REGULATORY POLICY TRANSFORMATION IN CONDITIONS OF NON-STATIONARY ECONOMY IN EASTERN EUROPEAN COUNTRIES: PRACTICAL APPROACH

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Summary

European economic processes have always been the center of public interest. 2010-2019 were characterized by economic development and result achievements in the conditions of information flows exchange and digital changes. However, the pandemic effects of Covid-19 have negatively influenced economic activity, causing significant uncertainty in subsequent economic processes, which were reflected in GDP trends and determined the non-stationary economic conditions. And although the first half of 2021 marks GDP growth, the economic recovery, projected in the traditional scenario, is not enough to reach the pre-crisis level of production again.

The purpose of the study is to identify the effects on European countries economic development and to develop proposals for directions and instruments of regulatory policy transformation, which would take into account the current non-stationary economic conditions. Achieving the goal led to the usage of scientific and practical methods of cognition, including the method of deduction and induction, system analysis, synthesis, generalization, mathematical methods and models.

The study characterizes the nature of non-stationary economic development and identifies the need for regulatory influence to ensure further economic growth. The analysis proposes to use GDP as an indicator of economic processes dynamics with the specification of system of direct and indirect influence factors using a multifactor dynamic model. The assessment of depth and nature of their impact allowed to divide them by the stationary and non-stationary criterion. On the basis of received values the directions of regulatory policy transformation in the conditions of non-stationary economic processes have been offered.

Key words:

non-stationary economy, regulatory policy, GDP, econometric modeling, influence factors, regulation..

1. Introduction

During last decades economies of most world countries are showing a far from stable state of management, which is being characterized by variability of economic processes. There are more and more time-varying factors that have a destructive effect on economies and, as a result, determine different scenarios for their development, not always satisfying the expected results. We are talking about non-stationary economic development, which is determined by nonlinearity of behavior, economic models equilibrium, inconsistency of macro indicators with the normal market cycle and low predictability of results - when random changes in GDP growth lead to constant changes in GDP.

The defining features of non-stationary economies today are the chaotic and unregulated dynamics of macroeconomic indicators against the background of declining production and investment in production. The tax system instability is compounded by irrationality of government spendings and rising debt service costs. Markets are unbalanced, especially stock. Dissimilar, high inflation. Multi-currency, unstable monetary system with a high level of capital cost and changing rates of discount. Thus, the key differences between non-stationary and stationary economies are differences while comparing the dynamics of macroeconomic indicators, the fiscal system, risks, markets, inflation and the monetary system. Concomitantly all this is strengthened by high and variable objective (risks arising from the international tension escalations due to global structural changes, indirect changes in dominant technological patterns and risks caused by the sharp destabilization in international relations and the destruction of the old world order) and subjective risks (risks, the origins of which lie in the strategic macroeconomic policy errors in each country, the risks due to the high degree of country dependence on foreign economic conditions and foreign capital), which are almost impossible to predict. We claim, that economies of Eastern Europe can be classified as non-stationary, because in their practice all of the above features are present to a greater or lesser extent.

As a result, problems of world economic development by the market scenario have led to prices destabilization, mass privatization of state property, open economies, reduced funding for science, education, medicine,

innovation and investment projects and more. All this eventually led to the growth of economic inequality of countries and, in exceptional cases, the colossal decline some of them.

In such circumstances, there is a need to strengthen the regulatory influence of each country on the course of economic processes through a system of regulatory policy as a wide range of economic regulation forms in the shape of conditions, differentiation of permitting mechanisms in the market, establishing mandatory criteria for quality products and services. supervisory procedures, reservations, restrictions, preferences, as well as mechanisms for forecasting and retrospective assessment of such regulation effectiveness.

At the same time, it is established that the components of modern regulatory policy are: administrative barriers reduction, improvement of technical and legal processes and mechanisms, analysis of regulatory impact effectiveness, consulting with IT support, databases and platforms for business, people and government, etc.

2. Literature Review

The works of many scientists are devoted to the study of the concept of modern economies non-stationary behavior. Gechert S. (2021), Shaposhnykov K. (2019) have made attempts to study in depth the difference between stationarity and nonstationarity of economic processes with the help of a specially defined concept of the realized system status. Helmuth C. (2000) emphasizes that current non-stationary economies, which have reached a certain level of complexity, operate near nonlinear equilibrium.

