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THE ROLE OF THE STATE IN THE CONTEXT OF THE GLOBAL DIMENSION OF ECONOMIC DEVELOPMENT

The article examines the experience of the last decade in solving the problems of not only the persistence of economic development, but also its inclusion on the basis of such countries as China and the USA. In our research, we used the method of deduction and comparative analysis. The Inclusive Development Index (IDI) and its complex elements were analysed; the dynamics of each indicator were considered using examples of a developed and developing country; and the conditions for the implementation of the inclusion policy in the above-mentioned states were investigated. The result of the study was the determination of the optimal nature of the policy and strategy of economic development, contributing to the reduction of inequality in society and the continued success of countries in the global dimension.

Key words: *inclusive economy, Index of Economic Inclusion (Index of Inclusive Development), Gross Domestic Product, key indicators.*

У статті досліджено досвід останнього десятиліття у вирішенні проблем збереження стійкості економічного розвитку і його інклюзії на базі таких країн, як Китай і США. У нашому дослідженні ми задіяли метод дедукції і порівняльний аналіз. Проаналізовано індекс інклюзивного розвитку (IDI) та його комплексні елементи, розглянуто динаміку кожного показника на прикладах розвинутої країни та держави, що розвивається; досліджено умови реалізації політики інклюзії у вищезазначених державах. Результатом деталізованого аналізу стало визначення оптимального характеру політики і стратегії економічного розвитку, що сприяє скороченню нерівності в суспільстві і тривалому успіху країн у глобальному вимірі.

Ключові слова: *інклюзивна економіка, індекс економічної інклюзивності (індекс інклюзивного розвитку), валовий внутрішній продукт, ключові показники.*

Among the key topics of the current World Economic Forum (WEF) in Dnipro was presented a new methodology for assessing the development of countries – the index of inclusive development. According to WEF experts, the new approach is more complex: it allows taking into account not just traditional macroeconomic indicators and judging on their base about the stability and high rates of the country's development. It is also necessary to consider the well-being of all sections of the population and the quality of their life. The proposed system of calculations radically changes the alignment of forces on the economic map of the world.

According to the OECD (Organization for Economic Cooperation and Development), inclusive growth is an economic development in framework of which we may observe equal opportunities for all segments of the population and equitable distribution of material or non-material goods in society to improve its welfare [1].

The goal of an inclusive economy is to ensure equal access for people to economic independence and unhindered interaction between social groups. In this context, it is not just about bridging the gap between rich and poor, but also about equal conditions for obtaining education, ensuring

health and safety. In other words, it is necessary to achieve the maximum possible balance between economic, political and social opportunities for each member of society [2]. Therefore, an inclusive approach to growth envisages a long-term strategy based on productive employment.

The purpose of the publication is a detailed analysis of the remaining system of inequality in the society of such countries as United States and China. On the basis of the obtained data, it is planned to draw a conclusion regarding the optimal actions of the state to create a prospective economic development strategy.

These two states were chosen as the main objects of study due to a number of reasons:

1. US is a country with advanced economy, China belongs to countries with Emerging Economies.
2. Both the US and China are not on the Top list. According to the 2018 data, the US inclusive development index (IDI) ranks 23rd in the ranking of Advanced economies (Norway is on the first place). IDI of USA is equal to 4.60 in overall score. China ranked 26th in the ranking of countries with Emerging Economies (The first place belongs to Lithuania). IDI of China is equal to 4.09 [1, pp. 60–65].

It is memorable that when comparing the data of the 5-year trend, IDI overall (%) percentage of USA is 1.62%, China has 2.94%. Thus, the pace of implementation of China's Economic Inclusion Strategy 1.8 times exaggerates the pace of the United States. In other words, despite the fact that IDI of China at the moment is lower, it's pace of creating comfortable conditions for citizens is much higher than that of the US.

3. The world community is actively discussing which of the above countries will become the world leader of the 21st century.

Initially, it is necessary to use different methodologies to determine the level of inequality in each of these countries. To get the result, consider the various inequality factors: quintile coefficient, Palma ratio, Gini coefficient.

The quintile coefficient (R/P 20%) is the ratio of the average income of the richest 20% of the population to the average income of the poorest 20% of the population.

Palma ratio (R/P 10%) is the ratio, obtained by dividing 10% of the richest population in gross national income (GNI) by 40% of the poorest. According to the work of José Gabriel Palma (Palma, 2011), the middle-class incomes almost always make up about half of GNI, while the second half is divided between the richest 10% and the poorest 40%, but the proportions of these two groups considerably vary in different countries.

The Gini coefficient is an indicator characterizing the deviation of the actual distribution of incomes of individuals or households in a particular country from absolute equality. The value of the index 0 corresponds to the absolute equality, 1 – to the absolute inequality. Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution [3].

We compare the above indices for a certain period of time of these two countries (Fig. 1).

