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THE INTERACTION OF FINANCIAL OPENNESS AND ECONOMIC GROWTH

The article summarizes current approaches to the theoretical substantiation of the effects of financial openness on emerging economies. The empirical data on the verifying financial openness effects, in particular the promotion of capital inflows into emerging economies and their productive development in the context of globalization processes, are analyzed. An attempt has been made to identify the influence of the interest rate factor on the direction of the redistribution of international capital flows. Generalized the patterns of the distribution of capital movement instruments depending on the level of development of financial institutions and signs of the capital flows' strong deformation impact on financial markets with underdeveloped institutional environment.

As a result of the analysis, it was found that under the conditions of the "new normality", characterized by an increase in the volume of free movement of volatile capital flows, an increase in the level of financial openness, contrary to theoretical provisions, does not directly cause the inflow of foreign capital. At the same time, attracting foreign capital on a free, unregulated basis has a limited impact on economic development and mainly finances only the existing, well-functioning, high-yield markets and industries. Contemporary realities and the approach to the evaluation of foreign direct investment as the most effective and less volatile instruments of attracting foreign capital do not correspond to the current state of things. In today's context, only a small part of the FDI arrive into the real sector, while the bulk of them are localized in high-yield segments of the financial markets and used for tax evasion.

The lack of direct dependence of international capital flows on the spread of capital yields and the level of financial openness leads to the conclusion that, in addition to the classical factors, the drivers of foreign capital inflow include positive economic dynamics of the recipient country and presence of high-yield markets. At the same time, signs of sustainable economic growth or recession by themselves encourage capital inflow or outflow from the country. At the same time, the presence of a developed financial sector reduces the risks of instability and increases the investment component of financial openness. These conditions form an inverse relationship between macroeconomic dynamics, the level of development of the institutional environment and the change in the level of real financial openness of the economy.

Keywords: *economic growth, investments, capital flows, financial openness, financial sector*

Introduction. In the period 1980–2000, a number of factors contributed to the increase in the level of financial openness of world economies. The spread of globalization, the long ascending phase of the economic cycle, financial liberalization as one of the main recommendations of international development institutions and numerous scientific studies confirming that the foreign capital inflows stimulate catch-up effect, all served as an exogenous stimulus to financial deregulation. On the other hand, the objective needs of attracting FDI, balancing the budget and trade deficit, stabilizing the exchange rate and developing economic relations in the context of trade globalization endogenous initiatives for financial liberalization that received widespread support from governments and financial regulators.

The course of the global financial crisis of 2008–2009 (GFC) exacerbated previously identified contradictions and prompted a revision of the concept of financial liberalization as a means of catching up economic growth. In particular, one of the important issues that need to be re-evaluated is the identification of the impact of foreign capital on the characteristics of economic growth of developing economies and the factors that determine the direction of capital flows.

The analysis of available research and publications. The issue of assessing the factors and consequences of free movement of capital is quite widely represented in research. At the stage of increasing financial openness, its positive impact was noted by Obstfeld M. [1], Grossman J. and Helpman E. [2], who studied the peculiarities of the movement of economies in different countries towards financial openness with positive conclusions. Levine R. and Zervos S. [3] showed the relationship between capital flows and economic growth through the channel of a developed stock market; Gurinshas P. and Jane O. [4] studied the process of financial integration and the consequences of the IMF's policy on capital account liberalization. At the same time, in the works of Rodrik D. [5] one can find opposite conclusions – the lack of a noticeable connection between the foreign capital inflow and the growth of developing economies, and Stiglitz J. [6] highlights the negative consequences of uncontrolled capital inflow into small open economies.

In general, some scientific works on the topic have made an overall analysis at the global level, and some have been focused on the study of emerging economies. In Ukraine, such researches were conducted by Kozyuk V. [7], Korablin S. [8], Snizhko O. [9], and Shapoval Y. [10]. However, a comprehensive analysis of the impact of financial openness dynamics on the institutional development of the economy and its financial sector, taking into account their features and factors that determine the direction of capital flows in the post-crisis stage, is usually paid insufficient attention.

The purpose of the article is to determine the relationship between financial openness, economic growth and development of financial sector.

Presentation of main contents. According to the approach, which is determined not only by regulations, but by a set of formal and informal restrictions that change under the influence of regulatory policy and macroeconomic dynamics, as well as the development of the institutional environment, financial openness is referred to as a system of institutional relations determining the cross-border movement of financial capital. In turn, financial capital is formed by capitalized financial resources used by owners and managers in the economic process of reproducing value as a source of financing economic activity in order to obtain income. Income formation in the economic system is based on market principles and approaches [11]. The dynamics of the level of financial openness can serve as an indicator of the country's involvement in the process of financial globalization, and a regulatory parameter of the effects of capital flows on the economic growth of an individual country.

According to the classical approach to the concept of benefits of financial liberalization (in other words, increasing the level of financial openness by reducing restrictions on capital movements), its basic sign is the movement of those financial resources that embody the exogenous factor of economic growth and move freely in market conditions between economic entities without obstacles from the state. Accordingly, such a factor primarily represents the financial capital of economic entities (including state ownership). In this process, government borrowings and investments can be excluded, because even at a low level of financial openness, the state has a special freedom to conduct financial transactions. Similarly, it is possible to abstract from financial transactions that form the secondary income account of the balance of payments, because they are derivative income in relation to the movement of capital flows or can only form financial capital in the future.

