

**25) PROBLEMS OF PERIODIZATION FORMATION AND DEVELOPMENT FINANCIAL SCIENCE**Petro Yukhymenko<sup>a</sup> and Maxim Odnorog<sup>b</sup>

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**Abstract**

An attempt is made to reconstruct a single, integrated picture of financial science from its inception to the present. Outlined methodological issues and periodization of the science. Identified classification and scientific limitation of division of development into two phases (classical and neoclassical theories), it is proved that this approach opens the possibility of a unilateral focus of scientists on the development of financial concepts of the neoclassical mainstream, and their use as the theoretical foundations of financial policy. Identified and justified criteria a new periodization, which are characterized by a certain ratio of the areas of economic and financial sciences, the formation of the paradigmatic basis for research and development of practical recommendations consistent with changes in scientific paradigms, competition and «centessim» trends. The proposed periodization is based on specific criteria (degree of development of the state, commodity-money and financial relations and the like; the distinction between the concepts of «financial idea», «financial concept» and «financial analysis»; the theoretical concept of the classical periods and situations J. Schumpeter, scientific revolutions and paradigms T. Kuhn, competing scientific research programmes I. Lakatos, changes in the understanding of key categories). Investigated key criteria and features concepts in the field of finance leading representatives of economic and financial thought in each stage of scientific development. The proposed periodisation of formation and development of financial thought, not only avoids the drawbacks of the several previous periodisations, but also enriched by new elements.

**Introduction**

The problem of periodization of formation and development of financial science, has received considerable attention of researchers. They noted the deep roots of financial science that reach far past where they started to form the preconditions for the emergence and development finance. Each new stage of civilization development in the field of finance celebrated the completion of the new principles, functions, methods, mechanisms, concepts that are required for consolidation and analysis.

To justify their approaches, the question raised recall that in solving the problems of periodization of formation and development of economic and financial sciences of fundamental importance the study of the criteria by which such periods. Quite popular in modern conditions is the criterion of taking into account differences in the maturity of economic and financial thought. It was first substantiated one of the leading financial theorists of science of the nineteenth century. Professor Illangasekare and Heidelberg universities, K. D. G. Rau (1792-1870). According to the scientist, in his development of the financial science goes through three periods: the non-scientific status, the transition to the scientific process, scientific (rational) state. Applying this division to the periodization of development of financial science, a number of modern researchers (V. V. Kovalev, N. L. Poltoradnjeva, etc.) in the development of the financial science there are two large stages: the classical and the neoclassical theory of finance (Sinchak, 2006; Yukhymenko et al., 2010; Betz, 2014). This separation laid the basis for the textbooks and manuals on finance, prepared by its founders and supporters.

## Material and Methods

The creation of the general panorama of formation and development of financial thought, financial concepts and financial analysis (financial science) based on the latest research; identify and consider the main stages of its development and research on the key patterns and features of each of them, as the foundation of a new approach in teaching «Theory of finance».

Theoretical and methodological base of the research consists of fundamental principles of modern economic theories. The study used the following methods: analytical, comparable, system, social standards, regulatory norms, trend analysis, structural analysis, scenario approach, game theory.

## Results and Discussion

The main disadvantage of this periodization seen in surprised actual position in the fields of economic and financial sciences in all periods of their development. After all, during the domination of the classical theory, and in the period of domination of neoclassical theory along with a number of other theories, schools and directions of science, between which there are complex relationships of struggle and enrichment.

The second drawback, which is closely related to the first, is that «two-stage» periodisation creates a distorted view of the alleged betrothal championship domination throughout the second stage of development of the neoclassical theories in general – about the true overall situation of economic and financial sciences (pluralism of theories, the presence of Orthodoxy and heterodox etc.).

The third drawback of some existing periodisations is close (if not actual disregard) the relationship of economic and financial thought. In fact, this relationship obtained at the level recognized in the global and domestic financial and economic literature of the XIX century. The provision on the existence of economic, financial and management sciences since the eighteenth century and closely associated with «Wealth of Nations» by A. Smith. In particular, the known scientist-economist, financier, historian of economic and financial thought, the Professor, Warsaw University, G. F. Simonenko (1838-1905) in sufficient detail and deeply revealed this relationship and established the fact of his recognition of the many outstanding representatives of science. They are recognized, argued the scientist, «management and the right resulting from a social system and cannot be understood without the social Sciences, i.e. political economy. Therefore, it should flow, how the teaching of management and financial science» (Posrednikova, 2012).