Belyaeva S.V. (2016), Kobylatova M.F. (2016) distinguish three main types of non-stationary economic systems:

1. An economy in which the amount of available resources increases quantitatively and improves qualitatively.

2. An economy in which the level of available resources decreases and is used only partially.

3. The economy of financial bubbles and crises as a result of increasing the complexity of non-stationary economy, particularly its financial sector.

Alexander K. (2010) claimed, that the non-stationarity of economy is determined by the status of physical capital reproduction (renewal of the production apparatus), the development of innovative and investment activity (the ability to close the gap between science and real sector) and the currency devaluation.

We agree with the stand of Casado M.G. (2021), that the research of regulatory influence in non-stationary economic conditions, determines a comprehensive approach that can be implemented through the prism of social, political, economic, mathematical, systemic,

financial and investment instruments of influence.

Interesting is the position of Golberg E. (2018) about the need to introduce effective regulatory influence through in-depth analysis of the causes and growth of economic crises, of the correlative problems of macroeconomic and microeconomic interests in the crises emergence and their development processes, with a single aim - overcoming the negative effects of economic crises with achieving a stabilizing effect.

We agree with Ivashchenko A.I. (2017) point of view about the nature of regulatory process, which is revealed through a wide range of regulatory impact on economic activities and economic processes, creating conditions for market entry and operation, mandatory requirements for products and processes, control procedures, prohibitions, restrictions, preferences, etc. It is necessary to note the main obstacles of the optimization process of regulation. First, it is the rapid nature of lawmaking, which is defined not by a pre-formed plan, but as a response to various events. Secondly, it is the poor efficiency level of functioning of specialized decision-making centers on regulatory issues.

In assessing regulatory impact within the country's economy, Popelo O.V. (2017) argues about the indisputable role of such an indicator as GDP - the characteristics of production results, the level of economic development, economic growth, analysis of labor productivity in the economy. While choosing methods of researching GDP, as the basis of economic growth in non-stationary conditions, we agree with the scientific opinion of Scharff E.A. (2011), which defends the effectiveness of influencing factors on GDP formation, such as extrapolation methods, economic and mathematical models (factor, intersectoral "cost-output"), production, distribution methods and the method of final GDP use.

Research on the regulatory policy transformation allowed us to establish that a wide contingent of scientists and practitioners provide the following major transformation vectors to a steady volumes of economic growth and expansion. They are about the creation of predictable and stable (stationary) economic environment with a low perception level of domestic economic conditions before the external situation, low inflation and inflation forecasts, also reducing structural imbalances and development barriers, which are connected with the deformation of competitive landscape and investment stimulates, quality and efficiency of public administration, demographic trends and human capital development.

Despite the existence of numerous scientific and practical approaches to ensure the implementation of effective regulatory impact on business entities, economic environment and macro indicators growth, the development of effective regulatory policy in a non-stationary economy remains insufficient, which led to the choice of research topic.

3. Methods

Carrying out the research on regulatory policy in the conditions of non-stationary economy, there was applied a system of scientific methods and practical knowledge. Particularly, methods of deduction and induction are used in the study of non-stationary economic development, mechanisms of regulatory influence on economic processes.

The study is based on Eastern European countries, whose economies can be classified as non-stationary. The systematic approach methodology to the study of the selected problem involves an in-depth analysis of socio-economic processes. One of the traditional approaches to the study of these issues is an approach based on the use of econometric models. The advantage of this approach is that econometric models are based on models and regularity of economic theory. This makes econometric models not only available for practical application, but also allows to check their adequacy on the basis of real data. We believe that econometric models can be used to analyze the causal relationships between economic variables. Carrying out of this research was based on the methodology of regression-correlation analysis.

Multifactor dynamic correlation-regression analysis was performed for 2011-2020 in relation to the selected countries of Eastern Europe. To develop the model, a set of data from macroeconomic time series of 11 variables was used, covering real, nominal and external events in the six main countries of Eastern Europe. This modeling approach allows to use a lot of information to assess both stationary and non-stationary factors. The initial data of the analysis were the official statistics of the World Bank in terms of GDP, Eurostat, OECD.

