

## СЕКЦІЯ 5

### ГУМАНІТАРНІ ТА ПСИХОЛОГІЧНІ ОСОБЛИВОСТІ УПРАВЛІНСЬКОЇ ДІЯЛЬНОСТІ В УМОВАХ ВІЙНИ

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#### INTERPRETATION OF ADAM SMITH'S WATER DIAMOND PARADOX BY REPRESENTATIVES OF SCIENTIFIC SCHOOLS: HISTORY, THEORY AND PRACTICE

Last year marked the 300th anniversary of the birth of Adam Smith (1723-1790), a Scottish economist and ethical philosopher; the founder of the classical direction of modern economic theory. The main work is "An Inquiry into the Nature and Causes of the Wealth of Nations" [1], published in 1776. In the huge wealth of the founder-theoretician, problems that have been solved by researchers for centuries are noted.

**Theoretical aspects** hat is the essence of the Water Diamond Paradox? Smith noted, "The things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water: but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it." Smith believed that diamonds are more expensive than water because they are more difficult to bring to market. He determined that "value in use" is irrationally separated from "value in exchange" and did not resolve this paradox. Smith simply forgot the caveat that "de gustibus non est disputandum" (There is no disputing about tasted) and it took economists about 100 years to recognize this wisdom.

We all rely on water to survive, but because there is plenty of it, its marginal value to us is low, so we don't pay much for it. We don't need diamonds to survive, but we like the way they look, and since there aren't many of them, our marginal value for them is high, and they end up costing us a fortune. Smith's diamond water paradox remained unsolved until later economists combined the two theories: subjective valuation and marginal utility. According to representatives of the Austrian School, the Theory of Marginal Utility Value solves this paradox. Economic decisions are made on the basis of marginal benefit, not total benefit. Water in general is much more valuable than diamonds in general, because the first few units of water are necessary for life itself. But because water is abundant and diamonds are scarce, the marginal

cost of a pound of diamonds exceeds the marginal cost of a pound of water. The idea that value derives from utility contradicted Karl Marx's labor theory of value, which argued that an object's value derives from the labor used to produce it, not from its ability to satisfy human needs.

The theory of marginal utility was applied to both production and consumption. Friedrich von Wieser based the cost of production inputs on their contribution to the final product, recognizing that changes in the amount used of one factor of productivity will change the productivity of other factors. He also introduced the concept of opportunity cost: Wieser showed that the cost of a factor of production can be determined by its utility in some alternative use, that is, a missed opportunity.

The two leading Austrian economists of the 20th century were Ludwig von Mises and Friedrich A. Hayek. Mises (in the 1920s) and Hayek (in the 1940s) both showed that complex economies cannot be rationally planned because there are no true market prices. As a result, it is impossible to obtain information that is critical for centralized planning.

We now understand that the discrepancy between "consumer value" and "exchange value" comes in part from the beauty of a diamond, including all the craftsmanship that enhances its quality and makes it shine. People pay for the brilliance of the final product. Another part of the discrepancy comes from the presence of others or curious people who admire and envy that shiny piece on your finger.

According to Smith, if the production of this diamond does not require special intricacies and ingenuity, or if we do not live in a society where many people are watching our every move, the "paradox" of the water-diamond "paradox" will disappear. This diamond will have "terrible value" in exchange, and the two different concepts of value match up nicely.

In the modern educational edition of the market economy [2]. The total utility extracted from water is relatively huge, and the total utility extracted from diamonds is relatively small, and marginal utility has to do with the price people are willing to pay for a good. Water has a much higher overall utility than diamonds, even though the utility of an additional gallon of water is much lower than the utility of an additional diamond. Society would rather have an extra diamond than an extra gallon of water if it had an abundant supply of water at its disposal.

We note the significant acuteness of the situation with the actual demand and supply of water in various regions of the world with a shortage of water, for example for communal needs, for irrigation of crops and irrational water losses. Such a situation with water resources, which is special when ensuring water security in the conditions of climate change, is not yet reflected in educational publications. The future in solving the big challenges of rational water use is possible with the acquisition of new knowledge in the field of ecological and economic relations with the integrated use of water in the following directions: consumption of drinking water by the population, use of water in the processes of production, irrigation and drainage, for other purposes, as well as significant efforts in the protection and reproduction of water resources.

