

# To the Issue of the Future of The Rule of Law and the efficiency of Economic Development (Theoretical aspect)

**Viktor Sereda**

PhD

Affiliated Honorary Research Fellow,  
Fil. Dr. Jan-U. Sandal Institute,  
Norway.

[provost@janusandal.no](mailto:provost@janusandal.no)

**CED 2023 ROUNDTABLE**

2023.05.25

Simon Kuznets

Kharkiv National University  
of Economics,

"With malice toward none with charity for all with firmness in the right as God gives us to see the right let us strive on to finish the work we are in to bind up the nation's wounds..."

- *Abraham Lincoln*

# Independent of Ukraine

- Each era has its own need for historical self-determination, as well as for its own vision of the past. Therefore, it is no coincidence that each time seemingly already resolved issues are questioned and amenable to re-examination. But there are times when the historiosophical need is felt especially critically and vitally necessary. Today is such a time. In any case, in our country, for our Motherland... independent Ukraine.

The world trembled and froze in anticipation, and the countries of Africa and other continents, which are in dire need of food to overcome hunger, poverty and poverty, have already begun to feel a shortage of Ukrainian grain and other agricultural products, the supply of which through domestic seaports is significantly limited.

“One year later, Kyiv stands,”

“And Ukraine stands.

Democracy stands.

The Americans stand with you, and the world  
stands with you.”

*–Joe Biden*

- However, the economic and social development of the country, as well as the world as a whole, in such conditions has actually moved into the plane of multidimensional uncertainty. Both because of the deadly military threat for investors and owners of business entities, industrial facilities, infrastructure and the civilian population, for business and entrepreneurship in general, and for the ways and methods of filling budget revenues in the face of a sharp reduction in production, a massive drain of social capital.

-

# The Big Myth

- «We need a more realistic view of what markets are good at and what they're not good at, where they succeed and where they fail».

N. Oreskes, Erik M. Conway (2023) *The Big Myth: How American Business Taught Us to Loathe Government and Love the Free Market.*

# Remember Joseph Schumpeter

In order to understand and give a useful explanation of actual social processes, and even more so, to look into the future of the rule of law and efficient economic dynamics, sound economic dogma does not give satisfactory reviews. From J. Schumpeter's point of view, the dynamic interpretation must be found and taken into account through the prism of the historicism of economic sociology and other sciences. The so-called, Open look into the future on the solid ground of a clear retrospective approach and available scientific and theoretical developments. In order to understand and give a useful explanation of actual social processes, and even more so, to look into the future of the rule of law and efficient economic dynamics, sound economic dogma does not give satisfactory reviews. Therefore, as an important synergistic component of this concept of economic efficiency, in our opinion, is the innovative development economics of Joseph Schumpeter, which received a scientometric justification in his Theory of Economic Development.

- It is he who owns the palm in introducing terminological clarity into the theory of understanding the difference between the well-known economic concepts of economic growth and development economics.

# Economic dynamics (development)

- Economic dynamics (development) according to J. Schumpeter is associated with the phenomenon of something new, hitherto unseen by the individual. Prominent examples are the automobile and the train, the printing press and the steam engine. While economic growth is distinguished by him as a characteristic indicator of an increase in the production of certain goods and services over a certain period of time.
- At the same time, J. Schumpeter, developing Say's teachings, unequivocally emphasized the innovative power of an entrepreneur-innovator, projecting a powerful impulse to promote effective economic dynamics.
- When Joseph Schumpeter found the entrepreneur as an innovator, he postulated that a person is essentially an entrepreneur only when he promotes a new combination". This author presents this act as "creative destruction, since obsolete patterns are replaced in this place by the latest combinations"
- Efficient economic dynamics require the concentrated efforts of a whole mass of creative entrepreneurs who, in their activity, aim at the positive result of their dreams, experimenting with new combinations of factors of production. A bumpy road of trial and error, with a profit and loss system that creates fast feedback on the quality of these innovations, is the real potential for cost-effectiveness on a digital platform, both today and in the future.



# The Franco-Austrian-Norwegian (FAN) scientific tradition of innovation and entrepreneurship

- A significant contribution to the theory and modern conceptualization of the entrepreneur J. Schumpeter is made by the teachings of Professor Jan-Urban Sandal. Founded on Say, Schumpeter and Sandal, the Franco-Austrian-Norwegian (FAN) scientific tradition of innovation and entrepreneurship further develops the doctrine of innovation and entrepreneurship as a platform for economic dynamics.
- However, the positive result of the effectiveness of "creative destruction" of innovative entrepreneurship in the economic sphere, both in the present and in the future, is possible only if the economy is not static, structurally immobilized and not subject to corruption.

# Democracy and Freedom

- One of the fairly understandable yet important principles of the rule of law orthodoxy is that there should be a clear separation between the private and the public in the economic sphere.
- 
- Based on the past experience of the Tax Maidan, the Orange Revolution, the Revolution of Dignity and the current bloody struggle for independence, democracy and freedom have clearly crystallized in our national hierarchy of values.
-

## **CONCLUDING REMARKS ON THE FUTURE**

### **of The Rule of Law and the efficiency of Economic Development**

- The development of modern approaches to the creation of an innovative, economic and legal concept of the effectiveness of economic dynamics under the auspices of the rule of law as a new path of economic development is a priority for economic and legal analysis and theoretical dogmatic of independent science in the coordinates of law and economics.
- The domestic economy exists and can actively develop on an innovative and efficient dynamic platform of creative entrepreneurship, if it is not subject to corruption, subject to the rule of law and democracy.

- 

- **THANK YOU FOR YOUR ATTENTION**