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METHODS AND CONDITIONS FOR ACHIEVING TRIPLE EQUILIBRIUM IN THE ECONOMY

Abstract: In connection with the transition to market relations in the Republic of Kazakhstan, deep and widespread changes have taken place in the country's economy, as well as in all sectors of the national economy as a whole. Looking at our life, the new history of Kazakhstan, we can assure the relevance of the study of world monetary policy. The monetary policy of Kazakhstan cannot be the same as in countries with a market economy, which is a natural American, English or any other monetary policy, therefore this topic requires further study. The theory of monetary policy is quite complete, but it is obvious that it needs to be adapted to the realities of the Kazakhstan economy with which the relevance of this topic is related.

Triple equilibrium characterizes the degree of integration of the national economy for the free movement of international capital, the regulation of which is carried out with the help of fiscal, monetary and foreign exchange policy instruments.

Keywords: equilibrium, currency, economy, capital, national economy, triple equilibrium.

Introduction. Internationalization of economy and its globalization, deepening of integration processes, growth of interrelation and interdependence of national economies are the most important factor of development of world economy in the modern world. Most countries in the world have less open economic policies. They, opening their systems for cooperation with other States, seeking to ensure internal economic equilibrium governments these States, and also seek to achieve foreign economic balance [1].

In the case of most developed countries conducting foreign economic activity, macroeconomic equilibrium is based on the forecast not only of "full employment" in the conditions of the lowest possible level of inflation, but also of a balanced system of external payments. The state of uncertainty of the current account balance, large and long-term balance of payments deficit, increasing external debt can negatively affect the internal state of the economy, cause economic downturn, financial and currency crises. This may lead to a disturbance of the entire system of international economic relations in the context of interdependence of growing national economies.

Therefore, the objective of macroeconomic policy in an open economy will be to achieve both internal and external equilibrium. At the same time achieving internal and external balance becomes a serious problem of macroeconomic regulation of the modern economy [2,3].

Main part. As noted above, the domestic balance should reflect the balance of the situation of "full employment" or aggregate demand and aggregate supply under the conditions of the maximum permissible level of inflation.

Foreign trade as the main form of foreign economic activity is not carried out without connection with its other forms. This primarily applies to foreign exchange transactions. Due to the exchange of currencies, there is a differential of exchange rates and interest rates, which currently constitute one of the Central criteria of monetary relations and are a link connecting internal and external economic processes [3].

As is known, the devaluation of the national currency creates favorable conditions for exporters to obtain additional benefits. Exporters maintain favorable conditions to increase their competitiveness by

reducing export prices for their goods. These products will become more attractive to foreign buyers, which increase the demand for them. This will lead to the expansion of exports.

Import prices also do not remain independent of changes in market conditions. For foreign suppliers, it is proposed to compensate for the costs caused by the depreciation of foreign currency and in the same amount to make a profit in their national currency. The rise in the cost of imports will reduce demand for it. As a result, the devaluation of the national currency will lead to an improvement in the country's trade balance [4].

The obtained results (conclusions). Contradictory phenomena occur when the national currency is revalued. First of all, it is the increase in prices for export products, which causes a decrease in export revenues and a decrease in their competitiveness, respectively, a reduction in the volume of their supplies. The depreciation of foreign currency leads to an increase in imports. Accordingly, the trade balance is deteriorating.

Indeed, it aggravates the value of price elasticity of export and import demand, its change in the conditions of devaluation of the national currency due to the improvement or deterioration of the trade balance [5].

Thus, when imports are particularly important for the country, the demand for imports does not decrease even in the case of rising prices for imported goods (price flexibility of demand is zero). In these cases, there will be an increase in the total value of imports, which will contribute to the deterioration of the trade balance.

In economic theory, the combination of these types of price flexibility as a factor in the formation of the trade balance of the country was manifested in the Marshall-Lerner. Its essence is that the devaluation of the national currency will lead to an improvement in the trade balance if the sum of the absolute value of national import demand and the elasticity of foreign demand for national exports is higher at once [6]:

$$Re + Rim > 1 \quad (1)$$

Here, Re – export flexibility, Rim – import flexibility.

The modern nature of the world economy significantly changes the actions of the classical schemes of functioning of the currency market and its relationships with other parties of the economic system.

Over the past decade, the movement of international capital has often been of a loan nature. Financial resources of different terms are traded on international capital markets. This may be the funds of governments, Central banks, public institutions and international financial institutions, as well as private corporations, non-Bank financial institutions, individuals. In the presence of a narrow basis for domestic financing of the economy, the use of external sources becomes a very urgent task.

