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**THE PECULIARITIES OF BUDGETARY FINANCING THE PUBLIC
GOODS PRODUCTION IN THE EUROPEAN UNION COUNTRIES:
THE LESSONS OF POLAND FOR UKRAINE**

1. INTRODUCTION

The integration aspirations in Ukraine and the necessity to harmonize the existing system of the budget expenditures causes the need for the investigation of the European Union (EU) experience in distribution of budget resources for financing public goods production.

Scientific discussion concerning the nature of public goods and mechanisms of satisfying the demand for it has promoted the beginning of their extended interpretation [Blankart 2000: 67, 68, 71, 78; Buchanan 1999: 11–18; Musgrave 2004: 37–38; Stiglitz 1998: 159–164], has permitted to determine a budget as the system of economic relations concerning accumulation and distribution of facilities for their production. On this platform, the formation of methodological constructions took place that laid the foundation for the approaches in determining the co-operation rules between private and public sectors [Coase 1991: 167, 190; North and Miller 1990: 55–56, 75, 97] to achieve the efficiency of budgetary expenditures and to provide the transparency of governmental functioning. In addition, some scientists turn their attention to non-admission of the misbalance in the market economy in connection with the public goods production [Hayek 1990: 78–85]; to the logic of collective actions and the necessity of reconciliation at the equal level of provision with these goods [Olson 2004: 235, 247]; to the multiplicative effect that arises as a result of its consumption in a spatial aspect [Tiebout 1956]; to the determination of the best conditions for the governmental decision making concerning the priority of their production [Arrow 1951: 102–103].

Also in the spotlight of the investigators there are the questions of the formation and realization of fiscal policy and institutional changes connected with meeting the demand for public goods, the definition of the social value of economic reforms [Alimov et al. 2008: 113–114, 239–257; Arkhiereev et al.

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2008: 429–433, 635–636; Bal'cerovych 2010: 37; Gejec' et al. 2011: 142, 469–470, 560]; the peculiarities of the development of public sector under the globalization, the production of some kinds of public goods and the solution of the „free-rider” problem in the transformation economy [Dlugopol's'kyj 2011: 101–139; Hausner 2012: 118–122; Kucenko 2010: 27–35, 444–448; Mierzhyn's'ka 2011: 288–293; Mortikov 2009; Moszoro 2010: 6–8]; the reformation of public finance and the introduction of innovation methods of its management, of tax system and filling of revenue part in the budget [Guziejevs'ka and Hajdys 2012: 12–13; Kosikovs'ky 2009: 12–13; Lagutin et al. 2009: 241–242, 256–257, 305–308; Sienkevych 2012: 71–75] and others.

Despite of scientific and practical value of these researches conceptual approaches connected with the financial providing for public goods production due to the strengthening of the openness of the Ukrainian economy and its strategic orientation to EU integration remain debatable. As a result there appears the necessity to determine the regularities of financing the public goods production in the EU countries for this experience to be applied in the Ukrainian practice.

The purpose of this article is to elucidate the peculiarities of distribution and use of budgetary resources in the EU countries to render the public goods and to determine the possibilities of adaptation of this experience to the conditions of the social and economic development in Ukraine. The tasks are such: the comparative analysis of the structure of the general budgetary expenditures in the EU countries and Ukraine; the revealing of regularities of distribution and use of budgetary facilities on the basis of calculating the elasticity of general budgetary expenditures (EGBE) by function to gross domestic product (GDP) in the EU countries and Ukraine as well as defining the index of the structure changes in the general budgetary expenditures (ISCGBE) and implementing the multidimensional statistical analysis; practical suggestions and recommendations concerning the improvement of financial providing for the public goods production in Ukrainian economy taking into account the EU countries experience.

2. THE COMPARATIVE ANALYSIS OF THE STRUCTURE OF THE GENERAL BUDGETARY EXPENDITURES IN THE EU COUNTRIES AND UKRAINE

There is a permanent transformation of processes in the public goods production in a market economy that foresees redistribution of scarce budgetary resources between different spheres that produce them. Its reflections are the aims, tasks and principles of fiscal policy according to which the priority of different types of the public goods production is determined and the structure of the general budgetary expenditures is formed. The analysis of the structure of the general budgetary expenditures by function in the EU countries and Ukraine (table 1) allowed defining certain regularities for this group of goods in 2000–2011.

