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BUDGET ISSUES OF STATE ECONOMIC SECURITY

The article investigates the role of economic security in the budget sector within the system of state economic security. The definition of "economic security in the budget sector" phenomenon was logically analyzed; the notions of absolute and relative economic security in the budget sector were distinguished; the element structure of categories has been indentified.

Keywords: economic security of budget sector; relative economic security of budget sector; absolute economic security of budget sector; budget dangers and threats.

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БЮДЖЕТНІ АСПЕКТИ ЕКОНОМІЧНОЇ БЕЗПЕКИ ДЕРЖАВИ

У статті досліджено місце і роль економічної безпеки в бюджетній сфері в системі економічної безпеки держави. Здійснено логічний аналіз визначення поняття «економічна безпека бюджетної сфери», розмежовано поняття «абсолютна і відносна економічна безпека в бюджетній сфері» і виявлено елементну структуру категорій.

Ключові слова: економічна безпека бюджетної сфери, відносна економічна безпека бюджетної сфери, абсолютна економічна безпека бюджетної сфери, бюджетна небезпека, загрози.

Рис. 2. Літ. 11.

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БЮДЖЕТНЫЕ АСПЕКТЫ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ ГОСУДАРСТВА

В статье исследованы место и роль экономической безопасности в бюджетной сфере в системе экономической безопасности государства. Проведен логический анализ определения понятия «экономическая безопасность бюджетной сферы», разделены понятия «абсолютная и относительная экономическая безопасность в бюджетной сфере» и определена элементная структура категорий.

Ключевые слова: экономическая безопасность бюджетной сферы, относительная экономическая безопасность бюджетной сферы, абсолютная экономическая безопасность бюджетной сферы, бюджетная опасность, угрозы.

Introduction. Budget constituent is of paramount importance in state economic security. It is stipulated by the role of state and local finances: budget is the material basis for an activity. There are no other monetary funds being able to perform the budget functions. Budget indices are the key ones in the evaluation of the general state of national economy; expending profits and increasing cost efficiency are the consequences of successful state development. Therefore, budget issues of economic security refer to the financial sector that require special attention.

The investigation of importance, role and place of economic security in the budget sector of national security made the disintegrating processes of a theory to become an adequate response to the investigation system of economic security problems. Financial constituent of economic security has become one of the key directions of economic science development, since the financial system development is rather problematic; and it is the financial system being the key factor of economic threats to security. The constructive character of simultaneous consideration of all

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financial security aspects is impossible for the reasons of their diversity. Profound investigations within certain areas of financial security stipulated new theory directions; economic security in the budget area is among them.

Latest research and publications analysis. Economic security in finance and budgeting was investigated by O.I. Baranovskyi (1999), M.M. Yermoshenko (2001), V.I. Muntian (1999) and others. However, the budget aspects of state economic security in contemporary science are not considered directly, within wider directions, as a rule, (i.e. national security, state finance etc.) being the consequence of insufficient research of certain categories; that stipulated the topicality and objective need for further consideration of budget aspects within the state economic security.

The object of the research is the economic security of the budget sector.

The goal of the article is to determine the peculiarities of economic security of budgeting within the system of state economic security.

The methods for the research are the abstract and comparative analyses.

Key research findings. Considering the budget aspects of state economic security we should mention the lack of the term "economic security in the budget sector" in academic literature and regulatory sources; however, the identical concept of "budget security" has been introduced for scientific use without its precise and comprehensive definition. It is stipulated by the fact that the term of "budget security" has entered the concept-category toolkit of economic science quite recently, being little known in the context of security. Therefore, to form the concept definition of "economic security in the budget sector" we should consider the concept-category toolkit of budget security.

Interpreting the issues of financial security, M.M. Yermoshenko (2001) points out to the direct dependence between the state finance security level and the implementation status of the state and consolidated budget (Baranovskyi, 1999: 166), thus, stressing the importance of budget security. V.I. Muntian (1999) considers the budget to be an important tool of state management of socioeconomic processes; and its imbalance is the main destabilizing factor of the financial crisis. V. Shlemko and I. Binko (1997) stress the importance of budget in state development, too.

These facts indicate the importance of budget security for socioeconomic development of a state. The generalized approaches to the notion definition of "budget security" should be considered in this direction.

