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ФОРМУВАННЯ ЕНДОГЕННО ОРІЄНТОВАНОЇ ІНВЕСТИЦІЙНОЇ ПОЛІТИКИ В КОНТЕКСТІ ЗМІЦНЕННЯ НАЦІОНАЛЬНОЇ ЕКОНОМІЧНОЇ БЕЗПЕКИ

ФОРМИРОВАНИЕ ЭНДОГЕННО ОРИЕНТИРОВАННОЙ ИНВЕСТИЦИОННОЙ ПОЛИТИКИ В КОНТЕКСТЕ УКРЕПЛЕНИЯ НАЦИОНАЛЬНОЙ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ

FORMATION OF THE ENDOGENOUSLY ORIENTED INVESTMENT POLICY IN THE CONTEXT OF STRENGTHENING THE NATIONAL ECONOMIC SECURITY

У статті обґрунтовується доцільність переходу до ендогенно–орієнтованої інвестиційної політики. Пропонуються напрями державної політики для ендогенізації розвитку інвестиційної ініціативи в контексті економічної безпеки. Реалізація цих напрямків дозволить домогтися інвестиційної самодостатності національної економіки.

Ключові слова: *ендогенізація інвестиційного розвитку, державна інвестиційна політика, національна економічна безпека, безпека інвестицій, інвестиційна діяльність.*

В статье обосновывается целесообразность перехода к эндогенно–ориентированной инвестиционной политике. Предлагаются направления государственной политики для єндогенизации развития инвестиционной инициативы в контексте экономической безопасности. Реализация этих направлений позволит добиться инвестиционной самодостаточности национальной экономики.

Ключевые слова: *єндогенизация инвестиционного развития, государственная инвестиционная политика, национальная экономическая безопасность, безопасность инвестиций, инвестиционная деятельность*

The article substantiates the expediency of transition to the endogenously oriented investment policy. It offers the state policy directions for the endogenisation of the *investment–driven development in the context of economic security. Implementing these directions will enable to achieve the investment self–sufficiency of the national economy.*

Keywords: *endogenisation of the investment–driven development, state investment policy, national economic security, investment security, investment activity.*

Problem Statement. Under the conditions of economic recession and political instability, the investment–driven development naturally slows down, capital investments are significantly decreased, and potential investors are having less and less trust in the state policy. This adversely affects the level of economic security of Ukraine through its investment functional component.

The growing threats to the investment security include worsening of the investment climate, tightening of external investments sources, loss of foreign partners, investment activities and investment lending for economic entities decline. Evening–out these threats, eliminating destructive impacts, protecting national economic interests by forming the effective policy of investment–driven development are among the urgent issues of ensuring national economic security and require an immediate solution.

Latest Publication Analysis. Such scientists as L. Abalkin [1], Z. Varnalii [2], O. Vlasiuk [3], V. Heiets [4], V. Horbulin [5], M. Yermoshenko [6], John Keynes [7], T. Kovalchuk [8], Joseph Stiglitz [12], Yu. Kharazishvili [14], V. Cherniak [8], and V. Shevchuk [8] devoted their works to solving the investment–driven development problems in the context of state economic security. These works offer the author's solution for the problem of economic security and its investment component.

In general, the economic security is characterised by balance and resistance to the adverse impact of internal and external threats, the ability to ensure sustainable and effective development of the national economy and social sphere based on the implementation of national economic interests [6, p. 29], as well as the ability of the economic system for self–development and self–improvement [2].

However, currently there is the well–established trend towards disbalance of the security environment and increase of the influence of foreign investors' transnational and expansion policy aimed at sponsoring primary industries (agriculture, timber production, metallurgy). In conjunction with the critical decline in the innovation and investment activity, it increases the risks of further transformation of Ukraine into a mere supplier of raw materials for highly developed countries. V. Horbulin stated, «We are standing on the verge of profound transformation of the current military and political and economic alliances, the emergence of new ones, and the search for answers to new unexpected questions – and we should take advantage of that» [5].

The way out of this difficult situation is supposed to be in the investment–driven development based on the endogenously oriented economic growth model developed by V. Heiets and M. Skrypchenko [4]. According to the authors' approach, the economy endogenisation is a process of activation of internal factors and reduction of the adverse impact of external factors on the social and economic development of the country. However, taking into account the scientific results of L. Abalkin, M. Yermoshenko, T. Kovalchuk, V. Cherniak, and V. Shevchuk, it is necessary to emphasize the achievement of the economic security goal, namely ensuring independence of the national economy [1, p. 5; 6, p. 30] and implementation of relevance of the development policy [8].

The goal of research is to develop basic directions and search for sources and reserves of the investment–driven development endogenisation, which are aimed at adhering to an ideal balance of internal and external investments and establishing the high–tech economic structure in the context of ensuring state economic security.

