

*Economic theory*

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**SUBJECT  
OF ECONOMIC THEORY**

**Abstract**

The definition of the economic theory subject is still under discussion. In order to do it, the authors find it appropriate to use the methodology of the shortest, most detailed, and complete definition of the science subject. This approach allows to evaluate the structure of economic theory in a new way, in particular, its relations to political economy and economics as well as correlation between the latter two sciences.

**Key words:**

Economic and productive relations, human behaviour and activity, scarcity of resources, methodological base, positive and negative aspects, profit maximisation, revenues and costs, subject of economic theory.

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The economic theory course, taught at higher educational institutions of the former USSR, was excessively idealised and, oversaturated with Marksists' notions, which often were deformed and adapted to the needs of Soviet Party leaders and state apparatus. The textbook by an American economist Samuelson P. *Economics*, translated to Russian in 1964, was published in a small edition and meant only for scientific libraries.

*Political Economy* as an academic course was abolished in Ukrainian higher educational institutions after the USSR had collapsed. Instead, a course in *Economic Theory*, which was considered to be *Economics* by many lectures, was introduced, that effected negatively both scientific disciplines, in particular, in terms of defining the subject of economic science, which has resulted in essential divergence in its definition.

### **Basic Viewpoints on the Subject of Economic Theory**

As a result, different viewpoints on the subject of economic theory were developed in Ukrainian and Russian scientific literature. First of all, the study of individual or group behaviour and activity that pursue the profit maximisation under conditions of scarce resources and unlimited needs is considered to be the subject of the scientific branch [25:12].

Given definitions are mostly borrowed from Western textbooks. Thus, out of seven definitions on the subject P. Samuelson considers the following to be the main, «It is a science which studies how people and society make a final choice of scarce resources in order to produce different goods and distribute them for consumption» [28:2]. Other American economists Campbell R. McConnell and Stanley L. Brue declare that economics is «an analytical economy which studies human behaviour in the process of production, distribution, and consumption of material goods and services under conditions of scarce resources...» [10:7].

Thus, despite of certain differences in the given definitions, they have a common feature in putting an accent on the study of an individual, his behaviour, needs, etc. Among about 30 English definitions of the subject this particular viewpoint is most precisely expressed in the definition of an English economist L. Robbins, «Economics is a science which studies individual behaviour from the perspective of relations between its purposes and scarce resources, which assume alternative use» [11:4]. This is the most popular definition in the modern western economic literature.

According to the second viewpoint to which a number of Ukrainian and Russian economists adhere, the subject of economic science are «economic re-

lations between individuals and social groups, developed in the process of production, exchange, distribution, and consumption of goods» [4: 36–37]. At the same time, some authors use a generalised concept of «economic agents» instead of giving specific names to these agents [16; 5; 7].

The third point of view is supported by those scientists, who assert that economic science studies «...socio-economic and organisational-economic relations in their interaction with productive forces development and a correspondent scientific and technical progress, as well as economic laws which determine production process, distribution, exchange, and consumption in different historical periods» [2: 13–14].

Another group of economists considers economic system, its laws, rules, and mechanisms to be the subject of economic theory. The *Large Economic Dictionary*, for instance, specifies that economic theory is «a set of scientific viewpoints on economic systems, economic development, as well as economic laws and mechanisms» [3: 736].

The fifth basic group of scientists makes an attempt to combine the definitions of the subject of political economy with the above mentioned most widespread definition of the subject of economics. Thus, Yu. Palkin believes that economic theory «studies laws and factors of production, distribution, exchange, and consumption under conditions of market economy»; «productive relations of people in close connection to productive forces and superstructure of economic basis», as well as «economic behaviour of people in the process of production, distribution, exchange, and consumption of goods» [5:4]. Almost the same definition is applied by some authors to the subject of another science – political economy, which, in their opinion, «studies the overall system of economic relations in their integrity and interaction with scarce productive forces, and political, ideological, and social institutions of a society. It reveals how people and society should make their final choice to use rare resources, produce different goods and services most efficiently, distribute and estimate in order to achieve maximum satisfaction of individual needs' [13:13].