*Mankind properly appreciates the priceless natural gift given by God - water. This is reflected, for example, in important laws:*

- Water Charter, adopted by the Council of Europe, Strasbourg, 1967, (Without water, there is no life. Water is a valuable, vital resource for all living things.... Water is our common property, and its value) [3];
- the World Water Day is an international day of the United Nations, established by the General Assembly in 1993. The Resolution noted that, given the importance of water resources in the development of economic activity and social well-being, which is not widely recognized, 22 March every year is declared International Water Day, which has been celebrated since 1993 [4];
- Directive 2000/60/EC of the European Parliament and the Council "On establishing the framework of Community activities in the field of water policy" dated 10/23/2000, as of 11/20/2014 [5]
- goal 6 - ensuring the availability and sustainable management of water resources and sanitation [6].

**Applied Aspects:** Solving the Problems of Firm Economics and the Importance of Water Resources by Adam Smith.

The importance of a clear display of trade transactions on the accounting accounts of the firm, its withholding of taxes and reporting to the tax authorities of the state about the withheld taxes (compilation of declarations), the formation of official reports and reporting of the firm, the use of business reports as a valid evidence in the study of the economy, taking into account the importance of the owner's control factor and the time factor in decision-making, the growth of the role of the profit and loss balance and other integrated management tools is noted. Smith paid due attention to the principle of prudence when comparing the planned profits and costs of breeding, in particular, vineyards; the results of activities in agriculture are significantly influenced by factors of environmental changes, in particular, climate changes. The concept of "opportunity costs" defined by Wieser in the Water Diamond Paradox is still widely used in modern economic analysis.

Defending economic liberalism in general, the classic of economic science Adam Smith believed that in order to raise the state to the highest level of welfare, only peace, light taxes and tolerance in administration are needed; everything else will do the natural course of things. Based on his instructions, the situation in which Ukraine found itself requires a purposeful transformation of the economy based on a systemic approach: building the country's defense capabilities (military economy regime) and defeating the enemy, improving the financial mechanism (taxes, subsidies, tariffs, subsidies, benefits, rent, etc.), development of the service sector and agriculture (including anticipatory development of raw material processing, demining, irrigation and land drainage); development of new business models based on effective technological solutions and the use of positive world experience.

### References

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## **WPLYW KRYZYSÓW MIGRACYJNYCH NA ROZWÓJ SPOŁECZNO-GOSPODARCZY KRAJU**

Aby zrozumieć przyczyny i skutki migracji oraz stworzyć podstawy do opracowania strategii i polityk, które pomogą zmniejszyć wpływ kryzysów na rozwój gospodarczy i inne obszary społeczeństwa, należy najpierw przestudiować teoretyczne podstawy migracji kryzysy. Do głównych teorii migracji zalicza się [1].

Teoria migracji zarobkowych. Teoria ta wyjaśnia przepływy migracyjne w kategoriach korzyści ekonomicznych dla migrantów i krajów przyjmujących. Zgodnie z tą teorią migranci zazwyczaj migrują do krajów o wyższych zarobkach i lepszych możliwościach zarobkowych, co prowadzi do wzrostu wydajności pracy w tych krajach.

Teoria migracji kulturowych. Teoria ta wyjaśnia migrację jako konsekwencję poszukiwania przez migrantów lepszych warunków życia i rozwoju własnej kultury. Zgodnie z tą teorią migranci mogą przenieść się do krajów o podobnej kulturze i języku, co pomaga im zintegrować się z nowym społeczeństwem i poprawić standard życia.

Teoria migracji społecznych. Teoria ta wyjaśnia migrację jako konsekwencję czynników społecznych, takich jak konflikt, przemoc, ucisk i problemy polityczne. Zgodnie z tą teorią migranci mogą przemieszczać się do krajów, w których ich bezpieczeństwo i wolność są bardziej gwarantowane.

Teoria polityki migracyjnej. Teoria ta wyjaśnia wpływ polityki migracyjnej na przepływy migracyjne i skutki migracji. Zgodnie z tą teorią polityka migracyjna krajów może ułatwiać lub utrudniać przepływy migracyjne oraz wpływać na integrację migrantów z nowym społeczeństwem. Przykładowo restrykcyjna polityka migracyjna może zmniejszyć liczbę migrantów przybywających do kraju, ale jednocześnie stworzyć problemy z ich integracją i skomplikować sytuację życiową.