Urgency of the research. The problem of providing debt safety is of primary importance due to the political instability and economic uncertainty in our country. This becomes particularly important in the current situation of continuous increase in public debt and the complexity of its service.

Target setting. The problem of defining new approaches to building a system that could provide debt safety for our country is particularly acute, mainly caused by the issue’s immensity, depth and duration.

Actual scientific researches and issues analysis. Among well-known domestic and foreign scholars whose studies are focused on the debt safety of Ukraine we should mention the following: A. Baranovskiy, G. Wood, V. Heits, M. Yermoshenko, V. Zahorskyi, V. Kozik, N. Kravchuk, R. Mundell, M. Obsfeld, O. Olinyak, O. Futerkо.

Uninvestigated parts of general matters defining. Special and constant attention needs to be given to the study of debt safety while the country is undergoing social and economic development so that it can guarantee its financial sovereignty and stability.

The research objective. To elicit ways of strengthening debt safety of Ukraine by analyzing index of its condition and boundary values.

The statement of basic materials. This article explores main aspects of the debt component in the state’s financial safety. We have examined a current state of the debt safety of Ukraine by means of appropriate indicators, the ways the state debt influences the economy in general. Also we have suggested the ways to strengthen it in the context of a complex relationship between debt policy and a degree of the state’s financial stability.

Conclusions. By investing funds in the development of Ukrainian economy, reprofiling state bonds, and supporting the state’s credit rating it is possible to minimize threats to the country’s debt safety which will improve the indicators of competitiveness of Ukraine and ensure its financial safety.

Keywords: national debt; debt safety; debt indicators; financial safety; budget system.

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Упевненість деякого значення. У рамках сучасних обставин ефективність гео-фінансових процесів на сьогоденя досягає рівня. Світові події 2014–2016 років підтверджують, що важливим є питання економічної безпеки країни. Ефективне виконання цієї задачі має невеличку вплив на стабільність економічного розвитку і державну сувереність, і, як наслідок, на територіальний інтегральності. Це стає особливо важливим у сучасній ситуації зі зростанням державного боргу та складності його погашення.

Мета. Цілі формування нових підходів до спорудження системи упевненості державного боргу нашої країни особливо актуальні, враховуючи значність, глибину і тривалість подій у економіці. Загальні наукові дослідження та проблеми аналізу. Серед визначених вченими, які вивчали питання державної безпеки України як частины її економічної безпеки, ми згадуємо: В. Аллен, О. Барановський, Г. Вуд, В. Гейлс, М. Ермощенко, В. Шаховський, В. Коцюк, Н. Кравчук, Р. Мундель, М. Обсфельд, О. Олійник, К. Ротоф, Я. Тінберген, О. Футерко.

Незівчені частини загальних проблем. Особливу та істотну увагу заслуговує вивчення питання упевненості у контексті соціально-економічного розвитку країни, що забезпечує її фінансову індустрію і стабільність.

Загальні положення основних матеріалів. Існування глобального економічного розвитку залежить від фінансової системи країни. Державні позики є одним з інструментів, що потребують балансування доходів і витрат бюджету, їхнє зростання. Нехай у країні відбувається значний зниження золотих резервів, зростання бюджетного дефіциту, зниження урядових витрат, збільшення внутрішнього боргу. Крім того, це може негативно вплинути на експанію державного боргу і економіку країни.

Так, один з головних факторів незалежності наших країн є стан їх фінансової безпеки, що вважається окремим компонентом та гібридною системою схожих елементів. Складовий характер галузей національної безпеки встановлений науковцями, які визначають ключові компоненти фінансової безпеки і виявили фактори, що мають найбільший вплив на згаданих компонентів (Рис. 1).

Упевненість діє важливу роль у забезпеченні державного боргу. Ми вважаємо, що упевненість має приоритет з причин, що вона є частиною внутрішніх та зовнішніх позик, а також витрат з їх підтримок.

Головними цілями створення ефективної системи фінансової безпеки країни є рациональне використання державних ресурсів та систематичне контролювання бюджетного дефіциту.

