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FACTORS OF STATE INSTITUTIONAL REGULATION AND MANAGEMENT OF OPEN ECONOMY IN TRANSFORMATIONAL CONDITIONS

ЧИННИКИ ДЕРЖАВНОГО ІНСТИТУЦІЙНОГО РЕГУЛЮВАННЯ ТА УПРАВЛІННЯ ВІДКРИТОЮ ЕКОНОМІКОЮ У ТРАНСФОРМАЦІЙНИХ УМОВАХ

Methodical support of modeling of determinants of state institutional regulation of open economy is offered, which is directed on compositional regulation of processes in macroeconomic environment taking into account permanent turbulence, influence of risks and supercomplex, multilateral and multilevel interdependencies of processes of globalization and state regulation. Modeling the determinants of state institutional regulation of the open economy provides methodological support for the system of strategic development of the national economy.

The main determinant that will promote socio-economic growth in the macroeconomic environment is concentrated in the flexibility of inflation targeting, i.e. deviation of inflation from the set parameters and this phenomenon will not prevent its return to the parametric range on a balanced horizon of macroeconomic policy of state institutions of the country.

It is proved that a significant direction of global shifts is the change of power systems, models and mechanisms that ensure the formation of modern adequate organizational and functional structures of state institutional regulation, to identify which no stable and dominant definitions have been found.

Key words: *the factors, the state institutional regulation, the management, the open economy, the transformational conditions, macroeconomic environment.*

У статті запропоновано методичне забезпечення моделювання детермінантів державного інституційного регулювання відкритої економіки, що спрямоване на композиційне регулювання процесів у макроекономічному середовищі з урахуванням перманентної турбулентності, впливу ризиків та надскладних, мультилатеральних і багаторівневих взаємозалежностей процесів глобалізації та державного регулювання. Моделювання детермінантів державного інституційного регулювання відкритої економіки забезпечує методичну підтримку системи стратегічного розвитку національної економіки. Основна детермінанта, яка сприятиме соціально-економічному зростанню у макроекономічному середовищі країни зосереджена у гнучкості режиму інфляційного таргетування, тобто допускається відхилення інфляції від заданих параметрів та зазначене явище не перешкоджатиме поверненню її до параметричного діапазону на збалансованому горизонті макроекономічної політики державних інституцій країни. У статті доведено, що суттєвим напрямом глобальних зсувів виступає зміна владних систем, моделей і механізмів, які забезпечують формування сучасних адекватних організаційно-функціональних структур державного інституційного регулювання, для виокремлення яких ще не віднайдено сталих та домінуючих дефініцій.

Ключові слова: *фактори, державне інституційне регулювання, управління, відкрита економіка, трансформаційні умови, макроекономічне середовище.*

Formulation of the problem. Under the influence of globalization processes, the economic space in the national environment is significantly increasing, and the tasks of its support and institutional regulation are constantly becoming more difficult. In the international macroeconomic environment, unfortunately,

there are no modern effective measures for the institutional regulation of economic and social processes, which for most actors in the global space have gone beyond the national framework. Certain aspects are due to the complexity of modern transformation processes and the lack of sufficient experience in their regulation.

Analysis of recent research and publication. Theoretical and applied aspects of state institutional regulation and management of the open economy in a transformational environment are covered in the works of leading domestic and foreign scientists, including such well-known researchers as Grigoriev G. S., Ohmae K., Chari V. V., Mankiw N. G., Barna M. Yu.

The purpose of the study: is to substantiate and analyze the factors of state institutional regulation and management of open economy in transformational conditions.

Presenting the main material. The modern system of economic and social relations in the international environment is largely based on the ideas of market fundamentalism, where the prerogative is a free market competitive environment. Globalization is usually focused on market relations, which provide regulatory functions, and globalization processes reduce the effectiveness of the national regulator of economic and social relations in the macro environment.

