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FINANCIAL POLICY ON THE PRINCIPLES OF PUBLIC-PRIVATE PARTNERSHIP'S APPLICATION

ФІНАНСОВА ПОЛІТИКА В КОНТЕКСТІ РЕАЛІЗАЦІЇ ПУБЛІЧНО-ПРИВАТНОГО ПАРТНЕРСТВА

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The content and structure of financial policy are solved. The expediency of using a public-private partnership to achieve objectives of financial policy in Ukraine is proved. The content of the financial policy in relation to the basic financial concepts ("financial management" and "financial mechanism") is revealed that allowed generalizing the structure financial policies, components, levels, methods, tools, instruments. The feasibility of PPP is proved through analysis of the evolution of scientific views on the interaction of the state and the private sector and current legal documents that form goals and objectives of financial policy. The conducted systematization of scientific views on the role and nature of the cooperation between the state and the private sector in the economy allows showing the nature, trends, and tools of interaction between state and private sector in the financial policy of the state. Using such approaches can serve as a basis for more informed and calculated decisions by public authorities on improvement tasks of financial policy. The need for the implementation of public-private partnerships in Ukraine is confirmed by several public legal documents that can be used by potential participants in PPP (companies, financial institutions, local authorities).

Key words: financial policy, public-private partnership, state, private sector, financial institutions, financial resources.

Реформування фінансової політики в межах посткризового відновлення економіки, запроваджене в багатьох країнах світу, передбачає розширення співробітництва між державою, приватним сектором та інститутами громадянського суспільства, зокрема використання публічно-приватного партнерства (ППП). Запровадження ППП пов'язане із прагненням держави залучити фінансові ресурси приватного сектора для виконання суспільно значущих завдань соціально-економічного розвитку та необхідністю використання складних організаційних, управлінських та виробничих технологій. Розкрито зміст фінансової політики держави та визначено її місце у системі базових фінансових категорій, що дозволило виокремити структуру, рівні, методи, інструменти і важелі фінансової політики держави, які є підґрунтям для систематизації завдань у рамках поставлених цілей. Доведено доцільність використання публічно-приватного партнерства для реалізації завдань фінансової політики України. Розкрито зміст фінансової політики держави у взаємозв'язку із базовими фінансовими поняттями («управління фінансами» та «фінансовий механізм»), що дозволило узагальнити структуру фінансової політики: складові, рівні, методи, інструменти, важелі. За допомогою аналізу еволюції наукових поглядів на взаємодію держави і приватного сектора та сучасних нормативно-правових документів обґрунтовано доцільність використання публічно-приватного партнерства, що забезпечує формування мети і завдань фінансової політики держави. Проведена систематизація наукових поглядів на роль і характер взаємодії держави та приватного сектора в економіці дозволяє відобразити сутність, напрямки та інструменти взаємодії держави та приватного сектора у фінансовій політиці держави. Використання таких підходів може слугувати підґрунтям для більш зважених та прорахованих рішень з боку органів державної влади щодо удосконалення завдань фінансової політики держави. Необхідність запровадження публічно-приватного партнерства в Україні підтверджено низкою державних нормативно-правових документів, що може бути використано потенційними учасниками ППП (підприємствами, фінансовими установами, органами місцевого самоврядування).

Ключові слова: фінансова політика, публічно приватне партнерство, держава, приватний сектор, фінансові установи, фінансові ресурси.

Раскрыто содержание и структура финансовой политики государства. Доказана целесообразность использования публично-частного партнерства для реализации задач финансовой политики Украины. Раскрыто содержание финансовой политики государства во взаимосвязи с базовыми финансовыми понятиями («управление финансами» и «финансовый механизм»), что позволило обобщить структуру финансовой политики: составляющие, уровни, методы, инструменты, рычаги. С помощью анализа эволюции научных взглядов на взаимодействие государства и частного сектора и современных нормативно-правовых документов обоснована целесообразность использования государственно-частного партнерства, обеспечивает формирование целей и задач финансовой политики государства. Проведена систематизация научных взглядов на роль и характер взаимодействия государства и частного сектора в экономике позволяет отразить сущность, направления и инструменты взаимодействия государства и частного сектора в финансовой политике государства. Использование таких подходов может служить основой для более взвешенных и просчитанных решений со стороны органов государственной власти по совершенствованию задач финансовой политики государства. Необходимость введения публично-частного партнерства в Украине подтверждено рядом государственных нормативно-правовых документов, что может быть использовано потенциальными участниками ППП (предприятиями, финансовыми учреждениями, органами местного самоуправления).

