

GOVERNMENT AND MARKET: NEW CRITERIA FOR INTERACTION

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Any economic relation acquires in the economic system that particular form of its realization in which it can only really function.

Ignoring this circumstance leads to the fact that one of the significant shortcomings of the study of market relations and the forms of competition immanent to them is to consider those and others only at the most abstract levels of their essence, outside the system of their dynamic interaction with other economic relations and economic forms. In modern economic theory, this flaw is characteristic, in particular, for the neoclassical direction, prone to building abstract static models of market relations divorced from reality [1, p. 77-81].

No less widespread in the economic literature is another extreme - the tendency to limit consideration of reality only by external forms of manifestation, taken only in the form in which they directly empirically act in economic practice. It is known that the mechanisms of the modern economy cannot work effectively without a specific set of institutions.

Moreover, to ensure the competitiveness and sustainability of business entities, it is necessary to create favorable conditions for the existing institutional environment [2, p. 173-180].

Modern neoinstitutional theory is based on the fact that the level of economic development, labor productivity and, ultimately, the wealth level of society are determined by the development of institutions. Of particular importance is this process in a transition economy, when the formation and development of the

economy must proceed in parallel with the creation and development of the system of relevant institutions. It is the institutional environment in this case that will determine the direction and pace of economic growth.

However, in a transitional economy, there are several problems that cannot be solved without defining the role of the institutional environment. D. North writes: «If poor countries are poor because they are victims of an institutional structure; hindering growth, the question is whether this institutional structure is imposed from the outside, or is it determined by internal factors, or is it the result of a combination of both? »[3, p. 69-91].

The problems of formation and transformation of the institutional structure in a transition economy were considered in the works of foreign and domestic authors M. Olson, D. North, R. Nureyev, A. Oleinik , M. Zveryakov, V. Geys, A. Gritsenko, etc. [2,3,6,7,9,10,11].

These authors note that for transitional economies of a new type, operating in adverse conditions of deepening instability of the world economic system and accelerated entry into the structures of already established economic relations, the issue of self-determination in the global environment and the creation of effective mechanisms for effective economic integration are priority areas for research and practice.

The problems of transformation of economic systems in modern conditions are of particular scientific, theoretical and practical importance, taking into account the modern realities of the development of the Ukrainian state. It is generally recognized that the socio-economic transformations carried out in the country have led to results that are qualitatively different from those expected.

Despite the numerous declared intentions, there is no unity in society regarding the strategic prospects for national development, the directions and goals of structural changes, the mechanisms for entering the world economic environment. The experience gained during the years of transformations convincingly proved the need to revise the current national model of development, identify exogenous and

endogenous risks of transforming the Ukrainian economy and substantiate the strategic priorities of its effective reintegration into the global economic space.

The insufficient degree of development of the theoretical and methodological foundations of the transformation of economic systems in modern conditions, on the one hand, and the importance of the results of this study to ensure the dynamic development of transition economies in Ukraine before, on the other, indicate an objective need for further research of this scientific problem.

As the experience of developed countries shows, their high level of economic development is determined by an effective national innovation system. As is known, the first NIS were formed from the moment of the emergence of industrial civilization spontaneously-evolutionary by self-organizing society on the principles of competition between countries and their economies, as well as political opposition, but within the framework of a common economic policy. Only in our time the NIS were interpreted as a self-sufficient phenomenon [4, p. 140].

The concept of the NIS was introduced into science in 1987 by the Professor at the University of Sussex K. Freeman, who defined the national innovation system as a set of actions to develop technological policies capable of ensuring the economic success of the country. According to the scientist, NIS is a special kind of network of institutional structures in the public and private sectors of the economy, the activity and interaction of which initiates, creates, modifies and contributes to the diffusion of new technologies.

It is within the framework of the NIS that the state forms and implements policies aimed at maintaining a high level of competitiveness and efficiency of the country's economy [4, p. 145]. Later it was proved that economic growth and development depends on a number of institutional factors, in particular the state of the scientific and educational systems, regulation in the field of intellectual property, and the like.

The merit of the researchers was the substantiation of the concept of the social system of innovations and the identification of four types of such a system:

- market (USA, UK);

- meso-corporatist (Japan)
- Social Democratic (Scandinavian countries);
- European integration (Germany, France, the Netherlands, Italy) [13, p. 74].

The formation of institutions is not only becoming a condition for the development of the economy, but is itself determined by this development. In essence, this is an interactive interaction between production relations and the productive forces.

What are the institutional criteria for this interaction? And in what exactly should the participation of the state within the boundaries of this interaction be manifested?

We propose to consider this problem from the point of view of the degree of rationality of the behavior of economic entities.

In the modern economy, increasing the rationality of the economic behavior of economic entities is not due to, but in spite of the development of the market mechanism.

Thus, there is a need for institutional support of the state for those economic entities that are not able to carry out this process on their own.