Нарешті, інтенсивність інвестицій в Україні залежить від потреби частини державного боргу. У 2017 році країна має нарахувати UAH 111,338 биліон для погашення боргу [5]. Ці показники характеризують небезпечну ситуацію для економіки України.
As the great number of researchers states it, the national budget deficit and the country’s debt dependence do not have a destabilizing impact on its economy if the limit does not exceed 3% of GDP. In Ukraine the size of the budget deficit has been growing rapidly every year since 2008, both in absolute and relative terms.
The analysis of the components of financial safety in 2015–2016 shows a dangerous state of its major indicators that are at risk. Debt safety is not an exception. Table 1 shows key indices and their optimal values in 2012–2016 that are based on the current views of researchers and the use of modern statistical data.

Table 1

| №  | Indices                                                                 | Years             | Normative values |
|----|-------------------------------------------------------------------------|-------------------|-----------------|
|    |                                                                        | 2012  | 2013  | 2014  | 2015  | 2016  | Ukraine | World practice |
| 1  | The volume of total national debt to GDP ratio, %                       | 36,1  | 39,2  | 55,8  | 112,7 | 70,6  | <60     | <55       |
| 2  | The volume of gross external debt to GDP ratio, %                       | 21,91 | 20,1  | 28,6  | 74,8  | 41,9  | <40     | <25       |
| 3  | The rate of external debt per person, USD                               | 848,1 | 824,0 | 904,2 | 1017,0| 849,5 | <200    | <200      |
| 4  | The ratio of external national debt to exports of goods and services, % | 37,40 | 48,23 | 61,4  | 72    | 99,1  | <150    | <70       |
| 5  | The ratio of interest payments to service external debt to exports of goods and services, % | 0,7   | 0,9   | 1,2   | 2,7   | 5,2   | <25     | <12       |
| 6  | The ratio of payments to service external debt to state budget revenues, % | 8,5   | 11,7  | 16,1  | 10,8  | 6,4   | <20-25  | <20       |
| 7  | The volume of external debt to GDP ratio, %                             | 15,67 | 19,1  | 27,2  | 26,7  | 28,7  | <30     | <30       |
| 8  | The ratio of payments to service internal debt to state budget revenues, % | 12,8  | 12,2  | 20,0  | 32,5  | 25,7  | <25     | <25       |
| 9  | The ratio of government debt on government securities to GDP, %          | 21,7  | 13,1  | 27,0  | 25,4  | 23,3  | <30     | <30       |

Source: authors' calculations based on the data from [2, 3, 4]
Our calculations have shown that the dynamics of a large number of indicators of debt safety has negative long-term tendencies that could potentially threaten the country’s financial safety. The main factors that caused these negative tendencies are:

- currency devaluation rate which was in 2015 – 52.2 %, in 2016 – 6.9 % [6]. This has resulted in an increase not only in the volume of debt in national currency but also in the cost to service it;
- a drop in real GDP which, according to the results of 2016, was about 5.2 % compared to 2014 [2], worsened a budget risk;
- a decline in internal consumer demand resulted from inflation processes (inflation rate in 2015 was 48.7 %) and unemployment, an average amount of which (based on ILO methodology) in 2015 was 9.5 % of the economically active population. A decrease in wage share in GDP from 46.3 % in 2014 to 39.6 % at the end of 2015 and reduction of a real average income of the population (calculated per person) than in 2014 year by 22.2 % in the context of the ongoing economic downturn, increase in base rates and arrears of wages caused a deterioration of the financial situation and a sharp reduction in final consumption of households (in 2015 by 20.2 % compared with 9.6 % in 2014) [3];
- an urgent need to cover the deficit of the Pension Fund. To cover the Pension Fund deficit in 2017 the government has envisaged a subvention from the state budget of UAH 156 billion, while the general fund budget envisages UAH 285 billion, which is UAH 28 billion more compared to 2016. The Pension Fund’s own revenues were UAH 110 billion last year and subventions from the state budget – UAH 145 billion. This subvention covered the pension fund deficit as well the amount of which was UAH 81.3 billion [7];
- financing the state budget deficit through getting state loans. Its growth is primarily caused by an increase in defense spending and the national debt service. Spending on defense tends to have been increasing in recent years. Thus, in 2013 defense spending envisaged UAH 15.3 billion (0.98% of GDP). In 2014 these expenditures were foreseen to be UAH 14 billion but the actual amount was UAH 64.3 billion; 2015 – UAH 90 billion; 2016 – UAH 113.6 billion (or 5% of GDP); in 2017 – UAH 129 billion (or 5% of GDP) which is 13.8 % more than it was in 2016. The increase in national debt of Ukraine also includes costs to service it. Thus, in 2016 the amount of payments on national debt service was UAH 99,056.3 million, and in 2017 it envisages UAH 111,338.4 million [5].
- a failure of the state property privatization plan. During 2015–2017 the government planned to raise funds from the privatization of assets at UAH 17 billion. As a result, in 2015 UAH 153 million was received (or 0.9 % of the plan), in 2016 – UAH 188.9 million (or 0.11 % of the planned amounts) [4];
- a need for government support of state enterprises and banks. This support has led to an increase in internal borrowing by issuing GDLB for the capitalization needs of state institutions and banks. This caused pressure on the budget, increase in the public debt and a growth of payments for its service. Therefore, this primarily concerned the financing of “Naftogaz” deficit that arose as a result of quasi-fiscal gas sales operations to consumers at the prices lower than on the market. The share of spending on “Naftogaz” from the budget was 54.2 % of total capitalization budget, this wasted the funds that could be potentially used for energy-saving technology to achieve energy independence;
- a steady increase in external debt. Statistical data show that the foreign debt is prevailing in the structure of the national debt. The only exception was 2013 (54 % of internal debt and 46 % of external debt). In 2014 the amount of external debt was UAH 486.0 billion (51 % of total debt), in 2015 – UAH 826.3 billion (62 %), in 2016 – UAH 980.2 billion (59 %) [4];
- negative value of balance of payments (−2885806.2 thousand US dollars in 2016) [3]. The total debt to GDP ratio in 2012–2016 almost doubled from 36.1 % to 70.6 %. This proves that the public demand for internal and external resources is growing faster than the economy of Ukraine.