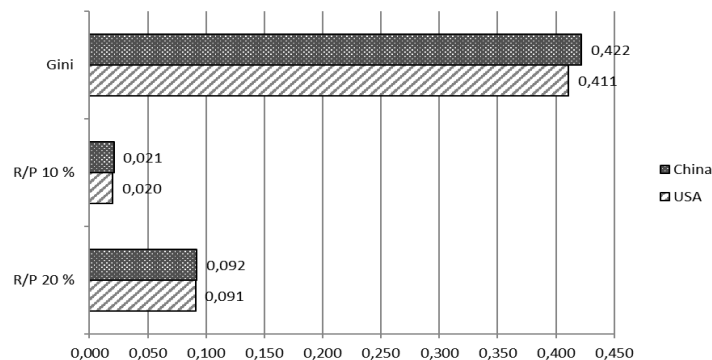


Fig. 1. Quintile income ratio, the Palma index and the Gini index for 2010–2015, according to UN data [3]

It is noteworthy that the coefficients of both countries are almost at the same level. Thus, in order to reach the goal of publication, it is necessary to consider all the factors that are taken into account for determination of IDI.

The *Index of Economic Inclusion* is a coefficient which is used as a modern assessment tool, because it is consonant with the new economic development plans of states until 2030. To determine this coefficient, not only the GDP indicator is used. IDI is a complex index, which is formed on the basis of 12 indicators, divided into 3 main categories (Fig. 2).

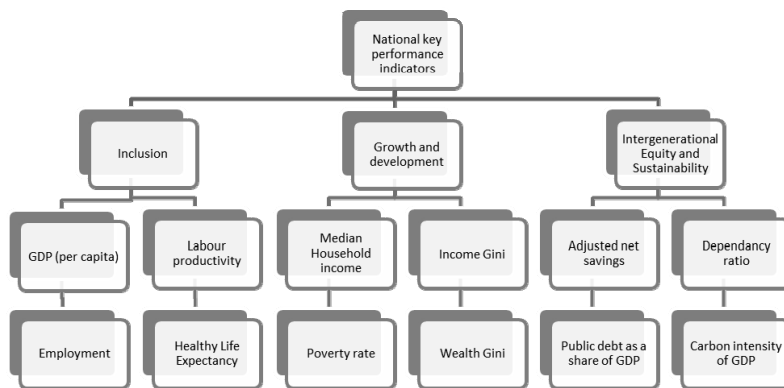


Fig. 2. Inclusive Growth and Development Key Performance indicators [1, p. 19]

A detailed analysis based on the above indicators makes it possible to assess the level of involvement of all stockholders in the process of creating national wealth. By stockholders, we mean all interested parties. These are state bodies, private and state business, shareholders of large business, representatives of public organizations and academia community.

In order to determine the weak economic aspects of such states as China and the United States, it is necessary to consider each of the components of the index separately. As a result, based on a comparative description, it will be possible to determine which actions of the state are fruitful for development.

Initially, we consider the indicators of the **Gross domestic product per capita** of both countries.

Gross domestic product per capita in China during the recent years has been characterized by positive dynamics and rather high rates (Fig. 3).

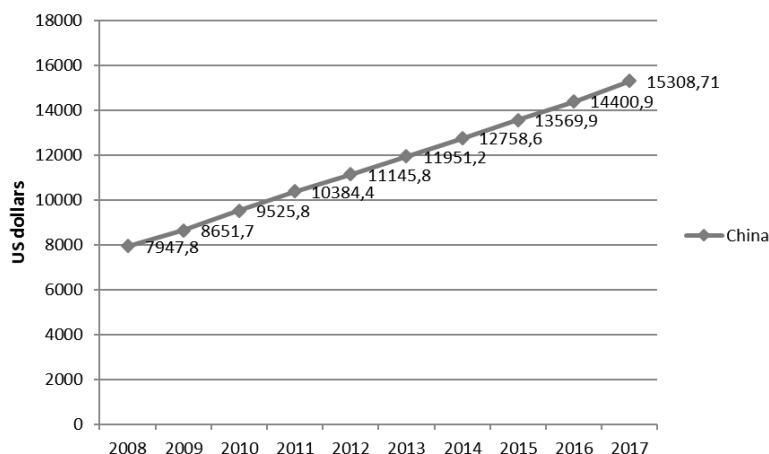


Fig. 3. Gross domestic product per capita in China (in US dollars) during 2008–2017

The Gross Domestic Product per capita in China was on point of 15 308.71 US dollars in 2017. The GDP per capita, adjusted by Purchasing Power Parity is equivalent to 86% of the world's average.

GDP per capita of United States has quite similar characteristics (Fig. 4).