Regression-correlation analysis involves determining the relationship closeness between the factors of influence and to establish trends in communication. In particular, the GDP for 2011-2020 was chosen as the resultant indicator (Y). While choosing factoral impact on the GDP value of economic indicators, it was decided to group them into two categories: those that directly determine the volume of GDP (direct impact) and those that indirectly affect its size. This approach is used in connection with methodological approaches and practices of GDP formation in the EU. Thus, the main influence factor indicators are selected:

X1 - final consumption (in billion euros);
X2 - import volumes (in billion euros);
X3 - export volumes (in billion euros);
X4 - population (in million people);
X5 - the number of economically active population (million people).

Indirect factors of influence are defined:
X6 - production volumes (in billion euros);
X7 - volume of investments (in billion euros);
X8 - revenue (in billion euros);
X9 - savings (in billion euros);

X10 - volumes of information and communication technologies (in billion euros);
X11 - the amount of tax revenues (in billion euros).

The next step was to establish statistical significance - the relationship between influence factors (variables X) and GDP (Y) by constructing a matrix of paired correlation coefficients. In order to more accurately assess the selected factors, regression analysis were performed and the indicator values of R, R2 and Fisher's F-test were established. In order to assess the significance of the regression equation parameters, a study of Student's t-test was performed, according to which the level of significance was 0.05, and the level of reliability was 95%.

The equation of multiple regression dependence will take the following form:

$$Y = b_0 + b_1 * x_1 + \cdots + b_i * x_i$$

where:
Y - theoretical value of the resultant feature;
$x_1$xi – factors of influence;
i - the number of studied factors;
bi - regression coefficients, that demonstrate the influence degree of the each of studied factors on the function;
$b0$ - the remaining term, that characterizes the average value of the function.

Appropriate calculational studies have been performed on the influence of direct and indirect factors and are clearly presented for further evaluation. On this basis, the directions of regulatory policy implementation of the studied Eastern Europe countries have been systematized.

4. Results and Discussion

Unequal development paces of different economies sharpen global imbalances and create significant obstacles to government and international structures. In 2011-2019, economic growth rates in the selected European countries increased - economic growth rates were about 4.2%, and sometimes such rates were close to the maximum values, while the unemployment rate fell to low levels. However, the end of 2019 and 2020 pandemic economic conditions have made significant adjustments and identified declining trends in economic indicators, the economies have shown signs of non-stationary. Extraordinary shocks to the pandemic led to a sharp decline in real GDP.

That is why, the next economic possibilities and socio-economic achievements to a greater extent depend and will depend on an effective regulatory policy. Let's start the study by assessing the global business regulation ranking "DOINGBUSINESS" in Eastern Europe in 2020, the criteria of which determine the assessment of problematic positions, and on their basis the development and

application of regulatory policy tools (Table 1).

Table 1: Ranking of DOINGBUSINESS countries in Eastern Europe in 2020

Rating criteria	Poland	Czech Republic	Slovakia	Moldova	Hungary	Romania	Bulgaria
GlobalRank	40	41	45	48	52	55	61
Registration of enterprises	128	134	118	13	87	91	113
Obtaining building permits	39	157	146	156	108	147	43
Connection to the power supply system	60	11	54	84	125	157	151
Property registration	92	32	8	22	29	46	66
Obtaining loans	37	48	48	48	37	25	67
Protection of minority investors	51	61	88	45	97	61	25
Taxation	77	53	55	33	56	32	97
International trade	1	1	1	38	1	1	21
Ensuring the implementation of contracts	55	103	46	62	25	19	42
Solving insolvency	25	16	46	67	66	56	61

While analyzing presented in Table 1 systematized data, we note the highest rating on the indicators of Poland (40th place), but Bulgaria took only 61st place in terms of doing business, as a result, among the represented countries is characterized by the worst indicators. Taking into account the selected rating criteria, it is possible to state the level of regulatory influence effectiveness, starting from political issues, ending with the financial situation of the economy. The regulatory influence of most countries is manifested in such regulations, which worsen the conditions of economic activity. Participants in business processes, entrepreneurs prefer informal activities, labor migration or unemployment, the investment climate is constantly declining.

The growth of political uncertainty and increasing difficulties, faced by the surveyed countries, have led to a number of rapid price fluctuations in the 2020 financial markets. Investor intentions were affected by escalating tensions in trade relations, high debt levels, increased geopolitical risks, and changing expectations regarding further monetary policy. In this context, there was some strengthening of global funding conditions during the year. In current uncertain situation, any unforeseen events or sudden investor mood changes can lead to a sharp drop in market prices and a chaotic redistribution of capital. Quick rising of interest rates and a significant dollar strengthening can lead to increased domestic problems and financial difficulties in countries, leading to an increased risk of debt crisis. There is a question of strengthening regulatory influence in economic activity.