Ключевые слова: финансовая политика, публично-частное партнёрство, государство, частный сектор, финансовые учреждения, финансовые ресурсы.

Formulation of the problem. Steady deterioration in macroeconomic indicators and lack of financial resources at all levels of the financial system indicate imperfect management system of public authorities in the field of financial relationships. Mobilization, allocation, and utilization of financial resources, optimization of the financial sector, improving financial management system made in the implementation of financial policies. The mechanism of financial policy realization needs to increase efficiency and adapt to the financial and economic conditions of economic development in Ukraine. So, of course, the development and implementation of effective financial policy at the state and local levels is a complex and important issue of the Ukrainian economy's development at the present time.

Analysis of recent research and publications. A considerable amount of research is devoted to the financial policy, its essence, functions, content, and objectives of the organization and formation. In particular, we can highlight the works of such scientists as V. Bazylevych [1], B. Boronos [2], A. Vasylyk [3], I. Hrytsiuk [4], V. Latkovska [5], V. Oparin [6], K. Pravdiuk [7], V. Fedosov [8].

Considering the numerous works of scientists in this field, yet the concept of “financial policy” is one of the concepts that today require innovative approaches to learning. Talking about the necessity of determining financial policy at the legislative level, there is a need to develop and adopt the Law “On Financial Policy,” which would include basic provisions, the content and meaning, principles, types, and mechanisms regulating this sphere of public relations, as well as tasks and main areas of financial policy.

Goal setting. The purpose of the study is to deepen the essence of the state financial policy and define its place in the public-private partnership with the current requirements of the national economy.

The main research material. Most authors point out that monetary policy is a number of actions

that the government has it within its functions and powers in the area of financial activities in order to achieve the objectives and goals. Something different from the above definition is the idea [6] that financial policy is a set of government measures on the use of financial relationships for the state to fulfil its functions. The authors emphasize that monetary policy is a set of measures for financial management or financial resources [2]. It can agree with authors [4; 5; 6] to determine the financial policy in the part where the concept corresponds to the actions of the state, whose purpose is to meet the needs of society. However, the financial management activities of the state are not a financial policy. As noted in the work of some researchers [1; 3], the main purpose of the state financial policy is to ensure the stable development of the financial system. Its implementation is achieved by solving specific problems.

So, in essence, financial policy is an activity, which is based on the legal consolidation principles, ideas, programs, and prospects for financial development. Financial policy rationally is considered due to the financial activities, which in general express the manifestation of all functions of the state, since the implementation of any function is not possible without appropriate financial security as one of the main mechanisms of public power.

Therefore, in our study, we agree with the economists [1; 2] who believe that financial policy should be seen as an activity of the state to determine the main directions, objectives, main tasks of financial resources for the future. In the development of financial science, the policy serves as the definition of objectives and implementation of theoretical recommendations.

However, it should be noted that in this definition, the fact should be taken into account that in a democratic and legal state it is not a “state” that determines the content and direction of monetary policy, fiscal policy and primarily, depends on the public choice. Also, the idea of authors [1] is

accepted that the content of the financial policy is to develop the concept of development finance, determine the main directions of their application and measures aimed at achieving an optimal model of redistribution of financial resources. In this definition, much attention is paid to the objective of financial policy.

Some authors [4; 7] identify the term “financial policy” and “financial management” with the financial mechanism. In our opinion, the financial management is a management of financial relationships that arise in the movement of financial resources that is the process of achieving the goal and influence over the management by using methods and tools of the financial mechanism. Financial management is done not for the sake of control but for the satisfaction of certain objectives, goals, and tasks provided by financial policies. Financial policies primarily implement the national strategy for economic

development, create an appropriate framework for the implementation of functions by the state, and are designed to support the financial incentives of active economic activity (Fig. 1).

Historical retrospective of the theoretical concepts of finance and the state's role in implementing the financial policy indicates a lack of sufficient economic conditions for activation of financing and financial resources reproduction effectively, that is, there is a strong argument that the state should be the key subject in the formation and regulation of financial processes. However, the objective inability of the state to ensure full implementation of social functions without the active involvement in this process of private sector resources requires active usage of different types of interaction between state and business.