During the long period of active globalization of the 1990s, the usefulness of financial openness at the level of recommendations of international development institutions was based on the following statement: financial openness contributes to the inflow of foreign capital into the economy, which is an exogenous growth factor, leading to accelerated capital accumulation, attracting new technologies, best practices in organization and management, diversification of financial risks, and stimulating promising sectors of the recipient economy [12].

Subsequently, before the 2008 crisis, an improved variation of the above approach noted that financial openness and capital inflows (primarily in productive forms of foreign direct investment) affect economic development not directly but indirectly through the development of the domestic financial sector, the formation of market institutions, in particular, strengthening competition, leveling the information asymmetry, and improving management practices [13]. Thus, the positive impact of free movement of capital, provided by financial deregulation, received a fairly substantial justification. Despite the obvious logic of these theses, a number of financial crises, particularly the global financial crisis, have opened up new circumstances that encourage reconsideration of the thesis statement about the benefit of financial openness and analyze in detail the existing rationale for the factors and effects of financial openness taking into account results of modern scientific research. Moreover, after the 30-year period of confidence of the economists, governments and international financial organizations in the unconditional benefits of financial globalization for economic growth and its positive role at this stage, this consensus of opinion has been significantly shaken.

Retrospectively assessing the process of financial liberalization, it is possible to distinguish two stages. During the 1980s and 1990s, the international trade system received an additional boost by increasing the presence of Southeast Asian countries and emerging markets of Central and Eastern Europe. These countries liberalized the financial sector to benefit from free trade and capital movements. Against the background of accelerating economic growth, large amounts of capital were received by South Korea, Malaysia, and Singapore.

As capital inflows were accompanied by economic growth, the concept of financial openness seemed to be fully confirmed in practice. However, Christiansen G. and Pigott C. showed that the correlation of financial integration with economic development stopped in the late 1990s [14]. Over the next ten years, the process of financial liberalization became extensive. The volume of international capital flows in the world increased many times, reaching 20% of world GDP [13]. Accelerating the economic recovery of Central and Eastern European Countries (CEECs) in the early 2000s intensified the international financial flows (IFF) towards these countries, peaking in 2008 when the financial crisis dealt a severe blow and forcing a serious testing of the neoliberal approach to financial openness.

However, the results of studies that demonstrated the contradictory effects of financial openness have been published before. In particular, we can note the study of Aginor P. [15], which showed that the practical impact of the international financial flows on the diversification of financial risks in developing countries is minimal, while the latter they gain access to international capital markets only in "good times". Gurinshas P. [4] concluded that in some cases the benefits of financial integration might be relatively small, even for countries that receive large amounts of foreign capital.

Based on the decomposition of GDP growth by investment and inflation factors in 100 countries for the period 1975–1989, Rodrick D. confirmed the null hypothesis, because he did not found any noticeable correlation between growth acceleration and lower inflation with no restrictions on capital account transactions [5]. J. Stiglitz assesses the consequences of financial liberalization for the periphery countries even more negatively, noting that the inflow of large amounts of foreign capital (about 60 billion dollars) and its sudden outflow in two years contributed to the currency crises in the region of Southeast Asia [6].

Despite some research, before the global financial crisis, the position of supporters of the free movement of capital seemed very strong. In 2007, IMF experts noted: "recently significant progress has been made in developing better capital controls and improving data on flows and balances of international assets and liabilities. Research based on these expanded data shows positive impact of financial integration on economic growth. However, this evidence is still inconclusive" [13].

A key argument to justify the usefulness of financial openness was the assumption that financial liberalization contributes to capital inflows. According to the neoclassical theory, the removal of restrictions on the movement of capital in developing countries will cause capital inflow from developed economies due to the difference in interest rates. For some time this statement was an axiom, until Lucas R. [16] published "paradoxically" opposite data to verify this. Analytical presentation of data on the dynamics of financial openness "de jure" (reflecting the normative aspect of targeted financial liberalization policy) of different country groups and its comparison with the dynamics of international financial inflows, concludes that there is only a limited impact of liberalization measures on the real redistribution of capital flows developing economies (Fig. 1).

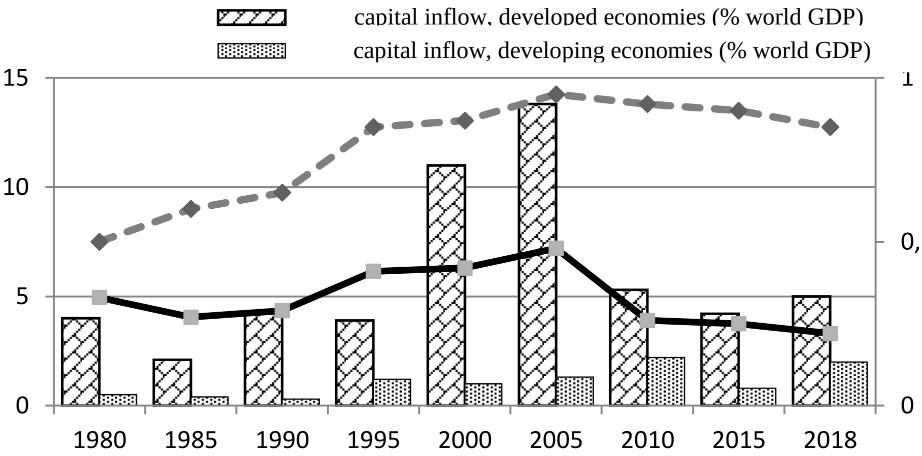

Fig. 1. The comparison of capital inflows dynamics in developed economies and developing economies, and indices of their regulatory financial openness "de jure" (according to the way of measuring Chinn-Ito)

