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MANAGEMENT OF THE WORLD FINANCIAL SYSTEM İN POST-CRİSİS SİTUATİONS

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Abstract. The article considers the existing problems and contradictions in the world financial system that have been the cause of crisis processes in the global economy.

International Monetary Fund and World Bank are the main regulators of the modern financial system. But now the world society can observe inefficiency of the existing mechanism of financial system regulation.

So to create the new regulation mechanism of the world financial system it's necessary to decrease the volume of financial speculation operations and eliminate financial instruments which slow long-term economic growth.

Key words: world financial system, global economy, financial crisis, global regulation, International Monetary Fund, financial instruments.

The current global financial and economic crisis and its global negative consequences raise the question of the need to find effective mechanisms for stabilizing the global financial system. Transformations of the world financial system in the direction of its globalization increase its instability, increase the vulnerability of national and regional financial markets, and thus determine the multivariate scenarios of global financial development. Destabilization in financial markets has been the beginning of crisis processes in most economies of both developed and developing countries.

Experts from the UNCTAD Secretariat's Task Force on Systemic Issues and Economic Cooperation note that "the failure of financial markets has shaken the naive belief that financial liberalization and non-interference in the economy will maximize welfare" [1]. So the self-regulation of the global financial system is inefficient and unable to ensure the stability of the financial sector in the long run. But the financial sector is such a globalized segment of the world economy that it is difficult to regulate by states. International financial organizations play an important role in regulating the world finance system.

The influence of individual states on the financial sector is primarily related to the processes of liberalization of national financial markets. In an effort to attract foreign investment, most countries have liberalized their own currency legislation as much as possible, ensuring the free movement of capital as a guarantee of the possibility of its foreign transfer for foreign investors. It ensured high dynamics of capital movements in time and space, but significantly complicated the process of regulating the speculative financial sector both within a single state and within a particular region of the world economy.

In fact, the volume of financial instruments that individual states can effectively influence by traditional methods can be estimated as 1/5 of all instruments traded on the world market [2].

The replication of financial innovations has led to the formation of a significant disparity between the volume of production and financial spheres, when the number of financial instruments exceeds the size of the real world economy by more than 10 times, while in most national economies this ratio is 1: 2 (excluding the economy USA). This fact is primarily due to the rapid development of term financial assets and the growth of speculative transactions in the financial market. If in 1980 world financial assets were almost equal to world GDP (12 and 10 trillion dollars, respectively), in 2007 they amounted to 195 trillion dollars [3], and taking into account secondary derivatives, the volume of financial assets exceeded world GDP in 12 times [2].

The significant separation of the financial sector from the reproduction processes has led to increased volatility in all segments of the global financial market. As a result, the financial sector has become self-sufficient. Providing high returns, the financial market began to have a negative impact on the real sector of the economy.

According to world experience, the foundations of market economy are large financial-industrial groups and multinational corporations. Along with them, there are many medium and small enterprises that need government support. In many countries, governments exclude from the privatization list those sectors of infrastructure that are highly capital-intensive and require constant government subsidies: electricity, pipelines, post offices, ports, communications, railways, and so on.

The reduction of the commodity component of GDP in most countries of the world plays a significant role in increasing the gap between the real sector and the financial sector. This reduces the number of objects that can be used as collateral. Thus, most financial instruments created in the world economy over the last decade do not have the material basis to secure and repay them, which leads to significant risks. Thus, the volume of credit instruments, which was quite small in 2001, at the beginning of the crisis in the United States (2007) amounted to about 50 trillion US dollars. Such financial innovations deepen economic instability and are "socially undesirable" [4].

At the same time, there is a tendency to reduce the ability of finance to stimulate economic growth, as the most dynamic development in recent years is shown by those countries that are weakly dependent on capital inflows [5]. Thus, financial instruments are becoming more prone not to stimulate economic growth, but to create a significant number of risks in the world economy. Most financial innovations can be classified as financial instruments with a negative economic effect on the development of the world economy, but while maintaining a positive commercial effect for issuers and investors.

Debt problems that have arisen in most states cannot be resolved quickly enough. Even the G7 countries, which have a debt ratio of more than 60% of GDP, will have to switch to austerity mode to minimize it, according to the IMF's Budget Department. This should lead to a reduction in debt levels by 2030 to 60% of GDP [6]. At the same time, a significant increase in debt has led to a decrease in the ability of countries to respond to new crisis processes.

However, even developed countries have different status in the world monetary system. The United States now has a special status due to the dominance of its national currency in the world economy. And while most countries try to maintain a certain allowable ratio between the money supply and the volume of values produced in the economy, the US Federal Reserve System(FRS), which is a private institution and is responsible for regulating the banking sector, issues unlimited quantities unsecured financial liabilities in the form of dollar cash. This provides the FRS with international issuance income as a result of the US dollar being bought abroad and traded as a means of accumulation and international settlements. It also allows the United States to finance deficits in its own currency.

So, a distinctive feature of modern world economic development is "financialization", which is expressed in the significant dominance of the financial sector in the world economy. As a consequence of the liberalization of state regulation of the world financial market, the "virtualization" of world finances, financial instability is growing at both national and global levels. The financial system with the dominant US dollar as the main means of payment in international settlements and in the presence of significant imbalances cannot be stabilized on its own. The significant costs of most countries in the world, aimed at stabilizing their own national financial systems, while maintaining a large amount of speculative capital do not solve this problem. Only with the reduction of speculative transactions that undermine the balance of financial markets and provoke crises, as well as eliminate financial instruments that do not stimulate long-term economic growth, it is possible to get time to develop and agree on a new international mechanism for regulating the global financial system.

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