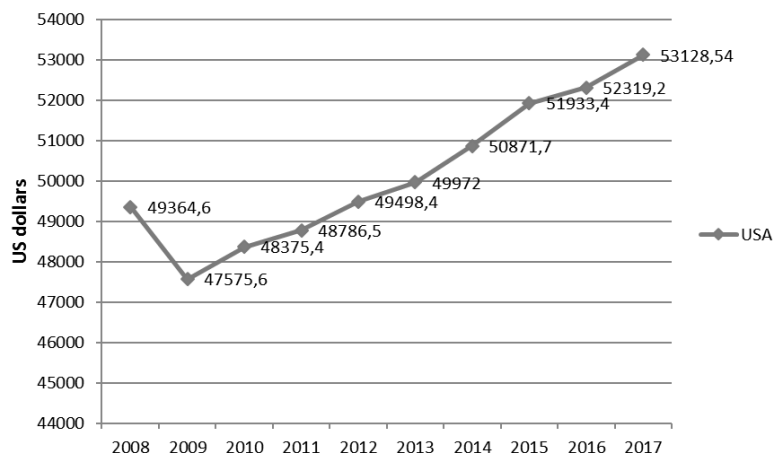


Fig. 4. Gross domestic product per capita in United States (in US dollars) during 2008–2017 [4]

The Gross Domestic Product per capita of the United States in 2017 was 53 128.54 US dollars. The GDP per capita in the United States is equal to 421% of the world's average. GDP per capita in the United States was a record high in 2017, when it reached the point of 53 128.54.

As we can see during recent years, GDP growth has been observed in both China and USA. But GDP Growth rate in the United States as of September 2018 was 3.5%, the previous one (as of May 2018) was 4.2%. There is a reduction in GDP growth by 10%, while in China this rate was 1.6% in September 2018. The previous index was 1.7%. Thus, the reduction in GDP growth was 6%.

It is compulsory for comparison, the dynamics and volume of GDP per capita in the countries that make the top of IDI lists (Fig. 5). **The result of the comparison allows us to determine the growth rates of development of China and the United States with other countries and see the dynamics of the race for “first place”.**

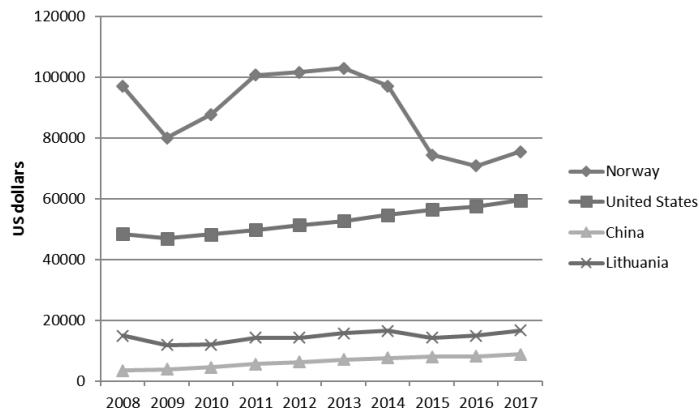


Fig. 5. GDP per capita of such countries as Norway, United States, Lithuania, China during 2008–2017(in US dollars) [4]

The difference in GDP per capita between Norway-United States and China-Lithuania becomes noticeable from the above graph. But it also becomes apparent the convergence of levels.

In 2008, GDP per capita in Norway was 97 007 US dollars, while GDP of United States was 48 401. Thus, 10 years ago, the figure of United States took only 49% of Norway figure. As of 2017, this gap has narrowed. Now US GDP per capita is 79% of Norway's figure. Such a difference is due not only to steady growth in GDP per capita in the USA, but also due to attenuation and a periodic decrease in the growth of this indicator in Norway. The same trend is observed in the comparative analysis of China and Lithuania. In 2008, China's GDP per capita made up only 23% of Lithuania's figure, and in 2017 it was already 53%. But it is important to note that Lithuanian indicators are not marked by sharp "jumps" (unlike Norway), they are more stable without deviations in one direction or the other. Thus, the reduction in the difference in indicators of Lithuania and China was achieved only due to the growth of GDP per capita in China.

Also, it is fair to note that, by observing such dynamics, the United States and China will soon be able to narrow the gap in GDP indicators per capita with countries that occupy top positions in the IDI list.

The next point to consider is **Labour Development**.

With regard to labour law, in China there is no single national or regional minimum acceptable wage for the entire country or a separate province. Instead, the provincial authorities (people's governments or labour and social welfare agencies of provinces, autonomous regions, cities of central subordination) determine the minimum wage in the province for each of the categories into which county-level administrative-territorial units are divided (counties, autonomous counties, areas of cities).

Gradation of counties by category depends on the level of their socio-economic development. The first category includes central urban areas, and the fourth – the least developed and remote areas.

It is often the case that the contract for hiring a Chinese employee directly indicates the salary in the form of the minimum allowable for the region (SMIC), and the rest is paid in the form of a bonus.

Any employee who has worked a year or more is entitled to annual paid leave. But the duration of compulsory leave is set by the Law: *"If the employee has cumulative working experience of 1 year or more but less than 10 years, he/she is entitled to 5 days statutory annual leave; if the employee has cumulative working experience of 10 years or more but less than 20 years, he/she is entitled to 10 days statutory annual leave; if the employee has cumulative working experience of 20 years or more, he/she is entitled to 15 days statutory annual leave"* [5].

Labour relations in the United States are regulated, on the one hand, by **federal laws**, and on the other, by **state laws**. Laws often overlap each other, although formally they belong to different segments of law. Federal law establishes "standards"; however, a huge number of issues related to labour law are resolved differently in each of the states. Federal law establishes a minimum wage and regulates overtime pay for the majority of private and public sector employees. At the same time, state laws may declare their wage conditions. Likewise, federal law has established minimum standards for occupational safety, but each state can work out standards by itself.

