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SCIENTIFIC AND METHODOLOGICAL PRINCIPLES OF REGULATORY POLICY AND MEANS OF ITS MECHANISM

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НАУКОВО-МЕТОДОЛОГІЧНІ ЗАСАДИ РЕГУЛЯТОРНОЇ ПОЛІТИКИ ТА СКЛАДОВІ ЇЇ МЕХАНІЗМУ

The paper presents the general characteristics of regulatory policy in the studies of Ukrainian and foreign researchers. Regulatory policy is considered as public policy. The authors determine the concept of regulatory policy based on morphological analysis of the following: essence, mechanism of action/implementation, scope of implementation and goals, and propose their own definition of regulatory policy. Means of the regulatory policy mechanism, such as principles, methods, functions, goals; information, legal, organizational, financial, economic and analytical (methods of analysis) provision, the process of regulatory policy implementation and its leverages are outlined. The classification of leverages based on the type and nature of impact and form (direct and indirect impact) is proposed.

Узагальнено характеристики регуляторної політики, запропоновано українськими і зарубіжними дослідниками. Регуляторна політика розглядається як вид публічної політики. Проведено морфологічний аналіз за складовими (сутність, механізм дії, сфера реалізації, мета), що дозволило надати власне визначення. Надано складові механізму регуляторної політики: принципи, методи, функції, цілі, інформаційне, правове, організаційне, фінансово-економічне та аналітичне (методи аналізу) забезпечення, процес реалізації положень регуляторної політики та важелі. Запропоновано класифікацію важелів за типом і характером впливу, а також за формою (прямого та непрямого впливу).

Key words: regulatory policy, means of regulatory policy mechanism, morphological analysis, regulatory policy leverages.

Ключові слова: регуляторна політика, складові механізму регуляторної політики, морфологічний аналіз, важелі регуляторної політики.

FORMULATION OF THE PROBLEM

The key role in economic system of any country is performed by the state, because its fundamental function is the regulation of economic processes in the society in

general, and economic entities activities in particular. Fiscal and monetary security of the state is directly dependent on correctly opted economic policy. At the present stage of national economy development Ukraine faces the following

prior challenges: the promotion of scientific and technological progress, domestic manufacturers entering the world market of high-tech products; stimulation of entrepreneurial production activity and investment activity of economic entities; facilitating the integration of Ukraine into the European Community. Recently, Ukraine has had strong intention to join the European Community, and for this purpose it is necessary to provide the compliance with European standards that can be achieved due to balanced regulatory policy. Therefore, regulatory policy and guidelines for its implementation studies are considered to be extremely important.

ANALYSIS OF THE LATEST RESEARCHES AND PUBLICATIONS

The issues of mechanisms of regulatory policy formation and implementation in different sectors, such as small business development, economic relations, foreign economic activity, energy saving, etc., are studied by a great number of foreign and domestic researchers.

The analysis of scientific literature has shown that regulatory policy is considered from the legal, public administration, and economic points of view.

In Ukraine, the studies of these issues are represented in the works of following scientists: V.I. Lyashenko (Lyashenko, 2008) analyzes the state regulatory policy in small business sector; T.M. Melnik (Melnik, 2009), T.M. Melnik and O.S. Golovachova (Melnik, Golovachova, 2015); L.M. Bilozir (Bilozir, 2008) reviews regulatory policy in foreign economic activity of the country; N.V. Osadcha and V.I. Lyashenko (Osadcha, Lyashenko 2010) examine customs regulatory policy; E.V. Shulyuk (Shulyuk, 2012) researches the regulatory policy in energy saving sector; A.V. Balabenko (Balabenko, 2008) evaluates government regulation in taxation etc. Regulatory policy in terms of public administration activities is researched by such scholars as M.A. Pogrebnyak (Pogrebnyak, 2008), V.A. Zanfirov (Zanfirov, 2006), S. N. Kulik (Kulik, 2007) and many others.

Regulatory policy also appears to be in the field of scientific interests of a great number of foreign scholars, such as M.A. Eisner, J. Worsham, E.J. Ringquist (Eisner, Worsham, Ringquist, 2006), Th.J. Lowi (Lowi, 1979), R.G. Noll (Noll, 1989), J. Nowaczyk (Nowaczyk, 2015), C. Winston, R.W. Crandall (Winston, Crandall, 1994), L.C. Thurow (Thurow, 2008), K.J. Meier (Meier, 1985) and others.

SETTING OF A GOAL

The research goal is to examine the existing approaches to the definition of the essence of regulatory policy and to propose the authors' vision of it. In addition, the main task is to represent the means of regulatory policy mechanism and to propose classification of its leverages.

