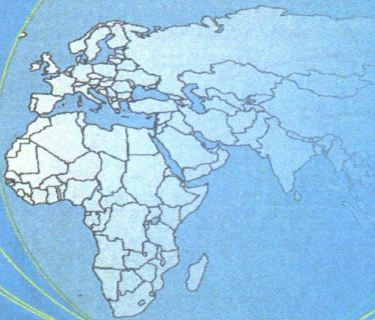


Монографія



**СОЦІАЛЬНІ, ЕКОНОМІКО-ПРАВОВІ  
ТА ФІНАНСОВІ ВИКЛИКИ В УМОВАХ  
ГЛОБАЛЬНИХ ТРАНСФОРМАЦІЙ**

2019

**СОЦІАЛЬНІ, ЕКОНОМІКО-  
ПРАВОВІ ТА ФІНАНСОВІ  
ВИКЛИКИ В УМОВАХ  
ГЛОБАЛЬНИХ  
ТРАНСФОРМАЦІЙ**

**Монографія**

Братислава-Харків, 2019

# SOCIAL, ECONOMIC, LEGAL AND FINANCIAL CHALLENGES IN THE CONTEXT OF GLOBAL TRANSFORMATIONS

Monograph

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У монографії досліджуються теоретичні та методологічні засади забезпечення сталого розвитку соціально-економічних систем в умовах глобальних трансформацій. Розглянуто основні напрями реформування фіскальних механізмів на різних рівнях ієрархії в умовах впливу «шоків», проведено порівняльний аналіз ефективності фіскальної політики та здійснено оцінку реформи фінансової децентралізації. Увагою приділено механізмам регулювання розвитку окремих секторів економіки, концепції розвитку циркулярної економіки. Запропоновано стратегії економічного зростання, модернізації фінансової інфраструктури та розвитку правової культури для забезпечення сталого розвитку як окремих регіонів, так і держави в цілому.

Для фахівців у сфері економіки, фінансів, управління складними соціально-економічними системами, державних службовців, науковців, викладачів, аспірантів і студентів. Книга буде корисною усім, хто прагне поглибити власні знання щодо суспільно-економічних відносин.

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**РОЗДІЛ 1**  
**СУЧАСНІ НАПРЯМИ**  
**ТРАНСФОРМАЦІЇ ФІСКАЛЬНОЇ ПОЛІТИКИ**  
**В УМОВАХ АКТИВІЗАЦІЇ ІНТЕГРАЦІЙНИХ ПРОЦЕСІВ**

**1.1. Public finances and sustainable development: opportunities and challenges**

The modern transformational processes taking place in Ukraine require a revision of the basic principles of forming a strong financial foundation of the state and achieving the maximum efficiency of the public funds funding. Today it became necessary to modernize the financing mechanism of the important branches of the social sphere: health care, which promotes the preservation and development of the physical abilities of the person; education, which ensures his/her entry into the society and prepares for the working activity; social protection and social security, which maintains the stability of the material situation of a person in the different periods of life and in the different life situations. The priority issue is the protection of the environment and the promotion of the environmental activities, the complexity and uncertainty of which as to the economic efficiency of investments requires the strengthening of the role of public finances in this process. Taking into account the aforementioned, the public finance system faced the comprehensive and resonant challenges in the context of the sustainable development ensuring.

The concept of the sustainable development was formed as a result of the obvious fact that the overcoming of the crisis situations in the field of the environmental protection is impossible at the level of the individual states, but requires the mutual understanding and active cooperation at the international level. To this end, the United Nations in 1972 (Stockholm, Sweden) held a conference on the environmental issues, which resulted in the adoption of the Declaration on Human Environment. Thus, the world community recognized the need to address the environmental problems at the international level.

In 1983, on the initiative of the Secretary-General of the United Nations, a special and independent International Commission on Environment and Development under the leadership of the famous political figure of Norway G.-H. Brundtland In the report "Our Common Future", presented by this commission in 1987, the basic principles of the concept of sustainable development were developed. The document noted that the development is sustainable, meeting the needs of the present, but does not compromise the ability of the future generations to meet their own needs. It covers two basic concepts: 1) "need", in particular, it addresses the needs that are necessary for the existence of the poor people in the world, which should be the subject of the priority attention; 2) "constraint", due to which the state of the technological development and organization of society is predetermined by the ability of the environment to satisfy the today and future needs [1]. This means that the sustainable development is caused by two interconnected factors - the basic needs of the people and the physical constraints on the growth of the natural resources exploitation.

The conclusions made by the commission under the guidance of G.-H. Brundtland, became the basis of the work of the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, attended by heads and representatives of governments from more than 170 countries of the world. At this forum, the announcement of the sustainable development was a global strategy, and the states faced the challenge of developing its national benchmarks. In the Agenda-21 document it is stated that the harmonious achievement of the high quality environment is essential, ensuring a healthy economy for all people of the world, meeting the needs of people and preserving the sustainable development for a long period of time.

