on the economic substance of monopolies. Analyzing the monopolist unions’ formation, he explored the common causes of this phenomenon, the monopoly forms and the role they play in the economy of the country. Depending on the performed functions, the author classified monopolies (in his terminology — “strike”) as those that regulate a number of manufactured products, only the price of goods, and the “strike” that attempt to delineate the geographic areas of activity, etc.

His theoretical views, he tried to put into practice. Therefore, D. Pikhno investigated the issues about the practical value of the monopolist associations’ organization for the socio-economic development of Russia. Explaining the interest in this issue, as well as interest in it on the part of economic science, the scientist wrote that over the last two decades, monopolies (trade and industrial)acquired new forms and a significant development — both extensive and intensive. And further, that the spread of commerce and industry coalition, known as conventions, cartels, syndicates, coalitions, etc., and their increased influence on the economic life caused the more thorough development of this issue in the literature.

Comprehensively, the problem of the monopolistic organization of capital was presented in D. Pikhno’s doctoral thesis “Railway tariffs. An attempt to study the price of railway transportation”(1 888). On a railway transportation example, the author analyzed the main reasons for the merger of railway companies in monopolistic unions, the relations of monopoly and competition, the types of competition in this area, as well as problems of competition of the railways with other modes of transport such as by animal, by sea, by river, by road; he considered forms of transactions between

railways to eliminate competition. D. Pikhno stressed that the railway did exist particularly favorable conditions for the various agreements and alliances.

Given the peculiarity of the industry in general in the economic complex of the country, according to the scientist, it is this sector of the economy most prone to monopolization, because there is the relatively small number of competitors and the emergence of new ones was much more difficult. In addition, the competition is likely to cause the great loss to the opposing sides, because there is a large share of capital in the railway transport. For these reasons, and also because of the almost complete absence of the competition from the railways of international transit, it creates favourable conditions for the formation of monopolistic organizations and thereby increases of profits that came from the rise in fares.

A scientific interest in the problems of capitalist monopolies is an important component in his later works. The scientist expands the range of problems research trying to figure out the economic substance of the monopoly. In particular, in the textbook on political economy, he analyzes the problem of monopoly prices, types of monopolies, expresses the opinion that because of the economic power, the monopolistic structures are able to pressure the government to meet their interests, which often do not coincide with the public ones. In the second edition of “Principles of Political Economy” (1899), D. Pikhno puts forward the proposal to the need for regulation of the monopoly by the state to mitigate the negative effects of their functioning.

As the conversion of monopolies with a single phenomenon as the basis of economic life and the development of forms of the associations, this problem attracted the attention of a growing number of scientists. It was studied the different manifestations of monopolistic activity entities.

During the vigorous activity D. Pikhno, the majority of Ukrainian scientists classified monopolistic associations by type, taking as a basis the classification of a particular monopoly. Depending on the degree of monopolization of the industry in that contemporary economic literature, the absolute and relative (partial) monopolies were distinguished.

Considering the methods of organizing, the natural and artificial monopolies were isolated. This classification was done by P. Fomin, M. Bernatsky, L. Fedotovych and others. In an original way, D. Pikhno differentiated monopoly associations. He singled out the following types of monopolies: “1) the legal and factual; 2) the full and limited; 3) permanent and temporary; 4) general and local; 5) the monopoly of production, consumption ...

In the first group, D. Pikhno analyzed the monopoly, organized by the order of the government (wine monopoly, fiscal, etc.), and the monopoly, which was based on exclusivity, rarity produced goods. The second group was based on the sign, if a monopoly has rivals at the market or not. In the third group, he considered a monopoly based on its natural limitations, nonreproducibility of anything, and the monopoly, formed to perform specific short-term economic problems.

To the fourth group, D. Pikhno suggested the monopoly given the area of their activities, to the fifth -according to the areas of functioning.

According to the classification of the scientist, capitalist monopolies were not allocated in some special category and considered along with monopolistic unions based on the exclusive right to own something or to be engaged in certain activities that took place even in a closed traditional production.

In the already mentioned his work “Commercial and Industrial Strikes,” D. Pikhno analyzed the types of monopolies depending on the functions they perform. In both cases, for the basis for the classification the scientist took the features that characterize this or that aspect of monopoly activities, but they did not give a complete picture of the economic nature of monopoly coalitions.

No less important role in the economic literature of Ukraine was the question of the time of formation of monopolistic associations. If D. Pikhno, drawing parallels between the monopolistic organizations of the 18th century and the monopolies at the beginning of 20th century, considered that the latter was not a new phenomenon, the other economists saw them as a qualitatively new formation characteristic to the late 19th-early 20th century. “This is the newest phenomenon in economic life — wrote M. Tugan-Baranovsky, — that has nothing to do with the previous agreements of the Middle Ages and antiquity.”

Based on the famous work by I. Tarasov, “The Science of Joint Stock Companies” (1878), D. Pikhno emphasized the role of joint-stock companies in the process of monopolization. In his opinion, they give the capitalist enterprises “an opportunity to expand to previously unimaginable colossal dimensions. Now it is not uncommon the joint-stock companies, that calculate their capital, turnover, and profits by tens of millions of rubles, and sometimes even hundreds.”

And then D. Pikhno noted another reason for the formation of monopolistic unions — the difficulties of competition. In the context of large-scale production (coal, railways, steel production, etc.), the loss of such struggle could be very significant.

To avoid them, entrepreneurs were increasingly united in various coalitions: cartels, syndicates and trusts. This position was upheld by the other Ukrainian economist A. Antonovych, who wrote that entrepreneurs to avoid mutual competition concluded agreements among themselves, and in such way huge monopoly companies emerged.

Among the most important reasons for the formation of coalitions is considered the monopolistic concentration of production and capital. Although it is worth to pay tribute to D. Pikhno, he noticed the problem in the 80-ies of the 19th century, when the concentration of production was not so widespread in the economic life of the country.

The scientist already wrote that “the pursuit of the concentration of production, being scheduled today in all industries and starting to cover even purely local crafts, is obviously a very important factor for eliminating the effect of competition and by monopoly pricing.”

In the Ukrainian and foreign economic literature were being discussed the problems of the contradictions that the large-scale industry brought with it into the market economy. Since the majority of representatives of the Ukrainian economic thought indicating the objective nature of the process of concentration of production, they offered not to fight with the big monopolistic unions, but with the negative consequences of their activities.

There were other scientific views on this issue. Some Ukrainian economists explained the process of concentration of production to be not the objective development of the capitalist mode of production, but subjective psychological motives. This opinion, in particular, shared A. Antonovych. “The concentration of material capital, — he wrote in 1914, — is easily explained by the instincts to gain profit and by skills of the exploiters.”

The subjective approach to the analysis of the process of concentration of production was less common in the Ukrainian economic thought, but it existed, reflecting the views of a particular group of representatives of the subjective psychological direction of economic thought in Ukraine under the reviewed period (D. Pikhno, A. Rafalovych, A. Antonovych etc).

Analyzing the question of the nature of the market institution, as a monopoly, its essence, and form, Ukrainian economists in their research concerned the problem of the role of monopolies in the socio-economic life of the country.

Ukrainian economists, the focus of which was to analyze the monopoly, marked a significant impact on the latter as the social life of the country as a whole and on its economy in particular. In the economic literature of the last third of the 19th century, it was pointed out the great economic power of the syndicates and trusts, which gave them the ability to influence market conditions, the price level, activities of outsiders.

In addition, they considered the problem of the behavior of monopolies in the socio-political sphere (M. Sobolyev). It was noted, in particular, the pressure by the syndicates in the trade union organizations of workers. It was also pointed out that, concentrating in their hands the immense power, syndicates and trusts had a significant impact on the government, court, etc.

However, in Ukrainian economic literature, much more attention is paid to the study on the role of monopolistic structures in the economy.

In the general process of the new economy development, the emergence of monopolies made significant changes in the functioning of the market mechanism. Therefore, most of the researchers of the period set the task to find out how monopolies affect the country's economy.

The problem of the economic power of industrial monopolies was analyzed in the works of many authors. For example, in his study "Course of Political Economy" (1886) A. Antonovych said that monopolies are the "economic state within a state" and that they kept the state's industry in the economic dependence. Such opinion on the economic power of the capitalist monopolies shared L. Fedorovych, P. Fomin, S. Bulgakov, M. Tugan- Baranovskyy and other economists.

Almost unanimously recognizing by the trusts and syndicates a significant impact on all aspects of the society, the representatives of the Ukrainian economic thought differed somewhat in the interpretation of the question of how to assess it as a positive influence, or to recognize the impact of monopolies on the socio-economic structure of the market economy as the negative one. It should be noted that to the last assessment researchers tended mainly dealing with this issue during the formation of monopolies, i. e., starting with the first developments of the 80s of the 19th century and till the economic crisis of 1900-1903. D. Pikhno, L. Fedorovych dealt with these issues.

At the time when the monopoly became the basis of economic life, the majority of Ukrainian researchers moved to positions of protecting monopolies, although some of them continued to defend the thesis of their anti-national entity (M. Dvynar-Zapolskyy, V. Zheleznov, and others.).

Among the negative features in the activities of monopolies D. Pikhno, for example, referred to the possibility of pressure on the government to achieve its goals, the implementation of the monopolies of their interests that were often diametrically opposed to public ones, monopoly associations inability to establish order in the economic life of the country.

Arguing with F. Kleinwachter, who wrote about the beneficial effects of cartels on the economic life of the state, D. Pikhno noted the negative aspects of their activities. "Strikes are engaged in significant and stronger companies due to the weak ones, — he noted, -they hinder the improvement of the

industry, impose a load on domestic consumers and to the detriment of exports patronize them....”

In the negative evaluation of the monopolies, M. Dovnar-Zapolskyy completely agrees with D. Pikhno. He rightly pointed out that the functioning of syndicates heavily toll on the consumer and, in general, throughout the country. Some shortcomings of the monopolies were also noted in the writings of L. Fedorovych.

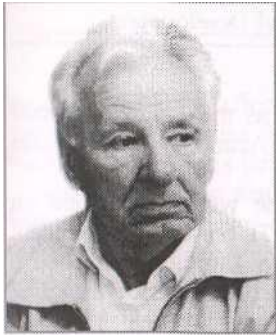
M. Tsytovych argued that the elements of planning, “appear... in today’s economic system in the form of various deals, cartels, and trusts.” In this regard, M. Tsytovych shared the position of the Russian economist A. Rafalovich, who believed that the balanced development in the economic life is the ultimate goal of syndicates and trusts. Both economists, of course, somewhat exaggerated the “revolutionizing” role of monopolies, but a tendency to a more organized and efficient running of production they estimated correctly.

D. Pikhno made the first step in the Ukrainian economic thought concerning the division of economics into three parts: Political Economy (general or theoretical part, which teaches the general principles); Economic Policy or the Science Public about Ordering, which includes a detailed analysis of the different sectors of economic activity, indicating the government measures to promote the people’s welfare; State Finance (i. e., the science about the economy of the own state and its bodies)

The other works of D. Pikhno played an important in the development of the financial thought of Ukraine. In particular, as for the understanding of paper money “With regard to the work of Kaufmann “Inconvertible paper money in England”” (1875), where the author explained the importance of commodity-money relations development. The importance of banks in the economy proved the scientist in the article “Commercial operations of the State Bank” (1876) and others.

Dmytro Pikhno died on July 29, 1913, in Kyiv, where he was buried.

The main works of the scientist: “Commercial state-owned bank operations” (Kyiv, 1876); “Reflections on op. Maurice Block “Trade theories et pratique de statistique” and op. Georg Maur’a: “Die Gesetzmässigkeit im Gesellschaftsleben” (Paris, 1878); “Trade and industry walkouts” (Kyiv, 1885); “The law on demand and proposal” (Kyiv, 1886); “Railway Tariffs” (Kyiv, 1888); “On freedom of trade and protectionism” (Kyiv, 1889); “Fundamentals of political economy” (Kyiv, 1890).



POLOZENKO

Dmytro Vasylyovych

/polozenko Dmytro (1942) is a Doctor of Economics, professor, an honored economist of Ukraine, the full member of the Academy of Economic Sciences of Ukraine.

On graduating in 1951 from Odessa Credit Economic Institute, specializing in the monetary economist, Dmytro Polozenko started teaching at Chernivtsi Financial Credit College. Due to establishing in Izmail the college of finance, and according to the order of the Minister of Finance of Ukraine, he was appointed a deputy director for academic affairs. In 1957, he became a post-graduate student of Kiev Financial-Economic Institute at the Department of Monetary Circulation and Credit. His research interests were primarily focused on agricultural finance issues, relations of agricultural enterprises with the budget. Dmytro Polozenko defended his Candidate thesis at the Specialized Academic Council in Kyiv Financial-Economic Institute.

In 1963, D. Polozenko started working in the Ministry of Finance of Ukraine, firstly as the Head of the Department, and later he was appointed the Head of the same Agency. Working in the Ministry of Finance of Ukraine, he analyzed the work of the leading departments of the Ministry, got acquainted with the work of other Ministries. Being appointed for responsible positions, D. Polozenko paid special attention to the economic activities of state enterprises. Being persistent and hard-working, he has made a considerable contribution into problem-solving for the national economy and public finances.

His doctoral thesis on “The financial and economic problems of agricultural production” D. Polozenko defended at the Specialized Academic Board in the Institute of Economics of Academy of Sciences of Ukraine, which was transformed into the Institute of Economic Prognostics at the National Academy of Sciences of Ukraine. In May 1992, D. Polozenko received the Professor’s Degree.

For many years, a scientist worked at the National Scientific Center “Institute of Agrarian Economics” (NSCIAE) as the Head of Financial

Sector. Since 1997 D. Polozenko has been working as the Head of Social Expenditure Department at the Research Institute of Academy of Financial Management of the Ministry of Finance of Ukraine.

He participated repeatedly was a member of the working groups on ensuring social orientation of budget policy (2005-2007), on the improvement of the program-target method of planning the budget expenditures (2007-2010).

Among the scientific interests of the scientist are the items of financial relations, budget, credit, money circulation and so on.

Much attention is paid to the scientific substantiation of the budget system peculiarities under different forms of ownership: state, municipal and private, contradictions between modern forms of the economy and the Soviet budget system. A number of publications are devoted to the issues of the Budget Code of Ukraine, including the empowerment of local authorities, which are in great dependence on the central authorities.

The scientist justifies the need for a combination of planned and market methods of economic management as an important factor in the country's economic development. D. Polozenko proves the fallacy of the postulates of the markets omnipotence, and warns that one should not fetish the private property as a center of social development has always been a human being, who and no other is the member of all stages of production. A human being is the main driving force of the society, and therefore, the state is to increase investment in human development.

D. Polozenko paid a considerable attention to the analysis of causes' loss of enterprises of different forms of ownership, including the public. Among the main negative factors, the author points out the price liberalization, inadequate taxation and financial-credit policy, a change of priorities. Unfortunately, the budget costs are used very inefficiently, and therefore, they always require government support. According to him, the state before supporting unprofitable households must be confident that this project will ensure efficient use of public funds.

The scientist analyzes land relations and proves that the lease combines the interests of farmers, employees, and the state. It is the most modern form of the economy, which helps to motivate citizens, employees, and society in general. It is noteworthy, his scientific and methodological developments regarding the rationing of current capital in agriculture, which have been developed and used earlier.

In his publications, D. Polozenko stresses that monetary stabilization is not yet evidence of financial stability, since it is achieved through low prices, predictability, and forecast ability of the dynamics of the exchange rate. The author believes that a society, regardless of the stage of its development, always is an organized system aims to meet human needs; that growth of

production has to affect the socio-economic situation of the person; and the wage must reflect the wellbeing of not only a working member of the family but the whole of his family.

In his scientific research, D. Polozenko highlights the effectiveness of the budget funds by the social sector that needs reform. Despite the sharp increase in the budget for maintenance of medical institutions (more than seven times), the quality of medical services in Ukraine has not acquired new positive signs.

The current funding is not sufficient even for wages and utilities of healthcare establishments. Health authorities have long need of reform and investment, without which the current population would not wait for better health care. To do this, the scientist believes the hospitals that work ineffectively should be restructured, they need to be cut and move on to other forms of health care service, including family medicine.

In his publications, the author draws attention to social assistance, which often amounts equal wages, and therefore, according to D. Polozenko, there is a need for adopting a unified law on pensions for the population.

In addition to research activities, D. Polozenko has prepared scientific personnel, supervising 12 Candidates of Economic Sciences. He is a member of the Specialized Academic Council at Kiev National University named after Vadym Hetman and the Specialized Academic Council at the Research Institute of Academy of Financial Management of the Ministry of Finance of Ukraine, and a member of the editorial board of the journal "Finance of Ukraine."

D. Polozenko was a veteran of World War II and was awarded the Military Order of "Glory 111 degree", "Red Star" and many medals, among them — the medal "For Victory over Germany", "For Victory over Japan", "For the capture of Budapest." For significant contributions into a development of domestic science and for many years of fruitful scientific work D. Polozenko was awarded the Order "For Merit III degree."

Overall, D. Polozenko has published about 300 scientific papers.

The main works of the scientist: "Material and technical facilities financing at collective and state farms" (Kyiv, 1975); "Fiscal policy in the context of improving socio-economic development in Ukraine" (Kyiv, 2004); "Financial policy in the context of transformational economy in Ukraine (1992-2008)" (Kyiv, 2008).



SLUTSKYY Yevgen Yevgenovych

(1880-1948)

rHutskyy Yevgen Yevgenovych is a famous Ukrainian economist- O mathematician, close to the views of Tugan-Baranovskyy scientific school, its direct successor. He was one of those economists who worthily presented Ukraine in the world of economic thought in terms of the colonial regime.

Ye. Slutskyy was born on April 7, 1880 in New village, Molozko district of Yaroslavl province in the family of a teacher, who, after finishing Faculty of Science of Kyiv University, in 1877 for unreliability was sent to Yaroslavl province.

In 1886, the family returned to Ukraine in Zhytomyr, where Ye. Slutskyy entered the Zhytomyr classical gymnasium. He graduated it in 1899 with a gold medal, showing a special talent for mathematics. In the same year on the recommendations of his parents, he joined the Mathematics Department of Physics and Mathematics Faculty of Kyiv University. He became interested in the ideas of revolutionary reconstruction of society, became an active member of students protests for their national and social rights. Therefore, he was twice expelled from the university (1901, 1902). Being a young talented student, denied the right to study in higher educational establishments of Russia, he was forced to leave the country and immigrated to Germany where he continued his education at the engineering faculty of Munich Polytechnic Institute (1902-1905).

The beginning of the revolutionary events and first democratic gains in 1905 enabled Ye. Slutskyy to return home and continue his studies. He entered the Law Faculty of Kiev University, but not Physics and Mathematics Faculty. This is because, firstly, as the scholar noted himself, he developed an interest in economic sciences in the early college years, and, secondly, the significant deterioration of eyesight which has to be flawless in drawings and engineering calculations.

Having already some knowledge not only in mathematics but in economics, Ye. Slutskyy actively undertook the research. In 1911, he successfully completed his university education, having graduated with

honors. His graduation work “Theory of marginal utility,” was awarded a Gold Medal on December 17, 1910. It strikes with deepness, multidimensionality, originality of own generalizations and judgments. It is in this work the Ukrainian scientist identified problems and future directions of scientific research, the results of which brought him international recognition. His position in the scientific research from student years was strengthened by a number of articles on the theory of correlation, which are still among the best for understanding the basics of the logical structure of British statistic-economic school. In 1917, the future scientist passed his the master degrees examinations at the Economic Faculty of Moscow University.

The knowledge of mathematics, he tried to use in his statistic-mathematic development, enriching methodical apparatus of the theory of microeconomics and macroeconomics. In preparation for the master degree exams Ye. Slutsky returns to the in-depth study of probability theory as the theoretical basis of statistics. The result of his hard work was the preparation of the training manual “The theory of correlation and elements of the doctrine of the distribution of curves” (1912), which was popular among students and had a positive review among scholars. Such recognition in the scientific community helped Ye. Slutsky in January 1913 occupied the post of a full-time teacher of the statistic theory of Kiev Commercial Institute, reformed in 1920 in Kyiv Institute of National Economy. Here his scientific and professional growth took place -the scientist worked as a lecturer, associate professor, professor (from 1920 to early 1926). Having the rank of professor, Ye. Slutsky during that period taught the course on “Theoretical Economics”, “Political Economy”, “Mathematical Statistics”, “History of Economic Thought and Socialist Doctrine” and conducted intensive scientific research that reflected the diversity of his creative nature. During that period his most important works “To a question about the logical foundations of probability calculations”, “On some schemes of the correlative relation and systematic errors of the empirical meaning of correlation”, “On the incorporation of state revenue from the issue” and others were published in the “Notes” of Ukrainian Academy of Sciences and the “Bulletin of Statistics”.

The scientist was active in the scientific and organizational work. Even being a student, in 1909 Ye. Slutsky became a corresponding member of the Society of economists at the Kiev Commercial Institute. In 1911, he was elected a member of the Society, and during 1911-1913 he was its secretary. During 1913-1915 he was a member of the Society Board. In addition, paying attention to his considerable developments, in 1912 the researcher was elected a member of the Mathematical and Sociological Societies that

worked in Kiev at the Institute of Sociological Research, and the Society of Social Sciences named after A. Chuprova at Moscow University (since 1915).

The work “The nature of cooperation and its forms” (1913) is particularly important among the studies in political economy of Ye. Slutskyy. In this small scientific work the scientist on the basis of analysis of the history of the cooperative movement in Ukraine, Russia and abroad examined the objective conditions of appearance of various forms of cooperatives. He identified and analyzed their main types, selected the most important principles of the cooperative movement, showed its positive and negative sides in the new economy, problems and prospects of development of cooperatives in the future. Some of his findings are relevant in the present context of the economic development of Ukraine.

Knowledge of several languages enabled the scholar to meet with the global economic thought in the original. The research on the history of economic thought, which manifested depth of critical analysis, became an important step in the formation of Ye. Slutskyy as an economist. In 1913, he made a scientific report on a festive meeting of the Society of economists at the Kiev Commercial Institute on the occasion of the 250th anniversary of the publication of the first economic treatise that was the first scientific and political economy of the famous British explorer William Petty. K. Marx called him the “father of political economy” and “the most brilliant and original researcher-economist “. Main critical and scientific ideas of the report are reflected in the historical and economic essay “Sir William Petty” published in 1914, which contains Ye. Slutskyy’s original views on the work of the founder of classical political economy in England W. Petty. In this scientific work Ye. Slutskyy researched origins and multifaceted contents of W. Petty scientific achievements. This work had a great influence on the formation of world economic thought, especially on the economic outlook of future generations of economists — the supporters of the mercantilist doctrine of the famous English scientist. Ye. Slutskyy was one of the first in Ukrainian economic literature who revealed differences of views between the economic, mercantilist and economic theory of W. Petty. He proved onesided views of K. Marx on W. Petty, as a founder of the labor theory of value, described the “naturalistic worldview” of the scientist, pointed out that W. Petty is the founder of the abstinence theory proclaimed by N. Seniorom etc.

The most famous research of Ye. Slutskyy is “The Theory of a balanced budget of the consumer” published in 1915, which in terms of methodology, based on the concept of marginal utility. The impetus for its writing was the work of the famous Italian economist Pareto on utility and demand, published in 1892.

Acquaintance with this work shows that it is the continuation of Ye. Slutsky student thoughts written in the “theory of marginal utility” in 1910. In this work, the Ukrainian researcher rejected dominant at that time Austrian version of the theory of subjective value and offered his understanding of the concept, according to which the usefulness of a particular combination of goods is a value that becomes the more important, the better this combination suits for an individual. His study “The theory of a balanced budget of the consumer” Ye. Slutsky starts with the comment: “The modern theory of value seems at first glance, like a psychology section... If we want to bring the economy under the appropriate base, we have to make it completely independent from psychological assertions and philosophical hypotheses”. However, the scientist wrote, it is necessary to consider the psychological aspects, as people explain benefits differently.

Referring to the concept of utility V. Pareto, the Ukrainian economist showed its limitations and developed his understanding of the utility function. The usefulness of any combination of goods, in his opinion, is the magnitude that has the ability to acquire the more value, the better the combination suits for a particular individual. Under the dominant combination of benefits Ye. Slutsky understood the movement of individual from combination A to combination B.

If such a transition is not made, A and B benefits have the same magnitude of utility. State of the budget balance of individual may occur when a utility of consumer budget has the same or the largest magnitude among all the states closest to it. This state will be sustainable under the condition that any deviation from it will reduce utility and unsustainable — otherwise. Since in practice each individual budget undergoes various influences that continually violate his balance, then, obviously, only virtually stable budgets can exist. Clarification of stability conditions is, according to E. Slutsky, an important task in the theory of individual budgets.

The scientist examined the principles on which a theory of the consumer budget is based: the continuity of utility function and its derivatives; immutability type of utility function within the proposed time period; independence of the utility with the transition from one combination to another.

Specifying views of V. Pareto and rejecting G. Giessen law about the saturation of needs, Ye. Slutsky considered two kinds of benefits: that marginal utility of which decreases with the increase in their number ($U_i < 0$), and that marginal utility of which increases under the same conditions ($U_i > 0$). The first researcher called saturated benefits, the second — unsaturated benefits.

Having conducted mathematical studies of consumer stability budget according to these principles, Ye. Slutsky suggested to consider the normal

budget by the formula $A_i < 0$, and the abnormal budget has only positive variable — A_i . Those benefits which grow up with increasing income, he called relatively essential, and those that decrease with increasing income — relatively unessential. On the basis of the main principles of consumer behavior Y. Slutsky proposed the law of demand:

I. The demand for benefits, relatively essential as a rule, it reduces if prices increase, and it increases when prices fall.

II. The demand for benefits, relatively unessential, in some cases it may be abnormal, that is it increases with increasing prices and decreases with reducing prices.

Ye. Slutsky introduced the concept of compensated price change: a price increase occurs with income growth.

Using this concept, the scientist concluded that “Ultimate variability of any benefit in case of compensated price change is always negative.¹⁴ Ye. Slutsky proposed the formula of quantitative dependence between empirical data of utility benefits. He defined dependence of demand on one benefit from the price of another. “The ultimate variability of benefits — he wrote — in the case of compensated price change P_i equals the ultimate variability of benefits in the case of compensated price change P_i ”.

This generalization the scientist confirmed with the help of complicated mathematical formulas. In a consumer budget theory of Ye. Slutsky the analysis of the marginal utility of each benefit due to the function of the quantity of the only specific benefit plays the important place. All previous researchers of this problem came from the law of saturation needs, but they failed to provide the results their total value. “So far — noted the scientist — there is no reasonable theory of saturation benefits. “ In his opinion, this task can be done, if we consider the problem from the point of general economic theory. Using it, Ye. Slutsky made the following scientific conclusions: “If the budget of a consumer is normal, then the demand on each benefit increases together with income growth and decreases with the price increase for benefits. If the budget is abnormal, the increase in income means strengthening of demand on saturated benefits and its reduction — strengthening of demand for unsaturated benefits. . . With price growth benefits of unsaturated demand for it has always to go down; the opposite can happen only in the demand on saturated benefits. “ Deepening and specifying the utility theory, Ye. Slutsky enriched it with new fundamental amendments. He stressed the need to explain the economic and psychological relationship of utility. “Our definition of utility is completely alien to psychology. However, such a conclusion does not satisfy us because following a complete logical independence of methods of economic science from psychology methods; we still can not deny the existence of a complete

interdependence between the facts which are studied by both disciplines. “The scientist gave the definition of utility: “The utility of any combination of benefits is a value that has the following properties: it is greater for the combination that the individual prefers, and a subject directly feels its changes”. If the individual did not notice the changes in the quantity of benefits A, did not feel any changes in his subjective attitude to benefits B, so marginal utility of B has not changed. There is a close equability: $U_{ab} = 0$.

As a result of the research the scientist concluded about the transition from abstract patterns to positive developments in respect of the consumer budget. The only way to solve specific problems is to check out some formulas. The only way to check them is the experience. It is a chance to confirm or refute “proposed theoretical laws. “ If practice does not support theoretical conclusions, it means the reasons that direct people behavior, not only lie outside our consciousness by nature but even are not reflected in it. Having made this assumption, scientist still believed that he was able to shed light on the theory of consumer budget and show the need to fully deploy this theory by means of empirical research.

This research of Ye. Slutsky attracted the attention of foreign economists 20 years after its publication. In 1935, the American economist G. Schultz, considering the relationship of demand, prices, and income, noted that Ye. Slutsky greatly expanded, deepened and elaborated the theory of consumer demand, consumer behavior in the market of benefits. G. Schultz pointed out the similarity of views on the problems of consumer behavior of the British economists John. R. Hicks and E. Allen with Ye. Slutsky theory. About borrowing in Ye. Slutsky admitted frankly in his book “The cost and capital” Nobel Prize winner John. R. Hicks. Noting precise mathematical calculations and versatility of theoretical reflection in the work of E. Slutsky, the English economist at the same time admitted that it was the Ukrainian scientist who developed the core concept of value, showing how a change in the price of goods affects the demand of individual for other goods. This effect J. R. Hicks called the effect of income and appropriately effect of substitution. J. R. Hicks, certainly, contributed to the introduction of the term “Slutsky effect” in the foreign textbooks on economic theory.

Scientist in most of its publications paid much attention to statistics. To his mind, statistics as a method is not science, but technology. Separate science, the scientist believed, constitutes not arbitrary, but knowledge as something objectively forced, the own inner connection that establishes a systematic affinity and unity of fundamental relationship, on the one hand, and the considerations in which we express knowledge of their properties and connections on the other. Having highlighted in the statistics

considerations concerning the properties and concepts, properties of quantitative images, which statistics or mathematics operates, we still have a balance. This balance, according to E. Slutsky, deserves the name of theoretical statistics. The subject of the latter is the doctrine of properties sets of curves and surface distribution of average values and more. The subject of the latter is the doctrine about properties of collections, about curves and surface of distribution, about average values and other things. “All this — wrote Ye. Slutsky — is not a logical study about the world of considerations and concepts, but it is a statistical study about the world of phenomena in their forms and in their mutual conditionality. “

So, further theoretical development of the concept of utility became the merit of the scholar; introduction into circulation of the economic literature the concept of equilibrium state of consumer budget and determination criteria of its sustainability; scientific grounding and differentiation of two types of benefits: saturated (their marginal utility decreases with increasing of their quantity) and unsaturated (their marginal utility increases under the same conditions); theoretical study with mathematical analysis of the consumer budget stability; differentiation of normal and abnormal budgets; analysis of the behavior of the utility function with changes in individual demand as a function of income (income effect) and with changes in demand as a function of price when a price change of some benefits creates a double effect, including the effect that later was called the substitution effect; new formulation of essential conditions of equilibrium (equality of marginal rate of substitution according to the goods price ratio); mathematical interpretation of the complementarity of products and so on.

Scientific researches of the Ukrainian scholar were known far outside Ukraine. And despite the restructuring of scientific researches of many economists in the post-revolutionary period, Ye. Slutsky continued his research in the spirit of the marginal school of economic thought. The scientific activity of Ye. Slutsky was particularly active in the first half of the 20-ies of the XX century, it expanded economic science with fruitful innovative achievements. Appreciating highly prestige and scientific achievements of the scientist, in 1923 he was entrusted to head the theoretical economy section of the Association of economists. Its purpose was to spread economic knowledge in “new” Ukraine, to promote the development of new economic science and cooperation between economists, theorists, and practitioners.

Ye. Slutsky used methods of mathematical analysis in his scientific developments. Mathematical app “On the calculation of state revenue from the issue” published in 1923, gives a graph of monetary emission as a curve in logarithmic scale, offers formulas for calculating state income from the

issue based on the consideration of the issue volume of banknotes in circulation and price index, proves that under the high inflation rate speed of delivery of banknotes to the place of their distribution plays an important role in the growth of state revenue. The scientist tried to show the mechanism of monetary stabilization in the new economic conditions. This period of his creative activity was closely connected with critical review and further development of theoretical statistics, with the appeal to epistemological problems and axiomatic principles of probability theory, stochastic boundary and the law of large numbers. Theoretical generalizations and conclusions of Ye. Slutsky innovative scientific research were described in the report, presented at the section of Theoretical Statistics at the Third Russian Congress of statistics, which was later published in the "Bulletin of Statistics".

In 1925, two works of the scientist "On stochastic asymptote and limit values" and "On the law of large numbers" were published. They first in Soviet financial science presented new for statistical science concepts of stochastic limit and stohasympoty that formed the basis for unconventional interpretation of the law of large numbers and were a significant step in the development of statistical science in Ukraine. The scientist had multilateral scientific interests. During this period his important work on other problems of static-economic were published, including "On some scheme of correlation and the systematic errors of the empirical meaning of correlation", "On one experiment without the help of probability theory, " "To the question of the average population density. "

In his last work, the scholar attempted to ground a new approach to determining population density using statistical methods. The researcher believed that it is necessary to distinguish the concept of physical and social population density. Based on the position of theoretical statistics, he found it necessary to define the social population density that is to identify those areas in which this population lives.

Extremely valuable publication of the period, which entered the treasury of world economic thought and brought Ye. Slutsky worldwide recognition was small in volume article "Etude to the issue of constructing formal praxeological foundations of the economy" (1926), published by the Ukrainian and German (in original) languages. "By this article — wrote the scientist — the author tries to orient to the idea of the formal economy. Under this title, we understand the industry that concerns the economy as well as logistics — formal, of course — logic, or a formal geometry — the geometry in the proper sense." Ye. Slutsky came from the fact that human activity can not be spread on quantitative relationships of precise elements of a quasi-mechanical system. In his discussion, he relied on the work of

Edmund Husserl and Bertrand Russell. That is, having recognized praxeology as a general formal by its nature, theory, having described its conceptual apparatus and considered the main formal praxeological concepts (system, situation, prospects, options, space, and so on), he launched a new line of scientific research, which was further developed further by well-known representatives of domestic and foreign economic science.

In the first part of his study Ye. Slutsky noted that structurally ordered diversity — it is a prospect, and the state of the system together with a prospect to which the system is open, he considered the situation. “The system is in its situation or in the process changes, — he said, — until its situation is optimal. “

According to E. Slutsky, the nature of our concepts is formally ontological. Depending on the system you can come to the principles of mechanics or to the principles of economics. Section of formal physics that is oriented towards actions of conscious animals the scientist called formal praxeology, restrictions of which, in its turn, can be called the formal economy. Ye. Slutsky divided basic praxeological system components into the past, present and future.

In the process of logical consideration of certain concepts the scientist made a structure of their interdependencies, appointing each of them in the appropriate place in the conceived system. Ye. Slutsky believed that it is impossible to know thoroughly the economic entity, without analyzing “formal praxeological foundations of the economy”, which reflects the whole structure of the property, particularly: primitive objects of economy, the possibility of order, simple expectations. If all members of the disjunction are virtually equivalent, then it is possible to consider appropriate items of power precisely determined. The subject then has to deal with a broad scope of the optimum of purposeful release.

In the end Ye. Slutsky examined the visual field and visible space. To the first he included a set of components that are reflected and the entire amount of visual images he called the image of “visible” space, the visual system — visual apparatus. The phenomenon of performance (failure) and improvement of the system he considered to be an important section of praxeology. “The person who knows present mathematical economics — wrote Ye. Slutsky — can not doubt the possibility of deductive theory, widely developed on the basis of our system ... The formal economy is not an independent science and separate discipline within formal praxeology. “The term “praxeology” was used in 1898, but Ye. Slutsky was the first who outlined the conceptual apparatus of this science. Foreign economists and philosophers, including A. Lange and T. Kotarbinsky representatives of the Polish economic school and praxeological view, highly evaluated

Ye. Slutsky innovation. In the study of the Ukrainian scientist, according to T. Kotarbinkoho, grading of community levels and unilateral dependence of industries found the appropriate expression, the most common is the theory of events, praxeology is in a middle position and economic studies are at the end. T. Kotarbinkoho noted that Ye. Slutsky gave the light for the theory of praxeology. This is true, and therefore, the name of Ye. Slutsky will always remain at the forefront of the science of praxeology, subject and tasks of which require separate discussion. Ye. Slutsky was a bright personality in the history of Ukrainian economic thought, his research went beyond national boundaries, reaching heights of world fame.

Innovative search for a new paradigm of economic science of Ye. Slutsky made a great impression on the famous Russian scientist M. D. Kondratiev, Director of the Conjunction Institute in Moscow, who more than anyone else understood the basis of this new paradigm — the theory of probability, which does not allow ideological and political constraints and personally invited the Ukrainian scientist to work for this well-known research institution. Realizing that Ye. Slutsky will not be able to develop his new paradigm in Soviet reality to maintain creative freedom of the Ukrainian scientist in other areas, in October 1925 M. D. Kondratiev wrote a letter to Public Commissar of Finance G. Y. Sokolnikov, where he praised the creative achievements and scientific talent of Ye. Slutsky and asked to solve Ye. Slutsky housing problems and admission to the post of consultant of the Conjunction Institute, which was the highest positions after the director and his deputy.

Feeling period of repression in 1926 Ye. Slutsky moved to Moscow. He started his creative work as a consultant of Conjunction Institute, managing both agricultural section of the Institute of Experimental Statistics and statistical methodology of the Central Statistical Office of the USSR. Following the idea of his theory, he cooperates with representatives of the Moscow School of probability theory.

Knowing mathematics, Ye. Slutsky never forgot about its application in the economy. And here, in Moscow, further economic and mathematical studies of the Ukrainian scientist were related to the analysis of cyclic processes. In March 1926 he enthusiastically informed his wife that he was lucky enough to make a great discovery, to find the secret origin of wavelike oscillations from sources that still seems not even suspected. The Ukrainian scientist received waves due to the addition of random fluctuations which are independent of each other and in which nothing is periodic. These ideas were systematically presented in 1927 in the magazine “Issues of Conjunction” in the article of Ye. Slutsky ”Adding accidental causes as the source of cyclic processes. “ Reissued in 1937 in English, this

article brought Ukrainian scientists worldwide recognition and was assessed as significant scientific discovery in the world of economic thought. In this article, Ye. Slutsky critically analyzed existing methods of fluctuations research and started new direction of scientific explanation based on stochastic (random) processes associated with mass phenomena and similar by nature to random errors, which the theory of probability studies. Recognition of talent and scientific contributions on the world level brought the international prestige of the outstanding scientist. He was one of the few invited to participate in the Congress of Mathematicians in Italy (1928), where he actively debated with well-known scientists Cantelli. The Ukrainian researcher's report on stochastic asymptote caused a wide resonance among the Western Research economists. Publication of his works (1927-1929) organized by the French Academy of Sciences was evidence of this.

Published scientific works at the turn of 20-30-ies of XX century show that Ye. Slutsky continues to research crop growth in the Russian Empire for 115 years, wheat prices — for 369 years, the annual growth of redwoods Arizona US for 200 years, with extensive use of mathematical calculations. This tendency of research met the issues the Institute of Conjecture dealt with this situation. He published his work in the thematic scientific magazines of the Institute. In them, incidentally, Ye. Slutsky often referred to their specific research and the used sources, indicating that the further improvement and expansion of the spectrum, somewhat traditional perspective. From the reports of the scientific work of the Institute situation shows that Ye. Slutsky has developed software of the economic theory of long waves, which developed M. Kondratiev, a student of Tugan-Baranovsky. Ye. Slutsky often referred to his own specific research and the used sources, confirming further improvement and expansion the range of somewhat traditional problematics. The reports of the scientific work of the Institute showed that Ye. Slutsky developed the mathematical basis for the economic theory of long waves, which was developed by M. Kondratiev — a student of Tugan-Baranovsky.

In 1930, the Conjecture Institute was closed. His studies were not required by the command-planned system. The Director M. Kondratiev was arrested and executed. This destroyed hopes of the Ukrainian scientist to find the application of his finding in pseudo-periodic waves and forced him to find work in the Central Institute of Experimental Hydrology and Meteorology, where he studied the impact of solar activity on yields. In further scientific work, he conducted researches in the area of mathematics. Since 1934 Ye. Slutsky headed the Department of Physical and Mathematical Statistics at the Research Institute of Mathematics and Mechanics at Moscow

State University. For important scientific work in this sphere, he was awarded the degree of Doctor of Physical and Mathematical Sciences.

Since 1938 the scientist worked at the Mathematical Institute named after V. A. Steklov of the Academy of Sciences, there he tried to create his own mathematical school in probability theory and mathematical statistics. The scope of his scientific interests was associated with the development of the theory of random processes. These plans collapsed with the beginning of the war. The Institute was evacuated to Tashkent. It involved laying Ye. Slutskyy counting tables for functions of several variables. The results of his research were published after his death in 1950 by N. V. Smirnov and A. N. Kolmogorov.

Ye. Slutskyy is an original, deep, multi-faceted and original thinker with a wide range of scientific interests. He is the author of intelligent innovations in economic theory, history of economic thought, econometrics, praxeology, probability theory, the theory of economic dynamics, the theory of economic cycles, demography, mathematical and experimental statistics. Today intelligent innovations of the scientist are an integral part of the world mainstream of economics. Generally recognized in economic theory is the following terms and concepts: “Slutskyy Equation”, “Slutskyy parallelogram”, “Slutskyy matrix”, “Slutskyy-Yule effect”, “Slutskyy marginal sine theorem”, “Slutskyy condition”, “Slutskyy theorem”, etc.

Study of addition accidental causes as sources of cyclic processes performed by the Ukrainian scientist enriched notions of scientists about the nature of the cycle in economy and was important for further research of the causal mechanism of cyclical fluctuations and discription of stochasticity.

Innovative ideas of the Ukrainian researcher became the stimulus for new scientific discoveries. The theory of stationary random (stochastic) sequences became an integral part of modern statistics. It was included to the general theory of stationary random processes of A. Hinchyna, which is an important branch of modern probability theory. It was Ye. Slutskyy who raised the question of creation a new science — praxeology, which studies the principles of rational behavior in different combinations and conditions. The deep and multifaceted creative legacy of the researcher has not lost its significance and is extremely valuable for modern scholars who are engaged in basic and applied researches. Intelligent innovations of the world-known Ukrainian scientist must be organically included in the domestic economic science to become a powerful source of further successful and fruitful development.

Thus, Ye. Slutskyy is the creator of the national economic and mathematical school with a worldwide reputation. His outstanding talent was formed in communication with Ukrainian intellectual environment. V. Arnold,

professor R. Orzhenytskyy and O. Bilimovych (well-known contemporaries of E. Slutskyy) carried out economic-mathematical experiments. Ye. Slutskyy consulted with biologist — A. Leontovych and academician-mathematician — M. Kravchuk on the application of correlation methods. Ukrainian economic and Mathematical Science lived a full life until, according to E. Preobrazhenskiy; Marxism became the main USSR ideology, where the nonmarxist directions of economic thought were forbidden.

Considering the history of Soviet economic science, a modern researcher Vladimir Mau highlighted the following stages: the period until the early 30's, when working out and testing of different models of functioning of the Soviet economy were conducted; 30s — mid 50s is the period of rather integrated economic system of a totalitarian society that was reflected in economic science of "uncommon-type", which was on the edge of extinction; second half of the 50's — late 80's is the period of reforms based on the industrial economy and totalitarian socialist ideology or revival of science maintaining many of the dogmas of the past. We can agree with this periodization, not forgetting that economics had an imperial direction. Its status in Ukrainian Soviet Socialist Republic was special because any expression of traditional thinking, which was connected with national economic culture, was suppressed much sharper than in other republics of the USSR.

Ideological economics, its materialist-doctrinaire direction was an obstacle to the development of economic and mathematical techniques that could be used with a certain dosage in applied economic and methodological developments. Under the pressure of objective economic needs sometimes scientific breakthroughs occurred, particularly in the economic and mathematical fields. In fact, rehabilitation of cybernetics at the turn of 50-60 years of the twentieth century greatly contributed to this. As well as genetics previously declared pseudoscience. Foundation of the Research Institute of cybernetics and the chairs of Economic Cybernetics at economic faculties of some Ukrainian universities certainly had a positive impact on economic and mathematical research recovery, which, in turn, subjected to erosion conceptual apparatus of materialistic and economic doctrines. Cybernetics with its systemic outlook created the theoretical framework of economic and mathematical modeling. Scientific-critical analysis of researches M. Shor, B. Pshenychnyy, S. Zhuhovyt'skiy and other gave reasons to F. Kushnir'skiy to distinguish the Kiev School of modern mathematical economics.

Today, economists and mathematicians use more and more conceptual apparatus of the Kyiv political economy school. This is particularly evident in the researches of Y. Ermolev and O. Yastremskiy, according to which application of stochastic models allowed: to increase the scientific validity,

accuracy and reliability of the planned calculations; to show a number of new interesting challenges such as the random phenomena; to shift the center of gravity to methods of qualitative analysis, where there is a refusal from the labor theory and application the theory of marginal utility (terms “plancorrection”, “casual settings” and others are used; authors also talk about the independence of stochastic estimates of production from the size of the labor resources, authors also talk about benefits of type — “x better than y. “ They use the terms of Ye. Slutskyy theory, without his name).

Scientific critical analysis of other publications indicates strong desire of economists, mathematicians to be beyond materialistic economics. Today, economic and mathematical researches intend to develop the efficiency of economic systems functioning. It is a new feature in the development of Ukrainian economic-mathematical school.

In the 20th century, the Ukrainian Economic and Mathematical School had several stages of its development. Outstanding achievements and irreparable losses, decline and revival alternated therein. During the period of rising domestic science reached the heights of knowledge, made discoveries of global dimension, gave the world new directions — econometrics and praxeology. The science of any nation could be proud for this heritage.

Ye. Slutskyy died on March 10, 1948, in Moscow, where he was buried.

The main works of the scientist: “The theory of marginal utility” (1910); “The theory of correlation and the elements of distribution curves” (1912); “The essence of cooperation and its forms” (1912); “Sir William Petty. A brief outline of his economic doctrines with the application of several important passages from his works “ (1914); “Sulla teoria del bilanciodel consumatore” (1915); “On the theory of a balanced budget of the consumer” (1963); “On the fundamentals of logical basis of probability: The report presented at the meeting of III Russian Statistical Congress (Section of Theoretical Statistics) in November 1922” (1922); “On the calculations of the income of the state from emissions “ (1923); Etude to the issue of constructing formal praxeological foundations of the economy” (1926); “The addition of accidental causes, as a source of cyclical processes” (1927); “Selected Works. Probability theory. Mathematical Statistics “(1960).



SOBOLEV Mykhaylo Mykolayovych

(1869-1945)

Mykhaylo Mykolayovych Sobolev is a well-known Russian and Ukrainian scientist, economist and financier.

Mykhaylo was born on December 3, 1869 in a noble family in Nizhny Novgorod. He finished his primary education in high school with honors. Sobolev entered the Law Faculty of the Imperial Moscow University in 1896. From the earliest years of his education, Mykhaylo was actively involved in research work. His essays on the courses were distinguished among the works of other students by their originality and depth of thoughts and received the high praise of the professors. One of those essays was given for a review to a well-known economist O. Chuprov. Since that period, their active collaboration in research began.

M. Sobolev graduated from the university in 1891. On the recommendation of O. Chuprov Sobolev began to teach at the Department of Political Economics and Statistics of the university. During 1892-1896, Sobolev delivered lectures in Political Economy, History, Statistics and Business Statistics at Moscow Alexandriisky Commercial School, where he gained the respect of students and teachers. During 1896-1897, M. Sobolev traveled abroad which resulted in his master's thesis "Mobilization of land ownership and the new current of agricultural policy in Germany."¹¹ After passing his master's exam and successfully defending the thesis in 1898 Sobolev was admitted to deliver a selective course in Political Economy at the Imperial Moscow University. In that year, he was elected as an assistant professor of the department and began active preparation of his doctoral thesis.

On July 1, 1899 M. Sobolev was appointed as a full Professor at the Department of Political Economy and Statistics of the Imperial Tomsk University. At the same time, he taught a course in Political Economy at the Tomsk Institute of Technology, First Siberian Tsarevich Aleksei Commercial College, and the University of historical and philosophical courses. At the new place, M. Sobolev continued teaching, doing research and public activities. To complete his research Sobolev made an expedition to Mongolia

ii'ЧО) held a series of statistical and economic surveys, studied the noDomic development of Siberia and the value of the Trans-Siberian I..ilway. He tried to involve his students in researching activities. With that pin pose, Sobolev created a student statistical and economic circle. He participated in the popularization of scientific knowledge, reading public leelures which were often visited by students from other educational In.lilutions. During that period, he repeatedly traveled with scientific пн 'lions abroad. M. Sobolev studied the experience of the organization of labor statistics in the leading European countries, worked in libraries, museums and government offices in Berlin, Brussels, London, Paris, Zurich, Vienna, spoke at the Congress on the teaching of social sciences in Paris, collected a set of publications on Labor Statistics in German, French, English which later he contributed to the legal office at Tomsk University. He was also involved in the organization of the Tomsk branch of the party People's Will.

In 1911, Sobolev defended his monograph "Customs policy of Russia in the second half of the nineteenth century" as a thesis for the degree of Doctor of Political Economy which was published at the same year in accordance with the decision of the Law Faculty of the Tomsk University. In his work M. Sobolev comprehensively researched the history of customs policy in the second half of the nineteenth century in Russia, sorted out the reasons for the change of free trade and protectionist tendencies. In the preface to the monograph, the author noted that six years ago when he began to study the problem he had a hypothesis: "With the development of self-conscious of agricultural groups such as landlords and peasant and urban populations they acted to protect the foundations of a free trade . . . Their influence would be an explanation of the free trade current of 50-60s." With the development of industry, the protectionist trend reached its peak in the late XO in early 90s of the 19th century. However, while reviewing the archival and literary material, the author concluded that the influence of social groups on customs policy direction was relatively weak, the influence of fiscal interests prevailed. Protectionist impact on the industry is, on M. Sobolev's point of view, more a reflection of the result of high fiscal duty. Sobolev dedicated his thesis to justify above provisions.

After his doctoral thesis, M. Sobolev's life was connected with Ukraine up to the late 20s of the 20th century. Professor of Finance P. Mihulin from Kharkiv University in December 1911 was transferred to St. Petersburg University. On the 4th of May 1912 at the meeting of the Faculty of Law the professors V. Leviteskyy, A. Antsyferov and Master of Police law A. Rajevski recommended Doctor of Political Economy M. Sobolev from Tomsk University to replace the post of full professor at Kharkiv University.

After discussing the scientific achievements of the candidate, Sobolev was admitted to deliver the course in finance at the beginning of October 1912.

Before his work at Kharkiv University M. Sobolev greatly contributed into teaching and research activity. In addition to the above works he published: "Essays on the history of world trade" (1899), "Commercial Geography of Russia" (1900), "Rural usurious loan according to rural statistics", "Combating usury" (1893), "Department Stores as a phenomenon of modern trade turnover", "Competition as a driver of economic life" (1900) and others. The scientist continued his research in Kharkiv, successfully combining it with teaching responsibilities. He traveled in foreign missions, where he conducted intensive scientific and research work. For example, in 1913 M. Sobolev made a trip with scientific purpose to Berlin, in 1914 he was in Berlin again, and later he visited Munich, Paris, and Brussels.

The results of those visits were new editions. In 1913, after his trip to Germany M. Sobolev published several articles on the Russian-German trade agreement, the customs levy agricultural machines and released the seventh, greatly enlarged edition of the book "Commercial geography of Russia. A sketch of economic statistics and geography of Russia in comparison with foreign countries." In 1914, he published a famous work "The history of the Russian-German agreement." In addition, M. Sobolev published in "Agronomy Journal" articles on finance, protectionism, and principles of trade policy. Those articles were the continuation of the ideas contained in the book "The mobilization of land ownership and the new current agricultural policy in Germany" (1898). The work didn't not directly involve financial science. However, the colonial policy in East Prussia described in the work (settlement and rental estates of Prussia) was of interest to the financier, apart from the general interest that causes the new flow of agrarian politics. The author presented interesting illustrations of "expropriation" of the landowners by the representatives of "movable capital" related to large and not limited increase of mortgage debt. M. Sobolev wrote, "According to Shmoller, proprietors of mortgage are actual, if not the legal possessors of land; if a debt will go such steps in future, then in 30 or most 50-100 years the complete dispossessing of land of peasants and other land owners will come". M. Sobolev marked "that position got worse because of falling prices on land over the last few years".

At that time M. Sobolev paid more attention to revealing financial problems of community development in his scientific activity. Sobolev published his work "Problems of financial reform in Russia" about the transformation of the financial system in Russia in connection with the introduction of profitable and property taxes in the publishing house named

■ Iter (huprov. He actively used his scientific findings in social work. In I*» IS on the invitation of chairman of Kharkiv regional committee on the revision of Russian and German commercial treaty, Sobolev delivered a lecture about the alteration of principles of trade policy of Russia in connection with protectionism. The lecture was so scientifically reasonable and full of details that it was published in the separate edition for public [“Alteration of principles of trade policy of Russia in connection with protectionism” (1915)]. In 1916 M. Sobolev continued his scientific activity and printed a few works “Customs policy as means of taxing of a consumer”, “Direction of development of productive forces in Russia”, “Trade policy of Russia and Germany” and others.

In the scientific inheritance of M. Sobolev in Kharkiv’s period outstanding interest is caused by his work “Essays of economic politics of industry and trade” (1916). In the first part (“Politics of industry”) the author not only stated the theoretical problems of financial science but also gave the deep historical analysis of the economy of Russia and some other foreign countries. The author’s approach to determining economic policy as “a set of activities by which public authorities influences on economic life” is original. He distinguished between politics as a means of conscious impact of society, some civil groups and even individuals on the social sphere and economic politics as a scientific discipline, the scope of which is limited to “only the influence of public and legal institutions that have forced power and authority to freely intervene in the process of economic life and direct it to one or another way”. M. Sobolev stated that public authorities “in their nature are able to direct and change the channel of the economic life of people.” They include state bodies, local governments, and those organizations which the state has provided with some of its prerogatives (right to tax, stock companies, insurance companies and others). Sobolev discussed many financial issues at the second part entitled “The Politics of Trade.”

In 1917 M. Sobolev printed the article “New work on the theory of paper money by Professor Tugan-Baranovsky” and a series of articles that focused on the problems of financial ruin in “Journal of Finance” (№ 10). In 1918 Sobolev published his work “Credit and its role in the economy, ” and in next 1919 he released a manual for Cooperative schools and courses “Economics of cooperation” and an elementary textbook of political economy for cooperative schools, public Universities, commercial schools and self-education.

M. Sobolev and his colleagues A. Antsyferov and B. Levitsky, the well-known in Ukraine and abroad scientists, experts in political economics, statistics, financial law participated in the work of demanding and prestigious master’s and doctor’s commissions. It’s interesting that the

requirements to candidates for professorship were higher in Ukraine than in Western countries and Russia before the revolution period.

M. Sobolev was actively involved in the establishing of higher commercial educational institutions in Kharkiv which in Europe, particularly in Leipzig, Berlin and Frankfurt appeared in the late XIX century. M. Sobolev to describe tasks of commercial education wrote: "Higher commercial educational institutions are intended to provide a complete scientific education for trade actors, to equip them with methods of scientific investigation and give a scientific explanation of complex issues of trade and credit turnover. This broad scientific training is required for managers, such as heads of trade offices, directors of large commercial enterprises, banks, transport companies and others. It must develop in learners a wide vision, ability to initiatives, adaptive skills in new market conditions. Political economy which is supplemented by legal, technical and commercial special sciences is in the center of higher commercial school". Actually, it was stated in the statute, "Higher commercial courses formed by Kharkiv Merchants society, belong to the category of higher educational institutions and aim to provide higher commercial and political and economic education". The courses are financed by Merchants society, on fees for attending lectures, donations, and others.

On October 10, 1912 from the very beginning of courses M. Sobolev was hired into the teaching staff and integrated into the so-called educational committee of courses which solved all issues related to the educational process. In May 1916, the courses were transformed into Kharkiv Commercial Institute. M. Sobolev was the member of the board of the Institute. He was elected as a dean and delivered lectures in Economic Politics for students.

The basis of teaching in economic policy at the institute was the book by M. Sobolev "Sketches of economic politics in industry and trade" (1916) which was published as a textbook for students. The originality of it was that the general scheme of the course of theoretical political economy included all the problems of trade and industry which were usually taught at courses in Applied Economy (e. g., the theory of banks, trade, its economic importance, and forms.). So, students studied a significant part of financial science in the course.

The scientist and teacher Sobolev had a special focus on the formation of pedagogical skills. M. Sobolev performed special pedagogical workshops in political economy in which the problems of the place of this science in business school, its programs, teaching methods and students control techniques were considered. The participants of the seminar under the guidance of the scientist conducted a lesson with students which followed by

critical analysis. The methods of teaching of economic disciplines were discussed at workshops.

M. Sobolev led an active social life. As a friend of the mayor he took an active part in the economic department of Kharkiv branch of the All-Russian Union of Cities (1916) and the financial and economic committee of the City Council. In 1917, he made a presentation on financial policy at the Moscow meeting of community leaders, where the scientist spoke of the importance of establishing state power as a prerequisite for the normalization of the situation. Also, he published a series of articles on financial policy in the journal “Narodopravstva”, and after the capture of Kharkiv by Volunteering Army in summer of 1919 he served as a director of Kharkiv Commercial Institute, he was a chief of financial and economic committee of the City Council, which in conditions of instability of city authorities actually managed the economy of the city at that time.

Kharkiv Institute of National Economy was formed in 1920 on the basis of the law faculty of Kharkiv University and Kharkiv Commercial Institute and stayed as an economic education center in Eastern Ukraine. From its formation, Professor M. Sobolev held the position of Vice-Rector and Dean of two departments — commercial and financial, banking and insurance. What is more the position of vice-rector at the time was excluded from the staff and Sobolev served on a voluntary basis. In addition M. Sobolev lectured, conducted research work, and published his books and articles.

The first steps to single financial science out of political economy can be seen in his fundamental work in 1919 “Political economy. Elementary textbook for cooperative schools, Public Universities, colleges, and selfeducation”. The book consists of three sections: a) study of the history of economic life (statements of how people lived in various stages), b) theory (the abstraction from life, generalizing of certain facts), c) economic policies (the study of life). Consequently, if the theory studies what is, according to M. Sobolev, the economic policy studies what should be. The theory the scientists divided into three sections: a) theory of production, b) theory of exchange (exchange theory), c) theory of income distribution (the theory of distribution of public revenues). As for the theory of consumption goods as the fourth chapter of the theory, which many scientists outlined, M. Sobolev didn't relate it to issues of economic activities. He considered that in human consumption, in the people's relation to things, there are no elements of public nature, and therefore, political economy as a social science has nothing to do with it.

In 1919 M. Sobolev published another manual “Economics cooperation. Guide for cooperative schools and courses” in which systematic exposition of the theory of economic cooperation was given for the first time in

domestic and foreign literature. Among a number of papers on cooperation which revealed mainly history, described the facts of modernity, outlining some practical issues of cooperation, M. Sobolev's book expanded the topics with important aspects of economic life in the area of cooperation such as labor and capital, the price formation, the theory of income distribution. According to the author, the purpose of the book is to subject the entire economic cooperative world to scientific analysis system as accepted in political economy (the theory of production, exchange, and distribution).

The scientist revealed deep financial problems in his next works. He analyzed the problems of agricultural credit organization ("Organization of agricultural credit" (1924)), monetary turnover ("System of our monetary turnover and its completion" (1925)), financial science ("Essays on financial science (Public conversations)" (1925)). It was in those writings M. Sobolev supported the idea of gradual extinction of finance within the meaning of money. In particular, he believed that the financial sector with the abolition of private property would be a part of a common socialist economy as there would be no need in compulsory taxing of a part citizens' income that previously was got due to private economic activity.

M. Sobolev continued to do his research of economic policy problems which he began in 1910. His fundamental work "Economic policy of the capitalist countries" (1925) was devoted to the analysis of the economic policy of the most important foreign countries and pre-revolutionary Russia in industries and trade. Unlike his previous works (mostly treatises, published abroad) the scientist attempted to find out the social nature of that problem.