The issue of discrimination in the sphere of employment is being considered in the United States at both federal and state levels. Federal law itself prohibits all discrimination, but it insists that each state itself adopt additional acts of protection against discrimination to anyone. Acts can be any, but they should not provide less protection than is provided by federal law. In most states, therefore, laws simply crowd out each other.

Working week is 40 hours. All overtime hours per week should be paid one and a half times the "normal pay rate". Many employers seek to identify some of their employees as "independent contractors" or "volunteers", which make it possible to ignore the requirements of the Fair Labour Standards Act. But the courts usually carefully check the "economic reality" of the relationship between the employee and employer.

The labor laws of the two countries do not affect the indicator of labor productivity, but show the conditions in which the inclusion policy is implemented. According to statistics, China is a leader in terms of the growth rate of labor productivity.

Thus, for example, **if in 2008** in the USA this indicator decreased by 1,6% (in developed countries, a fall is caused by the global financial crisis), when in China rose by 9,2%,

2015 year was very revealing for China, because the situation with the proportions was the following: labour productivity of United States and Japan increased only by 0.9%, and the Eurozone by 0.6%. While China grew by 6.6%. The only country showing similar dynamics in Europe is Italy, with its growth of 5.6% in 2015. Among the neighbours of China, only can boast of such achievements, in which labour productivity grew at an average of 5.3% annually. *Thus, the growth of labour productivity in China is on average ahead of the world level by more than 7.3%.* In 2017 the same dynamics is observed: the growth for China was 6,8%, when for USA it was 0,75% [6].

But China is still far behind the global index. According to official statistics, the labour in China produces a product, for only **7 318 US dollars**, while in the world, on average, labour produces for 18 487 US dollars. For comparison, in the United States the performance of labour is evaluated in **98990 US dollars** [6].

As a result of the foregoing could be the assertion that the gap between developed and developing countries is rapidly narrowing (even if it is not very noticeable at this stage). We can consider the China's accession to the WTO in early 2000 as a main reason for reducing the gap. Because after becoming the part of World Trade Organization, the government of China began to pursue a targeted and tough reform policy to streamline state corporations. Moreover, certain positive results have been borne by measures to create conditions for the private real estate market and to level out industrial imbalances.

The next point we have to consider is **Unemployment** (Fig. 6).

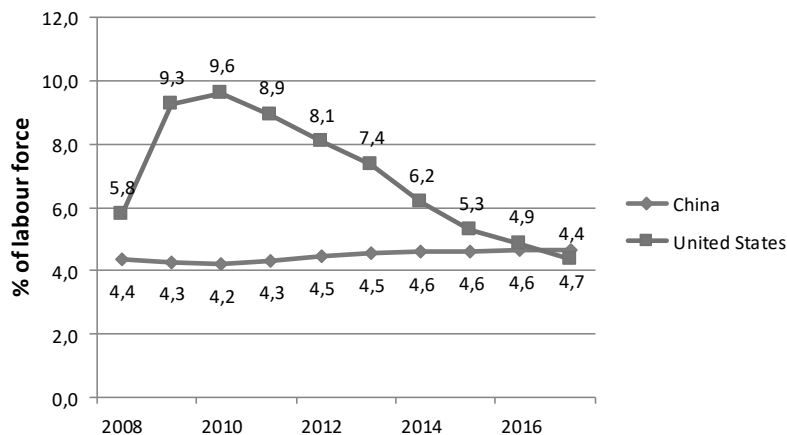


Fig. 6. Total unemployment (in % of labour force) during 2008–2017 years (national estimate) [7]

We note from the chart that during recent years, the unemployment rate in China has been stable. However, it far exceeds the indicators that were recorded in the period of 1990s–2000. Since 2011, unemployment in the country began to grow and reached in 2013 the official figure of 6.4%. However, it should be emphasized here that *the level of real unemployment in China is much higher* and does not reflect the employment of university graduates and rural population. Thus, according to a number of specialists dealing with unemployment in China, about a quarter of Chinese peasants are unemployed. If we add to this figure the percentage of unemployed university graduates, then hidden unemployment in the country can be 30% or even more.

The reasons for the increase in the real unemployment rate in China are the *rapid growth of the economically active population* due to a decrease in the mortality rate, an increase in the average life expectancy, and an accelerated rate of natural population growth. U. Tsanpin (Chinese specialist in demography) in his research asserts that *in the People's Republic of China the growth rates of the working-age population outpace the growth rates of the entire population of the country* [8]. Thus, over the past years, the annual increase in the working-age population in China is more than 10 million people.

Moreover, in the country there is a huge difference in the wages of the population. Despite the fact that the Chinese government for a long time pursued the goal of equal remuneration of labour, at the moment there is a rapid gap between the wages of the economic population of rural provinces and representatives of large cities.

The average salary of women in China is no more than 77% of the salary of their male colleagues, and in smaller cities this inequality is even greater [9].

Paying attention to the dynamics of unemployment in the United States, it can be seen that the unemployment rate is decreasing. But based on realities, there is an acute question in the country about the high level of unemployment among **young people, African Americans and Latin Americans**.