Table 1

Structure of general budgetary expenditures by function in the EU countries and Ukraine
in 2000–2011

Expenditure by function	Country	2000	2001*	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General public services	EU (27 countries)	15.50	14.58	14.18	13.77	13.67	13.68	13.25	13.51	13.30	12.70	12.84	13.46
	Poland	:	:	13.55	14.03	14.74	14.39	13.64	13.25	12.59	12.96	13.03	13.41
	Ukraine	7.03	6.73	14.20	13.22	12.02	10.93	11.35	10.74	9.97	10.79	11.88	11.96
Defence	EU (27 countries)	3.63	3.39	3.38	3.34	3.34	3.31	3.28	3.22	3.17	3.14	3.14	3.01
	Poland	:	:	2.68	2.44	2.20	2.27	2.46	3.26	3.22	2.42	2.95	2.72
	Ukraine	4.77	5.47	5.85	6.97	6.03	4.26	3.65	4.17	3.79	3.14	3.00	3.18
Public order and safety	EU (27 countries)	3.78	3.77	3.88	3.89	3.93	3.93	3.92	3.95	3.92	3.87	3.86	3.87
	Poland	:	:	3.37	3.79	3.70	3.94	4.14	4.33	4.50	4.37	4.24	4.20
	Ukraine	6.26	7.61	8.33	7.71	7.68	7.22	7.26	8.16	8.76	7.92	7.63	7.83
Economic affairs	EU (27 countries)	5.74	8.58	8.60	8.53	8.46	8.38	8.57	8.45	9.25	9.09	9.39	8.21
	Poland	:	:	7.95	7.59	7.94	8.93	10.21	11.09	11.54	12.28	12.84	12.96
	Ukraine	12.85	12.12	12.34	16.12	18.34	13.49	15.60	17.93	16.60	12.93	11.60	13.70
Environment protection	EU (27 countries)	1.66	1.65	1.65	1.64	1.65	1.64	1.76	1.77	1.72	1.81	1.76	1.75
	Poland	:	:	1.32	1.28	1.30	1.40	1.42	1.34	1.44	1.54	1.59	1.56
	Ukraine	0.26	0.21	1.09	1.22	1.25	0.88	0.93	0.99	0.89	0.83	0.76	0.93
Housing and community amenities	EU (27 countries)	2.31	2.20	2.09	2.31	2.24	2.24	2.23	2.24	2.20	2.17	1.86	1.75
	Poland	:	:	3.69	3.46	3.40	3.40	2.95	2.81	2.67	2.59	1.80	2.02
	Ukraine	2.25	2.80	2.30	2.41	2.60	2.76	4.58	2.61	2.90	2.44	1.44	2.08
Health	EU (27 countries)	13.78	13.64	13.76	13.91	14.14	14.36	14.68	14.72	14.74	14.85	14.73	14.92
	Poland	:	:	9.84	9.61	9.74	10.19	10.57	10.78	11.68	11.50	10.99	10.88
	Ukraine	10.15	11.24	12.46	12.81	12.25	10.92	11.26	11.82	10.85	11.89	11.84	11.75
Recreation, culture and religion	EU (27 countries)	2.27	2.24	2.31	2.31	2.32	2.33	2.40	2.45	2.45	2.35	2.31	2.24
	Poland	:	:	2.39	2.15	2.28	2.39	2.59	2.65	3.01	2.96	3.03	2.95
	Ukraine	1.32	1.50	2.34	2.71	2.73	2.43	2.47	2.52	2.56	2.71	3.05	2.58
Education	EU (27 countries)	11.02	10.89	11.15	11.14	11.07	11.15	11.14	11.13	10.95	10.87	10.81	10.86
	Poland	:	:	13.75	13.55	13.43	14.04	13.57	13.45	13.28	12.51	12.43	12.75
	Ukraine	14.72	17.21	20.28	19.76	18.07	18.91	19.27	19.61	19.71	21.72	21.13	20.69
Social protection	EU (27 countries)	40.32	39.04	38.99	39.16	39.18	38.99	38.77	38.55	38.30	39.15	39.29	39.93
	Poland	:	:	41.44	42.11	41.25	39.05	38.46	37.04	36.08	36.87	37.10	36.55
	Ukraine	12.43	15.01	20.80	17.09	19.03	28.19	23.63	21.46	23.95	25.63	27.67	25.29

* till 2002 – EU (15 countries).