Over the analysed period the level of external debt per person in US dollars is beyond boundary values. The excess of external debt level per person is a characteristic of not only Ukraine but also of many other developed countries. The category of countries with excessive debt load are the following: Japan (where the amount of public debt per person is USD 111193), the United States (USD 53180), Canada (USD 44732) [8]. As international experience demonstrates it, this index is not too critical if it
is aimed at the country's economic growth. The ratio of external the national debt to exports of goods and services increased to 99.1 % in 2016 and the ratio of interest payments on external debt to annual exports of goods and services was 5.2%. This proves that Ukraine’s foreign economic relations have worsened on the world market.

Therefore, the approach to defining boundary values of indicators for debt safety assessment needs to be reconsidered. That will make values of indices correspond to the actual state of the debt safety.

Strengthening of the state’s debt safety is sure to improve some indicators of Ukraine’s competitiveness. This will ensure its financial safety and is believed to be the matter of primary importance for both the state as this is its direct function and the Ukrainian people.

Conclusion. In our opinion, the following approaches to the problem can be offered so as to strengthen debt safety and manage the national debt rationally:

− to use borrowed money for investment purposes only, as it used to be in recent years, by spending the borrowed resources on current expenditure the state has slowed down the country's economic development and shifted the debt redemption onto following generations;

− to reprofile government bonds, as the largest national debt payments in 2017 must repay government domestic loan bonds (GDLB) of 2013 and amounts to UAH 29 068,1 million, GDLB of 2016 amounts to UAH 24 702,5 million, GDLB of 2014 and 2012 – UAH 10 935,0 million and UAH 212,9 million respectively. In addition, reprofiling could be combined with a reform program and the IMF’s loans. In this case, the structure of debt payments will be completely different. The main burden falls on payments for the next four years. In case the reprofiling is successful the budget will be unloaded for the further four years (to remove the debt burden from the state through stretching payments over time and to spend the savings on more important needs);

− to support the country’s credit rating which will provide Ukraine with flow of foreign investments and increase foreign capital in the economy. This accounts for an expected growth of GDP by 2.1 % in 2017 and it will entirely depend on investments and exports because both internal demand affected chiefly by the tight monetary policy of National Bank and weak crediting will be recovering slowly;

− to keep the share of state spending to GDP ratio at the level of 30% and to increase investments in fixed capital. These will stimulate a growth of inner demand that will be provided by inner supply of goods and services. A restoration of households’ purchasing power is also quite possible and it will allow achieving industrial growth by 3 % compared to 2016;

− in 2017 it is very important for Ukraine to continue cooperating with the IMF and other official creditors for getting loans and financial resources to carry out investment and infrastructure projects. They will allow rehabilitating and restoring Donetsk and Lugansk regions economically.
ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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