The research object is the process of regulatory policy formation.

The research subject is theoretical foundations, methodological approaches, guidelines for regulatory policy and its mechanism means. The fundamental problem to be solved is to propose means and classification of regulatory policy leverages. The solving of the article's problems will provide new knowledge in the field of mechanism of regulatory policy formation.

The research methods are theoretical synthesis, morphological analysis and abstract logic methods.

STATEMENT OF THE MAIN IDEA

According to M. A. Pogribnyak (2008) regulatory policy of the state is policy aimed at improving the quality of public and local administration in economic activities. V. A. Zanfirov (2006) examines the state regulatory policy at the regional level as a set of different pairs of systematic impact. S. M. Kulyk (2007) gives the definition of the state

regulatory policy in small business sector as a planned implementation program of strategic and current goals, values and actions of authorities for coordination and regulation of small business.

T. M. Kravtsova (2004) considers regulatory policy as a "road sign" for public and local authorities, aimed at providing the effective state impact on economic and social processes. State regulatory policy from a legal point of view is researched by such authors as A. H. Yuldashev (2005), V. A. Malyga (2011), etc. The legal scholars consider regulatory policy (regulatory activities) as standard-setting activities of public administration, and study issues of regulatory policy in accordance with current legislation, analyzing the effectiveness and adjustments of regulations.

An important contribution to the study of regulatory policy in economic relations was made by economists T.M. Melnik and O.S. Golovachova (2015) and L.M. Bilozir (2008) that research regulatory policy of economic activity globally. L.M. Bilozir (2008) analyzes the global regulatory policy in the field of agricultural trade; T.M. Melnik and O.S. Golovachova (2015) analyzes regulatory policy, setting the directions of foreign economic activity, taking into account integration processes.

The researcher V.I. Lyashenko (2008) examines the state regulatory policy in small business sector and determines the state regulatory policy as "the direction of public policy, which involves improvement of the legal regulation of economic activities relations and administrative relations of regulatory authorities and other state bodies and small business, to prevent the adoption of inappropriate and inefficient regulations, to reduce state intervention in economic entities activities, and to remove legal barriers to economic activity".

Regulatory policy is also studied by foreign scientists considering, e.g. sports competitions in terms of direct regulatory impact of the state. The following impacts are outlined: determining the quality of products sold during the events; quality standards of utensils used; means of transport used for transfers, etc. It is emphasized that even time zones are regulated by the government. So, regulatory policy is considered as control and limit of business practices, aimed at the achievement of efficiency and equity provided by competitiveness of trade and protection of vulnerable aspects, mostly realized in the context of Group Policy. Meanwhile, a significant impact of business lobbies on regulatory policy that affects their interests is also underlined (Nowaczyk, 2015).

An important aspect of understanding regulatory policy is its definition as a form of public policy, as M.A. Eisner, J. Worsham, E.J. Ringquist (2006) insist. K.J. Meier (1985) determines regulation as an attempt of government to control the behavior of citizens, corporations and subordinate state institutions. The researcher of regulatory policy R.G. Noll (1989), studying the differences between regulatory and non-regulatory public policies, outlines that, firstly, regulatory authorities are not participants of transactions, and they perform only as a "referee", and, secondly, regulation is carried out by the rules of practices. Th.J. Lowi (1979) distinguishes regulatory, distributive and redistributive government reforms. Regulatory policy is considered as legal compliance, such as employment law, civil rights, environmental regulations, etc. He follows the principle of redistribution of wealth.

Comparing Ukrainian regulatory policy paradigm and vision of foreign researchers, some specific features should be taken into account. Firstly, Ukrainian researchers do not consider regulatory policy as public policy. The transformation of government administration into public one is quite slow, although the process of transparency introduction is being gradually implemented in the Ukrainian society. Secondly, the processes of state regulation in Ukraine are quite specific. Developed European countries, having formed their national economies on market principles of government regulation, have developed