Globalization reflects the process of dialectical interaction of national and global social processes, in which there is a gradual limitation of national features of social relations (and relevant human qualities) and their gradual subordination to the system of global relations, as well as the laws and patterns of such interaction, the integrity of which is ensured by national segment structures [1].

In the current unstable permanent conditions, the role of nation-states, according to the supporters of the liberal approach to the globalization process, should gradually decrease. Most actors in the international arena must renounce national sovereignty and introduce sovereignty that has limited characteristics.

Well-known Japanese researcher in economics and governance Ohmae K. insisted in his writings that most national governments have outlived themselves and are relics of past periods. Ohmae K. insisted that "traditional nation-states have become unnatural, even impossible in business, units in the global economy" ..., and "the former picture of the world ... has become nothing more than an illusion." "The nation-state is becoming an obsolete element, as it is no longer the optimal unit for the organization of economic activity in the macroeconomic environment" [2; 3].

According to the scientist, modern nation-states are becoming local units of power in the international global system, in which the decisive role is played by money and credit markets and transnational business structures.

Ohmae K. insisted that traditional states are being replaced by so-called "regional states", "natural economic zones", "naturalness" and scales that are shaped by the needs of the global

international economy. In today's international macroeconomic environment without borders, the scientist noted that "the invisible hand has a range and power that Adam Smith could only dream of." He adds that "the nation-state and the" invisible hand "can coexist simultaneously only if the former can control and regulate the latter," but in modern conditions this is not the case".

Economic and social policy of industrialized countries, as a rule, was formed under the influence of macroeconomic theories. In our opinion, the evolution of macroeconomic theory should be carried out not from the standpoint of the emergence and development of various theoretical areas, but from the point of view of a separate study of the theoretical basis and a range of issues directly affecting institutional regulation of national macroeconomic environment.

In modern scientific research, despite the tendencies to the emergence of theoretical synthesis, there are serious differences over the impact of economic theory on the practice of institutional regulation of the macroeconomic environment.

In modern conditions, neoliberalism has a significant impact on globalization processes in the international macroeconomic environment, where the role of individual transnational actors in regulating not only world economic processes, but also processes at the level of individual national macroeconomic environment. To this end, global transnational businesses need to identify the following priorities:

- to ensure and support qualitative changes in the world market of goods, works and services;
- significant reduction of dependence of global transnational economic entities on state institutions due to their strategic determination of the tax burden, strategic priorities of their socio-economic responsibility in the international environment;
- development and implementation of a modern system of influencing potentially weak partners in the field of trade, services, finance, technology, etc.;
- overcoming national, religious, military, political, historical, cultural, humanitarian and other contradictions by radically reforming the current system of international relations in all segments;
- creation of effective socio-economic mechanisms, the use of which will allow to rationally address the issues of interaction of global transnational economic entities with state and regional institutions, international and national society and other stakeholders;
- expansion of international integration cooperation and division of labor with the gradual construction of international economic chains;

- formation of non-current and current reserves in all market sectors, able to artificially move the borders of the market of global transnational economic entities depending on its situation, consumer purchasing power, political and socio-economic situation in the relevant geographical segment or global macroeconomic space.

- ensure interaction between national and global socio-economic processes, which will significantly affect their effectiveness.

Some neoclassical proponents noted in their research that "the sad truth is that macroeconomic research has had little effect on the practical analysis of monetary and fiscal policy" [4].

Others took the opposite view: "In recent decades, many countries have adopted a variety of economic policies that are in line with what macroeconomic theory has suggested over the past thirty years. The impact of macroeconomic theory on the practice of state institutional regulation includes: increasing the independence of national banks; recognition of the parameters of the inflation component as targeting goals; increasing the use of consumption and labor taxes instead of capital taxes; increasing attention to the costs of economic policy, which disrupts the state of labor markets in the macroeconomic environment" [5].