The notion of budget security is defined on the official level in the Methods of calculating the Ukraine's economic security level by the Ministry of Economic Development and Trade of Ukraine, in particular, where its content is discovered as a status of providing the state solvency according to the income and expenditures balance of the state and local budgets and the efficiency of the budget funds use (Shlemko and Binko, 1997).

Based on the research results, O.I. Baranovskyi (2004) concludes that this category characterizes the status of providing the state solvency (budget potential level) as to the implementation of its functions considering the income and expenditures balance of the state and local budgets, and expediency, lawfulness and efficiency of budget fund use at all levels paying attention to the importance of ensuring the normal functioning of the state.

Referring to the theoretical and methodological fundamentals of budget security, the works of A.I. Suhorukov (2005) should be distinguished, since he interprets the budget security as the ability of budget system to secure financial independence of a state and efficient use of budget funds while implementing the functions of social protection; state management and international activity; financing of science, education, culture and healthcare; providing the national security and defense; implementation of investment and ecological policies; stressing the determining role of budget system in state development.

The interpretation of essential characteristics of budget security by V.I. Ospishcheva (2008) consists in the ability of budget system to provide the state solvency while balancing income and expenditures and efficient use of budget funds, implementing the functions of state regulation of economic development, the realization of social policy, as well as the maintenance of governance and the national security insurance.

In general, the state budget security is based on budget size, GDP distribution level through budget, budget deficit size, character and level, its financing methods, budget financing volumes, budget creation process, timely adoption and the character of cash budget execution and the budget discipline level.

The level of state budget security is considered to be inversely proportional to the magnitude of the budget deficit. Herewith, the deficit is one of the most important factors that might be a threat for not only the budget but the state finance security in general. After Ukraine has started cooperation with the IMF and the International Reconstruction and Development Bank, the state budget deficit became fixed officially and in such a form as in most countries, where the sources of its covering are determined (Piskunova, 2008).

Below are the shortcomings of these definitions:

- Budget system is the object of security in these definitions. We argue that the consideration of budget security as the security of only the budget system restricts the problem study by making it rather static and does not deal with the threats for budget mechanism and process during their realization and the relations between the items of the budget system. As a result, a number of phenomena leading to destructive processes in budgeting is excluded unreasonably.

- The properties of budget system like balance, efficiency, high level of assets liquidity, the availability of cash and currency reserves etc. are the components of budget security. This hard restriction of the characteristic features of the system secure status does not promote the objective character of the definition. Moreover, a surplus (a feature of an unbalanced budget) is known to have positive influence on the increase of budget stability in certain cases; and excess "conservation" of funds in the form of infinite expansion of reserves will have a negative effect on the whole economy. We consider that a number of other more significant properties can be highlighted.

- In the definitions there is a list of goals to be achieved in the cases of real availability of budget security properties, such as: efficient use of budget funds at all levels; efficient state management and the protection of economic interests, the insurance of solvency, economic stability, steady economic growth, and meeting the social needs. It is the efficient management that would protect economic interests, economic stability, steady economic growth and meeting the social needs.

A number of questions follow the above mentioned facts: What does the term "economic security in the budget sector" mean? What are its object and subject? What are the characteristic features of this phenomenon? What is the way to achieve the budget security?

Thus, we consider economic security in budgeting to be a status of the budget system and the budget process that ensures the maintenance of personal, societal and state interests in the budget area without real threats and with timely predicting and decreasing potential threats.

The definition is focused on the two aspects of security:

- the realization of interests is the primary task of any security system (in other case it loses the sense of organization and functioning);
- the lack of threats is the main condition of security.

Economic security in budgeting is obviously a guide in solving the issues of increasing steadiness and reliability of the budget system and process, which shows the ways of achieving efficient implementation of budget functions.

The closest situation to reality is the situation with the minimum elements of threats and threat factors in the budget system and its environment. This is the case of "budget danger". The definition takes another form and the term changes. Therefore, we consider a budget danger to be a status of the budget system and process which is characterized by real and potential threats; the interests of participants sphere are implemented partially.