The sixth viewpoint is represented by those authors, who affirm that «...the content and limits of the subject of fundamental economic science are determined by the problem of wealth. Economy, political economy, economics reflect not only historical stages, but also specific elements of the fundamental economic science to which the research of directions, levels, and spheres of the subject is related. However, the latter elements do not specify the whole variety of its (fundamental economy's) subject's range. This is, in fact, not possible, since its ontology and gnoseology have no limits other than wealth.» [20: 61–62].

The formation of an integrated, generalised notion of the subject of economic theory is hampered also by a variety of other factors. Firstly, the identification of economic theory with political economy is one of them. Well-known western economists (Samuelson P., Marshal A., etc.), as well as some Ukrainian scientists (Bashnyanyn H., Bobrov V., Tyvonchuk I., etc.) adhere to this idea.

Secondly, different names of economic theory exist, among which «analytical economy», «economy» (American economists Edwin G. Dolan, David E. Lindsey), «theoretical economic science», «general theory of economy», «theory of economy», «normative theoretical economy», «positive theoretical economy», «general economic theory», «fundamental economic theory» are met most frequently.

Thirdly, significant divergence in authors' opinions concerning the structure of economic theory is present. Thus, some authors distinguish macroeconomics and microeconomics within the scopes of this science; others distinguish economics, fundamentals of economic theory, macroeconomics, and microeconomics; the third group of authors distinguishes political economy, macroeconomics and microeconomics [7:16]; the fourths attribute macroeconomics and microeconomics to applied branch sciences, each of which has its own subjects and methods of study, «...its theory, laws, and categories, which help to explain studied phenomena» [14: 52].

The above mentioned explains the necessity in critical analysis of the given viewpoints in order to single out certain positive and negative aspects, and to substantiate our own theoretical and methodological approaches to precise, scientific definition of the subject of economic theory.

### **Critical Analysis of Modern Economists' Viewpoints on the Subject of Economic Theory**

We believe, that the first viewpoint, which asserts that the subject of the economic theory is individual and group behaviour and activity, joint activities of people, and business behaviour aimed at profit maximisation under conditions of limited resources, or in process of production, distribution, and consumption of goods and services, etc. is least constructive. This is, first of all, caused by the substitution of one unknown notion (the definition of the subject of economic theory) by another amorphous category (human behaviour) in the first part of the definition, which should obviously contain the greatest theoretical and methodological value.

Second, a significant share of population in developed countries, which is able to work, does not strive for profit maximisation. This is, first of all, true for those, who are employed in public sector, service sector, and different non-profit organisations. Consequently, these people – according to the logic of the former definitions – cease to be the object of the study, that does not correspond to the essence of economics, which presumes that, for instance, revenues and costs of all layers of population should be included in the calculation of GDP.

Third, according to the definition, economics should not study unemployment problems, which contradicts the subject of western economic science.

Fourth, if we do not emphasize economic relations between people in the first part of the definition of the subject of economic theory, it leads us to studying relations between people and things. Therefore, it is not surprising that the definition by L. Robbins (economics is a science that studies individual behaviour from a perspective of relations between its purposes and limited resources) is a glaring example of such an unconstructive approach.

Fifth, the above-mentioned definitions do not direct us at substantiating economic laws in the process of various economic systems development and functioning. At best, the laws, formulated by western economists, reflect a process of interaction between people and certain goods (i.e. things) or between things themselves. These, in particular, are the law of diminishing factor productivity, the law of increasing costs, the law of increasing opportunity costs, the law of increasing marginal costs [8: 546, 547].

Sixth, the definition of the subject of economic theory with focus on human behaviour expounds atomistic and subjective approach to the study of economic events and processes.

Seventh, such a definition does not take into account differences between individual (physical persons) and corporate (enterprises, firms, companies, etc.) agents which are essentially different even though the latter are represented by individuals or groups of people.

The definition of economic theory with focus on human behaviour, can lay claim to confining the science to such economic discipline as marketing, at most. In particular, the consumer behaviour study is one of the marketing research elements. From a methodological viewpoint, this means reducing the whole to its separate elements.

Additional theoretical and methodological drawbacks arise because the definition of the first group corresponds to the behaviour of people under conditions of limited resources or utilisation of scarce resources.