Calculated based on: *General government expenditure by function (COFOG) (gov_a_exp)...*; http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_a_main&lang=en; *Statistical annuals of Ukraine for 2000–2011...*

According to such directions of structuring the general budgetary expenditures as the general public services, defence, housing and community amenities, health our country has been slowly approaching to the parameters of the EU countries, including Poland. It testifies to harmonization of some kinds of production of public goods in Ukraine with the European social standards to what the euro-integration experience of Poland points out concerning the public finance reformation [*Report on Public Finance*, 2012: 280–281; Sienkiewicz 2012: 68, 75–76]. However, if in 2000–2011 the budgetary expenditures share for the general public services in the EU countries had a tendency to reduction, it was growing in Ukraine; for defence, housing and community amenities – was diminishing, and for health – increasing. According to such directions of budgetary expenditures as public order and safety, economic affairs, environment protection, recreation, culture and religion the increase in the budgetary expenditures share was gradually taking place both in Ukraine and in the EU countries until 2011. It shows the similarity of approaches in structuring of the general budgetary expenditures by function in Ukraine and the EU countries.

It can be attributed to the peculiarities of structuring of the general budgetary expenditures in 2000–2011 that the share of the budgetary expenditures for public order and safety was 1.7–2.0 times higher in Ukraine than in the EU countries, for economic affairs – accordingly 2.2–1.7 times and for environment protection vice versa – less 6.4–1.9 times, recreation, culture and religion accordingly 1.7–0.9 times. For Ukraine such priority of the budgetary expenditures for economic affairs, public order and safety is connected with the conditions that existed at the beginning of 1990ies, with the unfinished privatization processes and the necessity to stimulate the investment activity. From the point of view of national economy modernization and overcoming the world's financial crisis consequences these directions of fiscal policy will remain those of importance in future. Similar approaches have been declared in the national development strategy in Poland based on the corresponding financial framework up to 2020 [*National Development Strategy*, 2012: 37, 124]. This is a peculiar indicator that in the EU countries and Ukraine the fiscal policy according to these directions foresees the formation of sustainable connections between private and public sectors for solving the corresponding public problems.

Concerning the share of the budgetary expenditures for education it has grown in the indicated period in Ukraine while it has diminished unimportantly in the EU countries. It means that educational sphere is important from the point of view of creating innovations and, on this basis, providing competitive advantages. However, the Ukrainian scientists point out to the considerable dissipation of the budgetary expenditures in this field of activity and thus their insufficient social and economic efficiency [Dlugopol's'kyj 2011: 198, 212–213; Kucenko 2010: 242–243, 264]. Although the share of the budgetary expenditures for social protection has grown almost 2.0 times in Ukraine it is still lower than in the

EU countries, including Poland. To our opinion, such differences were produced by the existing approaches to the definition of the role and the place of a person in the economic system as well as by the political, economic and cultural situations in the EU countries and Ukraine.

The comparative analysis of the structure of the general budgetary expenditures in the EU countries and Ukraine has revealed certain differences concerning the definition of priorities of public goods production. We consider as being positive that in Ukraine the change of the approaches concerning the definition of priorities has already taken place, which resulted in the fiscal policy beginning to be oriented to the creation of such conditions when a person can better realize his potential because the fields of the public goods production helping to improve the quality parameters of human development and rendering positive influence on the whole society start gaining more and more importance.

3. THE EVALUATION OF THE STRUCTURE QUALITY OF THE GENERAL BUDGETARY EXPENDITURES IN THE EU COUNTRIES AND UKRAINE

In our investigation we estimate the quality of the budgetary expenditures for public goods production by calculating the EGBE by function to GDP, ISCGBE and implementing the cluster analysis by the method of the complete connection and determination of Euclid's squares of distances.

We have revealed that in 2000–2011 (except 2008) the EGBE by functions to GDP was less sensible to social and economic situation in the EU countries, including Poland, than in Ukraine (table 2). So the EGBE according to the corresponding directions is bigger 2.1–4.6 times¹ in Ukraine than in the EU countries. While for the EU countries, including Poland, it was possible to execute the gradation of the general budgetary expenditures according to the corresponding directions on those relatively elastic, singly elastic and relatively inelastic, for Ukraine such a division was not proper.