Under the influence of the development of the neoclassical trend, the attitude to state institutional intervention in the functioning of the market economy is changing. It should also be noted that the general changes in the global economy and the strengthening of market mechanisms, necessitate a reassessment of opportunities and the need for public institutional intervention in the macroeconomic environment for the use of modern tools.

The process of internationalization of certain spheres of the macroeconomic environment provides an opportunity to systematically increase the efficiency of economic processes, ensure the growth of high-tech activities, promotes the introduction of innovative aspects into the system of state institutional regulation.

Globalization shifts at the turn of the XX – XXI centuries dragged the international macroeconomic environment into a whirlpool of irreversible cardinal transformations and transformations. Globalization strongly shakes the foundations of national sovereignty in the international environment, and the general vector of development of society in the world tends towards the unification of socio-economic forms of internal organization of the national macro-environment.

Convergence in the international macroeconomic environment of national components intensifies and develops the interaction of actors from local to global scale. Therefore, there are

interconnected branched transnational systemic business relationships and economic relations, through which various actors independently enter the global macroeconomic space, forming new socio-economic communities, information and communication channels and more. Globalization processes lead to the loss of the country's status as the sole subject of integration and representation of large communities in the international macroeconomic environment, which in turn dramatically expands the locus of governance, shifting the emphasis from national to supranational or subnational regulation.

Thus, a significant direction of global shifts is the change of power systems, models and mechanisms that ensure the formation of modern adequate organizational and functional structures of state institutional regulation, to identify which have not yet found stable and dominant definitions.

Regulation of processes in the macroeconomic environment in conditions of permanent turbulence and under the influence of significant risks has highlighted the task of comprehensive study of complex, turbulent, multilateral and multilevel interdependencies of globalization and government institutional regulation. Therefore, understanding the dynamics of their relationship and interaction is of particular importance for deepening understanding of current trends in mechanisms and models of state institutional regulation and theoretical and methodological justification for reforming institutional intervention in the national environment.

This is especially true of short-term permanent intervention, the need for which is completely denied by the neoclassicists and whose role has been greatly diminished by scholars who support Keynesian theory. Unfortunately, in today's conditions, we have the following differences on the issue of state institutional regulation in the macroeconomic environment, but at the same time, there are specific contradictions about the priorities and mechanisms for using the main instruments of macroeconomic policy: fiscal and monetary.

It is important to note that the differences over the greatest importance of fiscal or monetary policy for the strategic development of the country's national macroeconomic environment are almost completely resolved. Unlike the orthodox Keynesian school, which considers fiscal policy important and a priority, in the current realities of the national macroeconomic environment, priority should be given to monetary instruments.

The current trend is due to changing external conditions, increasing the openness of the national macroeconomic environment and the development of globalization shifts in economic activity. It should also be noted that the existence

of objective reasons has reduced the ability to maneuver the relevant budgets and, as a consequence, the use of fiscal policy as a tool for state institutional regulation of the macroeconomic environment.

Main aspects of budget constraints:

- reduction of budget deficits;
- reduction of growth rates of budget expenditures;
- reduction of tax burden in the national macroeconomic environment;
- reduction of the amount of budget debt.

The budget deficit shows the excess of budget expenditures over its revenue side and is an indicator that indicates the negative phenomena and processes in the national macroeconomic environment and affects the inflationary component of the currency.

The main causes of the budget deficit include:

- socio-economic policy of the government, which is making significant structural changes and transformations in the macroeconomic environment of the country;
- negative, destructive consequences of unforeseen events that are associated with aggressive behavior of the external environment of the country;
- unpredictable revaluation of the national currency, which has a positive effect in the short term, but forms a number of long-term macroeconomic imbalances, which in turn reduces the competitiveness of national exporters and producers and stimulates increased imports, affects;
- reduction of the results of the economic complex of the country;
- other phenomena and factors that affect the socio-economic situation in the macroeconomic environment of the country.

