

COORDINATION OF COUNTERACTION TO TURMOIL IN THE ECONOMIC SPACE OF THE BLACK SEA REGION

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Abstract

The article highlights the directions of strengthening territorial economic security in the Black Sea region. Taking into account the strategic role of this region in the development of sustainable and secure partnership, the author suggests focusing on shaping the future, regarding the principle of coordinated scenarios and actions of the member-states to the Organization of the Black Sea Economic Cooperation.

The article stresses that for the countries of the region the geopolitical significance of regional challenges is largely due to the jeopardized (enhancement, accelerated, impetus) dynamics of global and national risks, which fundamentally affect both the current state of affairs and subsequent forecasts. Therefore, cooperation in the joint development of strategic thinking, in forecasting and political planning should focus on allocating the funding and tools for transforming the Black Sea from the confrontation zone into a space for peaceful convergence of civilization values.

The author proves that common initiatives of sovereign governments should be oriented towards the protection of national interests. The effectiveness of the application of various methods of resolving military, political, economic and social problems will depend on the pace of institutional change at all levels. Consistent actions aimed at further detente in the region need to be coherent with the relatively low rates of global and national public perception of the need for new joint reforms aimed at realizing the goals of sustainable development in favour of global and regional players.

Keywords: *Economic security, sustainable development, Black Sea region, peaceful relations, national priorities.*

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Defining the problem in a general, its relationship with important scientific and practical tasks

In recent years, the global environment has seen a tendency for fundamental shifts. In particular, this refers to mutual uncompromising claims in the framework of long-standing contractual relations due to changes in the configurations of the established interests of actors at the global and regional levels, which necessitates decision making on the expediency of reviewing established in the 20th century agreements and treaties, political and economic unions, etc. On the one hand, the widespread internationalization of the activities of business entities really contributes to the formation of single markets for labor, goods and services, to the strengthening of the constructive linkage between real sectors of national economies, and further unification of the scope of financial transactions. However, on the other hand, unlike coordinated integration interaction, certain globalization processes are characterized by uncertainty and incompleteness. That is, although international barriers between countries are weakening, economic relations are developing in a one-sided and inconsistent way. At the same time, the next cycles of rethinking the format and content of the components of national competitiveness mostly coincide with transformations in the corridors of power.

The international and national security of the states located within the Black Sea and the Caspian Sea basins belongs to the geopolitical priorities of their strategic development agenda. The peculiarity of these territories is that throughout the entire history of human civilization ethnoses, cultures, trade and energy communications have been interlinked, connecting the European and Asian continents. Therefore, it is quite natural that the authorized persons of not only geographically close to the countries of the European Union, but also of those countries which have no direct access to the Black and Caspian Seas and are located at a considerable distance from them, are always involved in discussing the principal issues of further development of the region. (USA, China etc.)

Therefore, the professional community generally supports the IMF's view on the relevance of issues related to global integration trends (IMF, September 2017). The balance of economic and financial systems depends on creating a productive counteraction to the challenges of their imbalance in the periods of general and local recessions. It comes to the set of measures designed by governments and international organizations to address the challenges of the post-crisis recovery of national economies, signs of instability of all constituent parts of the international and public financial

space, increased inequality and differentiation of the social strata of the population as a result of migration processes, as well as the lack of quality jobs. Renewed development strategies in countries both with high, medium and low incomes should be able to resist spatio-temporal threats of crisis phenomena, including their geopolitical aspects.

Obviously, the above mentioned fully relate to the functioning of the Organization of the Black Sea Economic Community (BSEC), which was set up in June 1992, which brings together 12 member states for the development of cooperation, peace and stability in the Black Sea basin. When defining future strategic priorities of each of them, it is necessary to bear in mind uncertainties of new probable upheavals – such as Brexit – the 2016 UK referendum on leaving the EU. It is also worth studying the prospects of the dissemination of macro trends of the so-called national egoism inherent in the modern state policy of the leading European and Asian countries, the United States of America, etc.

Analysis of the latest achievements and publications on this subject, which are based on the author

The works of such prominent scholars as J. Stiglitz, K. Reinhart and C. Rogoff, P. Krugman touch upon the issues of creating new instruments for managing and controlling processes of globalization on the methodological principles of institutionalist, system-managerial, technological approaches. Global imbalances bring about significant changes within established contracts and in the behaviour of economic agents. Famous American economists K. Freeman and F. Luke identified the situation in the field of research on socio-economic development issues on the eve of the financial and economic crisis of 2008-2009 as a collapse of consensus. In their view, the world needs to find common approaches to long-term changes in the future (Freeman and Louçã, May 16, 2002). Ukrainian researchers have repeatedly pointed out that global features cover economy, all areas of social activity, and also affect the sources, duration and degree of prevalence of failures in national economies, the balance of political and economic interests (Bilorus and Iefymenko, 2015, pp. 13-29). At the same time, according to the IMF expert community, the current wave of globalization cannot be considered unique (Tanzi, 2005), given the fact that in the past the intensity of resource flows of goods and capital also rapidly fluctuated. In addition, a relatively small part of the population of our planet is actually involved in the present transformation processes.