Source: data compiled and calculated by the author on basis of statistics: The World Bank Open Data. URL: https://data.worldbank.org/; Chinn M., Ito H. The Chinn-Ito Index of A de jure measure of financial openness. URL: http://web.pdx.edu/~ito/Chinn-Ito_website.htm

Despite the active increase in the level of regulatory financial openness in the period 1990-2000, the trend towards redistribution of the international financial flows in favor of developing countries became noticeable only in the second half of the 1990s, when these countries showed a long economic growth at 5–10%. The second stage of the acceleration of the international financial flows movement towards developing economies was the period of post-crisis outflow of capital from the markets of developed economies as a result of the "quantitative easing" policy. But it should be noted that during this period the total international financial flows fell to 5% of world GDP and the redistribution was to some extent influenced by the loss of capital of large financial companies in developed countries, which played a significant role in the international investment market. In 2013, the trend of capital flows from the periphery countries to the markets of developed economies resumed.

The dependence of capital redistribution on the spread of capital returns is rather weak. Despite a significant drop of interest rates in developed countries in the conditions of "quantitative easing", the international financial flows movement in the economies of Eastern Europe did not experienced a significant rise (Fig. 2).

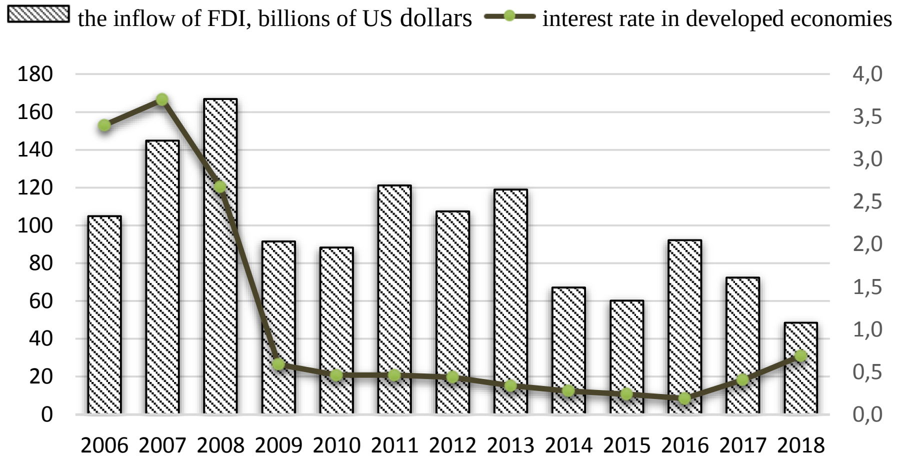

Fig. 2. The comparison of interest rate dynamics in developed countries and FDI inflows in the transition countries of Central and Eastern Europe, *% of GDP*

Source: data compiled and calculated by the author on basis of statistics: The World Bank Open Data. URL: https://data.worldbank.org/

A comparison of the interest rates of the USA, Japanese, UK and EU central banks, as well as capital inflows into Central and Eastern European economies that preserved national currencies, confirms the limited role of interest rates as a regulator of the international financial flows in the "new normality". According to neoclassical theory, after the fall in interest rates in developed countries, capital flows to developing countries, where rates remain high and have increased, should increase proportionately. Instead, capital flows decreased proportionally, and against the background of signals of rising rates in developed countries their outflow accelerated.

The confirmation of a positive impact of foreign capital on economic growth requires a study of the structural parameters of the international financial flows in the economies of developing countries. In the structure of capital inflows, it is necessary to pay attention primarily to FDI, which is positioned as the most desirable tool, and according to the views prevailing before GFC, has a greater impact on production development, technology transfer and organizational practices, and is less volatile [16]. In contrast, portfolio investment (PI) and interbank loans are more speculative. According to this view, developing countries, the IMF and the World Bank recommend firstly to liberalize FDI flows, and secondly portfolio investment and interbank lending. The dynamics of the structure of foreign capital inflows to CEE countries is presented in Fig. 3.

The dynamics (Fig. 3) shows a stable flow of FDI during 1995–2003 and an explosive growth of FDI inflow during the period of increasing financial volatility in 2004–2008. The peak of FDI attraction into these countries was in 2007 and in some other countries FDI inflow reached 10–15% of GDP. At the same time, PIs mainly provided capital outflows.