However, by focusing attention on the study of scarce resources, P. Samuelson and other authors are being seriously illogical. In fact, under condition of capitalist production, labour force and labour resources are not scarce. Almost every country has a multimillion army of unemployed, and there is almost a billion of unemployed, increasing per 50 mln. annually, on the planet in general. In regard to them, we can talk only about a relative scarcity of certain types of professions. According to the above-mentioned definition, economics should not study such problems of economic theory as labour market (including unemployment), but only take into account the scarcity of vacant workplaces. But economics, in fact, studies labour market, which proves the discrepancy between its subject and its essence, as well as its structure.

The same inconsistency exists with regard to production capacities (one of the capital goods, as named by western economists), since their rate of operation reaches about 75% under favourable economic conditions in developed countries. In general, according to the expert estimations, at present time the amount of food produced exceeds normal needs of people almost four times, but still, about 100 million people die of starvation every year.

The major fallacy of focusing on limited resources in the definition of the subject of economic theory became most apparent in mid-1970s, when the information revolution and the creation of information resources on its basis started in developed countries. Such resources, according to estimations of western and national economists, are unlimited. At the same time, some kinds of inexhaustible resources are limited.

As to the second viewpoint (according to which the subject of economic theory are economic relations of people, which develop in processes of production, exchange, distribution, and consumption), its serious drawback is a lack of relationship between the subject and the object. When the authors of this viewpoint name individuals and social groups as the subjects, they do not define objects, production and appropriation of which invoke these relations in different spheres of social reproduction. Furthermore, substantial divergences appear in viewpoints of Ukrainian and Russian economists in defining a structure of economic relations and a sense of property as an economic notion.

Thus, the authors of the *Modern Economic Dictionary*, for instance, define economic relations as relations «...between people concerning belonging, division, redistribution of property objects» [15: 315] and state that the latter represent property as an economic notion. T. Volkov defines economic relations in their interdependence and codetermination as relations between economic agents «concerning production, exchange, and consumption of goods and services» [24: 18]. Other authors identify economic relations with production relations [1: 19; 6: 51–52].

Economic content of the second viewpoint is close to that of the third group of scientists, who define the subject of economic theory as socio-economic and organizational-economic relations. It is considered that the two mentioned subgroups of relations (socio-economic and organisational-economic) are distinguished within the scope of economic (production) relations.

We believe that it is inappropriate to identify economic and production relations in theoretical and methodological sense under modern conditions.

First of all, a separate subsystem of such relations that develop along with progress in technology and are defined by the latter, which is grounds to distinguish a notion of «techno-economic relations», should be set apart within the scope of the system of economic relations. Techno-economic relations create a technological way of production along with development of productive forces. Practice proves that such elements of techno-economic relations as specialization, cooperation, production clusters, production concentration, economic activ-

ity exchange among people, etc. develop together with technological progress. These specific relations constitute social character of production or a production pattern, opposed by an appropriate kind of expropriation.

Hence, we conclude that there are two types of development of productive forces, and consequently, two appropriate forms of identifying them under certain conditions: public pattern (economic proprietarial relations – form of expropriation) and techno-economic pattern (techno-economic relations – form of production). This conclusion has not only a theoretical and methodological importance, but also a practical one, since in order to supply a constant progress of productive forces it is necessary to improve not just the forms of property, but also specialisation relations and other elements of technical and economic relations.

Secondly, at the end of the 19<sup>th</sup> – beginning of the 20<sup>th</sup> centuries one more subsystem of economic relations – organizational-economic, main elements of which are management and marketing – begun to develop. Specifically, an American scientist, F. Taylor, set scientific fundamentals of management in his works *Management, Principles of Scientific Management*, and others.

Since Taylorism has been introduced and marketing research has become widely spread, we believe that one more form of productive forces development began to set in, that is an organizational-economic one (expressed in organizational-economic relations). In Ukraine a majority of economic agents lack scientific fundamentals of implementing management and marketing in conducting their economic activities, which so far do not represent a form of productive forces development, and are hampered significantly.