The complete absence of threats is impossible. To get rid of threats is not real under the conditions of market unpredictability and other events (political, social, natural, technogenic) that have significant influence on the state budget in one way or another. Therefore, the term "economic security of the budget sector" as the lack of threats and complete implementation of interests should be called more appropriately "absolute economic security of the budget sector" and the term "budget danger" should be considered equal to the category of "relative economic security in the budget sector".

It should be noted that defining the term "relative economic security of the budget sector" there can be distinguished three components characterizing the three phases or states of the budget system and process; they are: the "crisis" phase, "stabilization" phase and the "development" phase. Thus, relative economic security is the status of budget system and the process characterized by the three forms:

- in the "crisis" phase – the ability to minimize losses, to overcome crisis factors, to use efficiently preconditions (mechanisms) formed beforehand for the system survival and solution to the crisis;
- in the "stabilization" phase – the implementation of budget interests (mainly of stabilizing character) under the conditions of permanent reduction of real threats, prediction and warning of potential threats, achieving minimally sufficient effectiveness of the system functioning, prevention and strengthening of the system "immunity" to destabilizing factors, formation and development of stabilizers;
- in the "development" phase – complete implementation of budget sphere interests in the conditions of minimal impact of real threats and timely prevention of possible threats, as well as achieving the maximally efficient functioning of all system elements with steady and relatively easy resistance to threats.

The second part is the fundamental definition of state development; it is basic and is considered as a primary methodological guide for further specification concept-category toolkit.

The main constituents of the security mechanisms like interests, threats and stabilizers are focused on the definition of the "relative economic security of the budget sector". The determination of national economic interests is of paramount importance in creating and ensuring the economic security system. Since the development of effective means for their implementation and defense depends on it, the development of concepts and strategies for providing economic security is always based on long-term national economic interests (Suhorukov, 2005).

Thus, the main idea of security, the implementation of interests, is reflected in the concept. According to M.M. Yermoshenko's approach (2001) to the definition of the state financial interests one should affirm that they are not in controversy to the state financial security, therefore, they are inseparable and are the development sources for the state financial sphere at the same time.

National economic interests are vital material and intellectual values, determining the needs of society and state, the implementation of which provides the economic sovereignty of the state, its independence in developing the economic policy and implementing management decisions, national economic strength, its reproduction and progressive development.

N.M. Yatsenko (2008) interprets the national economic interests as the complex of objective needs of a country, meeting of which provides its effective functioning and steady development of finance and credit sphere.

The government authorities should define the national economic interests; investigate their interaction, priority correlation for the implementation of analytical and forecast activities.

Budget interests are considered to be the needs of perfect and efficient budget system in the following status: non-deficit, the balance of income and expenditure structure, the lack of debt loading, the efficiency of budget process, the prolongation of budget period, the application of efficiency audit, the rationality of reserve replenishment, the satisfaction of society's needs, self-sufficiency, independence, ability to expand etc.

The second idea of security is the decrease of danger level through the reduction of real threats, prediction and warning of potential threats. The development of program for primary and long-term measures of economic security and practical advance should be based on clear understanding of threats to economic security. The threats to economic security in the budget sector are the complex of available and potential phenomena and factors creating danger for the implementation of national interests in budgeting. The efficient mechanism for determining the threats to national interests which create direct dangers for the budget system and break the process of social reproduction is needed for the creation of a reliable system ensuring the economic security in the budget sector. Continuous monitoring and defining the main threats to economic security facilitate its maintenance on the proper level and give the possibility to develop and realize practical measures as to decreasing the negative influence of threats or their complete elimination in time.

The third aspect which is not always considered in the definition of "economic", "finance" and "budget security", however, playing an important role, is the creation of additional mechanisms for the protection and implementation of interests, the so called security system stabilizers.

Economic security in the budget sector in the system of national security is a structural element of the fourth level of national security.

Most scientists' works stress that all the aspects of the national security are in correlation and interdependence with each other. Economic security has a specific role in the budget sector since there is no aspect of state national security that would directly depend on the level of budget system security. At the same time the level of economic security in the budget sector depends on the level of other aspects of national security to a large extent. Thus, the double nature of economic security in the budget sector is found.