Note, that the effective indicator of regulatory influence effectiveness is economic growth and freedom of doing business, which is manifested in productivity growth, employment, trade, investment, access to finance and informal economic activities and, consequently, annual GDP growth.

Let's define GDP trends of the countries chosen for research (Fig. 1). The results of Moldova's economic activity as an Eastern European country are not reflected due to the lack of economic statistics lists, which are needed for further analysis. Determining the competitive position, the development of competitive strategy, universities should to take into account the activities of real competitors (both domestic and foreign universities). In response to the high competitiveness in almost all segments of the educational services market, universities are intensifying their marketing activities to promote their own educational products, research results, as well as developing their brand, improving their image, and positions in world rankings. These measures can be useful in universities' marketing, namely in the increasing of number of students, rate of in-bound students. In such conditions, the higher education institutions have to develop not only the competitive advantages, but also to implement of measures of maintaining of such advantages and achieved competitive rank in the educational services market (Levina et al., 2015; Lim, 2015; Moreno, 2016; Zatonatska et al., 2015).
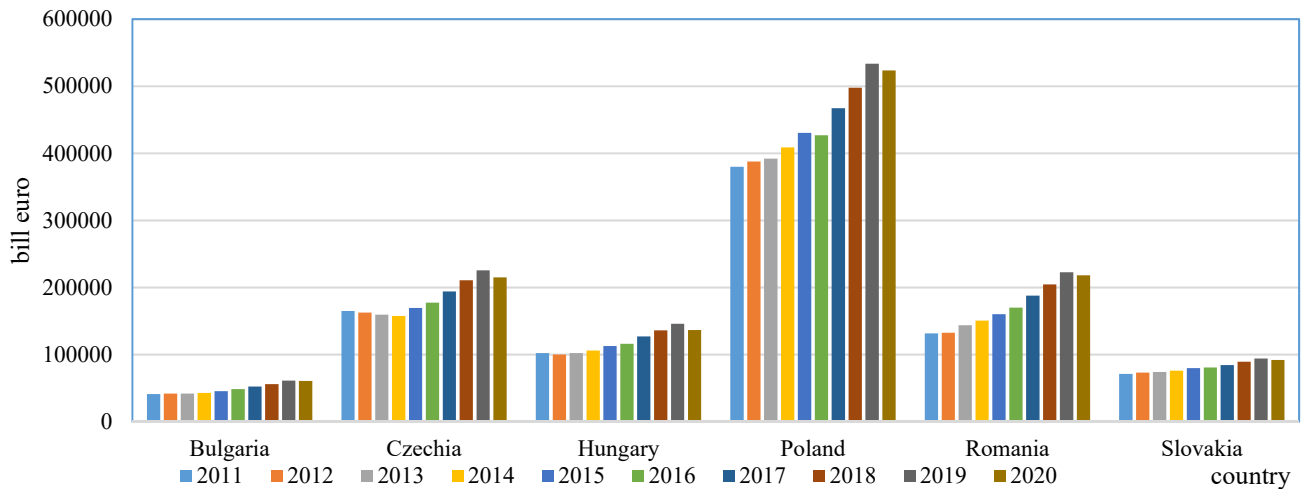
Fig. 1. Dynamics of Eastern Europe GDP
Source: compiled based on information of the Statistics Service of the European Union, https://ec.europa.eu/eurostat

While analyzing the data in Fig. 1, it was established that the 2015-2019 period for each country was marked by a steady increase in GDP, but 2020 for all countries without exception was characterized by a negative trend - a decrease in its actual volume. The main cause of such processes was a pandemic caused by the COVID-19 virus. In fact, the economies of the studied countries have acquired signs of non-stationarity, for which it is difficult to make specific economic forecasts in the future, and the achievement of pre-crisis indicators and their growth is necessary by strengthening regulatory influence through the use of crisis-adapted tools. The current situation necessitates the study of direct and indirect factors of influence that determine the GDP growth level in the studied countries and on their basis we will determine the following trends of regulatory impact.

In the process of regression-correlation analysis, the following results were established (Table 2).