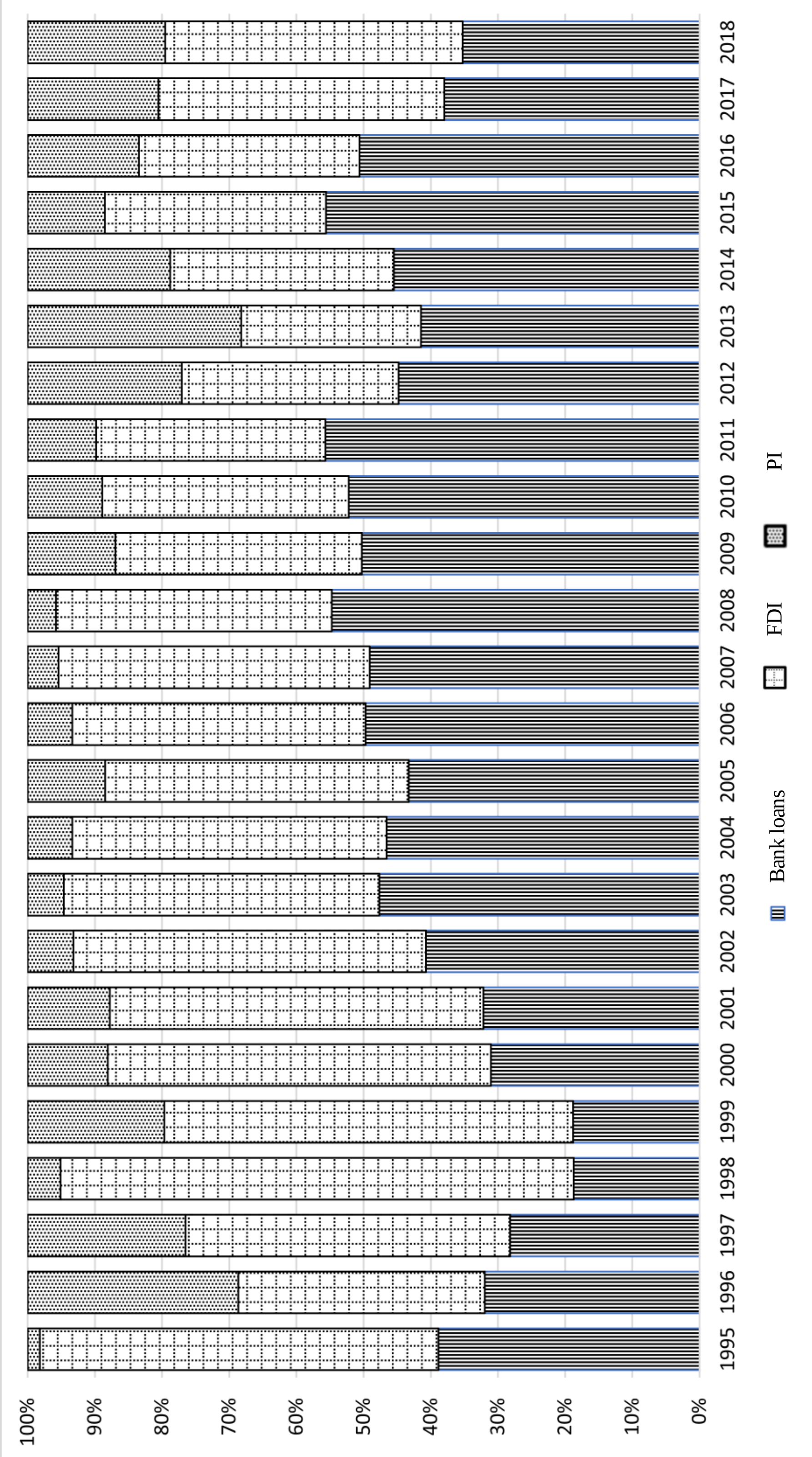

Fig. 3. The structure of sources of capital inflows into the CEE transition economies

Source: data compiled and calculated by the author based on statistics: The World Bank Open Data. URL URL: https://data.worldbank.org/

During 2007 and the first half of 2008 with the general investment boom there was an inflow of this investment type too. At the same time, the most popular tool for raising capital was volatile interbank loans, which caused consumer credit booms. In other words, in the conditions of financial openness and improper policy of international financial flows regulation, the inflow of capital mostly acquired the most volatile and speculative forms [8, p. 191].

At the same time, the claim that FDI is more productive, less volatile and therefore more conducive to economic growth is also being criticized at the present stage. If we compare the dynamics of the international capital flows structure of developed and developing economies, it turns out that in the financial markets of developed economies, whose relatively greater efficiency is difficult to deny, there is the inflow of the international capital flows in the form of portfolio investment. This can be explained as follows: portfolio investments require developed financial market institutions in the country, including stock markets. In the absence of an effective stock market, FDI is the simplest and most reliable tool for spreading foreign capital in developing countries. Therefore, FDI should not be seen as an efficient tool, only as the most specific one.

And although the justification of the benefits of financial openness proves that the factor of economic growth is the inflow of FDI, and practice shows that it is the potential and acceleration of economic growth that can be a factor in increasing investment. For example, according to a survey conducted by the Ministry of Foreign Affairs of Japan in the mid-1990s, the real motive for FDI of Japanese companies into foreign industry was by 70% the intention to take over emerging markets and stimulate their own sales [17]. At the same time, the market prospects were determined by the volume of FDI and positive growth dynamics. In particular, in the late 1980s the unexpected growth of FDI in ASEAN countries is explained by the rapid economic growth of this region during that period, and not vice versa [18].

Such an influx of FDI has several potentially negative consequences. Its condition is relatively closed markets. Under limited competition, FDI provide a foreign company with competitive and then monopolistic advantages. Therefore, investments aimed at capturing market share are characterized as those that increase tariffs [19]. In the later period, the production segment that provides the relevant target market with products will develop based on a foreign monopoly or oligopoly. This may have a positive effect on the development of the production segment, but negatively affects the total economic structure, as the formation of powerful enterprises supported by foreign capital in a particular industry will lead to the flowing of other factors of production to sunrise industries.