To our opinion, it is caused by the predictability of the economic, social and political life in the EU countries and by the approaches formed in the budgetary field as far as the determination of the strategic reference-points and their agreement with the current conditions concern. In Ukraine such high sensitivity of the general budgetary expenditures according to the corresponding directions to the changes in the social and economic situation is stipulated by the populist actions of the government, by the incompleteness of the fiscal system reforms, by the expectant behaviour of economic subjects, by the structural deformations in the national economy and its high dependence on the foreign economic conjuncture alterations.

¹ It is defined by calculating the average quantity of elasticity in 2000–2011.

Table 2

The EGBE by function to GDP in the EU countries and Ukraine in 2000–2011

Expenditure by function	Country	2000	2001*	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General public services	EU (27 countries)	0.28	0.19	0.48	0.01	0.64	1.01	0.22	1.09	4.08	0.42	1.05	1.62
	Poland	:	:	:	0.52	1.05	0.97	0.58	0.48	0.82	0.63	1.19	0.68
	Ukraine	4.92	1.03	10.86	1.49	1.55	7.55	3.04	2.28	9.25	0.47	6.38	1.92
Defense	EU (27 countries)	0.82	0.05	1.20	0.96	0.83	0.72	0.64	0.46	4.24	0.17	0.83	1.39
	Poland	:	:	:	1.89	1.25	1.32	1.93	3.21	1.07	2.32	2.94	1.81
	Ukraine	5.44	2.67	2.70	3.44	1.21	0.90	0.77	4.05	8.58	1.45	3.62	2.75
Public order and safety	EU (27 countries)	0.91	1.85	1.91	1.93	1.01	1.01	0.76	0.88	5.60	0.16	0.74	0.04
	Poland	:	:	:	0.44	0.11	1.51	1.60	1.04	1.46	0.99	0.89	0.24
	Ukraine	7.54	3.11	3.12	1.43	2.13	8.51	2.68	3.93	13.86	0.76	3.79	2.25
Economic affairs	EU (27 countries)	4.17	16.08	0.76	1.26	0.63	0.76	1.22	0.51	25.50	0.06	1.55	4.27
	Poland	:	:	:	1.39	0.98	1.89	2.52	1.36	1.46	0.41	1.52	0.22
	Ukraine	1.00	0.87	1.90	4.05	2.90	0.60	4.12	4.12	9.15	1.97	2.27	4.47
Environment protection	EU (27 countries)	1.58	1.69	1.44	1.45	0.92	0.72	2.20	0.89	1.72	1.25	0.11	0.15
	Poland	:	:	:	1.24	0.52	1.62	1.18	0.27	1.70	0.38	1.42	0.42
	Ukraine	:	0.57	15.81	2.93	2.33	0.91	3.21	3.42	8.23	0.60	2.83	5.03
Housing and community amenities	EU (27 countries)	1.38	0.57	0.66	8.09	0.13	1.02	0.68	0.83	3.73	0.17	2.49	2.13
	Poland	:	:	:	1.57	0.01	1.12	0.21	0.33	0.81	0.99	1.37	2.90
	Ukraine	1.27	3.29	2.25	2.46	2.61	11.82	7.02	4.56	14.87	1.33	9.28	7.20
Health	EU (27 countries)	1.35	1.59	1.84	2.39	1.15	1.35	1.21	0.81	7.41	0.49	0.61	0.42
	Poland	:	:	:	1.16	0.47	1.40	1.47	0.85	1.77	0.91	0.78	0.23
	Ukraine	3.74	2.35	3.31	2.33	1.88	6.98	2.96	3.31	8.86	0.56	4.46	1.66
Recreation, culture and religion	EU (27 countries)	1.12	1.60	2.01	1.67	0.86	1.13	1.37	1.06	7.39	0.32	0.39	1.09
	Poland	:	:	:	1.99	1.22	1.41	1.94	0.85	2.14	0.90	1.34	0.67
	Ukraine	7.07	2.57	7.97	3.22	2.20	7.02	2.78	3.03	12.24	0.34	6.76	1.38
Education	EU (27 countries)	0.73	1.56	1.82	1.67	0.67	1.15	0.79	0.73	4.08	0.24	0.69	0.13
	Poland	:	:	:	1.06	0.12	1.40	0.76	0.63	1.08	1.16	1.10	0.61
	Ukraine	5.66	2.81	4.25	1.88	1.59	11.43	2.83	3.01	11.86	0.59	3.99	1.43
Social protection	EU (27 countries)	0.55	0.98	1.42	2.01	0.81	0.88	0.69	0.65	5.89	0.77	0.88	0.53
	Poland	:	:	:	0.72	0.06	0.79	0.95	0.41	0.99	0.68	1.20	0.35
	Ukraine	5.21	3.06	6.49	0.30	2.78	18.94	0.49	1.85	15.00	0.40	6.01	0.16
Total	EU (27 countries)	0.31	1.89	1.31	1.75	0.80	0.99	0.80	0.75	7.18	0.37	0.79	0.02
	Poland	:	:	:	0.90	0.25	1.12	1.10	0.69	1.17	0.81	1.15	0.00
	Ukraine	5.38	1.44	1.58	2.10	2.16	10.24	2.62	2.84	11.69	0.04	4.55	1.80

