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An extended abstract of the paper on the subject of:
EUROPEAN STANDARDS FOR CRISIS MANAGEMENT OF PUBLIC FINANCES

Problem statement. The global financial and economic crisis of 2008-2009 caused financial problems in all the European states. Even the advanced countries feel its negative consequences, which manifest themselves in an increased budget deficit, aggravation of debt problems, a lowered level of budget sphere financing etc. These problems are much more acute in Ukraine, the public finances of which have not been formed completely yet. In this regard, taking into account globalization processes and the conditions that are stipulated by the market economy, adoption of international standards by the Ukrainian public finance management system gains a special topicality.

Recent research and publications analysis. International experience of public finance organization have been researched by R. Balakin, S. Hasanov, V. Kudriashov, Ya. Kvach, O. Kyrylenko, L. Myrhorodska, I. Umanskyi and other scholars. At the same time, the advanced European experience of solving financial problems under the conditions of managing the fallout from the global financial and economic crisis requires a more profound study. This situation is made actual by the European integration policy of Ukraine and the urgent necessity to use immediate means for stabilization of the national public finance system.

The paper objective is research into the system of the European standards for crisis management of public finances and substantiation of the rationale for the introduction of a number of fiscal rules in Ukraine aimed to improve public finances.
The paper main body. The financial policy of Ukraine, unlike the European policy, is hardly influenced by mandatory (restrictive) rules. According to the reference values of the Maastricht criteria, the law merely determines that the state debt must not exceed 60% of GDP. Apart from the said standard, additional requirements set for the European Union member states are as follows:

— achievement of the middle-term goal of a structurally balanced budget alongside with the budget deficit landmark value equal to 3% of GDP;

— annual reduction of public debt by one-twentieth in the countries, the public debt quota of which exceeds 60% of GDP;

— introduction of a gradual automated system of penalties;

— establishment of certain minimal standards for budget regulation in some of the member states which ensures trans-border transparency and comparability of budgets;

— account of budget information on the basis of clear standards, conformance with which is controlled by the European Statistics Service.

In 2012, 25 EU member states signed the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, which contains the following new provisions:

— a yearly structural budget deficit of certain states should not exceed 0.5 % of GDP, except for the cases when the public debt portion is much lower than 60% of GDP;

— “debt brake” should be applied at the legislative level within the national legal system, preferably at the constitutional level;

— member states, which are open and subject to the excessive deficit procedure, should design a budget and economic partnership program that is to be adopted and monitored by the EU Council of Ministers and the European Commission.

Conclusions of the research and prospects for further surveys. With due regard to the advanced European countries’ experience in the field of crisis
management of public finances, it is deemed necessary for Ukraine to introduce a number of European standards, namely:

- to set forth strict legal fiscal rules as to public deficit and public debt size;
- to introduce middle-term budget planning;
- to improve the quality of macroeconomic forecasts by getting independent research organizations involved in their formation;
- to harmonize public financial resource accounting with the European standards.

Development of methodological recommendations aimed to form a complex strategy for crisis management of public finances and its implementation at the state level can be the area of further surveys.