Presentation of the Main Research Findings. Based on the results of 2015, investment climate in Ukraine significantly worsened. Real GDP decline rate was 9.9 %, foreign direct investment outflow as of 31.12.2015 totalled USD 12 billion, the level of wear and tear of fixed assets was more than 85%. Furthermore, according to calculations of domestic and foreign scientists, the Ukrainian economy modernization needs attracting over USD 300 billion of investment resources by 2035 [11, p. 196–212]. Under such circumstances, the active investment–driven development policy embodied into the national system of ensuring economic security can ensure the national economy growth. The active state participation in the investment process should be based on the Keynesian approach, which involves stimulating the aggregate demand by the implementation of the employment and investment growth policy through domestic savings [7].

Being a part of the concept of endogenously oriented economic growth model, the investment–driven development endogenisation provides for the following:

Firstly, focusing on internal processes and internal integration of the economy and society as countermeasures for external pressure; developing and implementing the effective economic, social and cultural national policies; achieving the pre–emptive synergistic effect (return on current and capital expenditures) when the initial GDP and labour productivity are 10–12 times lower than the same of the developed countries [4, p. 42].

Secondly, funding those economic sectors that are the most promising in terms of the global economic process development [3, p. 22] and are focused on solving long–term priorities of the economic development [10, p. 29];

Thirdly, growth of investments and their efficiency (return), the ideal combination of internal and external sources of investments with meeting the threshold of the state economic security.

The main sources and reserves of the investment–driven development endogenisation in the context of economic security include as follows:

– Financial resources withdrawn to offshore companies;
– Off–the–books resources;
– Household savings;
– Investment lending; and
– Government expenditures.

Financial Resources Sent to Offshore Accounts. During the entire period of independence, the Ukrainian economy has been losing the significant amount of financial resources due to withdrawing of because of residents' capitals to offshore zones. Over USD 116.7 billion were withdrawn to offshore companies during the period from 2004 to 2013 [15]. The Ukrainian capital is mainly outflowed to Cyprus (as of 31 December 2015, the foreign direct investments reached 90.0 % of the total amount), as well as the Virgin Islands.

The capital outflow to offshore zones is also provided by the Ukrainian banking institutions. Practice of using refinancing resources with the assistance of the National Bank of Ukraine for purchasing foreign currency in order to export it to offshore zones is extremely dangerous for the operation of the monetary market. For example, only in 2014 Delta Bank was refinanced by the National Bank of Ukraine in the amount of UAH 10 billion. The bank spent part of these funds to buy USD 535.3 million and transferred them abroad in the name of 12 related institutions. In general, the banks that further were recognized insolvent had deposited almost USD 800 million into correspondent accounts with foreign banks, which amounts to UAH 18 billion [9].

Off–The–Books Resources. The economic needs for investment capital can be met by withdrawing funds from the off–the–books turnover. In 2015, the shadow economy amounted to 40 % of the GDP.

Tax factors deserve special attention among many others causing the high share of shadow economy. The regulatory function of taxes ensures the economic growth through activation of industrial, economic and business activities of institutional entities of the national economy; the fiscal function ensures the economic growth through filling the revenue side of the state budget. Under the conditions of simultaneous growth of the financial needs of the state and the necessity to satisfy the interests of economic entities (while the results of their activity show a lag over time), the fiscal and regulatory functions of taxes have a contradictory character: state budget interests in the short term conflict with long–term imperatives of the economic growth. Naturally, increase in the tax burden leads to moving the business into shadow. Therefore, under the conditions of business activity downturn and economic slowdown, implementation of a stimulating function of the tax policy, which lies in reducing tax rates and providing tax privileges for the priority economic sectors, innovative industries and small business, becomes the crucial area of the tax policy.

Within the context of attracting investment resources, the measures for unshadowing the economy will stimulate redirection of the financial flows within speculative financial transactions to the investment of the economic development, which provides for the following: improvement of the stock exchange operations; control over bank activities, collective investment schemes, non–state pension funds, captive financial institutions; prevention of different fluctuations in the currency market thereby minimizing currency speculations.

Household Savings. Savings are the main inner source of investment into the national economy and the gross fixed capital formation. In turn, investments determine how much savings are accumulated as productive capital [14, p. 214]. In 2014, household savings reached their critical minimum level –decline rate was 73.5 per cent. The factors of decrease in savings (% of GDP) during 2008–2014 include household income decrease, increased arrears in wages, negative value of household savings (due to the debt financing of the budget deficit), inflation growth, political instability, uneven distribution of income, demographic population structure, etc.

