

**ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ**

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Public Administration**О. М. Чечель**, д. н. з держ. упр.**TRANSFORMATION FUNCTIONS OF STATE  
REGULATION ON THE CONDITION OF  
COUNTRY'S PARTICIPATION IN  
INTEGRATION FORMATIONS****ТРАНСФОРМАЦІЯ ФУНКЦІЙ ДЕРЖАВНОГО  
РЕГУЛЮВАННЯ ЗА УМОВИ УЧАСТІ КРАЇНИ  
В ІНТЕГРАЦІЙНИХ УГРУПОВАННЯХ**

**Urgency of the research.** Globalization processes require a rethinking of state functions. Inter-regional associations affect to all the areas that are traditionally regulated by the state, which can have both positive and negative consequences.

**Target setting.** In the conditions of globalization increases the value of regional entities, supranational institutions that can influence on all spheres of individual countries.

**Actual scientific researches and issues analysis.** Study of these processes devoted works of such scientists as: S. Borynets, R. Voytovych, I. Hrytsiak, Yu. Kovbasiuk, Yu. Kozak, V. Kolesov, E. Lukasheva, P. Mazurok, I. Matyushenko, A. Pranevych and others.

**Uninvestigated parts of general matters defining.** Need more detailed consideration and further study some aspects of assessment of the impact of integration formations on state regulation and the question of transformation of the functions of state.

**The research objective.** The purpose of article is to study the transformation of the regulatory functions of state under conditions of strengthening globalization processes and participation of country in integration formations.

**The statement of basic materials.** Investigated the issues of transformation the functions of state regulation in context of globalization and strengthening the integration processes. These processes are objective and caused by the desire of countries to expand the economic, investment and other opportunities. On the example of EU considers restrictions and features of realization the basic functions that traditionally performs state. Since the integration processes are acquire new forms, we can predict the further transformation the functions of state regulation.

**Conclusions.** In conditions of globalization the role of state cardinally changed. Arise contradictions because conflicts of interest of individual countries and supranational institutions, the need to delegate certain regulatory functions, difficulties in terms of support for a single rate of all member states of formation.

**Keywords:** globalization processes; integration; integration groupings; public administration; functions of state regulation.

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**Актуальність теми дослідження.** Глобалізаційні процеси вимагають переосмислення функцій держави. Міжрегіональні об'єднання впливають на всі основні сфери, які традиційно регулюються державою, що може мати як позитивні так і негативні наслідки.

**Постановка проблеми.** В умовах глобалізації зростає значення регіональних утворень, наднаціональних інститутів, здатних впливати на всі сфери життєдіяльності окремої країни.

**Аналіз останніх досліджень і публікацій.** Вивченню даних процесів присвячені праці таких вчених як: С. Боринець, Р. Войтович, І. Грицяк, Ю. Ковбасюк, Ю. Козак, В. Колесов, Е. Лукашева, П. Мазурок, І. Матюшенко, А. Праневич та інші.

**Виділення недосліджених частин загальної проблеми.** Потребують детальнішого розгляду та подальшого дослідження деякі аспекти оцінки впливу інтеграційних утворень на стан державного регулювання і питання трансформації функцій держави.

**Постановка завдання.** Метою статті є дослідження трансформації регуляторних функцій держави за умов посилення глобалізаційних процесів і участі країни в інтеграційних угрупованнях.

**Виклад основного матеріалу.** Досліджуються питання трансформації функцій державного регулювання в умовах глобалізації і посилення інтеграційних процесів. Ці процеси є об'єктивними і обумовлені прагненням країн до розширення економічних, соціальних, інвестиційних та інших можливостей. На прикладі ЄС розглянуто обмеження та особливості реалізації основних функцій, що традиційно виконує держава. Оскільки інтеграційні процеси набувають нових форм, можна прогнозувати подальшу трансформацію функцій державного регулювання.