However, irreversible comprehensive changes at the level of strategies for stabilizing national economies of the leading powers show that the priorities are determined by the goals to ensure state and individual security in the global economic space, including their own levers of governance. Famous scientists as K. Waltz, H. Bull, R. Gilpint and others substantiate such approaches as "self-help international system" (Waltz, 2002, p. 134 and 1996).

This trend has become one of the main in the so-called Trumponomics – a new economic policy of President D. Trump. In the period up to 2022, it is expected that an increase in the US investment due to the weakening of fiscal pressure on business entities will enable the economy to revive. However, in the future, under conditions of uncertainty, a set of measures aimed at realizing purely national interests needs to be adjusted to maintain the positive dynamics of volume macroeconomic indicators. The reorientation of the US establishment from strategic positions of institutionalization of corporate globalism towards subordination of regional and national trade agreements to public policy of social justice was proclaimed in J. Fox' report (November 30, 2016). This document substantiates the main directions of the USA's updated strategy of competition in the world economy with a view to improve the living standards of the nation.

It is pointed out that the trade policy of the last quarter of the last century went bankrupt both economically and politically. In particular, the Report refers to the need for macroeconomic structural reforms, as well as to the need for adherence to the principle of acceleration of large-scale investments in education, skills upgrading and other characteristics of human capital assets, infrastructure and technological capital. Potential threats to the stability of sovereign social-economic systems (SES) while entering into interstate multilateral treaties for the benefit of large companies are shown in the sections of the Report on the risks of losers in politics against the background of bad economics.

Special attention should be paid to the application of standard approaches to the functioning of money as a standard of payment, accumulation and circulation, as well as measures of value and wealth nationally and globally. Therefore, it is no coincidence that the author's proposals for changing strategic national priorities place great emphasis on the need for regulatory restrictions on the manipulation of currencies of trading partners.

Identification of unresolved parts of the problem to which this article is devoted

For many centuries, regional security risks in the Black Sea region were caused by the factors associated with natural climatic conditions that are attractive to living. In addition, the competition between local and foreign economic agents historically grew to control the ways of traditional trade transit, which became the cause for internal or external military operations that periodically renewed. Long-term coexistence of various mixed national and ethnic groups on this territory, objective processes of mass migration of the population, etc. resulted in conflict situations over disputed boundaries of sovereign entities.

Currently, most democracies in the Black Sea region are actively developing their democratic processes. However, a number of factors are destructively influencing the attempts to disseminate the principles of democracy. This refers to the high influx of refugees, ethnic conflicts, which periodically bring about social unrest. An important element of the future stabilization in the Black Sea region should be the general agreement among the states, since almost all of the sovereign entities of the region face ethnic minorities' conflicts. Many experts point out that in their places of residence, the probability of further tension depends largely on policies conducted by the mother country. At the same time, the development of civil society is closely linked to institutional changes in the state established order of interaction between citizens and authorities: from totalitarian or authoritarian to democratic partnership relations. For example, in the field of public finances of transitive states, the introduction of transparency and accountability are hampered by the inertia of formal and informal paternalistic rules in force in the Soviet and post-Soviet time. Entities operating in the shadow sector and the oligarchs may oppose social transformations, which slowdown legislation reforms, connected with more interactive participation of citizens in public administration.

In spite of significant regional differences, human capital in the Black Sea states is characterized by a high educational level. The scientific potential of many universities and research centres makes it possible to support research and innovations in a tough competitive environment due to rapid technological advances. However, market transformations in transitive economies due to international competition are accompanied by a significant growth of unemployment as well as by declining trends in the reproduction of labour – one of the main assets in the overall resource balance of the region.

Being employed abroad, citizens, working there on a temporary basis, contribute to the domestic economy, transferring money earned to their homeland. Emigrants with university certificates, having received permanent jobs and obtained the corresponding status at the place of residence, as a rule, replenish the Diaspora, as a result, investments in training skilled personnel are not paid off at the place of expenditure of budget funds. Thus, the decline in intellectual potential of labour force in many countries is becoming permanent. For example, in Bulgaria, Ukraine, etc., the outflow of able-bodied population occurs despite the fact that in the market conditions education, as well as the price level of the corresponding services, is adapted to the dynamics of supply and demand of skilled specialists. As a result, all of the above factors significantly constrain the pace of social changes in the spatio-temporal aspect.

Experts unanimously emphasize a number of problematic issues the countries of the region face, regardless of their level of development, their territory or economic structure¹. In particular, this refers to the negative effects of certain demographic trends that are of a long-term nature. The cumulative variability of their content and scale varies widely in most countries. The threats they make to the quality and quantity of manpower, social security systems, and business environment can only be neutralized through structural reforms that affect the growth of competitiveness and resource productivity.