Cooperation between the state and the private sector in the implementation of public financial

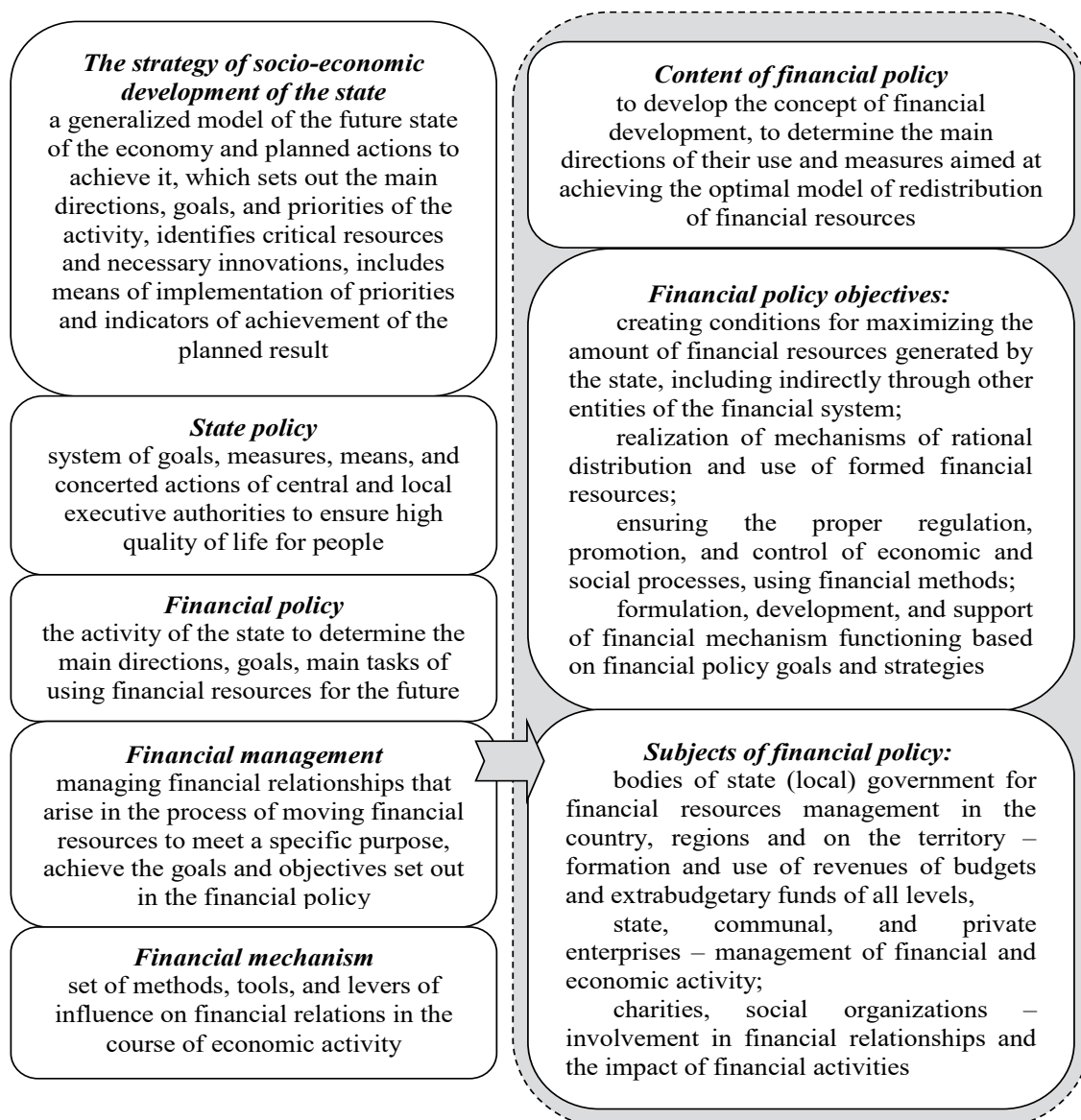


Fig. 1. Structural-logical scheme of financial policy in the system of basic financial concepts

policy is not sufficiently developed area of research as fundamental work on these issues. For determining the place of interaction between state and private sector in the implementation of financial policies, consider the evolution of relevant scientific opinions in economics. As it is shown in Table 1, the interaction of the private sector and the state in the economic sphere in general and in the financial processes are quite a controversial scientific issue that has evolved under changing the type of society in the development of civilization. Organizing scientific views on the role and nature of the cooperation between the state and the private sector in the economy reflects the logical development of scientific views on the nature,

direction, and tools of cooperation between the state and private sector financial policy states that are formed within different scientific schools.