However, in the modern financial literature used and other criteria for periodization of the development of financial thought. Among them – changes in social and economic conditions and subsequent changes to the practical problems that attracted the attention of scientists in different periods; wide general scientific and specifically-historical context of the development of science; the pluralism of forms of theoretical reflection of the financial reality; the changing theoretical paradigms scientific revolutions and others. The inclusion of these criteria in the rationale for periodization of the development of the financial science and significantly expands its list of stages (periods) and the components of each of these stages (periods).

It is important to consider in any periodisations of the close relationship of the development of economic and financial thought in the past and in the present.

In the modern financial-economic literature we find a lot of evidence of the correctness of this conclusion, taking into account both «old» and new phenomena and processes in the financial life of a society «Nothing is in place. New players, new institutions, new financial instruments give rise to new risk management strategies, to the discovery of new ways to profit, new markets around the world and to the emergence of variations in the structure of theories. Experimentation and new technologies become commonplace», – says in the beginning of the XXI century. Professor P. Bernstein, author of «capital ideas» (Yukhymenko et al., 2010). Considering the evolution of financial theory and practice as the continuity and inevitability, the scientist, however, draws attention to the special position among the biological types in the institutional aspect, and then to the features of financial science compared to the natural or technical. «Unlike natural phenomena, the development of the institutions created by man, depends primarily on the objectives or the reasons for their occurrence, – stressed P. Bernstein. Most of the institutions appear on the scene not as a result of someone's inspiration. Usually they are created by trial and error in the conditions, when the study of the ideal impossible, but it may come something not quite perfect. Institutions change as a result of the conscious decisions of those who use them, and in response to the action of evolutionary factors» (Bazeckaja, 2015).

An important factor in the impact on the financial opinion was and continues to be also practical experience that is enriched, constantly adding new knowledge, skills, and knowledge categories, given the growing social needs, the development and evolution of state functions in market economy.

Analysis of the development of financial thought at different periods of historical development gives us the possibility of using the combined criteria to highlight the main stages of formation, development and evolution of financial thought (see Table. 1).

**Table 1.** The main stages of development financial thought

Timeline stage of development of financial thought	Characteristics of the stage of development of financial thought	The essential characteristics of the stage of development of financial thought
The XVI century. to n. e – XII centuries ad	Scientific the condition of the genesis and development of finance and financial thoughts. The origins of the first classical period	The emergence of the prerequisites for the formation and development of finance, the lack of scientific explanation of phenomena and processes financial life, understanding them at the level of «common sense»
Stage II: XIII. – the first half of the XVIII century.	The transition to scientific processing and analysis of the financial phenomena and processes. The continuation of the first classical period, the preconditions to the first classical situation	A study of the financial activities of the state at the macro level on accumulation and redistribution of funds
Stage III: The second half of the XVIII – beginning of XX century.	Scientific (rational) period of development of financial thought. The completion of the first classical period, the first classical situation. The second and third classical period and the corresponding classical situation	The formation and development of classical and neoclassical trends of financial science. The pluralism of economic and financial concepts. Orthodoxy and heterodoxy in financial science
Stage IV: second half of the 30s – first half of 70-ies of the XXth century	The fourth classic period and the fourth classical situation in financial science	Formation, development and evolution of the Keynesian economic and financial theories. Keynesian-neoclassical synthesis. Monetarism
Stage V: the second half of the 70-ies of the XXth century – the beginning of XXI century.	The latest period of development of financial science in the totality of its main directions (neoclassical, institutional information, new institutional, new Keynesianism, postkeynesian, etc.)	The development of new options and postkansas neoclassical theory of finance. The formation and development of neoinstitutional and other heterodox theories of finance

*Source: own elaboration by the authors.*

## Conclusions and Outlook

Our proposed periodisation of formation and development of financial science not only avoids the drawbacks of the several previous periodisations, but also enriched by new elements (components). The inclusion in the periodization of the concepts of «classical periods of development» and «classical states (situations) and their chronological boundaries, the distinction between the concepts of «financial idea», «financial concept», «financial analysis» primarily provides an opportunity to flesh out the periodization of K. G. Rau and its modern adherents. Using elements of periodization, proposed J. Schumpeter, to the first classical period (in shumpeterian understanding) include all three periods, which previously defined K. G. Rau. Chronologically, the first someterse classic situation actually coincides with scientific or rational period (in the sense of K. G. Rau). However in its contents it greatly differs from the scientific (rational) phase in the periodization of K. G. Rau, namely through the inclusion of an analysis of the views of A. Smith on the development of economic sciences. In addition, the period of the so-called classical theory of finance, in the interpretation of the above

mentioned modern supporters (V. Kovalev, etc.), not only covers the three classical periods and the classical situation J. Schumpeter, but also far beyond their boundaries and contents.

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