

FISCAL POLICY: THEORETICAL DEFINITIONS, STRUCTURE AND CLASSIFICATION IN UKRAINIAN SCIENTIFIC DISCOURSE

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Annotation. Article is trying to give the comprehensive description of the essence of the fiscal policy and based on that give definition devoid of contradictions and discrepancies. Also is offered the result of attempt to classify the fiscal policy according to all scientific opinions put together.

Keywords: fiscal policy; budget; tax; classification; government regulation

Introduction. Governmental regulation of economy through taxes and costs, its place within economic policy always was actual point of scientific discussion because it affects both the government and public interest. Nowadays, when dynamics and intensity of economic processes is in permanent growth (as the structure of communications), their structure become more complicated and comprehensive, relevance of fiscal policy is difficult to overestimate. The essence of modern fiscal policy is complicated aggregation of aims, motives, tasks, instruments etc. Despite quite long historical life period of such concept as fiscal policy, being on border of some social sciences, it from theoretical point always was studied in different, dominant for proper period, paradigms. At the actual stage of scientific development of fiscal policy does not exist clear and common definition of fiscal policy, approaches to its classification etc.

The aim of this article is studying the essence of fiscal policy in modern financial theory, structure and communications within the concept and approaches to its classification.

Analysis of recent research and publications. Many scientists such as: Bulgakova S., Vasiluk O., Demyanishin V., Kovalyova T., Kutsenko T., Lisyak L., Lukyanenko I., Ogon' C., Plugnikov I., Fedosov V., Chugunov I. and Yuriy S. paid attention to studying the essence of fiscal policy. These authors formed their own views of fiscal policy essence, its role and place in whole system of government regulation of economics.

Interpretation of “fiscal policy” term is enough free, which not allow to avoid the discrepancies and controversies in development of further research. Different authors in their works use such concept as “budget policy” [5; 11; 18; 25], “fiscal policy” [1; 2; 7; 12], “budget & taxation policy” [10; 12] and other similar combinations, which define per se the same subject. To understand the domestic understanding of question is needed to pay attention to next regularity:

- western approach as in defining of subject (fiscal policy), as in its own essence (structure, principles, etc.) limited to the following areas: taxation and budget expens-

es, and also points out to the subject, who implements the public management (including fiscal policy) [1; 20; 23]

- In Ukraine and other countries of the post-soviet space many attention paid to the opening of government policy aspects in sphere of taxation and budget expenses. Fiscal policy associated to such aims and tasks as: “balancing of aggregate demand and supply” [6], “achievement of full employment” [2], “achievement of government and public aims” [19] etc.

In questions of classification, most of authors form their own system of concepts and interpretations, which correspond to their views. Some authors, conversely, are trying to systematize, streamline and improve the existing material. In scientific discourse presented at least two ways to classify the fiscal policy: 1) by the organizational and functional priority of implementing of fiscal policy; [4; 11] 2) by the process-objective sign. [15; 3] It is possible to divide the third — synthetic approach, which is trying by the different ways to combine first two. [5, 21]

Results and Discussion. Most of researchers agree that fiscal policy is inseparable part of government policy particularly of financial and economic policies. [Дем’янишин; Мочерний] Use this thesis as the base let’s try to analyze validity of an offered points of view on the question of defining of the fiscal policy essence, by using them as the “plans” (prisms) through which fiscal policy could be studied:

- 1) fiscal policy as the management activity [2–3; 5–7; 9–10; 14; 18; 22–23];
- 2) fiscal policy as the management process [1];
- 3) fiscal policy as the map (plan) of management process (considering in perspective) [4; 11–12; 21; 24];
- 4) fiscal policy as the systems of iterations (decisions) in management process (considering in retrospective) [19–20];
- 5) fiscal policy as the science [8; 22].

On the opinion of the authors, fiscal policy could not be considered as a science because it does not form a scientific problem, but offers the instruments of influence on some spheres of social and economic life. Thus, in plane of method research and development fiscal policy is not so much the independent sphere of science, as the specific interdisciplinary field of research, which is on border of a range of social sciences.

From the point of view of relation of part and whole, in the theory fiscal policy covers a wide spectrum of questions, which lay on the border of many spheres and at the same time it is not a completely separate part. On practice the system of public administration has a great time lag caused by the modern high dynamical conditions, so fiscal policy became not only a specific field of government regulation of economics, but also plays role of independent macroeconomic factor. This internal contradiction significantly complicates the nature of the fiscal policy concept.