**Висновки.** В умовах глобалізації роль держави кардинально змінюється. Виникають протиріччя через неспівпадіння інтересів окремої країни і наднаціональних структур, необхідність делегування певних регуляторних функцій, складнощі щодо підтримки єдиного темпу розвитку всіх країн-членів угруповання.

**Ключові слова:** глобалізаційні процеси; інтеграція; інтеграційні утворення, державне управління; функції державного регулювання.

**Urgency of the research.** Globalization processes, which in recent decades have become a comprehensive nature and require a comprehensive rethinking of state functions. Globalization and strengthening the role of interregional associations affecting all the areas that are traditionally regulated by the state: economic, political, social, educational and so on. At the same time, these processes can have both positive and negative consequences for the state.

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With the spread of globalization increases the effectiveness of the world economy, more rapidly spreading innovations and emerging socio-economic standards. This effect indicates that no one developed country can not be outside the influence of globalization trends, one form of which is involved in the integration formations.

**Target setting.** Globalization processes inherent certain contradictions which caused a significant change in the role of national regulators. Increasingly becoming the value of regional groupings, international supranational institutions, organizations and other institutions that can significantly influence all spheres of individual countries. In these conditions are traceable negative phenomenon that should include and take into account. They are associated with the deformation or partial loss of sovereignty for the adoption of independent decisions in certain areas of public administration.

The participation of countries in certain types of integration formations creates persistent contradictions. The sources of such discrepancies include the discrepancy group and national interests, the difficulties associated with different rates of economic growth between countries, the necessity to delegate certain functions of public administration in key spheres of life activity of the country. In these conditions, at the national level prior to the country's accession in certain integration formations occur with certain processes that are associated with the transformation of the functions of regulation to comply with the requirements nominated by joining the certain integration formation. It matters related to changes in state functions in terms of strengthening integration and globalization trends and the negative consequences that can occur, determine urgency and necessity of further study of the subject.

**Actual scientific researches and issues analysis.** Works of many scientists were dedicated to study of the impact of globalization and integration formations. The data questions in various aspects examine scientists of other countries, including in particular: V. Kolesov, A. Koshelev, E. Lukashev, A. Pranevych, B. Smitiyenko, K. Sheryazdanova, D. Stechenko, and others. Special attention to the problem of state regulation in the context of globalization is given by domestic scientists: S. Berenda, S. Borynets, I. Hrytsiak, Yu. Kovbasiuk, Yu. Kozak, V. Kulishov, V. Lukashevich P. Mazurok, I. Matyushenko, A. Peredriy, I. Shkola, K. Soloninko, Yu. Surmin, A. Filipenko, R. Voytovych and others.

**Uninvestigated parts of general matters defining.** Despite versatile research issues are related to globalization and integration processes, some problems still remain insufficiently studied. Need more detailed consideration some aspects of objective assessment of the impact of integration formations on the state regulation. Also require further study the question of transformation of the functions of regulation that is particularly important for those countries that have entered or are preparing to join the specific integration formations.

**The research objective.** The purpose of this article is to study the transformation of the regulatory functions of the state under conditions of strengthening globalization processes and participation of the country in integration formations.

**The statement of basic materials.** Globalization processes influencing significantly increased efficiency majority spheres of activity of each country. In this regard, all the more exacerbated problems associated with the struggle for influence certain areas – the economy, production, resource support, finance, and others. Imbalances that may occur permanently in a country that is an active participant and closely integrated into the global economy, leading to the spread of negative trends in other countries, and through them to the entire global market and economy [1, p. 8].

Considering basic functions of the state, it should be noted that the political (diplomatic) function, which is to support the diplomatic relations with other countries, has always occupied a special place at any time. This feature, although considered primarily as an effective means of security, the spread of globalization trends takes on whole new forms. The participation in certain types of integration formations on the one hand is quite effective response to the negative effects of globalization and on the other – is a reflection of changing understanding of state administration, its transition to a qualitatively new forms.