In conditions of insufficient resources, the quality and possibility of using production factors are restrained by external and internal risks of uncertainty, which are characteristic of globalization processes. Factors affecting the diffusion of innovations, when creating giant production and distribution chains, require from the supranational and state regulatory structures to ensure controllability of the degree of equality of business environment, common rules of access of economic agents to resources, avoidance of unfair stratification of producers and consumers by income, and compliance with environmental safety norms and social responsibility. Equally important is the observance of favourable working conditions and high standards of human rights.

¹ Harvard University, "Mihai Viteazul" National Intelligence Academy, Administrația Prezidențială. (2018). *SBSR. Security in the Black Sea Region. Shared Challenges, Sustainable Future Program*, Bucharest, May 28-31, 2018. Retrieved from <http://www.sbsr.ro/wp-content/uploads/2018/06/SBSR-2018-Outcome.pdf/>.

Formation of the goals of the article (task setting)

The aim of the article is to substantiate the directions of strengthening future economic safety of the BSEC countries, taking into account the obligations of each of them to regional treaties, in particular concerning the commonwealth of the Black Sea countries, European Union and others. In the global context, it is necessary to maintain a relevant level of socio-political and defence spheres as well as innovative development, invulnerability and independence of nations' interests regarding possible external and internal threats and influences. In the economic sphere, first of all, it comes to employment, solvency of parties to a contract etc.

Contents of the main study with full substantiation of the obtained scientific results

When formulating a regional policy in a globalized environment, the above arguments concerning fundamental changes in the US government policy, above all with regard to the protection of corporate interests in terms of preserving and creating more jobs, are undoubtedly worth noting. As J. Fox's report (Faux, November 30, 2006) showed, a large number of trade deals in the United States was accompanied by threats of reducing value added industrial chains, where operational activity required high professional skills. This situation occurred due to the fact that workers from countries that had free access to the US market initially agreed to a low wage. However, overtime they quickly acquired higher skills as they consistently developed their own training potential. Certain dangerous risks are associated with the probable reduction of business activity in the innovative industrial sectors, which depend on the interaction with production. As a result, stagnation trends were steadily spreading to research networks that generated new types of products. Due to similar situations in the high-tech industry of the USA a transformation of a positive trade balance into a deficit was observed. The threats further touched high-quality services, professional services (accounting, law, data analysis, internet management etc.). Indeed, in a deregulated global market, any professional activity associated with information technology can be localized in cheap labour countries.

Further BSEC economic security measures should be targeted at preventing the negative experience of radical changes in the United States

trade policy, which have become a major factor in deepening the gap between labour productivity of American workers and their incomes².

During the "cold war" on the territories adjacent to the Black Sea, autocratic and paternalistic principles dominated in the state systems of most coastal sovereign entities, and their economic systems developed on the principles of centralized planning. At the end of the 20th century the Black Sea region, for known geopolitical reasons, was virtually reoriented towards democratic reorganizations and transition to the market economy.

At the beginning of the 21st century countries of the region demonstrated a sustainable economic growth, against the tendencies of the EU enlargement, accompanied by an increase in domestic demand and export-import operations, in lending and direct foreign investments. The global financial crisis of 2008 caused serious imbalances, reduced output of goods and services. However, as in many other transit economies, in 2010s, signs of revival and further stabilization of national economies were demonstrated by almost all sovereign territorial entities.

Current geopolitical processes reflect the presence of tendencies of the so-called new reality, when the features of the hybrid nature are implemented both in different forms of confrontation and in the integration model of economic mechanisms of cooperation. According to V. Gorbulin, Academician of the National Academy of Sciences of Ukraine, World War I "(...) ended in the collapse of the German, Austro-Hungarian, Ottoman, and Russian empires. The second (WWII) ended in the collapse of British, French, Italian and Japanese ones. The Cold War remained on the world stage the only one truly acting superstructure - the United States." (Horbulin, 2018, June 15) The high level of current global antagonism is periodically turning into territorial armed conflicts. Noted "normalities" at the same time are characterized by events of chaotic destruction, which are the basis for the formation of new configurations of social relations in the external and internal environment of national development.

Consequences of the unprecedented confrontation between the leading global security guarantor – the USA – and China are trade and currency conflicts that, with high probability, can trigger a significant decline in the dynamics of the world economy. This opinion was made public by the head of the IMF, C. Lagarde (Statement, July 22, 2018), at a regular meeting of finance ministers and heads of central banks of the G20. Counteracting the growing risks due to increased tensions in the field of market commodity

²As the "EPI's Productivity-Pay Tracker" shows, the productivity has increased 6.6 times compared to 1973 (IMF, 2015, April).

exchange, as well as in the financial sector, should become measures that will help overcome contradictions in contractual relationships through international cooperation based on innovative partnerships avoiding emergency situations. At the same time, the role of the IMF as one of the centres of the global financial security system should remain unchanged.