Table 2: Key results of regression analysis

Indexes	Value											
	Bulgaria		Hungary		Romania		Czech Republic		Slovakia		Poland	
	direct	indirect	direct	indirect	direct	indirect	direct	indirect	direct	indirect	direct	indirect
Multiple R	0,99827	0,997016	0,999032	0,99828	0,998862	0,999425	0,998975	0,999607	0,998249	0,999063	0,99712	0,999889
R-square	0,996542	0,994042	0,998064	0,996562	0,99726	0,998851	0,99795	0,999215	0,996502	0,998126	0,994249	0,999779
Normalized R-square	0,99222	0,982125	0,995645	0,989686	0,994884	0,996552	0,995388	0,997646	0,992128	0,994378	0,989649	0,999336
Standard error	691,467	1048,102	1104,241	1699,278	2453,725	2014,221	1736,297	1240,258	719,9456	608,4178	5818,808	1474,282
Observation	10											

According to the data presented in Table. 2, the coefficient of multiple correlation R for all countries due to direct and indirect influence factors is as close as possible to 1, which indicates the existence of direct close relationship between the elements. The values of the determination R2 coefficients are characterized by similar trends. The adequacy of the models was established by calculating Fisher's F-test, in particular, the null hypothesis was rejected and the equations are statistically significant (with a probability of 95%). To assess the significance of equations parameters, Student's t-test was used, according to the results of which the regression parameters were determined as statistically significant.

The calculated regression equations are clearly shown in table. 3.

Table 3: Calculated regression equations for direct and indirect factors influencing the GDP of Eastern European countries

Index	Influence	Direct impact
Bulgaria	direct	$Y = 249{,}02 + 0{,}76x_1 - 0{,}07x_2 - 0{,}124x_3 - 4{,}46x_4 + 1{,}11x_5$
	indirect	$Y = 200{,}375 + 0{,}011x_6 + 0{,}39x_7 + 0{,}021x_8 + 0{,}004x_9 + 0{,}207x_{10} + 0{,}027x_{11}$
Poland	direct	$Y = 9{,}4 - 0375x_1 + 0{,}077x_2 + 1{,}074x_3 - 32{,}725x_4 - 2{,}483x_5$
	indirect	$Y = 27{,}802 + 0{,}148x_6 + 0{,}162x_7 - 0{,}352x_8 + 0{,}001x_9 - 0{,}067x_{10} + 0{,}925x_{11}$
Slovakia	direct	$Y = 4{,}915 + 0{,}16x_1 - 1{,}197x_2 + 1{,}396x_3 - 9{,}158x_4 - 0{,}302x_5$
	indirect	$Y = 15{,}182 + 0{,}221x_6 + 0{,}82x_7 - 0{,}124x_8 + 0{,}046x_9 - 0{,}172x_{10} + 0{,}689x_{11}$
Romania	direct	$Y = 1{,}134 + 1{,}141x_1 + 0{,}87x_2 - 0{,}402x_3 - 2{,}894x_4 - 0{,}105x_5$
	indirect	$Y = 1576{,}64 - 0{,}189x_6 - 0{,}076x_7 + 0{,}3x_8 + 0{,}21x_9 + 0{,}395x_{10} + 0{,}395x_{11}$
Hungary	direct	$Y = 77{,}59 + 0{,}366x_1 - 0{,}182x_2 + 0{,}653x_3 - 1{,}074x_4 + 0{,}379x_5$
	indirect	$Y = 0{,}301 - 0{,}055x_6 + 0{,}141x_7 - 0{,}123x_8 + 0{,}173x_9 - 0{,}211x_{10} + 1{,}315x_{11}$
Czech Republic	direct	$Y = 2{,}305 + 0{,}565x_1 - 0{,}855x_2 + 0{,}63x_3 + 8{,}764x_4 + 1{,}885x_5$
	indirect	$Y = 18{,}462 - 0{,}062x_6 + 0{,}249x_7 + 0{,}01x_8 - 0{,}005x_9 + 0{,}023x_{10} + 0{,}65x_{11}$