It should be noted that in the 20s of the 20th century Sobolev's ideas were greatly influenced by western financial science. This is evidenced, for example, by the definition of taxes in his "Essays on financial science. " "Taxes are compulsory fees that are collected by a state or its authorized public legal authorities due to the rule of law, without any equivalent by the State, issued on the basis of the law and are going to cover national needs. " He criticizes the proponents of the theory of insurance. The Ukrainian scientist wrote, "Less successful insurance theory that tried to equate tax to the payment insurance premiums. According to this theory, the taxpayer pays tax as a premium for the insurance by the state from attacks on his personality and property. There is no similarity between the payment of taxes and insurance. If the taxpayer really insured himself against attacks, then he would have received compensation in the case of theft, robbery or injury. So this is right for insurance from burglary where the insurer pays just for receiving insurance compensation if suffered from burglary. The state, which protects citizens from criminals actually assumes no obligation

To protect everyone from theft or murder or give compensation to the victims”.

M. Sobolev supported A. Wagner’s views on the idea of justice in relation to sources of taxation. He considered that not only income but also capital was a source of taxation. In particular, the scientist in his textbook in financial science wrote: “...The claim that we should not take the tax from the capital, which leads to a reduction of production is not too convincing. The fact is that capital is accumulated on the current national income and there is no fundamental difference whether the tax is collected from income or capital that is created as income. The problem is in the amount of taxation and the feasibility of catching a taxpayer during the disposition of his income or capital.”

Special attention the scientist paid to the characterization of income tax. Social and political causes of transition to income tax in the Soviet financial literature were reflected and articulated precisely by M. Sobolev. In his opinion, the income tax is a perfect form of taxation in the financial system, so that it covers the net income of society as the main source to pay all taxes at all. Income tax falls mainly on propertied classes which would not voluntarily take such tax. “There should be circumstances that can overcome their resistance to tax. This force in the 19th century is the working class that demanded the introduction of a progressive income tax and abolishes taxes on consumption according to the program of socialist parties of European countries. “

The scientist thought that another reason why the bourgeois classes agreed to the introduction of income tax is a threat to their existence. These circumstances were associated with wars. “Russia and France introduced income tax only because of the difficult financial situation caused by the First World War. These are social and political conditions of the introduction of income tax. “

A collection of income tax, based on the declarations of taxpayers, was widely distributed in the 20s of the XX century after the tax reform in Europe and the US was carried out. M. Sobolev wrote about declarations and their functionality” a payer receives from special tax authorities a letter detailing the question how much income he received in the current year from each of the sources of income, and then he should show all costs associated with economy, and at the end summarize how much of net income a taxpayer got last year. The completed declaration is given to a financial inspector who conducts reconciliation indicators payer, usually in a special commission with the participation of the representatives of the payer, verifies its data in different ways and either approves or modifies figure income. “

To classify taxes, M. Sobolev introduced the concept of “the object of tax” and “the subject of tax or a taxpayer “. Analyzing the taxation practice,

he supported the need to develop a concept of “a bearer of tax” in the financial science. Both concepts “the subject of tax” and “the bearer of tax” are not the same. If a taxpayer can shift its tax on the other person, he is no longer bearer of tax. The scientist stated the discrepancy between the initially targeted tax payer and the actual taxpayer. The process of shifting the tax acquired such proportions that governments need the recommendations of financial science to answer the question who and in what amounts actually bears the tax burden. M. Sobolev stressed that “the question of shifting the tax is the most difficult and least developed part of the financial science,” despite the fact that “the practical significance of this phenomenon is huge, as it can change all the assumptions of the government in its tax policy. “

Analyzing the advantages and disadvantages of indirect taxes M. Sobolev in his book “Essays on Financial science” pointed to three aspects of their fiscal benefits: “These taxes because they fall on the consumer goods are always very profitable for the state. Their profitability is based on their large consumption, which is measured in millions and tens of millions of pounds, buckets and other units. If you tax a consumption of a product that is consumed by each resident of the country, so eventually it will be many millions of rubles. “

The second point is that indirect taxes are included in the price of goods and are paid insensibly to the consumer. The scientist considered that in such situation the direct link between tax payment and the realization of the payment is lost.

The third point of fiscal benefits as M. Sobolev stated is connected with the fact that indirect taxes are included into the price of goods purchased by consumers when they have money in their pockets, may not be accompanied by non-payment, as in the case with production taxes (direct taxes). Fiscal benefits of indirect taxation disagree with the principles of taxation, with a declaration of taxpayer rights.

Together with positive aspects, M. Sobolev noted some disadvantages. The drawback of indirect taxes is in their inverse proportionality to payment capacity of consumers, in other words, in their regressive character. Secondly, indirect taxes “differ because they require large expenditures for charging. It is necessary to keep a large staff to monitor the implementation of taxation of goods in order not to get them to the market without taxation. At each plant, there should be specific financing agents that monitor the production and goods issue within enterprises. Customs taxes require keeping an army of customs guards around the border of the State to supervise and not to allow smuggled goods. “

Finally, M. Sobolev stated that collection of indirect taxes is contrary to the interests of entrepreneurs. “They (consumption taxes) forced financial

institutions to interfere in the course of production and exchange. In order to collect taxes successfully, it is necessary for various ways to limit and complicate the mandatory rules of production and sales, sometimes affect techniques of production. “

For his scientific views Sobolev belonged to the social and institutional direction. In his writings he attempts to explain economic processes from the viewpoints of social and historical implications find scientific methods of conscious regulation of these processes and investigate the evolution of the existing economic system. His attempts to protect the unregulated commodity-economic system showed his perception of ideas of neoclassical school.

The scientist tried to express his views on various aspects of financial management. Taking into account the crucial role of banking institutions in the society market transformation, expanding bank operations caused by needs for credit, the rapid growth of bank capital, the scientist in the article “Credit and its role in the economy” (1919) gave profound analysis of the activity of state and joint-stock banks, compared their efficiency and functions, raised the problems of repayment and legislative policy for the banking structure. Drawing attention to the increase in the economic power of banks and strengthening their role in creating the conditions for the dynamic development of national trade, industry, agriculture, Sobolev wrote that “banks with their financial capital” is “the main driver of the entire capitalist economy. “

M. Sobolev was actively involved in discussions on important issues of financial management. In particular in the debate about the role of foreign investment in the economy, contrary to his colleagues, who welcomed foreign investment (P. Mihulin) and believed that with the help of them (foreign investment) the deficit of free funds can be eliminated and transferred to the development of industry, and those scientists who did not admit any positive points in the national policy of attracting foreign capital (A. Antonovich), Sobolev proved his deep knowledge of the problem and a scientific approach to its study. He belonged to Ukrainian scientists, economists (M. Tugan-Baranovsky, V. Zheleznov) that considered foreign investment in the national economy as a fact and tried to characterize comprehensively those phenomena.

Expressing his attitude to the role of the state in society M. Sobolev wrote about the strengthening of its economic impact on business processes via customs, monetary policy and so on. He supported the views of Yanzhuly I., Vobly K. and others in such problems.

Insertion of the planning principles in financial activity such as budgeting income and expenses for a specific period meant the emergence of

the budget as a new financial institution. Formation of budget more than other financial institutions is associated with the law. It was reflected in the development of the budget law. M. Sobolev in his “Essays on Financial science” gave the following definition: “Budget law is the set of all the laws that determine the order of drafting, review, approval and implementation of the budget. Budget Law defines who brings it to a whole unit, what institutions participate in the discussion of the project, who approve and the rules. “The budget began to be seen as the norm, which determines the activity of state financial bodies. Thus, the works of the scientist contributed to the development of conceptual principles of forming and substantiation of the budget, which became the subject of financial science (theory budget).

At the end of the 1920s and at the beginning of the 1930s M. Sobolev worked as a Professor of Moscow Industrial and Economic Institute named after Rykov. Information about the last years of the scientist is extremely limited. We can assume that he was driven away in a cohort of Stalin’s regime and died in Moscow no later than 1945, and was buried there.

The main works of the scientist: “Essay on history of world trade in connection with the development economic life” (Moscow, 1899); “Commercial Geography of Russia. Essay on economic statistics of Russia compared with foreign countries” (Moscow, 1899); “Economic interests and groups of political parties in Russia” (Moscow, 1906); “Customs policy of Russia in the second half of the XIX century” (Tomsk, 1911); “The restructuring of the principles of the trade policy of Russia in connection with the problem of protectionism” (Kharkiv, 1915); “The Political Economy. An elementary textbook for cooperative schools, public universities, colleges and for self education “(Kharkiv, 1919); “Essays on the financial science (Public conversation)” (Kharkiv, 1925); “The economic policy of the capitalist countries” (Kharkiv, 1925) and others.



STEPANENKO Volodymyr Opanasovych

(1928 – 2002)

Г* tepanenko Volodymyr Opanasovych is a Ukrainian scholar, economist **vz** and financier, Doctor of Economic Sciences, Professor.

V. Stepanenko was born on the 10th of May 1928 in the village Zapadynka, Vasylykiv district, Kyiv region. In 1955, he graduated from the Department of Economics of Taras Shevchenko State University of Kyiv. In 1959, he studied as a postgraduate at Kyiv Institute of National Economy and in 1962 he defended his dissertation on “The means of wealth accumulation of the US monopolies after World War II.” He worked as an assistant, later as a senior lecturer in political economy at Kyiv Institute of National Economy.

Since 1964 V. Stepanenko served as a junior and later a senior researcher at the Institute of Economics of the Academy of Sciences of USSR. In 1978, he became a senior researcher at the Institute of Social and Economic Problems of Foreign Countries of the Academy of Sciences of USSR. After successfully defending his dissertation on “Critical analysis of bourgeois theories of inflation” he was awarded the degree of Doctor of Economic Sciences in 1983.

From 1992 to 2002 V. Stepanenko worked as the head of the department of international monetary and financial issues and the chief researcher of the international monetary and financial relations at the Institute of the World Economy and International Relations of National Academy of Sciences of Ukraine. He undertook his internship in the USA, participated in international projects in 1982, including the joint projects INTAS-Ukraine Project “Ukraine’s Integration Into the Global Financial System” and “Financial Markets and their Role in Economic Transformation of Countries in Transitions” (1997-1998).

Volodymyr Stepanenko investigated the issues of monetary and financial policy of foreign countries, inflation and its social and economic consequences, government regulation of international monetary relations. His special interest issues were the critical analysis of foreign theories of

inflation, monetary and financial and credit relations, global financial market, international capital movements, regulation of foreign investment.

The scholar regarded inflation as one of the most pressing economic, social and political problems of the world economy. Inflation as the focus reflects the whole set of economic processes contradictions. In recent decades, the theory of inflation has taken an increasingly noticeable place in foreign economic science. By the interest expressed by foreign economists towards the problem of inflation, it can be put on a par together with the problems of currency, economic growth and other central problems of modern foreign economics. V. Stepanenko believed that growing interest towards the problems of inflation could be explained through several factors. Particularly, according to the practical function that foreign economic thought has been designed to perform in public policy, Western economists have significantly increased their efforts to develop practical recommendations for their governments on the use of moderate inflation as a stimulus of economic growth. Therefore, the analysis of the problems of inflation by Western scholars, according to V. Stepanenko, is more consistent with the objective of constructing models of the functioning of the economic mechanism and the search for the optimal solution of the problems of economic growth. As for the “galloping” inflation, which turned into a destructive factor for the economic development, it, on the contrary, prevents the attempts of state regulation. In addition, the current speed of currency inflation depreciation undermines countries competitiveness on the world market, which, in turn, requires foreign economists to investigate the causes and mechanisms of inflation in order to neutralize its negative impact on economic growth and balance of payments. The contribution of the scientist to the development of a scientific criticism of the theory of inflation is valuable, especially considering that the number specific works on critical analysis of foreign theories of inflation in the economic literature of Ukraine is not sufficient.

The scientist investigated the problems of the world financial market and features of its functioning in the context of globalization. The globalization of the world economy is one of the main features of the modern period which is reflected in the increasing integration of national economies into the global economy. V. Stepanenko in his writings considered problems of globalization, internationalization of production and formation of industrial relations in the framework of the corporations and expansion of financial transactions worldwide. According to V. Stepanenko, the main parameters of globalization is not only to strengthen the similarity of different countries (infrastructure, production and consumption, principles of marketing are becoming more uniform throughout the world), but the globalization of

capital markets, where national markets with significant amount of transactions between countries are combined into a single global capital market.

The scientist argued that the globalization of the world economy as a logical result of the accelerated integration of national economies affects the formation and development of international finance as a specific segment of the global economy. In the sphere of international finance sale and purchase transactions are operated by cash, financial and foreign exchange funds in various forms of assets and instruments — bonds of national and transnational origin (Eurobonds), shares, promissory notes, bankers' acceptances, certificates of deposit in foreign currency, transactions and contracts of sale of securities with repurchase (repo) and others. Accordingly, the world financial market structure consists of cash, foreign exchange market, capital market and the market of bank loans. Consequently, the financial market as such has several segments where buying and selling of various categories of securities or financial instruments take place.

Analyzing the problems of the world financial market V. Stepanenko concluded that in the global economic environment depending on the level of economic development two groups of countries are differentiated: a group of economically developed countries (Center or North) and the second group of countries, the former colonial and dependent economies which economies are in state of development (South). The sharp increase in foreign direct investment related to the transfer of surplus capital from OPEC countries to the Third World through banks of developed countries. As the result of sales of oil on the world market in dollars and their subsequent investment in European banks the market of Eurodollar emerged which contributed to the mobility of the capital. Economies of newly industrialized countries of Southeast Asia have taken intermediate positions between developed countries and developing countries. V. Stepanenko proves that this group of countries has surpassed even highly developed countries by the share of GDP caused by industry. However, the West began to focus on service production, thereby laying the foundations of the post-industrial economy. Changes in the international division of labor at that time appeared in trends and transferring of industrial enterprises of highly developed industrial countries to the third world countries, the distribution and transfer of manufacturing operations to the level of specialization of individual companies and countries, the development of technological innovations and labor migration. Thus, the development of production and international trade in their relationship led to the emergence of the global production system.

New sectors in the economy such as microelectronics, information industry and the development of new synthetic materials appeared as a result of the transformation of the economy in the 1980-1990s and in the early

21st century. All these new sectors of the economy are under the control of transnational corporations (TNCs) as the main actors of the globalization process. In the area of production, globalization acts as the internationalization of production, expansion of TNCs. Changes in the international division of labor were due to changes in the conditions of capital accumulation, empowering its use. The new international division of labor was not caused by the policies of individual states or decisions of TNCs but by the new conditions of economic development. Also, specific regional and intra-regional division of labor was gradually formed that existed within the macro regions (such as the EU, NAFTA, ASEAN).

The investigation of perspectives of the international movement of capital and its trends in terms of internationalization and globalization of the world economy is also of great scientific interest for the scholar. From the early XXI century globalization has made the greatest development in the field of international finance. The growth of offshore markets stimulated the emergence of unregulated financial institutions along with traditional banking systems. In terms of acceleration of capital mobility and increasing of financial speculation the forms of the economic and financial institutions as well as economic goals of capital movements have changed.

In modern conditions there are three main groups of world capital flows such as cash and financial flows associated with the movement of goods and services (import-export transaction), and the costs associated with tourism; foreign direct investments (FDI), which provide not only transfers of financial capital, but also transfer of physical, human and technological capital; portfolio investment and various types of transactions (including speculative operation). In the modern development of economic relations, complications of branch structure of the economy, increased competition in global markets, constant updating of production capacity, in terms of the process of constant updating of production facilities, in a technological mode of production, there is a growing necessity to increase investment resources. The liberalization of financial operations contributed to the growth of foreign direct investment.

In his research, the scientist states that at a fundamental level globalization reflects the merger of transnational processes and internal structures into agglomerate that promotes economic, political system and other elements of the state to penetrate another country. The process of globalization is inherent economic in nature and the main members of this process are corporations and banks which are also the main force of the process of economic development. Regarding economic relations, these participants are interconnected with the same economic activities — production and finance.

The problems of formation of market relations in Ukraine were also of scientific interest for V. Stepanenko. In globalized world international investment activity has become one of the main directions of the integration strategy of market economies into the world economy. Also, Ukraine identified integration in the world economy among the priorities of its economic policy. A necessary condition for the objectives of economic and social development is a significant increase in foreign direct investment. It is estimated that productivity in enterprises with foreign capital in times higher than in the others. The foreign sector of Ukrainian economy affects its technological innovation actively. Attracting foreign investment in Ukraine is not only the factor of productivity growth, upgrading of the technological potential of the country, using advanced methods of organization and management of production, but also contributes to the country's integration into the world economy. In the domestic market, foreign investments enhance competition; help to increase investment in the production of domestic producers, so that financial resources are allocated efficiently. World experience shows that the country has achieved better results in market economic reforms; the more foreign direct investments come to it. The scientist stresses that the scale of foreign investment is a testament to the maturity of market reforms in the country and the level of integration of its economy into the world economy. Currently, Ukraine is at an early stage of integration into the international investment environment. So nowadays the state needs to develop such a science-based development strategy of investment sphere which, on the one hand, would attract foreign capital, and on the other hand, would take into account the national interests of a sovereign state. Only this economic strategy will promote Ukraine joining the global investment process and progress of the country's integration into the international economic system.

The main works of the scientist: "US budget as a means of enriching the capitalist monopolies" (Kyiv, 1961); "The currency crisis of modern capitalism" (Kyiv, 1968); "Criticism of bourgeois theories of world class between capitalists and workers" (Kyiv, 1972); "The transitional Ukrainian economy: state and prospects" (Kyiv, 1996); "Fundamentals of economic theory. Political and economy aspect" (co-author, Kyiv, 1997); "International monetary relations" (co-author, Kyiv, 1997) and others.



STEPANOV Tykhin Fedorovych

(1795-1847)

Т» **tepanov Tykhin** is a Ukrainian economist, statistician.

He was born in 1795 in Voronezh, in a family of minor officials. He gained his primary education in Voronezh Theological Seminary, where he showed exceptional ability to learn. In 1814, he entered the Faculty of Law in Kharkov University. In 1824 after master examinations and successful defending of his thesis “On the Political Balance” he obtained his Master Degree in Political History and Statistics. T. Stepanov continued his scientific research in foreign libraries and universities. His doctoral thesis was defended in St. Petersburg in 1832. After returning from St. Petersburg T. Stepanov was appointed extraordinary professor of Political Economy department of Kharkiv University, except his scientific work in the state commission on debt repayment (1830-1832).

The all-round talent of the Ukrainian scientist, depth of knowledge, and ability to capture the audience increased his authority among students and faculty. Therefore, in 1835 T. Stepanov, according to the decision of the Academic Council of the University, was appointed as a dean of Moral and Politics Faculty, and in 1837 — a vice-rector of the University. The ten-year term of administrative positions affected the scientist and educator’s health. In 1845 Tykhin Stepanov left the university voluntarily.

Knowledge of foreign languages enabled the scientist to read the original works of the classics. In his introductory lecture on Political Economy on September 5, 1832, it was felt not only thorough familiarity with the works of Adam Smith, Jean-Baptiste Sey, David Ricardo, Jean Sismondi and John Stuart Mill, Thomas Malthus and other representatives of the classical school of political economy, but also traditional understanding to contemporary science, the division of the economic theory into “positive” and “normative”. T. Stepanov was a supporter and a follower of the economic system of the classical school; his views were evolved being influenced by the contemporary at that time Western and Ukrainian traditions. However, the scientist said that only mutual agreement between

theorists and empiricists can facilitate the rapid and correct development of science.

The scientist sought to originality in his views. “We will not follow them slavishly” — he said, referring to the representatives of the classical school. Traditionally, the structure of his theory of Political Economy consists of three sections where he analyzes the source of wealth (nature, labor, capital); problems of distribution of wealth; consumption problem. In the “the practical” part the scientist proposes to explore the field of economy, sources of taxes, government spending trends, and public debt.

This structure of political economy offered by T. Stepanov emphasizes his attempts to separate the science of finance from the Political Economy. While a significant part of researchers, especially in England, believed that financial science is nothing but a part of Political Economy. They treated the financial sector as a science, as a “branch” of political economy. T. Stepanov emphasized the impossibility of mixing Political Economy and financial science by the very structure of his work.

He described Political Economy as a science that studies social, industrial relations of people on the ground of their joint economic activity that is the kind of activity aimed at the adaptation of matter and the forces of nature to meet human needs. This is the definition of Political Economy as a science in all times no matter what form a particular social order has. Finance is a science of the economic structure of a state, which occurs only at certain stages of social development and, therefore, cannot be a part of economic science that deals with labor relations of people on the basis of their economic activity at all stages of social development. It was a visionary expression of opinion on the financial science, which began to be separated from Political Economy.

The economic concept of T. Stepanov is fully covered in his main work on Political Economy “Notes on Political Economy” (p. I, 1844, p. II, 1848). These were the first steps of synthesis of theoretical achievements in Political Economy and the first in Russian Empire original Political Economy course in Russian (previously published only in German and French). It was a fairly large in volume work written under the significant influence of theoretical concepts of classical Political Economy. Despite some flaws, which could not be avoided because of the novelty of the goal, the scientist highlighted understanding of the subject and the main categories of Political Economy with sufficient depth: wealth (“nature, — wrote T. Stepanov, — is actually the basis of wealth, and labor, physical and moral, in the strict sense — its source”), the social division of labor, productive (“which is the basis of all human progress”) and unproductive labor [unlike Adam Smith and David Ricardo T. Stepanov scored to unproductive labor

representatives even those that do not create any wealth (beggars, vagrants, loafers, etc.)), values, capital, wages, profits, interest, rents and others. Despite T. Stepanov was captured by ideas of classical Political Economy, he always critically approached theoretical conclusions of classics, showing originality in the presentation of the basic ideas of Political Economy.

T. Stepanov considers a human being to be in the center of the general philosophical concept of Political Economy, hence specifying the humanistic orientation throughout his scientific work. A human being is endowed with intelligence and freedom. This, the scientist believes, is enough to develop one's identity sooner or later, and following the strong moral principles to become a creator on the planet.

He is confident in the possibility of a new economy, based on liberal (Smith's) principles, to ensure people to a decent life; he emphasizes on the freedom of production and trading activities, fair compensation for the labor and the need to respect the balance between production and consumption, the harmonious balance of commodity-money relations and economic interests.

Exploring the problem of creating wealth, T. Stepanov criticizes mercantilist views and stresses that labor is the most important force in creating and enhancement of wealth, its major source, and its performance depends on whether it is free. He thus showed the complete perception of theoretical views of representatives of the classical school.

The most important aspects of the state financial life and the theory of scientific values were outlined by the scientist in the second book, "Journal of Political Economy" (ch. II, 1848), which was called "The ideas of political economy" including the problems of wealth distribution and consumption.

The most important economic category — value — was implemented by T. Stepanov in cooperation of "necessary" (in Ricardo's understanding — "normal") and "trade" (current, market) prices. According to the scientist, in the basis of "necessary price" are labor costs — a measure of value.

On the other hand, the "necessary price" affects the offer of products. Deviation of the "trade price" from "the required price" somewhat violates the ideal picture of the employment theory of value, and therefore, factors that determine the demand for products should not be excluded. In some cases, the scientist is influenced by the cost-value theory. However, he made the first steps towards the recognition of marginal approaches to determine other factors affecting the price.

T. Stepanov was among the first Ukrainian economists who departed from rational concept to explain the origin of money. He accepted the theory proposed by Marx. His role in the development of the theory of money is that he showed their commodity origin. Marx wrote that the mystery of

money will disappear if to show the emergence of money “from the simplest, most modest forms of exchange up to its most striking form of money. “ The evolutionary origin of money concept solves this “mystery”.

From this perspective, money, according to T. Stepanov, is a result of the evolution of exchange and interest — profits on capital. His concept of the interest rate is associated with the general state of the industry, which affects the amount involved capital; with the amount of money in circulation, and a penchant for frugality in different nations. Special attention is paid to credit which is the “soul of trade” and relationships in society. The basis of the origin and development of credit were private and government loans, commercial transactions. The prevalence of credit characterizes highly educated society. In general, T. Stepanov was a supporter of the naturalistic theory of the loan, the founders of which were Adam Smith and David Ricardo. According to T. Stepanov, the loan is a technical instrument of transfer of wealth from one hand to the other; credit is the subject of natural (non-monetary) real good — identical to the actual loan capital and its movement coincides with the movement of productive capital; banks are only intermediaries to transfer wealth from one ruler to the other.

The above interpretation of the credit role by T. Stepanov shows his misunderstanding of both- the cycle of industrial capital, carried out in three forms, and the determination of credit as a way of redistributing property. In fact, credit is a form of loan capital movement and has a dual nature, can, on the one hand, influence the expansion of capitalist reproduction; on the other - sharpen its contradictions. However, he correctly pointed out the dependence of loan on production. T. Stepanov distinguishes private, public (government), interstate loan. He stresses the importance of the Assignment Banks for Industry and Trade. Banks are required to produce a limited number of bills and banknotes to correspond to the amount of gold and silver in the state, otherwise, it could lead to bankruptcy. It was a manifestation of the tendency to support views of Karl Knies, who thought money is not only precious metals but also the central banknotes, which were to exchange for metal. T. Stepanov was as an adherent of the neometalist theory, admitted the existence of inconvertible paper money, however, believed that this is an anomaly and there should be a return to the gold standard of free exchange of banknotes into gold.

In the last two chapters of the second part of the “Journal of Political Economy, ” the author examines tax revenue, government spending trends and problems of public debt. Highlighting the social character of the state budget in “On public consumption, ” he identifies five main channels of government spending on social needs: 1) the maintenance of government; 2) the maintenance of workers, promoting morality in society; 3) improvement

of the moral, spiritual, educational, civil and military; 4) facilitating successful development of the industry; 5) volunteer activities. To ensure their success the state budget has two sources of 1) income from the use of state property; 2) citizens tax revenues. According to T. Stepanov, the basic tax law should be “in no way an obstacle to the gradual increase in wealth contributed to the spiritual development of society. “ Criticizing the poll taxation or head taxation, the scientist emphasized that it is also important to follow proportionality in taxes and wealth and ease of their withdrawal. In this work, he mentions the problem of taxation of the three main sources of wealth: nature, labor, and capital. The best and fairest was considered a tax on consumption goods, which together with freedom of trade and the expansion of sales of products allows the increasing of tax revenues. The growth of national wealth expands the needs of the state which it wants to cover by a gradual increase in taxes. State loans are inevitable, but T. Stepanov approved only those promoting development of industry, roads, canals, and not directed at non-productive consumption.

In one of his first publications “On Statistics in General” (1831) T. Stepanov emphasized that it is a useful science and is the most correct and safest guide to Politics and Political Economy, because it gives those high sciences the first experiments (i. e. information about the actual state) that explain and confirm their theoretical background. It follows that the statistics is a “very moral” science, it deals with the phenomena of nature because they directly affect the human condition and people in general. According to M. Ptukha, T. Stepanov “by the depth and substantial ideas was superior to his contemporaries,” he rose to the highest step in the statistical theoretical study of the dynamics of phenomena and processes, in the statistical study of social groups. The scientist saw the importance of statistics for other economic sciences.

To generalize T. Stepanov’s views, he does not adhere to any particular theoretical school. He is a supporter of Adam Smith and other classics and at the same time, especially in Finance, shares many of cameralism supporters’ views and advocates government interference in economic life. Some of his views presented in the second part of his “Notes on Political Economy”, are generally close to the historical school.

Scientifically, T. Stepanov’s works do not differ from the works of economists of the historical school. However, since “Journal of Political Economy” publication in Ukrainian economic literature the tradition to teach principles of Financial Science as attachments to the basics of Political Economy is established. In foreign works something similar can be found by a German scientist K. Rau (1792-1870). Positive here is the fact that the Ukrainian scientist is already trying to put financial issues not as a random

addition to the course of political economy, but as its continuation. Yet there is no clear division, evidenced even by the name of the second part of “The Ideas of Political Economy”, but by its content financial problems had fewer points of intersection with Political Economy. The main principles of T. Stepanov’s works are close to cameralism supporters’, but despite his convictions he quite skillfully avoids their open expression. However, his course had considerable success in scientific circles and among students. This is because of the fact that it was the first Russian presentation that was easy to read, even in places was too simplified; because of its systematic presentation; because of its complete content (all financial management issues were reflected in this course) and, lastly, due to the wealth and relative accuracy and freshness of all the material as for the mid-nineteenth century.

In the next works on finance, the Ukrainian scientists paid considerable attention in their studies to current legislation — Financial Law. Their disadvantage compared to works of T. Stepanov, who tried to distinguish it from Political Economy, will be the other extreme — works on Finance began to turn into collections of current fiscal legislation with some part of historical and statistical information. Syntheses disappeared and were replaced by simple stating of applicable law. The less stable was legislation the more literature alike lost the right for attention and only cluttered libraries of universities.

The impact of the historical school on T. Stepanov’s views manifests itself in his method of presentation. In Finance, the scholar followed requirements of precise and reliable knowledge of specific conditions. He believed that collecting specific data needs the widespread use of Statistics as a means of understanding complete financial terms of how they can be expressed in numbers and figures, and on the other hand, -of historical research. The only true method, according to the Ukrainian scientist, is induction. Statistical observation (what is) and historical study (what was) are the only techniques for a legitimate research.

Distinguishing financial issues of T. Stepanov from his “Notes on Political Economy” the main drawback is the lack of certainty in views on financial institutions. The scientist considered a good system of taxes to be their combination, where any of sources of income is not exempt from taxation while not overloaded. In his point view, any tax system is good by itself, but some inconveniences of taxes are offset other amenities. A better system of taxation, he considered, would include: personal income taxes, real taxes, consumption taxes and taxes on turnover. It should be mentioned about T. Stepanov’s views that he is very interesting as a collector of material, as a skillful receptionist of financial institutions; however, he is powerless to explain their causal relationship. His attempts to come to

financial institutions theoretically are reduced to praise and conviction that was common in works of representatives of the historical school. In such praise and conviction, T. Stepanov showed himself primarily as a supporter of the masses.

T. Stepanov died on May 20, 1847.

The main works of the scientist: “Introductory Lecture on Political Economy, given in the Imperial University of Kharkov September 5, 1832 as an extraordinary professor” (Kharkiv, 1833); “Speech in a solemn meeting of the University August 30, 1833” On the nature, importance and purpose of political science¹¹ (Kharkiv, 1833); “Notes on Political Economy. Part 1” (SPb., 1844); “Notes on Political Economy. Part 11” (Kharkiv, 1848) etc.



SUTORMINA Valentyna Mykolayivna

5 **utormina Valentyna Mykolayivna** (1925) is a financial scientist, Doctor of Economics, Professor.

Sutormina Valentyna was born on November 30, 1925 in the city of Borisoglebsk, Voronezh region in the family of clerks. The first education was gained in Borisoglebsk at high school № 6. During the war, in 1944, she began studying at Moscow Financial Institute, graduated from it in 1949 and received a degree in “International Financial Calculations.” 1949-1952 was the period of practical work as a loan officer in Leningrad City office of the USSR State Bank. Active position and dedication, scientific potential of V. Sutormina were noted, and in 1952, she was sent to the postgraduate school of the Institute of Economics Academy of Sciences. In 1954, in Moscow, the young scientist defended her thesis on “Inflation in the United States.”

Since 1955, a period of Ukrainian scientific and educational activities of V. Sutormina began, she worked in Kiev Institute of Finance and Economics (since 1960 at Kyiv Institute of National Economy, since 2005 at Kyiv National Economic University).

Undoubtedly, the Soviet ideology artificially narrowed possibilities of adequate scientific analysis of the financial sector, especially when it concerned theoretical and pragmatic issues of capitalist countries finance, but V. Sutormina always tried to make the objective and non-prejudiced analysis of the nature and content of financial phenomena. A striking example of such a work was the publishing of “Finance of Capitalist States” in Ukrainian for the first time in 1970, which had several reissues (1976, 1983). The innovative nature of the scientist was revealed both in the content of the book and in approaches to present information. V. Sutormina substantiated the original concept of tax as the initial category, “financial cell”, scientifically proving that all complex system of extraction, distribution and consumption by the state a part of the original GDP develops from the initial category — a tax. In the analysis of common approaches to the essence of the capitalist

state finances, the author examines the financial systems of a number of developed countries- the US, Britain, France, Germany and Japan.

A new book “Critique of Bourgeois and Reformist Theories of Monetary and Financial Relations of Capitalism” published in collaboration with V. Stepanenko and V. Fedosov was a logical continuation of this trend. The content of the mentioned work reflects a critical approach of the authors to the most important theoretical issues of Financial Science — inflation and the monetary role of gold, public finances. In 1986, Valentyna Sutormina defended her Doctoral thesis on “Public Finances as a Subsystem of the Economic Basis of Modern Capitalism in Leningrad.”

The breakdown of ages, the transition from central planning to a market economy, the emergence of an independent Ukraine caused profound changes in the domestic Financial Science. Not remained aloof from these processes V. Sutormina, a well-known scientist, in such circumstances again demonstrated its scientific potential, propensity for innovation. The beginning of the 90s of the 20th century was a period of rapid development of new forms of management: the cooperative movement, privatization and corporatization of enterprises needed a strong scientific base. It is in the context of these problems should be considered the appearance of the first in Ukraine textbook “Finances foreign corporations” in 1993. Professor V. Sutormina in collaboration with V. Fedosov and N. Ryazanov were the first in Ukraine to use methodological apparatus in disclosing theoretical economic and pragmatic principles of financial corporations functioning in the developed countries.

In 2004, V. Sutormina’s textbook “Finance of Foreign Corporations” was published. It analyzes in detail not only the general issues of organization of corporate finance but on the examples of the largest public corporations in the world the practice of justification and implementation of financial decisions. This work is the basic increment in terms of scientific knowledge for further achievements of young scientists because it in concentrated form consistently solved urgent problems of modern financial management corporations. Thus, V. Sutormina undoubtedly can be considered one of the founders of Ukrainian school of International and Corporate Finance.

The method of study of an initial financial category was used by V. Sutormina at the micro level. In the above-mentioned textbook, there was a scientific principle that a financial cell of a company is a “share” as a kind of abstraction that expresses objective financial relations to the formation of the share capital. From the category “share” is derived a logically consistent system of categorical apparatus of a company and confirmed the classical principle that capital property in ownership is separated from the capital as a function.

In 1992, a group of scientists with V. Sutormina, V. Fedosov, and V. Andrushchenko published another important for the financial science work — a monograph “The State -Taxes -Business (from the Global Experience of Fiscal Regulation of Market Economy).” “The relevance and timeliness of the work cannot be overemphasized: a young Ukrainian state began to form its own taxation system, and its state is largely dependent on the budget capacity. In these circumstances, the work devoted to the actual problems of fiscal regulation of economic processes was very timely.

Since the beginning of the financial market development in Ukraine, V. Sutormina’s research interests covered this extremely important area. Numerous problems and crises, open public disappointment about the actions of financial institutions significantly complicate the conducting of unbiased research of financial markets. However, in 1999, V. Sutormina published her research “Legal Support of Functioning of the Financial Market in Ukraine”, which emphasized the priority of protecting the rights of investors. A number of events that have occurred since that proved the scientist was right, and the crisis of 2008-2009 only emphasized the relevance and validity of recommendations provided by V. Sutormina at the beginning of the century.

The multifaceted personality of V. Sutormina’s is evident not only in the breadth of scientific interest, she is a teacher of high intelligence and teaching culture, her commitment to higher education inspired several generations of young teachers. It was under her leadership and initiative that in Kyiv National Economic University and then in other higher educational institutions such subjects as “Finance of Foreign Corporations” and “Financial Market” appeared. The fact they remain in training programs for decades shows that V. Sutormina as no one else knows the needs of university education, students’ needs to study the subjects, which would enable to form highly qualified practitioners.

Characteristics of V. M. Sutormina as the individual would not be complete without mentioning her contribution to scientific training. The fact that more than 20 theses were defended under her leadership calls for respect. Under Sutormina’s leadership, joint research themes with foreign universities were investigated. The geography of such cooperation is broad — Economic Academy of Poland, University of Budapest (Hungary), Barcelona (Spain), Edinburgh (UK).

Valentyna Sutormina participated in the USSR delegation at the UN Conference on Trade and Development as an advisor and expert. Her reports in the Finance Committee were devoted to the issues of financial aid for developing countries.

The main works of the scientist: “Finance of Capitalist Countries” (K., 1970); “The Criticism of Bourgeois and Reformist Theories of Monetary Financial Relations of Capitalism” (co-author, K., 1980); “The State -Taxes -Business (from the Global Experience of Fiscal Regulation of Market Economy)” (co-author, K., 1992); “Legal Support of Financial Market Functioning in Ukraine” (Kyiv, 1999); “Finance of Foreign Corporations” (K., 2004) and others.



SYDORENKO Georgiy Dmytrovych

(1832-1899)

Hydorenko Georgiy Dmytrovych is a Ukrainian scientist-economist, O lawyer, statistician, and financier.

He was born in Nizhyn, Chernihiv province. His primary education he received in the local district school. At O. Stavrovskyy's request, the professor of St. Vladimir Kiev University, he was transferred to the 2nd Kiev Gymnasium for free maintenance. A. Stavrovskyy noticed the talented student while staying in Nizhyn district school with the inspection.

After graduating from the gymnasium with a gold medal and being the official of 14th grade for success in Greek, G. Sydorenko entered the Department of History and Philology of St. Vladimir Kiev University. G. Sydorenko was a student who was maintained on state funds. His ability and scientific research were highly rated by university professors. So after graduation in 1856 on the proposal of the University, Council he was left in the University to teach political economy led by Professor Bunge and to prepare for the Master Degree. At that time, political economy was among the subjects of History and Philology Department, where the future Ukrainian scientist-economist began his scholarly career. To acquire practical teaching skills, G. Sydorenko was appointed as a teacher in Belaya Tserkov, and then, on January 9, 1857, in 2nd Kiev Gymnasium.

In 1858 after passing the master's examination, G. Sydorenko defended his thesis on "Turgot. His political and economic doctrine in theory and practical application" and received a Master Degree of political economy and statistics. In March 1859 to prepare a doctoral dissertation he went abroad at the expense of the university. Being there for almost two years (until 1861), he attended a course of State Law, Political Economy, Law and Finance Police of Mole R. and K. Rau in Heldenberg, the founders of the historical school -W. Roscher and Arepsa in Leipzig, Labule and Bodrilyara in Paris. Even in the first year of his trip, he wrote the book "Episode of the financial history of Austria" (1859), which attracted attention to him of other scientists and researchers on issues of financial science.

After returning from abroad in 1861, on the proposal of the Department of Laws on State Duties and Finance, G. Sydorenko was appointed on the position of Assistant Professor and then — a Secretary of the Law Faculty. The last post he occupied until 1867. In 1862, he was appointed acting extraordinary professor of this chair. During 1863-1864 school year Georgiy Sydorenko read Political Economy and Statistics for students of the Law Faculty who heard this discipline for the first time in accordance with the Charter of the University in 1863.

Students and teachers respected G. Sydorenko. A sign of trust and recognition of high moral qualities was his election in 1866 the University Court judge, in this position, he worked until 1868. In 1870, G. Sydorenko was again chosen a candidate for the post of judge of the University Court, where he worked until 1879. In 1881, he was elected a chairman of the University Court until 1886.

During 1867-1870 and 1873-1876 G. Sydorenko was the Dean of the Faculty of Law. In 1869, the scientist received his doctorate in Political Economy and Statistics. At the University of St. Vladimir G. Sydorenko taught until 1886, until the end of his career. After completion teaching, G. Sydorenko continued to conduct his scientific research. The fundamental work “Lectures on the Russian Financial Law” written by the scientist is widely known. It was published in 1888.

G. Sydorenko belongs to the representatives of financial thought of the second half of the nineteenth century. During this period, the isolation of the political economy of financial science as an independent branch of Social Sciences was completed. The above-mentioned work was published in 1868 when the sixth edition of the textbook “Basic Principles of Financial Science” by Karl Rau (1832) was published and it became the main book of financial science in Russia as well (translated by V. Lebedev). In its statement of general fundamentals of financial science, the scientist follows the established schemes: introduction, which outlines the principles of financial science, and sections on public expenditure, public revenues (from state property, regalia, forests, industrial enterprises, capital, duty, taxes) budget and organization of financial management.

G. Sydorenko’s scientific work was one of the first attempts of national scientists to a systematic presentation of financial science in a single publication.

G. Sydorenko one of the first in the economic literature explained the essence of the subject and content of financial science. To his mind “the subject of the theory of finance is the state economy.” The content of finance he saw in the analysis of income and expenditure of the state. He deeply analyzes the financial sector, tries to determine the content of financial

science. "Science that teaches finance or state economy with its main features is the theory of finance or financial science." The scientist reveals his vision of its relationship with other sciences. "Financial science in its studies should pay attention to the principles of general state law and political economy."

The scientist studied the achievements of Western financial thought. He read the work of K. Rau in the original and highly evaluated it. G. Sydorenko noted that the work differed by "systematization, completeness, richness of data and combines everything that was done before it with financial science by Germans; but at the same time it is a great originality. It has eclectic character and some dryness." Considering disadvantage of his predecessors, G. Sydorenko tried to ground theoretical and historical aspects of the components of financial science wider. The value of this work was that the author not only revealed the methods of obtaining the necessary state funds, but also showed how these methods affect the various aspects of social life and tried to explore the reasons of the transition from one form of state economy to another.

Analyzing the components of the state economy, generating income in the Treasury, he prefers a market economy. According to G. Sydorenko, only enterprises that provide social needs should remain in state ownership. "By themselves, industrial enterprises, says the scientist, is even less convenient for the State management than land. Since the success of the case depends on the entrepreneur and management of capital, which it spends, therefore, its direct interest in the case should be. As the success of the business depends on the entrepreneur's management and from the capital, which he spends, so a direct interest in a case should be. The entrepreneur must be entirely free in his plans and orders to be able to observe the changes of the market requirements and use instant circumstances. It is clear that in such circumstances treasury management out of place, "t is clear that under such conditions the State-owned management is inappropriate. "

Revealing the tax theory, G. Sydorenko emphasized the need to follow the aim, which would not cause negative effects of the private initiative development. "The rules on which taxes should be collected not from the main property, but from income of individuals, — said the scientist, — have the practical content that determine higher tax rate, the size in which the tax payment is possible without loss of fixed assets, sources of income". He was one of the first in the economic literature who indicated the object of taxation. In his opinion, "in order to pay taxes regularly and do not obstruct economic development, they must be taken from the free income that is part of the income that remains after deducting production costs and necessary expenses for the payer maintenance. " He is a proponent of the income tax.

G. Sydorenko didn't identify the financial science completely. However, he used its components — financial description, financial history, financial statistics, financial law — as auxiliaries for financial theory and as a research methodology. He realized that financial theory sets ways of the financial institutions development, causal dependence of their evolution. In his book "Lectures on the Russian financial law" the researcher tried to show the positive side, the prospects for its development. G. Sydorenko, using data of financial theory, described reasons of financial institutions functioning. For example, in his works, he found out why replacement of real taxation on income taxation was more effective. The scientist analyzed under what circumstances the income tax may abstain in the financial system, and that prematurely condemns it to degeneracy and elimination. Based on the study of the long-term experience of various countries, the scientist discovers forms of the most effective creation of the state budget.

Like his foreign colleagues, G. Sydorenko defines financial sector as a form of organization to meet collective needs. It acquires its special character due to the fact that the economy is political alliances and thus solves, in fact, other tasks and manages the means, not as a private economy. However, he proves the need, as in the private sector, to be guided in practice by the principle of thrift. "This Requirement in the financial sector, notes the scientist, is derived not only from the general economic fundamentals but also with justice to citizens, which directly or indirectly reflect the burden of government spending."

Despite the lack of a clear allocation of public revenues, G. Sydorenko laid the basis for their selection. Later L. Kossa did it in his "Fundamentals of Financial Science" (1900). He introduced in science the division of public revenues on ordinary and extraordinary. L. Kossa divided ordinary revenues in direct and indirect, which had been described in detail in the G. Sydorenko's works. He treats direct revenues as those for which the state does not use the prerogative of power, and behaves like any individual, follows the civil law regulations that governing property relations of individuals. Indirect revenues state collects by force, using the prerogative of his power, i. e. indirect revenues are those which state collects from citizens by force. In particular, G. Sydorenko differentiates duty — "charges taken from individuals only when there are special relations with institutions and agencies of the state" and taxes — "payments or separate part of the property of a private person required by the government according to the general scale to meet the needs of the general public." Taxes are a variety of cash taxes from the feudal dependent population in Russia. During writing by the scientist of his work (the second half of the nineteenth century) taxes were replaced by a system of taxes that covered the entire population of Russia

and Ukraine. This determines more attention to describing precisely taxes that, in fact, did not give the author the possibility to analyze the new tax system more deeply.

G. Sydorenko pays great attention to the analysis of regalia which were also an important source of income. The scientist describes regalia as something between taxes and domains. Domains and regalia, in his opinion, belong to a system of private economy. That is what they have in common. He identifies the important feature of regalia, which is in the fact that competition is not permitted or is limited to the known limits. "In regalia restrictions or prohibition of private production are made and the permanent price is assigned at which Treasury sells its products."

Profitability, as in the domains, depends on capital invested by the state — the more capital the more income. However, G. Sydorenko highlights the other side in regalia, which brings them with taxes and duties. Taxes and duties are only state income. Similarly, in regalia: the state produces and sells its products at a higher price compared with the price of the products of private production. This surplus between the cost of production and the selling price is tax (excise) which a consumer pays buying goods of the state. So G. Sydorenko shows regalia, on the one hand, as domains, and on the other — as taxes. They truly combine both sources of income. Calling them fiscal monopolies, the author describes some of them: salt, mining, tobacco and others.

Comparing the structure of state revenue, characterized by G. Sydorenko and modern, it should be noted that today it includes income from state property, duties, various taxes, including excise tax that the state receives not only as income from productions that are exclusively monopoly of the state. "Domains" and "regalia" retreated into history as obsolete. Correlation between various types of ordinary government revenues changed in favor of taxes.

G. Sydorenko died in Kiev in 1899, where he was buried.

The main works of the scientist: "Turgot. The political and economic doctrine in the theory and its practical application" (1858 (manuscript)); "Episode of the financial history of Austria" (St. Petersburg, 1859); "The significance of conscription in the system of formation and manning troops" (University News, 1869); "Historical Sketch of taxes on sugar in Russia" (University Studies News, 1872); "On the timing of conscription and compulsory education. Collection of public knowledge" (Collection of the state knowledge, 1874); "Analysis of the works of L. Stein, "The doctrine of the military affairs, as a part of the state management" (University News, 1875); "Lectures on Russian financial law" (Zhitomir, 1888).

TARASOV Ivan Trokhymovych

(1849-1929)

(Ivan Tarasov Ivan Trokhymovych) is a well-known Ukrainian and Russian scientist, lawyer, economist, educator, and public figure.

I. Tarasov was born to a noble family in Saint Petersburg province in 1849. He acquired his early education under the guidance of home tutors. Due to the family's moving to Ukraine Ivan, at the age of eighteen, entered one of the most prestigious Kyiv Imperial University named after St Volodymyr and was admitted to the Law faculty in 1868. After completing the university course in 1872, I. Tarasov, as a bright student, whose talent and gift for working were apparent in his earliest research, was awarded a university scholarship to pursue further scientific studies.

While studying at university, I. Tarasov was very enthusiastic about Bunge's lectures. And it was just then that Bunge systematically set forth his thoughts and opinions in an educational book, titled "Fundamentals of Political Economy" (1870), and practically founded the Kyiv School of political economy. Despite its conventional name, the school was being started in the last three decades of the 19th century, just at the same time when the world economic science, including Ukrainian, was searching for new points in order to overcome the limitations of economic theories based on the labour theory of value. The emergence of such works always aroused great interest among the university students. I. Tarasov was also familiar with Bunge's book. It was the book that had an influence on forming I. Tarasov's economic viewpoints.

In 1875 after passing final examinations at Kyiv University of St Volodymyr, Ivan Tarasov defended Master thesis entitled "Detainment of an Individual as the Police Security Measure". Some of the new interesting viewpoints of the young scientist were considered ambiguous and caused a scientific dispute. A sense of confidence of the dissertationist and his argumentation in response to the opponents' criticism, showed I. Tarasov's extensive knowledge and originality of thoughts. Following the scientific debate with the official opponents during the defence of the thesis, I. Tarasov continued the discussion in his subsequent papers, taking it outside the university walls on the pages of scientific publications ["The response of

I. Tarasov, a Master's degree student, to Prof. Kistiakovsky concerning his review on Master's thesis entitled "Detainment of an Individual as the Police Security Measure" (1875)]. Such courage of the young scientist announced the formation of a new cohort of scientists at Kyiv University with alternative points of view and liberation from politicized materialistic determinism. Those were the first steps to overcoming the limitations in legal science.

Making reference to Prof. Bunge's private-ownership concepts and his clear statement that an economist is to investigate the nature, people's activities, circumstances that are the result of our development, our consciousness and our will, I. Tarasov tried to personally examine in depth the form of ownership, which had become an inevitable product of the transformation of the productive forces beyond the narrow boundaries of individual capitalist ownership. It was just in the last third of the 19th century that joint-stock companies which appeared in the 17th century were being formed rapidly [The English East India Trading Company (1600) and the Dutch East India Trading Company (1602)]. Therefore, in 1876-1878 for the purpose of examining the case of development of joint-stock businesses and corporate legislation in European countries, I. Tarasov visited Austria, Prussia, Germany, and France where joint-stock companies were being established quickly. On returning from abroad, he published a research paper entitled "Two Years in the West with the Academic Purpose" (1879).

Based on the analysis of the empirical material collected during the journey aimed for writing a doctoral thesis, in 1878 I. Tarasov's most famous work "The Studies on Joint-Stock Companies. I. Tarasov's considerations to be defended in public for a doctorate degree" was published in Kyiv. In the research the author emphasizes the superiority of the joint stock company: 1) to expand significantly the source of accumulation; 2) to democratize corporate management, i. e. the right of higher institutions to be shareholders of joint-stock companies weakens the institutional monopoly, making them be interested in the rapid development; 3) to regulate money stock (through selling shares); 4) to increase employees' motivation in better using of capital goods.

Due to the urgency of the issues raised in the scientific work and their practical importance, as joint-stock companies were rapidly formed in the end of 19th century in Russia, the work was repeatedly published both in Ukraine and abroad. In Russia, the second edition of the monograph was published in two issues in 1879-1880 in Yaroslavl. The significance of the work was that I. Tarasov was the first scientist in the domestic economic science who made a comprehensive analysis of the legal and economic nature (an important source of financing is attracting funds through the

mechanism of selling shares) of a joint-stock company and its socioeconomic importance.

Other considerations of the author, which are not less interesting, concern the value relations of stock capital. Stocks and bonds are not real capital; they are only the title of ownership that brings income to the owners of fictitious capital which circulates regardless of the circulation of real capital. The fictitious capital is much bigger than the real capital. According to the author, this divergence is primarily explained by the fact that during favourable economic conditions share prices are much higher than their face values, and, in addition, there is a tendency to reduce the average interest rates. I. Tarasov showed the impact of joint-stock capital on the improvement of technical and organizational forms of the development of the productive forces.

This thorough scientific and analytical work brought worldwide recognition to I. Tarasov; several authors of the past made references to the study, namely L. Petrazhysky, A. Kaminka, H. Shershenevych, as well as some of the modern authors — V. Yevtushevsky, R. Kapeliushnykov, L. Shepelev. Due to the importance of issues raised in the study and the explanations made there, the work gained recognition beyond the research circles. For more than 100 years it has been a mandatory textbook recommended for learning activities in higher educational institutions for studying issues of joint stock business and corporate legislation.

In “Studies on Joint-Stock Companies” I. Tarasov performed a comprehensive analysis of corporate legislation that applies to the formation of joint-stock companies and their activities. The author pays a special attention to the formation process and describes numerous cases of unfair practices by the founders (which occurs nowadays), who used joint-stock companies as one of the legitimate ways for extorting money from unsuspecting people. That is why he made a clear definition of the founder and his legal status: “...the founders, either individuals or firms, are those who carry out all the previous steps without which the joint-stock company could not exist, and those steps are not to be taken in the form of hired labour”. According to the author, the most important thing is the decision about establishing a joint-stock company, since it determines the rest of procedures involved in setting up a legal entity.

I. Tarasov denied the existence of a one-person company, because it does not correspond to the essence of joint-stock business for many reasons, including a lack of election framework for corporate governance. To prevent serving the interests at the expense of other shareholders, the scientist drew attention to the necessity of eliminating the founders’ undeserved privilege to distribute the first issue of shares amongst themselves and make those,

who subscribed for the first issue of shares, participate in the approval of the status. In order to prove these ideas he gives convincing arguments, yet does not seem to pay attention to the Achilles' heel of his approach. Destroying one privilege, he creates another one which is even more significant. The proposed by I. Tarasov scheme allows the founders to form the authorized capital with minimal responsibility and at the expense of others, which makes it possible to use the assets for their own benefit and to prepare a good basis for abuses by company founders.

After analyzing the essence of subscription for shares, I. Tarasov critically evaluated various approaches of scientists. He came to the conclusion that "the whole process of establishing a joint-stock company needs to be an integral unit whose parts should be linked together, and consequently the subscription for shares being a part of the unit cannot be in conflict with it and is determined by it". Noteworthy is that the current legislation does not allow the subscription for shares while establishing a joint-stock company. If this is not the case, shares are distributed amongst the founders of a joint-stock company rather than are placed by subscription. However, just as the scientist predicted, the subscription for additional shares being one of the ways of placing bonds is considered as a sequential emission process. Concerning the emission process, I. Tarasov's idea of state regulation has gained recognition. The scientist proposed to delegate control functions in this sphere to the National Bank. Today, this function is performed by the National Bank of Ukraine and the Ministry of Finance of Ukraine.

I. Tarasov viewed the process of subscription not only through the prism of duties of transferring shares to buyers but also duties of paying for bonds. He gave preference to cash payments, describing payments by other properties as the source of possible abuses which take the form of unjustified overpricing of properties used in payment for shares. Creating an imbalance between the actual cost of property contribution to the authorized fund and its significant overvaluation violates the interests of potential share buyers and creditors of the joint-stock company. However, this problem does not have any legal solutions in the present Ukrainian legislation. For joint-stock businesses, except for certain cases, such as banks, there are no limitations related to non-cash payment for shares.

I. Tarasov proposed a very thorough scientific definition of "share". He strongly warned against artificial differences between documents and the rights that they certify, stressing that those differences would bring nothing but confusion: "We consider making distinctions between shares as documents and shares as certified rights ... to be as wrong as making distinction between bills of exchange and the rights of holders, which,

however, no one does.” Changes in the legislative framework, lately made in Ukraine for issuing of so-called certificated securities have brought nothing but confusion, just as the scientist predicted.

Moreover, I. Tarasov gave a detailed analysis of a range of new phenomena. If his views were different from those of other scientists, he polemicized against them as a worthy opponent. An example of such disputes is the analysis of preferred shares which, according to I. Tarasov, have nothing to do with the essence of the joint-stock company. In addition to clear reasoning, he professionally supports his positions by using arguments about a random coincidence that may be of more importance than logically considered points. One of such cases of random coincidence was Redpath fraud. Redpath, a registrar at Great Northern Railway, was the first who issued preferred shares. That first issue of shares was marked by a scandal, because Redpath, a perpetrator of the scandal, along with genuine shares issued a set of fake ones valued at £221, 000. It is to be noted that nowadays in the joint-stock legislation of Ukraine and other countries some restrictions on the stock issue are specified.

Since most researchers viewed a shareholder as simply a subject that owns shares, I. Tarasov, analyzing the legal nature of shares, paid a thorough attention to studying the problem of shareholder’s status. From his point of view, the shareholder’s status that lays primarily on the legal links with a joint-stock company, by no means is always determined by shareholding. Under the current legislation, such a situation is possible if a person being in the dividend list alienates his / her shares before the decision about dividend payments is made. After the announcement of shares, the former shareholder, though being without shares, receives the right to demand the payments whereas the person who has bought them from him does not. Concerning the shareholder’s right to participate in the shareholders’ general meeting, the same conclusions can be reached except for the one that a person acquiring shares is of more importance.

The scientist showed a significant alteration of the content of legal relationships between a shareholder and a joint-stock company depending on whose interests this shareholder represents. I. Tarasov claims, that, firstly, a shareholder may represent his own interests, and secondly, in some cases he acts for one or another group that owns the majority of shares; sometimes a shareholder is a representative of the minority of shareholders. Nowadays, the legislation is being focused on the differentiation of shareholders’ rights depending on the number of shares they possess.

I. Tarasov was one of the first in economic and legal literature who conducted a detailed analysis of shareholders’ rights. A particular attention was paid to the fact that the rights in respect of the joint-stock company

bought by shareholders go beyond traditionally classified schemes of the civil law. In this regard, the scientist wrote: "...the legal relations that are produced in joint stock companies should be carefully exercised within old legal constructions, one should always have in mind that new forms of combinations demand new legal relations". Along with the analysis of shareholders' traditional rights that have a property character (rights for dividends) and conditions for their implementation, he studied non-property rights the importance of which was ignored by many researchers in corporate legislation. This primarily concerned the participation in the corporate management — delegating the authority to vote in the general meeting, the election of the management body, calling the shareholders' meeting. The scientist gave a particular importance to the voting authority over stock, considering it as "an integral part of the company law", without which it does not have any practical significance. He argued against underestimating the role of the general meeting as a body, in which shareholders realize their right to participate in the corporate management. "General meetings", as the scientist noted, "are necessary and considered the main body in joint-stock companies..., therefore, if the body appears to be weak and inept, this does not mean that we can cut it without damaging or destroying the whole body, especially since the reasons of failures are well-known and those reasons are not inevitable." I. Tarasov identified the reasons underlying the passive role of ordinary shareholders, low-value general meetings, and suggested mechanisms for reducing these problems. The system of small-stakes shareholders' rights protection is among these mechanisms. This idea is in the focus of modern research of joint-stock companies.

I. Tarasov's commitment to the Roman-German legal system is clearly seen in his paper, thus, he identifies not only the right to control as one of the main rights of shareholders, but also describes methods for rights fulfillment. Besides, he develops a system of restriction aimed at preventing the abuse of the right. Following the rules of system analysis, the scientist not only highlights concepts and features of shareholders' rights and their fulfillment, but also describes in details the mechanism of shareholders' rights protection. Besides that, the scientist focuses on issues which are in relation to transformation and liquidation of joint-stock companies.

In terms of depth and breadth of views, approaches and references used in the work the research conforms to the title "Studies on Joint-Stock Companies". Without exaggeration, the study is an important milestone in researching joint-stock companies and even today it can give a lot to practitioners and theoreticians.

Upon returning from abroad from October 5th to the end of December 1878, I. Tarasov worked as an Associate Professor at Kyiv University of

St Volodymyr. While teaching, he continued doing research, particularly on social protection of the population. It found its reflection in social activities and practical implementation of socially important projects that he developed, such as: establishing a public school within Kyiv University in Berdychiv, Kyiv province; introducing a savings and loan society, a community shop and a public tea house in Berdychiv district. Those social problems that he raised were conveyed to the public through scientific articles and public lectures. As well as that, he participated in the opening and organizing of Rubezhivska juvenile prison near Kyiv and required public financial support for its efficient functioning.

In order to continue his scientific work and complete the dissertation, I. Tarasov cooperated with educational institutions in Russia. During 1879- 1889 he worked at Demidov Law School in Yaroslavl', where he was known for his works translated twice. Over 1878, he took part in the meetings of Academic Council acting as an extraordinary Professor. Doing the fundamental scientific research and willing to defend his dissertation, the defense of which was announced publicly, he was doing his best to complete the work. In 1879, I. Tarasov was promoted to the position of extraordinary professor, and in 1880 he received the post of ordinary Professor at the Department of State Law. A range of scientific publications affirmed his active academic activity at the new location. In 1883, his scientific work "Essays on Financial Law" was published in Yaroslavl'. The second edition, revised and expanded, was brought out in 1889. It is worth mentioning that back in those times, the difference between financial science and financial law were not clearly observed in textbooks and manuals. The subjects were not differentiated and thus appeared in one textbook. However, a distinction between them should have been drawn. Actually, the very structure of I. Tarasov's book gives grounds for the right understanding of the both sciences.