Foreign investment inflows are regulated by ensuring an export surplus or a foreign trade current account surplus.

This is also the case with net capital inflows by achieving a capital account surplus.

If the export surplus (foreign trade current account Surplus) is equal to the net capital outflow (capital account surplus) or if the import surplus (foreign trade current account surplus) is equal to the net capital inflows (capital account Surplus), the balance between the current account and the capital account is achieved. The trade balance tends to increase imports depending on the exchange rate of the convertible currency and the level of gross domestic product, in particular, with an increase in GDP, causing a deterioration of the trade balance [7].

As for the international flow of capital, its intensity is influenced by many factors. The most important of these is the income that provides various countries with their assets and is determined at a special level by the value of the interest rate. The difference between national and world interest rates is therefore an important determinant of capital outflows or inflows (other things being equal).

The external equilibrium may be exacerbated by the dynamics of the capital transition process as a change in the internal interest rate to changes in comparison with the mobility of capital movements, i.e. the world level of capital movements.

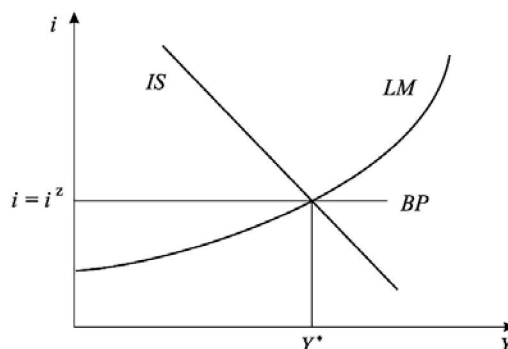
The problem of internal and external equilibrium refers to the work of commodity, money and currency markets. Achieving internal and external equilibrium is an important problem of macroeconomic regulation, which requires taking into account the mutual influence of internal and external converters, as well as their negative impact on each other.

IS – LM model – it is a basic model that combines the market of goods and services, the money market and the market of financial assets into a single whole. This allows you to find the interest rate and the level of income, while commodity and money markets simultaneously reach equilibrium.

In the economic model of IS – LM, the Economy is divided into two sectors (or market): the production ("real") sector and the money sector, reflecting the state of Affairs in the integrated loan capital market. The mutual cooperation of these two sectors determines the level of aggregate demand and the level of credit interest in the economy.

In the manufacturing sector, the gross national product (GNP) will be created, which will reflect the final output produced by the citizens of a given country per unit of time. If GNP is considered in terms of the final components of demand, it shows, first, that part is spent on personal consumption, second, that part is spent on private sector accumulation (private foreign exchange investment), third, that part is spent on financing total public expenditure (public consumption and accumulation), and fourth, that part is an amount equal to the trade balance (exports minus imports).

In the economy world interest rates are equal to three-fold equilibrium is provided at the value of the internal interest rate. In a graphical context it is IS , LM and BP (balance of payments function curve) the curves in figure 1 are like $Y = Y^*$ and $i = i^z$ can be shown as an intersection.



1-picture. Equilibrium in an open economy under conditions of capital mobility

The curve IS intersects above the intersection point of the curve BP of the latter with LM . This means that the domestic rate of interest corresponding to wealth and the joint equilibrium of the money market exceeds the world rate. Then begins the inflow of foreign capital into the economy with a higher yield of domestic assets compared to the world.

Foreign investors are starting to buy its securities because they are starting to be cheaper. At the same time, residents of this country adhere to themselves from the acquisition of foreign assets and consider it advisable to borrow from abroad at lower rates. The consequence will be an increase in capital inflows into the country and a reduction in its return abroad. As a result, the capital account of the country's balance of payments will improve [8].

The inflow of foreign capital causes an increase in demand for the domestic currency, resulting in an increase in the exchange rate (national currency).

The appreciation of the national currency causes a decrease in net exports, as a result of which the movement of the IS curve will continue until the alignment of the domestic interest rate with the world, i.e., until the cause that caused the inflow of foreign capital is eliminated.

If the internal interest rate below the world, you will see an increase in the outflow of capital from the country abroad, causing an increase in demand for foreign currency, and, consequently, will lead to growth of net exports and positive movement of the IS curve and raise domestic interest rates.

When the domestic interest rate decreases, there is a transfer of domestic securities to foreigners, corresponding to the deterioration of the capital account.