As of 2014–2015, the unemployment of the above-mentioned groups of the population was characterized by the following figures: **19.6%, 11.4%, 7.5%** respectively. Despite the recovery of the US economy after the global crisis, these categories of people have little sense of improvement. Moreover, the Rutgers University report notes that “the growth in the number of jobs is not enough to provide for those who are looking for full-time jobs”. *Only 47.7% of Americans are working full-time*. In the USA, there is a tendency that women with prestigious professions suffer the most from salary inequality. The WSJ survey found specialties where the gender pay gap is particularly large. A study by the WSJ on remuneration for 446 professions showed that women, who have prestigious specialties earn much less than their male counterparts. The largest gap is observed in such professions as a doctor, a compensation manager and a personal financial advisor. Analysis of statistics of the United States Census Bureau for 2010–2014 shows that male doctors who work full-time earn an average of about \$210 000, women – about \$135 000 per year (64% of men's salaries). Personal financial advisers – men earns \$100 000 per year, but women only \$62 000 [10].

Currently, about 20 states in the United States are considering amendments to labour laws that would equalize the salaries of women and men and forbid employers to ask candidates how much they earned at previous jobs. According to the authorities, these actions would help women to avoid obviously unfavourable conditions for employment.

The next component of IDI that we considered is **Healthy Life Expectancy (HLE) of population**.

Although health and longevity have improved rapidly in China in recent decades, there remains a huge gap in equity in health outcomes between different provinces.

The healthy life expectancy (HLE) varies by up to 10 years between different regions of China. The HLE of men is less than 65 years in 12 provinces, but in 6 regions it is **more than 75** (this number of China's provinces is eliminated by Beijing, Shanghai, and Zhejiang, which tend to have the highest HLEs). For females the average age in 12 provinces is **70–71**, but provinces mentioned before against have the highest HLEs (**more than 75**). These levels are comparable to those of advanced developing countries such as France (Beijing), Italy (Shanghai), Denmark (Heilongjiang), and Belgium (Tianjin). Policies aimed at reducing regional economic inequality in China are therefore likely to also reduce the disparities in HLE across China's provinces [11].

Based on the recent data (first quartile of 2018) **the average life expectancy of male in USA is 76, when female is 81** [12].

But the report of the World Health Organization (WHO) for the first quarter of 2018 states that Chinese new-borns have a chance to live a healthy life of 68.7 years, compared with 68.5 years for American babies [11].

The data also shows that America is one of five countries, along with Afghanistan, Georgia, the Grenadines, Saint Vincent and Somalia, where life expectancy at birth is decreasing. Clements-Hunt believes that the growth of social inequality in the country may be one of the factors responsible for reducing the life expectancy in the US

In the overall global life expectancy ranking, America is ranked 40th among all other countries, and China – 37th. During the recent years, China has seen a significant improvement in overall life expectancy. Meanwhile, the total life expectancy in the United States reached a maximum of 79 years in 2014. According to calculations by *Reuters*, China may overtake the United States on this indicator by about 2027 [13].

It is also worth to consider the **Median household income** in both countries.

Household net adjusted disposable income is the amount of money that a household earns each year after taxes and transfers. It represents the money available to a household for spending on different types of goods and services. In the United States, the volume of this index per capita is on the point of **44 049 US dollars** a year, which is much higher than the OECD average of **30 563 US dollars**. Moreover, it is the highest figure in the OECD. Thus, income of the USA is rapidly increasing.

Median household income in China also is positively changing. It increased to **36 396 CNY (5 248.12 US dollars) in 2017** from 33616 CNY in 2016 [12].

So, we may observe positive dynamic of this index growth in both China and USA.

Concerning the **Level of poverty**, its percentage is gradually decreasing in China. The overall poverty rate in the country decreased **from 10.2% in 2012 to 3.1% in 2017**. However, in spite of such a positive trend, the figures representing the level of poverty remain impressive. At the end of last year, according to official statistics from the PRC, there were about 30 million people in the country living below the poverty line [4].

In 2018, the Chinese authorities are planning to withdraw about 10 million people from the category of the least well-to-do citizens and to solve the problem of poverty in 100 counties of the country. This administrative unit will be excluded from the “poverty list” only when the annual income of not more than 2% of residents is less than 2 300 CNY (about \$350). In the least developed western regions of China, the limit is set at 3%.

The Chinese government has set a goal to completely eradicate poverty in the country in 2020 as part of *the policy of building a society of average prosperity* [14].

However, in the United States there is a completely opposite trend. As of 2016, 15% of US citizens (46 million Americans) live below the poverty line, according to Christine Lagarde (head of the International Monetary Fund (IMF)). Although the United States is one of the richest, most powerful and developed countries, but these advantages are not used for poverty alleviation [15].

Adjusted net saving (ANS) measures the rate of saving in an economy after taking into account investments in human capital, depletion of natural resources and damages caused by pollution. Adjusted net saving (genuine saving), is an indicator that aims to assess an economy’s sustainability based on the concepts of extended national accounts.

