

Content and nature of finance in internationalization of Russian economic science

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Abstract. During the transformations taking place in the socio-economic life of any state, science faces an important issue of developing and offering relevant theoretical conceptions and recommendations that may be demanded by society in the process of reform. Major trends of internationalization of economic science, and conformity of its theory to the process of globalization should include symbiosis of major domestic achievements of finance theory and the use of foreign theoretical concepts adapted to the specificity of national economy.

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Introduction

Processes, having taken place in the end of the 20th century, affected the world financial architecture and caused internationalization of the domestic economic science, which was for a long time diametrically divided and isolated from the world scientific community due to ideological reasons. As a result, they gave a push to interpenetration and mutual enrichment of foreign and domestic economic science, as the research of the latter was of fragmentary and isolated character.

Topicality of research

From the start of market reform in Russia the current system of existing connections between basic elements of financial system was modified under the influence of both relationships, historically formed in developed nations, and economic theory and methodology, underlying them. This led to the situation when on the initial stage of political, social and economic transformations of the Russian society, the system of relations corresponding to the previous period of its development was destroyed, and at the same time new environment for economic activity formed together with appropriate financial and other institutions.

The terminological vacuum in the Russian economic theory began to get filled with foreign loans that often ignored specificity of processes taking place in the Russian society. To some degree, it's quite reasonable due to the processes of globalization and internationalization of economic and other relations, openness of boundaries, free access to foreign sources of information, growing academic mobility, etc.

However, not always reasonable but active transfer of conceptual nomenclature to foreign terminology works out a distorted idea of the true meaning of the object of research, and sometimes

plainly borrows foreign calques, unadapted to the Russian thesaurus.

In the opinion of many scholars, transformation processes of the end of the 20th century changed not only financial architecture, but exerted a great influence on further development of the Russian economic science. Due to processes of globalization and internationalization scientific concepts of traditional economic terminology start to circulate out from everyday terminological use, and it leads to shifts in conceptual framework and more frequent use of borrowed terms [14; 19; 24].

Necessity of taking research in this field is conditioned by the changing vector of development of the Russian financial system in globalized economic environment, its structural elements acquire new peculiarities and features together with new character of relationships arising between them.

Major trends of internationalization of economic science, and conformity of its theory to the process of globalization should include symbiosis of major domestic achievements of finance theory and the use of foreign theoretical concepts adapted to the specificity of national economy. In spite of the centuries-old history of its development, the economic nature and essence of the scientific category "finance" have not been defined yet which lays the basis for a lasting discussion in the academic community.

Cognition problems of existing scientific conception "Finance"

A team of authors, led by Romanovsky M. V., Vrublevskaya O. V. and Sabanti B. M., points out that there is a cardinal difference in how foreign and Russian scientists define "finance". This is caused not only by pragmatic, practice-oriented approach of foreign theoreticians of finance, but also different methodological basis, underlying finance theory in Russia and abroad [18; 20].

Development of Russian economic science has been especially dynamic in the late decades due to transfer to market economy. It predetermined the need for reframing conventional fundamentals of finance theory and dictated necessity for their further study.

Intercomparison of foreign and domestic terminology of finance theory that is used in various information sources is not always correct, as many concepts and definitions mean different things and do not take account of real processes of national economy.

At the same time employment of new terminology requires correct usage of basic definitions of finance theory that replaced widely spread textbook terms of the Soviet period, as it considerably changes their meaning and essence.

The proposition about money as a basis for economic relations is beyond any doubt. Without money there is no finance, and consequently there are no economic relations in conventional monetary sense. Money is principium of any financial system and performs as a universal equivalent that measures labour costs of producers. In its turn finance is a derivative of money differing in content and the functions performed.

Specificity of the nature of money and its functions has a direct impact on the understanding of finance which is the fundament and basis for other categories of economic science, originating from relations that exist between structural elements of financial system.

Further study of interdependence between money and finance by domestic and foreign authors complements and extends the boundaries of economic science which is exceptionally acute in globalized economy that creates new international financial systems and financial instruments.

Convergence and interdependence of national economies conditioned emergence of mobile market of international capital, as the economy of a separate state can't be isolated from financial flows. This process should correspond to new financial architecture on both national and global levels [5].

In our previous publications we stressed the fact that in globalizing economic relations some substitution of order of priority of terms "money" and "finance" has taken place, there appeared new forms and kinds of the latter that previously were not used due to lack of necessity and respective conditions [12; 13].