The confirmation of such a multifaceted effect can be found in other studies. For example, Grossman J. and Helpman E. investigated the relationship between openness and economic growth through technology transfer. They found out that in the countries with high levels of trade and financial openness, investment is concentrated in industrial production and trade, displacing investment from research and development (R&D) [2, p. 67]. It leads to equalization of wages and interest rates at the interstate level, and also leads to an increase in effective demand, which has a positive effect on GDP growth, but limits the innovative nature of economic development and creates conditions of economic instability. In other words, the relationship between openness and economic growth can be derived from more fundamental economic processes and structural characteristics of the economy, and the complex and diverse manifestations of the international capital flows indicate the practicality of their differentiation and control.

In addition, recent research on FDI shows that their real economic significance in the world economy may be much smaller than previously thought. In particular, it is a question of identification of a considerable share of global FDI as embodying financial operations of fictitious companies. According to a study by the IMF and the University of Copenhagen, about 40% of global FDI, the overall volume more than $ 15 trillion USD goes through companies without any real economic activity, but are used to reduce the tax base of large TNCs [20]. There is the list of countries where investments are more than 50% fictitious, such as Luxembourg, the Netherlands, Malta, Ireland, Switzerland and a number of countries under British jurisdiction.

Despite the lower level of regulatory financial openness, the international capital movements have been introduced in Ukraine. The experience of our country shows that the institutional inability of the state to ensure adherence of business to regulatory restrictions leads to a situation where the actual level of financial openness in Ukraine reaches the level of more competitive and financially supported by EU CEE countries (Fig. 4). Due to this fact, there are "theoretical" speculations about the ineffectiveness of state restrictions and the corresponding practicality of the maximum possible regulatory openness. In fact the issue at hand is the quality of substantiation of these restrictions, in particular and through strengthening the government's institutional capacity to convince all market participants about the advantages of strict observance of these restrictions.

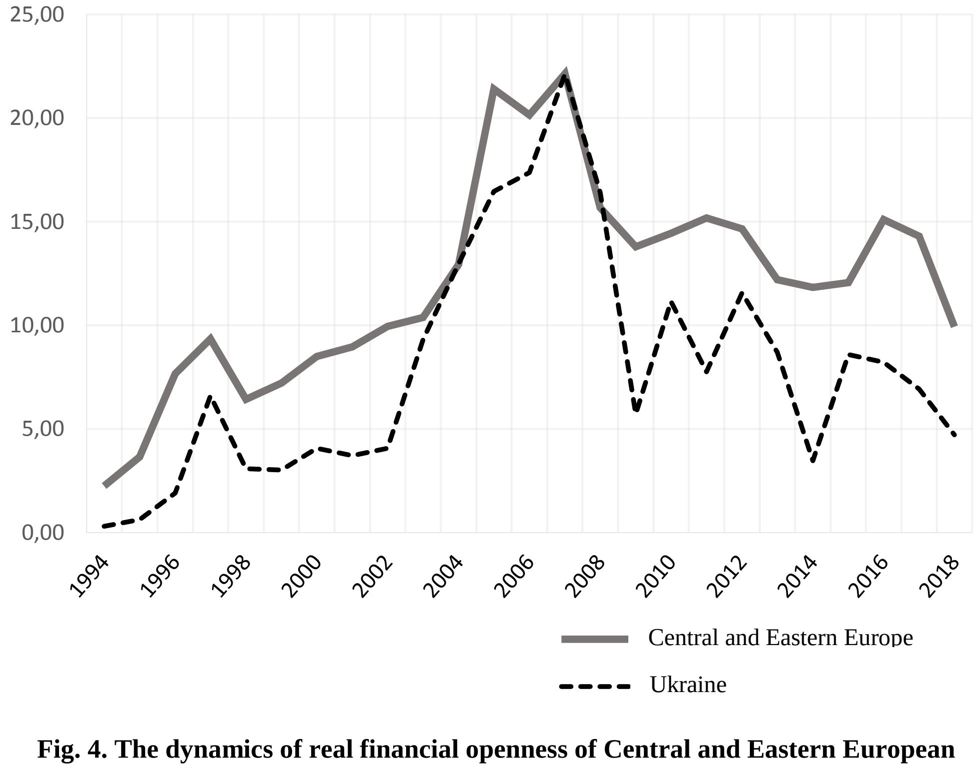

Fig. 4. The dynamics of real financial openness of Central and Eastern European Countries (CEEC) countries and Ukraine

Source: data compiled and calculated based on data flows of PI, FDI and cross-border bank loans in % of GDP, presented in Data World Bank Capital & financial account. URL: https://databank.worldbank.org/reports.aspx

The low level of regulatory financial openness in Ukraine has not particularly hampered the international capital movements through its jurisdiction. At the stage of active economic growth and the emergence of high-yield financial instruments, the growth rate of financial openness in terms of real capital flows accelerated. Despite limited liberalization, since 2003 the inflow of capital and FDI to Ukraine has started to grow significantly. At the beginning of this stage, the recipients were mining and processing industries, large agricultural enterprises, power industry and machine industry.