In 2015, in New York, 193 member states have developed the program "Transformation of our World: Sustainable Development Agenda 2030", within which there are 17 goals and 169 indicators that characterize their achievements [2]. In September 15, 2017, the Government of Ukraine presented the National Report "Sustainable Development Goals: Ukraine" [3], which identified the key indicators for achieving the goals of sustainable development. The results of the adaptation of the 17 global goals of the sustainable development,

taking into account the specifics of the national development are presented in the report.

The main objective of the concept of sustainable development is based on the priorities of human life. The social paradigm of development puts people in the first place, improving the conditions of its life. Only at the expense of the positive changes in this plan, the population will be able to adapt to the existing socio-economic and environmental conditions, to master the skills of the social activity and mobility, to realize their human potential [4, p. 123-124].

Thus, the main task of the public finances towards the ensuring of the sustainable development is to meet the vital needs of people. Firstly, it is necessary to solve the problems connected with the greatest social value – the health of people and the conditions for its formation. Among the main factors that impede the effective functioning of the health care system in Ukraine, is the lack of financing; the absence of tax-incentives for the private entities, when investing into the activities of the public and communal health care institutions. Expenditures on the health care in Ukraine are allocated from the budgets of different levels. At the same time, the bulk of expenditures – from 70% to 85% – are made from the local budgets; from the State Budget of Ukraine it is allocated from 15% to 30% of funds [5].

Thanks to the effective health financing system, developed European countries have achieved the high quality and life expectancy. According to the World Bank figures [6], among the European countries, the lowest level of public expenditure (less than 60% of total industry expenditure) is observed in Ukraine. More than 60% of public funds are allocated by Israel, Switzerland, Greece, Hungary, Lithuania; in the range of 70% to 80% – Poland, Belgium, Austria, Germany, France, the Netherlands. Countries with a very high level of public health spending (over 80%) include Romania, Sweden, Croatia, Norway, Czech Republic, Denmark, and Luxembourg.

International experience, recommendations of the World Health Organization show that the only way to provide high-quality medical protection without financial stress for citizens is the transition to a compulsory health insurance model. In order to provide a stable financing of compulsory medical insurance

in Ukraine, a complex of mutually agreed legislative, organizational and methodological issues should be implemented, where a special attention should be paid to the substantiation and determination of the size of the insurance premium. This is due to an increase in the burden on the wage fund and the avoidance of the widespread use of shadow wage schemes by the employers.

Secondly, the issue on the financing of the education is topical, and can be considered in the context of the integration of two blocks – economic and non-economic. The economic function of education is to recreate the labor resource. The non-economic block is aimed at the reproducing of the spiritual and mental matrix of society.

The high educational potential of Ukraine is the driving mechanism that helps moving towards the knowledge economy. For the first time, the term "knowledge economy" was used by the Austrian and American economist F. Machlup in the work "Production and distribution of knowledge in the USA" [7]. Knowledge-based economy is an economy that creates, distributes and uses knowledge to ensure its growth and competitiveness. In such economy, the knowledge enriches all sectors, all branches and all participants in the economic processes. At the same time, it does not only use knowledge in a variety of forms, but also creates them in the form of scientific and high-tech products, innovations, highly qualified services, education and competencies. Ignoring these trends can lead to the crowding out of the market for high-tech products, which will slow down the growth of the level and improve the quality of life of the population.

In Ukraine, the bulk of expenditures on education come from the local budgets (from 55% to 90%). Under the State Budget of Ukraine, from 10% to 45% of funds were spent on satisfying the educational needs of the population [5]. In European countries, education is usually financed at the expense of the central budget [6], which is transferred to the Ministry of Education, as well as from the local budgets. In Switzerland, where the average public expenditure on education is 15.7% of the total public expenditure, there is no central government education authority. All responsible decisions regarding the structure, content and economics of education are taken at the level of individual cantons.

Thanks to the advanced education system, Norway occupies the leading place in the UNDP human development rankings. Among the total public expenditures, the share of education in this country is about 16%. Significant government investment in this area also provided Norway with high levels of accessibility to educational services. The importance of education is given in Denmark, where the average level of public expenditure is 15.1% of the total public expenditure. Denmark is one of the first European countries to start investing in nanotechnology. The Danish government has carried out a series of reforms to autonomize universities, remove obstacles to their cooperation with industry, and increase funding.