We will conduct a brief analytical excursus of each country. The results of the Bulgarian economy are as follows: the greatest impact was observed on the factor of employment (with an increase in the number of employees per 1 thousand people, GDP increases by 1.11 billion euros). Within the framework of Poland's economic processes in 2011-2020, the biggest impact on GDP growth was exerted by import operations (with an increase in imports by EUR 1 billion, the country's GDP increases by EUR 1.074 million) and tax revenues. Destructive impact was observed in terms of population (with population growth per 1 million people, GDP decreases by 327.25 billion euros). Note, that the main achievements in the field of regulatory policy in Poland in 2016-2020 was the acceleration of electricity generation, introducing a new consumer service platform, which allows the utility to better track programs for new commercial connections. At the same time, the process of property transfer in the country has become more complicated, increasing time required to apply for registration in the Land and Mortgage Register. For Slovakia, the growth of studied indicator was also determined by import operations (an increase of 1.396 billion euros), the negative factor was the growth of population (a decrease of 9.15 billion euros). In Romania, GDP growth was possible largely due to final consumption (growth of 1.141 billion euros), but population growth, as in Slovakia and Poland, has lead to a decrease (by 2.894 billion euros). The main achievements of Romania's regulatory policy in 2015-2020 can be considered the simplification of starting business, allowing voluntary registration for VAT payer, which now takes less time than mandatory registration. Also, paying taxes in the country has become less costly, eliminating employers who pay taxes and contributions. At the same time, Romania has introduced a new premium insurance that employers are required to pay.

For Hungary, the main resource for GDP growth are taxes (an increase of 1.315 billion euros). The country has achieved such results in the course of simplifying the administrative mechanism of 2016-2019, updating the internal electronic tax system. Hungary has also made paying taxes less expensive by reducing the social tax rate paid by employer. In its regulatory policy, Hungary has paid special attention to the employment sector by changing the rules on overtime.

Thus, speaking about the development of Eastern European economies in the non-stationary scenario, it seems possible to note that GDP growth in countries is stationary, but the action of external and internal factors, direct or indirect factors effects and determines non-stationary conditions of economic development.

That is why, based on the calculations it seems possible to establish the main directions of regulatory influence of studied countries by identifying those factors, that cause the greatest GDP growth, and those, that should be special regulator focus. The actual influence state of investigated factors for the studied countries is presented in table. 4.

Table 4: Priority regulatory policy objects of Eastern European countries according to the results of the 2011-2020 study

Indicator	Bulgaria	Poland	Slovakia	Romania	Hungary	Czech Republic
x_1	+	-	+	+	+	+
x_2	-	+	-	+	-	-
x_3	-	+	+	-	+	+
x_4	-	-	-	-	-	+
x_5	+	-	+	+	+	+
x_6	+	+	+	-	-	-
x_7	+	+	+	-	+	+
x_8	+	-	-	+	-	+
x_9	+	+	+	+	+	-
x_{10}	+	-	-	+	-	+
x_{10}	+	+	+	+	+	+

Thus, analyzing the data presented above, among the studied countries key factors that determine GDP growth are final consumption (excluding Poland), production (excluding Poland), investment (excluding Romania), savings (excluding the Czech Republic). At the same time, the only factor, that ensures the growth of studied performance indicator according to the results of Eastern European countries activities, is determined by tax revenues. In particular, if we talk about the existing elements of regulatory policy, it is precisely the tax system, that has been paid most attention to as an effective tool for generating income.

Regarding factors that have destructive effect on GDP growth for all countries, except Czech Republic, the population factor stands out. Such negative effects are caused by such components as an aging population (higher social security costs), inadequate employment (social benefits payment due to temporary incapacity for work), including shadow labor relations in society.

Regulatory authorities of each country should make every effort to prevent the growth of short-term risks, associated with financial difficulties and escalations of trade disputes, and to continue the achievement of economic, social and environmental goals as a part of further implementation of long-term development strategy. We consider it necessary to propose the following regulatory policy measures, that could have an effective impact on the development of studied countries' economies in the period of non-stationary economic conditions.

1.Increasing the dynamics number of business entities (legal entities and individuals-entrepreneurs), because the emergence of each new entity in particular economy sector leads to increased productivity through redistribution of resources, increased competition, job creation and growth of end results (income) / profits). World experience has shown that weakening the regulation of business start-ups leads to an increase in the firms added value on about 20%.

2. Transfer of property rights, particularly in the field of land relations, which is especially important in the conditions of quality agricultural products absence. In addition, land ownership simplifies access to external financing and stimulates investment processes.

3. Particular attention needs to be paid to the regulation of unemployment in countries, because the practice of non-stationary economic development has shown that with rising market wages, the minimum wage leads to an increase in unemployment in competitive markets. In addition, labor market regulation determines the productivity of entity, as well as changes in credit markets - the promotion of employment leads to a decrease in the rates volume and timing of bank lending. A strong state should be focused on increasing the real incomes of citizens' majority, their standard of living, reducing the scale of poverty and destitution, increasing its security, reducing unemployment, and ensuring the well-being of citizens.