Making a preliminary conclusion from the above statements, we would like to say that the viewpoint of those authors, who define the subject of economic theory as economic relations between people in different spheres of social development, is a logical one.

The concept of «relations» is a fundamental one in philosophy (this was first pointed out by Aristotle) since it characterizes interdependence of a particular system's elements and interdependence of separate systems when a system becomes complicated. This conclusion is derived from statement by Hegel, according to which any particular object or phenomenon relates differently to other things and phenomena, which is a basis for determining their characteristics; thanks to these characteristics object and phenomena interact with each other. Moreover, a characteristic of a particular object can be the relation itself; in other words, the relation serves as a characteristic or an attribute of the particular object, in this case. It means that relations can determine properties of a particular thing and vice versa; very often it is not the subject that determines characteristics, but the characteristics that determine the subject's content. Synthesis of relations between subsystems and elements makes up a complete system. Existence of essential relations between things and phenomena as well as between their characteristics forms a category of «law».

This way there is a characteristic of an employed worker representing only a relation between a worker deprived of implements and an owner of such implements, who buys labour force; the constantly repeated process of a labour sale and purchase results in labour value and price stipulation.

Similarly, such a definition of the subject of economic theory is incomplete and needs to be defined specifically further. For this purpose the fourth viewpoint, mentioned above, according to which economic systems are the subject of economic theory, should be analyzed critically.

A textbook by Russian economists *Economy*, edited by A. Bulatov, states that «aggregate economic processes, which take place within a society on a basis of property relations and organizational and legal forms that are functioning in the society, represent an economic system of the society» [23: 14].

Another textbook, *Economic Theory*, edited by I. Nikolayeva, asserts that «production relations in aggregate make up a particular economic system, in which relations of property are fundamental» [26: 10]. One more Russian scientist M. A. Sazhyna defines economic system as a «unity and interaction of techno-economic and socio-economic relations» strengthened by organizational-economic relations, in other words, by an organisational and managerial system of the whole economy and its segments [16: 22]. E. Borisov states that «economic system is an integral set of tightly connected economic relations which arise in the process of production, distribution, exchange, and consumption of tangible and intangible goods and services» [4: 32]. The *Modern Economic Dictionary*, written by Russian economists, states that an economic system is «a historically generated or established set of principles, rules, and legal norms, which function in a country and determine forms and contents of basic economic relations that arise in the process of production, distribution, exchange, and consumption of an economic product» [15: 324].

Some authors include into economic system not only separate elements of economic relations, but also the production forces. The textbook of H. Klymko and V. Nesterenko, for instance, defines economic system as «a sphere of productive forces and economic relations functioning, the interaction of which characterizes organizational forms and kinds of business activities» [13: 623]. In the *Large Encyclopaedia*, published by Russian economists, economic system is defined as «a system of social production, that is a set of productive forces and production relations» [3: 623].

The major drawbacks of the latter definitions are, first, bringing economic system to production relations, which, as stated above, is scientifically incorrect; second, attempts of some authors to include into the economic system legal forms and legislative norms, i.e. superstructural relations (such an over-extended definition at the same time, is accompanied by the elements of economic system); third, ignoring such an important element of economic system as productive forces in most of the definitions.



We believe that it is most logical to consider an economic system as a process of interaction of the following five elements: 1) productive forces; 2) techno-economic relations; 3) organizational-economic relations; 4) productive relations, a systemic essence of which is determined by economic proprietarial relations; and 5) basic elements of an economic mechanism (since the latter contains also superstructural elements – government regulation of economy by means of legal and administrative levers).

Each element of an economic system, as well as its subsystems, is characterised by its own laws of development and functioning, integrated by economic laws and regularities, primarily, by the fundamental economic law. But, this problem is subject to another research.

If we synthesize the positive aspects of the above given definitions and take into consideration the critical analysis of their drawbacks, we can come to a conclusion, that the subject of economic theory is defined as economic relations in the process of their dialectic interaction with the development of productive forces in every sphere of social reproduction, the integrity and organization of which (the interaction process) is provided by a modern economic mechanism.

