

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
СУМСЬКИЙ ДЕРЖАВНИЙ УНІВЕРСИТЕТ
КАФЕДРА ІНОЗЕМНИХ МОВ
ЛІНГВІСТИЧНИЙ НАВЧАЛЬНО-МЕТОДИЧНИЙ ЦЕНТР**

**МАТЕРІАЛИ
VIII МІЖВУЗІВСЬКОЇ НАУКОВО-ПРАКТИЧНОЇ
КОНФЕРЕНЦІЇ
ЛІНГВІСТИЧНОГО НАВЧАЛЬНО-МЕТОДИЧНОГО ЦЕНТРУ
КАФЕДРИ ІНОЗЕМНИХ МОВ**

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BUDGET DEFICIT IN UKRAINE: PROBLEMS AND WAYS TO IMPROVE

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A budget is essential for any organization if it wants to face its financial obligations. Facing these financial obligations is especially difficult for governments that have to manage billions of dollars of revenue and expenditures every year. When the government expenditure exceeds revenues over a particular period of time, the government is having a budget deficit.

In Ukrainian practice there are two groups of reasons for budgetary deficit: objective and subjective. A group of objective reasons includes:

- extraordinary circumstances (epidemics, wars, natural disasters, etc);
- the state's major investments in the development of the economy,;
- increasing the population income level, if its value does not correspond to the subsistence level.

Subjective reasons are:

- the economic crisis;
- considerable share of the shadow sector of the economy and, accordingly, low tax discipline;
- irrational structure of state budget expenditures and inefficient using of budgetary funds at all levels;
- significant costs to maintain government officials;
- imperfection, lack of coordination and frequent changes of the financial legislation;
- the lack of clear financial strategy.

Back in the 30s, Swedish economists, Myrdal and B. Ulin claimed that some excess of expenses over income is needed to stimulate economic growth, especially in times of crisis. And according to J. Keynes state budget deficit has become one of the

ways of regulation of the economy. So, what are the answers: is budget deficit good or bad?

Whether government deficits are good or bad cannot be decided without examining the specifics. On one hand, if the government borrows (runs a deficit) to deal with a severe recession (or depression), to help self-defense, or spends on public investment (in infrastructure, education, basic research, or public health), the majority of economists would agree that the deficit is bearable, beneficial, and even necessary. If, on the other hand, the deficit finances wasteful expenditure or current consumption, most would recommend tax cuts to stimulate private investment, transfer cuts, and/or cuts in government purchases to balance the budget. is running a deficit, it is spending more than it's receipts.

Therefore, we propose next solutions.

- 1) to improve the tax system;
- 2) to strengthen the responsibility of economic entities;
- 3) to provide financial support to small and medium-sized businesses by development and implementation of target programs for development of small and medium enterprises;
- 4) to introduce a strict regime of economy of budgetary funds;
- 5) to introduce a new, scientifically grounded system of forecasting indicators values, which are used as the basis for the formation of budget revenues and expenditures, budget planning norms of budget sufficiency;
- 6) to change the directions of public funds investment in the industry national economy;
- 8) to keep financing only the most important social programs and introduce a moratorium for the adoption of new social programs, which require substantial budgetary financing;
- 9) to prohibit the National Bank of the country to provide loans to the governmental structures of any level;

Consequently, budget deficit is a controlled phenomenon. It should be eliminated or reduced. Ukraine should define a clear financial strategy. Perhaps, it is essential to study and to attract foreign experience in order to bring the economy to a new level.