Debatable questions of such kind appear in cases when practice gives rise to situations, inadequate to understanding the meaning of money and functions in real life of today's society. In conditions of cross-border flow of labour and capital

and blurring of boundaries between national economies, there formed a need to apply appropriate financial and other instruments. There appeared geo-economics, geofinance, virtual and electronic money, etc. They heightened need for development and use of necessary conceptual framework and scientific methodology.

That's why today there's a want for scientific rationale of basic definitions of finance theory that would meet market conditions and globalized economic relations due to changing structure of national financial systems and internationalization of money flows.

Technological advances gave researchers wide opportunities to implement various sources of information in their activities, where the term "finance" is used in different collocations: corporate, banking, industrial, public, private, local, business, household, family, private or personal one. Works of foreign scientists in many branches of economics, which were beyond the access of domestic scholars earlier, have been translated into Russian. It laid the foundation for new scientific achievements.

It should be noted that post-Soviet academic and scientific literature has not universal understanding and interpretation of the scientific category "finance" that could meet the realia of national economy, though market and non-market behaviour of economic agents and households as basic elements of financial system has been constantly analyzed to know its specificity and essence.

Foreign scientists treat finance operationally, primarily from the point of view of its practical application – financial management, financial risks, portfolio investment, etc. Despite plurality of interpretations they emphasize the ultimate objective of any economic agent's activities, that is, gaining profit [2; 9; 10; 11; 15; 26].

Modern domestic scholars in their turn scrutinize finance at the angles of linguistics, political science, law, sociology, philosophy, etymology and the like, without taking into consideration how this analysis matches real social and economic processes of the Russian society. Then they classify finance applying the criteria of directness, fund-raising, relations of many kinds, ownership (public or private), view finance as a category, that is, reveal its content rather formally and conventionally.

Theoretical conceptions and approaches of Russian and foreign researches also differ in understanding the meaning and significance of public and private finance (sectors), role and function of finance in market economy, the degree one sector dominates the other and effectiveness of their interaction.

Generally speaking, there's no fault of Russian financial science in such a situation, as it has been dominated by ideological principles for a long time. Not long ago finance was divided into finance of socialistic and finance of capitalistic states, the first aiming at boosting material wealth of the working class, the second performing as a tool of exploitation of the latter. Consequently, one and the same term embraces very different categories, varying in content and functions performed.

Reasonable is the question of correct usage of the interpretation of the term "finance", whether the ones given by foreign and domestic authors should always coincide.

Definition of basic provisions of economic science can be in formulation of any author, but it must correlate with the existing scientific schools and approaches, be within the framework of one of it or argue some.

Evidently, the purpose of research should not only give a new universal interpretation of an economic term, or criticize the current viewpoint of a representative of some school, but define the content and essence of the studied object adequately to secure real interaction of theory and practice.

Development of practical application of finance theory and levelling differences of Russian and foreign terminology is connected with the acute problem of directing its further development.

Unfortunately, we have to state the fact that the existing scientific schools and concepts of modern financial science in Russia more likely ignore its objective principles and stop any development that would match new economic conditions. There is no uniform opinion on the concept of "finance" even among professional scholars of economics, as representatives of different scientific school apply differing approaches to the definition, content and interpretation of this term yet. Both divergence of opinions and formulations concerns not only the general conception, but its separate aspects.

It's characteristic for the Russian financial science on its modern stage that it could not suggest scientifically grounded, market-based conception of its development aimed at integrating into the world economic community, while considering specifics of its national economy. In spite of diversity of academic publications of the late decade devoted to finance, we have to recognize the fact that a great part of scientists studying the essence of finance still stayed on scientific positions of the 20th century. Many a textbook keep on being published, the contents of most of them nearly unchanged, and they are studied by bachelors, masters, and other graduates of various educational establishments. And what can

be expected from economics, if it bases itself on outdated theories [6; 26; 27].

Growing interest to theoretical aspects of financial science is not accompanied by new lines of research, the discussion is basically held around content, essence, structure and functions of finance, determination of the boundaries for financial relations and study of its interconnection with other economic categories. Unfortunately, retrospective view to the financial science is treated not as a factor of its development, but as criticism of major trends of historical and economic science.