In particular, a high level of institutional development of society is found in the support that the state provides to firms in promoting their products on the external market.

Organizational export support tools: information and consulting support (including market and market research, legal consultations, etc.); training and special informational and educational events (seminars, webinars, etc.); promotional support, including exhibition and fair activities, assistance in establishing business contacts and cooperation relations with foreign partners; trade and political support (improved access to foreign markets, elimination of discriminatory restrictions, including by ensuring the effective use of tools WTO, a mechanism for regional and bilateral agreements on free trade, etc.); political and diplomatic support (state visits, lobbying, support of investment projects and export transactions, promotion of a positive business image); elimination of excessive administrative barriers.

Modern support for national exports is based on interaction of government and non-state institutions including relevant ministries and departments, specialized agencies and centers of expertise, financial structures, regional and foreign machine. The trend is becoming more pronounced. Consolidation of institutions and mechanisms of export state support, the growing scale and social significance of their activities.

In this regard, the leading countries exporters are working to improve the efficiency of financial and organizational support for exports, including through the formation of new measures and mechanisms (for example, systematic work on creating a favorable image of the country, political and diplomatic support, lobbying interests of national business and others) [5, p. 40].

For example, the British Trade and Investment Service (UK Trade & Investment, UKTI or BSTI) has been created in the UK to provide institutional support to traders. It is charged with the functions of: promoting British goods and services to foreign markets; assisting UK companies in entering the international market; attracting foreign investment.

Domestically, the service is engaged in assisting British exporters and investors in terms of promoting British exports, supporting and advising, primarily, small and medium-sized firms in the regions through regional departments to support local enterprises experiencing difficulties with selling their products in the foreign market and interested in attracting foreign investment [5, p. 27].

Abroad, UKTI works through the commercial departments of British embassies and promotes British exports to foreign markets. UKTI provides firms and companies with the following services:

- providing information and advice on trade topics (on product markets and possible competitors, country, political and economic reviews, tariff rates, principles of foreign trade regulation in various countries), including preparation of sectoral reports and market reviews;

- development of programs for entering the foreign market for new exporters, as well as training, planning and subsequent support of their actions in foreign markets;

- the provision of an integrated package of assistance and advice for small and medium-sized enterprises to access export markets with minimal costs; ensuring the functioning of the information and consulting center operating on the principle of single point of entry (the principle of "one window");

- assistance (if necessary) to private business in establishing contacts with government organizations of foreign countries;

- assistance to British exporters through the organization of special educational programs and the transfer of experience in the markets of foreign countries from one company to another;

- financial support of private companies participating in trade fairs abroad;

- search for partners for the implementation of specific projects. [5, p. 133-138].

In the UK, there are a number of institutional areas, designed primarily to assist foreign trade participants in promoting their products to the external market.

These institutional support programs are designed for companies of various levels. The first level is companies that have practically no experience of foreign economic activity, the second level is companies that have experience in the foreign market and who want to enter a new "difficult" market, with appropriate assistance [5, p. 227].

In the Netherlands, institutional assistance to national producers in the development of foreign markets is one of the main elements of economic policy. The following areas of institutional support for national exports are used: [5, p. 201-210].

- direct and indirect subsidies to exporters (in the framework of the general rules of the EU and the OECD); export crediting; export insurance;

- assistance in providing exporters with the necessary information;

- foreign policy to ensure the most favorable conditions for domestic producers in foreign markets;

- moral encouragement of exporters; anti-dumping measures;
- assistance in the organization of the infrastructure necessary for export.

The institutional structure, through which export support measures are initiated and largely implemented, in the Netherlands includes government agencies, public organizations, as well as private consulting companies and information and analytical agencies.

The United States also pays great attention to the institutional support of exporters. It is envisaged to develop a system of federal programs to provide institutional support to both large and medium-sized and small American export manufacturing companies.

The new strategy brings several major tasks to the fore.

The main one is the strengthening of state support for national exporters in obtaining and implementing large contracts abroad. To solve this problem, it is provided to ensure favorable institutional conditions for US companies to participate in these projects and their "aggressive" support from the relevant US government departments [5, p. 124-133].

Cumulative spending on export promotion goals amounted to 2016. 2.6 billion dollars (20% more than in the previous year), of which 90% of the allocated federal budget funds are accounted for by the activities of three departments: the Ministry of Agriculture (1.3 billion dollars), Eximbank (0.7 billion dollars) and the Ministry of Trade (0, 3 billion dollars.). [5, p. 126].

Special attention is paid to the development of institutional support for investment projects in developing countries and countries with "transition economies".

The Ministry of Commerce, in matters of institutional support for exports, plays the most important role of the International Trade Administration (AMT). Its tasks include the development of specific measures aimed at implementing the National Export Strategy.