The consideration of interrelations and interdependence between the economic security and other aspects of national security is the basis for finding measures to prevent and overcome the threats to state national interests in the budget sector. Dependent relationship of all the elements of national security from its finance-budget constituent is very simple: the lack of financial funds leads to underfunding the most urgent needs in different areas – in economics, social provision, military and law activities, healthcare and education, thereby causing serious threats in these sectors.

Thus, the main role played by the economic security system in the budget sector is the material (financial) provision of strengthening the national security without any exception: defensive, ecological, informative, demographic, economic, political, social and energy ones. In other words, economic security in the budget sphere is the basic constituent of the whole system of state and region security; refusal to provide it will lead to the collapse of the system of providing the state security as a whole.

The contents of economic security in the budget sector is revealed in its nature as a system category. The systematic character presupposes the presence of a subject, object, and relations of a certain type between them, the so called the intersystem ties. An actual issue is the design of absolute economic security system in the budget sector, as well as the relative economic security. Their distinctive features are the absence of "threat" element (in the former case) and the availability of individuals generating the threat factors (in the latter one). We introduce new terms without which the consideration of systems is impossible; they are "holder of interests" and "holder of threats". Therefore, the security system can be presented in the structural aspect as follows (Figure 1).

The system covers the two main elements: system subject and object. The subject of a system is presented by the holders of interests. In this case the interests being the primary element of "security" category cannot be available and implemented without its subject or holder. The interests are determined, changed and implemented with their assistance. The interests belong to their subject. It means that if a subject is absent, there are no interests. The holders in the budget sector are the representatives of the 4 consolidated groups:

- the first level of security is the state;

- the second level of security is the society;
- the third level of security is entities (budgetary, commercial and non-commercial organizations);
- the fourth level is represented by individuals.

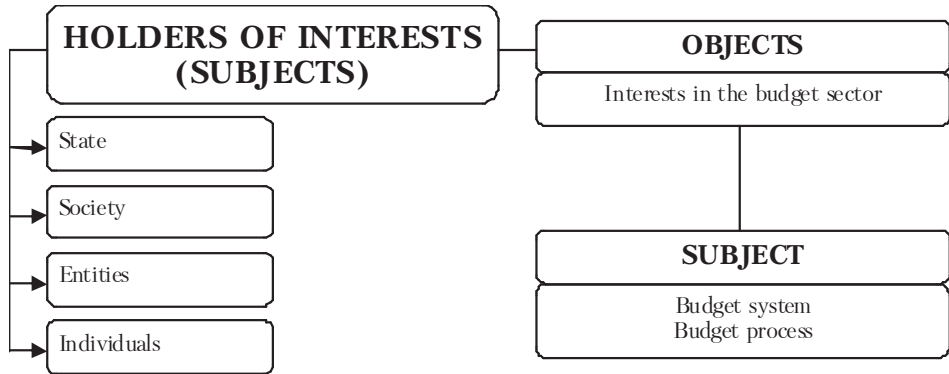


Figure 1. The System of Absolute Economic Security in the Budget Sector, author's development

Security object is the system of interests in the budget sector. Their protection and implementation is the goal of the security system. The external expression of interests system is the implementation of interests represented by the budget system and budget process.

The essence of subject-object relations is in the impact of a system subject on its object with determining interests and their implementation in life and in the availability of inter-subject parity connections. The character of subject-object and subject-subject relations has a number of peculiarities:

- certain number of system subjects may be or are the elements of the system object; e.g. a budget institution as a holder of interests of an entity group is an obvious element of the budget system of a budget receiver group;
- high dynamics level of intersubject relations stipulated by variability of interests and competitive struggle for priority of interest implementation of one group under the conditions of comparing interests of other groups. The relation dynamics may have a positive focus – on cooperation and consolidation of subject potential; and negative one – the contradiction of interests and intersubject struggle.

The structural aspect of relative economic security system in the budget sector differs somewhat from the represented above and suggests an additional element (Figure 2).

The system includes an additional element as subject 2 of "threat holders" being a source of negative factors which, actually, create the danger of primary absolute system functioning. Therefore, such elements decomposition is called budget security system or relative economic security system in the budget sector. Threat holders are structured in 5 groups: state or state group; society; entities; individuals; nature and technology (Yazenko, 2008).