4. Simplification (removal of non-tariff trade barriers) and creation of the most convenient trade operations (including international) and consumption. Special attention needs to be paid to the regulation of international trade and the duration of customs clearance, as delays in the supply of goods as a result of customs clearance (by 10%) lead to a reduction in exports and imports (by 4%). It is also advisable to strengthen mechanisms for assessing the impact of trade measures and free trade agreements.

5. In non-stationary economic conditions, it is necessary to pay more attention to the improvement of judiciary efficiency, which will ultimately affect productivity and economic growth, improve the functioning of financial markets, because increasing the quality of court decisions by 10% increases sales by 1-2%.

6. Constantly monitor and control economic efficiency of the taxation level, which in the long run determines the level

of profit, investment activity, transition to the informal economy and gradual reduction of tax revenues. Existing income tax benefits should be converted into those, based on expenditures, in the forms of accelerated or strengthtened depreciation, investment tax credits. Emphasize the revision of legislation in the field of digital business VAT transactions and minimum corporate tax presentation as a means of combating tax evasion.

7. Investment processes intensification should be carried out by improving the redistributive function of public finances, increasing the efficiency of financial intermediation institution, improving the mechanism of monetary transmission. On the part of public finances, measures should include: fair income redistribution, correction of disproportions in wages of various industries financed from the budget, introduction of an adequate subsistence level, simplification of mechanisms for attracting available citizens' funds in government securities. It is necessary to ensure openness and removal of discrimination in the environment for foreign investors, as well as clarity, transparency and predictability of the regulatory framework for investment.
From the monetary block - strengthening bank interests in lending to investment projects in the national economy, increasing interest in the financial infrastructure development and involvement funds from citizens in the banking system for their productive use. As a result, stimulating investment will create the basis for economic growth.

8. Resumption for lending to the economy and improvement of transformation mechanism of national savings into investments through the banking system; creation of institutional preconditions (completion of structural reforms) to increase foreign investors interest in supporting national economy productive potential; state assistance in attracting strategic investors in large investment projects. At the same time, it is advisable to reduce supply requirements in most Eastern European economies and to support alternative financing instruments.

9. Improving the business climate and protecting competition must be done by increasing the level of business activity and internal competition as a means of transition to a new model of growth, reducing the public and monopoly sectors of the economy, controlling and reducing corruption, increasing security. We believe that only a comprehensive approach, well-thought-out system of measures and the selection of highly effective regulatory tools are the key to removing countries from the state of non-stationary economic conditions successfully.

Conclusions

The study found that non-stationary economy is a system with rapid and unpredictable changes in key macroeconomic indicators and parameters, the state and dynamics level of which does not correspond to the steady state of the economy and the normal market cycle. Modern economies of Eastern Europe are extremely complex and evolving, undergoing constant changes due to legislative innovations, the latest trends in economic policy, modern scientific and technological developments, political and other influences.

The analysis shows that Eastern Europe GDP is in constant dynamic motion due to various factors, while the process of GDP growth is characterized by signs of stationary, but the factor influence determines the level of its non-stationary. The chosen research method revealed that the greatest impact on the countries GDP is the volume of final consumption as a result of production, as well as investment as a result of savings. Tax revenues are defined as a universal factor of GDP growth.

As a result, there were determined directions and tools of the Eastern European countries regulatory policy in the conditions of non-stationarity, which should be aimed not only at effective counteraction to external and internal threats, but also at the innovative way of development in accordance with the needs of innovation policy, in particular: the formation of an adequate economy that would meet public demands for innovative development in each country; establishing the long-wave dynamics characteristics of the non-stationary economic environment in terms of incorporating innovation policy and normative development vector, as well as identifying and assessing external influences that negatively affect the economies development, forming protective mechanisms that respond effectively to external threats.

We believe that the methodological platform for regulatory policy of non-stationary economic development should be the following principal areas: motivation to do business, increase wages, improving tax system, strengthen financial, investment and especially innovation policy in real production, with special attention to staffing innovation potential. We take the position, that regulatory impact should take on the characteristics of a multilateral impact, designed for the long term in key areas such as sustainable financing, sustainable production, consumption and the elimination of inequalities.

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