Positive savings allow wealth to grow over time. This growth ensure the situation when future generations enjoy at least as many opportunities as current generations. In this sense, adjusted net saving seeks to offer policymakers who have committed their countries to a “sustainable” development pathway, an indicator to track their progress in this endeavour [12].

As we may see, following graph illustrate the directions China and USA are taking on the path to sustainable development. In China, positive saving has been associated with substantial growth leading the country to become an important example of success in East Asia. In USA, decelerating saving rates during 2008–2009 years, have been associated with a poor rate of economic growth.

As we may see, the graph above illustrates the straight directions of China and USA toward the point of sustainable development. In China, positive saving has been associated with substantial growth leading the country to become an important example of success in

East Asia. In USA, decelerating saving rates during 2008–2009 years, have been associated with a poor rate of economic growth, but then situation changed.

The next point to consider is **Government debt (as a share of GDP)**.

The gross amount of the debt consists of all obligations that require payment of interest and/or principal debt by the debtor to the creditor on a certain date or dates in the future. The amount includes debt obligations in the form of special drawing rights, currency and deposits, debt securities, loans, insurance, pension and standard guarantee programs and other payables.

As of 2017, the gross national debt of China (% of GDP) is 47.8%, while the United States is 82.3% (Fig. 7).

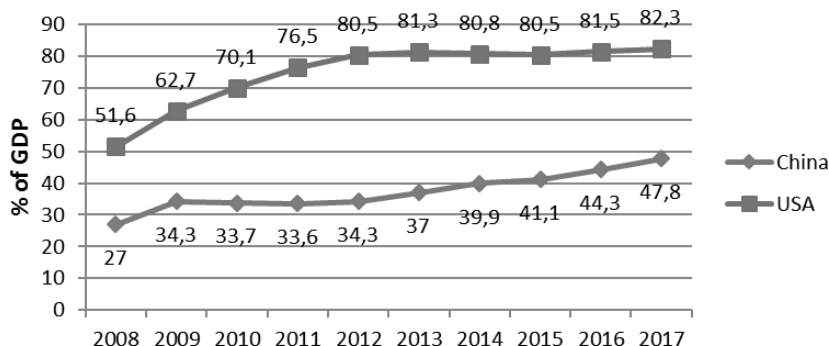


Fig. 7. Gross National debt of China and United Nations (% of GDP) during 2008–2017 years [4]

Public debt per capita in China is 2008 US dollars, while Government debt per capita in the United States is 68 663 US dollars. (Date of occupation is November 22, 2018).

So, China can rightfully be considered the leader in this index.

Next point which is necessary to include in the analysis is a **Dependency ratio**.

The dependency ratio depicts the relationship between economic dependent age groups (not active economic population of country) to those of a working age.

In 2017, this ratio in China was on the point of **39.2%**. This number means that from 100 people of working age, around 39 seniors and children need the support. The dependency ration in USA in 2017 was higher. According to data, this index **was on the level of 52.27%** (Fig. 8).

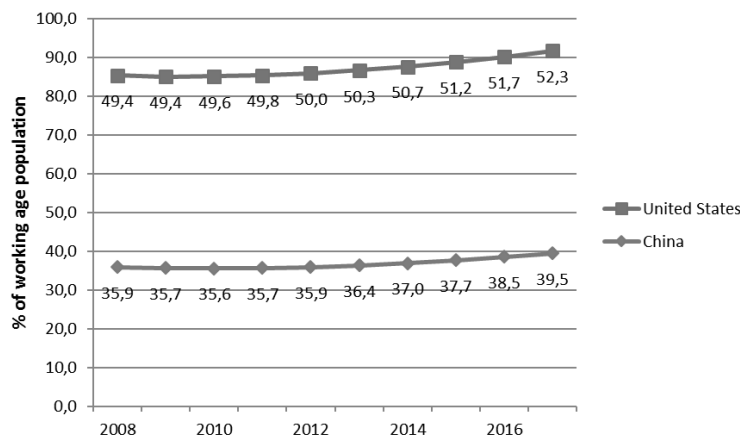


Fig. 8. Age dependency ratio (% of working-age population) during 2008–2017 years [4]

As it becomes noticeable from the chart in both countries, a steady increase in the coefficient is observed. We can observe an increase in the dependency ratio. Such result is achieved mainly due to the fact that the population is living longer. But such tendency causes the decrease in the labour force. As consequence, it could slow the economic growth.

The last index we considered is **Carbon intensity of GDP**. Carbon intensity is the measure of CO₂ produced per dollar of GDP.

As we may see from the diagram (Fig. 9), the level of carbon emissions is higher in China than in USA, but during last decade China is rapidly reducing pollution. The latest available figures come close to the United States pollution data.