According to J. Schumpeter, productivity growth is the result of the gradual development and discrete renewal of productive causal relationships and their components that inevitably leads to the creation of effective structures in the national economy. It is no coincidence that leading geopolitical leaders are constantly seeking consensus. This is evidenced by the results of a bilateral meeting of the US President D. Trump and Chairman of the European Commission J.-C. Juncker in Washington, July 2018. The parties have agreed to work on the abolition of already established contractual restrictions within the framework of the newly created working group. According to the parties' statement, the compromise has been reached due to the EU decision on the import of liquefied natural gas from the USA, as well as on the mutually beneficial growth of the supply of services, expansion of commodity exchange of chemical, pharmaceutical, medical products, etc.

According to the estimates of the IMF (April, 2018, p. 52), it is expected that the global growth in the group of emerging markets and developing economies is characterized by an improvement compared to similar data for the last quarter of 2017 (IMF, October, 2017, p. 14). The GDP growth will increase from 4.8% in 2017 to 4.9% in 2018 and to 5.1% in 2019, which is 0.1% p. higher than in the previous survey, and then at the same level – in the medium term (IMF, April, 2018, p. 52). Economic growth in Europe with emerging markets and developing economies (excluding CIS countries)³ is close to the

³ According to the classification of countries used by the IMF, 51 countries belong to European countries. Among them: 27 * - with advanced economies, 12 ** - with emerging markets and developing economies, 12 *** - those that are CIS members (only 4 of them geographically belong to European countries). At the same time, Turkmenistan has changed its status as an associate member of the CIS since August 2005, Georgia has not been the member of the CIS since August 2009 and Ukraine - since April 2015, but according to the IMF classification they are included in this group of countries due to geographic location and similarity in the structure of economics (see: [IMF. (2018, April). Classification of countries: * Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland; ** - Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Serbia, as well as Turkey, although the vast majority of the territory and population of this country is situated in Asia; *** - Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. (IMF, 2015, April)]

world growth in its segment – 5.8% in 2017, 4.3% in 2018 and 3.7% in 2019 (IMF, April, 2018, p. 52). In the future, these parameters will remain in the same range due to the stabilization of the financial and economic space at the external level, as well as the increase in demand for goods and services in the euro zone. It should be noted that SBSR analysts emphasize the fact that among the countries of the Black Sea region, the forecast of the rise of the Turkish economy is slightly higher due to external demand and adequate policies of the government and the central bank in terms of providing state credit guarantees, forming expectations of participants in the financial market, ensuring the necessary level of monetization of the economy etc. (Table).

The overall economic growth of the CIS countries in the medium term will be 2.1-2.2% in 2017, reaching 2.2% in 2018, and then stabilize at about this level. According to experts from SBSR, in 2017, a powerful anti-crisis driver for the entire region was an increase in trade flows with counterparties in the CIS, as well as remittances from migrants from places of temporary employment to countries of permanent residence. Under the influence of the lower dynamics of the economy of the CIS countries when included in the IMF classification of this group of countries (with emerging markets and developing economies) to the total indicators for the European region in 2017 in 24 countries, the overall increase is estimated at 3.8%, in 2018 – 3.2, and in the medium term – 2.7-2.8% (see table).

Table: Indicators of economic dynamics of GDP

(Source: IMF, April, 2018)

Country/ group of country	1991- 2000	2001- 2006	2007- 2009	2010- 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Fact					Fact/estimation			Forecast				
	GDP, real percent to the previous year												
BSEC Countries	-1,0	6,3	1,7	3,9	1,6	0,2	1,2	3,5	2,9	2,6	2,5	2,4	2,5
Azerbaijan	-2,6	16,3	15,1	2,7	2,7	0,6	-3,1*	0,1*	2,0	3,9	3,6	2,7	2,7
Albania	2,0	5,9	5,6	2,2	1,8	2,2	3,4*	3,9*	3,7	3,8	3,9	3,9	4,0
Bulgaria	-3,6	5,9	3,3	1,0	1,3	3,6	3,9*	3,6*	3,8	3,1	2,8	2,8	2,8
Armenia	2,9	12,7	2,2	4,3	3,6	3,3	0,3*	7,5*	3,4	3,5	3,5	3,7	4,0
Greece	2,5	4,2	-0,5	-6,3	0,7	-0,3	-0,2	1,4*	2,0	1,8	1,8	1,6	1,0
Georgia	5,3	7,7	3,8	5,8	4,6	2,9	2,8*	4,8*	4,5	4,8	5,0	5,2	5,2
Moldova	-5,7	6,7	1,6	5,6	4,8	-0,4	4,3*	4,0*	3,5	3,8	3,8	3,9	3,9
Russia	-2,1	6,5	2,0	3,8	0,7	-2,5	-0,2	1,5*	1,7	1,5	1,5	1,5	1,5
Romania	-1,4	6,1	3,1	1,0	3,1	4,0	4,8*	7,0*	5,1	3,5	3,1	3,1	3,1
Serbia	-2,2	6,0	2,7	0,9	-1,8	0,8	2,8*	1,8*	3,5	3,5	4,0	4,0	4,0
Turkey	3,8	5,3	0,4	8,2	5,2	6,1	3,2*	7,0*	4,4	4,0	3,6	3,6	3,6
Ukraine	-7,7	7,8	-1,6	1,5	-6,6	-9,8	2,4	2,5*	3,2	3,3	3,5	3,7	4,0
Emerging and Developing Europe, CIS	-0,2	6,2	2,4	4,3	2,22	0,93	1,65	3,76	3,15	2,83	2,68	2,67	2,71

* IMF estimates and preliminary data.