The presence of a budget deficit is mostly a negative phenomenon, but does not indicate an imbalance in the budget as a whole, as in the process of its preparation and approval are identified sources of deficit funding. This is a complex economic phenomenon, which reflects various aspects of socio-economic development in the national environment and confirms the effectiveness of economic policy of state institutions [6].

The international monetary system, which regulated national exchange rates, was in its infancy when the Bretton Woods Agreement was signed, which stabilized national exchange rates, and gold and the US dollar began to be used as an instrument of international settlements and foreign exchange reserves. It allowed the international macroeconomic environment to adhere to the agreed monetary order designed to regulate financial and economic relations between independent actors in the international arena. The main

aspect of the Bretton Woods agreement is the national institutional support for the exchange rate within ($\pm 1\%$) and its pegging to monetary gold, which helped to overcome the temporary disparities in payments after World War II.

With a fixed-budget regime of the exchange rate, the efficiency of fiscal policy increases and the role of monetary instruments decreases. With flexible exchange rates and liberalization of financial and credit flows, monetary instruments have priority, and fiscal policy is secondary.

Thus, if earlier Keynesianism gave priority to fiscal instruments, in modern transformational conditions the priority component of state institutional regulation is monetary policy, which is provided and implemented by the national bank.

The priority goals of modern monetary policy in the country are:

- ensuring price stability in the national macroeconomic environment through the application of the monetary regime of inflation targeting;
- promoting financial and economic stability in the national macroeconomic environment;
- ensuring sustainable rates of financial and economic growth in the national macroeconomic environment;
- support for the financial and economic policy of the Cabinet of Ministers of Ukraine.

Polycentrism in the international financial and economic system of the XX–XXI centuries contradicted monopoly-based monocentrism in the field of international monetary relations, which in turn led to the creation of a global, fairly efficient international monetary system that uses Special Drawing Rights (SDR) and provided transition to floating exchange rates and replacement of currency parity by "SDR currency basket".

Under the auspices of the International Monetary Fund, the first special drawing rights were issued in 1970, and their value was determined by the weighted average of the market rate of the SDR currency basket of the world's sixteen leading currencies.

Special drawing rights are an integrated financial instrument of the International Monetary Fund that has reserve and payment features. Special borrowing rights are issued only in non-cash form in the form of entries in accounts opened with banking institutions.

The main purpose of creating Special Drawing Rights: overcoming the Triffin paradox within the Bretton Woods monetary system - the contradiction between the global nature of use and the national nature of currency units. The country involved in this system needed official reserves - government or central bank investments in the form of gold and common foreign currencies, which could be used to bring net currency to the

international foreign exchange market in order to maintain its exchange rate [7].

From October 1, 2016, the currency basket of Special Drawing Rights is provided by five leading currencies of the global space:

- 0.58252 US dollars (41.73%);
- EUR 0.38671 (30.93%);
- 1.0174 yuan (10.92%);
- 11.9 yen (8.33%);
- 0,085946 pounds (8.09%).

In the current realities of the international monetary system, Special Drawing Rights have a very limited scope and are a reserve asset, with a functional feature of the settlement currency of the International Monetary Fund and other international financial institutions.

In fig. 1 presents the dynamics of Special Drawing Rights for the period 2014–2019 (per 100 units), which is formed according to the National Bank of Ukraine. As of January 1, 2018, the cost of one hundred units of Special Drawing Rights was UAH 3,987.51, and as of October 1, 2019 – UAH 3,298.86. Analytical data show a gradual increase in the value of the national currency against the currency basket of special drawing rights, which has a positive effect on increasing the purchasing power of the national currency and contributes to financial stability in the macroeconomic environment.

Thus, Special Drawing Rights is a modern tool that provides international currency settlements in the global macroeconomic environment and maintains monetary relations between countries.

The national monetary policy, taking into account the macroeconomic context, should support sustainable economic growth in the country and provide innovation and investment support for a diverse conglomerate in the national environment.