Since in these cases the trade balance is a direct function of gross domestic product and the net capital inflow (capital account balance) is a direct function of the interest rate, the level of GDP and the interest rate have external equilibria (balance of payments equilibrium) provided that the net capital inflow corresponds to the trade balance.

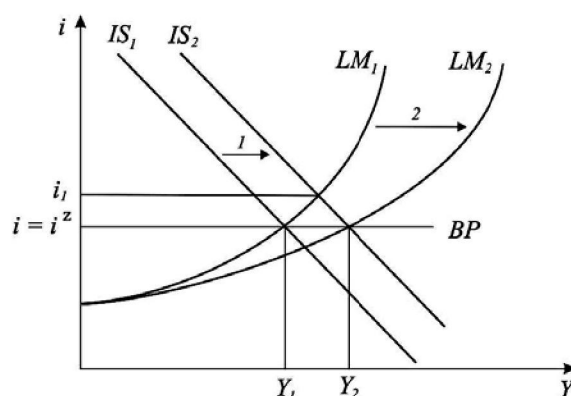
The impact of monetary and fiscal policy on national income under the Mundell-Fleming model depends on the exchange rate regime. When the exchange rate fluctuates, only monetary policy affects income, and the effect of stimulating fiscal policy is averaged by the growth of the exchange rate. At a fixed exchange rate, income is only affected by fiscal policy, as the money supply is subject to the obligation to maintain the exchange rate [9].

The value of net exports abroad at a given income depends on the exchange rate and income in a given country, which in turn depends on the exchange rate and the level of government spending. The government holds in its asset two tools how to eliminate the current account deficit.

These are, first of all, budget policy measures aimed at reducing costs in the economy, respectively, reducing production and increasing net exports. Second, the measures of currency devaluation that promote export promotion, as well as the transfer of domestic goods and services from imports to the homeland.

Shifting spending to domestic goods and services in the short term may also be the result of foreign trade restrictions, but protectionist policies reduce trade and the welfare of the country, so devaluation is seen as the most effective tool for improving the current account balance.

For example, the government has set a goal to stimulate aggregate demand through increased public spending. As a result, the IS curve moves to the right, as shown in figure 2 ($IS_1 \rightarrow IS_2$).



2-picture – Fiscal policy in terms of approved exchange rates

The shift of IGI IS upsets the three-fold equilibrium, as the domestic rate of 11 percent is higher than the world rate.

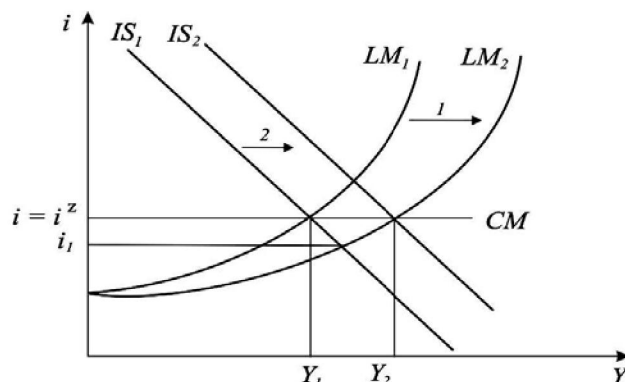
As we know, an increase in the domestic interest rate will attract foreign capital to the country, which will lead to an increase in demand for the domestic currency. To ensure the stability of the exchange rate, the Central Bank will be forced to increase the money supply, as a result of which LM zigzag moves to the right as LM_2 . Thus, a new three-fold equilibrium will be established in the conditions of a higher national value of income Y_2 and the interest rate $i = i^z$.

It should be noted that the effect of crowding out private investment will not change because the interest rate is not changed, and the actions of the multiplier effect of public spending growth compared to closed economies will be in full.

Thus, under the conditions of the approved exchange rate, Fiscal policy becomes effective, since only a triple equilibrium is maintained, which will lead to an increase in aggregate demand and real national income. In addition, similar results can be achieved through protectionist measures restricting imports.

In contrast, Fiscal policy remains ineffective in a floating exchange rate environment. This is due to the fact that the increase in the domestic interest rate, which received a positive promotion IS , will lead to the inflow of foreign capital into the country and increases the demand for domestic currency. The increase in demand for domestic currency will affect the growth of the exchange rate, which will lead to a reduction in net exports. The decline in net exports excludes the initial increase in aggregate demand and returns Irina to its original state. That is, Fiscal policy in this case becomes ineffective. However, this has a positive side: a floating exchange rate, maintaining the level of national income of the economy, protects against the influence of sharp fluctuations in Autonomous demand[10].