From the data in Table, we see that in the analyzed period (the fact for 1991-2018, the plan for 2018-2022) GDP dynamics of some BSEC countries differed from general trends for the organization.

In the period 1991-2017, which reflects the actual data, except for Ukraine (-7.7% in 1991-2000 and -1.6% in 2007-2008) Greece had minimum values in different years (+4.2% in 2001-2006 and -6.3% in 2010-2013). Maximum values in the period under review belong to Georgia (+5.3% in 1991-2000), and also Turkey (+8.2, +5.2, +6.1% respectively in 2010-2013, 2014, 2015). In 2016 and 2017, the leaders were Romania (+4.8%) and Armenia (+7.5%). In Azerbaijan, fluctuations in the dynamics of the economy were observed from a minimum among the BSEC countries (-3.1% in 2016 and 0.1% in 2017) to a maximum (+16.3% in 2001-2006 and +15.1% in 2007-2009 years).

In the 2018-2022 planning period, more stable GDP dynamics is expected in the BSEC countries. This is evidenced by the forecast data, with all of them in the positive segment. In this period, the annual expected GDP growth in Ukraine is higher (3.2-4%) than the average for the BSEC. The leaders will also include Romania (+5.1% in 2018), Georgia (+4.8, +5.0% +5.2% respectively in 2019-2022), outsiders are Russian Federation (+1.5-1.7% in 2018-2022), as well as Greece (+1.0% in 2022).

In May (2018) during the SBSR event, international analysts once again emphasized that the main component of the economic structure in the Black Sea region is the real sector with a relatively low level of added value. At the same time, in Ukraine continues to dominate the heavy industry and agricultural production, while in other countries (Armenia, Moldova etc.), products of the agro sector. According to experts, the increase in the services sector and the rapid growth of the private sector are comparatively new trends in all Black Sea countries.

The security problems of the Black Sea region are mainly determined by the strategic importance of its role as one of the world's leading producers and suppliers of energy. Routes of energy supply flow through the territories of the states of the region, forming the so-called energy corridor between the Caspian Sea and the world markets. Moreover, the potential oil and gas reserves also make interest for many stakeholders. Therefore, there is no doubt that the export of natural energy resources and processing products will remain the traditional priorities for stimulating the growth of energy supply countries in the long-term period. Analytical data on comparing the annual real GDP growth of the BSEC countries (average weighted index of organization) to other countries is shown in Figure 1.

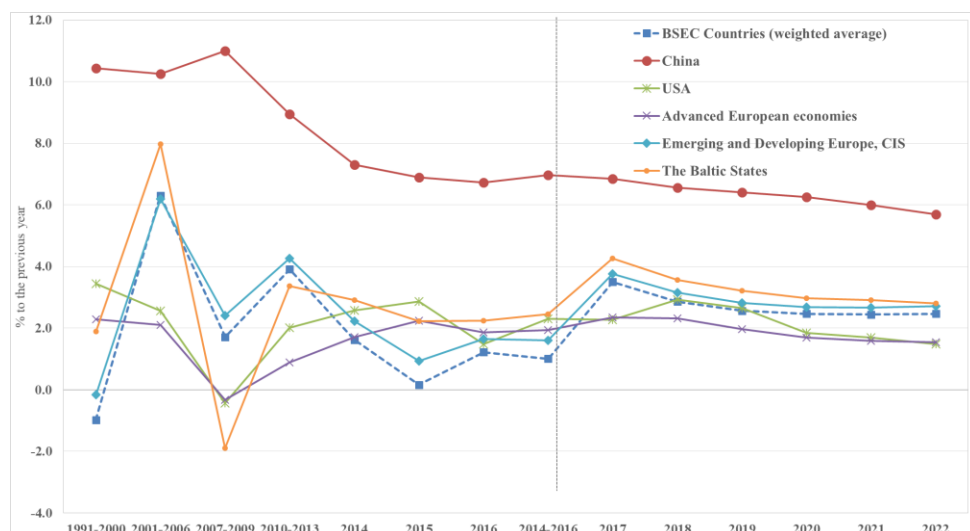


Figure 1: Indicator of real GDP growth, % to the previous year
(Source: IMF, 2018, April).