The economic mechanism is a set of basic forms, methods, and levers of national economic management by means of using economic laws, settling economic system discrepancies, realising proprietarial relations, as well as human development, and coordination of major types of interests. The main subsystems of economic mechanism are state regulation of an economy, monopolistic (including oligopolistic) regularity, and the mechanism of market self-regulation. Each of these subsystems, in its turn, consists of different elements.

Those authors, who do not take into account the development of productive forces while defining the subject of economic theory or economic system, make serious theoretical and methodological mistakes. First, in this way the authors reject the importance of studying the individual (as the major productive force and the subject of every subsystem of economic relations, especially of economic proprietarial relations), his needs, interests, and goals.

Inclusion of productive forces into the subject of the science presumes the study of efficiency of their development, as well as their social and economic efficiency when studying the process of productive forces dialectic interaction with proprietarial relations. Overlooking productive forces, the essence of which is characterised by the individual's attitude towards nature, gives no possibility to study the interaction (mutual conditionality, mutual penetration, mutual denying, etc.) of the two sides of the economic and especially social ways of production, and hence, one of the major forces that drives economic system development. Moreover, such disregard would mean ignoring such important economic categories as labour, means of production, labour force, needs, etc.

The above-stated definition of the economic theory subject should, in our opinion, be considered at first order essence level. In order to deepen the definition, that is to disclose it at the second essence level, it is advisable to partially

take into account the viewpoint of the fourth group of economists, who assert that the subject of the given science is represented by an economic system, economic laws and regularities of the system's development only. Partially, since it is more logical to study basic components of the given system (productive forces, economic relations, economic mechanism) in view of their interaction and, to some extent, each of the components' role in such a system instead of economic system itself. Such a role is most precisely studied in a case of economic mechanism.

Thus, taking into account transition to the deeper contents, the economic theory subject is represented by economic relations in the process of dialectic interactions with productive forces development in all spheres of social reproduction, as well as determination of laws and regularities of this process, integrity and order of which support modern economic mechanism.

As to the definitions of the subject of economic theory given by the fifth group of economists (who attempts to combine the subject of political economy with that of economics), their major drawback from a methodological perspective is their eclectic nature, that is a mechanical combination of different in content notions from the two economic theory components. Moreover, these definitions include one of the unconstructive definitions of western economics discussed above, borrowed without any criticism. It should also be added, that a notion of «behaviour» is defined here as «a way of life and activity» [3: 458], and hence one undefined concept (behaviour) is replaced by another one (way of life and activities) which is also not specified. From a theoretical perspective such a mechanic of borrowing has a drawback of focusing only on the study of human behaviour in the process of social reproduction in different spheres with respect to tangible goods and abstracting from intangibles, while it is in the production of the latter that a major part of the population of developed countries is involved. Another dogma of western economic science in the form of economics, uncritically borrowed by the authors of the above given definitions, states that those processes and phenomena, which are studied by the science, occur under conditions of market economy. In fact, such an economy, in which market mechanism regulated economic system, existed at a lower stage of capitalism development, for example, during A. Smith's life. Nowadays, developed countries practice socio-oriented market economy, mixed economy, or regulated market economy, which foresee an active participation of the state in the process of social reproduction, while market economy assigns to the state the role of private property defender, of Supreme arbitrator in maintaining free competition, that is, in general, the role of «night guard». Today, the state is necessary for keeping the market functioning and protecting capitalism from self-destruction, because «...capital is often short-sighted, and markets are often irrational» [29: 7].

The viewpoint of those authors, who consider wealth to be the subject of economic science, is, to our mind, unconstructive. This definition originates from mercantilism. If the problem of wealth is to be studied, the social form of production, exchange, distribution, and consumption should be studied first. It should be initially noted that S. Sysmody has accurately stated that the definition of the

subject of political economy made by A. Smith «does not seem to notice a person, to whom the wealth belongs and who should use it» [18: 148–149].

Even if the subject of economic theory is defined as social forms of national wealth in various spheres of social reproduction, it has considerably smaller heuristic value compared to the definition of the science substantiated above. Such value does not decrease even if three relatively independent elements (forms) of wealth are distinguished, namely value, utility, and social wealth [20: 62–64]. This can be explained by the fact that the above given definition (which stresses the study of economic relations in their interaction with productive forces development, as well as the laws of such interaction, etc.) defines economic system's basic elements and forces that drive its development, emphasizes the role of economic mechanism, and underlines subordination of these elements to economic laws.