At the same time, from 2003 to 2004, the rapid pace of development of the banking market led to the expansion of cross-border interbank lending, as well as the localization of a significant part of foreign investment in the financial sector of Ukraine. As in other CEE economies, the predominantly speculative nature of foreign capital explains the noticeable lag between the volume of its inflow in Ukraine and the rate of economic growth (Fig. 5).

The inflow of foreign capital into Ukraine has been growing since 2003, after three years of sustained economic growth. Firstly, the volumes of external bank borrowings increased. FDI intensified in 2005 and their major share was investment in the capital of the banking sector. It should be noted that, despite the active modernization of banking regulatory environment in Ukraine in the first half of the 2000s, the financial liberalization measures did not become widespread. The adopted norms of foreign exchange positions, reservation of short-term loans, and regulation of foreign exchange transactions and investments of non-residents in government securities remained quite restrictive, which is reflected by the limited increase in the normative assessment of Ukraine's financial openness according to the Chinn-Ito index. It can be said that the main measure of liberalization, which most dramatically affected the inflow of foreign capital at this stage, was the permission to provide foreign currency lending in Ukraine's domestic market (2003).

The lack of direct dependence of international capital flows on the spread of return on capital and the level of financial openness gives grounds to conclude that one of the most important drivers of foreign capital inflows is the positive economic dynamics of the recipient country and the presence of high-yield markets. The experience of CEE countries, including Ukraine, shows that sustained economic growth or recession by themselves encourage capital inflow or outflow. Under such conditions, the presence of a developed financial sector reduces the risks of instability and increases the investment component of financial openness. At the same time, the underdeveloped institutional environment of the financial sector in the absence of a developed capital market, interbank lending, financial risk hedging instruments and targeted long-term investment reinforce the pro-cyclical component of volatile capital flows. These conditions form an inverse relationship between macroeconomic dynamics, the level of development of the institutional environment and changes in the level of real financial openness of the economy, accumulation and decline in return on capital.

The nature of the international capital flows impact on economic development, in particular the manifestations of the Lucas paradox and the "Allocation Puzzle" over a long period of time, including different stages of economic cycles, as well as the analysis of economic dynamics compared to the international capital flows dynamics suggest that the international capital flows influx into the economy, with unregulated principles do not contribute to the productive development of the economy and financing of promising industries. Instead, the positive effect of foreign capital inflows is manifested in the presence of highly profitable markets and industries within the potential realized at a given time. At the same time, the successful economic development and the presence in the economy of profitable industries that show growth, act as a driver of foreign capital inflows in various, including productive, forms reflecting the inherent reactive nature of the international capital flows in relation to macroeconomic dynamics.

The limited impact of FDI on economic growth also took place in Ukraine, which confirms the analysis of the dynamics of foreign funds share in the sources of capital investment financing. Despite the rather significant inflows of foreign investments during 2005–2008, according to the State Statistics Service of Ukraine data, their share in the sources of