Germany spends on education an average of 10.2% of the total public expenditure. At the expense of state funds, all leading educational institutions of the country are financed. Higher education institutions are mainly financed from the land budgets. Federal allocations are usually directed at the capital construction or expansion of the institution. In addition, higher education in Germany is also financed from extra budgetary sources (German research community, various funds, and private enterprises). The average public expenditure on education in France is also 10.2% of the total public expenditure. The decisive feature of funding education is that the bulk of the funds are directed towards the development of secondary education. The state education system in this country is centralized and governed by the regulatory and legal acts of public administration. Croatia, Italy and the Czech Republic belong to the countries in which the share of the public expenditures on education is less than 10% of the national expenditures. Pre-school, secondary and vocational education in Italy is mainly funded at the expense of public funds, the higher – at the expense of the federal budget and the own funds of the universities.

In the most developed countries, there is a multi-channel financing system for the higher education. However, as a rule, the budget financing in combination with the alternative, extra budgetary sources prevails. Otherwise, it is difficult to ensure the non-economic function of education – the formation of the spiritual culture and value orientations of the society.

Thirdly, it is necessary to increase the level of the social protection of the population, including the internally displaced persons. In order for a certain part of able-bodied migrants do not become the "professional" consumers of the social transfers because of the impossibility of getting a job or failure to adapt to a new environment, it is necessary to provide them with the decent employment. Current statistics show that the employment of this category of population through the system of employment centers is insignificant for various reasons. This is explained by the difficult situation in the local labor markets; uncertainty in the length of stay of settlers in a new place; a proposal for wages and qualifications lower than in the previous place, etc.

An important problem is the impossibility of the social payments, including the pensions to residents of the occupied territories. A large number of the recipients of social benefits for the various reasons could not register and establish relationships with the territories controlled by the Ukrainian government.

Expenditures for the social protection and social security amount from 15% to 30% in the total expenditures of the Consolidated Budget of Ukraine. Most of the budget funds – from 51% to 80% – are allocated from the State Budget of Ukraine, which indicates a high centralization of the social and welfare system. According to this the local budgets from 20% to 49% of the budget funds are allocated [5]. At the same time, in the developed European countries, the local governments have much wider powers in this area and have their own funding sources.

Fourthly, the actual task is to create an effective mechanism for the financial security of the environment. After all, Ukraine's membership in the EU and well-balanced environmental policy are two interconnected components of a holistic national policy of our state. The world experience confirms that a nationwide long-term environmental policy should be based on the following principles: 1) the polluter pays – in the amount that provides for the elimination of the consequences of the damage; 2) caution – the limited use of technologies, the consequences of which are not sufficiently studied for the human health and the environment; 3) "presumption of guilt" of technologies – the users and manufacturers of new technologies and products must prove their acceptability;



4) rational use of the renewable resources; 5) minimization of the extraction of non-renewable natural resources.

Under today's conditions, there is an urgent need to focus on the ecologization of the Ukrainian economy. This process should include a system of the relevant goals: conservation and restoration of the potential of the environment; preservation and development of civilization (raising the level and quality of life of the population); optimization of economic growth.

At the same time, it should be noted that the business entities are not always interested in environmentalizing production, since their goal is to generate the profits in the short term, which, unlike the long-term profits, increases with the neglect of the environmental requirements. Therefore, the state is obliged to offer them a favorable financial model of cooperation, which, on the one hand, guarantees the benefits of the environmental protection and incentives for the use of resource and energy saving technologies, and, on the other hand, generates the financial resources for the implementation of the environmental programs and measures. An important place among the sources of the financial resources directed towards the environmental objectives is the environmental tax.

In foreign countries, environmental taxes are an incentive for the investment and innovation, and means and method for solving the problems associated with the redistribution of funds to increase the funding for the programs aimed at the sustainable use of nature and preservation of the natural environment quality.

In order to increase the efficiency of the tax regulation in the field of environmental protection, the tax targeting is necessary for solving such problems: shifting the tax burden to those sectors of the economy that cause the most harm to the environment; tax incentives for investment into the environmental protection; the introduction of the excise taxes on goods and services that have a high level of the environmental risk, and the use of these funds for the intensive implementation of the resource saving and energy saving technologies.

In recent years, the expenditures of the State Budget of Ukraine on the environmental protection have ranged from 70% to 85%, and from 15% to 30% were allocated from the local budgets [5]. Since the public funds are limited, it is

necessary to create the favorable tax, credit and investment climate in Ukraine in order to attract the funds from the international organizations, private capital, which will enable the introduction of environmentally friendly and at the same time resource-intensive and energy-saving technologies. After all, the constant growth of production, ignoring the environmental aspects, causes deepening of the global problems. People have to adapt not only to the natural conditions but to the created negative factors of the anthropogenic origin. Accordingly, the main imperative for the formation of a new social model is the idea of the sustainable development, which provides the ecologically sound economic and social development that satisfies the interests of preserving and using the environment for both present and future generations, an integral part of which is the public finances.

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