In 2018–2019, the growth of the national economy is gradually increasing and will approach the priority growth rate of 5–7%, which will ensure sustainable development and increase social living standards in society, and modern and adequate monetary policy should promote this.

Innovative aspects, investments and growth potential in the national macroeconomic environment should be significantly increased in case of necessary transformational changes, including improving the quality of regulatory institutions, diversification of regulatory and administrative processes, improving protection of private and intellectual property rights, reducing corruption, increasing the efficiency of the financial sector, which will promote the development of entrepreneurial activity in the country, etc.

Thus, the regulation of processes in the macroeconomic environment in conditions of permanent turbulence and under the influence of significant risks has highlighted the task of comprehensive study of complex, turbulent, multilateral and multilevel interdependence of globalization and government institutional regulation. Therefore, understanding the dynamics of their relationship and interaction is of particular importance for deepening understanding

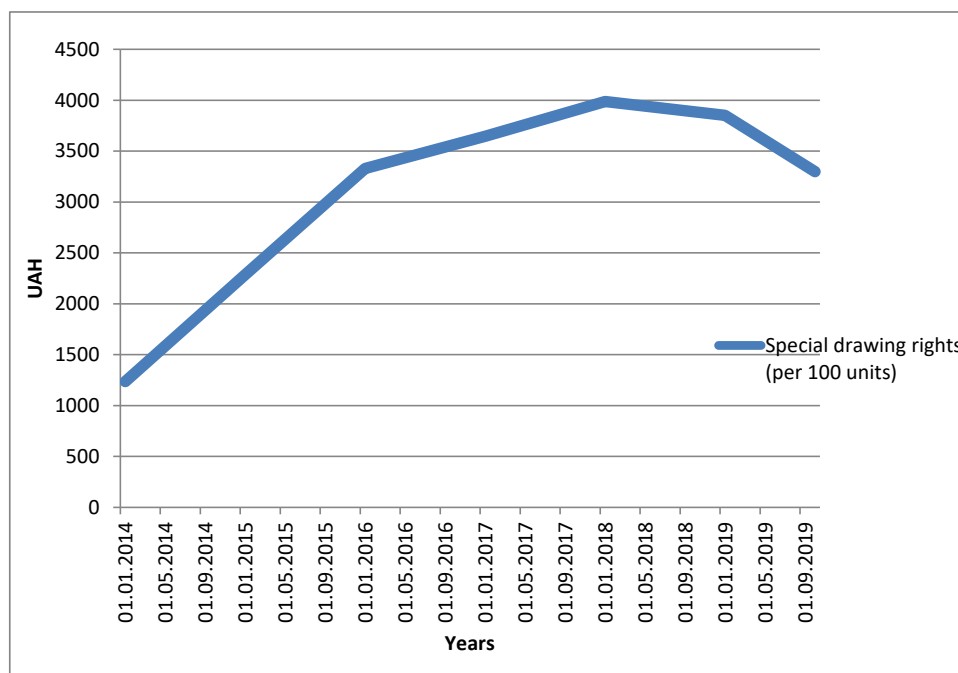


Fig. 1. Dynamics of Special Drawing Rights for the period 2014–2019 (per 100 units) (Source: built by the author according to the National Bank of Ukraine)

of current trends in mechanisms and models of state institutional regulation and theoretical and methodological justification for reforming institutional intervention in the national environment.

Ukraine's financial system has been under tight budget constraints for the past five years, which should ensure:

- macroeconomic stability;
- strengthening the financial security of the country;
- trust of internal and external stakeholders in the economic policy of the country.

It should also be noted that the choice of restrictions depends on the objectives of socio-economic policy, the institutional organization of the budget process and the methodology of fiscal policy.