In the scholar's book, financial law is defined as the study of the set of legal regulations on the financial system and financial management of the state, in other words, financial is to establish the legal framework for receiving public funds, as well as legal and dogmatic assessments of the financial system. In the chapters devoted to financial science, the rules of public funds formation and their expenditure are examined. In fact, I. Tarasov described financial science as the basis of existing material on which laws used in financial practice are deduced. In this regard, financial science provides a set of tools to financial practice, and particularly to financial law. Therefore, it is more correct (economist-scholars would start doing that later) to differentiate the scope of related subjects, although both study the organization of the forcible collection. The financial law considers

it in terms of positive doctrine, whereas financial science views these matters on the basis of materials received from practice. The scientific analysis of I Tarasov's research work indicates the difference between the two concepts. However, among scientists, there is no desire to clearly distinguish between these sciences.

During 1879-1889 at Demidov Law School, I. Tarasov taught financial law; designed the course of police (administrative) law. In the field of legal and administrative issues, there were published "A Concise Essay on Administrative Law Science" (in two volumes, Yaroslavl', 1888-1889), monographs "The Police in the Reform Era" (Moscow, 1885), "Individual Detainment as the Police Security Procedure" (Yaroslavl', 1886), and other publications.

After completing his dissertation, I. Tarasov, being experienced in conducting scientific debates, made a request to the Rector of Imperial Moscow University about permitting him to publicly defend his dissertation for a doctorate. The dissertation was rather controversial and caused a lively interest. Based on the results of the scientific dispute that took place at the public defense of the doctoral thesis on January 29, 1880, the Academic Council of Imperial Moscow University awarded him the scientific title of Doctor of Police Law. Though, some of his views had been in the focus of scientific debates for a long time.

Yet, the scholar desired to move back to his alma mater university. In 1881 Tarasov put forward his candidature to fill the post of Professor at the Department of Police Law at Kyiv University of St Volodymyr (the vacancy appeared due to the appointment of Prof. M. H. Bunge to the position of Deputy Minister of Finance). However, the young scientist's courageous discussion with the opponents at the thesis defense for a Master's degree was still remembered at the university. Therefore, the response to his request was negative and provided the detailed justification for such a decision published under the title "The Faculty's Opinion on I. Tarasov's Scientific Works" in the second issue of "Journal of Civil and Criminal Law" (1882).

A review on I. Tarasov's research works published in the journal was written by Associate Professor D. Pikhno and Professor H. Sydorenko. The official rejection notification submitted to I. Tarasov by the Faculty of Law of Kyiv University was the object of serious criticism in the scientific community, namely from Prof. M. Volodymyrsky-Budanov, Prof. A. Kistiakovsky, Prof. I. Andreyevsky, Prof. O. Chuprov ("In Response to the Faculty's Opinion on I. Tarasov's Scientific Works", Yaroslavl', 1882). Having not received the opportunity to work at alma mater university, I. Tarasov, with even greater zeal, continued his scientific research. During 1885-1895 he studied the problems of economic development in European

developed countries. In particular, in 1885, he performed a scientific research on factors of intensification of agriculture in Belgium. The scientist's authority and deep analytical approaches to problem-solving were appreciated by the governors of the country. Due to the support of Beernaert, Belgian Minister of Finance, I. Tarasov was permitted to organize research of agricultural production and collect empirical data in some agri-industrial centres: Vilvoorde, Tielt, Ath, Herve, etc. The results of the research were systematically outlined in his book "Intensive Agriculture and Agricultural Policy" (Saint Petersburg, 1885). In 1889 I. Tarasov, acting under the authority of the Chief of the Department of Trade and Manufacturing, performed a scientific study in Germany and France devoted to organizing partnerships of mutual support, promoting handcrafted workshops and associations established to facilitate sales of factory products among factory workers. Based on the advanced experience of western countries, the scientist's views and conclusions were expressed in his scientific reports which were then practically implemented by the government. The project for establishing cost insurance groups, defined by I. Tarasov as one of the remedies against usury, was proposed in his book "Cost Insurance" (Moscow, 1907).

The investigation of European practices and commitment to liberal ideas determined the direction of his proposals to the government to reform their policies. He actively promoted the benefits of private capital involvement into the intensification. I. Tarasov emphasized its importance for using capital efficiently, stimulating the development of productive forces, increasing incomes and mitigating social contradictions. It is private capital that gives more economic independence, and private property is a cornerstone of civil order and civilization. After four years of active scientific research, I. Tarasov again made an attempt to return to the teaching profession. In 1885, he was a candidate for the post of Professor at the Department of Police Law of Imperial Moscow University. His candidacy was rejected for the same reasons, but he still hoped to teach young people and pass them the experience that he had gained.

Upon making another attempt, on July 1, 1889 he managed to obtain the desired post of ordinary professor at the Department of Police Law. Having outstanding scientific credentials, I. Tarasov asserted that one of the main tasks while working at the Department was writing a manual on Police (Administrative) Law, which he determined as a science of public administration. Teaching the course was complicated due to lack of training manuals. It is known that the first attempts to design the course were made by Bunge. Taking into consideration scientific achievements of the founder of science, I. Tarasov in 1891-1896 published four issues of "A Manual of

Police Law” (Moscow, 1891-1896), which is recognized as the first fundamental course book on Administrative Law in the domestic scientific and educational literature for university students. To make the manual more understandable to non-specialist readers, in 1897 I. Tarasov prepared a new version of the manual published under the title “An Essay on the Science of Police Law” (Moscow, 1897). As the manual had become one of the most popular among students, this was a new edition, revised for shortening the volume’s length and cost-cutting.

Working outside Ukraine, the scientist kept in touch with his colleagues and alumni of Kyiv University. His works were popular both among students and practitioners. Owing to democracy in relationships with students and high intellectual level, the Professor enjoyed great authority. I. Tarasov successfully combined educational work with scientific and organizational work. In 1896-1899 he worked in the position of the Secretary of the Law Department of Kyiv University; from 1904 — in the position of the Dean of University courses of Imperial Lyceum in memory of Tsesarevich Nicholas. In Ukraine, I. Tarasov’s authority is confirmed by his appointment in 1896 and 1899 to the position of the honorary magistrate of Vasylykivsky magistrate court of Kyiv province.

After reaching the retirement age in 1909, I. Tarasov resigned the department willfully, but for a long time he actively participated in the Academic Council meetings of Imperial Moscow University and worked as part of the thesis defense committee. The scientist continued performing public activities and organized the Museum of Administrative Law and the Social Museum named after O. V. Pryhozheva.

Due to the authority among students, gained during the years of work as a lecturer of the Department, and scientific achievements from 1911 to 1913, I. Tarasov was invited to serve as the Dean of Law Faculty of Imperial Moscow University, replacing Count Komarovsky who was elected the Rector of the University. In 1916, he came back to teaching. Working as a professor of the Department of Commercial Law, he lectured to students of Moscow University on Company Law.

I. Tarasov’s scientific interests were broad. The most important areas of his scientific work were: a study of financial issues, analysis of institutional structure and legal status of joint-stock companies, problems of police law.

As an experienced scientist, he was constantly involved in editorial work. In particular, I. Tarasov edited four volumes of fundamental work by K. J. Rodbertus-Jagetzow “Investigations in the Field of Economics of Classical Antiquity” published in German and printed in translation in Yaroslavl’ between 1881 and 1887.

A number of works were the significant contributions to the science of finance: “A Study of Joint-Stock Companies” (1878); “An Essay on the Science of Financial Law” (1883); “Credit and Paper Money” (1881); “Paper Money” (1886) and also a series of critical articles against government financial policies” in “Moscow News” (in the 1880s). It should be noted that these works were attempts to differentiate between financial science and financial law.

Compared with the previous achievements of financial thoughts, the novel element in the above-mentioned works of Ukrainian scientist was that the scope of financial research problems was widened, including credit system, emission of paper money and securities. The objective reason for this phenomenon is I. Tarasov’s deep analysis of the “golden age” of capitalism in the second part of the 19th century. The scientist observed how public forms of life were changing under the influence of immense shifts of manufacturing in advanced Western countries. Back then, capitalism needed money not only for the army but also for supporting industries. Due to that fact, the state budget began to grow. The huge increase in the budget, i. e. the rise of needs, which meant growing expenses, involved solving problems on how to obtain funds to cover those expenses so as not to undermine the economy. Those matters drew scientists’ attention, with I. Tarasov among them, and led to the separation of the financial science.

It was since that time that financial science began to develop; there appeared several scientific papers on the economic life of the state. In I. Tarasov’s works, for the first time in the domestic science, a complex analysis of the economic essence of financial instruments of the stock market was carried out and a classification of securities was suggested. As the author pointed out, historically the first securities were bills (related to money as means of payment) and cheques (related to the emergence of credit relations and their documentary registration). The emergence of new types of securities, as I. Tarasov showed, was caused by the development of loan capital market, which includes mortgage market and financial market. The researcher defines these securities as only monetary instruments that are traded and used as a source of single or regular income: stocks, bonds, treasury bills, mortgage bonds, etc. Securities of the same type are regularly sold and bought in the particular market that has a certain number of participants and is serviced by relevant institutions, i. Tarasov examined the key factors of pricing shares and dividend payments. He points out that share prices are directly dependent on dividend payments, i. e. the level of loan interest rates.

The scientist pays a special attention to the problem of payment of securities and creation of authorized capital of joint-stock companies. In his

papers, he justifies the necessity of normative consolidation of cash payments for shares. For the first time, the researcher put forward the idea of the need for differentiation of shareholders' rights in accordance with the shares owned. In his works, I. Tarasov also considered in detail the problem of imbalance between actual costs of property contributions made to the authorized capital by shareholders and overvalued costs, which is defined as the basis for a violation of future corporate rights holders and creditors of the joint-stock company. Based on analyzing features of placement, circulation, and amortization of securities, a concept of the integral process of subscription for shares was suggested by the author. For the first time in Ukrainian economic literature, a point about the need of strict government control to prevent speculation while issuing securities was put forward; it was suggested to place supervisory functions in the hands of State Bank.

Today, under conditions of market transformations in Ukraine there is a renewed interest among scientists in I. Tarasov's scientific heritage. The works on the development of the corporate property and financial law are of particular importance today. Some of them have been published as second editions ("The Study of Joint-Stock Companies" (2005) and "An Essay on Financial Law") and included in the fourth volume of the anthology "Golden Pages of Financial law in Russia" (2006).

The latter paper is presented along with O. Isayev's works ("An Essay on Tax Theory and Policy", "Public Credit"), where all important matters of financial law of that time were examined. The above-mentioned work by I. Tarasov and O. Isayev combined the general scientific approach to the study of public finance, which they developed while working together at the Demidov Law Lyceum in Yaroslavl'. A lot of matters presented in the republished papers still have scientific and practical value and historical significance for Ukrainian and foreign researchers.

The scientist died in Moscow in 1929.

The main works of the scientist: "Detainment of an Individual as the Police Security Measure" (Kyiv, 1875); "Basic matters of Lorenz Stein on Policy Law in connection with his Study of Management" (Kyiv, 1876); "The Study of Joint-Stock Companies" (Yaroslavl', 1879 and 1880); "An Essay on Financial Law" (Yaroslavl', 1883); "The Police in the Era of Reforms" (Moscow, 1885); "Intensive Enterprise and Agriculture Policy" (Saint Petersburg, 1885); "Detainment of an Individual as the Police Security Measure" (Yaroslavl', 1886); "On Respect to Women" (Yaroslavl', 1887); "An Essay on Political Economy" (Moscow, 1899).



TIKTIN Georgiy Isakovych

(1880-1945)

(T'itkin Georgiy Isakovych is the 20th century Ukrainian scientist, economist, and financier. He is known not only among scholars in Ukraine but also far beyond its borders. He knew several European languages; he was a financial, economic and legal issues expert.

Tiktin was born in July 1880, in Odessa in the family of a rather popular lawyer. His parents paid great attention to the upbringing and education of their children. Having got a good home education, G. Tiktin continued his studies in Richelieu gymnasium, graduated from it successfully in 1899. That year G. Tiktin entered the Law faculty of Novorossiysk (Odessa) University. Among classmates, he stood out by his thoroughness and erudition, active participation in research activities. Scientific papers, written by him, despite being not yet sufficiently scientific, received high marks for originality, presentation and independent author's thinking from the university professors. The student's achievements were especially appreciated by Professor S. Ilovaiskyy. G. Tiktin's life was associated with this name. After graduation in 1906, he was invited to the Novorossiysk University to prepare for a professorship at the Financial Law Department on the S. Ilovaiskyy recommendation.

Along with the scientific work, G. Tiktin started teaching career in the educational establishments of his native city. The obtained university knowledge of Economic Sciences formed the basis for the future specialization. In particular, during 1907-1922 he was teaching Jurisprudence and Political Economy in the Merchant Shipping College, and from 1910 to 1920 — Financial Law, Economics and Statistics at Odessa University for Women. His erudition, professionalism and honesty appealed to students. Ability to add unique and original material in scientific papers, criticism argumentation woke up respect among the scientists. G. Tiktin's intelligence became the basis for the great authority among his colleagues and a special tribute to him by his mentor and teacher Professor S. Ilovaiskyy.

Georgiy Isakovych particularly revealed the scholar talent in 1912 when significantly revised and enlarged according to the last will of his dying

teacher Professor S. Ilovaisky textbook on Financial Law was published. "The Financial Law Abstract" in the following editions became known as "The Financial Law Tutorial" and it was released by S. Ilovaisky in the 80th of the nineteenth century. It was basic and incompletely full tutorial disclosing financial problems. Having processed it essentially, G. Tiktin published the fifth edition of this textbook.

The latest edition, as noted by experts, was characterized by high scientific level. The form of the textbook was left by Ilovaisky's one, and a new and highly original content was put by G. Tiktin. S. Ilovaisky and G. Tiktin's book was the only textbook on the Financial Law in Ukrainian and Russian literature at that time. The legal issues were fully analyzed. Unfortunately, G. Tiktin published only one edition, which included the question of public expenditures, the state budget, state financial and administrative structure, cash management system and state control. Very clear and understandable language, consistency and clarity of material study, rich bibliography made G. Tiktin's textbook be indispensable means of studying in those days. It helped university students even in the Soviet period.

In the preface, G. Tiktin emphasized the significant achievements of his teacher, his talent, and assumption in the financial science. However, he felt it necessary to take into account in the textbook particular practitioners needs in the field of finance. This was especially true of those who were preparing to the financial, administrative and financial control services as well as those interested in issues of the economic life of the forced unions. It was the aspect of the textbook G. Tiktin managed to research almost perfectly. This manual was considered to be the best in pre-revolutionary Russia on financial law issues which showed great popularity among his students in Ukrainian higher schools. Of course, the successful start to systematize the Russian financial law in the way it was stated in the book is completely out of date now. However, nowadays some theoretical achievements are unsurpassed.

G. Tiktin as a scientist got great respect from university colleagues and popularity among students, led to mistrust and excessive attention of the official authorities in the turbulent revolutionary period. In those difficult times of social transformation, he always tried to be with students defending their interests, favoring the protests against excessive regulation and guardianship of education from the relevant authorities. Active participation in social processes and the democratic development support of education were the reasons why the scientist could not pass his master exam for a long time even being already famous among scholars. He got such a possibility only in 1917. With quite a significant scientific contribution, G. Tiktin

passed exams successfully and defended his master's thesis. After gaining the title of Master of Political Economy and Finance, he was appointed assistant professor of Private Financial Law department of Novorossiysk University. Lack of specialists in other higher educational institutions of the city, where economic disciplines lecturing was renewed, required new staff training. Since 1918 the scholar worked as assistant professor of Financial Economics Science Faculty in Odessa Polytechnic Institute, where he was not only engaged in teaching but was actively working to prepare young professionals.

With the beginning of the higher education reorganization in Ukraine, G. Tiktin tried to restore the spirit of rigor and prestige of higher education activities, as a member of the newly formed committees of the city. In 1920, Novorossiysk University was reorganized due to his active participation. The University was disaggregated and several institutions were formed on its basis. Among them, there was famous Humobin the purpose of which was the training of specialists for a new socialist society. The Institute was established on the basis of the legal, historical and philological faculties. Associate Professor G. Tiktin did not just take an active part in its organization but was enlisted to first academic Institute staff. His knowledge and experience high researcher level was also recognized by the new government.

G. Tiktin was at the forefront of the higher education development in Odessa. Formation of Market Relations in the New Economic Policy, the necessity of using them in a planned economy regulation required qualified personnel training for the national economy. Before the revolution it was carried out training delivered at Law faculties of universities and commercial institutions, which were eliminated in 1920. In 1920 Ukrainian Commissariat made the decision to open three economic institutions in the Republic: in 1920 it was created Kyiv and Kharkiv Institute of National Economy based on the law faculties of universities and commercial institutions, and in 1921 The Odessa Institute of National Economy was established on the base of the Faculty of Law and the Faculty of Economics Humobin Odessa Polytechnic Institute. G. Tiktin was one of its active founders. After the official opening of the Institute, on September 1, 1921 he was appointed as the Dean of one of the most prestigious schools in the region — the Faculty of Foreign Relations. Not only G. Tiktin's scientific talent but his organizational skills were manifested here. He made great efforts to ensure that the faculty organization was formed and began to work, had students and highly qualified lecturers.

The scholar attached great importance to practical orientation training of future professionals. In particular, giving the great importance for Odessa

foreign trade with the Middle East countries at the Faculty teachers work was directed so that it took into account the direction of this for future professionals. As a result, specialization of the faculty was formed in two ways: relations with 1) the Middle East and 2) Central Europe. G. Tiktin provided important future professionals with practical skills in the studying organization. Faculty students were trained at departments and enterprises of the then Foreign Trade, as well as the Institute trained economists, lawyers, specialists for cooperative organizations, trade, administrative employees. It became a major scientific economic center of the southern Ukraine.

In the twenties of the 20th century in the departments of the Odessa National Economic Institute, a range of eminent scientists and experts worked along with G. Tiktin. Their research and teaching activities started in Odessa, St. Petersburg, and other universities. They were well aware of the foreign education, kept its traditions by their experience. There were such prominent economists as A. Borynevych, A. Shpakov, S. Solntsev A. Sukhov, A. Hanfilyev and others.

G. Tiktin successfully combined organizational and scientific activities. He was the author of many works on theoretical financial problems. Working at the Institute, Ukrainian scientist and financier created his own concept of “independent” financial science, which he taught in higher education in the 20-30s of XX century. His independence and originality of scientific views irritated the new leadership of the institute, but the talent and organizational skills forced the scientist to endure.

Behind the back of G. Tiktin he was referred to the cohort of those about whom the Institute Commissioner M. Moysyeyev once spoke publicly while dismissing from the institute old professors E. Tryfilyeyev, P. Mikhailov and A. Mulyukin as “Soviet power wreckers”. According to the Commissioner, dismissal of old professors had a very positive impact in the Institute faculty, which “would think rather long before saying the word. “ These words he addressed primarily to G. Tiktin. At that time, Odessa National Economic Institute was called “Institute of war-like materialism” in the local press. It was good that Commissioner position that had existed since the October Revolution in 1917 was abolished on February 1, 1924.

In the early 20th century financial science, as well as general economics, was led by progressive Ukrainian and Russian scientists, who represented its most promising directions. It had all the prerequisites for a copious development and practical features usage in a new society building based on democratic principles, despite two main streams that determined the deep division in Ukrainian economic thought at that time. The first current was an economic theory that had been formed by scientists on the basis of major economic schools that developed at that time in the West, made a variety of

fundamentally new approaches on the domestic background. Its representatives were economists of preschool and economists of a new formation. The second trend was the theory of Marxism in its orthodox form that was established in the Soviet era as an official trend.

Under the pressure of the state mechanism, which was implementing a new ideology, G. Tiktin had to move to Marxism. The scholar's talent could not be revealed fully in the clutches of the system. But even in these circumstances, in 1938, he prepared for publication the work "Fundamentals of the Soviet Finance Theory", which, unfortunately, was not published. In manuscripts, there were left all his other works, including "The theoretical foundations of the Soviet money theory." Like other progressive scholars of that period, G. Tiktin worried about Ukrainian social economic transformation problems, the basic principles issue and motive power of change. He argued for the preservation and further development of various forms for ownership in his studies and public speeches, in particular maintaining the private initiative principle, trade and monetary and market relations and their institutions. He pinned his hopes on the scientific ideas implementation in the reform process and a new order of social building. Scientist tried to make evidence-based principles in business activities of the new domination. His creativity as the most famous works of Ukrainian scientists and financiers of the 20th century was presented in our financial and economic literature fragmentary until recently and as usually not objectively.

In 1923, the Foreign Relations faculty was reorganized into the Faculty of Economics of the Odessa National Economic Institute in view of the significant potential of the scientific economic staff there. G. Tiktin was the dean of the new faculty who headed it until 1930. Generally trained economists were prepared at the faculty. According to the curriculum, for the first two years, the students got extensive theoretical training, specialization in different economic sectors was assumed starting from the third year. Basic subjects study was included in the students' theoretical training, which received considerable attention. Among them, there was financial science. Financial law was lectured by G. Tiktin.

Despite all the unfavorable social changes, G. Tiktin was actively involved in the social work of the institute, continued to express his views via scientific articles. In the second half of the 20th century, G. Tiktin was an active author of the institute's Scientific Journal "Economy and Law. Writings of the Odessa National Economic Institute". Having been prepared on the basis of scientific achievements of scientists, the Institute published the first volume of the collection in 1928, the second — in 1929. The second volume, as noted in the introduction to the collection, came out in the

Ukrainian language, except for articles of professors G. Tiktin and I. Faas, due to the fact that they were a continuation of the fundamental scientific articles published in the collection first volume in Russian. G. Tiktin was included to the editorial board. He published two volumes of the collection prepared before his “Essays on the Public Finance General Theory”, which he lectured in the institute as well as other universities, where he worked and which were very popular among students. It should be noted that earlier, in 1926, G. Tiktin published his monograph on the public finance general theory in the research department’s journal in Odessa. It was a continuation of financial science ideas posted yet in “Financial Law Manual”. Therefore legitimate in the handbook “Science and USSR scientific employee” was noted that G. Tiktin is a specialist in financial science, finance general theory, and financial law.

Higher education institution was supervised by a collective body — the Board of the Institute, headed by its Rector with the approval of the democratic foundations of higher education in Ukraine and the elimination of the post of Commissioner, who had great power in accordance with the rules of the Ministry of Higher Education. The Board was formed of a small number of the most authoritative institution employees without clearly established rules.

The fact, that G. Tiktin was elected to the Institute board for a long time, demonstrated his authority among colleagues and students. This system of higher education institution management existed until 1930. On February 28, 1930 the last Board meeting as a collective body of higher institution took place in the Institute. On the agenda, there was the issue “On the management system change and the institution introduction unity at the Odessa National Economic Institute. “ The rise of this issue was caused by the overall process of higher education reorganization in Ukraine. The rector of the Institute V. Arnavtov made a presentation at the meeting of the Board. In its discussion board members, vice-rector, deans took the active parts. Professor G. Tiktin expressed an own position, he supported the idea of the necessity for higher education change and the introduction of a new institute system, according to which the responsibility for training, research and business activities assigned to the rector of the institute. In his opinion, this would promote a clearer organization of this unique body as an educational institution.

Reform of higher education, the creation and deployment of sectoral higher educational institutions supplemented credit reform. In January 1930, the Central Executive Committee and Council of People’s Commissars of the USSR adopted a resolution, which initiated its beginning. The credit reform, by its deployment, was becoming increasingly important. It

demanded training of highly educated banking specialists at the national and regional levels.

The city of Odessa was not the only largest research center but an important commercial center of money capital formation, too. The need for highly skilled professionals, who served the monetary economy, acquired the regional higher education reorganization. Therefore, in 1930 Odessa National Economic Institute was eliminated, it prepared primarily specialists nationwide, rather than regional level. The leading Kyiv and Kharkiv universities became training centers for the specialists of the national level. But Odessa remained a powerful scientific center, it had trained personnel for higher educational establishments which Professor G. Tiktin belonged to. The Financial Bank which functioned in the city collaborated actively with the Economic Faculty of the Odessa National Economic Institute. The structure formed in the monetary economy contributed to the formation of relevant experts from finance and banking. In view of the availability of material resources and highly educated professionals Economists Financiers of Odessa became the southern training center financial affairs for the region. There was established a higher education banking institution, which declared itself as a fairly authoritative government agency and a significant research center.

On August 22, 1931 the Ukrainian SSR government meeting decided to “include into a title list of Ukrainian schools the Ukrainian Credit Economic Institute in Odessa. “ It is important to note that it was the first institution of this profile in the Soviet Union and so it was subordinate to the USSR State Bank. Among the leading departments of the period, there was the Finance, Money and Credit Department, which was headed by the famous Ukrainian scientist Prof, of Finance G. Tiktin. Despite the fact that only five teachers worked at the department, it occupied a leading position in the Institute and beyond.

In 1931 in connection with the liquidation of the Odessa National Economy Institute G. Tiktin also worked at the Food Industry Institute and the Water Transport Engineers Institute, where he headed the Department of Finance and Accountings. At the Food Industry Institute, he also was the dean of the Economics Faculty. In 1933, when Odessa State University was rebuilt, G. Tiktin became a professor of its Economic Department. He worked on the faculty till its repeal in 1935. In September 1935, the qualifying commission on the basis of scientific papers submitted and for many years of work in staff training approved the title of Professor to G. Tiktin. In March 1941, the Higher Attestation Commission awarded him the Doctor of Economic Sciences degree without defending a thesis upon the Odessa Credit Economic Institute submission. It should be noted that only

G. I. Tiktin and A. Borynyeyvych were awarded the Doctor of economic sciences title without the defense during the period of the Institute entity. It was the recognition of previous scientists' scientific achievements.

When the War began in summer 1941, G. Tiktin was evacuated to Saratov with the Institute staff. At first, he worked in the local credit Economic Institute, and in November, when the entire Odessa Institute was evacuated there, he began to work in the Institute again. Due to lack of buildings to evacuate higher educational institution Odessa Credit Economic Institute merged with local Institute, so much of the Ukrainian teachers worked with students of both establishments.

In the autumn of 1941 G. Tiktin was invited to Moscow planned institute which was located in Samarkand. After his displacement, the scientist was invited to work at the Leningrad Institute, where he taught in the 1943-1944.

Despite the difficult years of War, G. Tiktin continued the efficient scientific activity. At this time, he wrote a number of works. Some of them took into account the experience of financial support for wars of the 20th century. These are: "The main question of the finance wars theory on the experience of the wars of XX century", "The main problems of the Soviet Finance theory with regard to methodology matters, to propaedeutics of Socialism Economic Theory", "To the question of the law value in the revised form and the nature of money and credit in the socialist structure", "Innovative forms development of short-term loan. To the hallmarks of the USSR State Bank loans and their classification", "On the nature and form of payment and payment by mutual debts and legal requirements socialist organizations", "Bourgeois system of credit and banking law and the foundations of capitalist banks technology operations", "Historical Finance conditions and their occurrence in pre-capitalist antagonistic societies. Financial and post financial material expenses systems due to the public authorities functions".

In the first days, after the liberation of his native city of Odessa in 1944 G. Tiktin returned to restore scientific and educational activities. Odessa Finance Department of Credit and Economic Institute was waiting for him. It became one of the leading centers of Ukrainian financial thought due to his efforts. Also, G. Tiktin was invited to become the head the economic department of Odessa State University. However exhausting scientific and organizational work undermined the scientist's health. G. Tiktin could not proceed to active research and teaching. Professor G. Tiktin died after a long illness at the end of January 1945 in Odessa, where he was buried. It was a huge loss for Odessa University.

G. Tiktin was an outstanding representative of financial science. He was the author of over 30 scientific papers, most of which joined fundamental

scientific publication for university students training. Almost all of them were known outside of Ukraine, had positive reviews in international magazines. They noted that his scientific achievements were outstanding phenomena in modern financial literature.

G. Tiktin combined his research and teaching activities in Odessa universities with practical activity. During 1921-1922 he headed a special commission on preparation materials for the Genoa Conference. During 1927-1930 he was a member of the commission on financial issues of the USSR Academy of Sciences and during 1939-1941 — a member of the financial law section of the USSR Academy of Sciences. It should be noted that this was the center which united scientists and economists in the postwar period due to persistent theoretical and organizational practice of eminent scientists M. Vasylenko and V. Vernadsky. The ideas in education and economy of V. Vernadsky, social economic department activities, headed by Tugan-Baranowsky, contributed to the work of scientists and their research for a long period. The economic science special and applied fields evolved very positively under their influence in the twenties of the twentieth century. G. Tiktin made a significant contribution to the financial, economic and legal issues development by his activity. During 1925-1945, for almost 20 years he was elected a city council deputy due to scientific credibility and public recognition. G. Tiktin was a fiscal council section chairman all the time. Since 1930, he led continuous work in Mechnikov Odessa State University trade union.

G. Tiktin participated actively in the monetary reform of scientific justification in 1922-1924, the result of which was a new monetary system construction that met the standards of the money market-type system. In scientific research “Excises”, “Budget and Budget Law” (1922), “On the nature of a strong currency having a golden basis” (1924), “Essays on the public finance general theory” (1926) and others. G. Tiktin revealed general money circulation trends in terms of monetary system reform, stressing that the reform should be based on the principles of preservation treasury currency, establishing parity between golden coins and treasury currency. The Ukrainian scientist showed in his research that monetary reform was one of the most important factors in the recovery of Ukraine under the new economic policy.

G. Tiktin made a significant contribution to the financial science development by approaching to the knowledge of the financial effects on individual methodological base. Contrary to the mainstream, established in the Soviet financial literature of the 20th century under the historical school, in his works he developed the theory of finance on the formal financial scientific basis. The abstract and theoretical method was the basis of his

launched approach to the study of finance. The most characteristic feature of “public sector” as the subject of financial science G. Tiktin considered that elimination of the direct human needs satisfaction depended on the individual “economic troubles” interests and conditions. In his opinion, the system of public finance was a maximum individualistic developed complex system of “public sector”, which was characterized by a combination of non differentiated sources “coverage” of differentiation (personificated) the most means of “covering” collective needs. The scientist considered this system as the collectivist superstructure over individualistic basis (a set of interconnected individual private farms), which was also an integral part of the system.

Despite the extreme complexity, the unconventional for domestic financial science approach to the financial events study, which had been applied in the G. Tiktin’s works, forced economists, financiers do careful elaboration of methodological problems of the theory of finance. The development of these ideas is still in progress that indicates the depth of raised financial science issues by the Ukrainian scientist.

The main works of the scientist: “Essays on the general theory of public finance. The experience of building the theoretical financial science to public economic basis “(Odessa, 1926); “The basic organizational principles in the public sector. Problems of a territorial (state) and local public finance “(Odessa, 1928) etc.



TSEKHANOVETSKYY Hrygoriy Matviyovych

(1833-1898)

(T sekhanovetsky Hrygoriy Matviiovich was a Ukrainian economist, -*• professor of the department of political economy and statistics of the Kyiv University of Saint Volodymyr, and from 1873 of the University of Kharkiv.

Hrygoriy Matviiovich was born in the city of Nizhyn in 1833 in the family of a professional soldier. He got the secondary education in Nizhyn gymnasium. In 1851, Hrygoriy entered the department of history and philology of the Kyiv University of Saint Volodymyr. After the successful graduation from the university in 1855 he was sent to Novhorod-Siverskyi gymnasium to work as the junior teacher, and in 1856 he was transferred to Nizhyn gymnasium now as a senior teacher. In 1856 after he successfully passed the exams to the Kyiv University of Saint Volodymyr he defended his master's dissertation on "The role of Adam Smith in the history of the political and economic systems". The thoroughness and originality of the presentation impressed the board members of the University. The young master of political economy and statistics was offered a position as a lawyer of the department of political economy and statistics in the same university.

Besides working in the Kyiv University of Saint Volodymyr, he worked as a teacher of history in the Kyiv institute of noble maidens and as a teacher of statistics in Kyiv military school from 1860 to 1862. In 1862, the young scientist was sent abroad to collect the materials for his doctoral dissertation by the costs of the university. After his return from abroad in 1863

H. Tsekhanovetsky was elected and confirmed as the acting extraordinary professor of the department. He worked in this position during 1866-1887.

He was a judge of the university court from 1868 to 1872, which indicates his high moral standards.

In 1869 H. Tsekhanovetsky successfully defended his doctoral dissertation on the topic of "The railways and the state. The experience of the research on the most important features of the economy and policy of the railways" and earned the degree of the Doctor of Political Economy. In the same year, he was appointed as the professor of the department of political economy and

statistics in the Kyiv Imperial University of Saint Volodymyr. From 1871 to 1872, he worked as the vice-rector. In 1872, he went abroad again in research purposes. After his return in 1873 he was transferred to the Kharkiv Imperial University and worked as the professor of the department of political economy and statistics.

H. Tsekhanovetsky combined his active public work with teaching. In 1879, he participated in the Kharkiv subcommittee of research of the railway business. He was elected as the rector of Kharkiv University in 1881. He worked in that position up to 1884. In 1883, he received the rank of the actual state councilor. He was a respected person in the university and had a great reputation among the colleagues and students. A lot of students of the Kharkiv University prepared their master's and doctoral dissertations under his supervision.

In his doctoral dissertation on "The railways and the state" the scientist used the materials that he had collected during the scientific training in England, although his work in general was dedicated to the problems of the development of the railway transport in the Russian Empire. However, the topic of the research was original and relevant, especially if to take into the consideration the large-scale railway construction in which many countries were involved. The doctoral dissertation of the scientist was to become the first part of the two-volume work that H. Tsekhanovetsky, unfortunately, could not complete. In addition to the sector's problems, in this work, the author expresses the idea of the necessity of the government interference into the railway sector activity. This idea wasn't a random one. The fact is that during the studied period the functioning of the railway transport, which was in private ownership, was ineffective and one could observe a lot of malfeasances. The scientifically grounded recommendations of H. Tsekhanovetsky were intended to improve the railway transport activity, and the conception of the government interference in its activity was not common in the country and contradicted the views of the western authors in this field, who supported minimal government interference into the economy.

The selection of the topic of the dissertation (the railway transport) and the development of the unique ideas in it were certainly affected by the H. Tsekhanovetsky's predisposition to historical school, the values of which laid the foundation for this fundamental empirical work. The Ukrainian scientist argued that the private ownership was undesirable in the modern but very important for the development of the market conditions of the economy sector. The economist noted that the railway transport, being extremely important for the whole economy, requires public supervision, funding, and the management. Consequently, the idea of the Ukrainian scientist proved to be correct and far-sighted, because in the condition of the

market economy the government successfully took over the function of the all-embracing control for the railway transport not only in Russia, but also in most of the developed countries, and that process began during the active creative life of H. Tsekhanovetsky. Due to his own hard work in the deep analysis of the problems of this sector, and due to the systematic and understandable presentation of them in his work, the scientist received the invitation from the government to participate in the Baranov state committee, which was developing the long-terms plans for the development of the railway sector in the Empire as the essential part of the economic breakthrough in the direction of the market forms of economic activity.

The attitudes of the state towards the railway sector under the influence of the civilizational and historical and also the specific economic conditions varied in different a country, which was reflected in different economy systems. All the contemporary economic systems of most developed European countries H. Tsekhanovetsky reduced to three standard forms: 1) the state policy, where the construction and exploitation were done by private companies and the government almost never interfered in the railway industry — the policy which developed historically during the industrial revolution in England; 2) the state policy, where the government built, maintained and operated the railway networks, as it was done in Belgium, for example; 3) the state policy, where the construction and exploitation of the railway networks were given away to the subjects of private property, but it was considered necessary to grant the financial aid, while reserving the right to influence the railway industry development to regulate it in the interest of the public — the policy that was typically developed in France and was adopted by most of the developed European countries.

The Ukrainian scientist often referred to the experience of England in his work. That could be explained not only by the particularities of the establishment of the railway industry in this country but also by the formation of the most developed liberal model of the economic development of a state or a railway industry.

In the capitalistic England, a classical country for the political and economic freedom, private initiative reached the highest level of the industrial development; A. Smith based the model of the economic liberalism on the experience of the England. Alongside with the realization of the basic market principles of this model in practice, the active development of the economic concepts on industrial freedom and the unnecessary and detrimental interference of the government into the economic activity of private individuals was done.

In the general economic structure, the market nature of the English industry (the prevalence of the private initiative) was manifested in the

enterprises of the railway sector, which was acting as the valuable intermediate component for the economic relations and its components, especially strongly.

H. Tsekhanovetsky has proved the efficiency of the basic principle of the market — the profit earning. “It could be assumed that the great public importance of the object of this industry (the communication lines) would cause some sort of interference and financial aid from the government, justified by the interests of state affairs. But in England, before the railway construction got under way, the other important means of communication like highway roads and canals had been built by the initiative and with funds of the private industry. In that scenario, the provided by the government conditions for taking initiative and stimulation of the entrepreneurship contributed to the fact that private industry outstripped the state and was offering its own services to it. The English government followed a clear policy: the more developed private initiative and association are, the easier and simpler the duty of the state becomes — to be the representative and the protector of the general and permanent interests of the country and only in some cases to fill the lack of the social activities using interference.”

From the perspective of H. Tsekhanovetsky, the role of the government regarding the railway network in England defined itself in a natural way: former means of communication were so highly developed, while being in the property of the private industry, and the need for the fast and comfortable communication lines was so huge and economically necessary, that at the first opportunity the private industry had to acquire the modern, more effective means of communication. The government was occupied by receiving and confirming the proposition of private companies; it hadn't any need to spark and encourage the private initiative. On the contrary, being loyal to the traditional respect of the status-quo, the state, first of all, had to treat the new industry somewhat cautiously and suspiciously. And really, the parliament during the discussion of the first projects of the railway networks was guided more by the desire to shield the existing interests of the industry from the new and risky business than to promote the railway sector development.

However, despite the attitude to the railway as to the activity of the private interest, the permanent government interference into the development of the railway industry was a common feature for the history of the English railway as a whole.

Deep analysis of A. Smith's economic doctrine of the Ukrainian scientist deserves particular mention. The high intellectual level of H. Tsekhanovetsky contributed not only to his passion for A. Smith's doctrine, but also enabled him to reveal certain imperfections in it. He regarded the

French economists' interpretation of utility as the basis for the value with criticism as well. It is worth to note that even back then, in the middle of the 19th century H. Tsekhanovetsky tried to accommodate the very popular labor theory of value of A. Smith to the unusual for that period F. Bastiat's services theory. It was a brave intention of the Ukrainian scientist, which unfortunately couldn't be realized back then.

In his first scientific research on the A. Smith, H. Tsekhanovetsky critically analyzed some of the most important components of the founder of classical economic theory's doctrine. The sections about the value, labor productivity and rent, undoubtedly, could be interesting for the researcher of the history of economic thought and economy, but from the finance perspective, the section about self-interest was particularly important. In it, H. Tsekhanovetsky considered three basic principles of Adam Smith:

1. People are motivated solely by self-interest in their economic life.
2. While trying to satisfy their own needs, people at the same time contribute to the social progress in general.
3. Thus, the government has to refrain from any interference into the economic activities of the nation.

The critical comprehension of these basic theoretical axioms of A. Smith by the Ukrainian scientist contributed to the establishment of his own viewpoints. Already in the first section of the work H. Tsekhanovetsky criticizes Smith's generalization of the behavior of the so-called economic man. "Smith used as the presuppositions some of the general features of the human nature and based the formulated general laws with the help of deductive method on that. While speaking of a person as of a manufacturer, A. Smith doesn't take into consideration people's national features, doesn't see the historical differences between them, and suggests the similarity of all people." Because, unlike its predecessors, the theory of A. Smith was considered to be rationalistic, H. Tsekhanovetsky claimed: "The abstract views on the human relations, the denial of their historical development and consistency are called rationalistic not because this kind of approach is specially balanced, but because the power of pure reason utterly dominates in it, the power which is based not on the extensive observation, but on the relatively small number of facts, that are generalized into the logical conclusions without any verification by the experience or observation of the real life."

Not less critical was H. Tsekhanovetsky's attitude towards the second point of the Smith's triad, according to which the unlimited human desire to further satisfy their own needs at the same time "is working" for the greater good and natural order. The Ukrainian scientist wrote that "in addition to anti-public features of some individuals most people, participating in the

economic relations with other people, try to satisfy their needs not only by the use of their own labor but also at another's expense." He denied the over-optimistic views on the activity of "economic man" of A. Smith's successors H. Carey and F. Bastiat, in opinions of whom "such kind of social behavior is temporary and has to disappear with the economic development when the society will reach the stage of harmonious relations between people." And if such harmony will prove to be far from ideal, it could be explained, according to Bastiat's words, "by the deviations" of some individuals. But H. Tsekhanovetsky liked the "deviations" "that are based on the sovereignty of the individual, on his impetuous economic needs that require satisfaction even at the expense of others... The salvation of a man is made possible by the fact that his needs always precede his capabilities; this is the source of human sufferings, but also of progress." Here the Ukrainian scientist was more forward-looking than A. Smith. Perhaps not quite deliberately he understood that business means income which is realized in money, and where the money is, the universal noble methods are not always working, what actually has been proven by the modern business practice.

Drawing the attention to the fact that the rational order of A. Smith and the harmony of H. Carey and F. Bastiat were far from the reality, H. Tsekhanovetsky argued that economic life would always need the mediation of the government because there were a lot of economy sectors that always required public oversight, funding, and control, as for example, the railway sector did. He didn't accept the ideas of the economy liberalization and the minimal role of the government in the economic process. The Ukrainian scientist also denied another extreme: the mercantilist, protectionists and the socialists (the latter he called the utopists) impose the responsibility for all or most of economic decisions solely on the government. Not referring to J. S. Mill, H. Tsekhanovetsky acknowledged the need for new institutions in certain areas of the economic relations, especially in the area of distribution. Simultaneously he emphasized the necessity of the academic grounds for the new institutions, including financial, and such gradual introduction that it wouldn't shatter the already existing institutions, produced by the mankind based on its historical experience. These were the first displays of the evolutionist approach in the economic theory which was developed to the level of science by H. Tsekhanovetsky in the second half of the 19th century.

Expressing his critical views on the classical approach to the economy, the Ukrainian scientist preferred the ideas of the historical school. Citing Roscher, H. Tsekhanovetsky compared his approach to the analysis of the economic phenomena with anatomy and physiology in medicine: only the historical analysis could provide the effective cure for the social and

economic ills. From the perspective of the Ukrainian scientist, to study a problem “one does not approach it, having a priori constructed ideal, but instead one analyzes it to reveal the causes of a problem and to see what the problem could be like, not requiring the instant use of the off-the-shelf recipes...The historical method doesn’t deny the correctness of A. Smith’s ideal laws but keeps up with their real manifestation. It doesn’t condemn the past for the sake of the contemporary demands. The principle of consistency and prudence has its roots in the historical method.” In H. Tsekhanovetsky’s point of view political economy and other social sciences have accepted the historical method, “which to a large extent can be called experimental because in this case a certain phenomenon is examined not in the current moment, but in its entire historical development — and as the result the life is understood...better. This approach is particularly necessary for our purposes because there is no single phenomenon in the society that exists isolated at a particular moment of time, but rather represents the results of the past and the premises of the future.” This approach is especially important in the financial science that develops the improvement methods, reasoning from the historical and economic realities.

The individuality and originality of H. Tsekhanovetsky were showed in the fact that unlike the orthodox followers of the historical school, who claimed that “the foundation of the scientific economics should mainly (previously considered exclusively) consist of the results and generalizations that arise from historical monographs”. He liked the classic assumptions more, but only when they matched the human experience. On the other hand, unlike the classicists, he rejected the analysis of the isolated economic phenomena. In the aforementioned work of 1859, he predicted the ideas of the younger historical school on the need to examine any economic phenomenon in its widest temporal and causative parameters.

The compilation of scientific works of H. Tsekhanovetsky is small. Only two of his works are famous in the West. Among them is his master’s dissertation on “The role of Adam Smith in the history of the political and economic systems” (1859), which was at one time rather popular. The second publication is a brief description of political economy in a popular magazine article.

The above-mentioned works show that the Ukrainian scientist highly appreciated the economic theory of the founder of liberal economics A. Smith who systematized the economic thoughts of his predecessors and economic science in general. The scientist considered the doctrine of “the invisible hand” and “the economic man”, the activity of whom is based on private interest, to be the most important part of A. Smith’s system of beliefs.

The subject of political economy, according to H. Tsekhanovetsky, as well as most of the Ukrainian economists, was the law of the national economy development. He considered the economy to be an integral entity which is composed of three important and interrelated elements: the production, consumption and distribution. The most important among them, from H. Tsekhanovetsky's perspective, is the distribution, which "is mainly the public factor", while production for him is a technical process, and the consumption is a personal one.

In the indicated work H. Tsekhanovetsky critically evaluated the existing wealth distribution system and advocated its improvement. On the basis of the economic theory analysis and practice, he reached a conclusion that the conditions of the workers were getting worse with the development of the society. The social and economic development process the Ukrainian scientist divided into three stages which are the natural, money and the credit economy. This division and characteristic of each stage resembled or rather repeated the corresponding periodization that had been developed by the representative of the historical school Bruno Hildebrand. The credit economy H. Tsekhanovetsky, as well as B. Hildebrand, proclaimed to be the peak of the capitalistic social relations. In the modern conditions, this idea was accepted by the representatives of this particular trend in monetarism. Contrary to the orthodox theory of monetarism, they stress the fact that the processes of crediting have particular importance for the functioning of the market system, and not just the money transactions and the monetary stock that services them. New monetarists propose to control the amount of the monetary supply using the open market operations (through the purchase and sale of the treasury bills and change of the interest rates on these securities), so it will define the level of the demand and solution for the credit, extent of the crediting and the scale of the investing in the state economy accordingly. In this policy, most countries adhere to the so-called Taylor rule, in accordance to which it's necessary to raise the interest rate by 1.5% during the inflation rise of 1% and to lower it by 0.5% during the decrease of the real GDP of 1%. In this way, he outstripped the new monetarists' views regarding the credit.

Among the economic categories, H. Tsekhanovetsky emphasized the importance of such category as the value, which he considered to be leading in the course of political economy. The value, according to his definition, combines two sources: the labor and utility. Such definition wasn't original and a lot of Ukrainian economists followed it. Among these two components H. Tsekhanovetsky preferred labor, and this shows the influence that representatives of the classical school had on the formation of his views. Regarding the utility, H. Tsekhanovetsky thought that it didn't create the

value, but was the essential condition for its existence. H. Tsekhanovetsky wrote that in conditions of the modern exchange freedom “the value seeks to get balanced with the labor. In the absence complete freedom it is based primarily on the utility.”

In their memoirs, the contemporaries of H. Tsekhanovetsky highly evaluated his teaching and stressed his remarkable intellect and erudition. For example, the professor O. V. Romanovych-Slavatynskyi characterized him in his memoirs in this way: “He was a man of brilliant talents and vast erudition. He could read almost in all European languages... I rarely met people, mental capabilities of whom were developed to such extent and whose function of the thought would show such proper organization of the brain activity.”

Should we classify the economic conceptions of H. Tsekhanovetsky, we must mention that he was an adherent of classical economics and taught the course of political economy in the leading universities of Ukraine from this viewpoint. In his lectures, he paid much attention to the coverage of certain problems that were raised in the works of K. Marx. Despite the fact that such interpretation had academic and not the propagandistic nature, it, unfortunately, became the cause of the accusation of H. Tsekhanovetsky by the police department. The school district curator in his answer to the police department request wrote that in the lithographic lectures of the professor H. Tsekhanovetsky of 1880 “the presentation and critical evaluation of K. Marx’s doctrine on the value, which thoroughly refutes the key provisions of K. Marx’s doctrine” takes up 16 pages. Such estimation of H. Tsekhanovetsky’s perspective regarding the economic theory of K. Marx was justified. It is worth to note that during the active scientific activity of the Ukrainian thinker in Russia, there were no conditions for the perception of Marxism as the integral doctrine, as the class doctrine yet. Therefore, in the words of V. Vorovskyi, “it was castrated. The whole sociological constituent of it — the living soul of it — was removed, only the economical teaching remained, which has been examined, evaluated and accepted (or refuted) solely as “the system of political economy” regardless of its relation to the author’s outlook in general.” Does that mean that Ukrainian scientists either “haven’t understood Marxism” yet, or “haven’t accepted it due to their class status”? Or maybe this revealed their scientific erudition and wisdom? The adherents of classical direction in political economy elucidated K. Marx’s economic theory as one of the newest trends in economic thought. In particular, in Kharkiv University, these were H. Tsekhanovetsky, K. Gattenberger, M. Kosovskyi. However, they considered the economic teaching of K. Marx to be the continuation and development of the ideas of the classical school.

H. Tsekhanovetskyy has evaluated “Capital” positively; he was highlighting main economic problems in his lectures and was teaching them so thoroughly, that it was hard to distinguish authorship. In this way, he tried to apply the economic theory of K. Marx to learning. This approach, manner of presentation, that didn’t always assist in the identifying of the common and distinctive features in the approach to the economic phenomena, was highly appreciated by K. Marx. In particular, M. Ziber was recognized by him as the scientist of the European scale, so this can be considered a compliment to the Ukrainian economic thought of that period. The new views on the economy development of H. Tsekhanovetskyy caused ambiguous discussion, particularly there had been a lot of scientific debates about the institute of community in the scientific environment of Ukraine and Russia even in the early 20th century, until the government from half- century discussion of the problem transitioned to its practical solution in the course of economic reforms of S. Witte and P. Stolypin. These revolutionary by their nature reforms due to the historical circumstances — the First World War and also the unsolved acute social conflicts, problems of the democratization of society and others — also haven’t been completed. Such a sad experience in the establishment of the market economy is an example of the negative impact on the economic development that is caused by the time gap between the start of the market reforming and the state’s ability to actually implement the reforms, and the lack of the required institutional support especially regarding the development of the initiative of the market’s subjects.

The essential progress in the theory and the real breakthrough toward the civilized economic consciousness and, most importantly, the beginning of the practical implementation of the scientific achievements were made by the so-called Kyiv real and psychological school headed by Bunge. Projecting the Western European experience in the circumstances of the Russian Empire, the economists of Bunge’s school have emphatically formed the state and public understanding of the real problem of economic development as the problem of the capitalistic economy on market principles. Unlike the quite liberal “critical smithiasm”, to which the first Ukrainian economists, including V. Vernadsky, Bunge himself and his pupils and followers H. Tsekhanovetsky, A. Antonovych, D. Pikhno and others had given credit, Ukrainian scientists paid more and more attention to the role of the government in the economic changes, understanding it as the most important promoter and creditor of the socio-economic shifts.

During the end of 19th and the beginning of the 20th century, the key points in the solution to the economic development problem were shifting a bit. At that moment under the influence of the German historical school in its

new socio-political trend in Russia and Ukraine the social orientation in political economy prevailed. Its followers were united in their desire to explain the economic phenomena first of all from the perspective of the historical and social conditionality, to provide the field of the political and economic research with the ethical and legal aspect, to substantiate the opportunity of conscious impact on the social and economic processes. From these points of view Ukrainian scientists like M. Tugan-Baranovskiy, V. Kosynskiy, V. Levytskyi, V. Zheleznov, M. Sobolev, T. Osadchyi, K. Voblyi and many others have revealed the limitations of the economic and class determinism, K. Marx's teaching, sought to supplement them with the ideas of Neo-Kantianism, psychologism and elements of relativism and reforms. However, they all developed considering the scientific achievements of the predecessors, outstanding among whom was Tsekhanovetsky Hrygoriy Matviiovich.

H. Tsekhanovetsky died in Kharkiv in 1898 and was buried there.

The main works of the scientist: "The role of A. Smith in political economy" (Kyiv, 1859); "Brief description of political economy" (Moscow, 1866); "The railways and the state. The experience of the research on the most important features of the economy and policy of the railways" (Moscow, 1869).



TSYTOVYCH Mykola Martynianovych

(1861 – 1919)

(T'sytovych Mykola Martynianovych is a Ukrainian scientist, economist, financier, lawyer.

Mykola Martynianovych was born on April 17, 1861 in Mykolayiv in the family of employee, actual state councilor. The first steps in training he made under the guidance of his mother, and with moving to Kyiv M. Tsytovych entered the First Kyiv Gymnasium, which he successfully graduated in 1879. In the same year he entered to the law faculty of Kyiv Imperial University of St. Volodymyr. While studying at the university, which is the third term (1878-1880) headed by M. Bunge and lectured to law students, M. Tsytovych got involved into economic sciences. Series of lectures at the Law Faculty were taught by the other famous Ukrainian economists such as D. Pikhno, A. Antonovych, H. Sydorenko, and others. Later, as a famous scientist, Mykola Martynianovych in his work “D. I. Pikhno views on economic policy” (1915) analyzed the scientific heritage of his teachers.

The high-powered abilities of the scientist's future are evident in the student years. Student latest works of Tsytovych “Handicraft Industry in Russia” (1882) were praised by faculty professors, and he was honored with a gold medal. After graduation in 1883, on the recommendation of the Academic Council, he remained at the university scholarship to obtain a professorship (1883-1887). From this period his teaching and academic life for a long period was related with the Kyiv Imperial University of St. Volodymyr, where he worked in different positions from a privat-docent to the rector.

In 1886 M. Tsytovych passed the master exams in Political Economy and Statistics and was appointed as a privat-docentat the University on Political Economy Department.

As the result of his study, he successfully defended the dissertation “Review of doctrine about business profits” in 1889. The work of the young scientist was highly appreciated in the scientific circles and was published by University funds. D. Pikhno was a reviewer.

In October 1893 M. Tsytovych was appointed as an extraordinary professor of police rights faculty. In June 1902, he was appointed as an ordinary professor and at the same year, he was awarded the rank of state councilor with seniority. With Ministry of Education order Mykola Martynianovych was appointed as a dean of the Faculty of Law in May 1902.

His Doctoral thesis with the topic "Local expenses of Prussia related with the theory of local expenditures" M. Tsytovych defended at the Faculty of Kyiv University St. Volodymyr in 1896, obtaining the degree of Doctor of Political Economy and Statistics. Later in 1908 a revised form of this work was published by University funds, and Mykola Martynianovych was appointed as an ordinary professor at the Department of the police law.

The attention of the contemporaries to the figure of M. Tsytovych is related primarily with his staying at the position of the rector of the Imperial University of St. Volodymyr from 1905 till 1917 in the days of wars and revolutions. The scientist was reelected to the post of the rector four times for three years.

In June 1911, at the request of the Minister of Folk Education M. Tsytovych was the representative of Russia in the Commission of International Congress of Administrative Sciences in Brussels. The Ukrainian scientist repeatedly took part in the election of the members of State Duma, and had a deserved reputation in academic circles.

Since 1908 the scientist studied the political economy at Kyiv Commercial University.

In the creative heritage of M. Tsytovych, the important place occupies the already mentioned Master's thesis "Review of doctrine about business profits. "This is the work of a young scientist which deserves a special attention. Highly appreciating it in his monographic study, the well-known Ukrainian scientist V. M. Feshchenko noted that "in the developing of the problem of entrepreneurial income the scientist (M. Tsytovych — Auth.) was close to its neoclassical interpretation particularly in the works of A. Marshall. "

The deep analysis of certain provisions of that work indicates that they were pioneering in the world of economic thought. However, in the history of economic thought, scientific achievements of the Ukrainian scientist were unjustly overlooked. Known Ukrainian scientist and researcher P. Leonenko says, "The work of M. Tsytovych was published before the famous work by J. A. Schumpeter "The Theory of Economic Development (Study of entrepreneurial income, capital, credit, interest and cycle conditions)" (1911). It is treated in the West with special reverence as a pioneer while M. Tsytovych work is not mentioned even in the passing major by western historians of the economic thought. "

It should be noted that before the mentioned works of M. Tsytovykh in the works of M. D. Pikhno the essence, functions and other issues of business profits had been examined. Thus the researcher noted that “the theory of business profits emerged and grew almost exclusively on German soil, which can be attributed to the tendency of German scientists detailed and consistent development of theoretical issues. “ However, the work of M. Tsytovykh was distinguished with the consistency and the depth of analysis that makes it distinctive in the field of economic literature of the late nineteenth century.

In “Review of doctrine about business profit” M. Tsytovykh grouped the views of scientists on the issue of business profits and identifies their three general areas.

To the first direction belong all economists who consider the turnover as a return on capital. However, M. Tsytovykh divided them depending on which component of profit emphasize these economists:

- 1) actually economists,
- 2) representatives of the socialist direction.

The first group representatives of the first direction considered entrepreneurial income as the multifaceted category and singled out in it the following components:

- 1) percentage or actual charge for capital use;
- 2) remuneration for work use of capital in production;
- 3) compensation for risk.

Some economists also add the monopoly profit to the list of the components of the business income. Positively assessing such an approach to the definition of business profits, M. Tsytovykh meanwhile considered a disadvantage of this approach is the identification of rewards for business activity and income on capital.

According to M. Tsytovykh, M. Bunhe also belongs to this group of scientists-economists who consider income as a fee for the use of the productive forces. He distributes the income to wages, profits and rents. M. Tsytovykh includes to the profit components: a) fee for the use of capital; b) share intended for the maintenance and restoration of capital, i. e. the repair and repayment; c) fee for the risks when submitting the capital in credit or while spending it in the enterprise; d) fee for labour required for the profitable capital allocation; e) rent.

The second group representatives of the first direction believed that “the income of the company” ... is the product of the only workers involved in the company manual labour. “ Accordingly, the forces of nature, capital intangible activity and, in fact, the activity of the entrepreneur were recognized as an unproductive. Socialists condemned the landowners,

capitalists and entrepreneurs who appropriated the part of a work of another person and determined such actions as a robbery. The doctrine of this group of business profits was developing in the context of the socialist theory of value.

The second direction representatives tied business profits directly to the income from labour or wages, often calling it the wages of an entrepreneur, considering it separately from other incomes. E. Lavele considered the profit of entrepreneur as an uncertain category because of the need to pay rent, wages and interest, and the volume of sales cannot be pre-determined. That is why the income consists of two parts:

- 1) of the remuneration for the skill and perseverance of the entrepreneur;
- 2) of the compensation for risk.

The third direction representatives acknowledge the existence of the business profits as independent part of income. But dependingly to the views of business profits, its composition and characteristics in their turn are divided into three groups.

In the first group, M. Tsytovykh includes scientists that insufficiently substantiated the independent nature of the business profits. They called business profits like part of the income that remains after deducting of interest on equity of the entrepreneur rents and remuneration for entrepreneur work if he is involved in the production process. Accordingly, business profit is the reward for enterprise management and a reward for risk.

The second group of representatives of this direction considered the business profits directly as excess of net income, which can be obtained only by entrepreneur due to:

- 1) some donations related to the position of the entrepreneur,
- 2) circumstances not related to donations.

The third group of representatives of this direction considered the business income source is the special relationship of the entrepreneur to share and its position in the exchange fight. According to Gross, "business profits include income that is formed by the difference between production costs and selling prices of products. "

Critical analysis of the differences of approaches to the definition of business income, M. Tsytovykh makes important scientific generalizations that are still relevant today.

Firstly, he develops the views of those economists who indicated the peculiar nature of business profits. The scientist in this respect stresses that "only with this view the doctrine about business profits as independent income might make a sense. "

Analyzing the ways to receive income and the sources of their origin, he shows the unity of these categories with the entrepreneurial profit. However,

he stresses that “the purpose of the doctrine of business profits, as an independent branch of income should be not in finding of income that would not be like any rent or income from work or income from capital, but in determining the income received by the entrepreneur as one in view of its special position in the economy. “ In his view, business profit is partly based on the specific production services of entrepreneurs. Unlike all other classes, entrepreneur uses uncertain and unconditioned income. “The uncertainty of income is one of the special situations of the entrepreneur. “

The peculiarities of entrepreneur’s situation in regard to enterprise compared to its other workers are determined by carrying of the last one on behalf of the entrepreneur and for his benefit. The entrepreneur (or a few entrepreneurs) organizes enterprise and spends his own money or real productive means and benefit from the economic activity. So for the entrepreneur, the enterprise is a gainful article, the means for acquiring of income purchase in cash or in tangible form to meet it own needs. Thus, according to M. Tsytovykh, you should consider as an entrepreneur someone “who by its own will and at its own expense makes this set of productive means to the production and receives in his favor the economic production results. “ His gross income, as opposed to the conditioned income of workers, capitalists and others will consist of direct product cost, and the net income will be determined by the difference between the cost of manufactured products, services and cost expenditures.