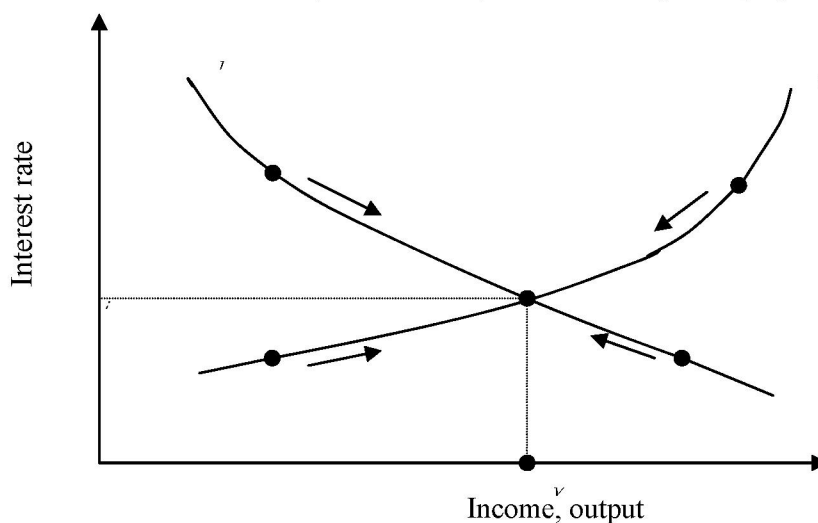
In a floating exchange rate environment, monetary policy is, on the contrary, effective. The results of monetary stimulus measures are shown in figure 3.



3-picture - Stimulating monetary policy in a floating exchange rate environment

Suppose that the Central Bank has increased the money supply, which is reflected in the LM moving towards LM_2 . The increase in the money supply affects the reduction of the domestic interest rate, stimulating the outflow of capital from the country. As a result of the demand for foreign currency, the exchange rate will decline, which will lead to an increase in net exports, and consequently to an increase in aggregate demand ($IS_1 \rightarrow IS_2$). A new three-fold equilibrium will be established in the context of a higher level of national income Y_2 and the world interest rate.

Consider the conditions of equilibrium in the commodity and money markets separately, taking into account their relationship and mutual agreements. The model characterizing the conditions of simultaneous equilibrium in these markets (IS-LM model) is shown in figure 4 [11].



6-picture. Equilibrium in the IS-LM model

A single point of economic equilibrium determines i_E interest rate and Y_E income level, satisfying both commodity market conditions as well as money market conditions. In other words, the real costs of the economic system at point E are equal to the planned, and the demand for real money is equal to the supply of it.

At any point in the diagram shown in figure 4, at least one of the conditions presented in figure 4 is not fulfilled, so market forces push the economy to a General equilibrium corresponding to point E.

To understand how this happens, let's consider what happens if the economic situation is characterized by point A. Despite the fact that at point A the commodity market is in equilibrium (aggregate demand equals aggregate supply), the interest rate goes above equilibrium, resulting in the demand for money becomes lower than supply. And because people have extra money, they try to "get

rid" of it (money) by buying bonds. As a result, bond prices will rise, which in turn will lead to an increase in both planned investment costs and net exports. Total demand begins to grow and the point characterizing the current state of the economy moves through the IS network before interest rates fall to the level of i_E , and total production before the growth of Y_E , that is, until the economy reaches a balance with the point E.

Despite the fact that monetary demand is equal to its supply, at point B national income goes above the equilibrium level, i.e. aggregate demand. Firms are unable to sell all their products and accumulate unplanned inventory, forcing them to reduce their production as well as reduce production. Lower output means lower demand for money, which leads to lower interest rates. As a result, the point characterizing the current state of the economy moves down the LM curve until it reaches the point of General equilibrium.

In the event of a fall in the domestic interest rate, there will be a reverse process of exchange of domestic securities for foreigners, in accordance with which the capital account deteriorates.

Thus, the state's choice of methods of influence on the economy in an open system depends on the national currency regime [12].

