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DEVELOPMENT OF THE ECONOMY**

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Abstract

In the socio-economic organism, there are phenomena that affect the improvement of the quality of economic benefits, which are associated with the innovative activity of individuals and entrepreneurs. In the context of limited economic resources and a shortage of economic benefits, to which the overpopulated planet is increasingly sliding, the category of economic resources in the near future will have to include factors and conditions of the environment, universal (knowledge-intensive) productive forces and other quality sources. The problems of sustainable innovative development of the economy are inextricably linked with the formation of new technical and economic mechanisms. In this regard, the theoretical and methodological aspects of their research are of particular importance. At the same time, there are concepts that consider technical and economic mechanisms from a qualitative point of view, generating a whole range of positive phenomena. The objective and natural necessity of sustainable innovative development of the economy requires a comprehensive system approach to the problem. At the same time, the scale and complexity of the tasks for sustainable innovative development of the economy do not fit into the functioning principles, forms and methods of management. Innovative transformation also covers the labour force, methods of labour organization and production. In this situation, one generation of technologies massively replaces another, and the very principles of their construction are modified. This happens in a chain reaction, they move from one industry to another, eventually cover the entire economy, create innovative potential and qualitatively modernize the technological basis.

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1. Introduction

For a long period of time, the problem of the natural environment remained outside the field of economic theory research. Economic problems were considered almost without taking into account the environmental aspect, and nature was presented as an external factor – an object for management. Ecology was given a secondary place, and only its individual aspects were analyzed. This continued until negative environmental phenomena began to have a limiting effect on economic development. As a result of the analysis of this situation, the theory of "external effects" was put forward. It took into account the impact on the environment in the course of production activities. The conceptual framework for this theory was developed by (Coase, 1960; Pigou, 1920). The concept of external effects of A. Pigou is considered to be the General platform of the approach to environmental and economic regulation. At the same time, there is a revision of views and move to a different vision of the interaction of ecology and economy. Nature has become perceived as something valuable in itself and significant for society (Braun, 2001). Economic growth is facing a shortage of natural resources. This was the reason for the transition to a resource-saving type of economy and the adoption of the «environmental imperative».

2. Problem Statement

Since the second half of the 60s of the XX century, the attention of the world community has been drawn to an urgent problem-the sustainable development of society (Our common future, 1987). The concept of sustainable development is being formed, and environmental issues have been given attention on a global scale. The widespread concept of sustainable development focuses on the fact that the increasing involvement of natural resources in economic turnover significantly reduces the development opportunities for future generations and in modern society, all phenomena are interrelated. Various aspects of the concept of sustainable economic development have been developed in (Meadows et al., 2004; Laszlo, 1994; Ursul & Ursul, 2019, and others).

3. Research Questions

In modern conditions, all phenomena are associated with the acceleration of sustainable innovative development of the economy based on the digital revolution. On this basis, there is an increase in production efficiency, and the development mechanism is being improved. All this purposefully leads to the intellectualization of production, deepening market relations, and improving the quality of goods and services. This equivalent dependence plays a dominant role in the concept of economic mechanisms (Borana et al., 2020; Gasanov, 2017; Izmalkov et al., 2008). In this context, economic mechanisms are defined as a necessary relationship that naturally occurs between many different economic phenomena. In General, they include a certain systemically and clearly interrelated and interdependent sequence of a number of significant specific economic phenomena.

4. Purpose of the Study

The purpose of the article is to develop the theoretical and methodological foundations of mechanisms for ensuring sustainable innovative development of the economy, which contributes to the transition to a new growth model.

5. Research Methods

The article uses dialectical principles to identify the content of economic processes and phenomena, to determine the trends of their development. The study used General scientific methods, as well as the interaction of the economy with the social and environmental sphere.

6. Findings

Economic phenomena, their mechanisms, and the laws of their operation appear and function within the norms adopted by the state, as well as within the rules created by society or institutions of public, professional, and private law. Together, these laws and regulations form the economic regime in the country. The economic regime is the conditions, certain rules and management system that ensure the functioning and performance of production activities, the work of all economic entities. Considering the legal and institutional framework, we approach geographical, technological, social and, finally, psychological data that significantly affect innovation and business activity. Here we are faced with the concept of "economic system", which is understood as the totality of all production processes that occur in society on the basis of the existing property relations and economic mechanism.

The economic system consists of different elements. When the system is based on organic factors, it is capable of innovative development, even overcoming the resistance of heterogeneous factors located on the derivatives of the level. In cases where heterogeneous factors penetrate the base of the system, this can have negative and even catastrophic consequences for it. The system is based on property relations and economic power. Economic reforms are in demand and objectively necessary in those specific forms that introduce social strata of society interested in sustainable innovative growth of production into the basis of the system (Gasarov et al., 2019). Property and economic power should be redistributed in their favor. At the same time, as a result of effective reforms, opponents of innovative development and other layers United in a heterogeneous (from an economic point of view) group should be squeezed out of the base of the system.

At the beginning of the twenty-first century, the market economy incorporated social, environmental, and innovative principles of development and acquired a social orientation. Here the interests of the individual with their needs are put forward in the center of sustainable innovative development. The social program of the society determines the structure of consumption and, by allocating priority types of it, ensures their consumption. This area of economic activity should be highlighted, since it has a significant impact on the sustainable innovative development of the economy. Public consumption creates the need for a new blog as an endogenously stimulating motive for production. The formation of the pace and structure of the innovation economy largely depends on the needs and the level of their

satisfaction. At the same time, new principles of interaction between society and nature are of great importance (Ursul & Leonova, 2019).

