

Міністерство освіти і науки України  
Сумський державний університет  
Наукове товариство студентів, аспірантів,  
докторантів і молодих вчених СумДУ

## ***ПЕРШИЙ КРОК У НАУКУ***

Матеріали  
ІХ студентської конференції  
(Суми, 25 лютого 2018 року)



Суми  
Сумський державний університет  
2018

## **SOURCES OF REPAYMENT OF UKRAINE'S STATE DEBT**

Olkhovik D.O., *student*; SSU, gr. ME-71an

The global financial and economic crisis has led to unreasonable growth of debt dependence in many countries of the world, Ukraine is no exception. The existence of a public debt in a market economy is an objective factor. The state, striving to use its economic and financial resources with the greatest efficiency, allows a budget deficit, and for its financing, attracts additional funds in the domestic or foreign financial markets. Therefore, state debt – the total amount outstanding loans obtained to finance the state budget deficit and other purposes defined by law. The state debt of the country is divided into internal and external debts. Internal state debt is the debt of the state to all the citizens and enterprises of their country, which are the creditors of the state. External public debt is the debt of the state to foreign creditors, that is, citizens and organizations of other countries.

State external debt is used to finance the state budget or repayment of past external debts, to replenish foreign exchange reserves, to finance investment projects of Ukraine. It should be noted that internal debt has certain advantages over external ones. The return of domestic debt and the payment of interest on it do not reduce the financial potential of the state, while external debt is basically the outflow of capital from the state.

Inefficient use of borrowed loans can lead to an increase in public debt. In many countries, the fiscal law limits the amount of public debt, the achievement of which signals the danger to the whole sphere of public finances. In the Budget Code of Ukraine, this size is also determined for our state: the amount of public debt should not exceed the critical threshold, which is 60% of the gross domestic product.

Sources of repayment state debt are budget funds, funds received from the privatization of state property, new borrowings or gold and currency reserves of the country. The peculiarity of today's situation in Ukraine is the actual existence of two types of state domestic debt: nominal and real. The first is treated as a set of government borrowings on the loan and stock markets and involves repayment of the principal amount of interest payable in a specified period. Real internal state debt, in addition to nominal debt, also includes unfulfilled financial obligations of the state to the subjects of

the economy (unpaid state orders, wage arrears to employees of the budgetary sphere, non-refunded value added tax, etc.).

Returning to the Ukrainian issue of the aggregate public debt, in November it grew by 0.62%. It now stands at \$ 77.03 billion compared with the previous month. The reason is the formation of a new state budget for 2018. Now Ukraine's external debts are 86, 2% of its GDP.

According to the State Statistics Service, in 2017, every Ukrainian will be charged 45.54 thousand UAH or 1 680 USD. But are there alternative sources of debt repayment?

In 2017, payments for external debt and their servicing reached 30% of the state budget expenditures. That is, Ukraine gives almost a third of what it earns.

It's clear: in order to start earning more, you need to invest more in production and infrastructure. Where to get more money for development? Further reduce retirement, education and health costs? It is impossible. It is necessary to reduce corruption, stop lending and start paying old debts.

For example, Ukraine is one of the largest borrowers of the IMF. According to the EFF program, Ukraine's share is 48% of all borrowing countries. The Fund is not less interested in co-operation with Ukraine than Ukraine itself, so it can agree to write off a certain amount of debt. Next, it will be necessary to start new negotiations with private creditors.

Some people talk about domestic real resources – state enterprises and land, in particular, state and communal, as a factor in attracting money to the country. Privatization is needed, but not for the sake of money, but for the efficiency of state-owned companies. The land market is needed, but not for the sake of money, but to create solid prerequisites for the development of agriculture. Therefore, the use of all these resources should be transferred to a monetary, market basis.

It turns out that today for Ukraine there is no real and acceptable alternative to financing from foreign donors. She is in a “lucky” or “missing” situation: either we are reforming, and as a result we get money, and much better situation and prospects for economic development, or we do nothing, do not get money and prepare for a new crisis that will threaten radical changes in power and vector of Ukraine's development.

Supervisor: Shkodkina Yu.M., *Senior Lecturer*