Trends shown in Fig. 1 indicate that in the analyzed period the fluctuations of the weighted average of GDP dynamics in the BSEC countries are close to the values of the GDP of the European countries with emerging markets and developing economies and the Baltic States. In the period of the institutional formation of 1991-2000, the GDP dynamics of the BSEC countries in the weighted average was lower than zero, although the Baltic States showed positive dynamics (+1.9%). For the advanced economies of European countries and the US, it is typical that a significant decrease of this indicator (below the zero mark - 0, 3% и -0,4% correspondently) was observed only in 2007-2009. During the same period, there was a decline in the Baltic countries (-1,9%). According to the forecast for 2018-2022, the rates of all the countries and their groups represented in Fig. 1 will be ranged from +1.5 to + 3.6%. China's economy grew steadily in 2001-2017, with a minimum increase of + 6.9% in 2017. The distinctive feature here is that during the crisis period of 2007-2009 its pace reached the maximum level (+ 11.0%). In the forecast period, the indicators of this country are also considerably higher relative to others (+5.7 – + 6.6%).

The analysis shows that the past disparities in the welfare of people in BSEC countries due to different demographic situation and the degree of

progress in economy were kept. However, in the future, humanity will be united by the goals of sustainable inclusive economic development. Their characteristic has been reflected in many international documents. The world community has come to the conclusion that the standard of living of a population depends not only on material revenues or the dynamics of GDP. The growth of welfare should take place with the provision of adequate education, health care, a comfortable ecological environment for the citizens of the country, as well as a guarantee from the state of personal security. Below is the actual and projected dynamics of GDP per capita, taking into account purchasing power parity (PPP), respectively, in 2014-2017 and 2018-2022 (Figure 2).

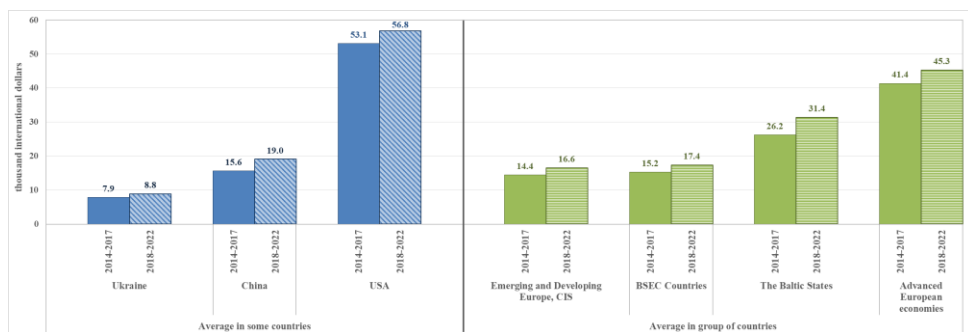


Figure 2: Average GDP per capita for PPPs in 2014-2017 and 2018-2020 (at constant prices), ths. international dollars (Source: IMF, 2018, April)

In BSEC, GDP per capita including PPPs is slightly higher than in other European countries with emerging markets and developing economies, but despite optimistic expectations, it will remain lower than in the countries of Europe with advanced economies, the Baltics, the USA and China. Due to the high rates of economic growth, this indicator in China for the first time outstripped its average value in the BSEC countries in 2014-2017 by 2.6%, but by 2022 such gap will increase to 9.2%, while 25 years ago the Chinese figure was lower in 4-5 times to the states of the Black Sea region. The minimum level of GDP per capita, taking into account PPP in the BSEC countries, was observed in Ukraine, Moldova, Armenia, Albania. By 2022, according to the forecast, the same figure will be less than 10 thousand international dollars in Ukraine and Moldova, its maximum value – in the range of 23-28 thousand international dollars – is expected in Turkey, Romania, Greece, Bulgaria.

The activities aimed at overcoming the lagging behind the BSEC countries from the world leaders and many European advanced economies is in the centre of attention of both government bodies and representatives of the professional community and business. Prospective plans for accelerating the development of countries should be made against the backdrop of reducing corruption, stopping the outflow of personnel, the need to achieve higher rates of growth of national economies, in order to eventually come to a category of developed countries. Figure 3 illustrates how the share of gross fixed capital accumulation for 1991-2016 changed.