Basic principles of budget policy in the system of state institutional regulation of open economy in modern transformational conditions:

- the principle of a balanced state budget (setting the size of the country's budget deficit) requires a balance of all revenues and expenditures or limiting the size of the budget deficit to a certain share of gross domestic product, for example in 2019 Ukraine's budget deficit was 1.8% of GDP; loans are made only to finance investments;
- principles of loan financing: prohibition of government loans from domestic sources, from the national bank or restriction to a certain proportion of government revenues and expenditures of previous periods;
- the principle of the amount of public debt or reserves, compliance with which involves limiting the debt indicator in relation to gross domestic product and the amount of state reserves.

Despite the many scientific studies that reveal the methods, directions and mechanisms of state institutional regulation of the open economy in modern transformational conditions, pragmatic vectors are implemented in practice. For example, in the European Union, budget policy, in contrast to monetary policy, remains decentralized and controlled by the countries that are part of this integration structure. Ensuring budgetary discipline within the union and maintaining its flexibility, which will provide instrumental support to combat cyclical downturns in the macroeconomic environment, remains a contentious issue.

The main laws of state institutional regulation of the open economy in modern transformational conditions:

- regulation should be carried out under the influence of macroeconomic theory and factors of globalization: increased independence of national banks; objects of taxation focused on consumption; focusing economic policy and targeting inflation parameters;

- transformations taking place in the global economy lead to a reassessment of the possibilities and necessity of state institutional intervention, especially in monetary and fiscal instruments;

- growth of international capital flows;
 - increase in the global financial market;
 - development of financial innovations;
 - requirements of budgetary constraints: reduction of budget deficits and reduction of growth rates of government expenditures and debt; reducing the tax burden on the economy;
 - the exchange rate regime is a priority instrument of state institutional regulation of the national economy, the fixed exchange rate regime increases the effectiveness of fiscal policy and reduces the role of monetary instruments, and vice versa, the floating exchange rate is a priority monetary instruments, and fiscal policy has a secondary impact;
 - at a fixed exchange rate, monetary policy is inefficient and negatively affects the development of the national economy;
 - monetary policy is aimed at targeting inflation, but it should be remembered that inflation affects the growth of costs and is a factor in aggregate demand;
 - debatable choice between a policy based on strict principles, norms and discretionary policies, in which decisions on regulatory measures are made depending on the current socio-economic situation in the macroeconomic environment.
- For the national economy, monetary regulation today has the following trends:
- strengthening the independence of the NBU;
 - inflation targeting is provided as vectors of state regulation;
 - enhanced openness of the national macroeconomic environment;
 - resumption of international capital flows and a moderate increase in the volume of various segments of the financial market;
 - development of financial innovations;
 - strengthening the interdependence of the Ukrainian financial market from the international one, there is a convergence of world and domestic interest rates;
 - the country refuses intermediate forms of fixing the exchange rate;
 - within the framework of monetary policy, the NBU's macroeconomic parameters are planned: refinancing rates, reserve requirements, the growth rate of the money supply, etc. Based on the results of the analysis, the planning of economic parameters in the framework of monetary regulation in the context of globalization, becomes ineffective because it is complicated by the operation of modified market mechanisms.

Conclusions. Thus, the proposed methodological support for modeling the determinants of state institutional regulation of open economy, aimed at compositional regulation of processes in the macroeconomic environment, taking into account permanent turbulence, risk and complex, multilateral and multilevel interdependence of globalization and government regulation. Modeling the determinants of state institutional regulation of the open economy provides methodological support for the system of strategic development of the national economy.

The main determinant that will promote socio-economic growth in the macroeconomic environment is concentrated in the flexibility of inflation targeting, ie deviation of inflation from the set parameters and this phenomenon will not prevent its return to the parametric range on a balanced horizon of macroeconomic policy.

It is proved that a significant direction of global shifts is the change of power systems, models and mechanisms that ensure the formation of modern adequate organizational and functional structures of state institutional regulation, to identify which no stable and dominant definitions have been found.

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