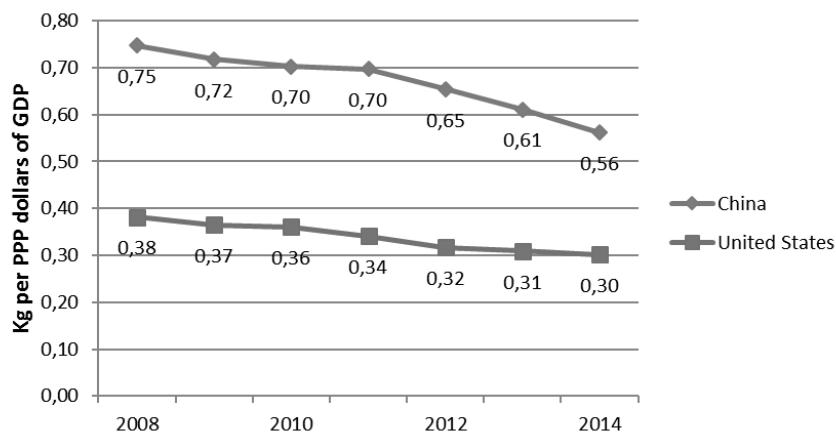


Fig. 9. CO₂ emissions (Kg per PPP dollars of GDP) during 2008–2014 years [4]

Also it is necessary to consider the **disproportion of the regions** of the countries in over the past almost 40 years, China has achieved unprecedented success in development and has become an economic superpower. However, the existing imbalance in the development of regions (increased over the years) is a serious socio-economic problem. And the development of economically less developed western and internal provinces is the most important strategic task.

In a period of rapid economic growth, the state focused on the development of coastal regions, paying less attention to internal and western territories. As a result, now the state is forced to level the resulting imbalance. During the period of reforms, the differentiation between regions increased: if in 1979 the number of regions with the country's average per capita GRP was more than half – **18 out of 31** (75–125% of the average per capita GRP), then in 2004 there were only **6 provinces** [16].

The difference in the development of coastal regions and continental part of state is evident. As result, disproportion and inequality in regional development caused social problems and conflicts that impede stable development.

As for the USA, the territory of the state can be divided into 4 regions, different in their level.

Northeast is the smallest macro-area, but its role in the life of the country is extremely important. Northeast developed faster than other areas. This was facilitated by its wealth of coal and features of colonization. It was in the Northeast that the industrial belt of the United States originated, turning this region into a “workshop of the nation”. The standard of living of the population in this region has been and remains at a high level.

Midwest is an area of large-scale industry and agriculture. Here, on the basis of rich resources of fuel and raw materials, such large industrial centres as Chicago, Detroit, and Cleveland were formed.

The south is a macro region of a great change. The American South was developing much slower than the Northeast and Midwest due to a number of historical reasons. However, in recent decades, this traditional image of the South has largely become a thing of the past. The region ranked first in the country in terms of oil, natural gas, coal, phosphate, power plants, petrochemical plants. 9/10 of the issue of fabrics and tobacco products are now concentrated here.

The West is the youngest in the development of the US macro-region and the largest in its territory. Its rapid development began only after the Second World War, and since then in terms of economic growth it has overtaken the rest of the macro-regions.

The *lowest human development index* is observed only in such regions as Mississippi, West Virginia.

On the basis of the above analysis, it is important to determine which strategy is necessary for government of these countries to follow in order to increase the level economic development and overcome the negative aspects.

The growth of the US economy by mid-2019 may be the longest in the history of the country. Approximately 33% of respondents in economic sphere see the reason for such a long growth in the corporate tax reform. Another 27% indicate a steady increase in wages, and 10% are convinced that this is due to the constant increase in US GDP.

Other researchers of US economic sustainability predict a protracted recession in the country in the near future. This is the forecast given by American economists in a survey conducted by the NABE association. At the same time, 10% believe that the recession will begin next year, and more than half (56%) call 2020 a year. A third of respondents (33%) expect a recession no earlier than 2021.

Experts are less unanimous in assessing the causes that could lead to a decline in US GDP. So, 41% believe that the US trade war with other states will be the main trigger. The most discussed risk is the US trade wars with China, the consequences of which could be devastating for United States.

Approximately, 36% of respondents see the main threat to the US in raising the key rate and the sudden collapse of the stock market. In addition, developing countries that have taken loans in the period of "soft" monetary policy of the United States can face problems in fulfilling their debt obligations, which, in turn, will affect the States.

There is a theory that if investors in the conditions of risk of defaults in search of liquidity begin to sell off their existing assets (investments in US stocks), this can very quickly lead to the end of a long growing trend in the US stock market and its collapse.

For all the above perspectives, we can make a conclusion about the nature of US policy. Most often, the strategy of actions of this state (both at the internal and external levels) is dynamic and comprehensive. Moreover, at this stage, the government pays less attention to the topic of inclusion in all spheres of life of the population than few years ago.

Now, let's consider the policy of China. Along with the policy of "openness", the strategy of inclusive development has become an integral part of the economic reforms of the Chinese government. Since 2004, China has approved the concept of a "harmonious society", based on the principles of inclusiveness: economic growth, equality, permanent and stable development. The Chinese harmonious society is democracy and legality, equality and justice, trust, coexistence of man and nature.

The strategy of inclusive economic development is reflected in the Five-Year National Economic and Social Development Plan of China (Fig. 10), as well as in long-term strategies until 2030 and 2050, where the main goal is global innovative leadership and an innovative nation.