* till 2002 – EU (15 countries).

Calculated based on: *General government expenditure by function (COFOG) (gov_a_exp)...*; http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_a_main&lang=en; *Statistical annuals of Ukraine for 2000–2011...*

The ISCGBE (table 3) also shows that its quantity is relatively more stable in the EU countries than in Ukraine. Practically according to all the types of the general budgetary expenditures in the EU countries its quantity is near 1 that testifies to the proportionality and consistency of fiscal policy, its reliable foundation. For financing the public goods production in the EU countries it means that it takes place according to certain rules and is directed to the long-term prospects. So, in Ukraine ISCGBE according to the corresponding directions has a bigger quantity of fluctuation and exceeds 2.0–10.0 times the analogical indices for the EU countries and 1.5–6.0 times² for Poland. It testifies to unsustainability of the public goods production of separate kinds and to the insufficient efficiency of governmental measures in the budgetary process in Ukraine. Well-known Ukrainian scientists in their researches [Alimov et al. 2008: 155, 273; Arkhiereev et al. 2008: 603–604, 636; Gejec' et al. 2011: 74, 356, 365] specify the most important problems of fiscal policy and the insufficient use of the strategic planning instruments in the budgetary process. We consider that the main reasons are mostly the declarative character of the strategic reference-points in the social and economic development and the insufficient effectiveness of measures in the budgetary planning in Ukraine.

In the EU countries the distribution system of the scarce budgetary resources for the public goods production is properly institutionalized. In particular, the forming practice of the budgetary expenditures in the EU countries is medium-term prospect based and is foreseen by the corresponding legislation [*European Union Public Finance*, 2008: 150–152, 243–277]. If we push off from the experience in Poland that became a member of the EU relatively recently, the strategic development reference-points of the public finance are well outlined there [Kosikowsky 2009: 3–5; *National Development Strategy*, 2012: 37].

In Ukraine the strategy has some more narrow horizon of planning [*Prosperous society*, 2010: 5–10] and the directions of fiscal policy are determined for a current period that allows the greater risks of destabilization in the production of some kinds of public goods. The experience of the EU countries concerning the combination of the short- and long term of the budgetary expenditure planning will be useful because these processes are characterized with stability and do not lead to the sufficient fluctuations in the changes in the approaches to the public goods production in these countries.

The cluster analysis allowed us to make the rating of the countries according to the approaches concerning the distribution and the use of the budgetary resources for the public goods production (table 4), in 2000–2011 the cluster amount was 20–22.

² We defined the difference between the maximum and minimum value of the index of the structure changes in the general government expenditures in 2000–2011 in every country and carried out the comparison on this basis.

