

WAYS TO STRENGTHEN THE COUNTRY'S FISCAL SECURITY IN A GLOBALIZED WORLD

The conformity of state policy and regulatory mechanisms to today's challenges, threats and needs is a significant prerequisite for economic, social, political, democratic and cultural development of society. However it is obviously that this discrepancy causes formation of deep contradictions and tendencies of crisis phenomena, finally causes a certain "crisis of national states effectiveness". Public reforms, which are currently being implemented, are recognized as the most expedient way of progressive development, aimed at the development of Ukrainian statehood, solving pressing problems and achieving the set goals. Ensuring their effective implementation at the current stage actualizes the issue of forming a new model of fiscal policy, which causes the search for modern conceptual approaches to the appropriate modernization of its levers and instruments. It should be noted that modernization as a tool of ensuring transition from one state of the system to another based on its updating, improvement and ensuring compliance with modern requirements and challenges, implies not only creation of something new, but also preservation of the already existing effective components that can form the basis of transformation. Reforms, as well as modernization processes, belong to such forms of social transformations that have a multiplicative nature of feedforward or feedback, and without adequate institutional and resource support they will not be able to acquire a systematic character and solve certain tasks.

Introduced systemic transformation processes necessitate implementation of appropriate adjustments in the system of state regulation and require widespread use of economic instruments and instruments for regulating the reproductive processes that are crucial for ensuring the success of public structural reforms. In addition, the emergence of a complex of new threats and challenges actualizes the need to develop appropriate mechanisms for overcoming the influence of negative factors, stabilizing and ensuring sustained development in conditions of resource constraints. Eurointegration processes and strengthening of international, and especially inter-regional cooperation, actualize a new set of tasks for fiscal policy. In particular, the authorities' ability to ensure competitiveness of the economy and national security, provide high-quality public services and the like. The world practice of successful economies shows that the most effective are those reforms in which the relationship between the goals and objectives of public policy, their systemic nature and transparency is clearly coordinated.

The economy of Ukraine increased by 2.3% in 2016, primarily due to the high harvest, which led to acceleration of economic growth to 4.8% in the fourth quarter. In addition, the implemented reforms, initiated in 2014 and 2015, helped to stabilize economic dynamics and improve investment sentiment. In the first half of 2017, the indicator of economic growth was 2.4 percent. The budget system is a reflection of socio-economic processes in the state. Budget tools should ensure their positive dynamics and ability to reduce the negative impact of numerous challenges and risks, which are exacerbated not only during the crisis, but also during the transformational shifts that are currently taking place in the political, economic and socio-cultural spheres. The current state of the budgetary system of Ukraine was formed under the influence of a

number of destructive external and internal factors that exacerbated its imbalances and actualized simultaneously the issue of fiscal mechanisms modernization. Under the influence of direct and hybrid threats, there is an aggravation of internal system imbalances that are caused by a wide range of social, economic, socio-political, environmental factors - both impermanent and long-term ones that are related to the specifics of socio-historical development of the country, and those that are caused by the transformational shifts of the present stage.

To maintain macroeconomic stability and ensure a gradual reduction in the debt burden, fiscal policy should be aimed at reducing the deficit to 2.6 percent of GDP in 2018. And although the fiscal consolidation measures that were implemented in 2014-15, combined with the increase in tariffs, allowed to receive positive results, future steps should be focused on deep structural reforms and elimination of the reasons for significant budget risks. To form an effective fiscal policy, it is necessary to improve the efficiency of tax administration, reform the pension system, create fiscal space for public investment, ensure efficiency and effectiveness of expenditures in such sectors as health, education and social protection. Without systemic implementation of complex reforms, Ukraine will continue to be a hostage to the need to increase borrowing, raise tax rates and cut costs, which will have a negative impact on debt stability, investment attractiveness and reduce the potential for economic growth.

Unfavorable investment climate in the country, decrease in world prices for commodity, reduction in lending to the economy and worsening of the global economic outlook for 2017 create additional risks of not achieving the forecast growth in real gross domestic product [1]. Despite receiving certain positive results of reforms and improving the effectiveness of mechanisms for fiscal policy, a number of problems need to be addressed. The problematic aspects of fiscal policy will still be concentrated primarily in the sphere of the state debt management, in the activities of non-budgetary funds in the general government sector, in managing the budget deficit, which necessitates the improvement of both budget revenue generation tools and budget management tools. Minimization of budget risks will depend on the mechanisms for responding to internal and external challenges and risks that take place not only in the fiscal sphere, but which take place at the present stage of the state's socioeconomic transformations.