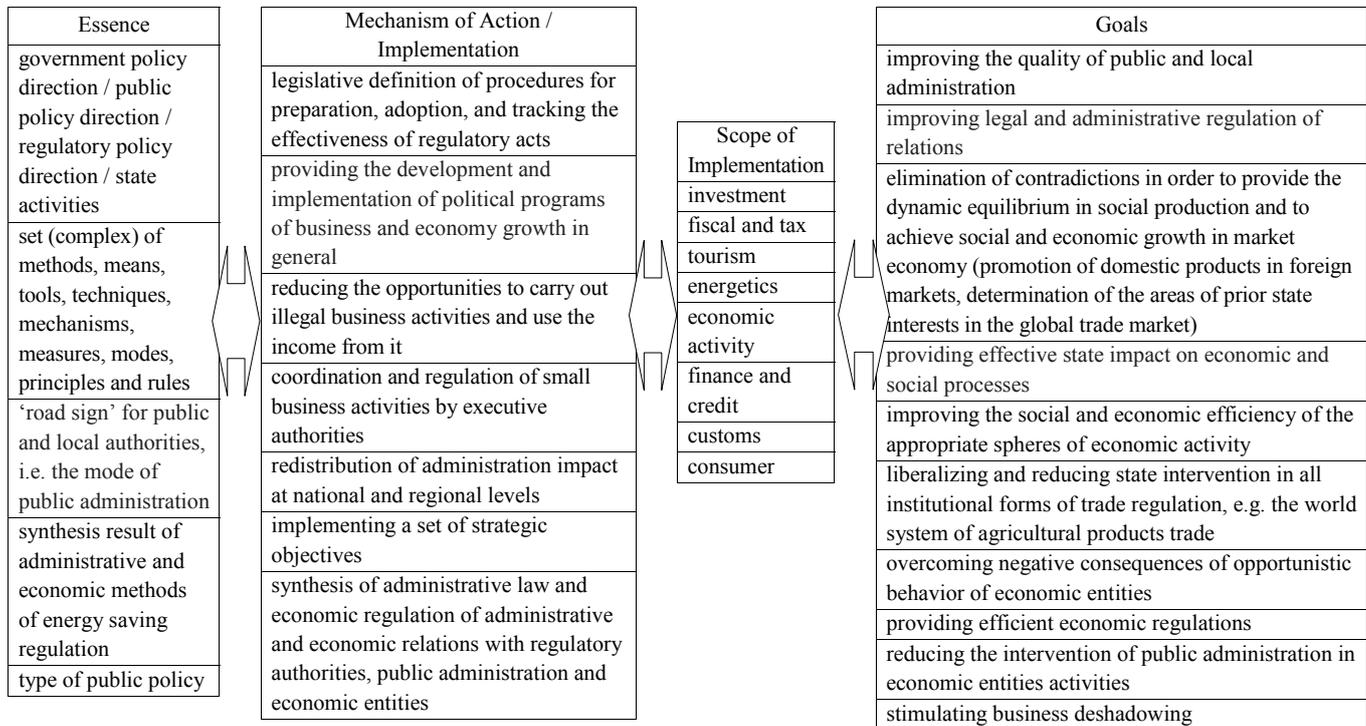


Fig. 1. Decomposition Analysis of the "Regulatory Policy" Concept

Source: made by the author.

their regulatory policy, which has the form of either regulation — an increase of pressure, or deregulation — reducing pressure. Nowadays, in social sphere there is a significant regulation and in economic sphere there is a deregulation. When Ukraine was a part of the Soviet Union, planned economy totally dominated; in 1990s it caused an acute need to implement a market economy but with elements of state regulation. So, currently the process of deregulation can be traced. Thirdly, despite the narrower meaning of regulatory policy from the viewpoint of foreign scientists in general, its purpose as state activities aimed at leveling market failures and realization of social functions is also supported by these researchers.

It can be concluded that scientists have different approaches to the definition of "regulatory policy"; all these approaches have certain features. Analysis of the represented definitions showed that they are diverse and unequal; therefore, further analysis of their essence is crucial. For this purpose, the decomposition of presented definitions into the components with the following signs of comparison was made: the essence of the concept; the mechanism of action or implementation; goals. It should be mentioned that most of the definitions are similar to certain elements based on morphological analysis (see Fig. 1).

Summing up, it should be emphasized that 'regulatory policy' is the direction of public policy and the way of public administration, implemented by public and local authorities as a synthesis of administrative and economic methods of regulation in the form of complex system of methods, techniques, means, tools, principles and rules, performing as an appropriate mechanism, based on institutions, redistributing administration impact within regulatory authorities, public administration and economic entities in various areas of economic activity and society, in order to provide the effective state impact on social and economic development of national economy.

Studying the problem we can emphasize that regulatory policy as the direction of public policy could be effective only if it is carried out through its mechanism.