While investigating the character of interstructural connections one can distinguish the two subsystems of subject-object interaction: subject 1 – object; subject 2 –

object. Their content is antithetic. A subject realizes or tries to realize its interests in the first case. A subject prevents the realization of a subject's interest in the second case; and thus realizing its own anti-interests in the budget sector (Yazenko, 2008). The character of relations is presented in Figure 2. One can distinguish "floating" misbalance" among the peculiarities of relative economic security system in the budget sector: in favour of interest holders – with higher degree of interest implementation; towards threat holders – with higher realization of anti-interests.

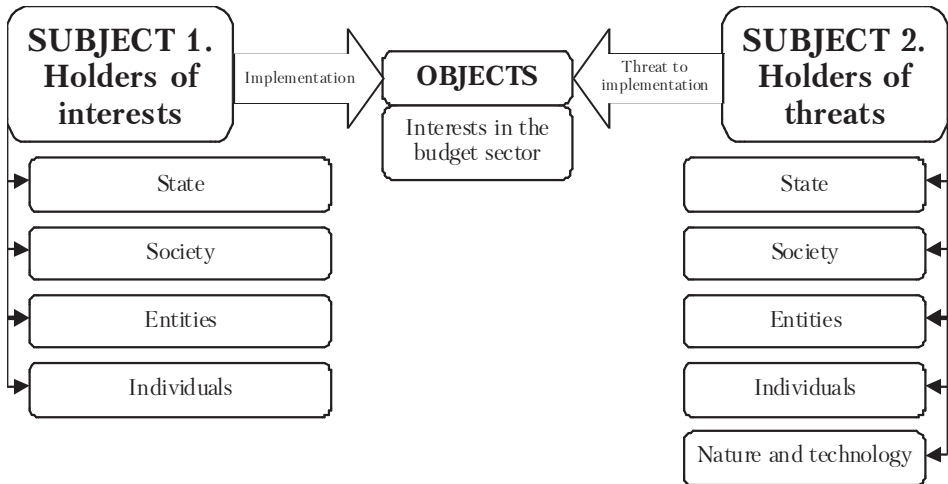


Figure 2. The System of Relative Economic Security in the Budget Sector, authors' development

Conclusions. The analysis of the current approaches to the determination of "economic security in the budget sector" shows that the budget issues of economic security in contemporary science are not considered directly; there is no "economic security in the budget sector" notion in academic literature and normative sources; identical notion of "budget security" was introduced. The author's definition of economic security in the budget sector is given. Two aspects of security are specified in the definition: the realization of interest is a primary task of any security system (it loses its own sense of organization and functioning in other case); the absence of threats is the main condition for security.

The definition of "economic security in the budget sector" category made it possible to determine the "relative economic security in the budget sector" characterized by the three forms: in the "crisis" phase – the ability to minimize losses, to overcome the crisis factors, to use efficiently preconditions for the system survival and crisis solution formed beforehand; in the "stabilization" phase – the realization of budget interest mainly of stabilizing direction, in the conditions of permanent reduction of real threats, the prediction and prevention of potential threats, the achievement of minimal efficiency of the system functioning, prevention and strengthening of the system resistance to destabilizing factors, the formation and development of stabilizers; in the "development" phase – complete realization of budget sphere interests under the conditions of minimal impact of real threats and timely prevention of possible threats as well as the achievement of maximum efficiency of all system elements

with steady and easy resistance to threats. "Relative economic security in the budget sector" term was determined with the focus on the main constituents of security mechanism: interest, threats, and stabilizers.

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КНИЖКОВИЙ СВІТ



СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА
ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД
НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ

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Організаційно-економічні аспекти інноваційного оновлення національного господарства: Наук. монографія / М.М. Єрмошенко, С.А. Єрохін, В.М. Шандра, О.І. Гуменюк та інші; За наук. ред. д.е.н., проф. М.М. Єрмошенка і д.е.н., проф. С.А. Єрохіна. – К.: Національна академія управління, 2008. – 216 с. Ціна без доставки – 22 грн.

У монографії проаналізовано стан технологічного оновлення національної економіки на інноваційних засадах, виявлено позитивні сторони і недоліки цього процесу і розроблено організаційно-економічні основи формування механізму інноваційного оновлення економіки України, її окремих галузей та підприємств.