Academic community more often puts forward the opinion of good use of borrowed scientific definitions and terms in the Russian economic terminology, even if they are loans and were never applied in domestic science, without taking efforts for their literal translation. However, ungrounded usage of foreign terminology in scientific vocabulary forms a distorted idea of the Russian economic science that develops nothing, but only copies somebody else's thoughts, hardly adapting them for the reality of this country [8; 14; 25].

Why is it important to keep on theoretical studies of economic science?

Firstly, it can give an answer which model of social and economic development of society is necessary for the effective growth of the Russian state. Secondly, in the context of globalized economy it's urgent to define the degree of readiness of the national economy to prevent periodic financial crises. In the third place, it provides an opportunity to implement prevent measures to secure national financial market from international speculative capital. The forth thing is to meet the demand for practical application of theoretical conceptions from the real sector of economy.

Processes of globalization are cyclical, and signs of a crisis, taking place in the economy of one country, are projectable onto the results of economic activity and development of other states. And it is globalization that predetermines the necessity for a constant update of economic conceptual framework to describe and explain current events and phenomena as national economy can't develop without new scientific concepts required by society that would match the existing realia.

With growing spread of globalization the proper architecture of the world financial system changes; national financial systems start to integrate, they deform under the influence of new forms and kinds of economic relations which causes increase of the financial sector share, prevalence of profit gained in financial markets over that in the industrial sector, etc.

Social consciousness of post-socialistic countries gradually asserts the market model of economy oriented at dominating financial services and instruments and coordinating money flows in the total mass of economic relations.

Indeed, some aspects of financial theory get outdated and stop correlating with new forms of development and internationalization of economic relations that integrate national economies into a single interdependent system.

And “finance” as a scientific term, associated with this or that scientific school, also integrates into the world scientific community, taking into account new mechanisms, methods, instruments, their interaction and application. This is conditioned by the shift of finance as a subject of theory to the field of practical study in the end of the 20th century. The branch of financial science, connected with applied financial research aiming at adaptation of private economic agents to market conditions, has become to advance at a swift rate.

All those things can make the foundation for effective system of financial management on any level of business activity when operating different resources: monetary, material, labour, economic, etc.

During the transformations taking place in the socio-economic life of any state, science faces an important issue of developing and offering relevant theoretical concepts and recommendations that may be demanded by society in the process of reform. Timeliness of designing such theoretical aspects and scientific approaches is stipulated by the opportunity to choose the conception, which would promote national economy to the new level of development and integrate it into the world economic space, among many inefficient and practically useless theories and methodologies.

Interconnection of theory and practice in the financial science

Another specificity of financial science is complex interdependence of theory and practice which is revealed in appearance of applied economic branches, being relatively independent as compared to theoretical aspects.

This talking point is supported in publications of both domestic and foreign researchers who think that in some cases theory simplifies the situation, as it originated from the preconditions, being at variance with the facts, that’s why the rules prescribed by theory are merely unacceptable. In other cases the application and usage of theoretical recommendations is impossible due to lack of relevant data [3; 4; 7; 16; 21; 22].

Berjokin Y. stresses that science for the first time ever faces the problem of organisation

(disorganisation) of finance under conditions of deep social reform. In situation when financial relations, described in heterogeneous (incompatible with each other) theories of finance, appear on the territory of one and the same country, the issue of its effective organisation and co-organisation becomes especially acute [1].

Stiglitz J. is of the same opinion, emphasizing excessive dependence on the model of economy, taken from textbooks for students, not for consulting governments who try to create market economy as part of a problem. Moreover, a typical U.S.-style textbook bases itself on certain intellectual traditions, neoclassical models, leaving out other scientific conceptions that might be more useful for countries with their economies in transition [23].

Consequently, it’s required to determine the theory as it should precede practice, though there are some cases when vice versa practice is in advance of theory, forcing the latter to adjust to the ready-made results.

So, if theory is outdated and follows the beaten track, guided by obsolete principles ignoring applied standards, it means that theory requires updating the suggested content to the needs of developing society.

Studies held in late decades give grounds to think that existing classical theories and models of finance can’t reliably predict behaviour of economic agents, including the state, or affect current economic situation [19].

It is considerably conditioned by the fact that actions of business units do not often meet expectations of their rationality, which is the basis for theoretical insights and effective application in practice.

In the long run, application of theoretical models, that are remote from real economy, often leads to ineffective or negative business results, not only on the scale of economic agents, but throughout the state as a whole. This raises the issues how far financial theory stands from implementation of its recommendations into practice, and whether it’s possible to apply its numerous theoretical models and conceptions in real life.