The Ukrainian scientist who for decades a headed J. Schumpeter defines features of business profits, which have very diverse character and partly are implemented in the special donations of an entrepreneur. The risk is among the recent, according to the scientist. “A person who spends their productive forces in the company could risk more than it may risk in case if it used the conditioned income from these forces. “ Making expenses the entrepreneur can not be sure that the value of the manufactured products will be sufficient for the compensation of these costs. The main reasons for this uncertainty are: 1) obscurity of the technical production results; 2) incomplete confidence in the abilities, skills, honesty of those persons whose services uses entrepreneur; 3) economic risk caused by “conditions” of market “condition equally can bring for an entrepreneur the extraordinary profits, regardless of any expenses and entrepreneur activity, as in other cases can lead to undeserved losses or devastation. “

Any company always exposes to some risk. However, new industries, new production is associated with a higher risk than older ones. The reasons are not only in technical conditions but also in less knowledge of market conditions for the entrepreneur. Large companies, says M. Tsytovykh, are at lower risk than smaller enterprises in the same industry. This is due to the

fact that “large companies have the ability to withstand the lack of sales, technical failure or other adverse conditions. “Among the many conditions of risk the scientist identifies the personal expression of personal power and abilities of the entrepreneur.

An interesting proposition of M. Tsytych about the subjective attitude to the risk, where “an important role plays a national character, level of economic development (rich people are more willing to make the expenses on enterprise risk), previous experience (after the crisis develops own risk) and others. “He associated the income size with the size of risk. “The average income from similar enterprises provides a surplus proportional to the degree of risk of these enterprises”, — said M. Tsytych.

Consequently, the excess of income that gets entrepreneur, regardless of its activities and expenditures, may belong to the business profits. It includes such excess that can not be obtained in the form of conditioned income that is only unstable income or, at least, one that can not be fixed for the certain enterprise. Only such excess of income can be considered a reward for risk, which takes the entrepreneur, said M. Tsytych.

The second factor that enables the entrepreneur to use surplus income as business income is a business productivity features work. This motif is stronger than other motives of employees as an entrepreneur is involved not only in profits but also in the losses. M. Tsytych said that “Any increase in the intensity of labor and the improvement of quality promise him an immediate increase in income, but any negligence results in losses or ruin. “ The interest of entrepreneur will be greater in the case of an entrepreneur being involved in the company by his property than if he contributes to his company only by labour. M. Tsytych associates the extent of the interest of the entrepreneur to the value of its assets in the enterprise. A sole proprietor is more interested in the success of the company than a representative of a collective enterprise that is explained by income ratio.

Ukrainian scientist is pointing out the advantages of a large enterprise with more capital, firstly drew attention to an interesting trend that will be developed in the work of E. Chamberlin “The theory of monopolistic competition” (1933). It is about the more capital concentrated in the hands of the employer, the wider field is open for monopolistic ambitions of the last one. E. Chamberlin just clarifies that any entrepreneur tends to monopoly, and M. Tsytych stressed that “it can not only displace smaller enterprises with temporary decreased prices, but also buy them on favorable terms for their owners in order to get rewards in the form of monopoly prices.

M. Martynianovych drew attention to the oligopolistic nature of the enterprise. He stressed that one of the important factors of the increasing of business income is the fact that “they (entrepreneurs — auth.) have more

knowledge about the market and more solidarity among themselves than other classes of people who come to them in exchange”. In addition, compared with consumers, entrepreneurs have a businesslike approach to buying and selling. Although the last advantages he calls a temporary income for consumers but they also adapt to the market conditions that affects in income of the entrepreneur.

In our opinion, in the late nineteenth century, M. Tsytovych wrote a major work, which has no analogues in the Ukrainian economic thought. None of the modern works on business profit, can not claim to that theoretical and methodological level, which is inherent in “Review of doctrines about business profits. “ The research of scientific achievements by Ukrainian scientists according to an ensuring profitability of enterprises should form the object of future research.

From May 1889 to August 1891 M. Tsytovych was on a trip abroad funded by the university to continue their scientific work. At the same time, his goal was the exploring of the teaching of political economy, statistics and finance in the most famous universities in Germany, France and Belgium, and also study of the organization of administrative statistics in these countries. In Germany, in the University of Berlin, M. Tsytovych attended the lectures by representatives of the new historical school — A. Wagner, G. Schmoller and B. Mayuen.

The direction of scientific research of Ukrainian scientist during his study abroad was the financial relationships and their organization at the local level. The result of the study was the doctoral thesis “Local Prussia expenses in connection with the theory of local expenditures, ” the reviewer of which was a known Ukrainian economist, Professor M. P. Yasnopolskyi.

The work is characterized by the successful structure. It consists of two parts: the first one provides an overview of the scientist on local costs, the second one is devoted to the evaluation of the system of local costs of Prussia. In the preface to his work M. Tsytovych stresses on the lack of the attention of scientists to the problem of the cost of local governments and their “superficial observations of a general nature. “

The review of scientific research on the expenses of local government in the given work the scientist begins with the works of Smith “Study on the Nature and Causes of the Wealth of Nations where the last indicates “two conditions that have of undoubted importance to the issue of the cost sharing management between the state and local unions: greater compared with the state, the ability of local unions to meet the requirements of economic or commercial principle and unequal relation of the various items of management for the local and national interest. “ In general M. Tsytovych

notes that the level of development of the distribution of expenses between the state and local authorities in Adam Smith's work is rather primitive.

German scientist L. Jacob divides the expenses for general and specific at the another level of methodology to the theory of local expenditures according to M. Tsytovykh. The first one concerns of the whole state and the second appears to certain parts of the country, and they can either be felt throughout the country equally, or not throughout the country and to the different extent. Requirements that are unevenly distributed across the country, according to L. Jacob, are met by those areas within they occur.

In the first chapter of his work M. Tsytovykh criticizes the views of scientists who oppose the development of local finance system, K. Malthus and K. Rottek. They argue about the negative effects of local finances on public finances, "because it the unity of the state weakens, financial management and taxation is complicated by the uneven as percentage cover the same costs appears varies in different parts of the state. "Malthus K. and K. Rottek also emphasized the need to limit cases of taxation with local taxes and on the distrust of local self-government. In addition, the main drawback of the system of local expenses is uneven tax burden in the state based on residence.

The Ukrainian scientist analyzed the work of another German scientist, a representative of classical finance theory K. Rau, who was an active supporter of the local governments and research to substantiate such claims to the local system of financial relationships: 1) the duties of the citizens fully correspond to the benefit received from this 2) commitment to adopt tax increases for all like obvious and clear benefits, 3) expenses are determined only by mature discussion of their true need and 4) made by economical way.

According to M. Tsytovykh, the development of the theory of local costs can be divided into three periods: till 60 years of the nineteenth century, beginning and the end of the 60 years of the nineteenth century. Until the 1960's the theory of local costs was still in its infancy. Only some aspects of local finances were analysed and "quite often -the scholar says — too superficial conclusions were made." The positive achievement of this period was development of unambiguous approach to understanding of the essence of taxes: "Tax can only be justified as a reward for benefits received by the payer from public union activities, and during the distribution of taxes only the amount of the benefits that accrue to individual payers should be adjusted". The representatives of this approach emphasized the correspondence between the taxes paid and the amount of benefits to be received by taxpayers. Unfortunately, in the modern economies, this

provision has lost its meaning, and an average taxpayer not always can feel commensurate benefit from the taxation of his revenues.

The beginning of the 1960's was characterized by increased attention to the issue of local finance. During this period, the theory of local finances was developing under the influence of free trade German school. This is the school that proved the exclusively economic character of local finances that is defined that their purpose is "granting various economic advantages to the members of local unions."

The end of the 1960's was characterized by the rapid development of the system of local expenses and by the negative attitude of the population towards ever-growing local taxation. Therefore, in the scholar's writings attention was drawn to the local finances. Thus, within local expenses A. Wagner outlined expenses for support of local officials, expenses for social care, public education and religious purposes; L. Stein distinguished four categories of expenses: 1) expenses "expressed in the aggregate of structures and institutions", intended for local needs; 2) expenses arising from the set of public functions of general management performed by self-government; 3) expenses for remuneration of officials executing tasks of public government; 4) payments for self-government loans. Approaches of these to scholars were criticised by M. Tsytovykh for their misunderstanding of correspondence between self-governance and governance.

Analysing works of other scholars who studied problems of local finances M. Tsytovykh highlights scientific achievements of A. Wagner. Despite some criticism, he notes that Wagner developed the issue of local finances more thoroughly than any of his predecessors. Summarizing their views, the scholar concludes that the study of local finances "lacks basic framework which can be obtained only when it is related to general theory of fees and duties distribution arising from the satisfaction of social needs."

V. Fedosov and P. Yuhymenko note that along with the works of foreign scholars within the field of view of M. Tsytovykh were works of Russian and Ukrainian scholars-financiers on local costs, including V. Lebedev, I. Tarasov, S. Ilovaisky. According to him, "Professor Tarasov lists the benefits of the existence of local financial enterprises by Rau... Professor Ilovaisky only provides the opinion of V. A. Lebedev on this issue." Meanwhile, M. Tsytovykh rates highly the works of L. V. Hodskyi, but does not agree with the opinion that all doctrines regarding public sector apply to local public economies.

In fact, claims the scholar, basic principles may be the same for state and local economies. However, "application of these principles to the local economy, due to special conditions — notes M. Tsytovykh — that the latter ones are faced with, demands special conclusions and considerations." And

the most difficult issue to clear the way for the general theory of local expenses is to establish justice of “norms of state and local associations’ participation in expenses caused by the satisfaction of social needs”. None of the existing taxation theories, as shown by the critical analysis by M. Tsytovych, has a clear answer to it.

M. Tsytovych starts to investigate the issue of local expenses with the identification of payment power of local unions which is “determined by the number of its population and the average payment capacity of the latter”, but notes the independence of the sum of individual expenses from their payment power.

The principle of equitable distribution of public imposts is to ensure that “all citizens are in the same favorable conditions in respect to satisfaction of social needs” — claims the scholar. Their payments should be comparable, on the one hand, with their means, and on the other hand — with the degree of needs satisfaction. Local groups, associated with one or another union, “according to the general rule, should not bear those excess expenses caused by the special expensiveness of social needs satisfaction in the given area if compared to other areas.”

M. Tsytovych shows the practical benefits of the local financial sector compared to the public. First of all, the existence of the financial sector with its specific range of tasks, performed by the local population, increases accountability to taxpayers. In such circumstances, opportunities for “expense control” are much better. Secondly, the existence of the local financial sector allows local bodies “to engage gratuitous manpower in social benefits”. This is facilitated by close relations with the local population and the “spirit of self-governance”, on which their activities are based. State, using coercion, could achieve the same results, but it would affect the quality of services. However, warned the scholar, “gratuitous service is only good when it is relatively simple and does not take too much time from the person who devotes himself to it. “ Here it is necessary to prevent unpaid positions “for the sake of any side, not quite clean sources of revenue. “ For local unions that are mainly dealing with the economic side of management, this threat is particularly great.

As for the sources of income in state and local economies, M. Tsytovych outlines income that does not have tax character: income from real estate and various industrial and public enterprises belonging to public unions. The presence of these sources in each country depends on the specific circumstances and conditions as well as in local unions. Depending on these circumstances, local unions can have the advantage in comparison to the state concerning non-tax income, or vice versa. But in terms of the general conditions that determine the availability of non-tax sources, the advantages

here belong to local unions. Hence, local unions have advantages in obtaining income from purely industrial enterprises as well as those which are based by them to meet any needs of society. Local unions, claims M. Tsytovykh, can adapt to market demands better than a state, and have more opportunities and more incentives to reduce excess expenses. And the more complicated economic aspect of an enterprise is the more advantages local unions have in its management in comparison to the state. The situation of local unions is also more advantageous in comparison to the state in obtaining income from real estate, except, perhaps, for forest estates.

Private household income and income from public enterprises, according to M. Tsytovykh, have to play more important role in the local budget than in the state's budget. There are two reasons for this: 1) some public enterprises are characteristic mainly to local unions (especially utility enterprises); 2) state "as an entrepreneur is in general slightly lower than local unions. " Indirect tax sources of state and local income have advantages of a state enterprise in comparison to local ones. However, as for direct taxes, local economies are in relatively more favorable conditions, given the fact that evaluation of the objects of taxation by them can be made more successfully, than by direct state bodies. Municipal bodies ■ — notes the scholar — are more interested in the diligent performance of this task and are better acquainted with conditions and circumstances of local life."

A state can also in a certain way use these properties of local unions, engaging them in participation in their financial management. However, none of the ways of engaging of local residents "in financial management of the state can provide the latter with all the benefits enjoyed by local unions during the distribution of their own taxes". That is why, according to M. Tsytovykh, local unions are in more favorable conditions in reference to direct taxes than the treasury. In other circumstances, these taxes can provide them, as stresses the scholar, with more income, and within each separate union, they can be distributed more evenly than within the whole state. It is commonly known that this idea is still relevant today, especially for Ukraine during the period of expansion of local self-government.

As far as indirect taxes are concerned, the state has undeniable benefits here. Revealing the objective reasons for this, the author concludes that "indirect taxes cannot play in the local budgets even nearly the same role they play or could play in the state budget. " But the advantages of indirect taxation as compared to direct are not absolute. According to the scholar, "their meaning will be the less, the more perfect the technique of direct taxation is, the more even distribution of direct taxes is, the more we can rely on fairness and impartiality of the authorities conducting the assessment for direct taxation, the greater the confidence of taxpayers is that existing

amount of direct taxation is really necessary and justified by public interest, and finally, the more society will develop a sense of civic duty”. These advantages indicated by the scholar are still important today, even in the countries with the most advanced system of direct taxation.

Analysing the benefits the large economic unit has in comparison to other ones, M. Tsytovych stresses that “the union which means are not sufficiently stable cannot function properly”. And in this respect, the system of local taxes has great importance. The more diverse sources of taxation provided to local unions are, the more stable their financial means can be. Here, big cities have great advantages; having the same system of taxation they have more diverse sources of income. The financial power of the capitals and cities with a million people “does not yield to the power of an average state” — notes the scholar. Therefore, all of this must be considered during the calculation of the distribution of expenses of the government between separate types of local unions. From a financial point of view, “central covering of expenses of the government, — says M. Tsytovych — has to prevail over the allocation of them to the funds for local gatherings. “ According to him, it is inappropriate to impose any expenses on the local funds in order to relief general government budget.

Comparing advantages and disadvantages of state and local economies, M. Tsytovych draws conclusions that are still relevant today for the theory of self-government: 1) economic benefits of local unions can manifest sufficiently only if expenses of local funds are the responsibility of those bodies that really represent local interests and the composition of which can be affected directly by local population;

2) observance of economic principle in case of local covering of expenses can be mostly expected when local unions cover these expenses from the taxes imposed on the local population because the need to pay taxes to induce payers to use them properly;

3) the less any expenses are exposed to the formal control, the more important it is to designate them as local funds. In general, “local coverage of social needs enhances the vitality of self-governance — emphasizes M. Tsytovych, — and increases its value as a means that fosters the social spirit of the nation”.

In the matter of rational correspondence of state and local coverage of social needs, M. Tsytovych indicates an important rule relating to the distribution of government expenses between the state and local unions. It is as follows: “If for some reason it is necessary to provide local unions with a certain branch of management, than this fact should speak in favour of fixing, at least, some part of expenses associated with this branch with local unions; conversely, if these branches of management due to certain

considerations should be left to the state, it means that the state should participate in the expenses that are caused by it. “ Thus, the scholar notes that there is a relation between the participation of individual unions in various branches of management and their participation in expenses caused by these branches.

M. Tsytovykh draws attention to the fact that there are no absolute borders of financial cooperation between the state and the bodies of local self-government. They may vary due to different factors. “For financial cooperation of public unions, — he stresses — quite a broad area remains within which it may serve as an adjustment for those cases when the distribution of entire industries or individual cases of management between the state and various local unions matching the administrative and political reasoning does not correspond to the distribution of the government expenses, which could be considered the fairest and most appropriate. “ This is the general meaning and purpose of financial cooperation of public unions.

M. Tsytovykh distinguishes four forms of such financial cooperation:

- 1) participation of the state in the expenses of local unions;
- 2) participation of the broad local unions in the expenses of the narrower unions belonging to their territorial structure;
- 3) financial cooperation of homogeneous local unions;
- 4) participation of the narrow unions in the expenses of the broader ones, including participation of local unions in the state expenses.

The state, participating in the financing of local expenses, mitigates the uneven distribution of these expenses, increases the degree of satisfaction of social needs in those unions that lack their own funds to do this, and reinforces local budgets in case of random fluctuations of local income and expenses, connected with some coincidence of adverse circumstances. With the help of appropriate assistance from national funds, the possibility of local unions to take part in the financial benefits that the state has due to the possibility to largely use indirect taxation, or sometimes due to generous sources of non-tax revenues, is achieved to the uttermost. According to M. Tsytovykh “assistance from the state treasury fund should be given only for those needs, satisfying of which by general government means can be justified”.

The Ukrainian scientist also investigated the interaction between state and local authorities in terms of the public and local taxation and in terms of financial assistance to local authorities. He draws a conclusion that “state assistance to local unions only then can fully fulfill its purpose when its source is the general funds of the state Treasury”.

Thus, by the research “Local expenditures of Prussia in connection with the theory of local expenditures” M. Tsytovykh for the first time in financial literature laid the fundamentals of the modern theory of the self-government. Many of the provisions, justified by him, retain its relevance till today. His work from the standpoint of the theory of local finance is of world importance, and the researcher deserves global recognition as the founder of the science of local finance.

Among scientific achievements of M. Tsytovykh the work “Rural municipality as the local authority” (1911) is also worth mentioning; it was specially acknowledged by the Emperor Nicholas II. In the work, there are formulated results of the reform and reviewed the status of the rural municipality and its financial needs. The scientist justified his own project of rural municipality reform, which was sent to the State Duma.

In 1919 M. Tsytovykh was accused of nationalism and on May 30 of the same year, he was arrested by Kyiv government extraordinary commission with forfeiture of the part of the property. In Soviet literature, the figure of the scientist was considered remarkably negative.

Thus, M. Tsytovykh appears as a prominent Ukrainian economist-financier of international fame, public figure, teacher, founder of the science of local finances. His dissertation “Review of studies on entrepreneurial profit” and “Local expenditures of Prussia in connection with the theory of local expenditures” are unparalleled in modern economic thought, as characterized by depth and complexity of research in the field of history of economic thought. Scientist’s approaches to structuring and grouping of scientists’ and economists’ views can be emulated by contemporaries in the context methodology of material presentation.

At the age of 59, Mykola Martynianovych Tsytovykh died on October 13th(September 30th), 1919.

The main works of the scientist: “Handicraft Industry in Russia” (K., 1884); “Course of Statistics (Population)” (Zhytomyr, 1886); “Review of doctrine about entrepreneurial profit” (K., 1889); “Local expenditures of Prussia in connection with the theory of local expenditures” (K., 1898) and others.



TUGAN-BARANOVSKYY Mykhaylo Ivanovych

(1865-1919)

(T'ugan-Baranovskyy Mykhaylo Ivanovych is the world famous scientist, economist, whom the Russians consider Russian, the Ukrainians suppose to be Ukrainian, and Joseph Schumpeter called him the best Slavic economist. He is not only a theorist and holds a special place in Ukrainian and global financial thought, but he is also known as a practical economist. In August and December 1917 he was General Secretary of Finance at the General Secretariat.

Tugan-Baranovskyy was born in 1865 in the village Solyanykivtsi of Kupyansk county, Kharkiv province in a wealthy aristocratic family. His father Ivan Y. Tugan-Baranovskyy was the military, a Tartar by ancestry, his mother Anna S. Shabelska was Ukrainian; she came from a family of ancient princely family Movile-Montvid. The parents put great attention to children's education. Having a fairly substantial primary education under the home teachers' direction, young Mykhaylo continued his studies at the Kyiv school. However, guided by the desire to control their son and help in personality development, the parents took Mykhaylo to Kharkiv. So he obtained a high-school education in the 2nd Kharkov school.

After successful graduation from high school in 1884 Tugan-Baranovskyy entered the Physics and Mathematics Faculty of Kharkiv University. At the same time, he continued studying social sciences thoroughly in the Economics and Law Faculty which he had a great inclination to. At that time, the courses of Political Economy at Kharkiv University were lectured by such well known professors as M. Aleksyeyenko, a public finances specialist, and I. Sokolskyy, a great scholar in the field of music and literature. The sphere of his scientific interests included the monetary system, foreign trade statistics and the economic studies history, the course he firstly introduced in the Russian Empire and implemented in the Kharkiv University program. The leading experts on the political economy methodology were noted by the research interests wideness, among them Professor K. Hattenberher and G. Tsehanovetsky.

On the last university year of his study under the guidance of M. Aleksyeyenko Tugan-Baranovskyy prepared the scientific work, which would be included into world economic treasury as the first attempt to combine the ideas of labor theory and the marginal utility theory, "The doctrine of marginal utility of economic benefits as the reason for their value" (1890).

After the graduation (in 1888 he finished externally Natural Mathematical Faculty and in 1889 Law and Economic Faculty) he studied economic courses in England. At Moscow University, he received a Political Economy Masters Degree. In 1895, he entered the Free Economic Society. His active participation and innovative ideas captured society members, so in 1896 Tugan-Baranovskyy was selected as its chairman. On the administration invitation in 1895, he lectured at the St. Petersburg Polytechnic Institute. In addition, he was a professor at the Shanyavsky Commercial University in Moscow, the chief editor of "Cooperation Bulletin" and editor of all pre-revolutionary editions of the popular series "New ideas in the economy." "This edition was reprinted after his death, and until the end of the 20th century. Great scientific interest and originality of thought became the basis of invitation for author intake to encyclopedic reference book "The Ukrainian people in their past and present."

Having been brought up in the traditions of the classical school, fascinated by the Marxism theory, its socialist perspective, Tugan-Baranovskyy noted the economic school, which strongly opposed this doctrine, denying its foundation itself, i. e. labor value theory. There were the works of the Austrian school representatives, led by Karl Menger, who opposed the expenses-labor concept of cost by the classical school to his own marginal utility theory. Tugan-Baranovskyy made not only a brilliant comparative analysis of classical and Austrian schools for the cost problems as the initial and central in the political economy of the time, but came to the conclusion about the possibility of synthesis of these seemingly mutually exclusive value theories of two schools.

Scientist set out his new content ideas and critical views on the fundamental notion Marxist theory of (labor value, value, added value, etc.) in the famous work "The main mistake the abstract theory of Marx capital" (1899). In this work, the scientist not only questioned the fundamental Marxism concepts but concluded the artificiality of the concepts to raise added value, providing the average rate of profit increase, the degree of capitalist accumulation exploitation of the entire abstract theory design of K. Marx capitalism, in the author's words. Instead, the central Marxism idea Tugan-Baranovskyy considered the concentration and centralization doctrine

of social production to be the easiest which explained “how the capitalist system turns into its opposite. “

This conclusion lifted scientist’s research at the highest level of achievements in the world economic thought at the time to neoclassical analysis, where the names of A. Marshall, J. B. Clark, V. Pareto and other scientists referred to.

His world-famous work “Industrial Crises in Contemporary England, their causes and influence on people’s lives” (1894) became the peak of the scientific inquiry period of Tugan-Baranovskyy. This work was the first serious attempt to find a scientific answer to the burning issues of the day, i. e. the laws of capitalism development as an economic system, its destiny in general and in terms of the Russian Empire in particular, the importance of Marxist theory (primarily Marx’s theory of reproduction and crises) in solving these problems. For his efforts, in 1894 he was awarded a master’s degree.

In 1895 by competition the scientist was chosen for the position of St. Petersburg University privatdozent (associate professor), where he began his brilliant teaching practice. At the same time, he continued to investigate the problems of capitalism and its evolution in general and of capitalism in particular. The well-known book was the result of this work “The Russian factory in the past and the present. Historical and economic research”(1898). It traced the history of Russian factories scientific development — from manufactory serfdom of the 17th century to machine industry of the 90th of the 19th century.

In 1898, the scientist lodged a doctoral dissertation to the defense in Moscow University and successfully defended it. However, Tugan- Baranovskyy continued to work on the industrial crisis problem. The peak of this scientific activity became a book “Industrial Crises in Modern England” (1900), which was translated into English and German, French and Japanese, and there were four editions in Russia during the author’s life.

In these works Tugan-Baranovskyy created his own cycles and crises theory seen in the global economic literature as having initiated the modern economic conjuncture theory. The author devoted an important place in it to investment. For the Ukrainian scientist, institutions and investments were the means of achievement material and spiritual welfare of people as capital allocation, its economic impulses, a close relationship with the reproduction process, with the development of market economy and national peculiarities of domestic and foreign policy are all closely related.

Later, scientist mentioned that in the book’s German edition, he was able to predict approaching industrial crisis in 1901 in Germany “that attracted the attention of German press”, and predicted the American crisis in 1907

that was convincing evidence of his conclusions correctness about opportunities and the necessity to economic conjuncture forecasts.

Tugan-Baranovskyy tried to contribute to the social theory distribution development by his works. Describing capitalist relations, the scientist concluded about the tremendous self-development opportunities that were incorporated in the capitalist economic system, about the necessity to find the reform ways to ensure further society progress and a perfect social order on the capitalism basis.

In 1899 by order of the Minister of Education M. Tugan-Baranovskyy was forbidden to teach “because of political unreliability” and dismissed from St. Petersburg University position of private associate professor. However, he did not break with the university students. In spring 1901 together with them, he participated in the demonstration for which he was arrested and exiled to Poltava.

During the years of his staying in Poltava, the Ukrainian scientist M. Tugan-Baranovskyy was the provincial rural county and land representative, engaged in scientific activities. In his scientific work, he gave the particular importance to the agricultural cooperation research, considering that this was the way to the agricultural growth, improving the welfare the peasantry.

Theory cooperation was another bright part in the scientific works. The scientist moved attention to the research of cooperation as a business form that played an important role in social economic life of the West countries and started to develop in the second decade of the 20th century in the Russian Empire from the analysis of industrial cooperation ideas in the form of free association as centers of the future society and failures of their education under capitalism. The result of these studies became Tugan-Baranovskyy well-known work “Social basis of cooperation” (1916), which was published three times during his lifetime.

The scientist maintained close contact with Ukraine, and he spent the last years mainly in Ukraine, where he moved in summer 1917. In the middle of that same year, Tugan-Baranovskyy was invited by the Central Council to the post of Secretary General in financial matters. As a representative of the new government, he called for holding the independent policy of social economic transformation, substantiated the need to create its own Ukrainian currency, the gap between “the ruble and Russian ruble” to “save from that financial abyss into which Russia flies. Solving the problem of funding’s emergency needs by increasing money creation led to the frustration of the whole monetary system. The issue of Kerensky Provisional Government Treasury signs (“Kerensky”) could not fix the situation, the more that Nicholas “credit cards” were terminated, and life became more expensive not

by days but by hours. Lack of stability due by deranged transport system delayed the timely supply of banknotes to outskirts from the center. When the monetary crisis in Ukraine had enormous scale, the Central Council had no choice as to introduce its own currency.

Tugan-Baranovskyy being the General Secretary of financial affairs duties, there were developed the simplest rules of cash revenues and expenditures of the republic for the first time in Ukraine, as well as the accounting procedure of cash and tangibles in organizations and institutions.

In the General Secretariat the heated debate deployed on this occasion after the abolition of private land ownership on November 20, 1917 by the Third Universal of the Central Council. As a protest along with a part of other general secretaries, M. Tugan-Baranovskyy left the government.

At M. Tugan-Baranovskyy's initiative, a special Institute of Economic Conjuncture was established in Ukraine in December 1918. He headed this Institute. In addition, the scientist headed the Ukrainian Scientific Society of Economists and Central Ukrainian Cooperative Committee and edited the Ukrainian cooperation" magazine. He was elected an academician in the "Theoretical savings" speciality. In this last short period of his life, Tugan-Baranovskyy was one of the organizers and Professors of Ukrainian State University based in Kyiv and the Dean of its Law Faculty. He refused the Hetman Skoropadsky's suggestion to enter the Cabinet of Ministers, but at the end of 1918, he accepted the suggestion of governmental Directorate of the Ukrainian People's Republic on his appointment to the position of the adviser on economic issues in the negotiations with the Entente countries in Paris. In January 1919 performing his duties on this position, with the Directory delegation, he departed to Paris. It was his last trip, on the way to Odessa 54-year-old M. Tugan-Baranovskyy died.

The political economy in Russia and Ukraine in the last third of the 19th century had a vivid social character and reformist direction. Simultaneously, it started the process of the reorientation of Ricardo's theory of value labor principles to the principles offered later by marginalists. Only at the beginning of the 20th century, the trend of the new neoclassical approach proposed by the Austrian and Anglo-American schools was clearly defined in the sense of political economy of major events and categories. We can state without exaggeration that M. Tugan-Baranovskyy works made a powerful impact on this reorientation of politically-economic knowledge in Russia and in Ukraine.

The theory of money and its circulation takes a special place in Tugan-Baranovskyy scientific heritage. To appeal to it, the Ukrainian scientist was pushed on by the need for a practical settlement of the money economy, which was particularly acute in the early twentieth century during the

inflation and exchange disorder (1915-1918), caused by the First World War. The Ukrainian Economist published books "Paper Money and War", "Paper Money and Metal", "Where is the Money for the War taken." With more than two hundred scientific papers in his lifetime, only "Paper Money and Metal" (1917) was directly devoted to the problem of the nature of money. This is due to the fact that in his scientific research activities he did not study specifically the money problem, but he mostly studied the theory of economic cycles and crises, costs and distribution. But these developments were the basis for his market fee theory, which made a logical continuation and completion of his previous works.

At the beginning of his work Tugan-Baranovskyy said that the biggest money theory challenges were a) development of the issue of money value and b) determination of factors that manage it. The existing commodity and the quantity theories of money value, in his opinion, did not explain the origin of various forms of money value, which he stated to be three: 1) real money, 2) coins — gold and silver coins, 3) paper money.

In the development of paper money, he identified three phases and, in fact, their three varieties -banknotes, paper money in its "pure" form, and adjustable paper money. At the first stage, banknotes were just the embryo of paper money, in their undeveloped form. They functioned along with metallic money (coins), being related with them by the market rate, and they shared with them the cash function. The second phase was characterized by the receiving compulsory market rate of paper money to metallic one, and according to the Copernicus-Gresham law, paper money displaced the latter from circulation. Such paper money was called "unchangeable," it got legal support in the form of mandatory requirements of the state to their payments reception, that is, according to M. Tugan-Baranovskyy it had "a complete legal structure." At this stage, paper money was converted into one "in its purest form", being completely liberated from the metal base, and breaking its relationship with the metal. Paper money received its perfection at the third stage of its development, which the scientist stated, "has just begun and further development of which is still to come" and which was a new era in the history of money circulation. The essence of this period was that the government performed the planned adjustment of paper money value. At the third phase, the governmental authorities set up a completely new task — "systematic influence of the government" on the money value.

While developing scientific principles of new forms of currency circulation and its functional dependencies, the scientist realized that without the classical view of the general theory of money it would be impossible to explain some contradictions between the realities of economic life and commodity-monetary exchange. Continuing the Ukrainian financial thought

tradition, he openly expressed his commitment to the evolutionary money origin concept, i. e. money appeared not by the people will but as a result of a long exchange, when a large number of goods released a special product that served as money. Another explanation of the reasons of paper money appearance was based on the nominal money theory. “Although money appeared as a result of spontaneous exchange process but for its full development, it requires the governmental sanction, which appoints the subject by money that is by legal tender,” said the scientist.

Tugan-Baranovskyy criticized G. Knapp’s rationalist conception, under which money appeared not by itself but was created by the state. “Money is not designed by the law, but by the spontaneous exchange development,” said the scientist. However, he pointed to the necessity of the governmental approval for the legal tender acceptance in the social development process. Money circulation led to such a metamorphosis in the result of which money became primarily tender and only then the common social measure of value and the general social exchange medium. Supporting A. Antonovych views about the nature of money, Tugan-Baranovskyy stressed on the legal impossibility of “purpose” to the role of money the means economically unable to serve as real money. The original and innovative was his definition of the money nature compared with the existing one: money was a subject that performed in a certain society sector function of the general measure of value, the general tool for sharing and the legal means of payment.

Developing the theory of money, M. Tugan-Baranovskyy in his views came from the fact that money was the subject designed to mediate circulation. It might not have any other applications, in addition to mediation in the exchange, so not necessarily it was the presence of the intrinsic value, metal welfare and so on. If the product was used otherwise, it ceased to be money, because, according to the scientist’s view, “money in its inner nature is not a commodity.”

Analyzing the differences between money and goods, the scientist concluded that money was nothing like object that performed the functions of money and such object might be most suitable for this product (e. g. gold and silver) or a symbol, created specifically for this by the state. As metallic money circulation costing too much, it eventually became impossible because the extraction of gold was behind the needs of the economy in mass circulation or a medium of exchange (the expenses on production of the circulation means, if were not used for other socially useful purposes, became too burdensome for the economy). In such circumstances, metallic money exclusion from circulation by paper one significantly reduced the costs of expenses though they performed the same function. “Paper money can only be called such money, which perform all the money should do,”

mentioned M. Tugan-Baranovskyy. By this conclusion, the Ukrainian scientist completed theoretical justification of paper money essence in the Ukrainian economic literature, which was initiated by his predecessors.

Developing the idea of paper money, Tugan-Baranovskyy claimed that it was independent of metallic money, opposed it as a completely independent form of money and had the same counter value as metal money. For the scientist, paper money was an artificial social invention, “which is only just conventional sign; [here] is the idea of paper money, which has to replace metal money in circulation and perform all its functions.” Here, the author mentioned not just two distinct forms of money but he distinguished money of two types, “money” and its “symbolic representation”. Moreover, the real banknotes and coins were considered by him as “money”, while the banknote, paper money in its pure form and adjustable paper money were treated as their “symbolic representation”. Distinguishing the two sides of the object (real money and its symbolic representation), the scientist pointed to its opposite as two separate, independent species, but he never found that side, which would reflect its unity and sameness. This dichotomy enabled the scientist to emphasize dual nature of money; however, not finding a unifying beginning, he argued that in any case the money being goods or a symbol was a “subject.” This showed that the scientist confined himself only to functional money definition.

The development of credit and banking operations, which expanded money functional forms, boosted the public interest and the role of money in economic life. The loan appearance was compared to the invention of the wheel and fire. Without denying the growing role of money in capitalist production, Tugan-Baranovskyy warned against its exaggeration. “Money is not the capitalist world owner, and therefore, it is incorrect to see in it all evil of the system. Not money but capital reigns in this world — the specific social relations, which are based on the concentration of production in the hands of a few people, depriving of such tools a large number of people.”

The Ukrainian scientist did not omit the central item of the theory of money, i. e. determining factors and mechanism of values formation. For Ukraine, this item had practical importance in the formation of the efficient monetary system. Not taking the idea of T. Tuk “commodity” theory which rejected the independence of factors of money value, Tugan-Baranovskyy got out from the fact that the value of the product, expressed in money, was the price. In fact, the scientist replaced the cost by the form of its demonstration. “Money value, ”the scientist says, “is nothing else but a number of products which can be bought on the currency.”

In this part of his theory of money, Tugan-Baranovskyy was also pushed off by the dual nature of money, opposing two types of value-real value,

which was a characteristic of “money” and representative one that had “symbolic money signs”. Paper money, the scientist wrote, was not “surrogate metal but independent money that have their own independent value.” The value of paper money was different from the coins value, as they did not have their “inner values”, like metal. From the author’s point of view, real and metal coins had the real (internal) value while paper money did not have it, though, perform all the functions of money. To explain the latter phenomenon from the standpoint of the labor value theory, according to M. Tugan-Baranovskyy was impossible. However, he stressed that “the problem of money value is a separate scientific problem that cannot be referred to the general theory of commodity prices.”

Based on the ideas analysis of the theory of marginal utility, the Ukrainian scientist concluded about the usefulness of the theory of utility value in economic research as the phenomenon of money value could not be explained on the basis of the labor theory. However, the limitations of monistic interpretation of values inspired the scientist to the development of his own theory. The concepts based on the values and ideas of the classical and Marxist schools proposed by M. Tugan-Baranovskyy pointed to a way out of the deadlock in which was the monetary theory in terms of turnover demonetization.

Tugan-Baranovskyy used categories “value” and “cost” to refer to various economic phenomena. The cost was an attribute of commodity money, not only coins had value but also unchangeable paper money had it, and its usefulness appeared in the ability to perform the functions of money. This was the basis of the original theory appearance that was suitable to a new stage in the development of monetary relations and was based on other methodological principles. The scientist mentioned that the money value was perceived completely passive, as something given objectively, by each participant of exchange circulation; it “is entirely a social phenomenon, a product of natural, unconscious business processes.” The owner did not independently determine its usefulness, but he estimated it as a means of acquisition of certain goods to meet his needs. The degree of the needs satisfaction depended not on it but on the social money value, its purchasing power. The latter was determined by an objective market conditions. “It is not the value of money to be a function of its utility, but its usefulness is a function of its value, which thanks to this should be explained in some other way,” such conclusion was made by Tugan-Baranovskyy.

So for M. Tugan-Baranovskyy, an innovative approach was typical to rethinking the quantity theory of money. Later Schumpeter called the Ukrainian scientist the most outstanding Marx critic. Two important facts of economic development influenced the formation of his views: the first was

the increasing of state intervention in economic life in a high level of state monopoly capitalism and the deepening of the general crisis (especially staging in economy during the First World War), which required the scientific substantiation of the most effective ways and methods of such interference; the second was the nature of monetary and credit economy of capitalism, when money from the simple exchange agent was turned into a key form of capital, and banks and other financial institutions became a powerful regulator of social production (relation of monetary system with the cyclical production). Therefore, “the study of the laws of the free play in economic forces, i. e. what is the most important content of political economy, led to the recognition of the need systematic regulation by public authorities, ” said M. Tugan-Baranovskyy.

Under these conditions, the classical quantity theory postulates raised doubts and required new approaches and studies. Tugan-Baranovskyy was one of the first who realized the discrepancy in the old system of monetary economy, based on a golden background, by new demands of social life and the narrowness of the old ideas about the nature and principles of the monetary mechanism. He outlined his views on major monetary problems in his book “Paper Money and Metal” (1917), in which he analyzed the classic version of the quantity money theory proposed by I. Fischer. The accepting the “equation of exchange” as the correct formula, Tugan-Baranovskyy stresses that Fisher brought nothing new in the quantity theory of money, but only “completed the work successfully and gave an accurate and concise expression of the quantity theory in mathematical form.”

Methodological aspects of Tugan-Baranovskyy works were particularly interesting. The scientist made a lot of fundamental historical research, but nevertheless, he remained a “theorist.” Combining the two elements (commodity and quantitative theory of money value), he created a new combination. As the result, his theoretical studies became the “critical synthesis.”

M. Tugan-Baranovskyy’s critical remarks on classical money theory can be formulated as follows: 1) recognizing the fundamental classical quantity theory of money, he considered to be unlawful the conclusion about the price dependence (and value of money) only upon one factor — the amount of money and the ignorance of the rest factors, even those recognized in the “equation of exchange”, although they were as objective and legitimate, as the amount of money; 2) it was a false classical theory conclusion about proportional dependence on money price, which in his opinion, was not confirmed neither theoretically nor practically.

Due to these conclusions, one can judge about M. Tugan-Baranovskyy’s awareness of the necessary approach to the analysis of the cycle as a whole.

For a complete understanding of this principle, much more time was required, but the first steps had been made by M. Tugan-Baranovskyy. Firstly, the scholar argued the effect on price levels and other factors listed in the “equation of exchange”: the number of goods delivered to the market, the amount of money itself, and the speed of its circulation; the number of instruments of credit and rate of turn. In his view, transience and change in different directions of these factors did not assert the proportionate changes in prices and the amount of money. Such a conclusion was not only of theoretical but also of practical value because it expanded a range of search during the study of such phenomena as correlation, monetary policy, instruments to influence the prices etc.

Secondly, M. Tugan-Baranovskyy proved that the changing amount of money constantly effected prices, but this effect was made by a lot of different directions (but not only by one):

- By changing public demand for goods;
- By changing the discount percent;
- By changing social perceptions about the value of money (later became known as the factor of inflation expectations).

In the first case, a significant increase in the quantity of money directly led to an increase in prices due to the growth of revenue and demand for commodities. The prices of some goods were growing less than others, according to real changes in public demand for each individual product. In the second case, the increase in money led to an increase in cash at banks, accompanied by a decrease in percent discount on short-term loans initially, and later, on the long-term loans, that caused the lowering of account rate, expansion of credit to the economy and increased demand in the markets. As the result, prices were rising simultaneously stimulating the business and expanding production. For the owner, it became advantageous to increase the goods production. In the third case, reduce in money value for its owners led to higher goods prices because of the increase in its number. In this case, it was more profitable to keep money and its equivalent product, and goods would boost demand for it. These three factors could act simultaneously, but their impact on power prices were not the same. Therefore, the price changes would not change the amount of money proportionately. Such conclusion of Tugan-Baranovskyy showed the complexity of his understanding of the implementation mechanism of this dependence, as opposed to the simple statement of the classical school representatives of prices dependence on the amount of money.

Thirdly, Tugan-Baranovskyy proved that the change of the amount of money led to an immediate increase in prices of goods only when it was the result of changes in currency by the state, for example, through

denomination of money. In other cases, the same amount of money affected the prices differentially depending on the duration and scope of increasing the quantity of money. Thus, the short-term or slight increase in their number did not have a noticeable effect on prices and value for money, while their significant increase realized its impact on prices for a long time and disproportionately for each type of goods. Such a conclusion refuted the postulate of the proportionality quantity theory of money and argued that money was not the direct intermediary exchange that regarded under the doubt the postulate of money neutrality.

Fourthly, Tugan-Baranovskyy revealed the mechanism of interdependence between the total amount of money in the country, the amount of money that was out of circulation in savings, and the velocity of money circulation. He proved that the velocity factor could influence the prices in the opposite direction relative to the factor of quantity, neutralizing its effect.

Tugan-Baranovskyy determined disproportionality as the basis and cause of the production crisis, closely related to the inner essence and contradictions of the capitalist economy. In his opinion, in the case of disproportionate allocation of free capital among all industries, the expansion of production would take place without any transformation of the commodity market, but due to the lack of the economy organization the supply of free capital faced enormous difficulties of economic and technical nature.

Tugan-Baranovskyy's research and conclusions became the basis for future research of the methods of money influence on the economy and the mechanism of conscious regulation of this influence. They became the basis for the so-called theory of regulated money that public opinion was prepared to abandon the high-grade (gold) money and to replace them with inferior money, the cost of which will be systematically supported by the state.

Thus, he laid the foundations of the modern monetarist theory, especially its Keynesian direction. "The main ideas of the theory of money, — said V. Vlasenko, — were expressed by M. Tugan-Baranovskyy almost a decade earlier in the book "Paper Money and Metal" (1919). The similarity of Keynesian theory to Tugan-Baranovskyy's was not limited to its essence, and sometimes extended to the language and terminology."

Thus, breaking the simplicity and straightforwardness of the classical theory of money, Tugan-Baranovskyy significantly developed it in relation to new historical conditions. To dissociate from his predecessors, the Ukrainian economist built the theory of money value within his own concept of industrial cycles, known in the history of economic thought as Tugan-Baranovskyy conjuncture theory of money. The essence of the latter was that the overall price level and hence the money value, he related not with the amount of money, but with the general conditions of commodity-money

market. In other words, the value of money could be changeable quite independently from changes in the money quantity in the economy, i. e. under the influence of non-monetary factors such as industrial cycles. “In changing the overall level of cash prices, which accompanies the movement of the industrial cycle, reflects the general state of the industrial cycle, reflects the general conjuncture of the commodity market, industry cycles. In a phase of economic growth, overall price level increases and the value of money decreases.”

The growing demand for constant amount of money could be if:

- the velocity of money increased (the same amount of money circulating faster, respectively multiplies its purchasing power);
- the loan that has independent purchasing power along with the money significantly increased.

These factors were the opposite during the ascending and descending phases of the industrial cycle. So by M. Tugan-Baranovskyy, money value was unconscious, spontaneous product of general conjuncture of the commodity market. And changing money value (this referred to coins), the scientist believed, almost never was the result of the changes in the amount of money in the economy. It was an alternative built on a critique of the classical quantity theory conclusion. Since that period, none of the economists straight defended its classic version; later J. Keynes called it old-fashioned. Moreover, the “conjuncture theory” launched a new stage in the quantitative theory development, i. e. neoclassical one. M. Tugan-Baranovskyy conjuncture factor of price changes and value of money was nothing but a collection of all the factors defined by him on the basis of the “equation of exchange” formula in the process of critical evaluation of Fisher’s proposals. Changing market conditions were triggered by the factors operating on the demand side (the amount of money and revenues, the velocity of money) and the supply side (production, spending on production and prices).

Based on the main conclusion of the conjuncture theory as the changes in values of money were determined by changes in the conditions of general conjuncture at the commodity market, i. e. by the general conditions of commodity-money market, Tugan-Baranovskyy said: “Up to now, the state power has not just set the task to affect systematically on the value of money. This applies to the value of goods: in this area public authorities were absolutely passive, giving the formation of commodity prices at the discretion of the free play of economic forces. However, between the value of goods and the value of money, there is a fundamental difference: the value of the goods is based on a conscious assessment of individuals that the state cannot control, while the value of money is a beyond conscious spontaneous

product of social interaction that fully allows for state regulation. Therefore, the task of the planned monetary policy aimed to regulate the value of money does not contain anything impossible. A new task of enormous practical importance came for economics to the fore — to develop the rational foundations of monetary policy.”

These lines were the evidence that M. Tugan-Baranovskyy was the first among the economists who concluded the necessity of a rational state monetary policy formation. He considered the Central State Bank to be its main executor that had a lot of money and was guided to produce profits, and national interests, realizing its monetary policy.

In his opinion, the active policy of the state and public bodies, aimed at the creation of monetary system, the usage of government regulation to stimulate effective demand and effective investment process should be a part of the economic program. Thus, the power of the state should be limited by market forces.

Long before J. Keynes, M. Tugan-Baranovskyy proved that money had independent value and it should be subject to the certain adjusting policy. He defined the control rate among its objectives: the state could not hope without change of the money quantity in circulation, to change the average exchange rate significantly, but could strive for its greater stability and integration of different fluctuations. The achieving of the exchange rate stability should be the main objective of active bill policy.

Thus, in the conjuncture theory of money, the Ukrainian scientist presented the quantitative factor not as normal, equal to many others but as the key one, since a change in the money quantity affected to some extent on other factors: the money circulation velocity, interest rate, investment, production etc. Therefore, the conjuncture theory was inherently quantitative, but on a fundamentally different level, when the disproportionate dependence of prices and value of money on its number changing was recognized. Almost 50 years later, American economists M. Friedman and A. Schwartz on wide factual material showed the availability fluctuations of the economic cycle phases depending on cyclical changes in the quantity of money in circulation, which confirmed the quantitative nature of the conjuncture theory of money.

The introduction of money demand in scientific research by M. Tugan-Baranovskyy meant a fundamental change in direction of the quantity theory. Instead of purely macroeconomic analysis of the relation (money — prices), the economists further appealed to the microeconomic aspects of creating demand for money, which gradually became a key subject of their research. The modern quantity theory, according to M. Friedman, was primarily a study of the demand for money.

In general, Tugan-Baranovsky's modern views had a dual impact on the monetary theory: firstly, accelerated the transition from general theoretical established in the economic literature postulates of the commodity-metalistic school through partial expression of important theoretical concepts of the quantity conception to the nominalistic approach in the money treatment (especially paper-credit circulation); secondly, skepticism among economists affirmed the need for active public policy in the sphere of general monetary circulation and finance, stimulated the research of monetary circulation.

New views of the Ukrainian scientist contributed to Ukrainian economists' ideas of paper money with a functional approach to the interpretation of its essence. For a long time, the dominant quantity theory was seen as a special case of dynamic multifactor depending commodity prices and the number of funds. The definition of the necessity of active governmental monetary policy, the usage of money as a productive force, not just a medium of exchange, control the money supply, the development of credit as a form of money and means of economic growth became axioms in the theory of money. M. Tugan-Baranovsky's ideas on the money and credit circulation theory were the basis for the theory of paper money separation and modern finance theory.

The main works of the scientist: "Industrial Crises in Contemporary England, their causes and impact on the economic life" (St. Petersburg, 1984); "The doctrine of marginal utility of economic benefits as a cause of their values" (Moscow, 1890), "Industrial Crises: sketch of the social history of England" (St. Petersburg, 1900); "Russian factory in the past and present. Volume I. The historical development of Russian factory in the XIX century" (St. Petersburg, 1907); "Principles of Political Economy" (Petrograd, 1917); "Social theory of distribution" (St. Petersburg, 1913); "The Political Economy: a popular course" (K., 1919); "Paper money and metal" (Petrograd, 1917); "Social Foundations of Cooperation" (Moscow, 1922) and others.



TVERDOKHLEBOV Volodymyr Mykolayovych

(1876-1954)

(T'verdokhlebov Volodymyr Mykolayovych is one of the most famous men in the science of Finance in Ukraine and Russia in the first half of the 20th century.

Volodymyr Tverdokhlebov was born on August 5 (17), 1876 in Chisinau, Bessarabia province. His father, who graduated from St. Volodymyr Kyiv University, worked in Chisinau fire insurance association of the Bessarabia Public Property Office. Although the material status was unfavorable, the family was well-educated, highly intelligent and put education and social training as a priority for their children. V. Tverdokhlebov was always grateful to his parents, who gave him an excellent education and helped to achieve fluency in European languages. It was that basic knowledge, deepened at Chisinau gymnasium and later on at the Law Faculty of Novorossiysk University (now Odessa University named after I.I. Mechnikov), one of the most prestigious educational institutions of the time, that contributed to his scientific activity. At those institutions he received his first prizes as an outstanding student. There, under the influence of Ukrainian scientists, economists, and financiers his scientific views were formed.

After graduation in 1902, on the recommendation of Academic Council V. Tverdokhlebov was appointed as a freelance university lecturer. The young scientist combined teaching activities with scientific research. After successful passing of final examinations in 1910 in Kharkiv University he defended Master's thesis on "The Imposition of Urban Real Estate Tax in the West". The work was written on the basis of materials collected during foreign trips. It was published at the expense of university in Odessa in 1906 and 1909, and it gave a detailed description of state and local real estate taxation. The thesis was highly regarded in academic circles, and in a year, having a Master's degree in Financial Law, V. Tverdokhlebov, according to the order of the Minister of Trade and Industry, was transferred to St Petersburg Polytechnic Institute first as an Assistant Professor and then as an Extraordinary Professor of the Department of Finance. In those and subsequent years the Ukrainian scholar's scientific and pedagogical activity

was a demonstration of impressive performance and versatility. He gave lectures at the Faculty of Social Sciences at Petrograd State University (1921-1924) and had affiliations with Odessa University and Polytechnic Institute in St Petersburg.

The materials that had been collected while working on the thesis were systematized in the treatise “Essays on Finance” published in 1916. It was the work that V. Tverdokhlebov, being a well-known scientist, dedicated to the memory of his mother whom he called a teacher and a friend. It was an expression of gratitude and a mark of great respect to his parents who helped him unleash his potential as a future scientist. V. Tverdokhlebov’s works contributed to the domestic and foreign science of local finance; later on, he would make a significant contribution to the history of Ukrainian financial thought of the early 20th century. He is the author of over 80 scientific publications — books, articles, printed at home and abroad. All of the works were a response to the most pressing issues of the contemporary financial theory and practice, and they included ideas which were ahead of the times showing an amazing insight of the outstanding scientist. In 1929, a famous Ukrainian scholar and financier J. Kulisher in his official report on scientific, educational and social activities of V. Tverdokhlebov assigned him the first place among the numerous Ukrainian and Russian researchers of finance.

In July 1917, V. Tverdokhlebov acted as the editor-in-chief of “Trade and Industry Newspaper”, published as a supplement to “The Herald of Finance, Trade, and Industry”. In the newspaper, his article devoted to introducing new taxes, reforming local finances and problems of budget policy, was published. V. Tverdokhlebov supported the Russian Provisional Government, openly welcomed it and condemned the Tsar’s regime that had not done anything for financial recovery of the country. However, the author noted that the inability and unwillingness of most members of the government to find areas of cross-party consensus and to explain broadly the democratic ideas of revolution, turned it into chaos, shattered the army, industry, food business and finance, which led to the outburst of looting.

In autumn 1917 the scientist returned home to the motherland — to Chisinau. By the autumn of 1920, he continued teaching and research activities at the University of Novorossiysk. Despite his disloyal attitude to the new government, for which he had good reasons (the civil war that destroyed the country, the unleashing of the black terror, arrests of prominent representatives of science, culture, art and their deportation from the country), V. Tverdokhlebov preferred working in Soviet Ukraine and Russia to emigration.

It was during those years that V. Tverdokhlebov started preparing his new scientific work “The Latest Financial Problems” (1914-1923), published

in 1923. It was one of the most significant works on Finance of War not only in Ukrainian and Russian but also in the world scientific literature. Written literally in the wake of war and the first post-war years, the book contained a huge data repository of western military and financial statistics, specific essays on financial conditions of countries involved in the war, specifically revenue to expenditure ratio of state budgets, etc. That analysis enabled scientists to outline the major financial problems of the 1920s.

Beginning his research with analyzing the cost of World War I and indicating the direct and indirect costs incurred by countries and people, V. Tverdokhlebov emphasized that the worst consequence was the “unseen damage” caused by the war — decreasing cultural and moral standards, reducing rights and weakening legitimacy, the cult of power, lack of respect for an individual and personal freedom, the foundation of civil life. The history tragically proved the correctness of conclusions that V. Tverdokhlebov had made on all the wars of the 20th century. The author’s warning given in the scientific work, revealed the significance of his belief that international problems had to be solved by words, but not by legal means.

The scholar articulated his view of the problem that interested all the economists of those times: what should be used as a source for military spending — taxes or loans? Expanding the role of the former and the latter in every country, V. Tverdokhlebov came to a conclusion that direct taxes are of great importance. England was an example, where the share of direct taxes in the budget revenue was consistently high (income tax, earning growth taxes, inheritance taxes, property taxes, etc). Those taxes prevented the country from a wave of destructive inflation and provided the opportunity in the coming post-war years to pay external debts. “Finance”, as V. Tverdokhlebov wrote, “is not magic, and the simpler and more transparent methods of war financing, the clearer the financial system and more successful are its performance.”

The scientist devoted much attention to state credit. He analyzed the dynamics of the state credit during World War I, showed its widespread increasing and the incredible variety of forms. V. Tverdokhlebov concluded (at first glance, his conclusion seems simple, but it was V. Tverdokhlebov who first described it in the scientific literature), that the richer a country is, the lower the debt-to-wealth ratio percentage and per capita debt. In this regard, we should pay due attention to the fact that the Ukrainian scientist, referring to the practice in Germany, strongly condemned forced loans which virtually transformed the system of state credit into the tax system. Thus, nearly two decades earlier the scientist warned about the threat of totalitarian financial system established thereafter during the Stalin regime, when

subscription for loans was compulsory, which over the years reduced the standards of living.

Analyzing the financial problems of the post-war 1920s, V. Tverdokhlebov considered German reparations and the repayment of state debts to be the most important. There are some interesting pages in the study, where the author, contrary to the views of J. M. Keynes, claimed that free market sales serve for the reconstruction of Europe much faster than forced deliveries which saddle Germany with payment obligations. Therefore, the idea of the market economy as an essential feature of modern civilization was advocated by the Ukrainian scientist since the 1920s. From the same point of view, the problems of post-war debts of Europe were described.

V. Tverdokhlebov's article "Economic Boundary of Fiscalism" published in the journal called "Economic Revival" (Issue 2, 1922) is also interesting. By fiscalism, he meant one-sided attempts of fiscal authorities to increase revenue without considering social, cultural and economic consequences of such a policy in the country. As a result of the new economic policy in the country, direct and indirect taxes, and payments for services of state institutions and enterprises were re-established. Public utility companies had also to pay and were the main source of the gross municipal budget. The scientist suggested a bold idea that during critical moments the government ignores social and economic demands of uniformity, interests of national health, people's paying capacity. With tram fares, utility bill for electricity, water, and other municipal services becoming more expensive in cities, the increase is often ahead of depreciation and nominal income growth. Therefore, V. Tverdokhlebov raised a question whether the governmental authorities went too far in the opposite direction or whether they stepped over the line where the price increase would become unprofitable for the monopolist, reducing their net income. Tariffs should be flexible and uniform; they should be consistent with the average amount of money per resident of the municipality, and on this basis the communal management should monitor carefully whether price increase limits are not overstepped. It is noteworthy that these problems are characteristic for today's society. Issues of regulation of natural monopolies are of great importance in present-day Ukraine.

Taking the issue further, V. Tverdokhlebov wrote about the impoverishment of people, especially in rural areas. "Exhausted after the October Revolution by food surplus requisitioning and conscription of labour, farmers went under — first in the centre, and then with the territory expansion of Soviet Russia on outskirts of the country. As a result, the first bad harvest year led to the unprecedented famine. Then, during the subsequent years that led to a disaster." The article was sharply criticized by

V. I. Lenin in his publication “On the Importance of Militant Materialism” printed in the journal called “Under the Banner of Marxism” (Issue 3, 1922). V. I. Lenin argued that the authors of the scientific paper are feudal, reactionaries and “certified lackeys of a sect with priests”, and suggested that they should be politely deported to countries of bourgeois democracy. Thereafter, a lot of scientists were arrested and forcibly expelled from the country.

In addition to his scientific and educational activities in the 1920s, V. Tverdokhlebov performed practical activities. Since moving to Petrograd in 1920, he was the Head of the Financial Section in Leningrad Department of the Institute of Economic Research at the People’s Commissariat of Finance of the USSR. It is no exaggeration to say that most decisions on the financial policies of the government during those years bore the imprint of V. Tverdokhlebov’s knowledge, erudition, and experience.

The 1930s of the 20th century were the toughest years in the scientist’s life. Fortunately, he escaped being arrested, though the derogatory label of “bourgeois specialist” was still in existence. He was forbidden to communicate with students. In 1932, V. Tverdokhlebov left the post at Leningrad Financial and Economic Institute (LFEI), where since 1930 he had headed the Department of Financial System of capitalist countries and the USSR and given lectures on Finance, Money Circulation and Credit, Tax Theory. Due to his almost annual academic trips abroad during 1900-1920, the scientist got acquainted with the novelties of Western scientific literature, and upon return, he used the collected data in lectures, providing his own conclusions, comments, and evaluations. His high erudition, the ability to convey information to students and post-graduates, and the capacity to provoke young people’s interest in financial problems and to teach them how to independently perform scientific analysis, aroused jealousy among a new cohort of powerful scientists. The new authorities did not need scientists like those.

Unfortunately, for having such a reputation, V. Tverdokhlebov encountered an obstacle to getting a position in his hometown. P. Yukhymenko, a researcher of economic and financial thought in Ukraine, pointed out that the scientist’s reputation had prevented him from returning to the motherland. It was only during the difficult times of World War II, that so-called periphery authorities were more sensible than central authorities. In 1942, being invited by Irkutsk Financial and Economic Institute, the scientist returned to teaching and headed the Department of Finance.

By the end of the war, the recovery of LFEI had begun. In 1944, the new administration of Institute, more loyal than the previous, invited V. Tverdokhlebov to join the Department of Finance. He was entrusted to

lake charge of the most important area of university work — scientific staff training. There were V. Tverdokhlebov's disciples, who remembered that during social transitions in the country and changes in the educational system, the first diplomas in Finance were awarded to students in St Petersburg due to being taught by the outstanding Ukrainian scientist. In 1949, on the basis of numerous scientific publications V. Tverdokhlebov was awarded the title of Professor by the Higher Attestation Commission. He had worked there until 1951 when he went on retirement.

During his last years, the scientist researched the history of Russian finance in the 18th and 19th centuries, studied viewpoints and opinions of government leaders of those times who concentrated financial power in their hands or dealt with finance issues. His deep interest in such problems resulted from consulting post-graduate students who had to take qualifying exams in History for admission to the postgraduate study. Considering history to be very important for future professionals and scientists, V. Tverdokhlebov made his own lists of scientific papers of Ukrainian, Russian and foreign researchers, in which milestones in the history of global finance and their national characteristics were described.