Today the vast majority of countries are members of certain international organizations, economic direction. So members of the International Monetary Fund (IMF) and the World Bank today is 188

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countries. World Trade Organization (WTO) includes 161 countries, which share in world trade is about 96 % [2, p. 122]. Any country seeking economic development in the current realities badly needs to provide additional guarantees of protection of economic interests and support from supranational institutions and organizations. Entering to certain regional integration groups can not only provide additional guarantees economic support in case of amplification of negative economic trends, but also completely change the structure of the economy, political, cultural, educational, social and other spheres of life of a member states. In this case, integration groups can not only remove physical borders, but also radically change the direction of development of any country.

Generally distinguish the following basic models of integration:

- political and economic integration (including integration in the social sphere): EU ASEAN (Association of Southeast Asian Nations); Caribbean Community (Latin America), etc.

- trade and Economic Cooperation, European Free Trade Association (EFTA); Eurasian Economic Union; North American Free Trade Agreement (NAFTA); Organization of Petroleum Exporting Countries (OPEC), etc.

- international economic above government organizations, which regulate certain issues in trade, tariffs, etc: General Agreement on Tariffs and Trade (GATT); The Organization for Economic Cooperation and Development, etc.

- political alliances and military blocs: the European Council; NATO; Organization of African Unity (OAU); etc. [3, p. 325].

Undoubtedly that the emergence of regional integration formations is the highest form of manifestation of globalization. In this form of globalization interstate relationships are rugged, thus there is a tight weave of mutual interest in all forms of life.

Spreading the establishment and consolidation of integration formations caused by objective needs that arise in individual national economies during the growing influence of globalization. Members of integration formations are generally countries which combines a number of factors, the main ones are: density economic relationships, boundaries proximity, similarity of social, cultural and mental development, community history, etc. [4, p. 9].

Considering examples of integration formations that exist in the world today, one can conclude that the extent of their distribution is comprehensive. Currently almost no countries have been integrated in some regional associations, and this applies to highly developed countries and developing countries. Some indicators of integration formations on different continents are presented in Tab. 1.

*Table 1*

**General characteristics of integration associations in 2015<sup>1</sup>**

Integral association	Number of full members	Population, mln. people	GDP, trillion. USD	The value of domestic trade (Export mln. USD)
EU	28	508,5	19,298	3358777
NAFTA	3	477	21,818	1154775
MERCOSUR	6	293	4,371	40118
APEC	21	2838	61675,02	5767009
ECOWAS	15	327	0,734	10024

Despite the fact that the formation of regional integration already exist for a long time, the undisputed leader in the implementation and deepening of integration processes can be considered as the European Union. That is integration formation that fully changed the understanding about the impact of globalization on the verge of state regulation.

The signing of the Lisbon Treaty which formally though not the EU Constitution, but largely determines the functioning of its member countries, a broken layer of problems related to limitations of sovereignty arising from this document. Available is a trend towards gradual self-restraint of sovereignty of member states, while the EU is becoming more signs supranational entity. Despite the fact that formal EU member states retain their own sovereignty, with every stage of the deepening

<sup>1</sup> Prepared according to UNCTAD handbook of statistics 2016 [5]

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integration of reduced material possibilities of a separate country on its display, which is primarily reflected in a significant proportion of delegating regulatory functions of state power to the institutions of EU [6, p. 215].

The key functions of state regulation today is the social and economic functions. As for social functions, the problems of delegating regulatory functions from the national to the supranational level is quite controversial. Despite the fact that the list of areas that are regulated at the state level in the social sphere is wide enough member states fully agreed only to delegate powers to labor protection and free access to the labor market, with the principle of unrestricted movement of labor within the EU [7, p. 8].

Along with being delegated even this small amount of function caused a number of controversies related to the issues of the classical understanding of the social state. Loss of an opportunity the definition of the subjects that will receive social services, failure to define the borders of areas of social services, weakening the ability to implement the principles of the model of social orientation of the state and other factors lead to the fact that increasingly inability to fully implement by member states the social function leads to the spreading of euro scepticism.