At the same time, in order to provide a systematic definition of the subject of economic theory, a methodology of a short, detailed, and complete definition of the subject should be used. The shortest definition provides deep internal content of economic theory (its core); the broad definition defines content of the science in general (with regard to basic features, properties, and qualities); the complete definition specifies the most important aspects that exceed the scope of economic essence and includes the most essential aspects of social, political, legal, moral and ethical, and other expressions of the development of suprastructural relations, which influence the evolution of an economic system. Taking into the account the above said, the shortest definition of the subject of economic theory is the study of the rules of economic system development; the broadened definition of the subject is represented by the one, substantiated earlier (i.e. economic relations in the process of their dialectic interaction with productive forces development in all spheres of social reproduction, as well as the study of its laws and regularities, integrity and unity of which provide modern economic mechanism); the complete definition includes the interaction of an economic system with suprastructural relations.

### **Structure of Economic Theory and Differences between Political Economy and Economics**

The aforementioned notions lead us to an analysis of the structure of economic theory, in particular, to its interaction with political economy and economics, as well as to interaction between the latter two disciplines. Modern Ukrainian and Russian economic literature states that economics has broader scope than economic theory according to some [25: 9], that economics is a part of economic theory in a view of others, and still others declare that economics and economic theory are identical sciences, as it was said above. The first and the third viewpoints, which argue that economics is a broader science than economic theory,

and that economics and political economy are identical sciences respectively, have the greatest amount of theoretical and methodological drawbacks. As it was noted above, economic theory and political economy have unequivocal subjects of study with respect to scope (correspondingly, economic and production relations in their interaction with development of productive forces, etc.). Hence, a set of essential differences between political economy and economics should be designated.

Modern western economic science usually ignores the notion of economic relations and, first of all, their core, i.e. production relations, systematic content of which is exposed by proprietary relations. It brings the latter (economic proprietary relations) to ownership rights (in particular, an American economist Krows R., a Nobel Prize winner, states so) or considers them to be an individual's relation of will toward an object [11:13, 14]. Such an approach helps to veil huge concentration of property, and income from it, with a ruling elite, to consider small shareholders among the owners of means of production, and to abstract from the process of uneven wealth distribution enhancement in the USA, some other Western countries, as well as in many post-socialist countries including Ukraine. This is the second essential difference between political economy and economics.

The third significant difference between the two sciences is that political economy studies cause-effect relations of economic phenomena and processes, while economics merely states certain and general conclusions without determining their deep-laid causes. Such an approach meets requirements of positive economic theory, which only establishes facts, but does not evaluate them. Positive philosophy, which denies a notion of causes replacing it by a notion of functional dependence, lies at the basis of the approach. The founder of the school, philosopher O. Kont asserted that science does not explain or open causes and essences, but merely describes phenomena [21: 274]. According to this approach, as many western economists believe, such fundamental notions as economic efficiency become unnecessary, since it is impossible to specify in what way resources should be rationally allocated and what should be done to overcome economic crisis, etc.

Another difference between political economy and economics is that the first one studies, principally, all intrinsic relations of economic phenomena and processes, while the second science researches mainly superficial, external relations. Therefore, a notion of price, demand and supply concepts, marginal productivity (but value and appropriate laws) are in the centre of a logical structure of economics by P. Samuelson. A. Marshall has followed the same viewpoint. He, in particular, has made an attempt to substitute value for price, which helped to avoid the questions of a basic source of value [19: 391]. It means that economics follows the exchange concept (i.e. superior role of the exchange sphere) and as a result, organisation and functioning of different markets become its key problem.

The fifth significant difference between political economy and economics is that the first one studies economic property relations between individuals concerning production and expropriation of economic values, while the second one studies individualistic relation of an individual to a thing. From the political economy standpoint, the relations describe only one side of legal property, i.e. property in a legal sense. It aids to hide actual property relations in modern capitalist society, which is described below.