Among those publications, there was an article entitled "Speransky and His Activities in the Field of Finance and Money Circulation" printed in the journal "Soviet Finance" (Issue 12, 1945). In the article, analyzing Speransky's views on the sources of military revenue in the 19th century, V. Tverdokhlebov emphasizes the importance of replacing such an archaic tax as the poll tax with a fundamentally new one, the land tax since it might meet new requirements of the capitalist era. Speransky's ideas were ahead of the times, yet they were not accepted by the society. They were taken into consideration only at the end of the century when such progressive and intelligent figures as Bunge and S. Witte held key positions in the State Public Finance. In the article, V. Tverdokhlebov refers to Speransky's viewpoint on the state budget framework and cites the following passage, "In no case should new expenditures be incurred if no equivalent source of revenue has been found for them first, since new expenditures need either reducing other expenditures or increasing revenue ... and they are charged as an implicit or explicit tax". Consequently, the principle of budget equilibrium was formulated almost 200 years ago, but even today it is still up-to-date. All this confirms the need of studying thoroughly and deeply the history of Finance, as it was advocated by the Ukrainian scientist.

V. Tverdokhlebov belonged to that group of scientists in Ukraine and abroad at the turn of the 19-20th centuries who called themselves the followers of sociological approach. Unlike his predecessors, who paid little attention to the subject matter and methodology, reviewing scientific

achievements of European scholars without criticism and applying methods of the historical school, the Ukrainian scientist reconsidered the subject matter of Finance and outlined its methodology. He was one of the first among scientists who suggested the necessity to differentiate between Finance and Financial Law. Although, that made it much easier to research, Financial Law remained an area that demanded scientific analysis.

From the scientist's point of view, Financial Law is a self-sufficient area of study. However, such an approach did not contribute to the development of certain areas of Finance, for example, Budgeting and Budgetary Law. V. Tverdokhlebov tried to remove the science of Finance from the monetary policy and suggested giving the latter to journalists and discussing only technical issues which concerned various social groups and did not cause ethical failures. Although, the scientist strongly emphasized on his indifference towards politics, in fact, he was engaged in the current issues of Russian financial policy. It was also clear from his answer to the question "Should people of science abandon from political activism in order to make their research more objective?" V. Tverdokhlebov's reply to the question was, "The refusal would undoubtedly be a loss for the country because in political struggle clear slogans and scientific predictions are extremely important since they prevent us from dissipating energy on impracticable schemes".

That idea was put forward in his scientific paper "Financial Essay" (1916). The thorough research is still relevant: progress in reforming the old system and establishing genuine democracy depend directly on the scientific vision of parties, political leaders who are undertaking actions for including Ukraine into the alliance of highly civilized countries.

At the same time, V. Tverdokhlebov's views on the science of Finance marked the lack of scientism. In the very definition, the science of Finance was viewed from a practical standpoint. For instance, when the scientist analyzes the income tax, he considers its advantage and disadvantages, and then makes his own conclusion on whether its introduction is desirable or not.

Consequently, V. Tverdokhlebov's approach to studying Finance does not seem to be scientific. A scientific theory is not merely a collection of one's own ideas. For example, it is scientifically unjustified to ask whether progressive taxation is fair or unfair (progressive taxation is the policy of taxing people who earn greater amounts of money in greater proportions). What is fair for one person may seem unfair to someone else, depending on what social class they belong to. A scientific theory suggests possible correlations between or among a set of phenomena and establishes certainty in the form of scientific laws. A theory of Finance should disclose the

reasons which cause financial phenomena and show regularity, in other words, repetition of events in history; based on that it should also formulate scientific laws of Finance.

V. Tverdokhlebov emphasized that science is limited by probability and probable anticipation of events, and not only statistically. From his point of view, the task of the science of Finance is to study financial phenomena as social categories; the object of study is economic laws and government orders that affect the economic life. Thus, financial phenomena are to be studied in relation to other economic and social events, and understanding these relationships requires knowledge of economic laws, specific market conditions, pricing mechanisms, which brings Finance and Economic Theory closer together.

Although the scientist repeatedly stressed his rejection of Marxism, his research methodology was influenced by K. Marx. Yet despite that, owing to Marxism he came out with a new idea that changed considerably his scientific orientation and approach. That was the idea of class struggle. However, according to V. Tverdokhlebov, the view on class struggle, described in “The Communist Manifesto” was out of date. The scientist put forward a vaguer concept of “social group”. Even though the definition of the concept was unclear and class struggle was misunderstood, V. Tverdokhlebov managed to obtain interesting results. Applying the new material to the new methodology is one of his unquestionable achievements. Previously, in the economic literature, financial studies were conducted on analyzing legal materials and government reports. The Ukrainian scientist focused on studying all forms of class struggle that broke out in their relation to financial institutions. He relied on the reports of local institutions, magazine and newspaper articles, and everything that made it possible to learn about class struggle. Reports of party congresses and conferences were carefully analyzed, in the same way, that previously financial laws and ministerial circulars were examined.

Among Ukrainian scientists, V. Tverdokhlebov should be considered as a central figure in the sociological group. His scientific paper “Taxation of Urban Real Estate in the West”, Part I and II (1909) can be seen as the best research of direct taxation in modern Ukrainian financial literature. In the publication, various forms of state and local taxation of the urban real estate were considered in comparative historical perspective. In the first part of the monograph devoted to problems of state taxation, there were described some features of house taxation in the USA, property taxes imposed there; ad valorem taxation of real estate in German towns — Wuerttemberg, Basel, Giessen; house taxation and its evolution in Austria; the imposition of the tax in France, Belgium, Holland, Greece, Italy, Prussia. In the second part of the

monograph, a system of local taxation of the urban real estate was considered; some characteristic features of that problem were given, and a detailed analysis of its special aspects in Western European countries and the USA was conducted. In consequence of such a wide-ranged analysis, he was one among few researchers in the sociological group who managed to find a link between financial institutions, class struggle, and economic conditions. Due to the lack of research on local finance in Europe, and especially in the USA, in Ukraine and Russia, the scientist became considered as one of the leading experts in local finance. Undoubtedly, that fact affected his social and scientific activities.

The above-mentioned work of V. Tverdokhlebov reveals the dependence of the financial economy on the social and state structure. The scientist showed that financial economy, its characteristic features and direction are determined by the social structure of the country, relationships between the state and classes, and what classes rule the state. The research clearly outlined, that state power is always in the hands of a social class that conducts the state policy as well as financial policy according to their interests. In summer 1910, he came out with those ideas at the First International Congress of Administrative Science held in Brussels, where he actively debated on urban real estate taxation and reforms of municipal utilities.

The scientist argued that in the process of social and economic changes from the beginning of the 18th century, the ruling classes shouldered some tax burden, since the previous system which imposed taxes only on peasants, was not able to meet rising demands of the state. Beginning from the 18th century, the so-called real taxes, i. e. land, house, industrial, had been introduced. However, those taxes appeared to be very small amounts and, moreover, they could be easily shifted to the working class.

In the 19th century, a new social force emerged — the working class. Although they had no dominant influence, the working class began to organize and lobby for their interests, and in order to reduce social tension, the ruling class was forced to make some concessions. In the financial sector, the influence of new social force was reflected in a number of reforms. For instance, the bourgeoisie were against income tax, yet they had to introduce it in England under the pressure of workers. In other European countries, the tax was established even later. Nevertheless, in the 19th century and in some countries at the beginning of the 20th century, specifically under the pressure of the working class there were introduced inheritance taxes, property taxes, property gain taxes, in other words, all those taxes that had been imposed only on the ruling class.

The fourth and fifth chapters of “Financial Essay” were devoted to the problem of tax shifting. In the Ukrainian and Russian pre-revolutionary literature, V. Tverdokhlebov was one of the first scientists who investigated the problem. His studies were based on the latest works of Western scholars (K. Wicksell, E. Seligman, L. Stein et al.). As V. Tverdokhlebov said, it is natural for a taxpayer to get rid of taxation and to shift a tax burden onto others. Tax shifting can be viewed in two ways: 1) as a process of changes under conditions of demand and supply, which shift a burden of new taxes from a taxpayer to other people; 2) as a tax distribution which makes it possible to achieve a balance of demand and supply. This equilibrium can be compared with the previous tax administration and the equilibrium of economic forces or with a hypothetical case when there is no tax. In V. Tverdokhlebov’s opinion, the latter is of greater interest, because a discussion of tax reforms raises a question: what would happen if a tax were cancelled?

In his studies, V. Tverdokhlebov linked the issues of tax shifting with the reform of direct taxes that was being conducted at that time in Russia. It was a belated step in Russian economy. The industrial tax that was paid by enterprises before World War I was quite reasonable and contributed to rapid economic growth. However, the shortfall in budget revenue raised through direct taxes led to a high share of indirect taxation, which significantly limited the capacity of the domestic market. Therefore, the scientist highly recommended introducing an income tax and viewed it as an important requirement and the first step towards a broad financial reform.

According to V. Tverdokhlebov, an important issue in taxation is the problem of comparative advantages of assessment and taxation based on market (selling) value and property’s earning power. The problem was of high scientific interest. V. Tverdokhlebov believed that taxation should be based on market value; and though in this case the tax burden is heavier than when profits are capitalized, yet in general, it makes sense: the difference partly serves as a way to impose more taxes on the rental element in real estate returns.

In V. Tverdokhlebov’s studies, the problems of local finance are also thoroughly considered. The study on local finance was started by V. Lebedev in his fundamental and very detailed scientific paper “Local Finance. The Experience of Research. Theory and Practice.” Later on, some more scientific publications written by Ukrainian economists and financiers appeared, such as “Local Expenditures of Prussia in Connection with the Theory of Local Expenditures” by M. Tsytovykh (1898) and “Municipal Taxation in Germany in its Historical Perspective” by J. Kulisher (1914). The weak point of the studies was the lack of analysis of national financial

practices and scientific achievements in the theory of finance. The background for V. Tverdokhlebov's manual "Local Finance" (1929) was based on studying national local finance. That was what made it original and distinctive. In this study of the Ukrainian scientist, all the achievements in the field of local finance were summarized and it was one of the best course books for becoming acquainted with the main issues of local finance in the USSR and in the West.

Later on, V. Tverdokhlebov's ideas were complemented and developed by H. Tiktin. Although the formal scientific method prevented the researcher from obtaining great results, a number of interesting commentaries made in his "Essay on the Theory of Public Finance. The Problems of All-Territory (State) and Local Public Finance" (1928) were not left unnoticed by careful researchers.

In the Ukrainian financial literature, there are a number of works on the history of financial institutions and financial sector in Ukraine and foreign countries. The most interesting among them is M. Slabchenko's scientific paper "The Economy of the Hetmanate in the 17th and 18th Centuries. Vol. 4. The State Economy of the Hetmanate in the 17th and 18th Centuries" (1925). V. Tverdokhlebov also made an attempt to research those problems in his work "Modern Financial Problems" (1925).

It was quite an original study. Independence and individuality are those things that attract scientists to V. Tverdokhlebov's works. It is known, that certain postulates of V. Tverdokhlebov were used in I. Ozerov's scientific paper "Fundamentals of Finance" which had had five editions by 1917. First insights into V. Tverdokhlebov's works show that their author had a comprehensive knowledge not only of Ukrainian and Russian literature on Finance but also European one. Compared with the writings of European scholars, his studies were ahead. By reference to the Marxist theory of class struggle, he immediately advanced the methodology of his studies compared to those of European scholars who advocated the sociological approach. The idea of class struggle in its relation to the financial institution (however, not always clearly expressed) put forward by V. Tverdokhlebov, is what makes his studies very interesting.

V. Tverdokhlebov was one of the first among Ukrainian scholars who, besides general courses, attempted to write courses on certain aspects of Finance. He prepared a course on state credit "State Loan. Theory and Technique" (1924). The second edition of this work came in 1928. It was one of the most successful research on state loan in the contemporary literature. The study was analogical to that of Professor I. Kulisher's manual, published in two issues of "Essays on Finance" (1918-1920).

The scientist accurately and deeply characterizes state loan. According to him, state loan is a set of relations on raising temporarily surplus funds from individuals and legal entities for covering the budget deficit or for financing public needs which exceed the budget capacity of the government. It is worth noticing, that the state should allocate the funds on favorable terms to priority sectors. This idea is still relevant to the current monetary policy in Ukraine.

The revival of state loans in the USSR caught the interest of economists and financiers to the problem. Like many of his contemporaries, V. Tverdokhlebov giving his theoretical foundations of state loan referred to fundamental principles stated in chapter 24 of the first volume of K. Marx's "Capital".

Classification and development of basic principles of state loan are considered to be among the scientist's achievements. In summary, the main principles are as follows: 1) state budget expenditures should be divided into ordinary and extraordinary expenditures; 2) the former should be paid by taxes, the latter by loans; interest rates should be paid by taxes, with a tax levied on every loan; 3) loans should be free, foreign and domestic capital are treated at par; 4) all government debts are to be unrecoverable, with only annual interests paid on debts; 5) for pegging the loan rate a debt repayment fund should be established; it will buy and sell loans and thus adjust the loan interest rate. In the scientist's view, if these rules are applied, then government debt can grow indefinitely.

In all his scientific issues, V. Tverdokhlebov emphasizes that state loan is the main source of economic growth of the state, provided that the government shows a wise foresight. Being a scholar rather than a politician, he outlined the limits of state loan, which should commensurate with the paying capacity of the government. Elaborating a new doctrine and generalizing practices of state loan are also viewed as achievements of the author. He created a new theory, analyzing in a critical manner all previous research on this problem.

However, besides achievements and contributions, there were some shortcomings in V. Tverdokhlebov's scientific works. Firstly, he retreated from his own original theoretical postulates. Secondly, some chapters of his studies seem to be written in a chaotic way. Thirdly, the impact of Manchesterism is visible in his papers.

During the post-revolutionary period, when the science of Finance was ignored, V. Tverdokhlebov paid more attention to teaching. As during the pre-revolutionary period, after the closure of legal faculties in 1919 and establishment of social studies faculties, the Ukrainian scientist taught the course of Local Finance to students studying Finance at the Economic

Department of Petrograd University. With a renewed interest in Finance during the NEP (New Economic Policy), the demand for knowledge of Finance again revived. In the ensuing years, the scientist had to do an extremely difficult task — to write a course book on Finance, which was based on Marxist principles.

In general, V. Tverdokhlebov understood the impossibility of teaching Finance in isolation without regard to the economic life of the country and general trends in the world economy. Emphasizing the importance of preliminary studies of political economy, the Ukrainian scientist in his analysis of local finance and state loans referred to the specific financial situation of countries, especially Russia, which was not sufficient for finding interdependence of economic life and financial situation. For instance, excluding certain government expenditures from the scope of consideration makes it impossible to conduct a correct analysis of financial phenomena. Introducing the progression cannot be justified unless we take into account both state budget revenues and expenditures because the government's decisions are reflected in expenditures. Intentional exclusion of certain parts of state budget expenditures (e. g. related to the activities of party organizations) prevents V. Tverdokhlebov from finding the right scientific approach to studying state revenues.

Due to the impact of the past on V. Tverdokhlebov's publications, there was a lack of clear separation between Finance and Financial Law.

From the scientific point of view, it is hardly possible to give a complete definition of the science of Finance, which would be in accordance with Marxist views on financial phenomena. The scientist understood that and attempted to bring his research closer to the achievements of economic thought. This had less to do with the rejection of Marxist ideology, and more to do with the fact that Marxists were not engaged in the science of Finance. Therefore, formulating a definition which would contain the Marxist understanding of Finance presented a difficult challenge for V. Tverdokhlebov. Besides, the author realized that it is impossible to give a single Marxist definition of Finance for various historical eras and different government institutions. The scientist saw a way out in comparing these concepts from the standpoint of bourgeois society and socialist society. From his point of view, the science of Finance in socialist society studies social relations that arise “on the basis of obtaining material means by this society or its branches”, necessary for supporting the existence of government institutions that serve as an instrument for suppressing other classes and expanding at the expense of other capitalist and non-capitalist societies.

As we can see, V. Tverdokhlebov upheld the class-specific views on the theoretical basis of Finance. Those were the times of struggle between

foreign and domestic scientific intelligence, scientific approaches and ideologies; the Ukrainian scientist's publications are the proof that the struggle influenced his views.

The scientist died on May 22, 1954 in Leningrad, where he was buried.

The main works of the scientist: "Taxation of Urban Real Estate in the West. Part I. The State Taxation" (Odesa, 1906); "Special Charges on Landlords in Russia" (Odesa, 1903); "Local Finance" (Odesa, 1919); "Contemporary Russian Literature about Paper Money" (Odesa, 1921); "Taxes in Foreign Countries" (Moscow, 1926); "Local Finance" (Moscow, 1927); "State Loan" (Leningrad, 1928), etc.



VASYL YK Ostap Dmytrovych

(1938-2005)

(// asylyk Ostap Dmytrovych is Doctor of Economics, Professor, an *V* Honored Scientist of Ukraine.

O. Vasylyk was born on July 01, 1938 in Village of Soroky, Buchach District, Ternopil Region. Having graduated secondary school, he got admission to College of Finance and Credit, and he graduated from it in 1955. Having chosen in early youth the qualification of financier, he remained loyal to his mission forever. He obtained higher education in Kyiv Institute of National Economy (now — Vadym Hetman Kyiv National Economic University) at Finance and Economics faculty in 1965.

In 1955, O. Vasylyk started his career on the position of inspector at Ternopil Regional Financial Department where he worked for three years. Before admission to Post-Graduate Department, he was appointed as a senior economist in Ternopil Municipal Financial Office.

Having gained practical job experience at financial establishments, O. Vasylyk got admission to Post-Graduate Department at Kyiv Institute of National Economy in 1968. He was appointed to the position of lecturer, Associate Professor of Department of Finance at KINE after its graduation.

Later he used theoretical knowledge and deep understanding of financial phenomena and processes during his work at Ministry of Finance of Ukraine. From 1984 to 1992 O. Vasylyk worked as the head of a department at Ministry of Finance of Ukraine.

O. Vasylyk used his work experience in financial establishments in thesis “Regional Financial Planning (essence, problems, ways to solve)” to obtain the scientific degree of Doctor of Economics, which was presented on 12 October 1990 in Specialized Scientific Board at All-Union Institute of Finance and Economics in Moscow.

From 1993 to 2003 he managed the Department of Finance, Cash Turnover and Credit at Taras Shevchenko Kyiv National University. He worked at the same time as a scientific consultant in financial policy at Presidential Administration. During that period, the scholar substantiated a

number of proposals for modernization of financial system of Ukraine that were reflected practically in legal issues and regulations.

In 1994 O. Vasylyk was admitted to the Commission of International Cooperation between budget system branches, in 1995, he joined the Commission on National Currency Fluctuation, in 2003 — Working Group on Social Orientation of Budget Policy. Besides, he used to be a member of specialized scientific boards at Taras Shevchenko Kyiv National University and Scientific and Research Institute of Finance at Ministry of Finance of Ukraine.

O. Vasylyk's contribution to the formation of a new generation of financiers and scholars of higher educational establishments is considerable. He was a scientific supervisor of a number of young scholars.

O. Vasylyk promoted the development of national financial thought. He was one of the first propagandists of the market economy in Ukraine. It was him with a group of colleagues to launch scientific monthly journal "Finance of Ukraine" where he was the editor-in-chief. There were firstly published valuable fundamental investigations dedicated to relevant problems of governmental financial policy, theory and practice of finance. The monthly journal promoted the process of state construction and overcoming the complicated problems in financial and credit sphere.

In 2003, there was founded Ukrainian State Financial Academy of Finance at Ministry of Finance of Ukraine where O. Vasylyk was appointed as a Rector.

Scientific interests of O. Vasylyk were associated with financial planning and forecasting, budget and budget system, theory of finance. A lot of his practical recommendations were published in financial issues, discussed positively during seminars, conferences, symposiums, colloquiums in the form of original reports. The scientific creations of the scholar include scores of scientific publications, a number of monographs, and manuals like "State Finance of Ukraine", "Tax System of Ukraine", "Theory of Finance", "Budget System of Ukraine" being widely used in curricula of higher educational establishments.

O. Vasylyk was the first to investigate the evolution of financial thought in his essay "Financial Science" (2001) where he linked it to the formation of a state.

Due to O. Vasylyk, the first ideas of financial thought emerged in the 4th century AD in issues of Ancient World. The very beginning of financial essence in the system of state formation he delegates to Italian philosophers F. Petrarch, G. Bator, N. Machiavelli. O. Vasylyk studied the financial thought in Ukraine under the context of the development of global financial science. He admitted that "starting from the 2nd half of the 19th century the

researches about problems of financial science appeared in Ukraine”. O. Vasylyk made a conclusion that “theoretical essence of researches of Ukrainian scholars reached the existing global level and sometimes was overcoming it”.

In general, O. Vasylyk studied the issues of theoretical fundamentals of functioning and development of finance, constituents of state financial system, forms and types of financial resources, financial policy and financial management.

O. Vasylyk died on 02January 2005.

The main works of the scientist: “Financial Forecasting: Methods and Models” (co-author, Kyiv, 1997), “State Finance of Ukraine” (co-author, Kyiv, 1997, 2002, 2003, 2004), “Finance: System of Models and Forecastings” (co-author, Kyiv, 1998), “Financial & Credit Levers to Regulate the Economy of Ukraine during Transition Period” (co-author, Kyiv, 1998), “Theory of Finance” (Kyiv, 2000, 2001, 2003), “Financial Problems of Real Economic Sector and Ways to Solve Them” (co-author, Kyiv, 2001), “Tax System of Ukraine” (Kyiv, 2004) and other.



VERBA Prokopi Ivanovich

(1919-1988)

(7') **erba Prokopi Ivanovich** is a representative of Ukrainian financial * science during the Soviet period, Doctor of Economics, Professor.

P. Verba was born in 1919 in Village of Tokariv, Lypetsk District, Kharkov Region in peasant's family. He obtained his first economic education Kharkiv Institute of Finance and Economics in 1941.

However, the World War II canceled his scientific and educational plans. From 1941 to 1945 P. Verba was in the army, participated in a lot of combat operations, and he was prized with many governmental awards.

During after-war period, P. Verba concentrated his activity on finance and credit sphere, while he studied at Leningrad Academy of Finance.

P. Verba made a considerable contribution into development of national financial and credit thought being appointed as an acting chief of the department at Kharkiv Regional Office of USSR State Bank, which was one of the biggest in former USSR. In 1952, after graduation from Leningrad Academy of Finance, P. Verba was transferred to Kharkiv University as a lecturer. In 1964, he presented the thesis for gaining Doctor's degree. And in 1966, he was awarded the academic status of Professor.

Scientific interests of P. Verba were quite diversified starting from finance and credit issues and up to general economic mechanisms.

The scholar investigated the problems of local industry and its financing, economizing regimes and production intensification, venture's profitability and ways to increase it, role of credit in the development of industry, functioning of economic mechanism, the efficiency of production and quality of goods etc.

P. Verba was one of the scholars who both saw the problems of the national economy and found the ways to solve them. Thus, in a manuscript devoted to the role of credit in the launching of new machinery, the scientist investigated the contradictions of this process in Soviet system. In his research, he proved that managers just did not want to use credits relying on budgeting. Thus, the scholar suggested changing the situation by means of obligatory pay-out of loan portion on new equipment. Due to him such

portion should be fixed and independent from output range. The banks here would control both timely reimbursement of credits and proper formation of funds for such pay-out.

Analyzing the microeconomic problems, P. Verba considered microcredits issued for a certain enterprise as a source of macroeconomic stabilization. The efficiency of loans for new equipment should be linked to recoupment of capital investment, crediting and restricting of expenditures of the state budget as well as the relocation of this funds on expansion of industrial facilities etc. P. Verba highlighted that further crediting of production and subsequent technology modernization would promote the efficiency of labor, reduction of production costs, increase the savings which would outflow into the state budget.

The scholar set a special store to crediting of new equipment underlying the terms of its recoupment. He suggested precise highlighting of measures of re-equipment during capital investment planning. The machinery that would be recouped during a long period are to be financed at the expense of budget funds and venture's capital, they also should be reimbursed at the expense of bank credit. In the case of implementation of these suggestions, the credit would become a contemporary source of capital investment and the government would reinforce the financial control after timely reequipment of production.

The scientific investigations of P. Verba came across with the national economic reforms, search for the rates and stimuli to accomplish economic plans. Hence, his research activities were associated with the definition of such terms as production costs, profit, profitability, price as well as allocation of their role and place among other categories. The scientist proved that under new production conditions when profit and profitability are likely to be the main assessment factors, the enterprises have to be in equal economic conditions.

Simultaneously, the centralized regulation of the economy and the efforts to reinforce the role of decreased economic ratios were very useful. Delegation of a great number of ratios, differentiation of tasks, and reduction of planned ratios did not promote any substantial changes in ventures' planned activities.

It should be underlined that implementation of each economic reform was contributed by P. Verba. The special attention was paid to management reform. He proved that reorganization of production and construction management in 1957 promoted credit relation nationwide. On the database of credit relations of four economic areas (Stalinskyi, Kharkivskyi, Kyivskyi, and Dnipropertovskiyi) on 01 January 1960, he found out that more extensive credit relations are spotted in the areas with the bigger share of light and

food-processing industry basing on seasonal production. Such enterprises were rendered minimal floating assets being insufficient for seasonal storing so they had to get short-term bank loans in volumes more than 50 percent of their current assets. It was intrinsic both for the industry of Ukraine and entire USSR.

These investigations are dated back to early sixties. They were perfected with the analysis and assessment of another economic reform of the same period. His evaluations exposed the advantages of newly imposed profit distribution which stimulated the enterprises to the improvement of their efficiency.

The scholar had always been interested with the issues concerning production efficiency and quality. He suggested selecting only those indicators out of more than 200 ones that really influence the production efficiency i. e. increasing of its volume with minimal expenditures: efficiency of labor, production costs, return of investments, profitability and quality of goods in his monograph "Efficiency and Quality". Analogical ideas are traced in another manuscript "Production Efficiency, its Indicators and Ways to improve it".

The scientist also set a great store to the problems of modernization in the sphere of economic mechanisms. Despite the Soviet period, when one could hardly ever write about specification, he assessed rather critically the discrepancies of economic management associated with the leading role of administrative management methods disregarding economic ones.

The studies of economic transformations in former USSR embraced the considerable period of time during several stages: they were initiated in 1918-1920, then there was branch reform of management in the thirties, creation of branch economic departments, reform of 1965, improvement of planning for economic mechanism and production in 1969-1970, large scale experiments etc. It was necessary to interpret accurately all stages of complex way of reforms what is very important, since economic difficulties at that times were explained not by principles of reforms but by the disadvantages of their fulfillment.

But the failures of economic reforms were not accidental. They should not be explained by insufficient activity and low motivation of employees. The complicated character and radicalism to provide certain modernization both of economic mechanism and crucial reform of it originate from the principles of reforms, their goals, and tasks. Under this context, one has to highlight the factor that the scientific studies of the scholar contain the attempt to do his best that characterizes positively both his issues and him as a personality.

The positive assessments of scientific studies done by P. Verba are derived from his efforts to accomplish the lifetime goals. Under the

conditions of crucial economic and social changes (August 1964), P. Verba was appointed as a professor at the Department of Soviet Economics at Kharkiv State University, and in 1966, he headed the newly created Department of Finance and Credit at the same University.

The creation of the Department of Finance and Credit reinforced considerably the Faculty of Economics, despite the implementation of this plan for Mr. Verba was a big problem. It was explained not only by the personnel selection of the staff who were teachers of educational counseling center (UCP) of Odessa Institute of National Economy and teachers of Republican training courses of bank employees but also by significant challenges. It was considered then that this department was much too practical, and it did not meet the status of the university, where theoretical and fundamental disciplines were studied, and moreover, the Department was suggested to transfer to the Kharkiv Engineering-Economic University.

The legitimacy of such actions was confirmed by life itself. On the one hand, the Department of Finance and Credit became a powerful center of theoretical studies, and on the other hand, the number of students increased annually and there was the highest rate competition by that specialty. P. Verba's efforts resulted in creation Academic Council that he headed and 11 lecturers of the Department presented their theses to obtain scientific degrees.

For scientific achievements P. Verba was elected a corresponding member of Academy of Science of Ukraine. The scholar had contemporaneous important contacts both at the University and in Kharkiv. P. Verba was well-known all over Ukraine and in Kharkiv.

The main works of the scientist: "Local Industry and the Sources to Develop" (Kharkiv, 1959); "Profitability of Industrial Enterprise and the Ways to Improve" (Kharkiv, 1967); "Economic Mechanism Underway" (Kharkiv, 1983), "Economic Regime and Production Intensification" (Kyiv, 1986) and others.



VLASENKO **Vasyl Yevtykhiyovych**

(1909-1970)

ft/lasenko Vasyl is a famous Ukrainian scientist-economist, Soviet

* financier, whose scientific interest concerned money and credit problems. His research has made a significant contribution to the development of money theory, justified nominal-quantitative theory, the founder of which was considered to be Tugan-Baranovsky.

V. Vlasenko was born on July 31, 1909 in the village Mogilev in Tsarychans'kyi district of Dnipropetrovsk region. After getting primary education, he entered the agricultural school in Novomoskovsk (Dnipropetrovsk region), where he successfully graduated in 1928 as one of the best pupils and was sent to the Faculty of credit relations of Kharkiv Financial and Economic Institute (KFEI). He finished studying in 1931. For excellent results and scientific work he received a referral to graduate KFEI, which he entered in 1933 after two years of practice in various financial institutions.

Being a student V. Vlasenko was interested in monetary theory and monetary reform. He continued research in this area in post-graduate school. The result of the scientific research was the defense in March 1940 of the thesis on "Monetary reform of S. Witte" and scientific degree of candidate of economic sciences. In, 1941 V. Vlasenko was awarded the academic title of Associate Professor in the specialty "Finances, money and credit of capitalist states. "

He began teaching after finishing his post-graduate education in 1936. From 1936 to 1940 he was a Lecturer, Associate Professor, Head of a department in KFEI. He also lectured at the Military-economical Academy of the Red Army. Along with teaching and research activities he conducted active public work. After defending a thesis he works as a consultant in the Kharkiv regional office of the State Bank of the USSR. In 1941 as one of the most respected heads of departments of the Institute V. Vlasenko was appointed Deputy Director of Education and Science of Kharkiv Financial and Economic Institute. When the war began a part of students and teachers of the Institute was evacuated to Tashkent. V. Vlasenko from 1941 to 1943

worked as a director of Tashkent Financial and Economic Institute, where evacuated students studied and teachers worked. After returning of the Institute to Ukraine from 28 December 1943 to 28 December 1944 V. Vlasenko — Director, Head of Kharkiv Financial-Economic Institute, later, after transferring Institute to Kyiv — of Kyiv Financial and Economic Institute. In the 1944-1945 — Deputy of Finance Commissar of the USSR, 1945-1949 — Administrator of the USSR Council of Ministers.

V. Vlasenko was transferred to the People's Commissariat of the USSR because in the postwar period financial sphere lacked qualified specialists to develop a fiscal policy. During his time at the People's Commissariat of the USSR, he had to find new forms of monetary instruments and apply economic development, which is not reflected by any monetary theory. In particular, in the liberated territories, where banking institutions were not yet recovered, financing of social and cultural institutions was carried out by the Commissariat with the cash transported along. Before institutions of the State Bank appeared, operations concerning cash payments and issuing money to finance local companies in many areas were held by district financial departments. V. Vlasenko worked on organization of banking institutions to perform normal funding — transferring money to the accounts of organizations.

To work in extreme conditions People's Commissariat applied tremendous efforts and had to show high qualification. Funding of agencies and organizations of republican subordination in particular was carried out not by opening credits in the State Bank institutions, but by transferring money from the People's Commissariat account to the credit administrators' accounts. This was due to the fact that many institutions during the war were in other republics, the republican budget revenues consisted primarily of balances of previous years and grants from the old budget. It was necessary to concentrate the money in one account and thus conduct financing. The current account of People's Commissariat was in the Moscow budget bank. As long as Commissariats had not their current account funding was held directly by the People's Commissariat. In these difficult conditions V. Vlasenko tried to restore efficient functioning of the financial sector of Ukraine. This independence will be officially enshrined by a statement of the USSR Council of Ministers "On changing the order of state planning and finance sector of union republics" on May 4, 1955. Only from this period revenues and expenditures for national and local budgets separately began to be officially determined by the Council of Ministers of the Union Republic, and their executors were appointed by the republican Commissariats. So what was only tested in the difficult postwar years by the experts in the field as V. Vlasenko was now fixed.

V. Vlasenko had to make great efforts to establish the efficiency of the financial system of Ukraine in difficult 1944-1945. Thus, the budget of 1944 was changed in the amount of contributions to the budget of the Republic from the union taxes and revenues. Regrouping of income was important both to eliminate discrepancies between their own narrow base of income and increased costs, and to provide funding for restoration of the economy. However, a part of the budget funds allocated for reconstruction of the national economy were not used, especially in trade and transport organizations. Although in 1944 the turnover plan was completed, revenue collection by bank branches in many cases was not carried out, in trade organizations began stealing, receivables increased almost 4 times. All these phenomena were eliminated due to the professional activities of the People's Commissariat by early 1945, so the amount of budget of 1945 increased and exceeded the budget of 1940. These organizational skills were noted by leaders of the USSR Council where V. Vlasenko was appointed a business manager in 1945.

V. Vlasenko was one of the initiators of the currency reform prepared immediately after the liberation of Ukraine. During this period there was a need to withdraw excess money from circulation and to begin trade by state prices (during the war many goods were sold by commercial ones). The reform had to reduce money accumulated by the speculative part of the population, to cancel the fake money issued by German authorities in occupied areas. Because of the war, German troops paid the population for requisitioned property and food by receipts with the inscription "German armed forces" and then tender notes were German credit bank notes (occupation marks). So, during the war in circulation were occupation marks, German zinc coins, Soviet one and three ruble banknotes and Soviet coins. V. Vlasenko made proposals for monetary reform to be taken into account in the Resolution of the Council of Ministers and the Central Committee of the Communist party "On monetary reform and food and industrial product card cancellation" on December 14, 1947.

The scientist defended the need to preserve previous monetary system, the mechanism of money issue and their circulation. It was, in fact, a difference of the currency reform in 1947 from the reform of 1922-1924. The issued new money was exchanged for the old by 1: 10. At the same time revaluation of deposits was conducted in savings banks. Deposits up to 3 thousand were not revealed, and from 3 to 10 thousand — in respect 2: 3, more than 10 thousand — 1:2. Cash of state enterprises and organizations, which was kept in bank accounts unchanged, mainly of cooperative organizations, farms and banks was revalued by 4: 5. It was a very

competent aligning of money and the real economy in the territory of former Soviet republics.

V. Vlasenko's idea of the need to maintain a functioning monetary system is already embodied in the facts that during the reform wages, pensions, scholarships, income of farms and farmers on government procurement and other labor income of all segments of the population were left unchanged, i. e. paid with new money that meant raising real of workers' income. The reform affected the gambling elements on war difficulties and accumulating substantial amounts of money. The currency reform of 1947 led to unified national prices and created the conditions of the systematic reduction in retail prices.

In 1949, V. Vlasenko returned to Kyiv Financial Economics Institute, where he again was actively involved in the research. In the same year he published his known work "The currency reform in Russia 1895-1898". During this time at the Institute (Kyiv Financial Economic Institute and in 1960 — Kyiv Institute of National Economy) he worked as: Associate Professor of Finance of the USSR, the Head of monetary and credit department (1951-1970), Dean of the Planning Faculty (1949-1952), Dean of Finance and Economics Faculty (1957-1962) Vice-Rector in Research (1962-1970). Despite dynamic administrative and social activity V. Vlasenko continued to work on developing his scientific subject. During this period he prepared a number of fundamental works on money and credit issue, "Money in the period of reunification of Ukraine and Russia" (1955); "The theory of money (end of XIX — the pre-October period of the twentieth century.)" (1963). The latter is a basis of his doctoral thesis, which was successfully defended in 1964. After V. Vlasenko obtained the degree of Doctor of Economic Sciences The Higher Attestation Commission of the USSR in 1965 awarded him with the academic title of professor.

In his fundamental work V. Vlasenko proves that the theory of money by Struve and Tugan-Baranovsky is the height of the nominalistic theory of money in Russia. In his book "Theory of money (end of XIX — the preOctober period of the twentieth century)". The scientist, first in the Soviet literature examines various theories of money against the background of economic development in the late XIX — early XX century. During the critical consideration of P. Struve's and especially M. Tugan-Baranowsky's views the author concludes that in the time of general crisis of capitalism a new school of the theory of money was founded. Based on state-monopoly capitalism, it dominates among bourgeois economists — it is nominalistic- quantitative theory of money, the founder of which is considered Tugan- Baranowsky. This conclusion of the scientist can hardly be denied.

V. Vlasenko shows that Tugan-Baranovsky having adopted from Hilferich — one of the nominalist money theory founders — the principle of spontaneous nature of their origin, concluded that money is not a commodity by its nature. He needed that for a labor value theory not to be applied to money. Rejecting the labor value theory, Tugan-Baranowski concluded that the situational theory of value for money “is a further development of the commodity theory by Тике. “ V. Vlasenko stressed that Tugan-Baranovsky believed the value of money is directly determined by the general state of the market, its situation. He accepted quantity theory of money, using it to explain phenomena of paper money circulation. V. Vlasenko points to the fallacy of Tugan-Baranovsky’s statement, that Marx “ also took the quantitative theory regarding paper money circulation. “

V. Vlasenko points out that identifying full coins with paper, Tugan- Baranovsky determines their three main functions: medium of exchange, a measure of value and legal tender. The function of value measure, according to M. Tugan-Baranovsky, paper money carries out because “it is recognized by legal tender. “ However, he notes that paper money is not international, it is local money of a country that produces them, and its value is limited by state borders. However, V. Vlasenko proves that it does not change the fact. Regarding the fundamental issue of the theory of money — its value — M. Tugan-Baranovsky supports the position of the nominalist school in the economic theory of money.

”Conjunctural theory” of money by Tugan-Baranowski, according to V. Vlasenko, did nothing new in science. However, it summed theoretical basis for the criticism of the gold monometallism system, where the system’s opponents were engaged, and provided additional issue of no secured credit notes, i. e. paper money. In fact issue was proposed, which, according to the so-called theory of expansionary credit was aimed to create the capital needed for additional investments in industry, trade and other industries.

But in his previous work “Monetary reform in Russia, 1895-1898” V. Vlasenko showed that the nominalist theory of money did not find supporters among economists who helped the Russian government to conduct monetary reform in 1895-1897 and on, until the First World War and influenced official tsarist policy in money circulation. However, in practice this theory of money line gained more rights, became dominant. This was greatly facilitated by the fact that university courses available in Russia on issues of political economy supported nominalist theory of money. V. Vlasenko said: “Capitalism required sustained stamping and created appropriate conditions for it. By the time of 1895-1898 monetary reform bourgeoisie has introduced gold currency and led a tough fight for its preservation against the efforts of nobility to eliminate this currency. In their

memory the negative impact of volatile paper ruble depreciation on the economy of the country that took place throughout the long period of capitalism's development was still fresh. "

V. Vlasenko appreciates Speransky's "Plan of Finance" that was the first theoretical expression of aristocratic and bourgeois political interests. The plan called for a series of financial reforms to promote trade and industry in Russia which was prevented by inflation. Speransky proposed to conduct monetary reform to eliminate devalued bills and to introduce a stable silver currency with silver and banknote circulation and to make copper coins additional. Opponents of the "Plan of Finance" protected the depreciated money from the standpoints of nominalist and quantitative theory that can be explained by the general methodological basis of these theories — the denial of the intrinsic value of money. V. Vlasenko indicates a logical contradiction of these theories. "If the cost of money — he writes — is determined by the state, the amount of money can exert no influence on it. If the value of money is determined by their amount we must admit that it does not depend on the power of the state. "

Analyzing views of bimetalists and silver monometalists, V. Vlasenko stressed that, "as it is typical for falling currency supporters, they take refuge in stable money demand. They considered prices to be the criterion of stability of money, which as they believe is determined by the amount of goods and money that are in circulation in the market". Analyzing this, the Ukrainian scientist emphasizes the fallacy of defining silver a single evaluative metal that in their opinion meets all possible requirements of circulation as it is produced annually, the amount of that increases, while gold coins become rare.

V. Vlasenko notes that the views of bimetalists and supporters of silver currency affected the monetary system of Russia. By the monetary reform of 1895-1898 silver was granted extensive rights. Payment power for bank money, i. e. high-standard large coins was set at 25 rubles, for small silver coins — 3 rubles, that is 28 rubles together. Circulation of silver coins was defined at the amount of 3 rubles per person. This enabled to issue in circulation up to 400 million rubles, which was approximately one third of the money supply. In fact, by 1900 silver was spent in the amount up to 231.3 million rubles, or 36% of gold coins issued at the circulation and 15.4% of total asset turnover, regardless of small copper coins. "Silver coins — concludes V. Vlasenko — were expensive irredeemable for gold money plates, the broad turnover of which increased Russian monetary system instability. "

In the mentioned work V. Vlasenko analyzes theory of "absolute" and "people's" money. "Absolute" money theory is based on the idea of paper

money justification and condemnation of gold currency. “Absolute” money is paper money, completely separated and independent from precious metals. The internal value of the “absolute” money according to its supporters is determined by two factors — moral principles (trust in government) and the amount of paper money in circulation. For a currency to be stable and a monetary system — perfect, they say, it is necessary not only to maintain consistently high prices for agricultural commodities by maintaining an appropriate quantity of paper money in circulation, but also to make agriculture privileged compared with other sectors of the economy owing to high prices. V. Vlasenko therefore emphasizes that taking value measure function for the scale of prices, replacing the first by the last, is unacceptable in monetary theory.

V. Vlasenko in his work proves that the revival of production caused by inflation can only be short-term. It is inevitably changed by the decline of all sectors of the economy, the impoverishment of consumers, leading to reduction of market capacity. The same goals are in strengthening anarchy of production, which is the result of uneven growth in prices, flight of the capital from production to the sphere of speculative circulation, the collapse of credit and others. “With the stability of currencies in other countries, — said V. Vlasenko — inflation in a country is inevitably accompanied by the giveaway of its wealth to foreigners, that together with the general economic decline leads to undermining the its independence and its enslavement by more powerful states. “ This is also confirmed by the current practice of economic development of Ukraine.

Analyzing the introduction of gold currency period in Russia V. Vlasenko concludes that the gold currency cost much to the Russian and Ukrainian people. It was introduced at the expense of people, was worth a lot of victims and it was a great burden to support it. “However, — he wrote — the gold currency was favorable for capitalism’s development in Russia and this helped eliminate remnants of feudalism in the country. Therefore, the introduction of gold currency was a progressive event in general”.

V. Vlasenko reveals causes of fading struggle against gold currency after the first Russian revolution. These are overcoming the global agricultural crisis that somewhat eased the situation of agricultural production, and what is the most important, further embarrassment of nobility owing to the stable gold ruble. “Economic interests of the nobility, the scientist says, were increasingly similar to the interests of the big bourgeoisie, which supported the stable gold currency. “

Outlining a general theory of money V. Vlasenko supports I. Patlayevsky’s ideas stated in his work “The theory of money circulation by Ricardo and his followers” (1871), and also A. Myklashevsky, who emphasized the fact that

one of the main tasks of the state — is to ensure the stability of the currency, “which could be the basis to prove their calculations” in his work “Money” (1895). For this it is necessary to reject the opinion that the issue of paper money can enrich a country. The Ukrainian scientist supported the idea that “the money circulation could be built only on the basis of metal and the task of proper organization of credit flow must concern not trying to tear or refuse it, but in establishing relations between credit and metal trafficking.”

V. Vlasenko was one of the first in the Ukrainian financial sphere to support monetarist ideas about the importance of money in the economy. They are, in his opinion, of great importance, “money — not the cause but a consequence of certain economic relations and contribute to their development.” However, he did not support the idea of predecessors that inflation is generated only by a constant excess in amount of coins in circulation of a country “compared to its actual right to share the world stock of coins from internal values that correspond to the real size of its industrial turnover. “ Inflation, according to him, is a manifestation of economic and other aspects, although the precise control of monetary amount is also important.

A Ukrainian scientist emphasized that this approach of the quantitative theory representatives relies upon their complete ignoring of the function of money as a means of forming treasures or underestimating it. With this feature, there is no need to keep all the money in circulation and roam from country to country in search of “natural rate.” Excess metal money comes to reservoirs of each country and in case of money shortage are withdrawn from them because the amount of money is spontaneously supported according to the needs. “Money — said V. Vlasenko — can be out of circulation and included into it, without changing its value. Not the value of money is determined by its number, but rather the amount of money in circulation depends on its value. Metal money movement between countries is not due to changes in the quantity of money, but because of the balance of payments. In a country that has a surplus of metallic money in the treasury, metals will still come from abroad if the country has a surplus. If the state balance of payments is passive, even with the lack of metallic money, the latter will go abroad.”

However, the Ukrainian scientist criticized excessive exaggeration of the role of money as a treasure. According to him, treasures are not a regulator of the market economy. “The transfusion of capital — he writes — between the spheres of their application with the aim of higher profits is implemented by using a credit, not a treasure, and occurs spontaneously.”

V. Vlasenko scientifically analyzes functions of money, criticizing its definition of the quantity theory of money representatives. As the scientist

argues, in the very definition of money they substituted the concept of cost by the concept of value, identified the concepts of “cost”, “exchangeability” and “purchasing power”, while exchange value is only a form of manifestation value, and the concept of “purchasing power” is used to refer only to exchange value of money and, therefore, is not about wealth at all. Their third mistake, according to V. Vlasenko was the approach to the definition of money as “precise realization of economic quality of things. “ Money is not a tool of “precise” economic accounting. In this case the price of goods would coincide with their value. However, the scientist said, “prices of commodities are different from their value not only because of changes in the value of money, but also influenced by changes in the value of goods, as well as due to changes in supply and demand of the latter. “

Concerning credit money V. Vlasenko criticized the theory of two kinds of banknotes, which made the monetary system both inelastic and expensive. The issue of banknotes was limited by gold reserves that were necessary to accumulate in large amounts in the treasuries of the State Bank. This increased distribution costs and reduced the proportion of the possible use of productive capital, which delayed development of the economy.

A Ukrainian scientist criticizes Russian and Ukrainian banknote issue system that existed in the pre-revolution period that aimed to ensure a high level of loan percent to attract foreign capital, particularly for gold reserve accumulation. “A high level of loan capital — said V. Vlasenko — is a reason for the cost of credit to rise in price, which hindered the inflow of capital into the industry and contributed to attracting foreign capital, which increased Ukraine’s dependence on Russia and Western imperialism. “ This thesis is also relevant to the modern development of the financial sector of Ukraine.

Concerning emission V. Vlasenko supported monetarists, noted its importance and influence on the nature and role of currency circulation, which covered all aspects of economic life of the market economy. Therefore, in his opinion, “the task of proper organization and strengthening money circulation in the situation of unified national markets formation can be successfully settled only through monopolization of emission by one bank and strengthening the regulating role of the state in this case. “

In monetary theory V. Vlasenko assigns a significant role to Karl Marx’ theoretical achievements. He emphasizes that Marx scientifically solved the question of money origin, so it became possible to disclose the essence of this category. Marx showed, as the Ukrainian scientist emphasizes, that “money was not a result of agreement between people, not by a command of the government, not only to overcome some external technical inconveniences of simple commodity exchange, but as a result of a long

development process, rooted in the contradiction between consumer product cost and value, which is due to double character of labor spent on the production of goods — public, private, abstract and concrete. This contradiction identified the development of value forms and led to the collapse of the commodity as a direct implementation of consumer value and money, which is the direct embodiment of value. Money was not only a product, but also the most common form of the solution of those contradictions.

A Ukrainian scientist shows that the very origin of money determines its character as a special product that acts as a universal equivalent, and rejects the interpretation of money as a simple commodity or an ideal measure of value. “Marx’ interpreting money as a special commodity, — said V. Vlasenko, — that is the direct embodiment of social wealth in abstract form, was the basis for showing the growing role of money in commodity and especially commodity-capitalist economy due to their conversion into capital”.

Especially V. Vlasenko stresses Marx’ achievement in money circulation — the possibility of economic crises, which with the emergence of their cause under capitalism becomes a reality, including production, trade, credit and monetary sphere. Cash crisis is an integral part of economic crises of overproduction and an important factor in their deterioration. “The result of scientific analysis of money function-emphasizes scientist — was the discovery of the roots and nature of credit and paper money that allowed Marx to create the theory of these forms of money ... Marx discovered and explained the laws of money circulation. “ V. Vlasenko praised Marx’s theoretical contributions to the theory of money.

V. Vlasenko died on January 22, 1970 in Kiev, where he was buried.

The main works of the scientist: “Money Reform in Russia 1895— 1898” (K., 1949); “Monetary relation in Russia and Ukraine of the period of reunion” (K., 1955); “From the history of economic thought. (Remnants and vulharysation of classical theory of money in Russia)” (K., 1959); “Theories of money in Russia End XIX — the twentieth century. “(K., 1963) and others.



VOBLYI Kostyantyn Grygorovych

(1876 – 1947)

(I) oblyi Kostyantyn is one of the most well-known Ukrainian * statisticians and economists. He was a Full Member of the Academy of Science of the Ukrainian Soviet Socialist Republic, one of the founders of Economics and economic education in Ukraine.

He was born on May 27, 1876 in the village of Tsiarychantsi, Poltava province (a district of Dnipropetrovsk region) to a family of a well-educated priest. Having graduated successfully from elementary parish school, he received religious education in the Poltava Seminary and in the Theological Academy in Kyiv. The education received in the Theological Academy influenced greatly on the formation of his worldview. The teachers of the Seminary were well-educated. Students used library resources to study sciences independently. Therefore, having mastered the secrets of the spiritual sphere of human life, K. Voblyi as a talented and inquisitive young man tried to understand the scientific principles of human life. Diligence and curiosity prompted him active self-educated activity. His knowledge of Geography, Philosophy and Psychology, Foreign languages influenced greatly on the young man, and he gave up his religious education in order to devote his life to scientific and social activity despite the opinion of his parents.

In 1900, K. Voblyi left Ukraine and entered the department of Law in the University of Yur'ivsk (Tartusk University) known since the 17th century as the Academy Ustaviana. It was the first stage of the young man in the process of mastering the science of Economics. He continued his studies in the Russian University in Warsaw. The great intellectual potential of the University and the library fund including valuable publications in Economics contributed to the increase of further creative achievements of the young Ukrainian scientist. Using the University library fund, K. Voblyi studied hard the works of national and foreign lawyers, economists, and philosophers of various schools. Being the third-year student, K. Voblyi wrote a scientific competitive work *Over Atlantic Emigration, its Causes, and Consequences*. The board of the Warsaw University awarded him a Gold Medal — the

highest student award — for applying scientific methods in his thorough research and wide use of the statistical material. Since then, scientific work was dominant in the creative activity of the young scholar. Mastering several foreign languages, K. Voblyi studied the works of Western European economists in their original languages. Highlighting certain trends in his first scientific works, he was peculiar and original in selecting information. It was highly appreciated by his scientific consultants who recommended K. Voblyi to continue his scientific activity after graduation.

High appreciation of his University teachers contributed to his staying at the department of Political Economy and Statistics as one of the best students for teacher training in 1904 after graduation from the Warsaw University. At the same time, the young scientist worked as an editor at the Warsaw Statistical Committee to support his well-being. Having access to the statistical material he published a series of scientific articles. Some of them were dedicated to the scientific analysis of the census statistical data. His articles were new and interesting as for the representation of data and its analysis.

The original and productive scientific activity of the promising young Ukrainian researcher had not gone unnoticed by the scientists and educators of the Russian Empire. In 1905-1906 K. Voblyi was officially invited to the Kyiv University to work as a scholarship holder Professor and after passing exams for the Master Degree in Political Economy he held a position of the Private Associate Professor at the Department of Political Economy and Statistics. Having statistical data work experience and mastering the methods of its analysis and highlighting, the young scientist received his Master Degree in 1909 and in 1911 he defended his Doctoral Thesis entitled *The Third Professional and Industrial Census in Germany*. It should be mentioned that this work was written in the time when Statistics as a science had not been fully recognized. There was not a clearly defined generally connected and unified system of data collecting and usage at that time. This was the main reason for the use of statistical data for speculative purposes to prove the faithfulness of certain ideological conceptions. The young scientist believed that some processes can be explained only with the help of statistical data. K. Voblyi tried to refine statistics, find the source of reliable data and then use the results in contrast to the politicians who used statistical data to their advantage. Applying this approach the scientist was among the first in Europe who substantiated the importance of professional and industrial census as a means of economy studying.

Almost a half of his book was dedicated to highlighting the methods of the general census. Analysis of methods and techniques of statistical calculation allowed the author to make important generalizations about the

trends of German economy development at that time and the employment of labor resources. The research conducted by K. Voblyi helped to prepare and carry out the 20th census throughout Russia. His work *Productive Forces in Galicia* was published in a magazine *Economy*. In 1915, it was published in Kyiv as a separate edition. It presented a wide statistical and economic characteristic of Galicia and statistical data of emigration. The author gave the following example: in 1910, there were 707 emigrants for every 100 thousand Ruthenians (Ukrainians) and 82, 700 persons left for Germany to work in 1910-1911.

K. Voblyi was one of the founders of Ukrainian Statistical School and one of the developers of its conceptual principles (M. Ptukha, R. Orzhentskyi, O. Rusov, etc.). He belonged to those scientists who strengthened and developed the science of Economics not only according to his scientific achievements but also carrying out social activity and expanding the range of its supporters due to his teaching activity. He was known as a talented organizer and a leader of higher economic education in Kyiv. Since January 1907 he began teaching at Kyiv higher commercial courses. K. Voblyi was one of the initiators of the foundation of Kyiv Commercial Institute (KCI) on the base of Kyiv higher commercial courses which received its official status in 1908 (nowadays —Kyiv National Economic University named after Vadym Getman). He was admitted to the teaching staff of this Institute in 1908. K. Voblyi was one of the founders and active member of the Society of economists of the Kyiv Commercial Institute (KCI). Since March 1909 he became a member of the Board of KCI and a member of Training Committee. Since February 21st, 1910 he had been working as a Professor at the Department of Political Economy and Statistics and in February 28th, 1912 he was appointed as a freelance Professor of the Department of Political Economy. From October 1910 to January 1913 K. Voblyi had been the Dean of the Department of Economics of KCI and from December 21st, 1917 to September 26th, 1919 he had been holding a position of the rector of Kyiv Commercial Institute. From January 1920 to May 1921 he had been an Assistant Professor and an ordinary Professor of the University of Tauride. He returned to Kyiv Institute of National Economy in August 1921, and had been teaching there until 1930.

An important feature of K. Voblyi as a scientist was his attempt to combine his scientific and teaching activity with the solving of actual social and economic problems of the time. Due to the development of new market relations, it required the appropriate institutional base and new staff training program. In particular, it concerned the insurance field which began to develop rapidly in Russia. There was an urgent need for a significant expansion of necessary professional training of qualified staff on the base of

the state and commercial institutions. There was a lack of professional teaching staff and a lack of educational literature for this new kind of training. Having a great scientific and research experience, being a teacher of the higher school, K. Voblyi began an innovative activity trying to write the first text-book on Insurance in Russia. In 1915, his comprehensive monograph *The Fundamentals of Insurance Economy* was published. In this first fundamental edition the scientist revealed and substantiated such theoretical and practical issues as: the subject of insurance as a science, history of development of insurance in Russia, peculiarities of insurance companies for certain types, financial policy issues regarding capital of insurance business, interrelations between insurance companies and the state control bodies, etc. on the basis of independent and comprehensive studies of the world insurance system and the insurance system of Ukraine and Russia. It was emphasized in one of the reviews published in the newspaper *Russian Vedomosti* June 24, 1915 that this course worked out for higher educational establishments was brief despite its sufficient scientific substantiation and written in a simple, clear and precise language, systematically and uniformly drafted. It is difficult to imagine the amount of hard work done by the author and his creative efforts aimed at describing a state of insurance in Russia due to the lack of printed material about insurance in Russia. Despite his pioneering research in the science of insurance, K. Voblyi did not only introduce the fundamentals of insurance business but systemized them and clearly defined financial and economic aspects of the insurance activity in his monograph. The scientist analyzed thoroughly the concept of profit as a positive financial result of the insurance activity and distinguished proper insurance profit and banking profit. According to the scientist, banking profit depends on the management costs and benefits of available capital while insurance profit is calculated as the difference between the actual and estimated insurance cases. This book in its first edition became popular not only with the students and teachers of higher schools but with the general public due to its originality and thorough presentation of the issues. Voblyi's work is still relevant today. So, we can talk about its scientific and practical importance to the study of insurance in order to overcome the harmful effects of adverse economic conditions. This book should also be studied by future specialists in insurance living in a new era of relations in the 21st century. The monograph is being widely used by modern scientists and specialists in insurance and has been republished many times in foreign countries. This fact confirmed once more the words of the well-known Ukrainian economist L. Yasnopolskyi who said that "theoretical ideas correspond to the reform ideas". Nowadays economists try to understand some theoretical substantiations of K. Voblyi and implement them into the

legislation. The economic views of K. Voblyi like the views of the majority of Ukrainian economists of that period were based on the theoretical heritage of the representatives of classical and neoclassical economic theory as well as German Historical School. Theoretically substantiating certain issues of insurance, K. Voblyi showed in his work the commitment to the basic institutions of the private property and market economy, negative attitude to collectivism as a basis of economy especially in agriculture. He described the most important and popular theory of Marxism supported by a great majority of Ukrainian economists as an artificial theoretical construction. In the conditions of new socio-economic transformations of the Soviet era, the scientist focused on the research of new branches of the versatile economy of Ukraine: its industry, transport, agriculture and trade. It should be noted that the author refrained from subjectivity and radicalism in his works. His scientific desire to specify the reason of dependence of different phenomena and their relationship as scientific laws was shown throughout his works. Thus, applying historical approach, he analyzed the industry sector and described the emergence, distribution, development and relationship of various branches of a single economic complex. A great amount of various statistical information collected by K. Voblyi and theoretical results of his research formed the basis of his other fundamental popular economic geography textbook entitled *The Economic Geography of Ukraine* which was published in 1919. The information in the book was thoroughly worked out and it was easy and interesting to read. It was republished five times. The publication of this book was of great importance at the time when Ukraine was trying to gain independence.

In 1928 — 1930 K. Voblyi had been holding a position of a Vice- President of the Academy of Science of the Ukrainian Soviet Socialist Republic. He was one of the most recognized researchers and theoreticians. Under his leadership, the first five-year plan of the Academy activity and the Statute had been drafted. At that difficult time, there were attempts to politicize science, to adapt it to general dogmas. However, it should be noted that some objective factors influenced this process. Thus, the dependence of certain phenomena including financial ones on the structure of national economy; i. e. ratio of classes in the society are determined by science. The change of these factors in the process of socialist transformations in the society required scientific rethinking. However, the deification of certain ideological authorities, admission of their righteousness showed the disadvantages of this process and led to a tragedy of scientific society. There were genuine scientists and there were ideologically biased adherents at that time. K. Voblyi did everything to support scientists. Being a Vice-President, he supported those Ukrainian scientists who were unjustly accused and he

tried to assess their scientific achievements objectively in terms of research subject. At the time of Stalinist repression and attempts to destroy national Ukrainian academic science and its representatives, there were only a few scientists who didn't support the unfair accusation of Ukrainian researchers. Under the conditions of the Soviet regime when other classes took the State power, its policy was developed due to their influence and this was reflected negatively on the development of science. So, being highly respected by the scientific community, K. Voblyi had to deal with complex moral problems: whether to renounce his pre-revolutionary views on the private property and market economy and begin to do research according to the theory of Marxism-Leninism which he had denied earlier or to be doomed for the scientific and political persecution.

