

## THE ENTITY OF ECONOMIC DYNAMICS

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**Summary:** The importance to solve the problem of the entity of economic dynamics with the help of spatial-temporal dynamics analysis in modern life is substantiated. Various methods and approaches for carrying out analysis of spatial-temporal dynamics in the system of economic dynamics are considered. The basis of the generalized analysis of spatial-temporal dynamics in economic system is offered.

**Key words:** movement, volatility, growth, value, economic dynamics.

**Анотація:** Визначено вважливість рішення проблеми сутності економічної діяльності з допомогою просторово-часового динамічного аналізу у сучасному світі. Розглянуто різні методи та підходи для проведення аналізу просторово-часової динаміки у системі економічної динаміці. Представлений базовий аналіз просторово-часової динаміки в економічній системі.

**Ключові слова:** рух, мінливість, розвиток, вартість, економічна динаміка.

**Аннотация:** Определена важность решения проблемы сущности экономической динамики при помощи пространственно-временного динамического анализа в современном мире. Рассмотрены различные методы и подходы для ведения анализа пространственно-временной динамики в системе экономической динамики. Представлен базовый анализ пространственно-временной динамики в экономической системе.

**Ключевые слова:** движение, изменчивость, развитие, стоимость, экономическая динамика.

The volatility of economic dynamics is due to an objective historical process of social change in its progressive development. The nature of these changes is quantity and quality and spatial-temporal basis. The new state of economic dynamics is due to a qualitative transition, preparing the economy to new forms of functioning in the progressive development process of productive forces.

The economic dynamics is the change (quantitative and qualitative movement) of the economic nature of the phenomena which have a common basis, which affect the qualitative and quantitative characteristics of these phenomena. These changes contribute to the establishment of strict laws in economic development that can remain unchanged for a long time.

Economic theory studies two branches of the economic dynamics: economic statics and economic dynamics. The terms were proposed for the first time by Auguste Conte in sociology. Stuart Mill was the first who began to use them in economics. Later the terms were explained by Ragnar Frisch.

According to Dj. Clark statics is the lack of volatility in five states: number of population, demand for capital, production methods, business forms and desires of people.

R. Harrod considers static analysis as the state of mind. Such dormancy does not mean a state of complete inactivity, but only a lack of investment; as a result economy repeats itself over the time. Dj. Hicks considered statics as the situation that precludes any change and requires no relation either to the past or to the future. That is, the category of time is excluded.

According to R. Frisch, in statics we study only the relationship between states in different periods of time (sequence connection, logs, etc.). An illustration of static analysis is the usual theory of supply and demand, which reflects the relationship between supply and demand at any given time.

The dynamics is a movement, change over time. According to R. Harrod, the economic dynamics is mainly related to the ongoing changes. R. Frisch expanded the concept of economic dynamics, so economic dynamics is the process of change and should embody the functional relationships at various time intervals.

P. Samuelson's definition of economic dynamics states that economic differences in various time intervals correspond functionally. In this definition economic dynamics includes cyclical growth, speculation, stagnation, long-term planning, etc.

Consequently, in statics we study the change of one equilibrium state in comparison with others as a result of changes in the parameters of these states. Thus, professor D.J. Keynes used equilibrium shifts in the comparative statics.

J. Schumpeter also studied the issue of economic dynamics. J. Schumpeter and P. Samuelson called for the use of the mathematical apparatus in the research issues of economic dynamics, but if J. Schumpeter only agreed with the terms of naturalness in application of mathematical methods, than P. Samuelson showed in his work practical need of those methods. P. Samuelson said about the implicit presence of dynamic analysis in the study of Walras, arguing that the statistical system is a degeneration of the special cases in the dynamic system.

Thus, issues of economic dynamics in one or another form are considered by many scientists. However, to date there is no clearly formulated position on the intrinsic characteristics of economic dynamics, there is no clear understanding of the basic forms of economic dynamics its factors and proportions. Also there are no clearly expressed views on the spatial-temporal and quantitative-qualitative component of economic dynamics.