Another traditional key function of any state is to regulate the economy. The natural conclusion of the undeniable role of the state in regulating the economy in one way or another lead all economic theories. About the necessity of state regulation suggests that market imperfections, gaps in the market instruments; need to identify at the state level rules, conditions and restrictions on the operation of economic entities; the need to limit monopolization trend to support the market competitive conditions; implementation of the general economic policies of social welfare and so on. Along with being under the influence of globalization, transforming also approaches to determine the functions of state regulation the economy. This is due to the expansion of the influence of international and regional markets, the increasing influence of multinational corporations and supranational organizations. Therefore, changing approaches and the transfer of some economic functions, provided the country's participation in integration groupings are determined objectively.

It should be noted that the country's participation in a particular integration groupings reduces the function of the state in regulating the economy only in certain areas, including social and external. As for the traditional areas of providing by state social benefits in education, medicine, science, infrastructure, etc., participation in globalization processes can expand understanding of who can be a provider of these services. Thus, developed countries control functions are becoming increasingly large and complex. First of all, these changes affect those countries that are part of certain integration formations, because in this context, some government regulatory functions transferred to supranational authorities.

It should be noted that underlying of foundation the vast majority of integration formations laid the economic interests. Characteristic of these processes is that in consultation with member states there is self-restraint of government functions in those areas that have traditionally been in their jurisdiction. In EU the economic factor was major in creation of association and is decisive for applicant countries to join the integration formation [8, p. 205].

The main goals pursued in this by states are: economic growth, expand markets of domestic enterprises, promotion of competitiveness. Given that the economic function is main, we can conclude that future prospects and the extent of integration trends directly depend on its implementation.

Considering the example of EU as the integration formation can go through certain functions of economic regulation in the member states, it should be noted:

1. Volumes implemented by EU functions to regulate certain aspects of the economy is not sustainable. They are subject to constant change, but most of the process during the entire period of its existence only deepened and expanded;

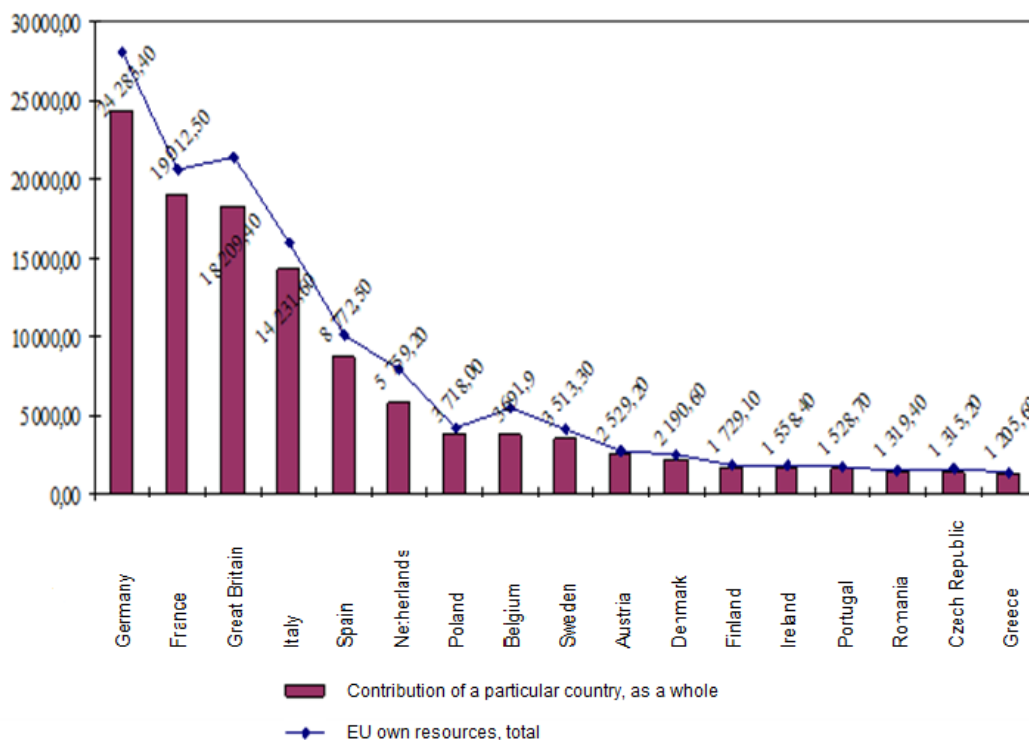
2. The functions of economic regulation, which takes over EU as integration formation, differentiated for specific areas: common commercial, industrial, energy, agricultural policy; policy compliance in competitive conditions; coordination of economic and monetary union, etc;