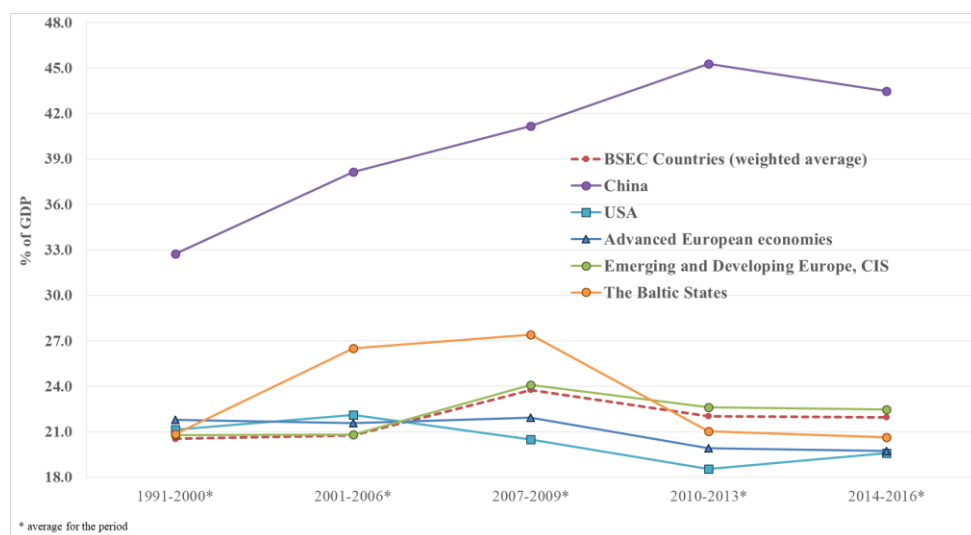


Figure 3: Indicator of the share of gross fixed capital accumulation for 1991-2016, % of GDP
(Source: UN. (n. d.). *DataCenter*)

Among the main tasks of structural reforms is the creation of conditions for the active involvement of domestic and foreign investments in production with high added value, with a target point for a significant increase in the share of gross fixed capital accumulation (GFCA) in GDP in the long-term period (not less than 25%). This means an increase in real investments by more than a third compared to their current volumes. It is impossible to develop dynamically and inclusive and expect stable growth in the long-term period if the share of final consumption in GDP reaches 85-90% (as is typical for the economies of Albania, Armenia, Greece, Georgia and Ukraine in 2009-2017). For example, in China,

since 1992, the share of GFCA in GDP has not decreased below 30%, and on average in 2014-2016 it was 43% for the corresponding share of final consumption 52%.

Despite the difficult situation, recent developments in BSEC countries show positive trends of institutional changes. In the near future, taking into account examples of the best world practice, it should be foreseen to make decisions on business simplification, privatization conditions that are more attractive to businessmen and favourable for the development of the economy, investment protection measures, and intellectual property rights.

In post-crisis periods, countries with developed partnership institutes (the US, euro zone) tended to stabilize the parameters of national economies rather than those where the creation of sustainable forms of socio-economic, interethnic equilibrium did not reach the level of confidence necessary to implement the general principles of interest of all stakeholders. Therefore, the leaders of BSEC countries should focus on the coordination of the public and private sectors of the economy, strengthening the principles of cooperation on the basis of public values, both in formal and informal business activities. Being balanced in the national legislation and coordinated at the supranational level, targeted interests will enable economic agents, regardless of ownership, to determine, in spite of political differences, the directions of economic prosperity and the ways of their implementation. In order to ensure the peaceful character of any changes, the political and socio-economic basis of the governmental bodies of all levels must be built in accordance with the principle of consensus of the views of society, business, and government. This approach implies that in the economic, military and other types of cooperation, the sovereign states of the BSEC should be guided by national priorities. The development of innovative mechanisms of cooperation between the state and business will help counteract the threats of post-crisis economic recovery in conditions of turmoil. It is well-understood that in the future intergovernmental and national forecasting of internal and external risks of the sustainability of SES is necessary.

Conclusions from the conducted research and prospects in this direction

Based on the research above, we can draw the following conclusions and recommendations on the designing of coordinated safe economic policy of the BSEC states.

1 Long-standing efforts of regional and global cooperation of stakeholders are hindered by old-established problems of tense relations, the manifestations of mutual unfriendliness between states; factors of uneven

political and socio-economic development of the countries of the Black Sea region are periodically amplified as well. However, under any circumstances, it is quite obvious that the problems should be solved in the framework of peaceful diplomatic relations provided that the strategic development goals and the ways to achieve them are clearly brought into line. Euroskepticism tendencies, Brexit UK initiative, clearly demonstrate the need for continuing structural institutional changes in the EU, which are also necessary to overcome crisis situations. Economic instability is still one of the reasons for declining competitiveness of individual countries in Europe, as well as for a prolonged recession in the euro area.

2 Modern development of the hybrid world order is accompanied by the restructuring of international, state and public institutions. The institutional framework for BSEC reform in all areas, both internal and external, should be based on a system of values, as well as a relatively stable political vector, along with a gradual increase in confidence and sustainability of the social-economic environment for global threats of a synergistic nature. Successful reforms will take place in case there is an economic development strategy and priorities such as the development of human capital, support for the domestic market, the environmentally balanced use of natural resources, renewal of infrastructure, the introduction of innovative investment projects aimed at fulfilling strategic development tasks. The choice of strategy depends on the consistency of legislative norms and informal restrictions such as cultural features and generally accepted traditions. In the process of reforming, either "shock" changes or evolutionary transformations may occur.