The development of economic dynamics concept nature implies the adoption of dialectically interrelated principles of economic dynamics: the unity of the absolute and the relative, the continuous and the discrete, the stable and the volatile, potential and actual, which will allow to understand the dual nature of economic dynamics, caused by the common bond with the private, as a result of the objectively existing high –quality transitions, some elements of the economic system strengthening and gradual weakening of the absolute or relative of other elements within the existing quality.

The economic dynamics as a complicated and complex phenomenon is characterized by a number of quantitative and qualitative indicators that reflect not only economic but also social outcomes. But the simplicity of economic dynamics measuring through the rates of economic growth is mistaken for its essence. Characteristics of economic dynamics will be such limits as qualitative, quantitative, spatial and temporal.

The world is constantly changing. All current events are nothing more than a movement – or change of the current conditions of the “game”. But one could argue – we are committed to stability. Then, is stability the state of rest? Stability

or relation of any matter that surrounds us is some interaction between the backbone particles of this matter. But any kind of interaction that occurs in space and time is a movement, as well as the movement is the interaction of various elements of the surrounding matter.

What is the basis of any movement? It is the change. The change of the particular set of backbone elements of the system or their interaction.

So, the source of any movement is the interaction of backbone particles, but not all particles, only opposite ones. So the relations between the opposites, is, as Lenin said, citing Hegel, [3, p. 125] is the root of all motion. Such an assertion of inconsistency makes it necessary to specify these opposite sides. The basic contracts in economic dynamics which gives direct impulse toward the movement is the pair volatility-unvolatility. The volatility is consistent variability, the change of certain states of matter, its properties and relations. It is a direct change of the system itself. Unvolatility or relative constancy of matter (the system) is stability, preservation of the previous properties, states of the system, its internal characteristics.

In the real world it is impossible to find a system with well-defined states of motion – whether volatility or unvolatility. The movement, the life of the system itself is a constant struggle of the opposites: volatility and unvolatility. And any system can exist without its basic categories: as a nucleus and the atom. Volatility is the system's ability to the direct change. Unvolatility of the system, like a basic core –is the system's ability to accumulate experience, the historical filament's development of the system. The movement, the development – the life of the system, its dynamics, is a constant interaction between the two basic opposites – volatility, as the ability to adapt to new forms and conditions, and unvolatility as an immutable core of the system, conversion of its base, heritable traits that enable direct differentiation. Any development, any dynamics is the interaction of these states. The community development also includes a “struggle” of opposites in the form of volatility – some external attributes- how material goods are produced, with what kind of means and methods, manual labor, or with the help of modern robots that provide full or partial waiver of manual labor. And unvolatility – the direct product of labor – the needs of people since ancient times, in fact, have not changed: there are basic needs which are also a part of human unchangeable nature, such as the need for food, materials values – clothing, shelter. It is rather the quality of the desired product that changes.

Thus, the basic characteristics of economic dynamics that display its essence is a pair of volatility – unvolatility, not just availability, of these characteristics in the dynamics, but their unity in the struggle of opposites. Only in the course of this struggle the impetus to the movement is born.

### **Conclusions:**

The value of economic dynamics provides a theoretical basis for understanding, practical application and formalization of the complex interaction of time and process. This is a meta-theory in the sense that it can be applied to different species, areas of analysis. Economic dynamics provides general principles of methods formalization.

The basis of such an approach to economic dynamics nature study is the method of dialectical contradiction, it is the struggle of opposites, which continuously forces changes in the state of the system, while retaining the basic unvolatility. Methodological and theoretical basis is a synthesis of philosophic and economic principles and methods of scientific inquiry.

The issues of spatial and temporal aspects of economic dynamics as universal characteristics of economic dynamics are considered. Certain parameters of economic dynamics space-time category make it possible to understand the criteria for putting into practice the essence of the dynamics, to explore options for its development.

Further direction of development of this approach is to develop a system of indicators which would provide a transition to a new level or stage of development, or made it possible to calculate the reason of any recession, or growth and how to overcome it/ achieve. In the specificity of today's economic conditions absence of spatial-temporal consideration' aspects of economic dynamics can lead to disastrous consequences in the form of inadequately existing conditions of building models of economic dynamics, the specifics of inappropriate economic practices.

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