To identify the essence of studied subject need appeal to classical scientific interpretation of term “policy” (classical Greek «πολιτική» — state activity). Policy could be considered as: 1) activity of the government and other public authorities, which reflects social and economic structure of the country; 2) questions and events of public and state life; 3) course of action (modus operandi) aimed at the achievement of something. The “policy” term thoroughly studied in the philosophical, historical and eco-

conomic spheres, [13; 16–17; 19] from the point of view of the management “policy” should be considered as: 1) integrated management activity; 2) system of public events / decisions / elements etc. Thus, according to “plans” divided above it can be argued that in fact fiscal policy is:

- public administration in spheres of taxation and budget expenses;
- to some extent management process of implementation of government policy in spheres of taxation and budget expenses;
- map (plan) of management activity, which reflects the view of public administration in spheres of taxation and budget expenses; it can appear as plans and documents (planning function in management), models of decisions and/or their consequences (prognostication and retrospective analysis).

Consideration of fiscal policy as process is not expedient, because the process is a formalized and structured system of communications. However, fiscal policy by the nature is management activity, which assumes risks, what means lack of full certainty. Therefore, the budget process is better to consider from this point of view, because it covers on its chronological period both the aspects of taxation and the budget expenses.

So, most researchers consider fiscal policy as two dimensions: on the one hand it is a management activity, the other — a map (plan) of management. It should be mentioned approaches Yu Pasichnyk [15], which distinguish objective (real economic processes arising from social production are based on cash flows — basis) and subjective (the system of relations connected with human activity on redistribution of social product — superstructure) aspects of fiscal policy. It is impossible to fully agree with this point of view because the proposed construction contain essential hidden contradictions, when basis is made equal to superstructure, and vice versa. However, both basis and superstructure elements are both objective and subjective nature.

Thus, it is possible now to form the definition of fiscal policy concept:

1) as a management activity — a public administration in spheres of taxation and budget expenses with aim to influence on the macroeconomic balance and implementation of government policy.

2) as a map (plan) of management — system of measures and mechanisms (in spheres of taxation and budget expenses), which allows practically implement the vision of public administration.

Developing the idea of the allocation of subjective and objective in nature of fiscal policy, we can offer fiscal policy as management activities consider as a subjective manifestation and fiscal policy as a map (plan) of management activity — as objective. Thus, primarily those who exercise determine any activity, it mean that any activity has mostly subjective nature. On other hand, plan of any activity somehow has to reckon with reality, so it includes objective elements and is determined by them.

Given the wide range of views and interpretations of the term of “fiscal policy” issue of classification is also keep relevance. In order to harmonize the classification and proposed vision of the essence of fiscal policy needed apply to basic criterias that are used when trying to classify fiscal policy. Among the publications meet the following

basic criteria for the classification of fiscal policy: planning horizon; aims (tasks) of implementation; discreteness; basic priority of structure; functional specialization.

Traditional view on the fiscal policy provides two levels: fiscal strategy and fiscal tactics. Fiscal tactics covers the field of forming of budget for a budget period (usually a year). Fiscal strategy is trying to solve issues of long-term planning of state influence on the economic system of the country, expressing these plans on language of budget figures in long-term perspective.

Way of classification, that divides fiscal policy in accordance with the aims (or tasks) that it pursues, is not defined and disordered. As a continuation of state policy, fiscal policy should retransmit only those aims (or fragments thereof), which pursues public policy at the highest relative to its level.

A similar statement could be offered and for the tasks of fiscal policy, because tasks are generated based on aims. But fiscal policy covers certain areas, that have a certain typology, so regardless of method and desired result of the impact will require understanding of their nature. The main tasks of fiscal policy include [18]:

- development of science-based concept of the budget as an important tool for regulating socio-economic processes. This concept should be based on studying the needs of the state of social development, a comprehensive analysis of the development of economic and social trends in the global socio-economic development and strategic priorities of the state;

- identifying key areas of mobilization and use of resources for the future and the current period; herewith, guided by the way of achievement the aims expected by economic policy, including external and internal factors, growth opportunities budgetary resources etc;

- taking practical action to achieve the aims.

This classification does not give a full answer on the question of systematization and description of the specific areas of implementation of fiscal policy and formed under the influence of a value approach. So, look at the "budget" as a tool for regulation of social and economic processes can be formulated in two focus: information-psychological impact on society and the financial and economic lever. A fiscal policy applies to application tasks and objectives of state policy in the field of taxation and spending, so financial regulation is the only plane where fiscal policy lays.

Seemed appropriate focus on the next item on "identification of key areas of mobilization and use of resources for the future and the current period." He, though, and gives a fairly general description of the typical tasks of fiscal policy, but if deploy it can highlight the following typical tasks of fiscal policies that allow systemically develop its methodological apparatus. Delimitation of the tax base, its potential, structure, sensitive points, leverage incentives, etc., and forecasting its development is one of the basic tasks. Another very important part of the tasks of fiscal policy is to develop mechanisms for mobilizing funds in the budget. It should be emphasized that the concept of mobilization includes not only and not so much an increase in the tax burden as finding common interests between the state and society and the distribution of financial burden as well as the effect of the use of mobilized resources.