Investment Lending. The banking system has significant lending reserves. The decline in business loan volume is caused by high interest rates on loans, a significant number of problem banks and loans, and lack of the sufficient amount of assets and liquidity. The high weighted average interest rate in the national currency due to the NBU's inefficient restriction policy, which mostly consisted of setting the unreasonably high NBU discount rate and liberalization of the currency exchange rate, became the main factors restraining the investment–driven development.

Funds of non–state pension funds and insurance companies; redirection of collective investment schemes into transactions in the production sector; stimulation of venture capital funds in the innovation sector (Ukrainian venture capital funds are mostly focused on the investments in the real estate sector and trading) may become the powerful sources of investment lending.

Government Expenditures. The state investments are exceptionally important reserve for financing economic development. Best practice in stimulating the economic growth by means of state investments shows that in the determination of their volume and structure it is necessary to take into account the economic cycle phase and its special features [12]. When the economic growth rate is slowing down, it is expedient to finance state investments by means of domestic and foreign borrowings not exceeding 3 % of GDP per annum. At the high economic growth rate, it is expedient to finance state investments mainly by means of domestic non–tax revenues that will neutralize the «effect of displacement of state investments by private investments.» The state investments in the amount of 2 % of the GDP should be the maximum acceptable limit for the EU countries. If this value is exceeded, private investments are displaced, which slows down the capital accumulation rate. The most optimal amount of state investments in the infrastructure for post–socialist countries is 4 % of the GDP [13, p. 72–73].

The growth in state investments should correlate to the increase in the volume of state savings and should not increase the ratio of the state debt to the GDP in the medium term (otherwise further costs of debt service and repayment costs may exceed the gains from investments). The state investment efficiency is also influenced by their cross–industry distribution, which, in terms of economic effectiveness, should take into account the priority of financing economic sectors, the scale of the return of investments and the investments payback period. Generally, investments in infrastructure provide greater returns in the medium term, investments in social, technological, innovation and scientific research projects provide greater returns in the long term, and in state enterprises and industrial and scientific and technological target–oriented comprehensive public programs provide greater returns both in the medium and in the long term.

Special attention should be paid to the financing of social sectors of the economy: education and healthcare. The investments in the fixed capital of the education sector (by 43.9 % in 2014 compared to 2013), and of the healthcare and social aid sector (by 31.9%) have significantly reduced in 2013–2014. It is commonly known that the industries providing public benefits affect the economic growth indirectly, through the quality of human capital. There is no direct economic impact as investments in education, culture, healthcare, and science influence the economic development with a significant time lag and determine its quality parameters to the greatest extent. Therefore, the solution is to accumulate such amount of state investments in highly profitable economic sectors that will be able to cover losses of financing non–profitable social projects.

Activation of the above–mentioned endogenous factors and the use of offshore funds, off–the–books resources, household savings, investment loans and government development expenditures as domestic reserves of the investment–driven development will allow reducing dependence of the national economy on external debt financing, increasing the national investment potential, and achieving the ideal level of investment security in the long term thereby improving the state economic security in general.

Conclusions and Prospects for Further Research. The investment–driven development endogenisation in the context of ensuring economic security involves the implementation of measures in the following basic areas:

Deoffshorization: protecting investors' rights, preventing the investment activity politiation; improving the transfer pricing system; reducing the tax burden on business; improving control over capital flows to offshore jurisdictions; establishing the efficient mechanisms of preventing money laundering and terror financing; introducing the effective taxation system for funds sent to offshore companies;

Unshadowing and combating corruption: combating tax evasion schemes; reducing the tax burden on manufacturers and employers; ensuring openness and transparency of the taxation system; developing the economic and tax culture in economic entities; increasing responsibility of entities for economic crimes and offenses;

Transformation of household savings into investments: recovering people's trust in the banking system; keeping the inflation rate at an optimal level; improving the private deposit guarantee system; increasing real personal income and propensity to save; reducing the economy dollarization;

Expansion of investment lending: stimulating the growth of the share of medium and long term loans to the real economy, R&D and SME financing in the loan portfolio; introducing state compensation of interest rates on loans for investment purposes in the priority types of production facilities; establishing the NBU's stimulating accounting policy aimed at reducing the discount rate for the purpose of easing credits for the national economy;

State investment activation: optimizing the expenditure structure; improving the system of selection and implementation of investment projects; applying the mechanism of attracting domestic government bonds to the investment process in Ukraine; forming the local bond issuing and circulation system; and involving the mechanisms of the public–private partnership.

Combining of oligarchic groups' activities with forming their moral conscience concerning investment of their own capitals in the Ukrainian economy, activities of government institutions aimed at establishing a favourable investment environment and providing the investment protection guarantees should become the kea idea of the investment–driven development endogenisation.

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