Analyzing the relationship between the financial sector and the national economy in his earlier works, K. Voblyi understood that financial sector as an independent state economy had been developed together with numerous private sectors and could be developed as long as there were private economic sectors which were based on private property and individual entrepreneurship. K. Voblyi said that financial sector as an independent state economy might cease to exist in the process of a socialist society building when private property and private production organizations were being replaced with a single public sector managed by the public representatives. Thus, the financial sector can not be an independent economy, it can only be an integrated part of a single socialist economy. Under the new conditions, the private economy sector would be liquidated and there was no need to expropriate income of private sector received by the citizens. All the production would be represented by a single planned social economy and the entire labor product received as a result of collective production would represent the wealth of the society which could be distributed among the members of the society according to their needs. And a certain amount of the total stock of social products would be allocated to meet cultural and social needs and realization of social goals.

Being aware more than others of the scientific veracity of the fact that a financial sector could only be developed within the private economy, K. Voblyi preferred concessions and compromises. His research priorities had been changed since that time. He focused on the applied economics and current economic problems in his further scientific research. Analysis of his later works showed, that despite his logical and lively style, they were mostly descriptive and empirical, overloaded with statistical data. Thus, under new conditions the Ukrainian scientist continued his scientific activity. During 1921-1928 Academician K. Voblyi had published over 60 scientific and journalistic works dedicated to the problems of the productive forces

development, Ukrainian domestic and foreign trade, the world economy conjuncture analysis. According to K. Voblyi a method of production and productive forces development relations are not eternal laws but depend on a certain level of human development and their productive forces and any change of the productive forces leads to the change of productive relations. This conclusion could be of great interest to scientists. It is very important not to lose the fruits of civilization — acquired productive forces. It is necessary to liquidate those traditional forms within they have been created. Since that time the revolutionary class turned into the conservative one.

Historical approach greatly influenced his activity in the Soviet period. He tried to understand the very important issue for Ukraine — in what way a country could achieve economic prosperity. K. Voblyi thought that primarily it could be done through the development of productive forces. Analyzing the demand of the world market, K. Voblyi said that barriers to the delivery of low-cost products to economically more developed countries was only the first stage, the trivial condition necessary to conduct the state economic policy aimed at strengthening of the state productive relations and eventually the state economic (financial) and political power as well as the welfare of the citizens. The State has to conduct independent, sovereign economic and financial policy despite its possibilities and power. Only such insistent policy promotes the growth of the economic and financial power of the State and facilitates the economic independence that on the one hand allows to compete with the most powerful states and on the other hand to determine more profitable conditions in economic relations with less powerful states.

K. Voblyi can be called a theorist of industrial education of the nation. Having developed skills of scientific analysis in statistics, the scientist wrote his fundamental work *Essays on the History of Russian-Ukrainian Sugarbeet Industry* in five volumes in the early 1930s. He followed the tradition to apply evidence-based comparative-historical method. That was sugar industry that had been important for general economic development of Ukraine for a long time. Applying a systematic method of investigation K. Voblyi as a mature scientist highlighted the historical process of sugar industry emergence and development. Estimating the importance of this branch of national economic complex, he pointed to the leading role of sugar industry as the main means of overcoming crisis in agriculture in some areas of the country. In the world practice of the developed countries the idea of *leading industry* which stimulates effective consumer demand and prevents crisis has been developed to solve current various macroeconomic problems of the national economy. K. Voblyi didn't give clear definition to the term *statistical analysis* in his work, but this term was deeply enriched by the scientific content. A great amount of references, extensive information base,

and the author's competence had promoted the use of this fundamental work in the process of studying specific issues of the sugar industry development and sugar pricing as well as the economic history of Ukraine in general for a long time. Special attention K. Voblyi paid to the history of sugar trade. The author described vividly the sugar market of Ukraine, Russia and foreign countries, analyzed economic governmental measures in the sugar industry and paid special attention to the customs policy. This book is still relevant today. Different generations of historians and economists used the scientific heritage of K. Voblyi doing their researches.

The process of socialist development of the Soviet Ukraine required for scientifically substantiated description of natural conditions and available economic resources of the Republic. K. Voblyi belonged to a special cohort of scientists who applied historical method to scientific works and tried to assess objectively the potential power of Ukraine. Despite this "bourgeois scientist," K. Voblyi was dismissed from his office in the Academy of Science of the Ukrainian SSR and left the position of a Vice-President. Ignoring the consequences of the class struggle, seeking for historical faithfulness and objectivity in his scientific researches, he was deeply involved in the development of Economic Geography. His scientific interests were versatile: he studied the problems of Physical Geography, Geomorphology, and Geology, worked on the problem of the Great Dnipro, investigated financial and economic problems of Ukraine, its specific districts and towns; wrote essays and articles; presented reports in many scientific conferences in Ukraine and abroad.

K. Voblyi was among those who first began to analyze the problems of the geopolitical economy. He initiated the foundation of a new economic geography sector in the Institute of Economics of the Academy of Science of the Ukrainian SSR in 1939 in order to study thoroughly the problems of National Economy and Geography. On behalf of the Presidium of the Academy of Science, he started research of the scientific and economic geography of Ukraine. It took almost two years a team of young scientists headed by K. Voblyi to prepare *Essays on Economic Geography of the Ukrainian SSR* in two volumes. At that time K. Voblyi was appointed again to the governing scientific positions: 1939-1942 — the head of the department of Economic Geography in the Institute of Economics of the Academy of Science of the Ukrainian SSR; 1942 -1947 — the principal of the Institute of Economics. During the Soviet period K. Voblyi took an active part in the work of the state bodies particularly as a member of the College of the State Planning Committee of the Ukrainian SSR. He initiated and resolved the important problems of the National Economy. During the Second World War, the Academy of Science of the Ukrainian SSR was

evacuated to the city of Ufa, the Bashkir ASSR. K. Voblyi's research and scientific activities at that time were extremely intensive. *The National Economy of the Soviet Ukraine* and *Organization of the Work of a Researcher* (1943) were published. The latter dealt with his great scientific experience of a researcher and was a guide in research scientific activity to his young colleagues. This book is worth reading by the young scientists nowadays. Problems of organization, techniques and methods of scientific research were highlighted in this work.

World-wide recognition, a lot of his creative and organizational achievements allowed him to determine the trends of the development of the science of Economics in Ukraine in his mature period of life. From 1942 to 1947 K. Voblyi had been a director of the Institute of Economics of the Academy of Science of the Ukrainian SSR. This position he had been holding to the end of his life.

K. Voblyi died September 12th, 1947 in Kyiv. He was buried at the Lyk'ianivske cemetery.

Scientific heritage of K. Voblyi is over 200 scientific works and more than 100 popular articles devoted to different branches of Economics. As a great Ukrainian economist, he left the economic heritage to his contemporaries and descendants. His works will contribute to the economic growth of Ukraine, the welfare of its people and the education of a new generation of scientists.

The main works of the scientist: *The third professional and industrial census in Germany (Experience of analytical and methodological research)* (K., 1911); *Stock exchanges are in the past (in Russia and in the West) and their current role in the Soviet Economy* (M., 1924); *Statistics* (K., 1924); *Essays on the History of Russian-Ukrainian Sugar beet Industry Vol. I. Before emancipation of peasants in 186HJS., 1871*); *Organization of the Work of a Researcher* (K., 1943), etc.



VOLOBUYE V- ARTEMOV Mykhaylo Symonovych

(1903-1972)

rT/olobuyev-Artemov Mykhaylo Symonovych, Ukrainian economist,

* whose thoughts on the theoretical World view has never had the same dimension. He was born in 1903 in Mykolaiv in a quite educated and intelligent family. His father was a bookkeeper's assistant in the local administration and his mother was a private teacher. Mykhaylo studied in grammar school, and from 1915 he had to replenish their family budget by giving private lessons. After his father's death in 1918 he helped his mother to keep his family. He got a higher education as an external student, he finished economic department of the Kharkiv institute of vocational education.

During 1921-1922 Mykhaylo Volobuyev had been working as a deputy head of Mykolaiv political education department. In 1922 he was sent to Vinnytsia to be a head of province department of Political education. According to his memories, in Vinnitsia the national problem gained more interest for him, than it was before.

In 1923 M. Volobuyev was recalled to Kharkiv, which was the capital of the country of that time, to work in Holovpolitovsita. In 1927 he was a vice- chairman of Holovpolitovsita. Mykhaylo worked in pharmaceutical college, he also worked as a lecturer in the Kharkiv Institute of public education and in financial and economic college. From 1930 to 1933 he was the head of the Department of Economic Science in Kharkiv Mechanic Engineering Institute, where he became the professor of political economy. In 1930 M. Volobuyev received the scientific Candidate Degree of Economics Sciences due to the total number of articles that had been published during 1927-1929, science works "A short course of political economy", "Oppenheimer's theory and its critics", "A course of political economy. Lectures".

M. Volobuyev had a good command of Ukrainian language and he widely used it in his scientific and pedagogical work. In colleges and institutes he taught lectures in Ukrainian. At that time it was the unusual phenomenon in Kharkiv. He wrote eight books, articles and textbooks. Seven of them were written in Ukrainian and had been published between 1927 and

1933. His good knowledge of English and German and French helped him to work with the newest economic literature, the achievement of which he used in his pedagogical work.

The main subject of his active research work was a high intellectual level of experience connected with the newest economic literature. In 1930 M. Volobuyev worked in Economic Institute, which belonged to AllUkrainian Association of Marx and Lenin Institutes. Being a member of the Ukrainian ethnography committee, he defended his active civic position. He promoted formation of ethnographic research and publication of the magazine called "Ethnography" in Ukraine. His active communication with famous Party — members O. Shumskyi, M. Khuyliouyi, M. Yalovui, helped him with his work. These parties-members were called "struggles" and joined to Ukrainian Communist party in 1920.

In 1928 M. Volobuyev published his article "For the problems of Ukrainian economic" in the magazine "Bil'shouyk of Ukraine" (№2-3), which changed the destiny of 24-year old professor. This article was immediately interpreted as the economic base of the "national deviation" in the USSR. But abroad, in the circles of Ukrainian political emigration, it was perceived as a brave publication, which proved the colonial state of Ukraine in the USSR. That was a time, when the notion "Volobuyevshchyna" had appeared. Many decades, it existed with another phenomenon "natsional- ukhyl'nytstvo" — shymkism (according to the surname of former "struggle" — Oleksandr Shumskyi) and "khuyliouism" (according to the surname of the writer Mykola Khoiiovys).

XV Meeting of the Communist Party (1927), on which Stalin would defeat Trotskyi's supporters, motivating the way of forcing collectivization, which was the sacrifice of peasantry to Molokh's industrialization. According to these conditions "union republics" had to fulfil the orders of the center, although all rights. M. Volobuyev was one of those Ukrainian economists, who saw consumer attitude of the Centre in Ukraine. By means of statistical materials he proved in his work, that Tsarist Russia was a colonial empire, where Ukraine had colonial rights of "European rear", which manifested "in rejecting of development of productive power for the benefit of parent state economy". The scientist objected the theory of unity of the Russian imperialist economy to October 1917, he demanded to consider Ukraine as "historically former national economic body", which has own specific ways of economic development.

He saw further development of the USSR not as parent state economy and colony, but as a union of equal-right state. That's why, by the way of overcoming the colonial inheritance, the scientist theoretically proved the importance of establishing equal cooperation of the different national

economic system. Ukraine has to get ready for such entry, that's why the economy of the republic has to develop in harmony within its natural national economic. M. Volobuyev noticed, "we have to analyze the limits of the USSR economy as complex of national economic system. We have to look at the former national economic system as certain prospective or real entirety (former Asiatic colonies). (Ukraine, Russia)".

Volobuyev was one of the first Ukrainian economists, who criticized Aleksandrov's methodological principles of economic district division. This district sharing was taken into account during the planning of economic sharing of the USSR. It was important because such a system was transferred automatically on an appropriate sharing of the budget of the districts. The methodology and economic sharing practice, proposed by Volobuyev went out of entirety of the national economic system of Ukraine. The scientist criticized "stubborn rusotian", who worked against Ukrainization and unity of Ukraine, "not taking into account that Ukraine is not Russian province". A lot of economists, including some Ukrainian ones, avoided using the name Ukraine. That's why, there is no doubt that in the scheme of economic sharing of the USSR were bolded Southern mining and South-Western districts. Due to the principles of entirety theory, some scientists called southern European Russia instead of the name Ukraine. Volobuyev criticized such scientists and politicians, he protested against an imperfect system of district-sharing of the USSR.

M. Volobuyev believed, that Ukraine had to precipitate the development of the defense industry, especially heavy industry approaching to the economic problem from the point of view of the most effective usage of productive power, he considered reach and unprofitable engineering of new factories to be unconsidered. Approaching the economy problem from the point of view of the most rational use of productive forces, the scientist considered an expensive and unprofitable building of new enterprises in new economic regions of the USSR at the expense of Ukraine as unjustified one, because of the deceleration of its productive forces development. This deviation "was the result of a certain colonial policy. " During 1926-1931, as the scholar showed in this work, the most attention was paid to the industrial development of the Urals and Siberia, where electricity, fuel, steel and engineering industries developed rapidly, and which development in Ukraine was deliberately impeded.

The analysis of the economic potential and the level of development of the productive forces of Ukraine made the scientists to conclude that the Ukrainian economy is self-sufficient unity and is able "to join the world economic system directly, but not through the Russian economy". It was a courageous conclusion, which outrun scientific views on decades and did not

lose its actuality in modern times, when the problem of European integration of Ukraine is being solved. Even today we hear the echoes of veiled colonial policy, which denies the sufficiency of the economic development of Ukraine.

Ukrainian scientist and economist attracted to his work the attention of the world and national public to the numerous violations of the principle of justice in economic relations and the national economy of the Soviet state, which revealed in great-power chauvinism of the central government towards national republics at budgeting and industry arrangement. The scientist formulated a number of practical conclusions:

1. Zoning of the State Planning Commission should be revised and once for all to reject the attempts to break the single Ukrainian national economic region by the criterion of labor division within the former Russia.

2. It is necessary to ensure the rights and opportunities of all actual management of the economy without exception for Ukrainian economic centers...

5. The budget legislation should be individualized, to warn against excessive removal of economic incomes outside of Ukraine and to recognize the VUCVK the final authority of the Ukrainian budget approval.

6. Modern industrialization plans should be reviewed, rejecting a tendency to consider the Russian economy as a dominant one”.

Besides, M. Volobuyev proposed to revise the plan of the union finances spending for construction of new plants.

Taking into account the high rate of agrarian overpopulation in the USSR, an appropriate All-Ukrainian regulatory system of labor force affluence should be established in order to monitor the apportionment of places at the Ukrainian plants between the Ukrainian SSR and Russian SFSR. The scholar put questions about establishing the “actual control over the activities of the Union authorities”, expenditure of the all-union funds for them. “We should not forget that Ukraine is not just “the south of the USSR”, it is impossible, unacceptable to forget that it is Ukraine as well”.

The work of the Ukrainian economist had a huge impact both in public and in the scientific community and was perceived ambiguity. Despite the warnings about danger of appearance of the “competition trend between the two economies of the USSR”, that is the Russian and the Ukrainian one, for these trends “should not be used by the forces, hostile to us, to separate the great fraternal cooperation of the working people of all nations”, it was a challenge for the totalitarian Soviet regime. The article has become a bomb, which suddenly exploded and destroyed the false Bolshevik conceptions and stereotypes about building a socialist economy in the USSR. This sciencebased indictment of the Ukrainians against the Moscow colonial policy was a

moral support and guidance for the Ukrainian intelligentsia, which really cheered on the fate of Ukraine and strived, based on internal financial and material resources, to raise its economic and socio-political situation in the USSR.

General theoretical conclusions and practical recommendations of M. Volobuyev frightened Moscow. Now, at the distance of time, one can imagine what would be the fate of Russian-Ukrainian relations in the XXth century, if Moscow had listened to the advice of the young Ukrainian economist. Perhaps, a permanent dilemma “center-republic” would not arise during Soviet history. Taking into account the situation, in which those conclusions were made, it is possible to speak about true patriotism and civil and political courage of M. Volobuyev. His warnings are actual even today for woe-“patriots”. “For the qualified rusotian, — Volobuyev warned, — the problem of Ukraine unity does not exist. He draws himself, his abstract themes (for example, as today’s problem of Russian language. — Ed.), regardless of the national policy of the party and the government, that Ukraine is not the province of Russia”.

The ideas, expressed in the article concerning budget legislation, eventually as others, which had to solve the dilemma of “center — republic” (and, of course, “Moscow-Kyiv”), caused a lively discussion in the Ukrainian society, but its direction contradicted with the views of the party and the government practice. In fact, the editors of the “Bolshevik of Ukraine” mentioned in a footnote that the article is controversial. In order to prevent distribution of the ideas, explained in the article, among creative intellectuals and general public, CP(b)U organized sharp criticism of M. Volobuyev and his associates’ views, who was accused of economic nationalism propaganda and were sewn a label of “Volobuyevconcept”.

With some caution, one can say, that the article by M. Volobuyev has been placed intentionally, in order to provoke, give one more impulse, push to the fight against “national deviation “ in Ukraine. This was a directed action of the Secretary General of the Central Committee of the Communist Party (of the Bolsheviks) of Ukraine L. Kaganovych, who led a furious campaign against the “bias”, against “shumskizm” and against “splitters” (or, as they were called then, “rozlamivtsi”) from the Communist Party of Western Ukraine (CPWU), who supported O. Shumskiyi in his speeches against the line of L. Kaganovych the national question. The evidence of directional action was publishing the article by A. Richnytskyi in the same issue of the magazine, who sharply criticized the theoretical principles and practical implications, made of M. Volobuyev in his work. Later the similar articles by I. Hirchak and M. Skrypka will appear.

That time, in the year 1928, M. Volobuyev himself wasn't disturbed. However, he was forced to write a penitential letter in the magazine "Bolshevik of Ukraine", in which he seemed to recognize his views as false and rejects his practical suggestions. Later, when the article "On the problem of the Ukrainian economy" gained wide resonance abroad, first of all in Ukrainian emigration, the scholar was made to continue humiliating "selfinculcation". In 1930 a large article "Against economic platform of nationalism (To the critique of the "Volobuyev concept")" appeared in 5, 6 and 7 issues of the same magazine, which Volobuyev wrote himself. However, even this article did not stop persecution of the scientist and patriot. On December eight, 1933 he was arrested, accused of active participation "in Ukrainian counterrevolutionary organization", expelled from the party, and on May 8, 1934, he was sentenced to five years in prison. He served his sentence in town Uralsk, Kazakh SSR, where the whole family moved. Since then they have stopped writing about him. In autumn of the year 1936 M. Volobuyev was freed from the prison before the appointed time, but he was forbidden to return to Ukraine and to engage in teaching.

One of the most interesting pages of his biography concern the period of the war with Nazi Germany. Staying after exile in the city of Krasnodar, where he was a head of the planning department of the city executive committee, he also worked as a correspondent of the Nazi newspaper "Kuban", traveled on editorial assignment and collected information about the Germans. This page of his life was reflected in the books, devoted to Krasnodar underground ("Underground hero" — M., 1966). In the year 1937 and after, working in underground in 1941 and 1943, M. Volobuyev applied to the Central Committee of the All-Union Communist Party (of the Bolsheviks) with a request to rehabilitate him, but there was no response at all.

During the period of "Khrushchov's thaw" M. S. Volobuev continued to plead for rehabilitation. He and his family moved to Rostov-on-Don in 1947 because of the humid climate in Krasnodar the asthma disease started to exacerbate. Since 1948 he has been the head of the department of economic geography in Financial and Economic Institute (now State Economic University), he continued science activities by changing his last name. The scientist added the wife's surname so he became Volobuev-Artemov. His directions of research interests were changed a little. The major researches were dedicated to economic geography. He has published one textbook (M. S. Volobuev-Artemov Lectures on methodology questions in economic geography (course "The Introduction to the economic geography"), 3 booklets and 12 articles. However, it is well-known that his contributions to the financial science consist not in the number of his published scientific

works, but in deepness and the novelty of his theories, concepts and rules. The frequency of references to the works of M. Volobuev in 50-60s XX century is an evidence to their actuality and scientific depth. He dreamt about the independent Ukraine very much, but unfortunately, he was not mentioned during those years though he suffered from it. Young scientists in financial sphere did not even hear about M. Volobuev, despite of the well- founded ideas about principles of budget formation that were put forward in the 20s XX century already.

In 1953 M. S. Volobuev-Artemov as the most competent scientist, was offered to head the department of economic geography of Rostov-on-Don State University. When in 1957 the corresponding member of an Academy of USSR Yurii Zhdanov, the son of the famous party leader, became the head of the university the situation around the scientist became worse and in the same year he was dismissed from the head of the department. He worked in his department till 1960, but a cold relationship with other lecturers led to his dismissal from the university.

The students loved him for his lecturing mastery, phenomenal memory and encyclopedic knowledge despite of the rumors such as being in prison or exile which were spread around him. Despite of the life difficulties he remained to be a brilliant lecturer, a remarkable man and classic intelligent. However, the colleagues' attitude to him was cold and careful. For example, when the inspection of the State Security Committee (KDB) of the Kharkiv Region questioned the workers from the Kharkiv Institute the answers were "I do not know him", "I am not familiar with him" etc. Then they turned to Economic Institute of Academy USSR for the conclusions to the M. Volobuev's article "To the problems of the Ukrainian economy". But scientist' resolutions were even worse than the colleagues' ones. Here is the excerpt: "M. Volobuev was the mouthpiece of all reactionary, hostile cause of building socialism in Ukraine and the USSR, without understanding the objective developing rules of a socialist economy, denying socialistic principles, the distribution of productive forces of the USSR, battling against Lenin's national policy, against the friendship and socialistic mutual assistance between peoples of the USSR".

In 1957 the Presidium of Kharkiv Regional Court cancelled the decision of judges within the Board of Justices in the USSR from the 24th of February and 8th of May 1934 and recognized him innocent. The case was terminated "for the lack of collecting evidence". Hence, his good name was returned to the science and society but not his ideas.

He was unable to continue exploring and developing his concept that Ukraine is a colony (though of special type) and understanding that "the forms of Ukrainian dependence from Russia were not always the same", in

50s XX century M. Volobuev participated in discussion of methodological economic issues that were in magazine's column "Issues of Philosophy". This second wave of discussions was set up by the adherent of "unitary geography" theory physicist and geographer A. Hryhoriev, the founder of which was German scientist A. Hettner. The representatives of Moscow "regional school" of economic geography founded in 30s XX century by M. Baransky also supported that position. Interfering to that discussion, M. Volobuev-Artemov supported the views of M. Zhyrmunsky, O. Konstantynov and Ya. Feihin that believed that the economic geography studies in its historical development specific forms, nature and rules distribution of production, but not the science of geographical environment as the "regional school" believed. Exaggerating the value of geographical information "from place to place" the representatives of "regional school" ignored the main thing that connects economic areas and determines their development.

As in 1928, the first geographical article in 1953 in "Announcements of All-Union geographical society" had a critical, scientific nature. There the scientist criticized the views of some famous Russian geographers and their methodological approaches that were characteristic to many Ukrainian economists. In particular, the "regional school" is rolled on the position of idealistic understanding as casually created construction, not an objective entity. As an example of this he calls "false Hettner's methodology" in economic geography, his chronological concept, on the basis of which the representatives of "regional school" built their definition: "The economic geography studies not the disposition of production and not the history of society, but the territory on which is taking place the development of the spheres of national economy and the disposition of production". M. Volobuev-Artemov conclusively proved the reverse: "The disposition of production is inseparable with its development and time, that's why the science that deals with the development of production (political economy) should also study its disposition".

A scientist said: "No, the economic geography is not a branch of geographic science. It is completely independent social science, compared to which the physical geography is a related science. There is no "geographic science" at all, because there is no special kind of "geographical processes" in the world that belong neither to a group of public nor to a group of natural phenomena".

His ideas were supported by famous Leningrad economist and geographer B. Semevsky and friend and colleagues from the Department of Economic Geography in Rostov-on-Don State University such as D. Tymoshkin, M. Khromov and P. Tykhonov.

Understanding the importance of the methodology of science, M. Volobuev-Artemov made "Lectures on the methodology of economic geography" (Part 1)

in 1954, published in publishing-house of Kharkiv University. The second part of his textbook was not published because the new rector of the university has dismissed the scientist from the head of the department in 1957. "Lectures on the methodology of economic geography" had a subtitle "The introduction to the economic geography" and it was as the main textbook for student who were studying in specialty "Economic geography". The scientist with his characteristic clarity has shown the basic theories and methodologies of economic geography, including scientific statements such as the nature of economic geography and its place in the sciences, the territorial division of labor, geographical environment and geographical disposition.

For a long period the methodology of approach to the definition of the subject of science was an example for many economists. M. Volobuev- Artemov considered economic geography as a social science that "studies the disposition of production and the territorial division of labor in particular physical and geographical environment and historical environment, and rules, the study of which is the task of economic geography".

Methodological approach to the definition of science was a long period example for many economists. M. Volobuev-Artemov considered economic geography as a social science, "which examines the location of production and territorial division of labor — in particular physical geography and historical environment and patterns, all of which makes the task of economic geography. "

His understanding of the geographical position and its role in the territorial division of labor scholar outlined in Chapter 2 "Lectures ... ". In his view, the development of productive forces changing the degree and nature of the geographical environment on society and social production, diminished depending on the nature of society. "Economic-geographical situation referred to certain spatial relations, i. e. location of the item or relative economic and geographic regions, countries, markets, transportation routes and physiographic position. " This definition is much at odds with the definition of its critics, including M. Baranskii. It was an example of courage to express new insights in science. Scientist valued and supported new views that are not hung of the "authority" in science. In particular, he supported the idea of Ukrainian scientists and economists Alexander Rumyantsev, J. Feigin, K. Voblyi.

During the new wave of discussion after release a book by A. Akuchyna "Theoretical Problems of Geography" in 1960 N. Artemov Volobuev isn't left aside. Criticizing persistent supporters of the "common geography". He showed that the refusal of recognition, determining influence of science, natural influence is considered "indeterminism". He expressed the essence of modern vision of the territorial division of labor as a complex socio

geographic phenomena. According to M. Volobuev-Artemov, “territorial division of labor — a system of economic relationships which reflect the features of this mode of production and at the same time new productive forces. “ He considered the economic region as “economically formed link internal territorial division of labor. “Higher forms of territorial division of labor are specialization and cooperation. These ideas are the basis for the modern definition of territorial division of labor (TDoL). (TDoL — the process of production specialization area in connection with increased intra-regional cooperation, exchange of specialized products and services. — Economic Encyclopedia. — T. 3. — K., 2002. — P. 612).

M. Volobuev’s research interests are not limited only by economic geography. He expressed his opinion concerning development of other sciences too, on each of the studied problems he developed recommendations to address them. Compressed by ticks of KGB, M. Volobuev-Artemov made no secret of his love to Ukraine. He was seen dressed in Ukrainian embroidery, he genuinely admired the beauty of Ukrainian songs, Ukrainian language. At the request of the then Rector of Donetsk Institute of Soviet Trade (now Donetsk National University of Economics and Trade after M. Tugan- Baranovsky) F. Fesenko during the 1961-1962 school year M. Volobuev-Artemov three times for a few days came to the Institute, where he conducted consultations with its graduate and doctoral students. However, due to air pollution in the city his asthma has intensified and he did not come to Donetsk anymore.

In 1963 due to the significant deterioration of health M. Volobuev- Artemov in 60 years old, quit his job at the Institute and did not work elsewhere. In June 20, 1972 M. Volobuev-Artemov died of a heart attack. He was buried in Rostov-on-Don. His Tomb is still not known, but the memory of the scientist remains in his writings and scientific heritage. Heritage of M. Volobuev (Volobuev-Artemov) is small but significant. After the creation of the Soviet Union, considered Volobuev, “unfortunately .. ., identity problem of national policy for a country like Ukraine, the only former colonies of European type that became part of the Soviet Union — not treated ... “. This problem, he raises and examines in his fateful (and perhaps the only) scientific text of 1928 year. Noticing the text in Stalin’s Russia changed the fate of a young professor. However, it is worth listening to his ideas now.

The main works of the scientist: “The problem of Ukrainian economy” (Karl, 1928); “Lectures on the methodology of economic geography” (Kharkiv, 1954); “On the theory of the internal (Interdistrict) territorial division of labor under capitalism” (Rostov-on-Don, 1958); “On the essence of the concept of territorial division of labor” (Rostov-on-Don, 1958) etc.



YANZHUL Ivan Ivanovych

(1846 – 1914)

Ivan Yanzhul Ivanovych is a Ukrainian and Russian scientist, economist, lawyer, famous for a unique erudition and broad interests in law and economics. Some of his work in economics and finance were studied even in the Soviet period, when not only the scientific heritage of many of his colleagues, but even their names were unjustly forgotten for decades.

I. Yanzhul was born in Kyiv. His mother Mariia Yakivna originated from a noble Kolmakov family, father Ivan Havrylovych — from a family from Chernihiv nobility. The father — staff captain with 20-years military experience — after retirement continued to work in public institutions to support his large family, consisting of ten persons (eight of them — children). A major part of the time the family spent in a small village of Bardin-Kolomna district, Moscow government, which belonged to Ivan's mother; at the same time, they frequently visited father's home ground. When Ivan Yanzhul was 9, he became the first-form pupil of Kolomna district school. In August 1857, at the request of his parents, he was transferred to the gymnasium in Riazan and already in the first year for excellent study his name was put on the "golden board", which was in every class. Maintaining leadership in the study, on the second year of gymnasium I. Yanzhul started giving private lessons for five rubles per month, to help somehow to the big family. Since then and till the end of the study in the gymnasium and later at university I. Yanzhul continued to teach others.

Mother's death in 1864 and moving the final exams a month earlier were a reason for not enough successful graduation from the gymnasium. However, satisfactory and good marks, he got on a final exam, did not hamper him to matriculate the Moscow University's law faculty the same year, although he wanted to study Philology. From this period starts working life of I. Yanzhul, as a father, having had moved to Moscow with all the family, could not keep a large family himself. From the first year of his study, Ivan had to work to support himself and his sisters. Thus, being a first-year student he went to Rshch, Tver government, to the house of a local landlord to give lessons to his children. In his spare time, I. Yanzhul read a

lot and was engaged in self-education. Lack of own books prompted him to look through the books that were in the mansion. Surprisingly, the young student discovered, that there were kept unique rare editions, and among them the labor of a famous statistics A. Quetelet “The Man and the development of his abilities”. Then he repeatedly returned to this book, where was elaborated an issue of naturally determined development of human society, and it was made easy and interesting. The desire to overcome doubts about the correctness of the conclusions and immersion to the ideas of Quetelet prompted him to start his first scientific research. Using available records on births, deaths, and marriages, containing in church books, young scientist resorted to the search for truth.

The material collected was the basis for the first large enough, systematized research “Statistics of marriages and births”. This particular work, according to the memoirs of I. Yanzhul, tied him to “professorship and further research activities” for his entire life. The prepared study, which was submitted to the faculty to professor I. Babst as a course paper for transferring to the next course, was not noticed because the labor was returned in two months unread. The same happened to his second labor “Trade routes of Russia to Central Asia”. Such an attitude at the hand of the professor I. Babst affected depressingly to the young scientist, he even temporarily ceased to engage in scientific research.

Disappointed by the overall approach to student research papers from the side of the professors, like most university students, on the third year of study I. Yanzhul submitted last year’s financial as course work to financial law professor F. Milhauzen, who unlike many of his colleagues was interested in students’ researches. The originality of the presentation and scientific approach to particular issues sparked professor’s interest. Appreciation of the course work and verbal support of a tutor again encouraged the young scientist.

The Professor ensured I. Yanzhul that should he further be diligent and deepen his scientific developments, he will be able to stay at the university to prepare for obtaining a professorship.

After graduation in 1869, without any financial support from the family, as the father died in 1865, a year after the death of his wife, a young lawyer I. Yanzhul joined the court office. After receiving a confirmation of granting him a scholarship in the amount of 400 rubles per year as to the left at the university, he left the office and begun to prepare for the master examination. To support his modest budget, he continues to give private lessons. After completing master’s exam successfully in 1872, he located himself in Moscow Technical School to deliver statistics lectures.

To prepare for obtaining a professorship at public expense I. Yanzhul was sent to the University of Leipzig. Along the way, he made a small stop in Dresden, where there was a large Russian-Ukrainian expat community. It is where he got acquainted with his future wife — Kateryna Mykolaivna Veliasheva. In Leipzig University, he completed a full course in finance, enthusiastically attended lectures by renowned professors Knapp and Roscher and then traveled to Heidelberg and Zurich Universities.

While studying abroad, I. Yanzhul married in 1873. Kateryna, according to his memoirs, was not only his wife but also a good friend, “closest ally in everything written since then, starting with the major books and ending with magazine and newspaper articles”.

For the preparation of the master’s thesis, after Germany I. Yanzhul went to England. Knowing the life of the highly industrial country and study of the conditions of its development positively influenced the formation of his economic and political views. Young scientist was impressed a lot by the British Museum and its library. Using, in words of I. Yanzhul, best conditions for study, he deepened his knowledge in financial sciences, browsing daily up to 20 volumes of various publications on the subject that interested him. In particular, the scientists studied the issue of excise duties, putting the goal to find out the impact of indirect taxes to the population and industry of England, accounting economic situation and political parties’ struggle.

Hard work during his stay in London and immersion to finance issues gave an impetus to writing a master’s thesis “Experience of the study of English indirect taxes. Excise duty”. Critics rightly noted the originality of scientific methods, depth, and distinctiveness of this work. After a brilliant defense of master’s thesis in 1874, I. Yanzhul was approved as assistant professor of Moscow University. Since then begins his active pedagogic activity and enhanced the study of financial science. Lectures on finance law in the University were delivered by already famous at that time professor F. Milhauzen, so till his retirement I. Yanzhul was in charge for a course of the history of financial science.

Talent and distinctive abilities of the young scientist were immediately appreciated by his colleagues and students. Lectures by I. Yanzhul were noted by the wealth of content and clarity of presentation. Being extremely self-rigorous and attentive to the execution of his duties, he also demanded from others to perform their public duties properly. This gave rise to the university legend of him as an examiner. However, he was open for those wishing to study and work. Ivan gladly accepted students in his apartment, lent them books from his own library, willingly answered their questions and

as a mentor helped them to deepen their knowledge. So many students preferred studying economic and financial sciences under his leadership.

Beside pedagogic activity, I. Yanzhul actively continues to engage in scientific one. He often travels to London to work in the library of the British university. Young scientist was captured by mercantilist ideas. Therefore doctoral thesis prepared basing on the study of English literature was “English free trade” (Volume I — 1876, Volume II — 1882). It was one of his best works, where were developed ideas of economic freedom. Already after the publication of the first volume, on October 9, 1876 in Moscow University he brilliantly protects his doctoral dissertation and obtains the grade of Doctor of financial law. At that time, I. Yanzhul was appointed an ordinary professor at the department of financial law of Moscow University, where he worked until 1898. From March 1877 to March 1880 he was a secretary of the Academic Board of the faculty.

Teaching demanded even more modern knowledge. So from 1876 to 1882, prior to the service as a factory inspector, almost annually he went in foreign trips and spent three or four months in England and in 1880 worked there for almost a year. His trip ended with the preparation of works published in magazines or as books. Here he actively communicated with many Russian and Ukrainian scientists, mainly economists — M. Ziber, B. Yarotskyi, N. Rusanov etc.

During 1882-1887 not leaving the work at the department, at the invitation of the Minister of Finance M. Bunhe, he took a position of the first factory inspector of Moscow district, which included eight governments. The main purpose of the transition to this position was, in the words of Yanzhul, to “get acquainted in a more close manner with factory and working life and to bring all possible benefits to the grateful purposes of government”. However, his hopes soon vanished. His voluntary resignation in September 1887 he linked with several reasons; but the main one was a loss of faith in the possibility of any effective activity because of misunderstanding and rejection of his reform proposals for improving the state of factory workers by the government. Moreover, a number of measures by the Ministry of Finance even showed a clear desire to strongly restrict the activities of inspection or subordinate it to a governor. An important reason was also a persistent campaign launched in 1887 and public denunciations from the side of industrialists’ publishers “Russkoe Delo”, newspapers “Russkii kurier” and “Sovremennye izvestiia”. To the decision on voluntary resignation also influenced the change of status of factory inspector according to the Law of 1886. This post has been transformed in, in fact, narrowly police job; inspector’s duties were reduced to “assist in calming workers unrests” along

with complete unwillingness of government to prevent it by socio-economic measures.

During this period in the character of Yanzhul-scientist two incarnations — an economist and a lawyer — were organically combined. Strong economic and legal components that are inherent to most labors by I. Yanzhul make them particularly thorough and complete. In legal doctrine of the 19th century his manuals “Police Law” (1886), “Martial Law” (1876), works on copyright, family, factory and other industries legal issues [“On the illegitimate: statistics and legal sketch” (1870); “English factory legislation” (1880); “Regarding the rumors about literature convention” (1891)] left a significant imprint. Majority of the work were dedicated to the methods of teaching of legal sciences [“Role and importance of practical training in modern legal education in Western Europe” (1901), “Report on the practical classes at the Law faculty of eight Russian universities” (1903), “Topics and tasks for Financial law practical exercises” (1895)].

Trying to somehow improve the situation of workers, being an inspector, I. Yanzhul took an active part in the preparation of “Regulations on the supervision of institutions of factory industry and on relations between manufacturers and workers”, which were approved by the Emperor of July 3, 1886. For a work “Factory life of Moscow government” (1884) I. Yanzhul was awarded the gold medal of the Imperial Geographical Society. The same year (1884), he spent the whole summer in the Kingdom of Poland as a member of a government commission for studying border with Germany Polish factories. The commission was set up following a complaint by the Moscow factories about unfair competition from the side Polish entrepreneurs. Work in the commission resulted to the preparation of two studies on the development of the industry of the Kingdom of Poland.

After retirement in 188, 7 Ivan Yanzul returned to Moscow University to teaching, which was familiar and more attractive for him. This period is marked by even more active scientific work. The financial law works occupy a special place in the scientist's activity of this period. His course “Fundamentals of financial science: The doctrine of state revenues” (1890) laid the foundation for Ukrainian and Russian financial law science, making I. Yanzhul one of the founders of Ukrainian and Russian jurisprudence. In terms of science and clarity this book was the best in financial literature, and in 1893, the scientist won the award of the Greig Academy of Sciences amounting to 1000 rubles. Despite the fact that was a course of lectures, the author himself defined its purpose as: “Give students a manual and guide to the study of finance in return lithographic its publications”. The original approach to the presentation that requires not “swallowing” the material for several hours, but thoughtful long reading and careful comparison of some of

its provisions, may be an example for today's authors of manuals and textbooks.

In the first part of financial law lecture course, I. Yanzhul considers ordinary state revenues — state property, regalia, taxes and duties. This part was published. In the second part, the author taught the doctrine of extraordinary sources of government revenues and budget. However, author's plans, unfortunately, were not to be implemented.

It should be noted that this was not the first financial law manual. Professor of the Imperial St. Petersburg University V. Lebedev prepared similar publication. Despite the original author approaches, the style of presentation united them. It was more of encyclopedia of financial law than of a textbook for students. At the same time, labor by I. Yanzhul was marked by general erudition, systematic approach and analysis of significant historical and statistical material; along with this, it was characterized by a combination of simplicity of presentation and logic of scientism.

Introduction to the labor by I. Yanzhul allows identifying some common features and characteristics of the development of financial law school, which began to emerge. This is primarily an approach to financial science and financial law as inseparable unity throughout all the 19th and early 20th century. During this period, the terms “financial science” and “financial law” are used as equivalent, and in the financial science of that time were distinguished two components — economic and legal. In Ukrainian and Russian universities economic disciplines were taught on the Law faculty. Separation of the legal part of financial science and designing it in a separate line (financial law in its full sense) happened much later and has completed in a Soviet period of history of finance.

For I. Yanzhul's work another tradition of financial school is also typical — using historic and comparative methods. Using historical, comparative, statistical, and other applied methods increased scientific character of conclusions, their accuracy and objectivity. I. Yanzhul in his research used mostly finance works of Western scholars (A. Wagner, K. G. Rau, P. Leroy- Beaulieu etc.), which became a basis for “westernism” accusation. However, no one could deny his original research style that distinguished him from lots of scientists of that time. I. Yanzhul went away from purely descriptive style, typical for his colleagues during a presentation of the of the major financial institutions evolution, and considered important theoretical and applied problems: evidence pro and contra existence various domains, regalia; effectiveness of certain types of taxes; cases where it is profitable for the state to remain an owner of the business and contrary situation when the business (economic) function is ineffective.

I. Yanzhul works are original also because of the fact that the author managed to avoid the simple narration of positive financial law. Exposing critical analysis to certain provisions of the current legislation, he finds out its faults and weaknesses. It is through this approach proposals by the scientist on improving the legislation were so reasoned that caused almost no discussion. This includes author's presentation of definitions that are accurate and yield. His works there can be found several definitions of the same phenomenon of financial life, but each of them helps the reader to see it in a certain perspective. In particular, the book contains several definitions of finance, taxes, duties, and so on, which evidences that author does not claim to present the truth, but is calling for discussion and reflection. I. Yanzhul, applying this approach to financial and legal categories, tried to identify their characteristics, common and distinctive features as precise as possible, which would enable more their more accurate and deeper definitions.

In the work "Fundamentals of financial science" by I. Yanzhul an issue of determining the place of finance (financial science) in the system of social sciences occupy the special place. Stressing the importance of financial science, which grew in the 19th century "because of universal value which finance has for the economic, political and cultural life of the country", he emphasized the social role of the science. At that time financial situation was an indicator of the power of the state. Finance is a measure of well-being of the country, a measure of civilization. Based on this, financial science from the highly specialized knowledge should become a field of knowledge for every citizen; that is its study should be compulsory for every educated person. He refers science of finance or financial law to the second large group of contemporary for him correspondence: the first one is "the subjects of state, civil and criminal law and their elements" considering and studying "moral foundation, internal, spiritual foundations basis of the society"; the second one is the sciences, subject of which is study of external, physical conditions of public life. "These are administrative sciences in the broad sense, i. e., political economy, statistics, and ultimately state economy science or, in the usual terminology of the science of finance or financial law".

In the financial science I. Yanzhul saw not only the economic principles, but also the right path to understanding the history: "Finance, only finance often givesthe inner meaning of historical events, outer expression of which has absolutely different nature". This idea belongs to his teacher, Professor Ivan Dmytrovych Beliaev. I. Yanzhul developed Beliaev's idea that became the basis for the formation of doctrine. In his memoirs, he recalled with gratitude the advice of History of Russian law professor to young researchers

who showed interest in historical sciences, history of finance studies. According to scholar's memoirs, different causes constantly distracted him from the implementation of this peace of advice. At the same time materials on Ukrainian, Russian and foreign finance in I. Yanzhul's works remain unique sources, which make it possible to trace the evolution of the most important financial institutions in Ukraine and abroad.

I. Yanzhul had an original approach to the definition of financial law and distinguishing it from other areas of public law. In his view, issues relating to public expenditures should be considered in the course of state and police (administrative) law. The doctrine of public expenditures, says I. Yanzhul, "stems entirely from the concept of nature of the state and its duties, is determined by the organization of the state, form of government, building of government agencies, objectives of economic policy and so on and, as such, fully applies to public and political rights; listed matters are subject to those, not to financial science, which has exclusively special branch of research". This position of I. Yanzhul was supported by certain financiers in Europe. Contrary to his ideas concerning the subject of financial science, the scholar, reckoning certain types of public evidence, makes a detailed analysis of issues that both in his time and now traditionally are the subject of administrative law and public administration. Thus, in the chapter "State property" he in details sets out ways to manage public lands, the composition of government property in Ukraine and Russia, explains the resolution of forests preservation and technique of forestry works. But this is not rejection, but "cameral past" of finance from the very bowels of which the financial science had emerged. So I. Yanzhul also could not stand out of studying the economic side of issues. However, if carefully analyzed, we can see that the scientists' detailed descriptions of specific domains or regalia and their varieties were mainly of fiscal nature. For example, considering the mining regalia in Ukraine, he concludes that revenues to the treasury from copper and iron are extremely low. As for the gold mining industry, it is of particular fiscal importance, so I. Yanzhul examines in details only legislation regulating the extraction of gold.

Scholar's opinion on taxes also remains relevant and important. The author reveals the social significance of a tax, raises a question of efficiency of taxation and need of the differentiated approach to the determination of tax taking into account individual income. He expressed his opinion about general discussions between Physiocrats (supporters of the single land tax) and representatives of the industrial political school (its supporters believed that tax is characterized by a capacity for proportional solvency). Before Adam Smith (founder of industrial political schools), notes I. Yanzhul, "state was governed by the rule: whatever is taxed matters only the fact of taxation;

the questions whether the tax is imposed to property or to income, whether it is gross or net". But already in the middle of the 19th century, it was recognized that the only appropriate and convenient object for taxation is the net income. As an exception to this rule, I. Yanzhul called a tax that is imposed during the move of capital, as it is the moment when the capital approves itself, and so-called Tithe fees, which are remnants of the Middle Ages.

It should be noted that during the scientific research of I. Yanzhul scientific doctrine did not already distinguish the term "tax", that is the part of material assets (particularly, property), through which the tax liability is performed, and "taxation object" as the legal basis of tax liability. In his work, I. Yanzhul presents a list of basic elements of taxation and relates to them: the object of taxation, subject of taxation, their relationship. Subjects of taxation are individuals who are to pay taxes. The object of taxation may be the property of citizens and the part thereof, to which taxes are imposed. Basing on the presumption of capital immunity, I. Yanzhul concludes that the only object of taxation is the net income, "because only from this part of income it is possible to take the share for state needs without harming national production or delaying accumulation of wealth". From the foregoing statement we see, that the author associated object of taxation with a source of payment, which can not affect the capital, i. e. the property itself.

The relationship between subject and object of taxation determines the amount, which the subject of taxation has to pay tax for the object. I. Yanzhul introduces an example, that German school of defensive state adheres to a principle under which taxes and fees should be comparable with the grade of using state institutions by the person. The scientist himself treated this school with prejudice and believed that as far as tax is paid using net income from the property, then it is the only measure that could be considered just. By specific examples he proves that the amount of net income is the only accepted measure in all the European laws.

The scientist describes three known at the time ways of taxation: progressive, equal and proportional. In later writings, I. Yanzhul uses concepts "object of taxation" and "source of tax" as identical. Because of confusion of concepts of the source of tax and object of taxation — something that the tax was compared with, to the objects of taxation he relied on citizens, their property, gross income, special types of income, commodities. This mistake appeared because of a purely economic approach to the object of taxation. However, main features of a tax, defined by I. Yanzhul, became a huge contribution to a financial science:

— One-way charging. Defining this feature in the end of XIX century was of great importance for debunking beliefs in the economic literature that the tax is a price to pay for state services;

- Material form of tax. By this feature I. Yanzhul distinguishes tax of among various personal obligations (military, labor, horse-drawn etc.);
- Establishment of tax by public authorities — by state, and sometimes by public groups (municipalities, communities, cities, etc.);
- Legitimate way of charging, set or, in extreme cases, defined by the official order by the authorities;
- Appointment of tax to meeting public needs: if the tax is spent to the personal needs of government officials, it turns into a bribe.

Defining separate financial categories in the labors by I. Yanzhul is not of less importance. In particular, he was one of the first who gave a definition of direct and indirect taxes, formulated their features, outlined the theory of tax shifting, discovered the basic methods of “tax evasion”, in details commented the rules for tax charging by Adam Smith, adding these rules with a new example: the state should not impose taxes that are contrary to the moral code (taxes on Jews, dissenters and so on).

In “Fundamentals of financial science” I. Yanzhul gives detailed characteristics of the tax system actual then in Ukraine and Russia, and distinguished three levels within it: 1) direct taxes (on land, house, apartment, industrial tax, tax on money capital, personal tax, gross income tax); 2) indirect taxes (customs duties, excise duties); luxury taxes (tax on dogs, carriage, horses, servants, paintings, etc.).

In the final part of the mentioned labor I. Yanzhul presents his views on the payments, under which he understands the charges levied on individuals to the benefit of the state when these individuals enter into relations with state institutions guided by their own interests, or when they enter in relation with each other in forms set out by law. Obligatory payments of custom character were illustrated by charging stamp duties, bondmen duties (recruiting) and customs duties succession duties.

Working as a tutor, I. Yanzhul never abandoned cooperation with the government. In 1893 at the proposal of the Minister of Finance S. Vitte, I. Yanzhul as a member of the delegation visited the World Expo in Chicago. Six weeks spent in the US (he also visited Washington, New York) were not void. Besides the report on the economic achievements of the USA prepared for the Ministry of Finance, the first and the most fundamental research on syndicates in Ukraine and Russia, which was published in “Russkie vedomosti” and “Vestnik Evropy”. Although I. Yanzhul was trying to figure out what should be the relationship with syndicates and thoroughly examine the state’s attitude to this form of capitals combination, scientific community perceived his research negatively. But now we can only talk about the outstanding talent of the researcher of that new phenomenon of thattime contemporary economic life.

In the end of 1893, I. Yanzhul was elected a corresponding member of the Academy of Sciences. It was recognition of his achievements. The first who supported I. Yanzhul was Ukrainian scientist of world fame M. Bunge, as well as O. Chuprova and K. Veselovskyi. However until 1898 till moving to St. Petersburg, he continued to work as a professor at Moscow University. According to I. Yanzhul, not only a great honor to a received title, but also discontentedness by organization of educational process at the university and swank young people, who both in Russia and in Ukraine were increasingly fond of politics, but not studying let him to accept the offer to work in the Academy of Sciences.

Before moving to St. Petersburg I. Yanzhul did want to present his library, which numbered several thousand books, and was surprised when he received a waiver from the library of Academy of Sciences and Count Rumiantsev Moscow Library (Public Library) to accept it. Only Moscow University on the occasion of building a new house for book stacks accepted the gift. In this regard I. Yanzhul the academician said: “How hard it is not only to work but even to sacrifice and grant for free!!!”

Still being for a while in Moscow, I. Yanzhul continues his active scientific activities. During this period, he published his last major study on museums of trade in Europe. He had collected materials in 1895 and 1896 when he had visited museums of trade in Russia, Budapest, Brussels, Prague and many others, gathering the information for his book. A term “museum of trade” — said I. Yanzhul — refers to institutions of the newest time where are gathered collections of all possible goods for exploring by people who are interested both in import and export. The objective of this museum is a practical training or notification of traders who deal with import and export; moreover, because of the constant updating with the help of foreign consuls and other agents it always presents the latest achievements of commerce”. Unfortunately, national government did not use prepared report, containing a great deal about trade in Europe; I. Yanzhul regretted it.

In addition to teaching in a Moscow period, he delivered lectures, he was considered to be one of the most popular lecturers. The most active period in delivering public lectures, including in the cities of Ukraine, falls to 1880- 1890-ies. Subjects of his speeches were various. Finance lectures, such as “Million and what to do with it?”, “Industry giants” and others, were especially popular.

Because of ill health after moving to St. Petersburg I. Yanzhul discontinued delivering public lectures, he could not work to the full extent of his powers. Delaying work on his books and research projects, I. Yanzhul edited economic and political divisions in the Encyclopaedic Dictionary by Brockhaus and Efron, wrote little articles on topics he was interested in.

Being a Russian and Ukrainian financier, I. Yanzhul had an outstanding publishing talent. His magazine and newspaper articles were marked by truthfulness, clarity and simplicity of language, as they were written for a wide range of readers and for those less educated. After collecting them to the general heritage of the scientist, they played an important educational role; some of them are relevance even today. His works and articles were known far outside Ukraine and Russia, indicating international intravital recognition of Ivan Ivanovych Yanzhul as a scientist.

Due to exacerbation of the disease, I. Yanzhul spoke almost to anyone. Lack of necessary treatment at home and in Russia in the spring of 1914 made him to Germany together with his wife. On October 18 (31), 1914, he died in Wiesbaden, where he was buried.

The main works of the scientist:“Experience of study of English indirect taxes. Excise duty” (Moscow, 1874); “Financial law. According to the lectures of the ordinary professor I. I. Yanzhul” (St. Petersburg, 1881); “Factory life of Moscow government. 1882-1883 report of the factory inspector of under-age workers’ activities in Moscow district 1.1. Yanzhul” (St. Petersburg., 1884); “Basic foundations of financial science. Study of the state revenues” (St. Petersburg, 1890); “Industrial syndicates or entrepreneurs’ unions for regulation of production mainly in the United States of Northern America” (St. Petersburg, 1895) etc.



YASNOPOLSKYY Leonid Mykolayovych

(1873-1957)

(Xf asnopolskyy Leonid Mykolayovych is a famous Ukrainian scientist, economist, financier, full member of the Academy of Sciences of Ukraine. The scientific activity of the scientist has multifaceted character, but his main works are dedicated to the development of industrial Economics and using of the productive forces of Ukraine.

Leonid Mykolayovych was born in 1873 in Kyiv in a highly intellectual family. His father Mykola Petrovych was a professor in Kyiv University for 30 years, also the Professor of Higher Courses for Women. In 1891 L. Yasnopolskyy graduated with honors from the First Kiev Gymnasium and entered the Law Faculty of Kyiv University of St. Vladimir. From the first days of study, he stood out among the students of his extraordinary abilities, boldness of expression his opinion, and high moral principles that he learned in his family.

Being a fourth-year student of the University, in 1894 he was transferred to St. Petersburg University which he graduated in 1895. As one of the most talented graduate students, L. Yasnopolskyi stayed for work in the University in the Department of Political Economy and Statistics. During 1899-1900, he successfully passed his master exams. In 1902, he was invited by the authority of Kharkiv University to give two first lectures. During the autumn semester 1902/1903 he gave lectures on optional course "Movement of land tenure in a post-reform era in Russia" at the rank of privat-docent in Kyiv University of St. Vladimir. He actively combined both teaching and scientific work. During this period, his article "Development of noble land tenure in modern Russia" is published in "Mir Bozhyi" in 1902. After receiving favorable reviews and recognition among professors, in February 1903 L. Yasnopolskyy taught statistics for a year at Kharkov University. The originality and boldness in judgment were typical for the scientist. Thus, in 1904, he gave a lecture at the university, where openly blamed the policy of the Russian government in the Far East, which led to a new state of war. At once he was dismissed for his daring and unusual views. So he left Kharkiv again and moved to Kyiv. "The Glory" about the L. Yasnopolskyy's act has

come to Kyiv, so he wasn't allowed to teach any more. In 1904, the scientist found work as a manager assistant in municipal statistic bureau. In 1904- 1905 he was a county and a provincial announcer in Pereyaslavs'k and Poltava counties (zemstv). With outstanding talent of a researcher L. Yasnopolsky showed all his collected materials in the articles (at that time a lot of his articles are published in such magazines "Novyy put", "Russkaya mysl", "Pravo"). Active scientific work brought him not only fun but also means for life. He became a permanent employee of the newspaper "Russkie vedomosti" on financial issues. Financial problems that he arose received approval and brought him fame.

In 1906 L. Yasnopolsky was elected to the State Duma where he has been secretary of the Budget Committee. In 1905 joined the Constitutional Democratic Party, headed by Miliukov. After the collapse of the first State Duma, L. Yasnopolsky was part of those who signed "Vyborg appeal", for which he was sentenced to three months' imprisonment and deprived of voting rights (he left prison in 1908).

The policy did not attract the Ukrainian scientist a lot, so L. Yasnopolsky left the Constitutional Democratic Party and devoted himself entirely to scientific and educational activities: he taught Statistics and the Course of the budget law at the St. Petersburg Polytechnic Institute and actively worked on master's thesis for four years (1906- 1910).

Returning to Kyiv in 1910, he again was actively involved in teaching at the Kiev Commercial Institute at the Department of Finance and since 1913 (after defending a master's thesis in St. Petersburg) — Professor; L. Yasnopolsky gave a course of Finance, was in charge of financial office and actively continued scientific activity.

During the First World War and the Civil War L. Yasnopolsky lived in Kiev and taught at the Commercial Institute, which in 1920 was transformed into Kyiv Institute of National Economy. His scientific interest was connected with the issues of credit and bank money circulation. He taught the course of monetary circulation at Kiev Institute of National Economy, at the University for Women and at the Cooperative Institute.

Besides working in the institute, he was actively involved in public activity, in particular, L. Yasnopolsky edited the 10-volume edition of "Bank Encyclopedia", and also gave numerous public lectures on military loans and on public finances in different cities of Ukraine and Russia and at the front. During 1913-1915, L. Yasnopolsky managed the Kiev district statistical ways of communication and reorganized Statistics movement of goods. He also participated in several government commissions on water statistics to develop cooperative law and others. In 1925 for the active scientific and public activities, L. Yasnopolsky was elected the full member

of the Academy of Sciences of USSR. He was the chairman of the Committee on Finance, Credit and banks, and from 1927, he was the Chairman of the productive forces. Since this period to the end of his active research activities, he explored the problem of productive forces.

As a scientist L. Yasnopolsky was sent to Germany by the Academy of Sciences of USSR to study the results of monetary reform and the combat against inflation. Besides these problems was interested in issues of reparations payments and implementing Dawes and Young's plans. In a short period of time, the scientist traveled twice from the Academy of Sciences in the scientific business trip to Germany, resulting in a series of papers published about the financial position of Germany at that time (1927-1928).

Working at the Academy of Sciences, he was actively involved in the work of the official administrative authorities. L. Yasnopolsky was a member of the Kiev province (then regional) and city planning commissions — from its very foundation (1921) to 1931. He took an active part in the work of Ukrainian State Plan organization in the preparation of five-year plans. The scientist didn't abandon the scientific and research activities. He published a number of works devoted to the development of the economy of Ukraine and the sugar industry.

Given the extensive experience and knowledge of the economic potential of Ukraine, Leonid Mykolayovych was invited to work in Moscow, where he moved to in 1931. Here L. Yasnopolsky worked until 1936, but also, he continued to work part-time in the Academy of Sciences. At this time, appeared a series of L. Yasnopolsky's works in the economics of production and transport, food industry (sugar, tobacco, meat, salt). In 1936, the academician left part-time work and returned to Ukraine where he worked, as he wrote in his autobiography, "only for Ukrainian Academy of Sciences on the development of the productive forces of the Soviet Union and Ukraine. " Worked in the Institute of Economics of the Academy of Sciences of USSR.

The most important academician's works of recent years are monographs "The Great Volga and the Big Dnieper" (1935-1937), "Dnieper hydroelectric power station behalf of Lenin "(1938), " Coal industry of Donetsk Basin

In 1948 L. Yasnopolsky for significant contribution to the science and in connection with his 75th birthday anniversary was submitted for awarding the Order of Lenin, the submission is in his personal history.

Some sources indicate that L. Yasnopolsky was the victim of political repression and from 1937 to 1942 was in prisons and camps. However, as L. Vorobieva wrote, she found no confirmation of that fact in any archive where she worked. "We can assume that this information is false or may

have been simply destroyed documents relating to the period of Ukrainian scientist life

During his creative activity professor L. Yasnopolsky made a significant contribution to the financial science. His research portfolio has more than 100 works.

L. Yasnopolsky — encyclopedically educated man, knew five languages — German, English, French, Russian, Ukrainian. He belongs to the cohort (company) of scientists, which are characterized by extremely versatile and vigorous activity, identity and originality in scientific views.

As for the scientific heritage of the scientist, the first should be mentioned his master's thesis "Essays on the Russian budget law" that he successfully defended in 1912 and which demonstrated the depth and originality of scientist. It was the first attempt in the Ukrainian and Russian financial and historical scientific literature to give a systematic presentation of the general budget of affairs in Russia since the first general assembly of sheets revenue and expenditure till the reform in 1861. Here he reveals the importance of the "Plan of Finance" by M. Speransky. According to Ukrainian scientist, if it was made, it would create for the Russian state budget those legal environments in which the budgetary practice is carried out in constitutional states.

According to L. Yasnopolsky "theoretical ideas are adequate to the ideas of reform in 1762, in embryonic form, almost all were developed in the Speransky's legislation. "

Speransky's Finance Plan was not implemented because it was too radical reform for feudal Russia. "This restructuring plan of its deficit-free state — said L. Yasnopolsky — reform of the budget tax system, achieving, improving government revenue sources, the suspension of banknotes production, and installation of hard currency and issue of small change for silver credit notes". "Plan of Finance" — the first comprehensive attempt to the comparative valuation of "our budget system on the modern basis."