The formation of reserves should be illuminated separately, because vast majority of authors avoids of this quite important question. The cyclical nature of economic development — is a wide-known fact and even perfectly balanced economic system will encounter a crisis due to objective reasons. Yes, at certain time intervals unique situations are appearing, where the economy has considerable growth, a positive trade balance, dynamics and high technological level, high employment, etc. — all this overcrowd country by finances (capital). But at certain intervals crisis situations arise when there is a rapid outflow of capital, decline in production, degradation of infrastructure, etc. — these factors cause a significant lack of finance (capital).

Such fluctuations need mechanism of transfer of financial surplus, formed in favorable periods of the economic cycle, into a situation of severe deficit of finances. Unfortunately, the scientific development of the problem, without taking into account labor outdated Keynesian and Marxist Soviet school mid-30s, were paid almost no attention.

Effective organization of budget expenses, identifying and preventing such forms of spending, which undermining the economic security of the country — the last block of typical problems of fiscal policy. The question of best forms of implementation of budget expenditure the most efficient way, is one of the key issues of proper operation of the budgetary system.

Item about “taking practical actions to achieve these goals” does not have any particular meaningful, but he is necessary to ensure the completeness of classification problems proposed Fedosov V.

Another criterion of classification is “discrecity” of implementation of fiscal policy. Under this criterion, fiscal policy is divided into:

- discretionary (policy adjustment in “manual mode”) — fiscal policy, which involves changing tax laws depending on economic conditions;
- non-discretionary (autobalancing or policy “built-in regulators”) — fiscal policy, which involves a complicated budgetary mechanism and legal system of its provision, which incorporated mechanisms stabilizers and counterweight.

In terms of “basic priority of structure”, it is possible to distinguish the following types of fiscal policy: 1) revenue priority (capabilities of expenses determined based on the collected funds in the budget); 2) expenditure priority (budget mobilizes the maximum possible amount of funds to cover planned expenditures); 3) controlling and regulating type (priority given to regulation by diversifying the tax burden and the significant role of the public sector in production); 4) combined type (on certain levels include elements of each of the previous types).

Criterion of “subject-functional specialization” divides fiscal policy according to subject of regulation: taxation policy; customs policy; social policy (social transfers); Science and Education; pension; investment (public investment); infrastructure; defense and others.

All these criteria can be roughly divided into fundamental (or defining), optional and indicative. The fundamental criteria are closely correlated with the objectives of building classification and determine the basic structure of the classification, the fundamental criteria include functional and criterion the aim. Optional criteria offer a de-

defined set of options that you can use when structuring classifications, according to the nature of the criteria, into optional criteria are included: planning horizon and discreteness. Criterion of the basic priority of structure — is indicative criterion by which is possible only to determine the smallest element classification.

In order to go to grounding of classification needed to take a number of adjustments to a certain criteria. To provide management on macro level, to which refers and fiscal policy, can be divided on three horizons of management:

1. Valuable or conceptual (fiscal doctrine) — at this level fiscal policy should have a deep comprehensive communication with the full range of public policy and even ideology, using them as a source of fundamental aims.

2. Strategic (fiscal strategy) — at this level constructed a complex system of permanent planning, which includes modeling the vision set out in the basic purposes as structural models of the budget system and mechanism; development and implementation of methodologies of targeting the most important parameters of the economic system; development and implementation of interim plans (change management, budgetary programming).

3. Tactical (fiscal tactics) — at this level implemented specific measures in the fiscal area and / or provided normal operational work of budget mechanism. It should be noted that fiscal tactics are not purely hierarchical continuation fiscal strategy. At the tactical level play an important role and horizontal links, as fiscal tactic is closely linked with the implementation of the state steps in other areas.

Dedicated levels emphasize relationship of a fiscal policy with the state policy at all levels, allowing to ensure consistency in its implementation with the latter.

According to criterion of aim were identified following units: analytical support; formation mechanisms of mobilization and accumulation of finance; forming mechanisms of financial reserving; formation mechanisms for effective implementation of public expenditure. Analytical support involves determining the tax base limits, her potential, structure, sensitive points, levers of impact etc. This sphere can not be fully attributed to the fiscal policy, it is much more related to the system of state statistical reporting and analytics in general, related to public administration. Therefore, this issue should be left for future discussions. All other elements should be used in constructing the classification within the target criteria.

The most controversial criteria of fiscal policy classification is criterion of functional specialization, which has a fairly large number of interpretations from different authors. As a reference standard will take the most reasonable point of view [5; 23]. According to that, there are three areas of functional specialization of fiscal policy: 1) tax policy; 2) taxation policy; 3) regulatory mechanisms.

It should be noted that all three elements are closely intertwined. Thus, despite the direct link between the taxation and budget policy, the latter indirectly determines the tax base and level of business activity on the budget period. Regulatory mechanisms are both constituent elements of the budget and tax system.

