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TRASMISSION CHANNELS OF INTEGRATED ECONOMIC ENVIRONMENT: ROLE OF TRADE AND FINANCE IN GLOBAL COOPERATION

An attempt is made to deal with the controversy between globalization benefits and the related openness and allocation effectiveness and threats triggered by this openness, which lead to the increasing dependence of economic growth and national welfare on exogenous factors implicit in regionalization processes. Integration is studied by taking important functions at the macrolevel, such as inflow and outflow of capital, trade profile, with account of the role of microeconomic aspects, which implementation requires a longer period. The channels of impact of trade and finance on the development of integrative interaction between countries are analyzed, with emphasis on relations at the macrolevel, which occur in the process of global cooperation. It is shown that the increasing cross-country discrepancy in the rates of economic growth and welfare cannot be determined by the production function of a national economy; another determinant can be the centeredness of its financial and trade relations, whereas optimal utilization of the available production, resource, labour, R&D and innovation capacities act as the supplementary conditions for the effective positioning of a country in the global market. It can be proved that the existing disproportions in the development at region or country level will be even higher in the chain "national economy – regional association – global economy".

It is argued that the lower are mutual trade tariffs, the wider is the gap in resource capacity and other factors creating comparative advantages, and the weaker is the barriers for trade inside a region compared to the barriers for trade with thirds countries, than the higher are the advantages from establishing regional trade associations. Accordingly, the loss of effectiveness over change in directions of trade depends on the discrepancies between the mutual trade tariffs and the tariffs in trade with thirds countries. The correlations between economic growth, direct foreign investment and portfolio investment are determined in the study. The need for the selective and targeted economic policies in the post-crisis situations in the developing countries' markets is substantiated. The effects of direct foreign investment for generating economic growth are analyzed; it is proved that direct foreign investment is a more effective tool for growth than other types of financial flows, like loans.