The needs of specific individuals, taken into account and not taken into account, are a reference point for the development of innovative production, the structure and volume of production of goods. Economic policies, economic programs, projects, doctrines, regimes, etc. act as catalysts for building the potential and accelerating sustainable innovative development of the economy.

The concept of "economic mechanisms" has not been studied for a long time. However, the situation later changed in connection with the awarding of the 2007 Nobel prize in Economics to Hurwicz (2007), Myerson (2007) and Maskin (2008) for "fundamental contributions to the theory of economic mechanisms". According to their ideas, the most General definition that can be applied to any interaction between economic entities considers such interaction as a strategic game and calls the game itself a mechanism.

An economic mechanism is also mentioned if a certain initial economic phenomenon entails a number of others without additional momentum (Kulman, 1993). These phenomena occur one after another at a certain interval, but consistently lead to certain specific results. In this case, the economic mechanism is determined either by the nature of the primary phenomenon or by the end result of a number of phenomena. As a result, the components of the economic mechanism are simultaneously the primary phenomenon, the resulting phenomenon, and in General the process itself, which occurs in the interval between these phenomena. Practice shows that it is necessary to distinguish between economic processes (that is, phenomena in dynamics that require taking into account the time factor) and economic phenomena in statics. In the coordinates of economic dynamics, the time factor acts as the basis for the analysis of any economic phenomenon. Here it is necessary to take into account the duration of each economic phenomenon, as well as the time lag between different phenomena of the same series (Joffe, 2019). The number of economic mechanisms depends on the number of impulses in each system of interrelated phenomena under given conditions. The number of mechanisms is calculated as the product of the number of impulses and the number of existing relationships between economic phenomena.

To solve this problem, it is necessary to specify, identify and classify economic mechanisms. In this case, the classification criteria are determined mainly by the nature of the results of a particular functional economic mechanism. Global best practices show that there are different types of results. First, in real economic reality, in a certain specific case, such a result is the reproduction of the original economic phenomenon on various scales. Consequently, identical, similar economic mechanisms of the same type, which are coherently, firmly and completely connected with a recurring initial economic phenomenon, are closed-type mechanisms.

Secondly, there are cases where the result of the functioning of the economic mechanism is not identical, absolutely different from the original, economic phenomenon. At the same time, the result itself creates the basis for a new series of economic phenomena. Due to the fact that each new impulse that is born does not repeat the first one (which led to the impulse – result), therefore, the entire economic mechanism will be completely different. The mechanism that does not reproduce the original economic phenomenon, but creates a whole series of innovative economic phenomena, is an open-type mechanism that inextricably exchanges information with the external environment. Openness means that very intensive changes in the external environment lead to corresponding rapid changes in the economy itself, where a

convergent structure of future sustainable development is being formed (Zhironkin et al., 2019). Open mechanisms are considered as continuously changing systems, where their interaction with their environment is the basis for building the potential for sustainable innovative development. Technical and economic mechanisms are understood as a set of technological and economic processes that solve the target task. The possibilities of practical operation of open-type technical and economic mechanisms that ensure sustainable innovative development are determined by a set of elements that ensure its implementation. Among them are:

- 1) increasing the share of innovative investments from 1 to 3 percent or more of national income;
- 2) rapid development of one or more key sectors of the economy;
- 3) the existence or rapid emergence of social, political and institutional mechanisms.

New mechanisms could ensure that the momentum of innovative growth emerging in key industries is diffused throughout the economy. Many changes in mechanisms occur as a result of changes in their external environment. The dominant principles for determining the potential for sustainable innovative development are related to the modification of the system of social division of labor (Zhironkin et al., 2020). First, the principle of the General social division of labor is changing: innovative industries, industries and sectors of the economy are emerging. Secondly, the principle of partial social division of labor is being radically transformed: traditional industries are disappearing, and new innovative sectors of the economy are emerging and developing. Third, the principle of individual social division of labor is changing: physical labor is being replaced and abolished, and intellectual labor is becoming dominant. In the context of global digitalization, the value and potential of innovation in the system of General social division of labor is growing significantly (Tapscott & Tapscott, 2018). Digitalization and sustainable development are guided by common goals (Ursul, 2020). These changes are seen as shifts in the dominant quantitative and qualitative principles of the economy and society: structures, organizations, institutions, mechanisms, relationships, and types of sustainable development. The changes are initially polar in nature. Sustainable innovation development begins in a small group of key industries, and then, at the stage of continuous impulses, penetrates and covers the entire economy and forms the potential for innovative development. It is important to observe organizational and managerial principles that reflect the process of sustainable innovative development in conditions of continuous impulses. At the same time, when the final transformation of the existing system takes place, the process of sustainable innovative development becomes auto generative. Open mechanisms act as a technological revolution directly related to radical changes in technical and economic conditions, resources, technologies, and production methods that are crucial in the short term.

7. Conclusion

The practical implementation of the results of radical changes to accelerate sustainable innovative development is directly and directly dependent on the ability of a particular social and economic mechanism to implement timely, rapid and high – quality technical and economic transformations as the results of open impulses. Sustainable innovative development of the economy with a constantly renewed momentum ultimately leads to an increase in its own potential and guaranteed development.

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