



Section 4. World economy

DOI:10.29013/EJEMS-26-1-32-34



MANAGED OPENNESS: AN ECONOMIC TOOLKIT FOR PRESERVING POLICY AUTONOMY IN A GLOBALIZED WORLD

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Cite: Azizov E. (2026). *Managed Openness: An Economic Toolkit for Preserving Policy Autonomy in a Globalized World*. *European Journal of Economics and Management Sciences* 2026, No 1. <https://doi.org/10.29013/EJEMS-26-1-32-34>

Abstract

Globalization creates both opportunities for growth and channels for rapid shock transmission. This article proposes a practical policy framework – Managed Openness – to keep economies integrated while preserving room for counter-cyclical action. The Managed Openness Toolkit (MOT) combines five mutually reinforcing pillars: (1) macro-prudence for capital flows to limit boom–bust dynamics; (2) resilient trade geometry that diversifies critical inputs and reduces single-point failures; (3) strategic public procurement that promotes innovation and transparency without protectionism; (4) digital and data policy that safeguards competition, interoperability, and cybersecurity; and (5) skills and social protection that accelerate re-employment and sustain political support for openness. The paper outlines sequencing, measurable indicators, and safeguards against regulatory overreach, capture, and capacity constraints, while ensuring consistency with international obligations. Taken together, the framework reframes economic sovereignty as institutional capacity to manage volatility rather than withdrawal from global markets.

Keywords: globalization; economic sovereignty; macro-prudence; trade resilience; policy autonomy

Introduction

Global integration in finance, trade, and information has accelerated growth while also amplifying the speed and reach of shocks. Recent disruptions – from pandemic-era supply bottlenecks to energy and financial volatility – show that open economies must

balance efficiency with resilience. This paper proposes a middle path: managed openness. Governments can remain open to trade, capital, and knowledge while safeguarding the ability to act counter-cyclically when conditions turn. The Managed Openness Toolkit (MOT) is a structured framework designed to

absorb volatility, preserve policy space, and foster long-term competitiveness.

Macro-Prudence for Capital Flows

Temporary, price-based capital-flow management, counter-cyclical capital buffers, sector-specific reserve requirements, transparent FX auctions, and prudential limits on unhedged FX borrowing form a toolkit that curbs boom–bust cycles while preserving credibility. Indicators such as short-term external debt to GDP, corporate FX mismatches, and sovereign-spread volatility help track vulnerabilities.

Resilient Trade Geometry

Diversifying suppliers for strategic goods, clarifying rules of origin, digitizing customs processes, and adopting time-to-recover metrics reduce single-point failures in supply chains. Track import-concentration (HHI), average clearance times, and multi-sourcing among firms.

Strategic Public Procurement

Open, performance-based tenders with interoperability standards and innovation sandboxes can spur domestic capability formation without protectionism. Monitor the share of competitive tenders, domestic value-added, and post-award renegotiations.

Digital and Data Policy for Competition and Security

Legal frameworks for data portability and interoperability, pro-competitive rules for dominant platforms, baseline cyberse-

curity standards, and safe-harbor regimes encourage innovation while avoiding dependence. Useful metrics include SME platform-dependency and mean time to patch.

Skills and Social Protection for Adjustment

Modular training vouchers aligned with employer demand, temporary wage-loss insurance, and portable benefits for platform workers help sustain support for openness. Indicators include completion-to-placement ratios, re-employment time, and wage recovery.

Sequencing and Coordination

Sequence reforms so macro-prudence comes first, followed by trade diversification, early digital-market rules, and then labor-market measures. A cabinet-level council can track indicators and report progress publicly.

Implementation Risks and Mitigation

Regulatory overreach – use checklists and sunset clauses. Capture – disclose tender results and rotate evaluation panels. Capacity constraints – start with pilots and scale. International compliance – keep measures proportionate and non-discriminatory.

Discussion

The MOT reframes sovereignty as the capacity to manage volatility with measurable indicators and transparent adjustments. Inter-pillar interactions mean prudential stability supports trade resilience and skills policy boosts competitiveness.

Table 1. Policy Indicators for the Managed Openness Toolkit

Indicator	Description
Short-term external debt / GDP	Exposure to rollover risk and sudden stops.
Import concentration (HHI)	Dependence on a small set of suppliers.
Share of competitive tenders	Transparency and contestability in procurement.
SME platform-dependency	Exposure to dominant digital platforms.
Median re-employment time	Effectiveness of reskilling and placement.

Conclusion

The challenge is not whether to participate in globalization but how to preserve national decision-making capacity. Combining

prudential stability, diversified trade, transparent procurement, fair digital markets, and inclusive labor policies allows countries to remain integrated yet sovereign.

Acknowledgment

The author gratefully acknowledges the mentorship, professional experience, and institutional support gained during his tenure

as an Economics and Finance Officer at the United Nations (2014–2023), which contributed valuable insight into the preparation of this paper.

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submitted 12.10.2025;
accepted for publication 26.10.2025;
published 31.01.2026
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