
Preface

Current financial science pays considerable attention to studying the impact of fiscal policies on social development. The quality and timeliness of decision-making on issues of formation and implementation of fiscal policy affect the balance of public finances, the level of effectiveness of state regulation over social-economic processes.

Budget policy influences the effectiveness of financial and economic transformations in the system of public finance, provides funding for restructuring of the economy, stimulating the development of its priority sectors, accelerating the intensification of production and the level of development of the society. As a versatile tool of state regulation over social-economic processes, budget policy defines the directions for development of budgetary relations and makes it possible to effectively implement institutional financial and budgetary instruments aimed at creating conditions for ensuring the socio-economic development of the country taking into consideration the dynamic character and cycles of economic processes. The level of effectiveness of institutional support in the public sector depends on the substantiation of fiscal policy.

Economic transformations and strengthening of globalization processes predetermine the development of effective principles and approaches regarding the institutional basis of fiscal policy, which will provide the opportunity to align the institutional components in budget space, which define the level of dynamic balancing among budgets of different levels, to improve budgetary architectonics taking into consideration the dynamics of social and cycled economic processes. Important tasks are to develop fiscal policy with regard to the institutional principles of budgetary relations; to improve the mechanisms, tools, and levers of fiscal policy over long term, aimed at accelerating the pace of economic growth and human development.

At present, foreign countries, regardless of the level of economic development, employ the diversification of financial and budgetary instruments in order to stimulate competition at both the national and the international level, which promotes sustainability in the socio-economic development of society. The countries that apply general world standards at national level have a rather low level of transaction costs and a more effective fiscal policy. Under the influence of globalization, the social function of fiscal policy is being transformed, aimed at social security of citizens. The new tasks of fiscal policy imply adherence to fiscal discipline, improving the efficiency

of the mechanism to manage budget risks, taking into consideration global financial risks, improvement of the architectonics in revenue and expenditure parts of state and local budgets.

Strategic objectives of fiscal policy under modern conditions are: creation of conditions for ensuring macroeconomic stability and to promote structural economic restructuring, improvement of the instruments of budget forecasting, enhancing the validity and accuracy of the predictive calculation of budget performance, improving the fundamentals of budgeting, in particular medium-term, the efficient formation of the system of tax revenue, based on a combination of principles for tax legislation of fiscal sufficiency and social justice, the strengthening of financial and budgetary control over the efficiency and effectiveness of the use of budget funds, improving the mechanism and tools to manage a state debt, development of the system of budgetary control, its methods and tools. Solving these tasks would contribute to ensuring social development.

Along with this, the development of the institutional provisions for the formation and implementation of fiscal policy implies the alignment of activities by financial and budgetary institutions that arose evolutionarily and formed a budget space. When assessing the effectiveness of institutional support in the public sector, it is important to consider interactions between components of the institutional environment; to ensure coordination and adequacy of budget regulatory measures to the changes in economic environment; as well as transparency in the formation and implementation of state and local budgets; to enhance the level of responsibility of state and local governments to achieve the stated objectives. It is expedient to note that the level of effectiveness of institutional support for the development of budgetary relations is interconnected with the dynamics of transformation of economic processes.

When substantiating the priority tasks on fiscal policy and the ways of their implementation, it is important to take into consideration globalization processes, to assess their impact on the robustness and stability of components of the system of public finance, including taking into consideration world tendencies of the institutional transformations in the budget environment. Along with this, modern conditions necessitate the use of effective tools of fiscal policy that will make it possible to properly respond to the changing socio-demographic trends in the development of society, the cyclic character and dynamism of economic transformations, while maintaining the appropriate indicators of sustainability and stability of the budget system.

Achieving strategic objectives in the socio-economic development of the country depends on the degree to which budget policy accounts for trends in the development of institutional environment of the financial and fiscal space, dynamics of social development. Increasing the effectiveness of fiscal policy and its relationships with financial institutions at the present

stage of development of the system of public finance predetermines the need for deepening the studies into budget architectonics, for development of the concept of its institutionalization based on the substantiation of optimal interrelations among budgetary, tax, social, monetary and government debt components, which define the budget space. Enhancing the level of substantiation of the tax burden implies analysis of the uniformity and proportionality of its distribution in the regional context, the evaluation of a possible change in the level of the tax burden depending on the effects of exogenous and endogenous factors. Important in this case is the reliability of the forecasts of macroeconomic parameters, assessment of the probability of their changing, reasonable forward-looking financial and economic indicators.

Taking rational management decisions on the use of budgetary funds is advisable based on the results of monitoring and evaluation of the effectiveness and efficiency of budget programs taking into consideration the extent to which they are substantiated on the basis of strategic modelling of socio-economic processes, the medium-term planning for the financial security of budget institutions. An important task is to improve the instruments of the state financial auditing and control over budget process by running a systematic analysis and assessment of management of financial resources and assets of the state; to form a balanced structure of state financial audit bodies, taking into consideration the clear delineation of their authority and effective interaction. Of increasing importance is the improvement of a system of medium- and long-term budget projections, which provide an opportunity to make informed, rational decisions, to assess their effects in the future. The achievement of the strategic objectives of fiscal policy will be contributed to by developing the toolset to estimate and monitor budget programs that would make it possible to ensure the relationship between achieved results and the volume of budget funds used, to identify factors that provide the possibility to execute a budget program at the required level and ensure the achievement of planned effective indicators, to substantiate directions for improving the efficiency of decision making by bodies of the public administration aimed to ensure the efficiency and effectiveness of the use of budget funds.

We hope that the research undertaken in this monograph will be useful both for the development of scientific thought, as well as practical application, will have a further effect on the robustness and stability of the system of state finances and the development of societal relations.