Inner ambiguity of financial theory and practice determined the presence of some major theoretical trends in it, differing in the degree of complexity, commonality and formalization among various groups of economists. Scholars are not unanimous in their views on conceptual issues of methodology for financial theory.

As we speak about correct usage of generally accepted conceptual framework in financial science, it’s reasonable to find common meaning of the terms among representatives of opposing

scientific schools that have their own methodological base, instruments of research and recommendations for their practical application.

Processes of globalization push the chain mechanism of crisis developments and perturbations in economies of different states and put in doubt validity of existing theoretical conceptions that describe the functioning of financial systems of individual states. Under the circumstances of recurrent economic crises it's urgent to keep on study of theoretical aspects of financial science that are necessary for developing effective financial policy by governments.

In a sense all these processes are fairly explainable and reasonable, as economic reform in Russia constantly requires implementation of concrete practical measures to stabilize national economy, adapt it to the global process of integration and develop its financial market.

However, some part of theoreticians when commenting upon developments in the Russian economy either emphasize extraordinary complexity of modern economic relations, which are under the influence of economic globalization, or suggest return to government regulation of economy.

In the current situation of openness of many economies it's more often necessary to define the reasons that affect the activities of the state and generate problems of functioning of the world financial system. Notwithstanding the processes of globalization and internationalization, the significance and role of the state in forming the structure of economic relations and distributing functions between basic elements of financial system stay the same.

The other controversial question of today's economic science is what kind of finance should be at the disposal of the state: only finance of the centralized sector of the economy or decentralized one of economic agents and population as well. In modern business conditions some functions still pertain to the domain of the state, and others go to the private (decentralized) sector of economy, at the same time government bodies build up cooperation with business community in some spheres.

However, the fact that government bodies accumulate, allocate money resources to budgets of different levels on a national and international scale in the name of the state, prove that government intervention in various kinds of economic relations should be put in a broader context. With all the wide spectrum of interaction, the foundation of proclaimed and implemented government policy in nearly all developed nations is made up by the state itself with rather active forms of influence on social and

economic processes and regulation of monetary revenues of population.

Therefore, processes happening in political and social life of Russia deserve much greater attention of theoreticians and presuppose the need for rethinking some basic theoretical provisions of economic science. On the other hand, economic theory doesn't fundamentally get out of date, but it should be perceived in a varying degree of its relevance and conformity to modern reality and connection with other sciences.

Nowadays economic science is the study that should not only interpret finance and its essential functions, but scrutinize monetary and financial relations, their content, interconnections and regularities, principles of functioning and development, possibilities of application. It should be accompanied by changes not only in economy proper, but renewal of theoretical fundamentals, de-ideologisation of science and synthesis of modern scientific approaches of application.

Internationalization of economic relations that take place in conditions of virtual finance is stipulated by affinity of national financial systems and global economic formations that launched various alliances and global industrial structures, exerting an intensive impact on development of separate countries and regions. Consequently, the role of modern economic science is to develop and propose conceptions and theories matching real economic processes. Disregard to the latter leads to unpredictable aftermath for national economies, especially in the aspect of managing financial flows.

It should be noted that it's rather easy to criticize courseware and scientific articles, published earlier and nowadays, from the standpoint of modern economic science, as not only founders of scientific schools but also their disciples find it difficult to give an unambiguous answer and use many formulations and interpretations, considerably differing from each other. As a result, such plurality of viewpoints on the subject and object of research only proves lack of theoretical elaboration of new definitions and terms in the economic theory.

Muraviev A. holds the opinion that there formed several communities of economists in Russian science who work actively and demonstrate scientific results, the importance and utility of which are determined by unequal criteria. These communities seem to interact with each other insufficiently. So, the pattern speaks for isolation of economic community in Russia and weak involvement of most economists of this country into the world economic science [17].

The analysis of new information sources confirms that it's really rather difficult to characterize the above problem as thoroughly scrutinized.

At the same time, the preserved uncertainty in univocacy of basic definitions and terms of economic science makes a certain impact on their usage and interpretation. Beyond any doubt, existence of various points of view and opinions of authors make the perception of financial science as a component of economic one easier, but it doesn't facilitate any further development.

Conclusion

Realia of market economy dictate urgent need for updating traditional fundamentals of economic science, as due to the process of globalization all systemically important elements of finance grow homogeneous and turn into geo-finance, combining public and private sectors of economy and eliminating boundaries between the states.

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