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PUBLIC FINANCES OF UKRAINE: THEORETICAL ANALYSIS IN THE CONTEXT OF INSTITUTIONAL TRANSFORMATIONS

A modern situation in Ukraine certifies persuasively about necessity of strengthening of regulating role of the state in financial sector of economy, which is provided by some factors: significant influence of the state on provision of macroeconomic stability and organization of economic order, guarantees of supporting of general rules of economic behaviour, intensification of market breakdowns and other negative consequences of functioning of market mechanism; transfer to informational-intellectual, innovative type of development; priority significance and growing scales of social production; necessity of support of national business in the structure of world economy.

For achievement of goals of economic development by the state and society, financial instruments in the form of taxes, some expenditures, transfer, other are used, and that is why a research of dialectics of development of social sector finances for the last period of institutional transformational reforms in economy of Ukraine is urgent and needs exact determination of their economic essence, architecture and peculiarities of functioning. Taking into consideration availability of scientific knowledge of domestic financial theory and practice on this issue [1], it is necessary to note that the absence of entire concept of development of social finances in theoretical provisions of this section of financial science carries resolving, discussion character. Thus, insufficiency of systemic researches of finances of social sector in transformed economy of Ukraine, necessity of theoretical generalization of development tendencies for practical usage determine a problem of this research.

In economic literature we can meet identification of notions "finances of public sector" and "public finances". To our mind, between these two identifications there are institutional differences, especially, finances of public sector include finances of private non-commercial sector, for example, finances of private educational institutions, finances of pre-school educational institutions, finances of private medical institutions and others, but public finances do not include this element.

Organization of public finances is based on such methodological principles: general principles (unity, statement of purposes, temporality, balance, diversification); of definite principles (transparency, scientific foundation, complexity, efficiency, rationality, adequacy of flows of funds management and other).

Efficiency of realization of indicated principles of organization of public finances displays through their functionality. A leading function of public finances is a distribution function, according to which a formation of centralized cash fund and its redistribution for satisfaction of national needs takes place. This function is realized through a system of centralized and decentralized funds, its result is [2, p. 23].

- redistribution of income of profitable sectors in the sector with low profitability;
- maintenance at the expense of budget funds of institutions of non-productive sphere;
- redistribution of income between different social groups of population;
- redistribution of income between different territorial formations.

Regulating function of public finances is associated with formation and usage of budget fund of public and municipal finances. As it is known, budget fund is formed at the expense of taxes, borrowings, income from state property. Through taxes the state can restrain economic activity and private consumption, or, vise versa, stimulate them. As for state borrowings, productive usage of which can stimulate growth of national income, and non-productive – divert deficit resources for payment of debt interests. Formation of state property assists the development of infrastructure and sphere of social services, necessary for normal functioning of national economy and provision of access to social benefits of all segments of population. On the other hand, privatization of the sphere of social services (communal economy, health protection, education and other) can hold back consumption of separate groups of population, which leads to decrease of level of their well-being.

Public finances, as it was determined above, includes public and local finances. Private finances have more complicated classification. They are divided into private and family; finances of enterprises and business finances; banks finances; finances of non-commercial organizations. Monetary form, which acquire any financial relations, converges social and private finances [3, p. 40]. In the sphere of social and private finances there are similar problems: limitation of expenditures, organization of control, adjustment of reporting system and other. But, between these two categories there is a fundamental legal difference: social finances are regulated by norms of public law, private ones – are object of private legal regulation.

Condition of private finances fully depends on market situation and laws of market economy. As for social finances, that preserve a principle dependence on definite actions of public power [3, p. 41] and act as creature of state policy, which is formed upon influence of market laws.

References:

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