3 The enhanced modernization of economic policy will be more successful in the innovative initiatives of governments. The availability and effectiveness of the use of financial and other types of resources determine the successful achievement of the set goals. Debureaucratization of the economy, simplification of procedures and rationalization of existing restrictions for public expenditures aimed at infrastructure, support of private capital in foreign markets, in particular, in the political context, are fundamentally important. Designing of state targeted and budget programs should focus on certain priority areas and an effective medium-term budget process, which is implemented on a program basis.

4 Due to the organic interdependence and interconditioning of financial and economic sustainability factors, the strategic tasks of the BSEC countries at regional and national levels are: to avoid reproductive imbalances, desynchronization in the production and circulation of goods and money, as well as imbalances in the interests of economic agents and society. The movement of material and goods factors of production and their

monetary forms in real and virtual dimensions should be directed towards achieving the goals of sustainable development, improving the contradictions of the productive forces and production relations, liquidating material, monetary, informational and other manifestations of the inequality of economic agents throughout the world.

5 It is necessary to study the best practices of the EU countries in the common most effective anti-crisis strategies to achieve the sustainability goals of the developed SES. For example, in Germany and France, time has confirmed the validity of the postulate formulated by institutional theorists to enhance the role of the state: two components of a mixed system-the market and the state-are necessary for an efficient and humane society. Both these components are necessary for efficient functioning of the economy - it is impossible to clap with one hand (Samuelson, 1998). Developed countries are successful and competitive; the state there takes the initiative to create favourable conditions for sustainable business growth. To achieve such goals, all available tools are used, among which fiscal and monetary levers take one of the main places. Periods of advanced modernization of economic policy, as a rule, coincide with the triggering of innovations by state political will. However, due to the impact of signs of a new depressive wave in the leading states (euro zone, Brazil, India, China) on transitional countries, it is necessary to strengthen the resistance to instability at the regional level, to take coordinated measures to slow down post-crisis recovery. In the future, to speed up the approximation of the BSEC economies to the level of developed countries, governments should use a multidimensional set of coordinated tools and activities in innovation-investment, production, foreign economic and other spheres. Despite the signs of uncertainty on a global scale, it is worth strengthening macroeconomic, budgetary, monetary, and fiscal and currency tools in the state anti-crisis policy.

6 The growing volatility, the complications of global economic relations not only increases uncertainty, but also complicates the space in which decisions are made. Therefore, a clear understanding of the common ways of solving global problems seems necessary. In 2014, a fundamental report on global risks was presented in Davos. Experts came to the conclusion that the most dangerous in the next decade are economic threats in the form of financial crises, high unemployment and an increase in income inequality. At the same time, macroeconomic challenges remain the main ones for the global world. Among extremely significant risks with the most pessimistic results are: the budget crisis; unemployment; water crisis; income inequality; climate change; the collapse of information systems. In addition, for national economies, the most likely risks are: income inequality; extreme

meteorological conditions; unemployment; climate change; cyber attacks (*The Global Risks Report 2016*).

7 When developing the coordinated economic policy of the sovereign entities of the Black Sea region, one should take into account that the international community concentrates on the spread of interstate regulation of the processes of concentration and centralization of capital assets, the activities of multinational corporations and financial intermediaries. The need for coordination of international and national economic and political interests first of all calls for elimination of contradictions in the legislation of states, setting common goals for global development and developing universal mechanisms for their implementation. The ability of national governments and their managerial structures to provide swiftly for factors of ambiguity in the flow of real socio-economic processes increases the effectiveness of managerial decisions. Anti-crisis measures in each country should take into account national differences in fiscal, monetary and social policies, as well as the probable amount of stabilization resources of the real and financial sectors.

8 Technological ways of higher levels enrich mankind with universal information products; they make forecasting economic relations at the national and supranational levels possible due to the global logistics infrastructure. It is these circumstances that are the jam to fiscal reform, as well as compliance with restrictions on trade operations with the territories of tax havens aiming at rising of sovereign EU countries, where the efforts of all branches of power should be directed.

9 Any components of the economy, including the monetary sphere, should be aimed primarily at achieving public goals - improving the well-being both of individuals and the society (Stiglitz, 2016). With this, well-being of individuals will depend not only on the standard concepts of GDP, even with the inclusion of economic security. It is a much broader set of values, including coordination and social solidarity; trust in social, political, and democratic institutions. With imperfect regulation, financial systems can affect economic instability with protests and poverty, when, in response to crisis phenomena, the problems, inherent in the modern market economy, only worsen. The levers of the supranational currency should enhance the effectiveness of the economic space, political and social cohesion of the whole Europe. Therefore, the regulation of the euro as well as any national currency should be a means of achieving the goal, and not a goal in itself. Promoting the achievement of broader goals, including strengthening the foundations of a healthy nation, promoting core values are strategic principles of economic security. The

means cannot become a goal in itself in the absence of the organization of an integrated goal-setting, when uncontrolled ideologies and interests can contribute to the creation of economic structures that a few will benefit, but will jeopardize the interests of the greater part of the society.

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