

ECONOMICS AND HISTORY OF ECONOMIC IDEA

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THEORY OF ECONOMICS AND HISTORY OF ECONOMIC THOUGHT

The economic system transformation and transition from agricultural to industrial economy, which began in England and was repeated in most countries, took characterization as «revolution.» The transition from an industrial to a service economy, which began in the US and continued in all developed countries, also had revolutionary implications for society and economic analysis.

The purpose of the paper is to analyze the historical retrospective, the origin and formation of the service economy, turn attention to the basic economic and social processes that characterize the above transformation.

The processes of service economy formation can be observed by using common indicators of employment and GDP level. However, changes in the structure of GDP and employment were not the only indicators of human society transition to a service economy. So we can pay attention to the trend of aggregate demand for services growth as an indicator of the transformation of economic system.

The income growth per capita determines the patterns of evolution of consumption patterns to reflect sectoral elasticity of demand in terms of income. The growth of individual income, household income in general is usually associated with rising demand for goods and services. Households with lower income spend a large part of it for the food, but over a long period of economic development they are constantly decreasing. This reduction was almost in a half. At the time of service economy birth and formation changes in the structure of demand for services were largely caused by rising supply and demand for professional ser-

vices. The demand for professional services growth could have been caused by specific work organization and management of enterprises in the period.

The need of competitors imitation, the need of risk and uncertainty overcoming, especially in terms of technological change and demographic processes, common objective aging workforce and generates demand for professional services.

The emergence and establishment of corporate ownership, increase in duration of company life cycle led to the need for unbiased analysis of whether defining the future prospects of the company, and this, in turn, created an additional demand for professional managers, financial auditors, consultants services, and for specific market research. Such significant expansion of aggregate demand for services also had an impact on those economic system elements, which are responsible for the formation of supply services factors. The decisive factor in the proposal on the existence and creation of new services, in our opinion, is the volume of market supply of wage labour.

The increase in service supply in developing countries is also based and much depended on the availability of labour with the level of education and professional skills, the presence of adaptive and innovative capacities for the small and large domestic enterprises in various sectors of the economy that was more vulnerable to the technological change and the growth of international competition.

The shift to service economy showed the possibility of creating and raising the living standards by service. Limited substitutability of production factors in services, high volume

of demand for services and significant level of labour costs in the process of production contributed to the rapid emergence and growth of services. We can add the general trend towards the predominance desire to find employment in

service sector, and as the confirmation of this fact we can consider the content of educational programs change for service labour specialization and increase in proportion of women among people looking for a job.