In particular, it is necessary to repay the balance of payments debt by the Central Bank by selling the country's foreign exchange reserves. The decrease in the Central Bank's foreign exchange reserve in this case is accompanied by an increase in the supply of foreign currency instead of the national currency "received" by the Central Bank from the country's economic system in the domestic market. Thus, the balance of payments deficit will tend to decrease the money supply in the country, and the surplus will tend to increase. If the monetary government does not pay attention (this situation will be very rare), these processes can take place. The money supply is generally under very tight control of the monetary government, which tries to actively sterilize the paychecks, i.e. to prevent the paycheck from influencing the money supply.

To sterilize the balance of payments deficit, they must purchase government bonds on the open market, reduce settlement rates or reduce reserve requirements. To sterilize the surplus of the balance of payments, they should do the opposite, that is, sell government securities, raise the settlement rate, raise reserve requirements. Obviously, there are limitations to the ability of a monetary government to sterilize the payment jaw. For example, a monetary government cannot indefinitely sterilize long-term chronic (or fundamental) deficits because its international reserve holdings will be exhausted before then. In addition, monetary government cannot infinitely sterilized and chronic excess of international reserve holdings will be international money supply, and further lead to excess growth in the money supply on a unilateral basis.

Conclusion. So we can sum up the above as such:

1. The IS-LM model defines the fundamental relationship between production and consumption and is a condition of equilibrium in the field of final product sales.
2. Expansion of the IS-LM model with indicators reflecting exchange rate changes will provide a three-fold balance achieved by adjusting the current value of the exchange rate of the national currency in the economy. Three-fold equilibrium characterizes the degree of integration of the national economy into the world economy and the degree of openness of the economy to the free movement of international capital (its regulation is carried out through the use of monetary, fiscal and monetary policy instruments).

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ЭКОНОМИКАДА ҮШ ЕСЕЛЕНГЕН ТЕПЕ-ТЕҢДІККЕ ҚОЛ ЖЕТКІЗУДІҢ ЖОЛДАРЫ ЖӘНЕ ШАРТТАРЫ

Аннотация: Қазақстан Республикасында нарықтық қатынастарға өтуге байланысты елдің экономикасында, сондай-ақ тұтастай алғанда халық шаруашылығының барлық салаларында терең әрі ауқымды өзгерістер көрініс тапты. Біздің өмірімізге, Қазақстанның жаңа тарихына қарап біз әлемдік ақша-

несие саясатын зерттеудің өзектілігіне көзімізді жеткізе аламыз. Қазақстанның ақша-несие саясаты, табиғи америкалық, ағылшын немесе қандай болмасын басқа да монетарлық саясатын жүргізуші нарықтық экономикасы дамыған елдердегідей болуы мүмкін емес, демек бұл тақырып тағы ұзақ зерттеуді талап етеді. Ақша-несие саясатының теориясы жеткілікті толық өңделген, бірақ ол қазақстандық экономика реалияларына бейімделуге мұқтаж екені анық. Осы өзектілік себептен, біз осы тақырыпты таңдадық.

Мақалада үш еселік тепе-теңдік фискалдық, монетарлық және валюталық саясат құралдарының көмегімен реттелуі жүзеге асырылатын халықаралық капиталды еркін ауыстыру үшін ұлттық экономиканың шоғырлану деңгейін сипаттайды.

Түйінді сөздер: тепе-теңдік, валюта, экономика, капитал, ұлттық экономика, үш еселенген тепе-теңдік.

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СПОСОБЫ И УСЛОВИЯ ДОСТИЖЕНИЯ ТРОЙНОГО РАВНОВЕСИЯ В ЭКОНОМИКЕ

Аннотация: В связи с переходом к рыночным отношениям в Республике Казахстан произошли глубокие и повсеместные изменения в экономике страны, а также во всех отраслях народного хозяйства в целом. Глядя на нашу жизнь, новую историю Казахстана, мы можем заверить актуальность исследования мировой валютной политики. Денежно-кредитная политика Казахстана не может быть такой же, как в странах с рыночной экономикой, которая является естественной американской, английской или любой другой денежно-кредитной политикой, поэтому эта тема требует дальнейшего изучения. Теория денежно-кредитной политики является достаточно полной, но очевидно, что ее необходимо адаптировать к реалиям казахстанской экономики с чем связана актуальность данной темы

Тройное равновесие характеризует степень интегрированности национальной экономики для свободного перемещения международного капитала, регулирование которых осуществляется с помощью инструментов фискальной, монетарной и валютной политики.

Ключевые слова: равновесие, валюта, экономика, капитал, национальная экономика, тройное равновесие

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