3. EU competence in certain economic sectors are different: exclusive or shared. The exclusive competence of EU, and therefore limit the functions of state regulation member countries include

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issues: implementation of competition policy, customs union, conservation of biological resources of seas. As for joint competence, then it includes issues related to the operation: the single market, common industrial and agricultural policy, transport, infrastructure, energy and so on. As for industrial policy, the activity in this area is limited coordination, support or other activity which is a supplement character.

Of the following spheres of competence EU in the direction of economic regulation follows that the member countries independently limiting state sovereignty of decision-making in certain areas, especially out of the interest in this at a particular moment. In addition, when joining this integration formation of the state-candidates voluntarily agree to transfer of certain functions in regulation of the economy to EU structures, thereby taking all possible consequences. At the same time EU, as integration formation, taking over some state regulatory functions in the economy requires constant funding their own activities. To this end, member states based on economic development, pay pre-determined contributions [9, p. 184]. Figure 1 shows the countries that carry the greatest contribution to the budget of the European Union.



**Fig. 1. The contribution of member countries and traditional own resources of the EU in 2015 (in million euros)**

As shown in Fig. 1 data, the most important role in the financing of the EU budget played by Germany, France, Britain, Italy, Spain and the Netherlands. Accordingly, the data countries have the highest level of gross national income pursuant to which, including the calculations of assessments [10]. Around the same time, given that EU is a union of countries on an equal basis, issues related to the financing of the EU budget amounts most developed countries, formation is one of the most pressing. Thus, the special position on funding budget for the entire period of stay in the EU occupied Britain. This country has repeatedly demanded a renegotiation of the financing of the EU budget. The last such adjustment was made in 2015. The tendency to disagreement UK and EU position on this

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and several other key positions for the further development led to the fact that in 2016, after the referendum, the UK began the process of leaving the EU.

Thus, as shows experience the EU integration formation, in addition to the obvious advantages offered by the participation they have other aspects, and they are typical for developed countries their member, and for countries seeking to join the following associations to obtain additional opportunities to stimulate economic development.

**Conclusions.** The analysis of state regulation in the conditions of participation of the country in integration formations gave the understanding that in conditions of globalization traditional functions acquire new and more complex forms. Role of the state, especially in economic processes in these conditions cardinally changed because in fact the deformation of sovereignty of member states that make up these formations. Thus, we can say that the work of integration groupings is able to generate stable contradiction in matters connected with: incompliance of the interests of individual countries and supranational institutions that govern them; the need to delegate certain state regulatory functions; difficulties arising in terms of support for a single rate of all member states and others.

The analysis of experience delegating some regulatory functions supranational bodies given the understanding that this approach may have significant advantages, which, in particular, shows the experience of EU. In view of the further spread of globalization is clear that the states will be forced to increasingly integrate into the world market. Participation in integration groups makes it possible to not only get access to new markets, but also to activation the whole economy. In this context, the transformation of the regulatory functions of the state, subject to certain requirements of integration groupings are legitimate and objectively determined.

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