The sixth essential difference between the two sciences is that economics propagates individualism, principles of society atomisation, free market economy, and hence sees human nature, which is actually biosocial, as mostly biological, denying group values that are dominant in the majority of the countries in the modern world. A new liberalism ideologist, F. Haek, said on this topic, «There should be market economy so that men free themselves from instincts of solidarity and compassion» [22: 17]. Although such views reflect realities of the 16<sup>th</sup> – 19<sup>th</sup> centuries, today as V. Pareto, a well-known Italian economist, has correctly stated, «Society, which is deprived of justice and moral, is unable to live»; and «Society cannot function», states Etzioni A., an English scientist, «following only an egoistic principle» [27: 24] (concern for ourselves – S. M. and O. U.).

Political economy and economics differ from each other, as the latter is over-saturated with graphics, diagrams, mathematical formulas, eclectic contradictory statements, many outdated dogmas and stereotypes. This essentially deprives economics of theoretical features, methodological principles, and pedagogical criteria. In this respect, M. Alle, a Nobel Prize winner, correctly evaluating over-mathematized western economic literature for the last few decades states, «During the four decades economic literature has been developing in the wrong direction; that is towards absolutely artificial and unrealistic economic models with prevailing mathematical formalism..., which is an enormous step back» [8: 38].

Moreover, there is only a small number of proven laws in economics (compared to political economy), and some of them have doubtful basis (e.g. they work under assumption of stable conditions, while, in fact, they are volatile).

Finally, Samuelson's economics consists of about 90% of real American economic situations. Therefore, students of those higher educational establishments that base teaching of economic theory on economics, study from a narrow pragmatic view, an American reality which has been passing for a Ukrainian one for several decades. Therefore, efforts to issue a European version of economics today in order to remove this drawback of the scientific discipline are made.

From a methodological standpoint, quantitative approaches prevail in economics (in the case of political economy, qualitative and essential analysis together with quantitative characteristics are dominant), along with functional analysis (instead of cause-effect analysis), subjective-idealistic method (instead of objective one together with subjective appraisals), and civilization approach

(instead of formational one, including class formation in association with civilization approach). Furthermore, economic theory in the form of economics abstracts from deep social and economic antagonisms and drawbacks of capitalist society. Comparing the marginalism concept that economics practices, with actual reality, a well-known American economist Whalebronner R. has said «that a marginal utility has nothing to do with huge corporations, defence establishment, imperialism, life in the ghettos, and that the time spent to study economics simply distracts us from these urgent problems of economic life».

Moreover, P. Samuelson, in trying to show that the contents of his textbook was subordinated to a certain system, stated, «We have made an effort to present the contents in such a way that a lecturer, if s/he wished, could change a system of study ... to study the chapters in any order» [17: 12]. Thus, such principle of organisation of materials makes it incorrect to talk about its systemic exposition.

Therefore, those authors, who identify political economy with economics, should first prove that the basic differences between the two sciences that we have revealed have no ground, compare methodological basis of the disciplines, but not borrow ideas of the American scientist mechanically, without any criticism. Such experts of «mechanisation» of economics do not help students to create a new kind of economic thinking, but also unintentionally allow modern clannish and bureaucratic Ukrainian oligarchy to ruthlessly enrich themselves at the expense of exploited workers, since economics has a narrow pragmatic character directed towards successful business management and distracts from crucial social and economic problems in our country.

«Economic theory» is the most logical of different names of the science discussed above (analytical economy, theory of economy, fundamental economic theory, general economic theory, etc.). Those authors, who try to prove that it is appropriate to use the term «theory of economy» reduce the scope of the discipline to one of its elements, putting the science on the same level as the theories of value, money, and others.

Some economists want to introduce the name «fundamental economic theory» without realising that the name «economic theory» is already characterised by fundamentality. After all, a notion of «theory» means the highest, the most advanced form of scientific knowledge organisation system, which provides a complete concept of a certain science's system of laws, as well as regularities and essential relations of a certain reality sphere [21: 676; 12: 709]. In case such laws and regularities are not being proved, the name «fundamental economic theory» cannot indemnify for it.

It is also inexpedient to use the name «general economic theory» instead of «economic theory», since absence of a defining notion «specific economic theory» implies that such theory is general.

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