We share the view of many economists that today state financial policies should be aimed at financing high technology sectors, at least in the medium term, which is achieved primarily by enhancing cooperation between the state and the private sector based on PPP. This will attract additional financial resources in large-scale government programs to reduce budget spending, stimulate business activity and enterprises for more efficient use of budgetary funds. Summarizing all the above, we can create a scheme of tasks and areas of the financial

Table 1

The evolution of scientific views on the cooperation between the state and the private sector in the financial policy

Scientific school / theory	Subjects of cooperation between state and private sector	Directions of implementation of cooperation between state and private sector	Tools of interaction between state and private sector
Mercantilists	The close alliance of the government with commercial bourgeoisie	Trade capital was interested in a strong state power to eliminate the outdated feudal restrictions, protection of international trade, conquest and domination of colonies in the world market. State authorities are interested in the development of trade and commercial bourgeoisie to meet the growing needs.	Conducting targeted protectionist trade policy
Classical school of economics	State and entities	Providing "honest partnership" is an important economic function of the state as is necessary for the efficient operation of the market mechanism. In the competitive market, entities reach different results, guided by their own interests through the use of limited resources to maximize profits.	Personal work of people is a natural source of private property protection which is relied on the state
Neoclassical political economy	The interaction of the state and private capital	There is the feasibility of using concession as forms of PPP law of the state in certain circumstances to recover their property important for public enterprises to continue to monitor and adjust prices for services.	Economic control in the form of state monopoly
Keynesianism and Neo-Keynesianism	Establishing cooperation between the state and the business sector	The direction of investment in productive and social infrastructure, development of public procurement and more. The state should finance most of the non-profit research and scientific and technological developments that can bring income only in the long term.	The state's role in the financing of venture (risk) companies
Neoliberal theory	-	The theory was based on the principles of strengthening the market mechanism of competition; comprehensive encouraging entrepreneurship; recognition of businessmen strategic economic actors that deserve full support and protection from the state.	Re-privatization of state property
Institutionalism	Contacts between the state and business structures	Cooperation should be based on the principles of social responsibility on a voluntary agreement to implement the recommendations of the state business	Co-funding of social programs, modernization of infrastructure

Source: systematized by the author based on [1-5]