Table 3

The ISCSBE in the EU countries and Ukraine in 2000–2011

Expenditure by function	Country	2000	2001*	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General public services	EU (27 countries)	:	:	:	0.97	0.99	1.00	0.97	1.02	0.98	0.96	1.01	1.05
	Poland	:	:	:	1.03	1.05	0.98	0.95	0.97	0.95	1.03	1.01	1.03
	Ukraine	0.96	0.96	2.11	0.93	0.91	0.91	1.04	0.95	0.93	1.08	1.10	1.01
Defense	EU (27 countries)	:	:	:	0.99	1.00	0.99	0.99	0.98	0.98	0.99	1.00	0.96
	Poland	:	:	:	0.91	0.90	1.03	1.08	1.33	0.99	0.75	1.22	0.92
	Ukraine	1.01	1.15	1.07	1.20	0.87	0.71	0.86	1.14	0.91	0.83	0.96	1.06
Public order and safety	EU (27 countries)	:	:	:	1.00	1.01	1.00	1.00	1.01	0.99	0.99	1.00	1.00
	Poland	:	:	:	1.12	0.98	1.06	1.05	1.05	1.04	0.97	0.97	0.99
	Ukraine	1.22	1.21	1.10	0.93	0.99	0.94	1.01	1.12	1.07	0.90	0.96	1.03
Economic affairs	EU (27 countries)	:	:	:	0.99	0.99	0.99	1.02	0.99	1.09	0.98	1.03	0.87
	Poland	:	:	:	0.95	1.05	1.12	1.14	1.09	1.04	1.06	1.05	1.01
	Ukraine	0.73	0.94	1.02	1.31	1.14	0.74	1.16	1.15	0.93	0.78	0.90	1.18
Environment protection	EU (27 countries)	:	:	:	1.00	1.01	0.99	1.08	1.01	0.97	1.05	0.97	1.00
	Poland	:	:	:	0.97	1.02	1.08	1.01	0.95	1.07	1.07	1.03	0.98
	Ukraine	:	0.82	5.16	1.11	1.03	0.71	1.06	1.06	0.90	0.92	0.92	1.23
Housing and community amenities	EU (27 countries)	:	:	:	1.10	0.97	1.00	0.99	1.00	0.98	0.99	0.86	0.94
	Poland	:	:	:	0.94	0.98	1.00	0.87	0.95	0.95	0.97	0.69	1.12
	Ukraine	0.67	1.24	0.82	1.04	1.08	1.06	1.66	0.57	1.11	0.84	0.59	1.45
Health	EU (27 countries)	:	:	:	1.01	1.02	1.02	1.02	1.00	1.00	1.01	0.99	1.01
	Poland	:	:	:	0.98	1.01	1.05	1.04	1.02	1.08	0.98	0.96	0.99
	Ukraine	0.88	1.11	1.11	1.03	0.96	0.89	1.03	1.05	0.92	1.10	0.99	0.99
Recreation, culture and religion	EU (27 countries)	:	:	:	1.00	1.00	1.01	1.03	1.02	1.00	0.96	0.98	0.97
	Poland	:	:	:	0.90	1.06	1.05	1.08	1.02	1.14	0.99	1.02	0.97
	Ukraine	1.17	1.14	1.57	1.16	1.01	0.89	1.01	1.02	1.02	1.06	1.13	0.85
Education	EU (27 countries)	:	:	:	1.00	0.99	1.01	1.00	1.00	0.98	0.99	1.00	1.00
	Poland	:	:	:	0.99	0.99	1.05	0.97	0.99	0.99	0.94	0.99	1.03
	Ukraine	1.03	1.17	1.18	0.97	0.92	1.05	1.02	1.02	1.01	1.10	0.97	0.98
Social protection	EU (27 countries)	:	:	:	1.00	1.00	1.00	0.99	0.99	0.99	1.02	1.00	1.02
	Poland	:	:	:	1.02	0.98	0.95	0.98	0.96	0.97	1.02	1.01	0.99
	Ukraine	0.96	1.21	1.39	0.82	1.11	1.48	0.84	0.91	1.12	1.07	1.08	0.91

* till 2002 – EU (15 countries).