To achieve these strategic objectives, fiscal policy should be aimed at the integrated implementation of public policies aimed at stabilizing the national economy and reproducing economic potential, carrying out structural reforms and ensuring an adequate level of social guarantees for citizens. Under such conditions, the priority tasks for ensuring its effectiveness in the medium term should be:

1. Reducing the budget deficit and ensuring balancing of the budget system. Compliance with the fiscal consolidation regime will allow the country to reduce the debt burden and ease inflationary pressures, which is important for the return of investor confidence and increased investment flows.

2. Improving the effectiveness of the state debt management through implementation of the Medium-Term Strategy for the State Debt Management for 2017-2019.

3. Continuing the reform of budgetary decentralization, which should be a catalyst for implementation of sectoral reforms (educational, medical and housing and communal services reforms), improving the energy efficiency of the national economy.

4. Ensuring the effectiveness of intergovernmental fiscal relations, which will improve the efficiency of using budget funds and ensure their effectiveness.

5. Increasing the effectiveness of tax incentives for socio-economic development, the

effectiveness of which has been hampered for a long time by the complexity of tax administration and certain institutional problems.

6. Improving the effectiveness of the budgetary funds use and full implementation of medium-term budget planning and forecasting in order to further develop a coherent and clear system of medium-term budget planning.

7. Development and approval of state social standards, which will allow to optimize the number and structure of budgetary institutions, as well as ensure an increase in the efficiency of planning and using budgetary funds of budgets of all levels.

8. Establishment of an effective verification mechanism and introduction of a mechanism for targeted provision of benefits to recipients of social benefits, pensions and benefits from the state, which should ensure the effectiveness of the system of social protection and maintenance of citizens.

9. Ensuring transparency in the public finance sphere and ensuring coordinated work of the created relevant electronic services, which will ensure transparency in public finance.

10. Harmonization of the mechanisms of budgetary and monetary policy in the context of public financial management to ensure protection of the national interests of the state, reducing the risks of instability of the official hryvnia exchange rate in determining the amount of repayment of external and part of internal debt denominated in foreign currency, as well as certain budget expenditures carried out in foreign currency.

The budget reform is an important component of modern transformational changes in the economy and social sphere in Ukraine. First of all restoration of the basic institutions of the budgetary system in a new quality, as well as a consistent solution, based on institutional renewal, of the contradictions of socio-economic development, should be considered for further overcoming the systemic crisis.

An important mechanism for ensuring the reform of fiscal policy is the balancing of the fiscal burden and the state's performance of the functions assigned to it. Fulfillment of the state's functions (the volume of tasks in the areas of reducing social inequality and ensuring a quality of life remains sufficiently high) should be accompanied by obligations on the proper payment of taxes under transparent controlled procedures and consistent unshadowing of the economy. In particular, ensuring freedom of entrepreneurship and competitiveness of markets should be an important factor. Further deregulation will require a change in regulatory policy mechanisms. Implementation of the budget decentralization reform is aimed at ensuring distribution of powers between state authorities and local self-government and should occur on the basis of their clearly defined functions and their resource support. Expanding possibilities for the regions to realize their own development potential must be accompanied by increase in their responsibility for development of local infrastructure, and should be also ensured by institutional guarantees for observing the balance of rights. This reform is fundamental for a number of sectoral reforms, as it provides subsidiarity, development of local self-government, financial self-sufficiency of communities, and responsibility of local governments to society. An important task of implementation is the formation of such a mechanism of budgetary regulation that will ensure equal access to budgetary goods and services, as well as development of incentives for business entities and ordinary citizens. The target character and transparency of the use of budget funds should be introduced with the establishment of effective control and reporting tools.

Formation of an effective fiscal policy is a key to the economy stability, ensuring the necessary rates of economic growth and the quality of public goods and services. Modernization of

its components should be ensured by achieving institutional symmetry, observance of the principles of fiscal justice and responsibility, which will allow not only to balance the budget flows, but will also give impetus to restoring the positive social and economic dynamics of the state development.

Literary sources:

1. *The Accounting Chamber of Ukraine. Conclusions on the Draft Law of Ukraine "On the State Budget of Ukraine for 2017". Available at: <http://www.ac-rada.gov.ua/control/main/uk/index>*