Having analyzed the subject, it has been determined that the regulatory policy mechanism is supposed to include such means: principles, methods, functions, goals, providing

(information, legal, organizational, financial, economic and analytical (methods of analysis)). It should be emphasized that functions considered in detail (target, stimulating, regulating, correcting, social, direct control of market sector of the economy, controlling, providing) allow achieving goals, i.e. creating proper living conditions, providing economic growth and integration in order to implement the intentions of the state. The process of regulatory policy implementation comprises the following stages: initiation, development, formation, implementation and evaluation of effectiveness. The authors propose to divide the principles of regulatory policy into two groups: general (humanism, democracy, legality, constitutionality and social justice) and specific (effectiveness, appropriateness, adequacy, transparency, balance, predictability, taking account of public opinion, social partnership, speed, objectivity, justice, scientific validity, competency, responsibility). The methods used in the present research are both traditional (legal, economic and administrative) and indicative, informal (propaganda) and specific. All mentioned means should determine the effectiveness of regulatory policy. The general scheme of regulatory policy means was proposed by the author (I.V. Kolupaieva, 2014).

Particular attention has been paid to leverages, because they perform as the acting elements of functioning means that call into operation all these tools and allow achieving goals. As it was mentioned that leverages have been properly considered as the means and methods of direct and indirect impact of public authorities on economic processes and economic entities within the legal framework, aimed at the development of economic, social and other spheres of society. The classification of leverages is represented in Table 1.

CONCLUSIONS

This research has been devoted to the elaboration of the regulatory policy definition. The authors' definition has been proposed basing on Ukrainian and foreign investigations and using the morphological analysis method. The main idea of regulatory policy is considering it as a public policy, as a synthesis of administrative and economic

Table 1. Classification of Regulatory Policy Leverages

Nature of Impact	Type					
	Public Administration and Legal	Finance and Credit, Monetary	Tax	Social and Psychological	Budgetary	
Restrictive / Unstimulating	licensing	limited transactions (currency operations with securities, etc.)	tax penalties	adjusting of prices and tariffs	budget deficit	
	quotation		tax burden			
	standards and norms (quality control)		write-off and deferral of tax debt		state debt	
	sanctions		local taxes share			
Compensating / Aligning	organization and legal regulation of activities	state subsidies	tax number and value optimization	information openness	appropriations in aid	
	protection and security guarantees	regulation of discount rate	international agreements on avoidance of double taxation	areas / policy / programs monitoring	subsidies	
	protection of resources	money issue			subvention	
	staffing	public funding	legalization of untaxed income			
Stimulating / Encouraging	strategic planning, foreign economic activity support	introduction of microloan system	reduction / optimization of tax rates	marketing and advertising activities	public funding of development programs	
		preferential loans	tax breaks / changes in terms of tax payment (deferral / installment) / tax rebate	information activities		
			leasing	accelerated amortization		development of image strategies
	creating a favorable legal framework	public investment	tax credit / rebate	alternative tax regimes (simplified system of taxation, special tax regimes)		social standards

■ - direct impact leverage □ - indirect impact leverage

Source: made by the author.

methods of regulation in the form of complex system of means, based on institutions, redistributing administration impact within regulatory authorities, public administration and economic entities in order to provide the effective state impact on social and economic development of national economy. The complex system of means implies the regulatory policy mechanism, which includes principles, methods, functions, goals, provision (information, legal, organizational, financial, economic and analytical), the process of regulatory policy implementation and its leverages. The authors' classification matrix of leverages based on the type (public administration and legal, finance and credit, monetary, tax, social and psychological and budgetary) and nature of impact and form (restrictive / unstimulating, compensating / aligning and stimulating / encouraging) has been proposed.

In further researches, the authors intend to study regulatory policy leverages that serve as the most important elements of the mechanism of its implementation, factors affecting the formation and implementation of regulatory policy in Ukraine, means that provide the effectiveness of regulatory policy, ways of improving the regulatory policy mechanism in terms of transformation changes.

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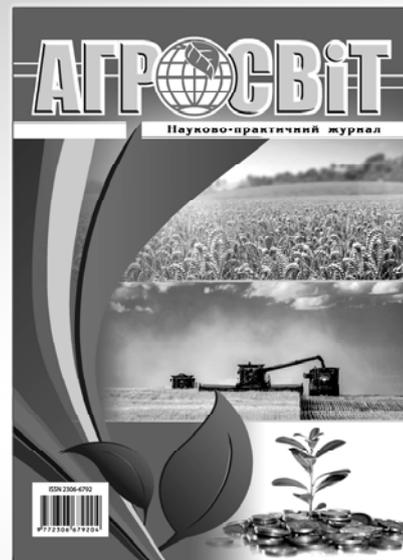
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