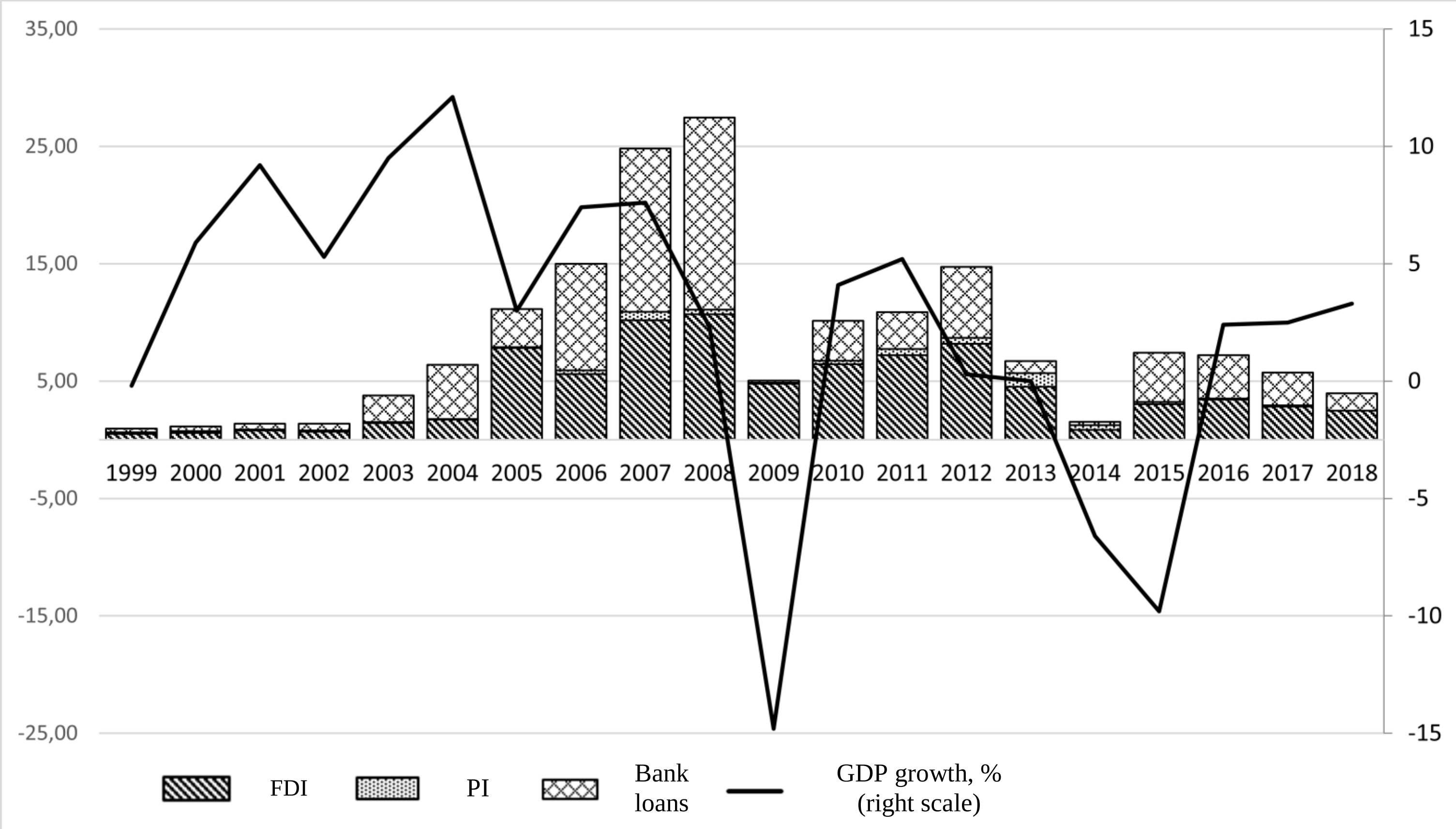

Fig. 5. The inflow of foreign capital and GDP growth in Ukraine in 1999–2018.

Source: Data World Bank statistics. Capital & financial account. URL: https://databank.worldbank.org/reports.aspx capitalinvestment financing never exceeded 5%. Similarly, bank loans in sources of capital investment, although doubled, reached only 17%. Instead, most of the capital that came to Ukraine, including in the form of investments, went to the financial sector, financing mortgage and consumer lending. Under such conditions, the accumulation of external assets did not produce any drivers of economic growth and did not provide macro financial stability, but instead led to a procyclical response of the financial system to raw commodities price fluctuations [7, p. 72].

The paradox of placing international capital is that until a country's economy begins to grow, foreign capital is likely to avoid it. At the same time, as Zymovets V. notes: "in the long run the higher level of economic development can be ensured only on the basis of accumulation of productive capital, which is financed by stable internal sources (net savings)" [21, p. 332]. Taking into account all these conditions, the policy of attracting foreign investment (as a factor of economic growth) in stages of recession or stagnation does not seem very realistic. In such conditions, foreign investments can contribute to the accumulation of fixed capital and act as a factor of economic growth only in the form of targeted funding from international institutions in projects and programs of economic development. However, most IFIs are also profit-oriented, which limits the supply of such resources in an economic downturn.

At the same time, domestic investments respond to the emergence of conditions for economic growth in the country more quickly. For this reason, foreign capital in the form of direct investment is not able to completely displace domestic investment from the market, but gains an advantage when the potential for domestic investment is largely exhausted. This situation arises when the limit of potential GDP growth is reached. At this point, financing economic growth with foreign capital causes real GDP to exceed potential, in other words, it leads to overheating of the economy, one of the reasons of a credit boom.

A manifestation of this situation is the imbalance in the growth of investment and savings in the economy. The period of expansive investment with the support of foreign capital in Ukraine was in 2004–2008 and 2011–2013. In 2005–2013 the growth rate of domestic investment increased and the growth rate of domestic savings decreased. Therefore, the inflow of capital in these periods led to an imbalance in the domestic system of savings and investment, which had negative consequences due to stable consumption, increased imports and accumulation of external debt, not supported by the formation of structural economic growth.

It should be noted that the increase in the level of financial openness of Ukraine in 2004–2008 provided a quantitative deepening rather than a qualitative development of the financial sector in terms of increasing its institutional capacity. During this period and until the beginning of the 2008 crisis, the financial sector played a stimulating role in the economic growth of the country. Taking into account the significant growth rates of domestic credit volumes during 2004–2008 (10 times to the peak 338,4 billion UAH) and savings in the financial sector (increase in adjusted gross savings by 4,5 times to 264,9 billion UAH), it is possible to note a marked increase of the role of the financial sector in the accumulation of financial resources in the economy in this period. However, in 2007–2008 a significant share among the sources of accumulation was accounted for by external borrowing (25,4%), which was mostly attracted through the financial sector.

At the same time, the limited development of the institutional environment and structural and functional capacity of Ukrainian financial sector manifested itself under the influence of two financial and economic crises in 2008 and 2014–2015. The reason for this process was the institutional weakness of the financial sector, which could not ensure the preservation of accumulated savings from the risks of inflation and devaluation, and financial institutions from mass bankruptcy.

Those features of the mainly negative impact of the inflow of foreign capital on the economy of Ukraine were largely determined in advance by the unformed institutional environment of the financial sector [9, p. 496]. There is reason to believe that financial openness has a positive impact on economic growth, mainly in those countries where it was possible to prevent negative effects of financial crises and to build strong institutions and developed financial markets [10, p. 146].

The reason for the limited impact of the international capital flows on the qualitative development of the financial sector and economic growth is that it is determined by the existing parameters of the country's financial sector. That is why in transition economies, where the level of development of the financial sector is low, the movement of the international capital flows must be rationally subordinated to the parameters of the development of their financial markets. The institutional content of rational choice is that the latter acts as an instrument of subjectivization of the consequences of liberalization according to its fundamental social function [22, p. 65].