Calculated based on: *General government expenditure by function (COFOG) (gov_a_exp)...*; http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_a_main&lang=en; *Statistical annuals of Ukraine for 2000–2011...*

Table 4

Results of the cluster analysis of the structure of the general government expenditures
in the EU countries and Ukraine in 2000–2011

Cluster's number	2000	2002	2004	2005	2006	2007	2008	2009	2010	2011
1.	DK, SE	ES, NL	FI, SE	FI, SE	FI, SE	FI, SE	FI, SE	FI, SE	FI, SE	AT, FI
2.	FR, AT	DK, SE	BE, IT	ES, NL	ES, NL	ES, NL	PL , SI	ES, NL	DE, AT	ES, SI
3.	FI	BE, IT	BG, SK	LT, PT	BE, IT	BE, PT	ES, NL	SI, NO	ES, SI	BE
4.	ES, NL	AT, FI	ES, NL	LV, UA	PT, SI	PL , SI	BE, PT	BE, PT	DK	DE
5.	SI, NO	LT, PT	DK	BE, HU	SK	DK	DE, FR	AT	PL	DK, SE
6.	BE, IT	SI, NO	LV, LT	DK	DK	DE, FR	CZ, SK	DE, FR	BE, PT	CZ, NL
7.	IE, PT	PL	MT, PT	FR, AT	LV, UA	CZ, SK	AT	IE	CZ, NL	LT, MT
8.	LT, MT	DE	SI, NO	PL , SI	FR	EE, LV	LT, UK	MT	LT, MT	PL
9.	HU, RO	FR	FR	IT, SK	DE, AT	AT	LV, UA	LT	FR	FR
10.	LU	MT	UK	MT	EE, LT	MT	DK	CZ, SK	IT	IT, PTO
11.	EE, LV	UK	PL	DE	UK, NO	UK, NO	NO	BG, HU	HU	IE
12.	BG, EL	HU, SK	EE	UK, NO	HU	IT	BG, RO	DK	BG, RO	UK, NO
13.	CZ	LV	HU	EE	CZ, IE	IE	IE	PL	UK, NO	LU
14.	SK	LU	LU, AT	BG	BG, MT	LT	IT, HU	UK	LU	HU, RO
15.	DE	BG	DE	LU	LU, PL	LU	LU	LV, RO	EE	EE, LV
16.	UK	RO	CZ, IE	CZ, IE	EL	HU	EL	LU	SK	BG, SK
17.	IS, UA	EL	EL	RO, CH	RO	UA	MT	IT	LV	CH
18.	CY	EE, UA	IS, UA	EL	CH	EL	EE	EL	CH	IS, UA
19.		CZ, IE	RO	CY, IS	CY	IS	CH	EE	IS, UA	CY
20.		IS	CY		IS	BG, RO	CY	CH	CY	EL
21.		CY				CH	IS	IS, UA	EL	
22.						CY		CY	IE	

Country and code: Austria – AT, Belgium – BE, Bulgaria – BG, Cyprus – CY, Czech Republic – CZ, Denmark – DK, Estonia – EE, Finland – FI, France – FR, Germany – DE, Greece – EL, Hungary – HU, Iceland – IS, Ireland – IE, Italy – IT, Latvia – LV, Lithuania – LT, Luxembourg – LU, Malta – MT, Netherlands – NL, Norway – NO, Poland – PL, Portugal – PT, Romania – RO, Slovakia – SK, Slovenia – SI, Spain – ES, Sweden – SE, Switzerland – CH, Ukraine – UA, United Kingdom – UK.

Calculated based on: *General government expenditure by function (COFOG) (gov_a_exp)...*; http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_a_main&lang=en; *Statistical annuals of Ukraine for 2000–2011...*

Ukraine, according to the structure of the general budgetary expenditures, was mostly a member of the last two–three clusters, except for 2005, 2006 and 2008, when it entered the clusters 4, 7 and 9. This points out that the fiscal policy in our country is similar to the fiscal policy in Greece, Iceland, Cyprus and

Latvia. From the point of view of prospects to receive by Ukraine the real membership in the EU such a situation is not favourable as there exists a risk that the EU countries will be obliged to patronize Ukrainian problems though rendering various kinds of financial help and introducing severe sanctions in the economic and social spheres.

In this case it will be proper to study the Polish experience because the similarity of the amplitude of the swings while moving in years to the corresponding cluster groups (table 4) is common for Poland and Ukraine. The most important reasons of it are the openness of the national economies of both countries and their adaptability to the home changes in the economic and social development. Thus in Poland since 1999 they have begun to modernize the structure of the budgetary expenditures [*Report on Public Finance*, 2012: 85–94, 278], to carry out system reforms in education, health and social protection [Sienkiewicz 2012: 68], to introduce the program and target methods of the planning of the budgetary expenditures [Guziejewska and Hajdys 2012: 11, 13, 15]. In Ukraine they have started to introduce actively the measures for the modernization of the public finance system since 2010 [Gejetc' et al. 2011: 73, 294, 469; *Prosperous society*, 2010] which is connected with the adoption of the new wording of the Budgetary code and the Tax code coming into force, while up till that period the reforms had been of a partial and inconsistent character. Additionally it directs Ukraine to the necessity in carrying out the stable and consistent fiscal policy that shuts out considerable swings in the determination of the priorities in the public goods production.