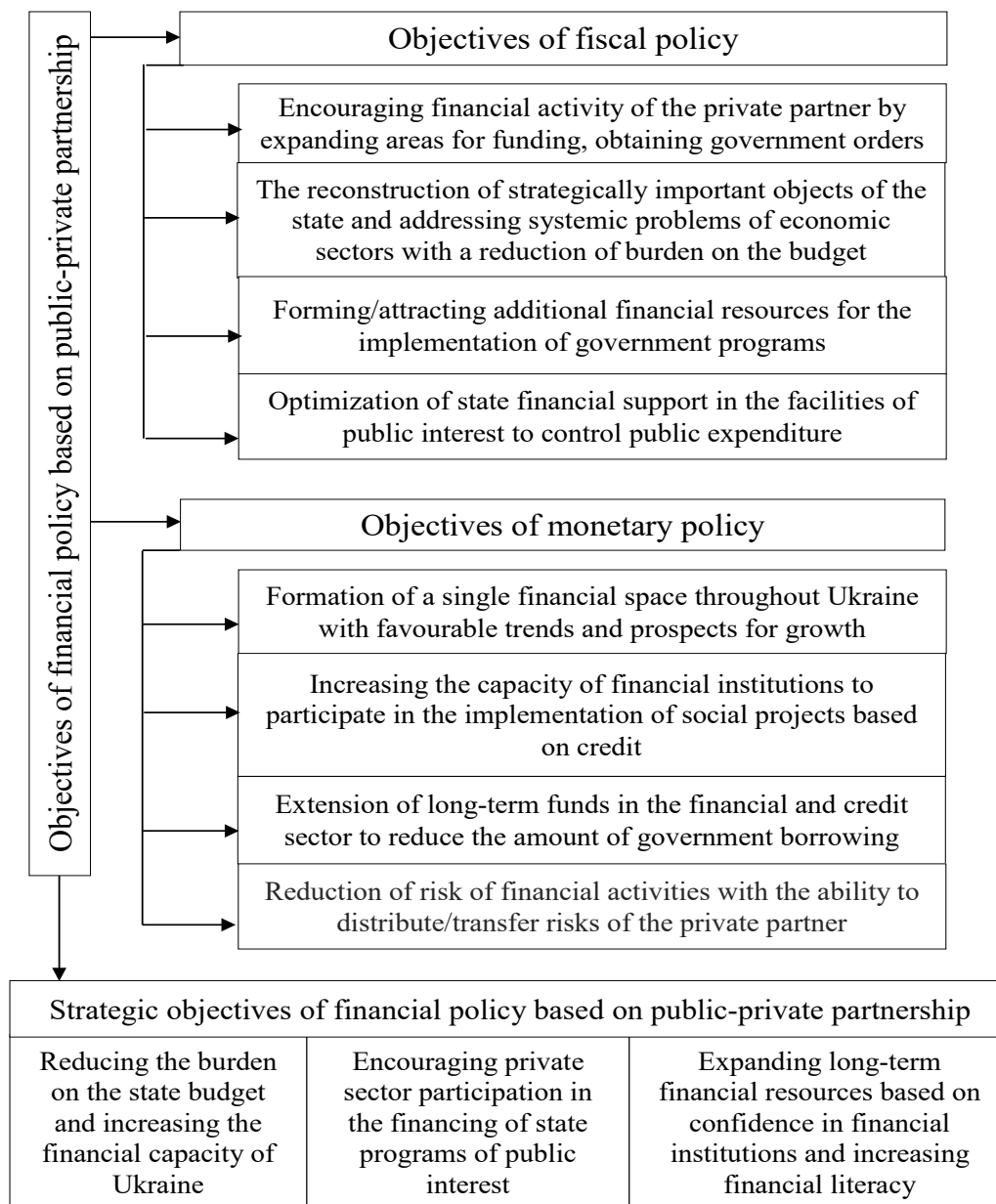


Fig. 2. The strategic objectives of financial policy based on PPP

policy of Ukraine, which may be implemented with PPP (Fig. 2).

Thus, this study found that at the current time of the national economy development, there raises the question of reforming the financial system of Ukraine, namely, the general government as a permanent state budget deficit, the presence of significant imbalances in the redistribution of financial resources between the different levels, and lack of financial self-sufficiency of local community demonstrate the ineffectiveness of the implementation of financial policy.

The interaction of the state and the private sector, in particular, through the public-private partnership for the evolution of economic thought, is reflected in the implementation of financial policy in solving important social and economic issues

of financial mechanisms. High efficiency of the public-private partnership as a form of cooperation between the state and private sector experience has been proven in many countries.

Conclusions of the study. The study of the essence of the financial policy of the state and the generalization of existing approaches to the interpretation of this concept made it possible to conclude that it should be considered as the activity of the state in determining the main directions, goals, main tasks of using financial resources for the future. Such a definition allows us to form a most complete view of the nature and purpose of financial policy.

In the process of deepening the content of the public financial policy, its close relationship with such related financial concepts as "financial

management” and “financial mechanism” is identified. It is found that the fulfilment of a specific goal, the achievement of the goals and objectives envisaged by the financial policy can be realized based on financial management, and the impact on financial relations is achieved through the methods, instruments, and levers of the financial mechanism. Determining the place of the financial policy of the state in the system of basic financial concepts made it possible to generalize the structure, levels, methods, instruments, and levers of the financial policy of the state, which is the basis for the systematization of tasks within the set goals.

Existing theories and their evolution regarding the appropriateness, role, and nature of the interaction between the state and the private sector in financial policy are examined. The necessity of using public-private partnership in the implementation of the state financial policy is proved and the directions of such interaction are determined. Thus, the reform of public financial policy in modern conditions requires implementing state cooperation with the private sector of the economy, which includes institutional, organizational, financial, and socio-economic aspects, focused on providing a stimulating environment, both at the macro and micro levels.

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