Taking into account the prerogative to support the catching-up development of transition economies, financial openness should contribute to the structural and functional development of financial markets. But this option should be considered an ideal case, which does not occur in practice, as any country, even with the most developed markets, is forced to resort to financial restrictions and limitations on capital movements within its jurisdiction at stages when there are structural parameters of the financial sector or macro environments that pose a threat to economic stability, and the growing volume of international capital flows fix or strengthen them.

That is why the movement towards financial openness should be subordinated to the pace of formation of a structurally full-fledged financial sector of the country, and the policy of financial liberalization should be based on the country's policy of economic development. Without international capital flows regulation, the implementation of such policy objectives can be significantly complicated [23]. The dependence of financial liberalization policy on the state of institutional capacity development of the national financial sector strengthens the feedback between economic development and financial openness. Trends in economic growth and strengthening of the country's financial sector intensify the prospects for increasing the productive effects of increased financial openness.

Conclusions

Determining the relationship between financial openness and the development of small commodity based economies with underdeveloped institutional environment of the financial sector allows us to identify the main contradictions of the impact of financial openness, which are obvious counterproductive effects due to the accumulation of systemic risk factors, including volatility and financial market concentration, extensive foreign currency predominance, the deployment of credit booms and capital flight, with limited productive effects in the form of expansion and reduction of financial and resource base, diversification of liquidity risk of the banking system, and investment support for catching up economic development.

The decisive role is played by the momentum of macroeconomic dynamics, which is a factor in the inflow of capital in relation to the spread of return on capital, regulatory financial openness and the level of institutional development. It gives grounds to determine the impact of foreign investment, including direct investment, as such that in the case of small commodity economies is able to deepen existing economic processes, but have limited incentive to catch up, mainly concentrating on high-yield financial markets, primary sector and highly reliable public debt instruments. Thus, financial openness fixes the existing structure of the economy, exacerbates structural imbalances and pro-cyclical effects, and creates systemic threats to financial instability.

The results of the study the international capital flows impact on economic development give grounds to formulate a counter-thesis in relation to the concept of financial openness. To promote the development of sunrise industries, projects or infrastructure, international capital should be directed through appropriate capital control policies and economic development programs. Only in this case there is the prospect for a positive impact of the international capital flows on maintaining sustainable economic growth.

At the same time, the role of the government in structuring and regulating the implementation of national needs for foreign investment and economic growth is crucial. Taking this into account, the development of investment policy regimes should focus not on increasing foreign capital inflows, but on a careful assessment of the consequences and financial effects, taking into account current and future growth points, current macroeconomic dynamics and institutional capacity of the financial sector.

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ВЗАЄМОЗВ'ЯЗОК ФІНАНСОВОЇ ВІДКРИТОСТІ ТА ЕКОНОМІЧНОГО ЗРОСТАННЯ

Узагальнено сучасні підходи до теоретичного обґрунтування взаємозв'язку фінансової відкритості та економічного зростання економік, що розвиваються. Проаналізовано емпіричні дані щодо прояву ефектів фінансової відкритості, зокрема сприяння припливу в економіки, що розвиваються, іноземного капіталу та його впливу на структурні перетворення, розвиток ринкових інститутів та формування чинників системного ризику. Узагальнено закономірності розподілу інструментів руху капіталу залежно від рівня розвитку інститутів фінансового сектора. Ідентифіковано вплив чинника відсоткових ставок на напрям та характер перерозподілу міжнародних потоків капіталу. Відзначено ризик потужного деформаційного впливу потоків капіталу на фінансові ринки з недорозвиненим інституціональним середовищем.

У результаті проведеного аналізу виявлено, що в умовах "нової нормальності", що характеризується збільшенням обсягів вільного руху волатильних потоків капіталу, підвищення рівня фінансової відкритості – всупереч теоретичним положенням – може не супроводжуватися припливом іноземного капіталу. Водночас залучення іноземного капіталу на вільних, нерегульованих засадах на

розвитку економіки позначається обмежено, переважно фінансуючи тільки наявні, добре функціонуючі, високодохідні ринки та галузі. Не відповідає сучасним реаліям і підхід до оцінки прямих іноземних інвестицій як найбільш ефективних та менш волатильних інструментів залучення іноземного капіталу. В сучасних умовах прямі іноземні інвестиції надходять до реального сектора лише в невеликій частині, переважно ж вони локалізуються у високоприбуткових сегментах фінансових ринків та використовуються для ухилення від оподаткування.

Відсутність прямої механічної залежності обсягів руху міжнародних потоків капіталу від спреду дохідності капіталу та рівня фінансової відкритості дає підстави зробити висновок, що, крім класичних чинників, драйвером припливу іноземного капіталу виступає позитивна економічна динаміка країни-реципієнта та наявність високодохідних ринків. При цьому ознаки стійкого економічного зростання або спаду самі по собі спонукають приплив або відплив капіталу з країни, а наявність розвиненого фінансового сектора зменшує ризики нестабільності та підвищує інвестиційну складову фінансової відкритості. Ці умови формують зворотний зв'язок між макроекономічною динамікою, рівнем розвитку інституціонального середовища та зміною рівня реальної фінансової відкритості економіки.

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Ключові слова: *економічне зростання, інвестиції, потоки капіталу, фінансова відкритість, фінансовий сектор*