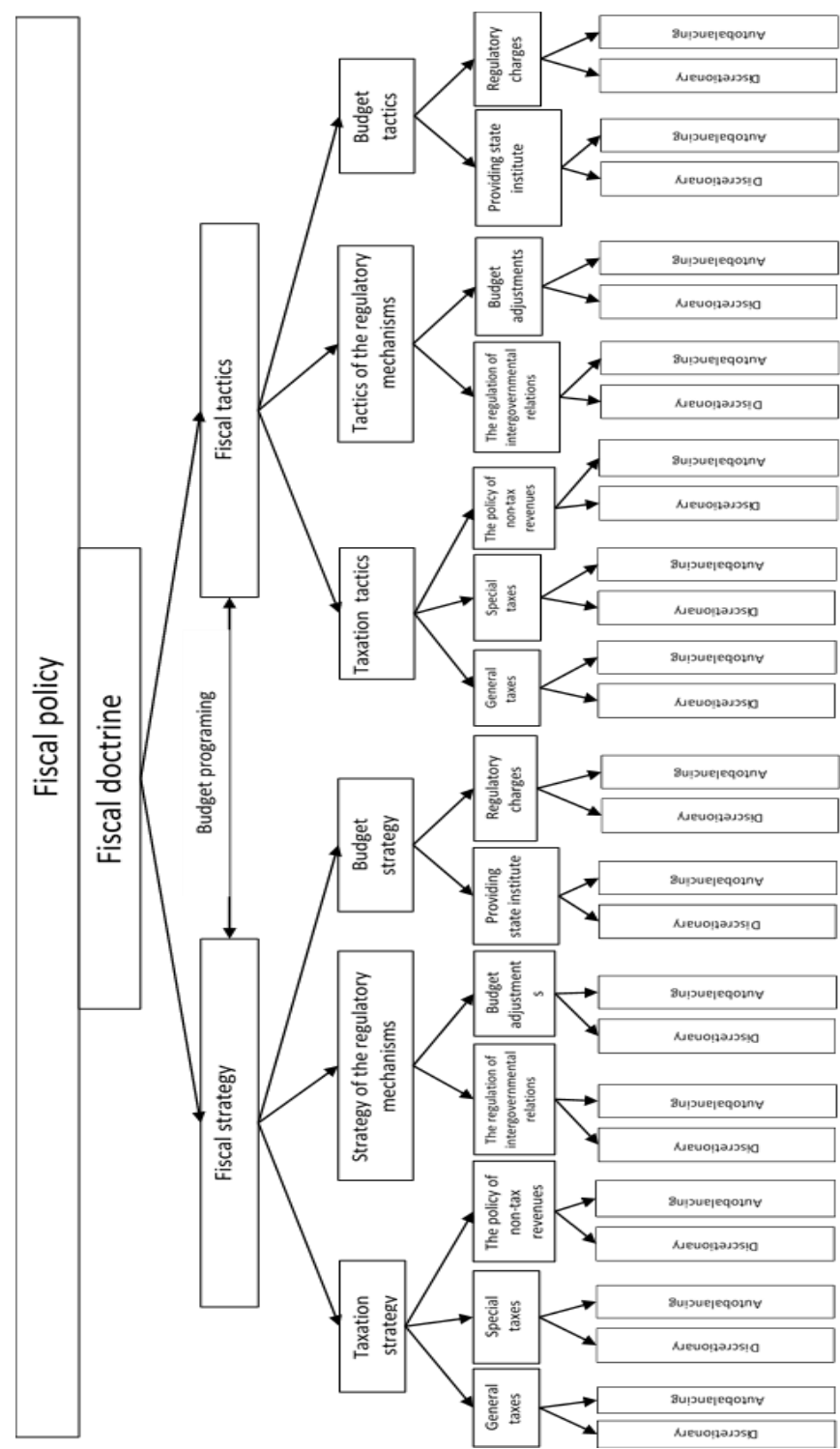


Figure 1.1. Classification of the fiscal policy according to fundamental criterion of functional specialization with the priority of the optional criterion of horizon of management

Under the criteria were identified as a fundamental, we can construct two types of classifications, respectively: functional structure (Figure 1.1) and the target structure. Optional criteria are inverse to each other and can build a tree structure, respectively: the horizons of management and discrecity. Indicative criterion used to determine the particular elements, usually of the lowest level of classification.

Conclusions. Thus was formed the agreed definition of fiscal policy that takes into account her duality. Based on this vision and provided definitions was proposed classification system fiscal policy.

In the current crisis the regulatory and stabilizing role of the state is becoming increasingly important. The development of effective tools for the implementation of fiscal policy in the new conditions plays this important role. Improving classification of fiscal policy is very important for the efficient simulation of fiscal systems and further their research.

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