These ideas were implemented, in European countries. Therefore, according to the scientist, Speransky's "Plan of Finance" deserves the international recognition. What was impossible to implement in feudal and unconstitutional Russia was done in parliamentary countries. M. Speransky outlined almost all the main provisions on which the current budget structure of developed countries is based.

If we systematize all L. Yasnopolsky's works, they can be divided into several groups.

From 1902 till 1903, he actively worked on the problems of land ownership movement in Russia after the peasant reform. At that time, there were such articles as "Sources of statistics tenure" (trial lecture); "The

significance of the issue of land tenure movement”; “On the movement of peasant land tenure”; “Development of the noble tenure in present-day Russia”; “Peasant question in Russia”.

From 1904 till 1905, the scientist slightly changed the direction of his research. He continued to study the problems of finance, budget, budget law, which he began to analyze in his master’s work. Articles on these issues that are published in “Kiev Gazette”, “Speech”, “Country”, etc., made the majority of his works. Among them we can identify the following: “The most loyal report of the Ministry of Finance and budget allocation for 1905”; “Our state budget in 1907”; “The Russian state budget of 1907 and the government budgetary policy in 1907”; “Russian State Budget 1909”; “State Bank”.

From the scientist’s writings, one can trace the structure of the state budget, which occurred after the relevant law on May 22, 1862. The budget was divided into two parts: 1) normal distribution of costs and revenues; 2) distribution of extraordinary expenses and income. It was defined by the rules, which were approved on July 4, 1894, December 15, 1897 and May 22, 1900, what income and expenses were extraordinary. Based on these rules, the scientist provided such extraordinary income: long-term deposits in the State Bank (the “perpetuity”); disposable income; payments on loans issued by the Funds; receipts from loans and other credit operations.

In turn, the distribution of extraordinary expenses include: costs of construction of railways and roads; costs of production and purchase of trains for state-owned and private railways that were built at the expense of bond fund; costs caused by the war; costs of natural disasters, famine, epidemics, etc.; longterm interest payments to repay loans; costs related with the acquisition into the state ownership of real estate of private individuals.

Based on the research of L. Yasnopolskyy as for the state budget, extraordinary expenses can be divided into three groups, namely:

- 1) permanently fixed in state revenues and expenditures capital expenditures for the construction and equipment of railways, the cover of which by the regular income from Treasury is impossible;
- 2) costs related with the immediate emergency circumstances, that can cause an imbalance in the budget balance;
- 3) prohibition result in the reduction of public spending, such as the conversion of loans or increase revenues.

As noted by L. Yasnopolskyy since the introduction of rules in 1862 came the realization of “special importance of the budget — not only in terms of state — economic, but also legal” and need of certain guarantees, such as the timely publication of the state of calculation that is relevant for the formation of the modern state budget.

The biggest work with the mentioned above is the article about the State Bank. Later it will be supplemented and enters the Banking Encyclopedia (1914), as the article by L. Yasnopolsky "Commercial banks and their role in the modern economic system." To the same period belongs another fundamental scientific article "The birth of a commercial bank loan in Russia" (1914), which revealed the mechanism of entering the Assignment Bank accounting firms that existed independently till 1818, into the Commercial bank.

During the establishment of the Commercial Bank (1817), as noted by the scientist, a great role played Finance Minister D. Guryev, who decided to make a bold experiment, giving to a new institution a joint-stock form. It was the influence of M. Speransky's Western ideas. To implement this idea, there were issued shares worth 50 million rubles each denomination of 1000 rubles. But the private capital of the new bank was formed from the cash funds of public credit institutions.

L. Yasnopolsky disclosed capital sources of Commercial bank. This is primarily annual aid worth 4 million rubles from the funds so-called "25- year exploitation" (Subsidiary bank for the nobility) and deductions from the profit of Commercial Bank which got liquidated assets of Accounts offices (passed 545 bills in 6802 ths. rub.) Although payment for the last ran almost a decade.

As L. Yasnopolsky's research shows, Loan bank was not liquidated but the issuance of loans from it was temporarily suspended. The scientist emphasized that the Commercial bank immediately received 30 million rubles. P. Mihulin, Dr. finance, Professor of Kharkov University on this occasion noted that "the capital that was transmitted on the orders of 9 August 1817 to the Commercial Bank (30 million rubles banknotes), the first payments on loans to individuals were taken (totaling 16 million rubles.) to cover deficits in the state budget in 1818".

Thus, according to Ukrainian scientist's research the Commercial Bank in Russia was organized in the form of state. From democratic principles was only the idea to choose a half of the directors of merchants who have enough information about the situation and turnover of a trade. As for the independence of credit institutions from the Minister of Finance, as L. Yasnopolsky said, it resulted in the formula "The Council of public credit institutions", which acted as a general control over all state-owned credit institutions. At the head of the Council, there was a minister of finance together with the Chairman of the State Council and the State Controller who in practice solved all financial issues.

As L. Yasnopolsky noted, nobility and merchant representatives of commercial banks were "not interested in material well-being of banks and

were not enough aware in banking, the more the presence of high dignitaries, these states representatives could not bring a living source into business banking control, publicity and printed bank statements has become actually just good looks. “ The main transactions on which bank was specialized, were: receiving deposits from the public, transport operations, bills accounting and issuance loans under the products. This indicated that the establishment of the Commercial Bank was caused by the needs of economic life, but not yet fully served as the financing of Credit Company.

Analyzing L. Yasnopolsky's articles, we can see that the bank activities since its foundation covered saving deposits, issuing loans under Russian goods and bills accounting of Russian and foreign citizens. When performing such operations were the following rules: the term of counted bills had not exceeded six months, the discount rate was set every 15 days, and approved by the Minister of Finance. Minimum of deposit amount was 500 rubles. The main activity of the Commercial bank in the first decade of its existence, as it was noted by the Ukrainian scholar, was the crediting of commercial circulation.

Especially interesting are the data on deposits, presented by L. Yasnopolsky, that were kept in the state Commercial Bank. The scientist notes that, on the one hand, bank loans increasingly expanded through deposits made by individuals and on the other — which merchants who felt the complete value of this useful institution, appealed to it with all their affairs and thus concentrated the commercial circulation and payments in the bank and its offices. The scientist said that investors preferred to take hard cash from the bank, and store notes, which were devalued each, day in the commercial bank. This was confirmed by the study showing that “till 1820 deposits only banknotes were 33. 304 million rubles and hard cash — 1, 933, 000 rubles. “ During this period the State Commercial Bank already held such operations as the exchange of bills and issuance of loans secured goods, thereby confirming the spread of personal loan.

According to the further studies of the other Ukrainian scientist P. Mihulin, this tendency remained in the following period as well. Contemporary short-term operations had so little success, that all amounts that were kept on commercial bank deposits, said Mr. Mihulin, could not be distributed in loans to individuals, and the question arose about transferring of deposits from the Commercial Bank to the Loan Bank to obtain from it 5% of profit (Commercial bank paid on deposits of 5%, pulling out from the Loan Bank — 5. 5% and the last received 6% for its loans).

Assessing the role of the State commercial bank in social development, L. Yasnopolsky called it “the most serious set from our deformed commercial bank which lasted until 1860 and gave their heritage-however unsatisfying

to the present State bank. This assessment of the Commercial bank is not changed now. “

This group of financial articles is attached by the articles on local finances: “Income and expenses in Kyiv in the late 60s”; “Fiscal centralization”; “Credit for municipalities and cities”; “Russian cities and military tax. “

L. Yasnopolsky in addition to his active scientific research was engaged in social activities. He was in charge of Kyiv municipal statistics. Owning quite significant Statistical materials, he tried to put them on paper. Therefore, series of works of statistical nature are issued in this period. This includes: “About the institutions in Kiev and Mediation Bureau”; “Kyiv Supplying by livestock and meat in the decade ofl 906-1915”; “Kyiv Freight turnover in the decade of 1904—1913.”

During 1913-1914, L. Yasnopolsky participated in the Kyiv Regional Committee to review trade agreements. At that time some of his articles such as “Russian-German trade agreement”; “The value of the Russian-German trade agreement”; “Russia’s position on the new Russian-German trade agreement” were published.

From 1913 till 1915 L. Yasnopolsky was in charge of the statistical department of the Kiev district routes. At that time, his works “Galicia Roads and Waterways”; “Statistics of cargo movements on the rivers of the Kiev district routes” were published.

The articles of general economic character are the review of S. Lysenko’s book “Sketches of domestic crafts of Poltava province” and the article “Joint Stock Company”, 1910.

After the revolutionary events in 1917, a number of L. Yasnopolsky’s articles were published on issues which he investigated. Among them, a lot of newspaper articles in “Moscow Commerce and Industry newspaper”, in Kharkiv “Ukreconomist”, and in Kiev commercial and industrial newsletter.

Work in Kyiv State Planning Commission gave material for articles on local budget of Kyiv Region in 1923-1924 and 1924-1925, Kyiv credit institutions and tax system. The scientist continued to be interested in agricultural economies. So having enough statistical material, he devoted a large number of articles to the development of the sugar industry.

In addition to his scientific work, academician L. Yasnopolsky paid much attention to the organization and general editing a series of monographs on important sectors of the economy of Ukraine.

In particular, we should note his monographs devoted to the economic development of industry and the use of the productive forces of Ukraine, including the Donbas and Dnieper.

A kind of summary of the theory of finance in Ukraine in the 20-ies of 20th century is a program of learning the basics of financial science, in the

development of which L. Yasnopolsky actively participated, along with other Ukrainian scientists from Kharkiv and Kyiv. It reflected the position of the dependence of the financial system from the national economy as a whole, which was confirmed by the differences in financial systems in capitalist countries and the USSR.

According to the centralized economic system that developed in Ukraine at that time, L. Yasnopolsky, like most of his colleagues, examined financial Soviet science as a science of accumulation and distribution of funds for industrialization and development of proletarian culture with the aim of transition to socialism. Theory, statistics, finance and financial policy were considered its components. Under the program, developed with L. Yasnopolsky's participation, to the finance system also were joined the finances of industrial and agricultural enterprises, trade and cooperation.

Thus, despite the fact that the Soviet financial science was formed on the basis of the individualistic concept of finance, in Ukrainian economic literature of the 20s, the first steps towards the realization of the essence of finance were done as a set of economic relations. Like significant part of Soviet economists, L. Yasnopolsky concluded that the subject of the financial science can not be the same for all ages of society development. Extension of representations of Finance appeared in bringing science to the subject of financial sphere of material production, relating finance processes to distribution.

We see a variety of economic topics that were developed by L. Yasnopolsky. But you can find the basic line that characterizes his scientific interests — finance, money, distribution of productive forces.

As noted in one of the reviews on the scientific work of the scientist, contained in his personal file, in of L. Yasnopolsky's writings we can see "deep erudition, clear view on the most complicated issues."

However, as the pages of the biography so the scientific achievements of the scientist are not still investigated. Some of his works remain the theoretical basis of modern research.

L. Yasnopolsky died on May 25, 1957.

The main works of the scientist: "The position of the question of values in the modern theory of economics"(Kharkiv, 1902); "Sketches of Russian budgetary law. 1: Historical overview of compiling and planing of our state and the Tatarinov budget reform (Moscow, 1912);" "Our monetary circulation in the era of the revolution" (Kyiv, 1923); "Credit institutions in Ukraine."



YASNOPOLSKYY Mykola Petrovych

(1846-1920)

Yasnopolsky Mykola Petrovych is a famous Ukrainian scientist, economist, and financier. He is one of the prominent Ukrainian economists, statisticians. According to V. Golubnychyy, Yasnopolsky is "the founder of the first school of territorial financial econometrics".

Mykola was born in 1846 in Kyiv. The family gave him a good upbringing and primary education. He graduated Law Faculty of the Kyiv University named after St. Volodymyr in 1867. As he was one of the best graduates of this University he became a postgraduate student in order to write a doctoral thesis. In 1872, he became scholar of finance law department. After graduation, he taught political economy in Novo-Olexandria agricultural Institute. Later during 1872-1873, he taught Finance in Nizhyn lyceum named after prince Bezborodko. Here in this institution being a mature scientist, he made his speech as for the serious vital interests of the provincial community. He expressed his intention "to find out different meanings, which has one and the same financial system for different areas of the Russian Empire. " Later, in 1874, he moved and taught at the University for Women in Kyiv. Since 1889 until the end of his life he taught political economy at the University of Kyiv named after St. Volodymyr, being as ordinary professor of finance law department. He combined his teaching activity with the public one. He actively collaborated with members of the St. Petersburg community.

As a student of the University, he was actively engaged in scientific activities. Already in his first works, he initiated territorial aspect research of economic life and financial policy, in particular, the impact of imperial autocracy policy on economic development Ukrainian provinces. His first scientific publication "Railways from Malorossia land to the Baltic Sea" (1868), "The Economic Future of the southern part of Russia and its modern backwardness" (1871) and "About the terms of trade of the South-West land and Malorossia with Northwestern and especially the Polish markets" (1873). These works were dedicated to the economic problems of Ukraine. It was an evidence of high patriotism and respect for the homeland.

From the beginning of scientific activity of M. Yasnopolsky, the problem of geographical distribution of government revenue and expenditure was in the center of his scientific interests. M. Yasnopolsky devoted the major work of his life to the development of this problem. It was "About the geographical distribution of government revenues and expenditures in Russia. The experience of financial and statistical studies" (I volume — 1890, II volume — 1897). The work as for the systematization of ideas and materials to create this research the scientist began in the mid-70s of the 19th century. The topic was extremely important and not developed at that time (due to the lack any statistical data on the state budget up to 1861; the State Audit reports and statistical tables were edited only from 1868). Its relevance was determined by beginning of awareness of the importance of basic financial element. The state impact on this element allowed forming the dynamics and direction of development of the national economy.

Despite the emergence of a number of studies and books on finance, in which it was summed the current regulatory practice, foreign and domestic experience in the regulation of regional investment process. Neither Western nor Russian scientists could figure out this problem or scientifically formulate the problem of state regulation of the use of budget investments through economic instruments of stimulating effect, which, according to Ukrainian scientist, had theoretical and practical interest. According to the well-known in the financial literature professor V. Lebedev, "the science was in charge only of public financial management and if it concerned communities and other local unions and systems of income, then it was done as if unwillingly. This is all the, even more, surprising because the local economy, it needs and the means to meet them are as old as the community itself".

The second difficulty had a technical nature and was linked with the reluctance of the government to publicize extraordinary public expenditures that resulted because of their debts, imbalance of monetary circulation. Statistical data that were the basis of the analysis and were used for argumentation and evidence. The Ukrainian scientist drew them from incomplete and uneven in its certainty sources such as "Yearbook of the Ministry of Finance", "Reviews of Foreign Trade", "Statistical Yearbook of the Ministry of Railways", "Yearbook of Russian credit institutions", "Reports of state control" and statistical tables in the annexes to them, which began to emerge from 1868 in post-reform period.

Realizing the importance of the regional fiscal policy of the government of the empire, M. Yasnopolsky built his theory on a thorough study and analysis of statistical data. As for his predecessors, for the scientist an appeal to the statistics as the basis of the factual presentation was typical. He

decided to find out the following thing: what inflow of funds of the state is provided by every part of the great Empire through various sources of formation of the central budget, where it could be seen the of income over expenditure, and where the excess was not enough to cover expenditure, from where and to what place financial resources were directed in order to supply them mostly into consumer part and not into profitable parts of the empire.

The author decided to show the distribution of government revenue in some provinces since the late 1860s (for the period from 1879-1881), i. e. in the post-reform period. One of the tasks of his research M. Yasnopolsky determined as the reproduction of the financial-physiological picture of the Empire, clarifying their real economic causes and statistical consequences by means of financial facts, assessing the current financial system of the state in the post-reform period in terms of its impact on the economic and social development of individual regions. It should be noted that this formulation of the goals and objectives of research included three levels of its theoretical solution and thus the synthesis of statistics, finance theory, and political economy.

The appeal of M. Yasnopolsky to the territorial aspect of economic life and financial policy of the Russian Empire coincide in the time with the investigation of the impact of the Austro-Hungarian fiscal system on the economy of Galychyna by the writer Ivan Franko. At the same time, the research of M. Yasnopolsky concerning spatial financial econometrics had no predecessors. He was the first who had to develop its theory and carry out the empirical analysis in accordance to the materials of the Russian Empire. On this subject, the author noted that “concerning foreign literature he failed to find anything but outdated information about some foreign states and short notes which were made for tutorials by the prominent financial authorities”. From domestic theoretical research achievements, the scientist could not find anything except some statistics from the local press. Despite these circumstances, M. Yasnopolsky brilliantly achieved its goal, having earned the right to be in the national and global levels recognized as the founder of a new scientific field of knowledge. It was the first school of territorial financial econometrics in the world. Some scholars justify this phenomenon of a scientist as a colonial status of Ukrainian lands as a part of the foreign states that spawned Ukrainian regionalism of late 19th- early 20th century. Actually, the author emphasized that the main purpose of his work” was in the image, so to speak, of financial and physiological maps of Russia” and find “the causes and consequences of financial facts which were stated by statistical tools for economic life of our country and thus give evaluation value of the phenomena under the study”.

Ukrainian economist, being aware of the complexity of the phenomena of the chosen theme, tried to investigate it in the entire set of related economic and social elements and take into account the effect of economic factors with which it was associated by causal dependence. The scientist said that “we just limit ourselves to strictly scientific, not journalistic task. That is the identification and generalization of the study, its causes, and consequences”. To prove his scientific conclusions he widely used the empirical data comparison with similar phenomena in France. That made it possible to clarify and theoretically justify the general and the special. Using the collected data about budget revenues and expenditures of state and their spatial distribution in the financial reform of the 1880s and after it, the scientist was able to identify the variable and the constant.

M. Yasnopolsky considered making the theoretical conclusions not only on abstract schemes and universal rules but also on broad and reliable statistical base, carefully and methodically processed empirical data. This approach was traditional to Ukrainian economic thought that unlike Western schools did not recognize abstract patterns and universal rules. As a scientist and a researcher, he acknowledged consideration of the conditions of space and time as the fundamental principle and a necessary condition of the research. Perhaps even more intuitively, he was one of the first who understood the difficulty of reflection of a complete picture of local finances. M. Yasnopolsky stressed upon the need to establish along with the science of the finances of the state (on the basis of its system) the science of finances of local bodies as its second part, which was of the same importance as the first one. Therefore, a scientist critically treated of the averages in the financial science and financial analysis. They were mainly used by statistical science. After all, for Russian Empire with different socio-economic, demographic, economic indicators of industrial and agricultural regions the statistical indicators were the fiction.

M. Yasnopolsky considered population density, economic traditions, historical past as important factors that should be taken into account in economic policy and financial activity of the state. Therefore, in the system of financial research, he places the issue of local finances as the apparent subject of financial science. The scientist concluded that the only good local finance organization was able to carry out the main task of financial policy: to prove the feasibility of using money and steady distribution of the financial burden between different areas. “Public spending of this area caused by goals that the whole state put. As for these expenditures they referred not only to the residents of the locality but also to the interests of people in other parts of the country”. The principle of the subordination of

local needs and interests to nationwide was relevant for modern regionology.

Being politically unbiased, M. Yasnopolsky avoided political assessments in his work but gave enough material for the independent reader to make some conclusions. In his work, he earnestly urged the central government to take into account the peculiarities of social and economic development and urgent economic needs of different regions. In the reality of the Russian empire, we could observe quite the opposite picture. The peculiarities of each region were due primarily to differences of natural, historical, ethnographic and social conditions of non-financial character and that was its only unique feature. But as M. Yasnopolsky said those were financial laws which influenced those regional differences. “Great variety of economic and other conditions of the various parts of the state — wrote a scientist — caused quite unequal consequences of one and the same national event. “

Since the problem of developing and application in practice of the government of the same economic principles and forms of government financial policies to different socio-economic conditions, scientists realized that the principle of equality was unacceptable, because what was useful to one, harmed to others — a common approach gave different results. This scientific idea which was expressed by Ukrainian scientists was extremely effective, especially during the theoretical foundations of practical financial and economic policy which did not have to enhance the differentiation. Its main idea was to promote regional development through the implementation of specific measures, specific policies given the special circumstances.

At the end of the 19th century due to the crisis that affected the production economic role of the state in solving problems of the economy, and the looking for new forms of running an effective business was growing. In theoretical terms in these new conditions of economic development, it was important to clarify the possibility of public financial management, but not only to solve the fiscal problems and determine their impact. In fact, research and theoretical achievements of M. Yasnopolsky discovered functions of finance, which before were actual ones for foreign or domestic economics. He was also the first in financial science who posed the problem of regulating the influence of money on the regional economy.

His indisputable scientific innovation in the establishment and development of financial science in Ukraine also could be seen in the thorough scientific study of the system of public expenditure and their distribution by gender and by areas. At a time when more financial science itself had not acquired an independent status, research and development of state revenues were so independent comparing with the theory of the costs

that some reputable foreign and domestic scholars did not consider the issue of public spending as an essential element of the financial science. Meanwhile, M. Yasnopolsky second part of his fundamental scientific work was devoted to the state budget expenditures and their correlation with income in the regions. As it was rightly noted by the scholar, “the number and quality of what any state receives from each of its parts, and that it gives to them, cannot influence a big deal its economic part. “

The scientific value of the research “About the geographical distribution of government revenues and expenditures in Russia” significantly increases by implemented in this work analysis of the significant changes that have taken place in the Russian financial system under the influence of market penetration forms of management for twenty years from 1863 till 1887, especially in the first half of the 80th of the 19th century. In the Russian Empire up to financial reform, which was a reflection of the changing nature of the economy after the abolition of serfdom, the capitation fees which were set by Petro I took place in the main financial systems for over fifty years and which were the main source of the state budget. When the circulation of money flow into all the processes of the economy and the latter was almost entirely a monetary economy, the financial economy got money nature in the sense that all fees and revenues that flow into the state treasury became cash.

■ Natural gathering prevented the quantitative growth of the entire amount of money of government revenue. It was necessary to expand the base of receipts. Such experience existed. Western budgets, drawing their funds from incomes of reach people, had no problems with revenue. The reform undoubtedly modernized the financial system of the Russian Empire bringing them to a market economy, but, as it was proved by M. Yasnopolsky essentially had no effect on the fair territorial distribution of state budget.

The basic principle that was applied during the reform of public finances coincided with the overall global trends in the development of the financial state of the economy, which appeared earlier in developed and perfect Western European and North American legislation. The legal establishment of correspondence between taxpayers and property agents meant the keeping of the so-called taxpaying justice. That is, taxes must be paid by all people. Application of the new principle of taxation in the Russian Empire, although incomplete and slow, was acquiring the structure and nature of the financial system for the implementation of rational and effective principles of the state policy in the establishment and development of the market.

Geographical distribution of effective government revenues, according to M. Yasnopolsky, was in close causal dependence of the characteristic signs

of the financial system. The choice of one or another form of taxation and their values came from the size of government spending. So, any combination in the budget available for the local characteristics of the various parts of the empire had to acquire an undeniable impact on the geographic distribution of income throughout the country. Advancing to the first principle of solvency, the scientist saw it possible to require a match between taxation and property means of taxpayers. He demanded the compliance of the so-called tax-paying equity. The Ukrainian scientist paid particular attention to finance major cities and argued that the financial system in large cities because of their special social and economic conditions that largely differ from finances of regions.

Analyzing in details the financial value with the consideration of the economic potential of different parts of the Russian Empire to the Treasury in 1868-1870, 1879—1881 and 1887, the scientist found out a steady regularity. As it turned out, despite some changes in the economic development under the influence of market penetration principles of management for over fourteen years, that partly influenced the economic role of individual areas, generally, traditionally established geographic nature of the pre-reform income distribution remained. That is, the first place in the supply of Empire Treasury by financial means the central region occupied. It was characterized by a predominance of fertile black soils, very high culture of agriculture combined with livestock and those manufacturing industries that were more closely related than others with agriculture.

Taking into consideration all the changes in taxation up to the reforms of 1868-1887 and making a comparative analysis of taxation of economic activity of residents of different regions, M. Yasnopolskyy found out weakening of participation capital provinces in state revenues. As for the other regions of the empire, he stressed upon the appropriate strengthening of taxes, especially in the south-western, north-western regions. The analysis showed that the proportion of the budget replenishment of capitals should be greater because Moscow and St. Petersburg provinces had relatively more population and wealth; both were the objects of taxation. In addition, in the capitals because of central government authorities those revenues were gathered that eventually were paid by residents of other provinces. If we take into account the effect of shifting the tax, the actual share of taxation from capitals will be even lower. Scientists recommended for large cities to implement local tax promote tax with annual cost estimates. It had to be combined with the tax on the building plots. It was really a new scientifically based proposal for new sources of funds to meet the increasing needs of the city in terms of their rapid growth, which was the result of industrial development. The actual was the question: who should bear the burden of

city taxation, which was constantly increasing as a result of having to perform works to improve the existence of large cities (water and sewer work).

It should be noted that these ideas are ahead of time because only the beginning of the 20th century Russia started the development of municipal services and utilities. Even already when Western financiers began studying local finances, questions of utilities did not attract attention. As always, life is ahead of theory. Large cities have had to take in hand the organization of local businesses. Thus, M. Yasnopolskyy in his analytical work on statistical calculations defined the role and place of individual groups of provinces of the Russian Empire for the formation of the state treasury. Predominant meaning in the formation of the empire state budget had the internal European regions, where there is the more developed real economy which based on new market principles.

Comparing sources of formation and structure of the Russian budget with the budgets of Western Europe, M. Yasnopolskyy emphasized its imperfections. The Even budget of 1887 which was developed considering many principles of financial reforms that were held had little associations with the tax principles. Non-payments and government fees rather distant from the tax field (drinking collection, indemnity payments, etc.) dominated in it. Author reasonably argued that the current system did not meet the tax revenues from the economic activity of regions and tributary states.

In the geographical distribution of public expenditure, the second important issue was to determine a number of local government revenues to the total population. Summarizing and comparing the data, scientist quite easily came to the following conclusion: the most powerful comparing with the territory are those regions where there were a lot of inhabitants, and the least powerful are those with little population. But there was no constant proportionality, as M. Yasnopolskyy said. The distribution of government revenues in areas did not correspond to the number of their inhabitants. As a scientist discovered such a proportional compliance was not even on the existence of pre-reform of the financial system, although in practice it was instated poll principle of taxation which would provide it. During twelve years (1867-1887) the period which was studied by M. Yasnopolskyy had the following changes: the salaries of per capita were changed. They had to consider the economic differences between different regions according to the size of total revenues attributable to the population in different districts of the empire. Thus, in practice, the whole groups of provinces formed the so-called classes of localities. In particular, the capital group (two provinces) revealed the highest level of public meetings to treasury per capita, the total level was more than four times the average level of the Empire. This is

explained by the exclusive economic situation in a general economic complex of capitals. The second place (after the capital group) was occupied by provinces of South-West, where the real economic situation could not be explained only by the prosperity of majority. To prove this, M. Yasnopolsky compared the real state taxation of available economic resources of the local population and found out a strong effect of indirect taxation, including duties and excise taxes.

Great and original scientific work is valuable by a number of other interesting and independent conclusions that show great author's achievements in the field of local finance. In particular, M. Yasnopolsky showed that the groups of provinces where the income from the sale of alcohol was the largest share of revenues in the outcomes had the highest level of taxation comparing with the wealth of their residents. Meanwhile, in the capital groups, in particular, a Polish and Baltic provinces, share of duties at localities was compared much bigger than in other districts. Most of these revenues were listed in local revenues to the state treasury, but in fact, in the end, it was paid by the residents of other areas who came here to conduct their business affairs, to buy goods. Thus, among the scientific achievements M. Yasnopolsky concerning the question of local finance, we can single out differentiation which was based on scientific calculations of tax and the actual motion of local financial assets which were the subject of correction and had to consider several specific economic factors.

Each problem M. Yasnopolsky studied across a wide acquaintance with statistical material and matching. To find out the scientific truth, whether the relative size of tax that were received by the offices of various localities of the empire, the income of the population coincided, the scientist took into account comparison of the results of local government revenue with the real economic situation of the region. He could choose from a large amount of material the most important, using his knowledge of the theory. Author's formulation of the problem on the comparison of taxation of income of people was motivated by one of the well-known principles of the rational theory of taxation. It should exist a matching of the size of solvency of taxpayer, because the tax should not undermine the financial basis of the economy, or reduce its productive forces.

Unlike his predecessors innovation of research of M. Yasnopolsky was in the application of the well-known principle to the regions rather than to an individual economically active person. If this principle is recognized by theory of financial science as rational tax demand for individual economic agents, then it logically follows quite real possibility of its application to whole groups of people who live compactly in one area and are closely linked by common interests in many ways, including financial area, despite

the presence of some of social differences between certain layers of the population.

In terms of today, we can understand who was meant by Ukrainian scientist as “large groups of people who live in one area and are closely linked by common interests.” It is clear that he spoke about the regions, their geographical area, population, and about the people who had no their own state and subordinated to the centralized imperial financial system. It becomes obvious the fact that was confirmed by the scientist: equal treatment and equal interest of the imperial government to the development of different regions is impossible.

The thorough analysis of the central and regional financial management allowed M. Yasnopolsky to detect the uneven geographical distribution of state budget revenues comparing with the real economic situation of the local population. The scientist proved that this irregularity reached such large proportions that general taxation of south-western provinces was more than twice higher than of the east ones, which were close to the south and to the capital provinces. On the basis of this comparison and cooperation of the system of relations of state and local financial holdings the scientist made practical conclusion about imperfection (from the economic point of view) and bias (politically) of existing imperial tax and financial legislation.

In the field of regional financial science, he tried to cover all the major issues. Therefore, to complete scientific analysis of the phenomenon M. Yasnopolsky researched the impact of shifting taxes. As the statistical calculations showed, there could be traced some tendency: the greatest burden of tax payments was on the internal areas where due to natural features the agricultural production (this mainly south-western and Little Russian province) was predominant, and the least burdened states were the Baltic, capital, and southern provinces. To practice proportionality of state regulation of direct and indirect taxation areas of particular importance to the existing practice of shifting the tax phenomenon and its incorporation in the scientific study of the geographical distribution of the last it was necessary to identify the unusually high proportion of indirect taxation in the current financial system of the Russian Empire. For economic complex and further economic development of Ukraine it had a double meaning: firstly, the totality of state taxes were unevenly distributed between different property classes and it was more burdensome for the poor who made up the majority of Ukrainian lands; secondly, the production and consumption of products which were coated by internal taxes, imposed an additional burden comparing with regions where industries whose products were not the subject of internal taxes concentrated, and their realization gave much higher returns.

This deep qualitative analysis of the financial system of Russia despite the quantitative one, which was typical for previous studies, involved the identification of the impact on the overall economic situation of individual areas of different forms of taxation, including customs tariff. Regional manufacturing industries whose products when moving were taxed by customs duties were concentrated in the capital, and middle-prymorsk and Polish groups of provinces. The smallest part of the domestic production was indirect taxation in metropolitan provinces, in other regions the relative importance of those industries which products were subjected to considerable internal taxes dominated.

In territorial financial econometrics, M. Yasnopolsky was the first who examined the effects of the imperfect centralist financial system not only for the general population as a taxpayer but also for general economic development and performance of individual regions. In general amount of production manufacturers of goods for export and were taxed by customs duties had a significant financial advantage over the producers — suppliers of domestic national market.

Thus, on the basis of extensive factual analysis and calculations the scientist having shown the current stable pattern that existed at that time in the concentrated placing of different types of industries, discovered the role of public financial management in designing of optimal regional economic structure that took into account the natural potential. Obviously, it was formed the imperfect centralized Russian financial system which was not favourable to the formation of rational, efficient, and independent economic complex of Ukraine. Placement on its territory of industry had an imperial, exploitative nature, as, for example, colony-metropolis.

The second part of the study “About the geographical distribution of public spending of Russia, ” which was published in 1897, was devoted to clarifying the existing contemporary compliance of the financial system of the empire of economically important principle which was the best to reach the goal with the least cost. Scientists came from the fact that all of the financial institutions and the government should help increase revenue, ensuring its permanence, largely due to the permanent welfare of state treasury, the creation of beneficial conditions in all aspects of manifestation of regional capacity, meeting their needs and requirements. For this assessment, the scientist was to compare the benefits of public services actually provided with material costs. Without changing the overall structure and scientific approaches in his study, the researcher, as in the first part of the study, considered a priority of national economic approach, despite the widespread in economic literature fiscal approach. M. Yasnopolsky was interested primarily in the results of the geographical distribution of public

expenditure of budget for the development and intensification of economic life. This approach testified the continuation of traditions which were initiated by Vernadsky, Bunge, A. Antonovych and other Ukrainian economists. According to them, economic needs had the priority comparing with the state ones.

Extravagance and extraordinary expenses for the maintenance of bloated state bureaucracy became the basis that the issue of public spending traditionally was avoided in the financial and economic literature. So from the scientific and information side this fact gave a special significance M. Yasnopolsky work, who intended to give a detailed scientific analysis of budget expenditures on the regional basis and in relation to budget revenues. On the basis of a study of the territorial distribution of public expenditure and corresponding calculated results the scientist made an important conclusion that the economic diversity of various regions was the result of not only natural and geographical factors, but also the financial activities of the state. Valid state budget expenditures significantly affected the real economy, and their geographical distribution had permanent meaning. This was an important step towards understanding the monetary impact on the economy. The results showed that the unevenness in the geographical distribution of public expenditure was not just significant, but much higher than on government revenues. Referring to a deeper scientific analysis of the reasons of stated geographical distribution of expenditure, M. Yasnopolsky noted that consistency of results indicated the consistency of reasons. Having analyzed them, the scientist named firstly the excessive financial centralization; concentration in the capital of local payments due to the public debt for the extraordinary importance of this article in the state budget; costs of excessive bureaucracy of state control of the empire; concentration of expenditure on the army in border management centres and significant resources to ensure public order on the outskirts of the empire; intensive inefficient use of foreign capital and government loans.

The second section of above-mentioned works of M. Yasnopolsky gave a reasonable explanation of allocation of budget expenditures by region depending on national needs, thereby defining the principle of subordination of local needs and interests. The Russian state, which was at the centre of research of M. Yasnopolsky, was an empire, so costs could be carried out even against the interests of the people of joint territories because in the first place there were the economic and social needs of the state nation, not the national borderlands. In these approaches, another principle of economic relations acts. That is, the established regional economic subsystem should

not form antagonistic system because sooner or later it would lead to its collapse, which the historical experience of many empires confirmed.

In his scientific study in order to analyze data on state budget expenditures which relate to different, unequal administrative units of the Russian Empire, M. Yasnopolsky applied the method of comparing the financial costs of existing state, a number of population and size of territory. According to him, the more the culture develops, the greater the opposition faces centralist tendency of public expenditure in decentralized areas. The Ukrainian scientist as an expression of his ideas introduced the concept of intensity of state budget spending, which determined “the density of the cost.”

In his presentation of factual material, the scientist focused not only on actual size but also on the direction of the economic resources in a variety of government revenue which were derived from some areas to financial supply of other ones. As for the consequences of economic phenomena under investigation for the organization of economic life of different regions, in the division between the financial surplus of income or excess of expenditure M. Yasnopolsky saw the cumulative result of the geographical distribution of both the first and second ones, “the result of the entire financial system. “ The real impact of public spending on the economy of the regions he considered far more powerful because they were much more concentrated, and therefore, more evenly distributed between the parts of the empire than income.

Describing the structure of public spending, Ukrainian economist pointed to other government measures, apart from direct budget allocation, contributed to “the main feature of financial physiology” of Russian empire — the capital centralization. This means the detailed construction of communications, establishment and change of customs tariff, and orientation of some bodies of the state, such as state-owned banks. These measures contributed to concentrate capital, and thus the majority of the aggregate demand for products and services of economic activity, in a rather limited in space of the state, especially in its capital. As a result, other regions deprived of these favourable for intensification of economic activity conditions. Their overall economic development was delayed, although for this development all necessary things existed. Oversaturation of capital in some parts of the empire promoted their waste, unproductive use, and the shortage of capital in other parts of the empire, caused economic stagnation, technological backwardness, and poverty.

The importance and originality of the research of the Ukrainian scientist were determined by that fact that he was the first who substantiated the necessity of local government as a means to reduce the negative impact of centralized finance the real economy of the regions. The main argument of

this important report had been reviewed by difference finance local government of the state. The greater there was their share in the overall financial system, the larger was the possibility of paralyzing of the influence of centralization, and hence the uneven was the geographical distribution of public spending. In justifying the need for the development of local finance, M. Yasnopolskyy proposed to decentralize part of its budget public spending with government financial institutions and spheres of activity.

Further increasing of importance of local finance the scientist linked, as it was already mentioned, with the development of culture, because the more developed the culture was, the greater was the resistance of centralist tendency of budget, since complication of economic problems of the state and social development required a differentiation of state organization and finances. Research of M. Yasnopolskyy serve as the justification of one of the basic principles of modern regional policy: local differences in cultural processes should be considered in the development and implementation of financial and economic measures, econometric modelling of regional development.

Thus, M. Yasnopolskyy as a prominent Ukrainian economist and the author of fundamental research about the territorial distribution of government revenue and expenditure, and the national economic importance of the centralized financial system for certain regions, was the founder of a new branch of economics-spatial financial econometrics. Scientific tolerance and rejection of radical political dogma promoted that he did not give explicit political assessments of the phenomenon, but his detailed financial and statistical analysis initiated a number of scientific papers. Their main aspects were the question of economic relations between Ukraine and Russia, the movement of national income from Ukraine to other regions of the Russian empire (USSR) and financial colonialism. The study of this problem was carried out with the usage of the technique of M. Yasnopolskyy. It was conducted at different times by E Hlovinsky, S. Ostapenko, M. Volobuyev, M. Porsch, A. Maltsev, V. Dobrohayev, A. Richytsky, K. Kononenko, V. Golubnychyy.

The scientific legacy of the scientist in Soviet times was ignored because it did not meet the established canons of the dominant ideology. An exception was the publication of the Ukrainian Diaspora, particularly, B. Vynar, I. -S. Koropetsky.

Despite the fact that in his studies M. Yasnopolskyy showed considerable self-determination and scientific independence as if standing aside contemporary European financial knowledge, he discovered the problem of geographical distribution of income, expenditure of budget, development of an appropriate methodology. All those aspects became the basis for further

research on the state regionology and regional socio-economic policy. A particular relevance of achievements of Ukrainian scientific in the field of territorial financial econometrics acquired in the context of contemporary globalization of processes and the development of European integration, into which economic complex of Ukraine was actively involved.

M. Yasnopolskyy died in 1920.

The main work of the scientist: “Railways from Malorossia land to the Baltic Sea” (St. Petersburg, 1868); “About the geographical distribution of government revenues and expenditures of Russia” (K, v. I., 1890); “A bout the geographical distribution of government revenues and expenditures of Russia” (K, v. II, 1897) and others.



YURIY Serhiy Illich

(1950-2012)

uriy Serhiy Illich is a Ukrainian scientist and financier, rector of *■ Ternopil National Economic University (2002-2012), Doctor of Economic Sciences, Professor, Honored master of sciences and engineering of Ukraine, Honourable Professor of International Vienna University, full member (academician) of the Academy of Economic Sciences of Ukraine, academician of the Academy of Sciences of Ukraine, winner of the S. Podolynsky Prize, Head of International Finance Department (2008-2012), chairman of the Scientific Coordinating Council of Western Scientific Center of Ukraine and Ministry of Education and Science of Youth and Sport of Ukraine in Ternopil region, the head of Ternopil regional branch of the National Olympic Committee of Ukraine, and vice president of the Volleyball Federation of Ukraine.

Serhiy Illich Yuriy was born in Shyshkivtsy village of Novoselytsky district, Chernivtsy region on January 30, 1950. In 1969 he graduated from Chernivtsy financial training school.

He started his career as an economist of State Revenue Service of Novoselytsky district of Chernivtsy region. In 1975, after the Army service, he graduated from Ternopil Financial Economic Institute (TFEI). Serhei Illich worked as a lecturer, senior lecturer, Associate Professor of Monetary and Credit Department, and the Dean of the Financial and Economic Faculty of TFEI. In 1981 he completed his postgraduate studies at Moscow Institute of Economics and Statistics, and defended the thesis on "Renewal of Capital Assets in the Context of a Socialist Integration".

In 1989, Serhiy Illich became an Associate Professor of Chernivtsy State University. Subsequently, he held different prominent positions like the Head of the Department of Finance and Director of the Institute of Finance in Ternopil Academy of National Economy. In 1996, he defended his doctoral thesis "Joint Entrepreneurship in Ukraine: the Financial Aspect of Development." In 2002, he became the rector of Ternopil Academy of

National Economy, in 2005 — rector of Ternopil State Economic University, and in 2006 — of Ternopil National Economic University.

Having become the head of the university in 2002, Sergei Ilyich continued the work of his predecessors in the development of the university, paying great attention to cooperation with foreign universities. Ternopil Academy of National Economy began to work closely with the Technical University of Dresden. As a result of this collaboration, students were able to graduate with two diplomas, the one from Ternopil National Economic University and the other from Dresden University. Under the leadership of Serhiy Illich, the higher educational institution continued to expand the geography of cooperation and established its international credibility. Thus, Ukrainian-Dutch program, Ukrainian-American School of Computer Science, Ukrainian-Polish and Ukrainian-Greek programs emerged.

The membership of the rector and many scientists of the university in the European Association for International Education (Amsterdam, Netherlands) became an important aspect of the global recognition of the institution. Poland, Bulgaria, France, USA, Canada, Greece, Germany, UK became its partners in the European Association for International Education. Serhiy Illich was also co-director of the Joint European Project of Ternopil National Economic University with the universities of Frankfurt am Main (Germany), Rotterdam (Netherlands), and Lyon (France) in the Program of the European Union Commission named “European Economic Relations in Business. “ In 2005, the university headed for implementation of requirements and standards in higher education according to the Bologna Convention. While introducing European standards of education, S. I. Yuriy put all efforts into trying not to lose domestic experience, achievements and national traditions in high school and at the same time to compete in the international education market.

The international recognition of Serhiy Illich in education was the highest honour of the International Prize Fund, the Order of St. Nicholas, which he was awarded in 2004. He was also granted the titles of Honorary Professor at Vienna International University (2006) and Economic Academy named after D. A. Tsenov, and he was a full member of the Club of rectors of Europe.

At the direct support of the rector S. I. Yuriy many efforts were put at the strengthening of the material and technical base of the university. The construction of a new dormitory was started, a new library was built, and a major repair of all buildings was made.

Working for the good of the university, Serhiy Illich never stayed away from the economic life of Ukraine and his native land, constantly rooting for improving the economic well-being of Ternopil region and the country. He

was guided by the conviction that man must dream, but be professional and believe in himself. He took an active part in the work of the group of experts to prepare the Budget Code of Ukraine. In 2006, Ternopil community entrusted to him its future and he was elected to the regional council. In recognition of his services to the state and the land he was awarded the Order “For Merit” of the third degree and honors “Gold Medal” of Tugan- Baranovsky for his significant contribution to the development of economic, scientific and technical fields, and active public work for the benefit and development of Ukraine. Other numerous awards included the medals “Honor of State Tax Administration of Ukraine” (2005) and “For Promoting Tax Authorities” of State Tax Administration of Ukraine, a breastplate “For Assistance to Customs Authorities of Ukraine” on SFS of Ukraine, a diploma of the Cabinet of Ministers of Ukraine for significant personal contribution to economic development of Ternopil region. For his hard work and professionalism, Serhiy Illich was recognized to be an honorary citizen of Ternopil.

Serhiy Illich successfully combined leadership position of the state level with fruitful scientific activities. With his assistance, in order to intensify and coordinate research, Young Scientists Council was created. It was established on the basis of voluntary participation and common interests of scientific direction and brought together graduate students and young faculty of the university.

Over the years of his work in science professor S. I. Yuriy created his own scientific school “Finance, money circulation and credit”. He was the chairman of the Specialized Scientific Council on the defense of candidate and doctoral theses. He prepared 26 candidates and 6 doctors of science. Most of his students remained in Ternopil National Economic University as staff members.

He put much energy into the development of his own department. Under the leadership of Serhiy Illich, the Department of Finance has gained wide recognition in Ukraine and abroad in the field of financial science, in the training of professionals in finance and credit in the banking sector and financiers for public administration, in teaching methods of financial disciplines and issuing of basic manuals and textbooks. Its graduates are a vivid example of self-realization, high spirit of freethinking and national consciousness and creativity of new scientific ideas, schools and directions. They represent active participants of political movements and democratic processes which are taking place in Ukraine. Among the graduates of the department, there are thousands of highly skilled professionals in the sphere of the financial system of Ukraine, dozens of Candidates of Economic

Sciences and famous people who have made a significant contribution to the development of national financial systems.

High pedagogical skills and sense of responsibility provided S. I. Yuriy with recognized authority and respect both at the university and the broader scientific world. Over the years of scientific and educational activities, he taught the following general and academic courses: the Circulation of Money and Credit, Finance and Credit for Industry, Finance, International Monetary and Financial Relations, and Budgetary System. From 1998 to 2002 he was the main expert of Supreme Certifying Commission of Ukraine in Finance, Money Circulation and Credit Sciences.

Professor S. I. Yuriy was the chief editor of the scientific magazine "The World of Finance", a member of the editorial boards of scientific and theoretical, information and practical magazines such as "Finance of Ukraine", "Banking Herald", "Regional Economics", "Journal of the European Economy", "Journal of TNEU", and "Psychology and Society".

His scientific research and those implemented under his supervision were presented to the President of Ukraine, the Committee on Social Policy and Labor, Committee on Budget, Tax Administration and the Ministry of Finance. Serhiy Illich wrote over 140 scientific papers, including 17 monographs, 9 textbooks, and 7 manuals.

He investigated the problems in the financial market relations at the micro and macro levels and the issue of the budget formation. Among his numerous scientific papers, written individually and in collaboration, the following are the most prominent: "Audit and Control of the Budget and Research Institutions", "Financial and Credit Mechanism of Joint Ventures (methodology, theory and practice)", "Financial Aspects of the Market Economy: theory and practice", "State Budget of Ukraine", "Budget System of Ukraine", "Anthology of the Budget Mechanism" (the first systematic analysis of the socio-economic essence of the state budget and practice of implementation of the fiscal policy were made here), "Finance: Training Studio", "Treasury System", "Social Insurance" (recognized by the Ministry of education and Science of Ukraine as the best textbook in 2004), "Economic Problems of XXI century: International and Ukrainian Dimensions", "Theory of Finance", and "Financial Thought of Ukraine".

For his dedicated and fruitful scientific work, the Ministry of Education and Science of Ukraine awarded S. I. Yuriy with "Petro Mohyla" and "For scientific achievements" medals.

The main works of the scientist:

Analysis of economic activities in the budget and research institutions — K: UMK.VO, 1989. — 136 p. ; Joint Venture: finance, credit, and currency. - Ternopil: Hromada, 1995. — 208 p.; Financial and credit relations of new

forms of foreign economic relations. — K. : NMKVO, 1992. — 108 p. ; The budgetary system of Ukraine. — K. : NIOS, 2000 — 400 p.; The economic integration of Ukraine into the European Union. — Ternopil: Economic thought, 2003 — 185 p.; Social Insurance. — K. : Condor. 2004. — 464 p.; Treasury system. — Ternopil, Carte Blanche, 2006. — 818 p. ; Economic problems of the XXI century: Ukrainian and international dimensions. — K. : Knowledge, 2007. — 595 p.; Economics: political economy. — K. : Condor, 2009. — 604 p.; Finances. — K. : Knowledge, 2012. — 68 p.



ZHELEZNOV Volodymyr Yakovych

(1869 – 1933)

Zheleznov Volodymyr Yakovych is a Ukrainian and Russian scientist and economist, a representative of the social school, a participant of developing financial reform in Ukraine. He was a courageous man for that time. When other famous professors of economics during their lectures did not mention Karl Marx's theory, Volodymyr Zheleznov criticized it in detail. The Ukrainian scientist tried to compare the classical labor theory of value with the marginalist theory of utility. As to the monetary theory, he was a supporter of the quantity theory of money.

Volodymyr Zheleznov was born on March 23, 1869 in the village of Odoyevskiy Sharyniskiy district of Kostroma region. After moving to Ukraine, from his early childhood, he absorbed all the flavor of the Ukrainian people. After finishing Kyiv school, where he showed outstanding abilities, he was admitted to The Law Faculty of the St. Vladimir Kiev University. While still being a student he began to study the economic discipline, wrote his first scientific work "Joint Stock Companies" (1891). Highly evaluated first steps in the scientific quest on economic theory became the basis of the fact that after graduation in 1892 V. Zheleznov stayed at the University as a lecturer. Volodymyr Zheleznov was entrusted to lecture on political economy and statistics. Later he gave the same lecture at Moscow Agricultural University, Moscow Commercial Institute and O. L. Shanyavsky Moscow City University. However, the influence of scientists of Kiev school accompanied Volodymyr Zheleznov during his conscious research and teaching outside Ukraine. After the events of 1917, he did not leave the country, and continued to work as a teacher and, furthermore, worked for a while in the Commissariat of the USSR.

At the beginning of his teaching career at Kiev University, Volodymyr Zheleznov was actively engaged in scientific activities. His main work "Essays on Political Economy" (1902) was a revised and significantly enlarged edition of lithographic course of public lectures which he gave in 1898 and 1899 in Kiev. The popularity of this work was determined by the fact that from 1902 to 1919 (latest edition) there were eight editions. It was

translated into German and was widely known as a textbook, even after the events of 1917. Clarity and accessibility in the perception of the material distinguished it from other similar publications, although the author's position contradicted to the dominant ideology. It was, according to M. Tugan-Baranovsky, a "gathered achievements and research of the scientist", whose research interests were wide enough. He dealt with problems of values, wages, finance, environment and agricultural and other problems. Together with other bright and original Ukrainian and Russian scientists and public figures Volodymyr Zhelezynov edited multivolume Dictionary "Granat" (he was the chief editor up to Volume 33).

V. Zhelezynov was one of those economists who deliberately abandoned in his work from a single monistic method sought to combine a variety of principles in the study of economic and financial phenomena. The scientist came from the fact that "each has its special field of usage". And one can admit that the scientific work of Volodymyr Zhelezynov is an example of this approach. He was one of those pioneers who were the first to put forward the idea of unification of theory of value of subjective and psychological school of marginal utility with the theory of labor value.

The outstanding achievement of the theory of marginal utility, to the scientist's mind, was acknowledging of the importance of the principle of the limited supply of economic benefits compared to need them for the social economy. This creates difficulties in the relationship between society and nature. "Man's dependence on the outside world", he writes "his disharmony with nature, which even Greek philosophers felt and which they tried to give a feasible explanation of economic phenomena found in the school of marginal utility theorists most clearly reflected". On this basis, the scientist believed their theory of value to be not only subjective, as usually interpreted, the basis for subjective assessments in schools is an objective theory of value — limited stock of economic benefits. Ignoring this factor in the labor theory of value and the underestimation of any of the factors of production, except labor, is losing on the school of marginal utility.

V. Zhelezynov, unlike other economists, tried to absorb these critical advances in scientific thought. He pointed out errors of supporters of the Austrian School: 1) underestimation of objective moments in the formation of values; 2) an explanation of the value of production — "value of production is not determined by their own value and marginal utility objects created with their help," which is true to some extent on the monopoly (limited, rare) the means of labor, not capital goods freely reproducible items; 3) incorrectly set dependent, according to the scientist, the marginal utility of wealth of their importance for human well-being and their number, because the number of freely reproducible objects not previously determined

and ignoring production conditions is a serious mistake Austrian School economists.

The scientist paid more attention to the scientific analysis of the problem of production conditions. The labor theory of value in the economic literature served as a source of the monistic theory of value. However, even in the works of the first leaders of this theory (especially Adam Smith and David Ricardo), there are observed the deviation from pure formula employment due to unequal amounts of capital involved in various industries or in the case of the same number — varying the speed of its circulation. In this issue, V. Zheleznov considers the impact on the duration of use of the capital value to be the hardest and most mysterious questions. According to the scientist's point of view, Marx's attempt to justify this issue does not fully solve it. However, V. Zheleznov considers that the attempt of Marx, despite all the errors and inaccuracies (known conflict between I and III volumes of "Capital", stated by Tugan-Baranowsky and B. Bortkevych) has given a lot of indications to future researchers of the problems. Marx's major contribution to economic science, according to the scientist's mind, is his theory of surplus value, which is of fundamental importance despite mistakes or false explanation of the transformation of values into prices of production. However, V. Zheleznov said, the scope of "purely" economic phenomena must be supplemented by psychological motives indispensable unified theory of value.

The originality of Zheleznov's research was evident during the social factor values. The lack of analysis he considered theoretical flaw works of scientists of marginal utility school in which natural constraints stock of economic goods different from the obstacles created by social factors. But he saw this drawback in labor theories whose representatives (not excluding Marx) paid too little attention to the social aspects related to the use of capital and land value or completely excluded from the analysis (Ricardo) or proclaimed "irrational size" (Marx). In this regard, the Ukrainian scientist links the theory of value to the corresponding revision of other important issues of economic theory, especially the theory of distribution, which traced a direct influence of social factors on economic processes.

In the general theory of distribution of V. Zheleznov a special place occupies analysis of the problems of wages, which was developed in the early twentieth century by the author of such works as "Essays on Political Economy" (1902), "On the reform of modern theoretical economy" (1905) and, of course, the work "Wages. Theory. Politics. Statistics" (1918). In addition to critical analysis of developments in economic theory on this issue, the scientist justifies five factors that affect wages: productivity, the state of the commodity market or commodity level prices (prices rise wage

increases), the level of living standards, the balance of power holders-owners and workers. But the most important factor is a general economic condition of the people, "the high income workers can expect that a nation whose labor creates wealth".

The theory of distribution V. Zheleznov organically linked with his own concept of exchange, the core of which is the theory of the market. He outlined his views on one of the most difficult problems in economics id. est. elucidating the mechanism of formation of market prices. According to the scientist, the main objective of this theory is to determine the conditions of equilibrium, which, after all, tend prices of goods. The Ukrainian-Russian researcher put the price level in dependence on the social atmosphere of the market, which he paid much attention to analyzing the problem of distribution. The price of goods and services, the scientist said, "can be formed under conditions of free competition and monopoly in establishing its public authority in the common interest".

As it is known, the founders of the classical school established a general rule: due to the movement of supply and demand in the free competition between buyers and sellers price freely reproducible goods inevitably tends to production costs (so-called law of costs). Marzhinalists give another explanation of this law: production costs do not affect the size of the installed price, but only the number of manufactured goods (size bids). Developing this position, V. Zheleznov notes that since the price of the marginal product shows which costs may be beneficial for producers, the costs that coincide with the price of the final product, and costs are the marginal product. Consequently, "not cause costs for goods and commodities prices lead to production costs". This original scientific conclusion follows logically from the famous statement of the theory of marginal utility that the value of production is only a reflection of the value of products produced for their help, and not determined by any independent factors.

In his research activities, V. Zheleznov paid much attention to the problem of concentration of production. The scientist studied in detail the joint-stock form of enterprise and various forms of monopoly formations. Investigating the trend of industry under capitalism, an important component of which was the gradual concentration of funds, he revealed the objective nature of the process. V. Zheleznov gave Marx the priority in setting concentration problems and in some aspects of the problem he shared his position.

The critical attitude to the former theoretical scientific achievements gave V. Zheleznov the opportunity to develop his own concept of the evolution of capitalism at the turn of 19th-20thcenturies, which is somewhat different from the Marxist's. In particular, as to the concentration of capital on trends he

observed: “Marx meant by the concentration of capital concentration of property in the hands of a few people while actually increasing the size of enterprises, the same number of owners of capital varies not in accordance with this trend”. V. Zheleznov was critical as to Marx’s thought on the concentration of production in agriculture.

Revealing the objective nature of the process, V. Zheleznov both stressed the close economic ties between the concentration and monopolization of the industry, stressing that the concentration of capital is the main reason for the formation of different forms of monopoly. According to the scientist, the concentration of production increases due to the formation of joint stock companies in the industry that are distributed and concentrated in their hands through the sale of shares of large sums of money, sometimes consisting of very small particles. V. Zheleznov in his research shows that the concentration of production conditions significantly exacerbated competition, which threatens the very existence of some capitalist enterprises. This is another reason that “some companies are combined into the even larger coalition that called syndicates and trusts”.

Thus, he reiterated that monopolies are an objective process of adaptation to new conditions prevailing in the market economy at the turn of 19th- 20thcenturies.

The displaying of problems of new organizational forms creation of business (syndicates and trusts) and their impact on social and economic life in the new economic conditions was so controversial in the economic literature that in the early twentieth it became the center of the economic debate. V. Zheleznov observed that some Ukrainian and Russian researchers tend to exaggerate syndicates beneficial effect on industrial life. The scientist considered that organizations eliminate the main drawback of the modern economic system id. est. the anarchy of production and this contributes to benefit of all classes of society. His own position was based on right position, according to which the main motive of business transactions is to increase or maintain revenue. It really is the foundation of any business activity, including in the form of associations.

At that time the criticism of monopolies and their ideological defenders gave negative consequences to Ukrainian scientist: V. Zheleznov was listed as a “convinced Marxist” by the Kiev provincial gendarmerie and his textbook “Essays on Political Economy” was forbidden by the Odesa internal censorship. The book was published only after removing from it the most dangerous in terms of the censorship committee passages. It was this vitality that continued to review the book after the October revolution.

Among the Ukrainian economists V. Zheleznov studied and researched the problem of the essence and role of capitalist monopolies in the economy

most deeply and thoroughly. Noting their positive role in economic development in general, among the negative features of their work called rising prices, the anarchy of social production, the possibility of breaking scientific and technological progress and more. Although the latter is not confirmed by the practice of a market economy, in general, he showed the role of monopolies in the national economy correctly. V. Zheleznov performed criticized representatives of economic thought, which saw the monopoly panacea to overcome antagonisms of the capitalist economy. "It would be wrong to think," he said, "that modern capitalist world found the key to eliminating contradictions and economic regime by means of syndicates".

The identity and originality of Zheleznov's works manifested itself in an attempt to show that monopoly steers its economic power primarily in their own interests, ignoring the interests of other economic operators. Therefore, the scientist proposed to reform monopolies' activity to accommodate the interests of the latter to the problems and needs of society and wage workers in particular.

An important area of research in economic theory was to study different forms of large-scale production, the nature of joint-stock company forms. The main economic benefits of joint stock companies in a market economy the Ukrainian scientist attributed the fact that thanks to them more and more workers become "owners" of this form of enterprise. "Limited liability for slight size stocks", Fedorovych wrote, "gives the opportunity to participate in large and profitable business for the poor people".

V. Zheleznov was the first to note the presence of certain tendencies of "decaying" generated by monopoly activities. In his view the trend towards inhibition of expression of scientific progress in the conditions of monopolized production is that large monopoly coalition may buy up patents, using not all but hold the right to them just that they have not got competitors. It requires state activity, which has prevented the manifestation of this trend.

The idea of the need for state regulation of individual economic processes, including the prevention of negative impact monopolies nominated by Zheleznov, was supported also by A. Antonovych, M. Sobolev. Zheleznov considered state regulation to be a means of "curbing excessive appetites of business alliances".

The most intense period of development of the question of the industrial monopolies fractures in Ukrainian scientific economic literature during 19th-20thcenturies. This issue is widely discussed on the pages of periodicals and scientific publications, at meetings of scientific societies, is covered in a

variety of public lectures by M. Tugan-Baranovsky, S. Bulgakov, M. Bematsky and V. Zhelezov.

Most economists, among whom was V. Zhelezov, analyzed the problem of monopoly primarily in the plane of the formation and development of market relations. Thus, the main criterion for determining the nature monopoly industry also became the market. That is the role of relations of exchange in the research of contemporary patterns of development put forward for civilized society to the fore. However, the role of material factors, including the concentration of capital and production, monopolization of the industry somewhat was underestimated, especially when it came to the general characteristics of a monopoly.

The limitation of this approach was determined in the fact that, undoubtedly, the sphere of market relations in the activities of monopoly is important, but control of the market is important, but not the only characteristic of monopoly. It is the realization of benefits received in producing, completing relations existing production, and fixing them in exchange.