The evaluation of the structure quality of the general budgetary expenditures in 2000–2011 revealed that in the EU countries rendering the public goods is well institutional, and in Ukraine the changes are taking place concerning the determination of the budgetary priorities. The study of the EU countries experience concerning the financial providing for the public goods production shows that for our country it will be good to coordinate the short- and long-term reference-points of the budgetary planning and to determine the transparency rules for governmental decision-making.

4. CONCLUSION

The *peculiarities* of budgetary financing the public goods production in the EU countries can include: providing for the stability in the distribution and use of the budgetary facilities that is related to the predictability of the social and economic development in these countries; in the process of the public goods production taking into account the narrow and wide horizons of the budgetary expenditures planning and their coordination inter se; determining the unique approaches to the forming of the budgetary expenditures for the public goods production and their institutionalization at the level of the EU and in every country, in particular.

As the *main problems* of the budgetary providing for the public goods production in Ukraine it is possible to name: the indefiniteness of the public priorities in the financing the public goods production which is testified by the character of changes in the budgetary expenditure structure and by the evaluation of their quality; orientation of the general budgetary expenditures by function to the current situation in the country that doesn't allow to determine the development prospects of both the budgetary system itself and of the public goods production; the medium- and long-term budgetary planning system uninvolved to a full measure.

We consider that the *improvement of budgetary financing* the public goods production in the Ukrainian economy is connected with the adaptation of the EU countries experience according to such parameters: active implementation of the strategic planning instruments for the long-term planning of the budgetary expenditures for the public goods production which will allow to improve the quality characteristics of fiscal policy and provide gradualness of the changes in its priorities; stabilizing the volumes of financing for the public goods production based on the clearly formed reference-points of fiscal policy that will encourage the transparency of the scarce budgetary resources distribution and the governmental decision-making.

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Marianna Kichurchak

THE PECULIARITIES OF BUDGETARY FINANCING THE PUBLIC GOODS PRODUCTION IN THE EUROPEAN UNION COUNTRIES: THE EXPERIENCE OF POLAND FOR UKRAINE

The peculiarities of distribution and use of budgetary facilities for the public goods production in the EU countries, including Poland, are considered and possibilities of adaptation of this experience to the Ukrainian conditions are determined in the article. The author has made the comparative analysis of the structure of general budgetary expenditures in the EU countries and Ukraine, revealed the regularities of financing the public goods production on the basis of calculating the elasticity of general budgetary expenditures by function to GDP, the index of the structure change in general budgetary expenditures and implementing the cluster analysis, and suggested certain recommendations concerning the improvement of financing public goods production in Ukrainian economy taking into account euro-integration aspirations.

WŁAŚCIWOŚCI BUDŻETOWEGO FINANSOWANIA PRODUKCJI SPOŁECZNYCH DOBR W KRAJACH UNII EUROPEJSKIEJ: DOŚWIADCZENIE RZECZYPOSPOLITEJ POLSKIEJ DLA UKRAINY

W artykule rozpatrzono właściwości podziału i użycia środków budżetowych dla produkcji dóbr społecznych w krajach UE, włączając Rzeczpospolitą Polskę, i określono możliwości adaptacji tego doświadczenia do ukraińskich warunków. Autorem zrealizowano porównawczą analizę struktury wydatków ogólnego budżetu krajów UE i Ukrainy, ujawniono prawidłowość finansowego zabezpieczenia produkcji dóbr społecznych na podstawie obliczenia elastycznej wydatków ogólnego budżetu krajów UE i Ukrainy do PKB, indeksu przemian struktury budżetowych wydatków i przeprowadzenia klasternego analizy, opracowano szereg propozycji do udoskonalenia finansowania produkcji dóbr społecznych w gospodarce Ukrainy w związku z euro integracyjnymi pragnieniami.

JEL classification: C10, F15, H40, H50, O52.