The company operates the American Commercial Service, which is engaged in protecting the interests of American exporters in foreign countries, organizing

exhibitions and fairs, providing information and consulting for exporters and investors, and organizing and financing their business trips abroad. The organization of these events is allocated 60% of all funds earmarked for the Ministry of Commerce. [5, p. 217-223].

The Ukrainian economy needs to form a similar institutional structure much more than a developed economy. Moreover, the current negative tendency can only be changed by moving to a new model of economic development, for which it is necessary to create non-standard institutional elements of the new model. [6, p. 214-215]

For more than two decades, the domestic economy has been proving that this requires the interaction of three subjects of the socio-economic process: business, the state and civil institutions [7, p. 124-135].

For example, the Ministry of Economy and the Ministry of Foreign Affairs of Ukraine have created special sites for unsystematic information on foreign economic activity, but they are not engaged in analytics on regional geography. Therefore, usually commercial structures hire a group of specialists to collect scattered pieces of information on foreign economic activity.

Sites of the Ministry of Foreign Affairs and the Ministry of Economics are still in their infancy - they are not able to provide the public with a hundredth part of the content that these departments actually possess. Hundreds of diplomats and trade attaches write certificates about the state of the economy in the host countries, problems and successes of bilateral cooperation, describe tax and banking, customs and non-tariff restrictions [8].

Institutional support of the exporter is unthinkable without state participation. If in Soviet times, all domestic exporting directors could be seated at the same table, and then today this business has to be mastered by hundreds of thousands of small and medium-sized entrepreneurs.

Small and medium-sized participants in foreign trade transactions incur losses from ignoring the multitude of institutions that only a large firm with expensive legal support can cope with.

Stimulation of foreign economic relations for small and medium-sized businesses through their institutional support is necessary, among other things, for the social stability of society, since the growth of employment and mobility of the population dampens hotbeds of social tension.

Meanwhile, in practice, the system of institutional state support for foreign trade in Ukraine exists today only for those who need it less than others for large capital. Other Ukrainian legal entities, and their hundreds of thousands, also have the right to count on the institutional support of the state.

An official of a ministry or trade mission, a banker or a diplomat, should not consider official information as a means of extracting any personal benefits or increasing one's own influence. The taxpayer has the right to require access to any non-secret information. Translations and abstracts from foreign media, which are prepared in the form of certificates in a single copy, cannot be products "for official use."

Their publication in electronic form requires financial expenditures, which multiply pay off the growth of the economy. It happens all over the world. By creating and adjusting the system of institutional support for exports, the state will then be able to gradually improve and expand the institutional structure. Western countries spend huge amounts of money on this, forming and developing the institutions necessary to support their economic actors. In Ukraine, the institutional structure of export support is at the initial stage of development. [9, p. 17.]

In the face of the apparent immaturity of domestic export support institutions, large companies have developed their own autonomous information and lobbyist structures. However, for normal economic development, economic projects require the participation of not only large capital, but also thousands of medium and small companies.

These latter need institutional support for activities of a foreign economic nature. Therefore, it is necessary to move from selective support of large-scale foreign trade cooperation projects to building a nationwide structure of support

institutions for small and medium-sized businesses, as is done in other countries [10, p. 124-135].

Thus, in the global economy there is a rather paradoxical situation. In developed countries, thanks to a high level of institutional development, a system has been created to support national producers in the external market. This significantly increases the already sufficiently high rationality of the behavior of national firms [11, p. 125-131].

On the other hand, in countries with transitional economies, in particular, in Ukraine, the immaturity of market institutions leads to a relatively low level of rationality of business entities. Here the objective need of the economy to compensate for the immaturity of market institutions through the development of government regulatory institutions is particularly acute. But it is precisely here, due to the relatively low level of institutional development that the support of economic entities is at a lower level than in highly developed countries.

This contradiction is partly reproduced inside the country. The availability of development institutions and, accordingly, economic rationality at the level of large capital substantially exceeds the level of economic rationality of small and medium businesses.

Therefore, the problem of the formation of institutions acquires not only a purely economic, but also a socio-political character [12, p. 125-131].

The paradox of the formation of the Ukrainian institutional environment is that its level of development is lower precisely where the objective need for it is highest. This contradiction can be resolved only on the basis of concentrating the efforts of the state on the development of the institutional environment, designed in a transition economy to compensate for the relatively low level of rationality of behavior of economic entities, primarily in the field of small and medium businesses. [13, p. 43].

Accounting for this objective historical fact is crucial for the state policy in the field of education development institutions.

The development of a new institutional structure is not without controversy. In a transitional economy, this controversial character is expressed in the fact that the

fruits of the emerging institutions are primarily used by large rather than small and medium-sized businesses, which need this much more to develop their economic activities.

The resolution of this contradiction requires the orientation of institutions to the interests of, above all, small and medium-sized businesses [14, p. 121-130].

Thus, one of the most important criteria for the formation of development institutions is the rationality of economic actors at all levels and an understanding of the economic laws that determine the objective need for these institutions.

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