Period	Plan	Essence
2006–2010	The 11 th Five-Year National Plan	Building a harmonious society in parallel with the country's innovative development; focus on the quality of life of the population, ecology and on social development; the construction of "new socialism" in rural areas
2011–2015	The 12 th Five-Year National Plan	Overcoming inequalities and creating an environment for sustainable development; stimulation of domestic consumption and demand; improvement of social infrastructure
2015–2020	The 13 th Five-Year National Plan	Creating a more inclusive society and improving the quality of life, ensuring the formation of a middle class, "safe" consumption and the provision of public services

Fig. 10. Five-Year National Economic and Social Development Plans of China (till 2020) [17]

According to the 13th Five-Year Plan, innovative economic structure, intensive industry, coordinated regional systems, green development, inclusive society, open worldview and economic institutions are key components of China's economic strategy. An inclusive society envisages focusing on internal issues such as education, science, culture and health, intensifying efforts to overcome poverty. An inclusive development model is built on the basis of social justice and the stimulation of domestic consumption.

What government strategy is optimal for the productive development of countries: fast and comprehensive, or calm and consistent? Initially, it seems to us that the correct answer to such an alternative will not be hibernation, but experimentation. Governments should not be passive; however, these experiments should be prudent. Each step should be calculated in such a way that it will bring the maximum amount of information about the economy with the least cost in case it turns out to be erroneous. When choosing a policy course, governments should ask themselves: what is the worst thing that can happen? Small experiments in case of failure cause less damage than large ones. Risk management is an important aspect of policy-making in developing and developed countries. An example of such a cautious policy development is still given by China, not by the US.

Summarizing the foregoing, we can conclude that in modern conditions, constant economic growth needs inclusive development. The Chinese government, understanding the challenges of the future and the global problems of mankind, has taken a course toward internal development in conjunction with the openness and innovation of the economy. At present, China sees the priority of its actions in solution of socio-economic problems and formulation of the policy, aimed at protection of certain social categories and equalization of income. Such priorities were highlighted in the plans of the internal policy up to 2020. Thus, the policy of "small and confident steps" can probably bring fruitful and fast result in the socio-economic system of the country. This will ensure a long-term socio-economic effect – permanent economic growth, access to secondary and higher education, medicine, the formation of a middle class and an innovative nation.

At the same time, the socioeconomic inequality observed in the United States has its roots in the long recession of 2008. The country's economic growth has been low for a long time and has benefited only a few. Such a picture during the decade was complemented by a dynamic policy of the state's government and activity at the international arena. Therefore, in spite of the growth of the economic indicator, social problems have arisen in the USA, which have eradicated the policy course in the opposite direction from the development in an inclusive way.

Some experts question such a steady move "step by step" and fully certain in some cases "bad times give rise to good policies" [18]. But it is necessary to remember that for each state it has its own approach. The role of the state in the context of the global dimension of economic development is extremely important. Because choosing the right strategy is a literal step, which determines the continued future success of the country and equity, observed in its society.

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THE ROLE OF THE STATE IN THE CONTEXT OF THE GLOBAL DIMENSION OF ECONOMIC DEVELOPMENT

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This article is devoted to the topic of inclusive economic development in the global dimension. The publication is an analysis of the components that determine the overall inclusive development index of countries such as the United States and China. The main purpose of the publication is the result of a study of the existing system of inequality in society, economic growth trends, directions of political development strategy and ways of self-realization of the above-mentioned countries. We

conducted a fundamental theoretical assessment of economic growth data, reviewed statistical trends over the past decade on the basis of a developed and developing country. The deduction method and comparative analysis were used during the research. The result of the work is the determination of the character of the state's optimal policy in order to ensure equal access for people to economic independence and unhindered interaction between social groups, as well as ways to achieve a balance between society and the state. The results of the work are relevant due to the introduction by the world community of an inclusive development index (to replace the GDP indicator for determination of the level of countries' success). The obtained analysis makes it possible to predict the further actions of the aforementioned states in the framework of the following the course of existing domestic policy. The international comparison shows that countries with greater inclusion of the socio-economic system are more resistant to external threats and economic crises.

In modern conditions, constant economic growth needs inclusive development. The Chinese government, understanding the challenges of the future and the global problems of mankind, has taken a course toward internal development in conjunction with the openness and innovation of the economy. At present, China sees the priority of its actions in solution of socio-economic problems and formulation of the policy, aimed at protection of certain social categories and equalization of income. Such priorities were highlighted in the plans of the internal policy up to 2020. Thus, the policy of "small and confident steps" can probably bring fruitful and fast result in the socio-economic system of the country. This will ensure a long-term socio-economic effect – permanent economic growth, access to secondary and higher education, medicine, the formation of a middle class and an innovative nation.

At the same time, the socioeconomic inequality observed in the United States has its roots in the long recession of 2008. The country's economic growth has been low for a long time and has benefited only a few. Such a picture during the decade was complemented by a dynamic policy of the state's government and activity at the international arena. Therefore, in spite of the growth of the economic indicator, social problems have arisen in the USA, which have eradicated the policy course in the opposite direction from the development in an inclusive way.

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