In his research V. Zhelezov performed from such position, going to the analysis of the problem of monopolies through enhanced attention primarily to the "production" aspects of their occurrence and activity. Ukrainian scholar put forward the idea of utility monopolies not only entrepreneurs but even though this is a surprise to consumers.

According to the classical theory it was traditionally considered that, because of free competition prices tend to production costs, and the form of economic monopoly tends to exceed them, free competition always gives the consumer more economic benefits than a monopoly. His doubt about this fact V. Zhelezov explains giving several reasons. Firstly, the elasticity of the sale of goods is always different. Even with a significant decrease in sales prices of some goods can rise dramatically (e. g. luxury goods), and, conversely, lower prices for other goods can expand sales to huge sizes (essentials). Secondly, although monopoly prices mostly higher than the costs, but the costs of monopoly can be much lower than the prices of competing with each other free entrepreneurs. "If the monopolist", the scientist says, "is dealing satisfactorily and is free capital, prices quoted him be lower than free competition". Without denying the fact that free competition is a condition that is equilibrated for products on the market, V. Zhelezov notes and the ability to establish a monopoly several different prices for the same product. In this case, the Ukrainian scientist talks about market segmentation, which nowadays has become a reliable achievement of marketing and appears not only profitable monopoly but society.

Thus, according to V. Zheleznov, interests of a monopolist do not always contrary to consumers'. However, he warned against the evaluation of this aspect of monopoly pricing. So he did not deny the powerful economic potential and the mechanism of competition.

Among its positive displays the Ukrainian scientist named the fact that competition by aligning the rate of profit helped optimal allocation of labor and capital between sectors of production. In addition, it was considered by the scientist to be a factor of active influence on the mechanism of market self-regulation.

Ukrainian researchers who have studied the positives and negatives of industrial rivalry in the first decade of post-reform period inherent in view of the competition as the only possible and effective system for the existence of a market economy. This position was the result of the influence of the classical school of political economy. Its followers in Ukraine were Vernadsky, T. Stepanov, G. Tsehanovetsky and others. V. Zheleznov has shown understanding of monopolistic competition principles.

Active scientific research of Ukrainian economists at the end of the 19th century expanded the range of scientific research on the problem of industrial competition. Their writings emphasized the increased competition, studied the forms and methods of competition, its evolution and those new forms, which it acquired in the process of economic development and improvement of the market economy. Labor of V. Zheleznov contributed to the fact that the subject of a thorough analysis of scientists and economists became problems gradually escalating competition in monopoly, their coexistence, and value, the emergence of a new market structure — a monopolistic competition.

This theory (monopolistic competition) appeared much later, but some aspects were studied in the works of Zheleznov, were tried to justify in the early twentieth century by other Ukrainian scientists. In particular, D. Pikhno, exploring the high degree of monopoly in the rail sector, proved that this state did not deny the presence in it of competitive trends. The last rivalry existed as per user (consumer) drawn from the highway and roads with the sea, and river transport channels, parallel railroads. It is accordingly affected the price of transport, but economic manifestations of monopoly and competitive factors were so complicated and of ambiguous nature that V. Pikhno (referring to H. Kohn) said: "To say that the railways monopoly or competition prevails, means to say nothing".

The rapid expansion of the railway network in Ukraine in the last third of the 19th century, formation of rail complex with the help of the active government support led to the concentration of production and centralization of capital. The latter, as noted above, gradually led to the creation of

monopolies. In contrast to D. Pihnj V. Zheleznov explaining the situation, in particular, wrote that the railways and telegraphs according to its technical conditions precluding application of the principle of free competition as between these points can be only one train or telegraph line.

Whereas D. Pikhno believed that both market institutions — competition and monopoly — reflect the evolution of business relations in the railway sector, co-existing and complementing one another, V. Zheleznov clearly emphasized the exclusive nature of railways, rejecting the existence of competitive principles in the field.

Most Ukrainian researchers (M. Tugan-Baranowsky, M. Bernatsky, S. Bulgakov, M. Sobolev, M. Dovnar-Zapolsky etc.) in their later studies shared D. Pikhno's opinion about the gradual strengthening industrial competition in general, and also about transferring it to the railway complex, considering that competition between railways can occur in various forms and with varying strength. They supported V. Zheleznov's view that it would never regulate the situation in the industry, leaving more or less significant scope for monopoly transportation. It was a generally accepted opinion in Ukrainian economic literature according to which competition was seen as an essential factor in the regulation of the market situation in rail transport, though not permanent nor pervasive, but only partial and isolated. The high degree of monopoly in the railway industry Ukrainian investigators rightly associated with high capital intensity railway complex. Therefore, we can assume that the views of V. Zheleznov on this issue were original, but not enough substantiated. The scientist did not take justification that both market institutions: competition and monopoly operate in one direction, i. e. to create the optimal market situation of rail services and ensure the efficient functioning of the market mechanism as a whole.

However, it was a reasoned position, which was later also supported by P. Fomin, extending thesis of denial of free competition with rail complex at all monopolized production. He believed that with the emergence of monopolistic structures “negation of free competition” became a characteristic feature of a market economy. Instead, a so-called potential competition appears that actively opposes “any arbitrary syndicates and trusts” by the non-monopolistic market structures in response to negative price and other social manifestations of monopolies.

V. Zheleznov devoted a section of his textbook “Sketches of Political Economy” to researching routes, including rail transport, focusing primarily on issues of history of railways in different countries, the benefits of rail transport compared to other means of communication, railroads meaning for the public sector, the benefits of public ownership of the railways and so on.

We can not but agree with the conclusion of the scientist that rail transport significantly accelerated the pace of development of market relations as “convenience products sales contributed to rapid transition subsistence in exchange”. V. Zheleznov pays great attention to studying the creation of railway undertakings features compared with other industrial organizations. The analysis of these features gave reason to the Ukrainian scientist to state that railway undertakings have never set up entirely on the application of the principle of free competition and that the first attempts to create a competing line usually merged individual companies to a big monopolistic organization.

The theoretical basis for V. Zheleznov’s conclusions about the absence of free competition between railway undertakings and a natural monopoly were two facts: 1) competition of railways is almost always passed into its opposite — a monopoly; 2) determination of the nature of railways by the legislative power as monopolistic. This original approach and simplicity in the conclusions regarding the impossibility of coexistence between monopoly and competitive principles in the railway sector is not hindered, however, V. Zheleznov gives deep enough justification for regulation processes in this area and further development of rail transport as the state, not private property.

From the height of today, we can say that V. Zheleznov was one of the first in Ukrainian economic literature to analyze the limits of market mechanisms and the need for handling the economy, including rail transport, by the state and public institutions on the example of the railway complex. V. Zheleznov’s last thesis stemmed from its historical sketch of the development of railways in Western Europe and Russia during the 19th century and it was explained by the range of reasons. In this respect, he was much farsighted than his colleagues. Realizing the importance of the arteries to the entire economy, he argued that, firstly, it is impossible to put industry development dependent on the whims, desires natural entrepreneurs and volume of their capital. A state must have a prior right in forming a network of railways. It must be guided by the least cost to have the greatest national economic results. Second, only the state, according to V. Zheleznov, is able to coordinate a network of railways, to encourage the development of other important industries. The goals of entrepreneurs are known to focus primarily on getting the highest possible income.

Based on his opinion as to the priority role of the state in the development of rail transport along with regulatory effect on the operation of the railway sector, the scientist offered to decide on the transfer of railways in the state. His position V. Zheleznov substantiated large amounts of subsidies, which appealed to government agencies and private companies

that the state could directly send to the construction of railways. In addition, the negative impact of a large number of private securities in the cash market countries also testified in favor of the nationalization of the railroad industry.

Finally, the need for the mentioned step was caused by the strategic and general interests of the people.

V. Zheleznov emphasized that based on the nature of rail transport, the best form of this company (as a system of enterprises) is the concentration of tracks in the hands of the state. This form of operation of the rail industry, according to the scientist, could best take into account its scope, capital structure, organization and specific features of the outpouring of monopoly and competitive trends on the process in the railway sector. That it was about a socialization of economic relations, a higher degree of market economy and its regulatory capabilities.

The most modern type of monopoly V. Zheleznov considered its concentration in the hands not of individuals, and public associations. Priority recent scientific binds primarily to the harmful effects of monopolies in cities, rapid growth required new conditions to meet new needs. And the owners created monopoly companies — owners of water supply, lighting cities, urban homeowners and landowners, using its economic power, not only forced people to pay for services, but also created general unhealthy conditions of urban life. The Public Union, according to V. Zheleznov, would be a powerful tool to cheaper prices and an instrument of social progress. Here Ukrainian scientist intuitively or not quite consciously came to consider another problem — the characteristics of natural monopolies and the role of oversight of their activities.

Overall V. Zheleznova raised an important topic that remains in the focus today that is the optimal state influence on the economy and the scale of its intervention in economic life. The Ukrainian scientist considers the state to be a force “able to withstand predatory ultimately desire monopolies” because the main purpose of business transactions, according to the researcher, was not taking care of customers, and the desire to get the highest profit. The state, as an entrepreneur and important consumer, can create conditions that will lead to technological advances, price stabilization and thus be “an example for private industry, holding her abuse and giving it a strong impetus to the technical and organizational achievements”. The scientist believed that the prices set by public authorities, tend to the cost of production, which implies not clash with certain private interests, and “a conscious commitment to the overall benefits”. However, he was convinced that “not all industrial enterprises can apply social and economic standards”.

Overall system described in the main work “Essays on Political Economy” theory monopolies V. Zheleznov has logic, evidence, and substantiation of conclusions. Because he had made a significant step forward towards understanding the nature of economic monopoly, reflected a complete picture of the process of monopolization industry in late 19th and early 20th centuries. For the last third of the 19th century, Ukraine civilizational development was characterized by the active development of capitalist enterprise in the industry. This was due to the abolition of serfdom in 1861 and reforms of 60s years, who, despite their frugality and saving numerous remnants of feudalism, opened the possibility of forming the country’s market economy. Gradually created a new structure of the economy, which was characterized by the coexistence of private, collective and state that interact on a competitive basis.

Creation of industrial potential in the late 19th century in Ukraine within a single nationwide market displays it in one of the main centers of industrial production. There is a rise of coal, metallurgical, engineering; sugar and other industries, there are active processes of concentration and monopolization of production, creating a capital market. The rapid growth of the industry is reformed on the basis of their own capital industrial entrepreneurs, public investment and a strong inflow of foreign capital, creating thereby a special model of business relations.

New economic conditions contribute to the growing role of the owner entrepreneur, his participation in the production process. Based on the practical requirements of the domestic economic literature emerging scientific interest in the business appeared, questions of the designated organizations, the role of the entrepreneur in the manufacturing process, the feasibility of his managerial abilities, relationships with government and public institutions and others were of particular interest in the scientific community.

Based on the development of the classical school of political economy and its followers, and the idea of the German historical school, various aspects of these problems are reflected in the works of V. Zheleznov. A characteristic feature of his research is that entrepreneurship was seen in the broad context of the general historical evolution of economic systems and is closely associated with the practice of market relations.

Summing up the development of the classical school as to the development of entrepreneurship, V. Zheleznov emphasized that in political economy of the first half of the 19th century the labor of private entrepreneur was recognized as the most effective. The scientist joined the predecessors who believed that “the state by its very nature is a bad boss and that private

enterprise is always and everywhere profitable company, managed by government agencies”.

The situation regarding the participation of entrepreneurs own work in the enterprise radically changed the conditions of monopolized production. In Ukrainian economic literature becomes relevant the question of how to manufacture large size affect the nature of work entrepreneur and the production process as a whole. V. Zheleznov particularly referring to the German statistics, observed that large companies create an environment where “entrepreneur is not involved in the direct labor work.. . even senior management (directors factories) is (or conditions case may be) in the hands of hired persons”. That clearly distinguishing between ownership of capital and capital function, scientists still inclined to believe that the entrepreneur is primarily the owner of capital.

According to V. Zheleznov, concentration of production has changed not only the nature of entrepreneurs’ work; it has made significant changes in the functioning of the market mechanism as a whole. The imbalance between supply and demand, periodic fluctuations crisis, negative socio-economic effects of monopolistic organizations needed to require active regulatory action outside.

Joint-stock companies, by Zheleznov’s definition had “serious economic importance”, facilitate business and contributed to its rise, resulting in the significant spread of corporations in the structure of industrial enterprises of many countries. This, in turn, contributed to the fact that the problems of the characteristics of their organization and activities, and areas of joint stock companies in the system of industrial production have been the subject of serious scientific analysis in Ukrainian economic thought. Referring to W. Sombart, V. Zheleznov cited statistics on their distribution in Prussia and the UK, accounting for a significant increase in shareholding active economic opportunities combined capital. According to the scientist, “in the form of joint stock companies in the industrial scene there is association capital”. And further, emphasizing the positive impact on the economy of auctioning in general, said: “The massive railway and banking firms, large factories, mining enterprises were able to exist in the form of private economic entities only through stock form, which enabled the great capitalists bring to business and little savings people who otherwise would not take a direct part in industrial activity and which, in any case, it would be impossible to organize a large enterprise”.

Despite different organizational forms of capital that occurred during the evolution of the market, V. Zheleznov pointed to a common economic basis of their education — private property and common motifs activity — profit. That is the leading idea of his work was the idea according to which

entrepreneurial activity based on private property, regardless of the capital and its organizational forms, primarily aimed at the interests of businesses and was designed to improve the efficiency of capital employed and increase the profitability of production.

Regarding relations with representatives of employers of wage labor, then, as noted scientist in the late 19th century, there was a possibility of ordering through legal institutions. Dealt with the establishment of factory legislation in the system of economic relations between employers and workers, the adoption of which the domestic industry is due to the then Minister of Finance of the Russian Empire Bunge. Thus, V. Zheleznov stressed the vital role of the latter in the case of establishing legal protection of public interests of industrial workers and legal safety.

V. Zheleznov considered factory legislation as a new milestone in the evolution of the business relationship when the state assumed the obligation to provide certain working conditions, working hours, minimum hourly wage, protection, according to him, the weakest members of the working population — women and teenagers.

Thus, the scientist made a significant contribution to the study of problems monopolized market, in particular, the ratio of its institutions such as monopoly and competition. Using the methodology of the German historical school enabled him to analyze the evolution of the institution of competition, to reveal its forms and methods, to show the process of becoming monopolistic entities. Delivered at the center of scientific analysis V. Zheleznov idea state support certain sectors of national industry, the socialization of the economy characterized the works of Bunge, D. Pikhno, M. Tugan-Baranovsky, Mykhaylo Sobolev et al. Analyzing the peculiarities of the market mechanism in conditions monopolized economy, Ukrainian researchers long before their Western counterparts outlined current and in the twentieth century issues like diversification of production (M. Bernatsky), the substitution effect and the phenomenon of substitution (E. Slutskyy, M. Sobolev, Bernatsky M., M. Tugan-Baranowski), analyzed the impact on economic activity factors of legal, moral, social order (D. Pikhno, Bunge, S. Bulgakov) that complement and deepen their economic analysis.

Zheleznov paid much attention to financial problems. He noted that “requires proper organization and functioning of the financial system to work as it differs more productive if the uniform distribution of the tax burden among different groups of taxpayers”. Among the initiators of the need for financial reform in Russia during the First World War (M. Sobolev, S. Veselovsky, I. Poplavsky) was V. Zheleznov. At the suggestion of the latter, these problems dealt Commission reform of the financial system in the

company named after A. Chuprov. The Commission concluded that reform should follow the general trends of the financial evolution of modern states. A gradual democratization of the nature of this evolution is that the financial system, which relied on the poor classes, “shifts the tax weight on the wealthy classes”. An important tool for this conversion the Ukrainian scientist considered the introduction of new taxes, including income, property, inheritance tax and to increase values. Reforming the financial system one had to anticipate change existing taxes: one of them asked to cancel; others to pass into the hands of the local government (such as the so-called real taxes that taxed the wealthy classes, and land tax for buildings and apartments). In addition, the Commission proposed similar to existing Western systems set excise taxes on some goods and services.

V. Zheleznov attached great importance to the impact of taxes on capital accumulation. The more money, the scientist wrote, borne by the state for their needs, the smaller the share capital is for entrepreneurs. However, important this issue is the distribution of taxes. Taxes, used for education, improved communication and so on contribute to the formation of capital. If the expenditure side of the state is dominated by the cost of excessive development of the defense system, the bureaucracy, the size of the state capital should be reduced accordingly.

Supporting the idea of well-known agricultural economists (O. Posnykov, A. Isaev, A. Chuprov, A. Manuilov, A. Kaufman), V. Zheleznov proposed the idea of the need for economic growth through the farm spread of small agricultural credit, changes in tax policy, regulation of rental relations. The scientist spoke openly about the unsuitability of the Marxist theory of concentration for agriculture because agriculture is continuously decentralizing trends. This view is supported by Tugan-Baranowsky. In its theoretical structure, it was close to a similar point of view of Western economists (Zombara V., E. Bernstein, F. Hertz, etc.).

On the basis of the law of diminishing soil fertility, V. Zheleznov finds that small farms more viable and sustainable than large. His conviction was based on two rather significant specific features of agricultural production: “1) the nature of organic production and 2) a peculiar relation to the market”. According to the scientist, the advantages of large-scale production conditions in the industry (increase in productivity as a result of the social division of labor and replacement workers living hand machines) are critical because of the specificity of agriculture (seasonal work, the advantage of living labor, mostly natural character). In agriculture, unlike industry, according to scientists, the technical principle is not dominant, which led to the victory of large-scale production.

According to the scientist, the benefits of small-scale farming are in the possibility of a small holder to do with lower income than the big capitalist. Venture capitalist is, he noted, for the sake of profits and rents, small is done in order to ensure the existence of the producer and his family. An equally important factor is that small-scale agriculture, which satisfies consumer demands farmer is less dependent on market fluctuations in prices for agricultural needs than the large capitalist economy that works exclusively for sales. Zheleznov was supported by Tugan-Baranovsky, V. Kosinski and other Ukrainian economists.

The scientist did not disregard the question of rent. Special landowner income other than earnings and wages were analyzed almost all economic school, but for a long time, the issue remained controversial. If views on differential rent there is any relative unity, it launched Rodbertusom Karl Marx and the theory of absolute rent caused V. Zheleznov unambiguous rejection, as in most academic economists Ukraine and Russia. V. Zheleznov wrote that Marxist “theory of absolute rent normal can not be accepted. We have seen that Marx said conversion process values in the prices of production does not exist. However, the assumption of this process, all the arguments are based on normal Marx absolute rent. The conclusion usually disappears”.

In his book “The course of cooperation” V. Zheleznov expressed his views on the issue of cooperation, which has been at the center of discussions of domestic economists in the late 19th and early 20th century. Likewise Tugan-Baranovsky, A. Chuprov, A. Isaev, A. Antsyferov that showed the benefits of cooperatives in the improvement of the material wellbeing of the peasants, he advanced the proposition that that cooperation did not deprive the peasants of individual autonomy, enables them to implement benefits as large production and small. This provides them with increased labor income and reduces the cost of consumer needs, facilitates even the poorest peasant families purchase expensive agricultural machines, fertilizers, obtaining loans, etc. In addition, credit co-operatives, according to Ukrainian scientist can peacefully co-exist with huge private banks because of their sphere of influence while not intersecting rational formulation of the case.

According to V. Zheleznov, cooperatives are the main type of management, the most important feature compared with capitalist is that cooperative enterprises are not aimed at obtaining capitalist profits, despite the use of hired labor. “Credit cooperatives”, the scientist wrote “was able to use the technical and economic improvements produced capitalist banking organization, but at the same time has maintained its ethos as other forms of cooperation, taking care not to benefit individuals, not of obtaining the

greatest possible profits, working hard cooperative costly for all institutions goal — improving the economy, together cohesion and moral level rise of small segments of the population”. Tugan-Baranowsky just clarified that the net profit of the cooperative is “sharing phenomenon” that does not get merchants capitalists and distributed among members of society in proportion to their share in production is achieved by the principle of “social justice”. Unfortunately, the cooperative movement in Ukraine that took place after 1905-1907 was suppressed for a long time after the October revolution, and its content is reduced to rural poor union with the city workers the Social Democrats to fight against the whole bourgeoisie.

These same events have changed the attitude of the government and the monetary economy. Even during the “war communism” was nominated project barter, due implementation of which should be eliminated money, comprehensive accounting of natural P. Amos and A. Savich, a natural system of accounting A. Chayanov. V. Zheleznov put forward a fundamentally different idea in his report “The role of money in the commodity” (1920), which gave a certain extent the new coverage value and money. The Ukrainian scientist warned against the danger of attitude to money as “fetish” that dazzles the masses ignorant and dark and retains its appeal only among people affected by outdated social prejudices”. This attitude to money prevailed in the higher echelons of power and had, unfortunately, not only theoretical significance but also directly affects the monetary and financial policy. V. Zheleznov substantiated need of money on the basis of the nature of effective management, which is conditioned by the social division of labor, different interests, legally independent business units. These factors considered, usually in terms of the emergence of private property. “However,” V. Zheleznov said, “separation of interests and the need for exchange turnover is an important factor exchange, which is very true for socialist forms of economy, allow independent income individuals”. Category personal income appears in the works of M. Tugan-Baranowsky, who considered independent income manifestation of individual freedom.

“The conversion of cash income in kind”, V. Zheleznov wrote, “is the deprivation of liberty, frustrating for someone who receives income, and irrational from the perspective of the interests of the economy in general”. Among the important factors that determine the necessity of keeping the money in the new economic conditions, the researcher highlights the function of “cash price” as a regulator of supply and demand and stresses that “this elegant and sensitive anachronism commodity market can not be replaced by an external regulatory apparatus”. The full the function fails to fulfill any public body, except money.

Already in the first years of the concept of “trade” in practice, a new problem — the need to integrate, which means assembly “balance of revenues and expenditures, which again is impossible without money”? According to the scientist, the cash-strapped economy turned to account all economic accounting for an unlimited number of inventory items, which even brilliant minds would not understand how effective is production.

Equally important V. Zheleznov considers the function of money as a regulator overflow of capital. Denial of such a regulator necessarily entails territorial construction production. “Not too mention”, he writes, “the difficulty of direct barter must inevitably lead to constriction of the commodity market and all consequences ensuing, — reducing the scope of the division of labor, death and the impossibility of a new accumulation of large production, dispersion into small self-sufficient society economic units”. Total naturalization of economic life, which relied on excessive centralization of management, naturalization relationship between town and country, the state budget, all taxes and duties, salaries, bonuses, and so on. gave rise to widespread chaos, poverty and unification needs.

The heritage of V. Zheleznov is an example of the revival of the moral aspects of socio-economic research. Appealing of young scientists to it must contribute to the fight against lack of spirituality, which erodes the socioeconomics, social ideology.

This understanding among Ukrainian scholars is importance for modern Ukraine. Shortly before his death in 1933 V. Zheleznov noted that today two paths are open before Ukraine: “serious, decisive reforms and radical renewal of its way of life or movement of former colonies, in the direction to that abyss, where it insistently pulling reactionary forces”. This passionate appeal is the appeal of the Ukrainian scientist to us.

The main works of the scientist: “Essays on Political Economy” (Moscow, 1907); “To reform the modern economic theory” (Kyiv, 1905); “Issues of financial reform in Russia” (Prague, 1915); “The economic outlook of the ancient Greeks” (Moscow, 1916); “Wage. Theory. Politics. Statistics” (Moscow, 1918); “On the theory of money and accounting” (Prague, Moscow, 1922) and others.

ZHURAVSKYY

Dmytro Petrovych

(1810-1856)

Zhuravskyy Dmytro Petrovych is a well-known economist of the pre-reform period (1861).

D. Zhuravskyy was born in 1810 in Mogilev province in a military family. From his early childhood, he was left without a father. As the son of a soldier, he was sent to the First St. Petersburg Cadet Corps, which he graduated from in 1829. Then he worked in Poland and was invited to the capital of the Russian Empire. In 1837 he returned to Ukraine as an employee of the Ministry of State Property in Kamyanets' Podilskiy and Odessa. Then he did special assignments at the Kiev governor-general. Government officials drew attention to the outstanding abilities and practical skills of D. Zhuravskyy. Along with Speransky, he was invited to work in the commissions for the assembly of the Laws. The main scientific works that came out during this period were devoted to developing a system of indicators for the Study of Productive Forces of Ukraine.

At the age of 35 D. Zhuravskyy having a good reputation, arrived in Kyiv (1845), where he received a position of local official for special assignments at the Kiev governor-general. Here D. Zhuravskyy showed his talent of a researcher on deepening financial and statistical science in Ukraine. His scientific outlook on nature and direction of research was greatly influenced by the real socio-political situation in Ukraine caused by the crisis, which matured in this period.

In parallel with the official state position in the General Government, from 1845 D. Zhuravskyy held the position of Scientific Secretary of the Commission with a description of the Kiev school district, which operated at Kiev St. Vladimir University. This post made it possible to reveal the talent of Ukrainian scientist. It was D. Zhuravskyy who developed "Plan statistical description of the provinces of Kiev school district, Kyiv, Volyn and Podolsk, Poltava and Chernihiv ... " (1851), that was praised by the scientific community of Ukraine. This plan which included the comprehensive study of land had national importance, became auxiliary teaching materials for statistical description of particular areas of not only Ukraine but the whole empire.

Based on statistical data D. Zhuravskyy published a monograph “On the sources and use of statistical information”. The book consisted of three chapters: “On the current state of statistics in general and the addition of some social issues”; “On the sources of statistical information in Russia”; “Remarks on theoretical education statistics as a science and the means of creating its foundations”.

In this fundamental work Zhuravskyy substantiated understanding of statistical science as “categorical calculus”, which created the basis for its disengagement from government science and summed theory in the modern understanding of statistics. It is also necessary to recall that statistical science in Ukraine, as elsewhere in Central and Eastern Europe was in its infancy and considered in the context of the State by which narrowed its subject. D. Zhuravskyy matched statistics with new research positions, which determined the future ways of its development in Ukraine in particular, and in the Russian Empire in general.

Active scientific work contributed to the professional growth of D. Zhuravskyy because in practice he relied on the theoretical foundations laid him in this monograph. In his scientific and theoretical writings, the scientist examined statistics in close connection with other social and economic sciences, interested in the morale of the people, which is affected by many factors. His identity as a scholar and depth of intelligence were manifested in the works where he criticized British authors who had simplistically interpreted the interaction of education and morality. D. Zhuravskyy advised not to adopt foreign achievements theories without proper scientific and critical evaluation. His research showed a good awareness of the state of statistical science in different European countries.

Reflections of the scientist on the classification of statistical science in the book are original and distinctive. In particular, he stressed that in nature in the final systematic form, which can take a person, there is no physics, no chemistry or botany or zoology or political economy, neither theory nor empirical, neither synthesis nor analysis. This ordering based on research and systematization makes people because it is unable to comprehend his mind at the same time the entire complex multifactorial the world. D. Zhuravskyy focuses on the sciences that study the natural environment and its most perfect creature -a human being, he positively appreciates the political economy, social physics, and statistics.

With extensive experience working with statistics, the scientist expressed his vision of the essence of science. In his view, the statistics in the broad sense can be defined as the science of categorical calculation. It covers all body phenomena, facts, opinions, etc., which can be divided and subdivided into homogeneous parts and can be calculated for each kind or type apart.

Theoretical developments of D. Zhuravsky were recognized as the most thorough among the Ukrainian and Russian economists.

Most characteristic features of the theoretical statistical system developed by D. Zhuravsky are the following:

- recognition along with quantitative analysis of objects and phenomena importance of qualitative analysis;
- justification of importance of statistical study of economic phenomena;
- determination the causes of economic phenomena and their support by scientific conclusions using statistics;
- study of general social and economic phenomena within social groups and associations;
- establishment of some impropriety statistics by matching and deep scientific analysis of the main reasons;
- scientifically justified criticism of purification of statistical sources from defects;
- based on theoretical achievements creation and justification of a scientific study of the statistical system of the country in which the individual information is placed in order to facilitate comparisons and conclusions;
- new ways creation of processing the statistical data based on the research object versatility of digital content data.

The scientists believed that the statistics as an independent, important for understanding social processes, science has the following structure:

- the most important component is financial statistics, which is divided into basic (basic fundamental), chronological and comparative materials;
- the next of its integral part is the rational statistics, which is divided into elementary statistics and applied statistics.

According to D. Zhuravsky, in scientific research everything that has a direct impact on people in the organization of society can undergo categorical calculation. On this basis, the following main categories can be defined in the research process: climate; area; population; folk life; private property; labor and productivity; taxes and duties; disaster and misfortune; morality; education; public administration; state economy.

The integrity of each of those individual categories is expressed by constituents that are secondary categories, which should keep separate statistical records and considered in the compilation of all categories of statistics.

D. Zhuravsky said: "... In total within those statistical categories all modern society and polity in all forms and from all sides can be defined. No other way of learning can't provide so clear, so close to reality information as statistics, closely associated with the course of events, with the movement

of all popular forces. Much could be said about this interesting subject, but perhaps that what is said may be perceived as an impossible utopia... but ... there were still some miracles!”

M. Ziber, a Ukrainian scientist-economist and Zhuravsky’s contemporary, wrote that when covering the issues reflected in the works of Ukrainian economists state and prospects of financial and economic development of Ukraine and Russia as a whole, researcher of the history of economic thought cannot abstract from the statistical and economic materials and special scientific publications that are widely used by economists in their analytical works. With the birth and development of capitalist relations of production on a market basis in the feudal Russia and, in particular, in the pre-reform period, the issues concerning industrial and agricultural statistics were known to be of particular importance. They attracted the attention of progressive economic thought at the time. The issues of industrial and agricultural statistics of the 40s and 50s of the 19th century in Ukraine were reflected in D. Zhuravsky’s fundamental research and scientific studies.

Of great value was a comprehensive system of generalized statistical indicators of industrial statistics developed by D. Zhuravsky on the base of the advanced financial opinions and his own theoretical achievements, and which was presented in his book “Plan of statistical description of the provinces of Kiev school district” (1851). Having the pervasive and deep scientific nature, for a long time that work was the foundation for all future programs development of industrial censuses in Russia, as well as for the development of statistical and economic thought in Russia and Ukraine. We can judge about the comprehensive nature of the book on the fact that its scorecard, used to display industrial and agricultural statistics, includes not only real material conditions and production results but also social and class aspects of the organization. It enables to study comprehensively specific socio-economic conditions, i. e. the level of industrial relations and their influence on the productive forces. It also describes the place and the relationship of social groups in the social production of the real economy.

The method of statistical groupings designed on a scientific basis and implemented in practice by D. Zhuravsky for the first time in Ukrainian literature directed statistical and economic research opinion in Ukraine to study socio-economic relations in industry and in agriculture. Meeting the requirements of time, that method raised the question of the definition of statistics in a new way.

Before D. Zhuravsky, the impact of the real production on material and social situation of the masses had never been outlined in official government programs of industrial statistics. For the first time in Ukraine and Russia, this issue was comprehensively reflected in the program developed by

D. Zhuravsky, and later in M. Ziber's statistical works, and in the works of other local economists and statisticians. In the 70s of 19th century, M. Ziber considered the most important issues of his program of statistical research were the questions "firstly, what are those social forms that production and consumption have, and, secondly, how much is the labor spent for production of goods for one's existence and how much are they consumed".

During the active scientific activity of Zhuravsky (the 40s and 50s of the 19th century), civilization socio-economic development was characterized by the strengthening of the crisis of the feudal economic system and by the sharpening of social, financial and economic contradictions. These processes covered not only real life but also became the focus of progressive social and economic thought of the country. In his scientific research, defending the interests of the peasantry and the emerging bourgeoisie, he looked for the ways to eliminate economic backwardness of the country, the ways of solving the agrarian question.

In his views and scientific maturity, Zhuravsky occupied a leading place among progressive economists of Ukraine and Russia at the time. Due to his works of statistical and economic and financial character, Zhuravsky gained popularity not only in Ukraine but also abroad. Statistical studies done by the Ukrainian scientist-practitioner can be called fundamental economic research. The most important Zhuravsky's statistical studies are in his three- volume work "The statistical description of Kiev province..." (1852), which is a deep research of the economy of feudal society during its decomposition. "The statistical description..." was a genuine and original research of the time in statistical and economic domestic literature.

According to M. Chernyshevsky, one of the most influential representatives of Russian economic thought, this work was "one of the most precious acquisitions made by Russian (Ukrainian — Ed.) science during the present century". "And, really", Chernyshevsky wrote "Russian (Ukrainian and Russian — Ed.) statistical literature hardly had a work that could be compared with "The description of Kiev province..." in its completeness and accuracy".

An exceptional talent and great erudition actively promoted Zhuravsky's scientific activity while working in the Commission at Kyiv University. The Commission was founded in 1851 with the aim to research the provinces of Kyiv educational district in the natural, agricultural and industrial aspects and their statistical description. Apart from the plan, which included a comprehensive study of the region, Zhuravsky also developed a comprehensive original program by which he began research in the field of population statistics.

Zhuravsky's active scientific activity was closely connected with his public activities as he was a member of the Russian Geographical Society. He submitted the review to the Society his scientific works, and on the behalf of the Society, he performed the analytical and research work.

Zhuravsky was one of the Ukrainian economists who tried to summarize the problems of socio-economic development, which were in the country during the crisis and the collapse of the feudal system and the beginning of appearing of new forms of capitalist treasure. In the area of financial and economic policy, the scholar explained the need for the general public welfare. Material and financial support of national welfare he linked with state's development of productive forces and advocated the elimination of economic and political reasons hindered this progressive society. In his research, Zhuravsky claimed the decline of the feudal system, and he argued that this system of objective reasons became an obstacle to the development of commodity-money relations. By his thoughts and suggestions, he led the reader to the conclusion of inevitable elimination of the feudal system, expressed original ideas on accelerating the development and modernization of social organization aimed at the capitalist system. In contrast, Westerners and Slavophiles, who defended the class privileges, Zhuravsky believed that in matters of economic policy one should proceed from the specific conditions of history and economic development.

Unlike many economists of his time, the understanding of the importance of social change for sustainable development of the economy encouraged Zhuravsky not to share the views of Slavophiles who pulled Russia back. He understood their conservatism and reactionary ideology which, in fact, made the eternal shameful phenomenon of civilized society i. e. serfdom. In his note "On the current financial state of Russia" (1855), written in response to the well-known Slavophile O. I. Koshelev, which was distributed anonymously, Zhuravsky criticized backward ideology of Russification. In his critical articles, he showed that all financial woes of the country reduced to imperfections and economic relations and archaic feudal reluctance active economic activity. Zhuravsky advocated a transition to new economic relations in the countryside, and his proposals were aimed at securing them at the government level. However, he was not a supporter of breaking social order. In contrast to the revolutionary democrat, he did not support the idea of the revolutionary transformation of society, but only economic reforms. The scientist defended the reformist positions of liberalism.

Zhuravsky's open and scientifically justified criticism of existing feudal relations; his aspirations through reforms "from above" to make liberation of the peasants; the transition to capitalist relations in agriculture and industry, which had to become, in his opinion, the foundation of efficient commodity

money economy; criticism of reactionary ideology of serfdom and Slavophiles; a scientist democracy, — all these give reasons to consider him to be a representative of bourgeois liberalism.

Having a large statistical material, D. Zhuravsky investigated a number of issues related to the development of the financial and economic problems of the economy. He was one of the first Ukrainian economists who conducted scientific analysis of formation and development of the country's new capitalist relations that only began to develop in the economy of Ukraine and Russia in the pre-reform period. He also considered the development of commodity-money relations, revealed their importance for the growth of the domestic market and foreign trade, and he was one of the first to investigate the credit turnover and its importance for the development of heavy industry.

Zhuravsky was one of the first Ukrainian scientists and economists to investigate the economy of agriculture. There were some researchers who had already studied that complex political and economic item. But none of them conducted the analysis of agricultural economics, which was based on statistical data and economy of serfdom, as Zhuravsky did. The author's techniques of studying the problems of agriculture were original. The basis of his research was the class structure of feudal production. The scientist initially considered landlord economy as the main decisive link in feudal production, then the farm as its production base. He understood that the basis of economic relations between landowners, on the one hand, and peasants, on the other hand, was the landowner's property of the ground as the main factor and means of production.

In his scientific study "Statistical description of Kiev province", D. Zhuravsky analyzed the relation between the real and financial economy. Thus, exploring the landlord economy, he did not study the tangible side of production, but he analyzed the business profits. The scientist showed that among the most significant income of landlord economy was income from grain production, which accounted for over 49% of the total weight of the profits. Within cereal crops, wheat gave more than $\frac{1}{3}$ of the profit, and in the southern districts of the province, it was more than $\frac{1}{2}$ of all profits from agriculture. By the production in two large estates — Kaniv, in which there were 1849 male peasants and 9646 acres of land, and of Chigirinske, in which there were 2720 male peasants and 17632 acres — D. Zhuravsky showed that a large landowner economy produced bread much more than enough to meet the needs of the estate and its residues were for sale. Bread sale at the market gave landlords huge cash profits. Thus, in the estate of Chigirinske the average cash income in the 40s of the 19th century only from

the sale of products of agriculture was 9944 silver rubles, and it was 7624 rubles income including from the sale of wheat.

The scientist showed the interrelationship between real production and the market based on the statistical data. Landowners received significant profit from growing crops that were in great demand in domestic and foreign markets, particularly sugar beets, special in connection with the development of the sugar industry, fine-fleece sheep and other household activities.

Being peculiar, Ukrainian industry was originated and developed at the means of landlords. Actually, they separate income from factory enterprise as a separate item. With the development of commodity-money relations and the decline of feudalism and the establishment of capitalist relations on this basis, internal market and external trade were increasingly in need of cheap manufactured products based on industrial agriculture that encouraged landowners to organize its economy within the processing of agricultural products. Large landowner's profit from entrepreneurial activity was determined by the fact that agricultural raw material was produced in their economies and labor was free, i. e. they used labor of serfs who were forced to work in the winter and in time free of field work.

According to this approach of organizing economic activity, the farms became more efficient. D. Zhuravsky in the above mentioned work claimed that the profit from each serf was 10 rubles 40 kopecks in the grain-growing estates in the province and 14 rubles 30 kopecks in the industrial estates.

The scientist pointed to the importance of financial security for industrial development of the internal market and the development of foreign trade. For efficient use of industrial equipment in some enterprises, along with landowner's own raw materials a purchased raw material also was processed (e. g. sugar beets). Due to the shortage of labor in large enterprises landlords, especially at sugar mills, a more progressive form of relations between the owner and hired workers was used, i. e. hired labor.

Active development of commodity-money and financial relations and their penetration into large landowner economy influenced the content and nature of these relations in the economy. The transition to new forms of management with the use of new technologies boosted the need for money that forced landlords to increase feudal rents. The growing demand of domestic and foreign markets for grain and agricultural raw materials, due to the rapid development of industry and trade, prompted landlords to increase their arable land and to be engaged in sheep farming. Penetration of commodity-money relations in agriculture and industrial development shaped the impossibility of preserving the old feudal economic system of its natural character. Production of bread and other agricultural products and

raw materials for sale by landlords was a symptom of the feudal system collapse on an active economic basis.

D. Zhuravsky belongs to scientists with the market thinking because in his writings he shows that only active business activities based on the initiative and creativity provide landowners with an opportunity to profitable farming and to receive sufficient cash profits. The scientist tried to show that the existence of industrial enterprises in the countryside and estates, producing significant part of production on the domestic and foreign markets, and the use of modern technology and sophisticated technology, especially in the sugar factories, and wage labor, which had already had an economic relationship, were not characteristic to the feudal system. The feudal system was characterized by subsistence farming system and labor attached to land a manufacturer that was based on non-economic relations, and the employee was actually owned by the lord. A new form of economic relations was also exploitative in nature. Worker's hiring at the feudal manufacturer was of capitalist nature, despite the fact that these hired workers, even for seasonal work in factories, were mostly serfs of other landowners and they used other land plots. This development contributed to the capitalization of landed economy enterprises.

The development of commodity-money and expand the sphere of financial relations intensified capitalization of landlord production. This was an indicator of undermining of the existing natural economic system, destroying of the feudal system in Ukraine and Russia, on the one hand, and the birth of new, agricultural, market, commodity-money industrial relations, on the other hand. D. Zhuravsky noted that the partial capitalization of Ukrainian landlord economy, however, occurred only in the large estates. They became the financial basis for the emergence and development of industry in Ukraine.

The inevitable consequence of the low profitability of small landlords' farms that had the opportunity to do business and whose products were uncompetitive in the domestic and foreign markets was their ruination. Using the statistical material, D. Zhuravsky showed that decline and ruination of Ukrainian landlord's estates were caused by landlord's need of the money, which grew in the development of commodity-money relations, and was not satisfied with those actual profits which the estate brought based on economically low feudal exploitation. On the other hand, a significant portion of receipts, even taken loans secured, landlords used unproductively i. e. for luxury and entertainment.

The destruction and the decline of the old landlord Ukrainian economy most clearly manifested in the growth of debt of landlord's treasury. Thus, in 1847, the landowners of Kiev province pledged 786 estates with 280, 914

serfs, i. e. $\frac{2}{3}$ of all estates and more than % of the peasants to credit institutions. Debt for mortgaged estates amounted to 15, 281, 443 rubles in silver. It was a sign of economic inefficiency on the old basis, ignoring the necessity of restructuring and adaptation to market requirements.

In his studies of socio-economic development, D. Zhuravsky was not entirely free from feudal ideology, trying to revive the economy by improving landlords' agricultural production. So, speaking about the benefits of tinned variable farming systems to systems of three-field to obtain high yields, and hence higher profits, D. Zhuravsky noted that the new system of agricultural production did not find wide application in landowners of Ukraine. However, the reason for this he saw not in economic failure of landlords to rebuild their economy and to apply new technology of production and agricultural techniques, but in the lack of specific agronomic knowledge of Ukrainian landlords, forcing them to resort to foreigner agronomists, what they say, "not every landlord had money for it". The scientist did not completely understand that not the lack of special education but the feudal system, with its routine inherent in engineering and production organization was the cause of stagnation, and that it was the system itself that did not contribute to the development of market relations in the economy, business activity of landlords.

Substantiating the need for new forms of active management on a market basis, D. Zhuravsky made no conclusions about the disintegration and decay of the feudal serf system in Ukraine. However, let his statistics speak for itself. It should be noted that during the activity and scientific research of D. Zhuravsky progressive principles of social and economic thought in Ukraine and in Russia had not ruled, which did not allow the press openly criticized the existing feudal system. Even the scientific note to O. P. Zablotsky- Desyatovsky in which he criticized the serfdom but strongly believed that it was necessary to eliminate it gradually with the benefit of landowners was not published. But even its distribution in the manuscript caused the persecution of the author of the tsarist government.

Despite the widespread use of statistics, works of Zhuravsky were published with great difficulty. Thus, Ukrainian scientists prepared three volumes of "Statistic description of Kyiv province" in 1849, but the book was published only in 1852. However, it had undergone a rigid censorship police, in particular, there had been removed several places in which the author expressed his views on a number of financial and economic issues. Therefore, representatives of Ukrainian progressive socio-economic and financial public opinion could deliver reports at periodicals and journals only with moderate proposals that did not affect the foundations of the feudal system. Their scientifically based proposals were intended to improve the old

landlord's estates based on the new economic situation. Thus, D. Zhuravsky in his articles offered Ukrainian landowners to keep records of the days of serfdom and fees, pointing to the benefits of this method for both landowners and peasants. By implementing such method of accounting the landowners officers of economy, according to the scientist, could be prevented from abusing their position: firstly, to hide from the landlords the part of the collected cash taxes (profitable for landowners), and secondly, to receive taxes several times for the same duties (profitable for peasants).

D. Zhuravsky as "one of the great difference's compared with Russian provinces refers to the procedure for determining the obligations that had been established in the South West Province after implementation of inventory rules in 1848. Installed these rules ought, according to the scientist, have been more fair than in the Great Russian provinces where no peasant obligations depended on the arbitrariness of landlords. The inventory rules as considered D. Zhuravsky improved the situation of farmers, and without prejudice to the general state of landlord's economy sector.

Thus, the scientist in his work approvingly refers to the ongoing reform of the inventory, which almost did not change the situation of the serfs. It only regulated the feudal duties, not touching the base i. e. feudal property. This was also the limitations of D. Zhuravsky understanding of the main reasons for the slow development of capitalist relations in the countryside.

D. Zhuravsky believed that to improve the financial situation of the landlord's estates one should be transferred to the for peasants dues (the so- called obrok). In his view, it would be freed from unnecessary landowner's worries on the farm, and peasants would provide "benefits". To confirm his views, Zhuravsky illustrated an example of Rzhyschiv estate. By order of the owner of the land, the peasants here were exempt from all taxes. They cultivated landlord's field by the community and paid to the owner only rents (in natural form or in cash). They divided among the rest of the natural and monetary profits. The peasants were interested at work in the landlord's field because they had their share of it. The dues created better incentives to work. D. Zhuravsky considered natural and cash rent to be more profitable for landlords and peasants than labor rent. In his opinion, it provided landowners with permanent natural and monetary profit. Peasants also acquired certain autonomy, which stimulated them to productive and intensive labor. The basis for this was peasant's material interest in the work.

In Western Europe the transition to such dues held in the 14th-15th centuries contributed to the gradual liberation of peasants from serfdom, their partial conversion to tenants, accelerating the collapse of the feudal

mode of production. Therefore, the proposal to transfer dues was perspective.

However, the measures put forward by D. Zhuravsky to enhance the landlord economy and simultaneous improvement of the peasants, had an economic sense but did not violate the foundations of the feudal system. However, in the development of commodity production and loan some of them could not take the capitalist character. Thus, D. Zhuravsky noted that landowners for 22 years of their farming paid only interest up to 8 million rubles for the loans to credit institutions in the country. He remarked that landowners could avoid this if, instead of mortgaging their estates, they had put annually in the bank the amount of money they paid now for the loan. The collected in such way spare capital in each estate would have provided landlord's house hold from losses in case of unexpected expenses, e. g. crop failures and so on.

D. Zhuravsky believed that the development of new forms of agriculture is an important cash economy; he advocated the inclusion of agriculture in the banking and credit system that inevitably required restructuring in its market and commodity-money basis. Therefore, the future development of the industry he linked with the market economy that evidently predicted the capitalist development of agriculture. The landlord's cash inclusion in the banking and credit turnover, that the scholar proposed, was aimed at creating market conditions and overcoming limitations and ineffectiveness of landlord economy by feudal householding and the crisis of the feudal system.

As the European experience showed, D. Zhuravsky's desire to streamline feudal obligations by serfs through their regulation and accounting, as well as to transfer peasants from serfdom in natural and monetary dues (or obrok) was a step to new forms of home keeping management, but it did not significantly alter the essence.

Analyzing the development of Ukrainian peasant economy, D. Zhuravsky pointed to economic differentiation of the peasantry. In the process of formation and development of commodity-money relations in the country, and their penetration in agriculture, farmers stratified, highlighting their environment with a small group of wealthy farmers. The overwhelming part of Ukrainian peasantry hardly languished. According to D. Zhuravsky, in Kyiv province in 1845 and traction and half traction peasants were 30%, pedestrian ones — 55%, gardeners and bobyl — 15%. In some districts of Kyiv province, particularly in Tarashcha, gardeners and bobyl constituted one-third of the total number of farmers.

Notably, gardeners and bobyl (15% of households) were not engaged in agriculture. Pedestrian peasants (55% of households) largely cultivated their

land and handed them out traction. For 23% of traction a husbandry farm, as D. Zhuravsky noted, was not only a mean of meeting the necessary requirements but became a source of profit.

According to the scientist, one of the factors being the reason of the depriving a peasantry majority of means of production was introduction into practice the distribution of land and duties between the Ukrainian peasant farms. Thus, in Kyiv province, as well as throughout southwestern part of the country, unlike the Great Russian provinces, allotment of land was carried out not by the number of workers in the household but by the number of draft animals. This approach gave landowners the opportunity to deprive the land of peasants who had no draft animals, and to extend its tenure to increase grain production to market, and to breed fine-wool sheep.

According to the statistics, the minority of peasants (50 thousand people) used almost half of all arable land and grasslands. The second half of this land was distributed among 100.000 households, mostly pedestrian ones. Approximately the same was distribution of cattle and small cattle on farms. Most of the cattle belonged to traction and half- traction. Pedestrian peasants, gardeners and bobyl had no cattle or had only one cow for the whole household, while one traction household had about eight ones. As landlords breeding sheep, households or farms were limited in their use only of hay and pasture land. This led to the fact that many poor farmers could not purchase cattle.

According to D. Zhuravsky, it was not the main factor that caused the economic and social disparities and deterioration of the Ukrainian peasantry. Its differentiation was caused by the imperfection of economic relations and the collapse of feudalism, i. e. the penetration of commodity-money relations in the farm and development on this basis of market relations of production. The process of separating the producer from the means of production resulted in the undermining the basis of the feudal system, i. e. giving manufacturers the means of production. The limited outlook of D. Zhuravsky was in the fact that he in his studies pointed to the secondary factors which were the result, not the cause of the phenomena of the feudal economy during its crisis.

Using extensive statistical material, the scientist analyzed not only the distribution of land and draft animals between farms but also the distribution of basic peasants' foodstuffs, i. e. bread and potatoes. Having a significant portion of the surplus product on their own farm, wealthy peasants took them to market, and therefore, they were increasingly drawn into the sphere of commodity-money circulation. Zhuravsky noted that the wealthy farmer's households, being involved in the commodity turnover, adapted to the conditions of their products sale on the market. They shortened or increased

their crops depending on the demand for bread and other products on the market. Husbandry for them was a source of cash income.

The close connection with the farm needs of the domestic market not only promoted the development of commodity-money relations and strengthened economic market principles, but it also undermined the natural character of the ruling feudal economic system. On the other hand, the active penetration of commodity-money relations in the farm households intensified economic inequality of farms, creating economic conditions for the rapid development of capitalist relations on a market basis.

Making analysis of statistical data, Zhuravsky came to some conclusions. Thus, analyzing the farm economy, the scientist noted that most of the Ukrainian households had not fully provided the family with food and draft animals with fodder. He asked if only a minority ($1/3$) of peasants had draft animals and a field boundary and was actively involved in agriculture earning for their life, what the rest majority of peasants did ($2/3$) of households, i. e. pedestrian peasants, gardeners and bobyl who had no draft animals, and a field boundary. Using statistical analysis, Zhuravsky showed that the significant part of peasants forced to earn for their living being hired by landlords and the rich peasants. These were the first steps towards the development of adequate labor market, which was essential for the absorption of the impoverished peasants.

Analyzing the economic changes in the household keeping system and development of the phenomena that were not peculiar for the feudal economy, D. Zhuravsky tried to rectify the current situation when most of the peasants were unable to lead an independent economy and suffered poverty. He offered a series of economic measures to improve their economic situation, to eliminate the depending on the rich peasants. Great benefits, in his view, would bring peasants teaching them crafts. It could be done by landlords, using the experience of foreign experts to perform it eventually without their services because they were expensive.

This dual approach, i. e. simultaneous care about peasants and the interests of the landlords can be seen in all D. Zhuravsky's scientific works. Zhuravsky's limited scientific outlook was in the fact that he understood the need to "change the system of economic government", but all his hopes of improvement he placed on landlords. Some of his proposals and research activities could not be implemented only within the feudal society, but generally in the class-antagonistic society. Thus, in his view, revealing the question of penetration of the market economy in agriculture, the landlord had to help peasant farmers to buy new draft animals and working tools, develop the household economy, "contribute by all means their strong furnishing and direct on the good path". He also believed that landlords

could ease the economic situation of the peasants by formation of public pastures, hospitals, rural schools.

It's more like a charity than active entrepreneurial economy, where everyone must participate in the economic process.

Good intentions and wishes of D. Zhuravsky remained only wishes because they had no economic basis. They could not be implemented in an environment where the landlord wanted to receive more money and additional natural product of the serfs labor. D. Zhuravsky's measures could improve the economic situation of peasants and significantly effect on the growth of productivity of their labor. It was the general socio-economic imperfection.

With huge expenses of physical serf labor, its manufacturing effect was negligible. "Obviously", Zhuravsky wrote, "that huge amount of work was lost forever and it remained unproductive due to serfdom". To the scientist's mind, it was the main reason for low economic development. But ways of eliminating the problems were far from the restructuring of economic relations in the new market principles.

Unpaid work was the cause of wasteful farming. "Looking at the documents of the annual economic performance of works in various estates," Zhuravsky wrote, "we were often astonished with the great number of working forces that were spent on things that did not bring positive earnings".

Analyzing the use of serf labor in a large estate of Zvenygorodsky district, D. Zhuravsky found that during the summer fieldwork much of serfdom was used for various non-productive purposes. From 45 thousand days of serfdom, only 30 thousand ones were spent productively.

Deepening his studies by using broad statistical data, D. Zhuravsky estimated a number of working days spent by serfs performing serfdom and other obligations in all feudal estates of the province. Comprehensive analysis based on economic calculations was typical for the scientist. He made a calculation of the number of working days, which were necessary for the performance of the volume of work at non-serf production conditions. It turned out that 61418 thousand working days were spent on landowners, while according to his economic calculations, only a little over a quarter of wasted working days were required for this work. Transferring all this into the money equivalent, i. e. giving in monetary terms all weekdays, male and female, D. Zhuravsky estimated that the labor costed 7, 232, 350 rubles to the landlords while the revenue from the estate amounted to 7, 123, 380 rubles. Consequently, inefficient work of serfs did not cover even labor costs.

Later M. Chernyshevsky, one of the representatives of Russian economic thought, together with D. Zhuravsky estimated that if from the amount of income from estates we deduct the income that it brought not feudal labor, the required duties (corvee labor) gave approximately 4, 915, 000 rubles profit. Thus, the difference in the amount of 2, 315, 000 rubles, which was $\frac{1}{3}$ of the cost of the labor expended and about half of the profits was a direct waste of labor due to the negligence of the landowners in the using labor of serfs.

The main reason for overuse of serfs labor by landowners was its relative free of charge. The principles of non-economic relations affected negatively on the general economic situation of landlord's home keeping. D. Zhuravsky drew attention to the fact that in a number of Kyiv provinces there were extra days of serfdom compared to real, economically reasonable landlord household economy needed manpower for field and other productive activities. Inefficient use of serfs labor was everywhere. In general, the province was determined by unnecessary 15 traction days, 19 pedestrian summer days and 140 female working days per family in both discharges (i. e. traction and pedestrian). They were used mostly for "insignificant", i. e. non-productive work that in a market economy would be an unacceptable phenomenon. Zhuravsky wrote, "Do only that part of national labor, which is not desired and forced now, make it free and productive and you will see what the huge increase immediately receive national wealth, how other industries and the financial benefits of society will rise".

The Ukrainian researcher understood the essence of the socio-economic fault of the feudal society, believed that only the replacement of serf labor into hired labor would eliminate waste of the labor and open space for the development of productive forces. But the real circumstances of the epoch and rigid censorship did not allow eliminating openly the root causes of backwardness. Therefore, the scientist sought various ways of rational use of serf labor in a feudal production. Some D. Zhuravsky's proposals were of progressive, market character, in particular, the proposal to improve productivity by using serfs at work as hired workers. The peasants who were used by landowners as officials, according to D. Zhuravsky, could be used directly in manufacturing, i. e. plowing, threshing, or being at the distillery as hired workers on a permanent salary.

The scientist was for the gradual restructuring of the landlord's estates on a commercial, capitalist basis; for the replacement of compulsory serf with labor hired, and hired labor in estates should not be farmers from other estates but from their own. He compared the current system of labor in the developed capitalist countries of Western Europe and in Ukraine and pointed

to the huge benefits of free workers to serfs for the development of the productive forces of society, introducing a tangible potential on which not only a manufacturer, but also the country as a whole grew rich.

Peasants were unable to apply agricultural techniques in agricultural production. Zhuravsky wrote, "So, ... and products are produced in less amount and less profit each farmer can get, and the opportunity to improve their situation is low".

In his studies, D. Zhuravsky paid much attention to the problem of small and small-scale production in Ukraine within the feudal economic system. Based on the economic and statistical analysis, he outlined the economic foundations of low productivity, of decline and destruction of small feudal and small peasant's farms. According to his point of view, there must be small and large farms at the same time, but small property should have priority and financial support of the state. It is the state that should activate entrepreneurship in agriculture.

Much of the statistical material submitted in the works of the scientist concerned the industrial development of Ukraine. D. Zhuravsky considered underdeveloped domestic market, poverty and reducing its purchasing power as the result of the domination of the serfdom system and the lack of communications to be the main reason of its backwardness. The latter, unfortunately, is a problem for modern Ukraine.

Based on his research and findings, D. Zhuravsky drafted agrarian reform. The essence of the reform was the immediate liberation of peasants from serfdom, providing them with half the land on which they held homekeeping before, without compensation, the full separation of peasant farms from the landlord's, creating conditions for their self-development.

Distinguishing Zhuravsky's progressive views on further economic development of agriculture, we note that he was a supporter of the Prussian way of development, advocated the liberation of the peasants from the land "on the rights of full ownership", without "any proprietary obligations", i. e. without compensation.

According to D. Zhuravsky, farmers had to receive two-thirds or half of the field land, which they had owned. He proposed to separate the peasant farm from the landlord's "immediately and fully", thus providing conditions for its self-development. This would give, according to D. Zhuravsky, the possibility of farmers and landowners to join together in economic relations based on free agreement. In fact, by the Ukrainian researcher, deprive the peasants of the land which they had paid landowners for their release would have led to the fact that, firstly, farmers were supplied with insufficient means of production (the old field boundary did not provide the urgent needs of the majority of peasants), and secondly, the farmer fell into bonded

dependence on the landlord by means of this small field boundary that was given to him in the property with his release.

Zhuravsky's efforts to satisfy economic interests both of landlords and peasants, retaining most of the land in the ownership of landlords, on one hand, and transferring the ownership of field boundary, they used before, to farmers, though without compensation and duties, on the other hand, could not lead to liberation of peasants from serfdom and only landowners won in such circumstances. This extra-economic coercion was replaced by almost total economic dependence of farmers. The real peasant field boundary was so small (by D. Zhuravsky, though released of payments), a peasant inevitably found himself in a hopeless bondage. Giving peasants a small amount of land actually did not mean the creation of the independent, separate peasant household free from the landlord, but attachment to the land of peasant landowner meant the insurance of the landlord household with cheap labor. So Zhuravsky's draft of the peasant reform was not again radical but of piecemeal nature.

Thus, D. Zhuravsky was a supporter of slow bourgeois evolution, burdened with vestiges of feudalism as feudal land ownership and bondage. He advocated the elimination of the feudal system, but because of its class limitations, the weakness and fears of the class which interests he represented, the Ukrainian researcher did not refuse landlord's household. He advocated a change in the social system, but such changes would not touch the foundations of landlord domination — their land ownership.

However, despite the limitations of the bourgeois class and economic views of D. Zhuravsky, his deep and rich in factual material economic research played another role in the development of national statistical and economic science and influenced the further development of financial thought of Ukraine.

D. Zhuravsky's proceedings in agricultural economics, industry, credit, trade and population on the eve of the reform in 1861 revealed the decline and failure of the old, feudal mode of production and armed the Ukrainian progressive social and economic thought to fight against serfdom.

The Ukrainian economist D. Zhuravsky did not live up to the elimination of serfdom. He died on 23 November 1856, at the age of 46, in Kyiv, where he was buried. M. Chernyshevsky highly valued Zhuravsky's scientific works and wrote about him "We are sorry that the death had robbed us of Zhuravsky when just the interest, the lack of which he regretted, has awakened, that the death had robbed us of this noble, tireless and gifted scientist, just at that time when the real and useful period for his activities had begun".

D. Zhuravsky belonged to a small group of Ukrainian and Russian economists who in the mid-nineteenth century opposed the dominant socioeconomic concepts (commitment to serfdom and subsistence farming), emphasized the need for assimilation of scientific and practical economic experience of advanced countries of the West. Their plans came true much later but respect and recognition in the scientific community remain eternal.

The main works of the scientist: “On the sources and use of statistical information” (Kyiv, 1846); “On the current state of Russia in financial terms” (Kyiv, 1855); “Materials for the statistics of private property and credit. And on loan transactions in the province of Kyiv” (Kyiv, 1856); “Statistical Review of Expenditure on Military Needs in 1711-1825” (St. Petersburg, 1859) and others.