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GLOBAL PROBLEMS OF FINANCING VARIOUS SECTORS OF ECONOMIC AND THE RISKS RELATED WITH THEM

Проаналізовано соціально-політичнуу сферу України, Польщі та Італії. Виявлені загальні проблеми в цьому секторі економіки та ризики, пов'язані з ним. Було досліджено рівень безробіття в кожній країні. Розглянуті основні проблеми в державних фінансах. Проведений аналіз показав високу енергетичну залежність в більшості країн.
Ключові слова: фінансова стійкість, старіння нації, дефіцит бюджету, рівень безробіття, інвестиційна привабливість.

Проанализировано социально-политическую сферу Украины, Польши и Италии. Выявлены основные проблемы в этом секторе экономики и связанные с ним риски. Исследован уровень безработицы в каждой стране, рассмотрены основные проблемы в области государственных финансов. Проведенный анализ показал высокую энергетическую зависимость в этих странах.
Ключевые слова: финансовая стойкость, старение нации, дефицит бюджета, уровень безработицы, инвестиционная привлекательность.

The social-political domain of Ukraine, Poland and Italy was analyzed. Discovered common problems in this sector of economic and risks related with it. Unemployment rate of each country was explored. The main problems in Public Finance was indicated. The analysis showed high dependence on import of energy in most countries.
Keywords: financial stability, the aging of the nation, the budget def\'icit, the level of unemployment, investment attractiveness.

In the current context of globalization and integration of economic and social processes that occur in each country and the whole world, important place acquires the prevention of risks faced by the country.

Operation of each country can be divided into several sectors, such as socio-political, economic, foreign trade, financial stability and real estate, public finance sector, energy sector and environmental sector.

Economics is designed to ensure the prosperity of the nation and its welfare as social and political sphere has a special and fundamental importance, since it is the basis for the existence of all other areas of the country.

Economic activity ensures the formation of resources used to finance social and political sphere. In addition importance is attributed to external economic relations of the state as modern integration and globalization processes not put the state in dependence from each other and from the socio-economic trends taking place in these countries.

Financial stability is the key to the country's economy, so its figures are important in the context of cooperation between different countries. Also, important are the public finances that are a source of resources for the state of its functions, maintaining the required level of life and further development.

Another significant sector of the economy are energy and environment as for economic development and manufacture of required energy storage, although it affects the environment of the country.

The most fully the these issues covered in the works of G. Alpatova and L. Krasinova, A. Zaman and other scientists, but in the context of the latest events this topic becomes particularly relevant.

Presentation of the main material. **Ukraine** has high levels of corruption and excessive government regulation of the economy are the obstacle to investment. Corruption and inefficiency of the government – thwarted an attempt to transform Ukraine into a fully democratic state and the transition to a liberal economy. The state has a significant share in key sectors, such as, for example, banking and energy. In addition, officials have personal interests in sectors of national importance, which prevents external investment and transparency in these sectors. In 2010, Ukraine was ranked 160 among 183 countries in economic freedom [1].

Reduces the number of working population is aging nation, and thus increases the pressure on the social security system. In 2010, the population over 65 years was 22.4%, and predicted to reach 26.0% in 2020. Accordingly, the pension liabilities in 2010 amounted to 17.0% of Gross domestic product (GDP), and tend to increase unless there is a reform. Lack of social security reform raises the risk of high public debt. The average age of male life expectancy is 36.6 years to 15.7% less than the average age of women's lives. In 2010, the unemployment rate was 8.1% among women and 9.0% among men.

In **Poland** the unemployment rate in 2010 was 9.6% in 2011 – 9.0%. Women's unemployment among is 10.0% in 2010. In 2010 worked only 56.8% of women that strengthens the shortage of skilled labor due to a large migration. Number of men in 2010 was 69.9%. Such a low percentage of women associated with conservative views on the role of women in society.

There is considerable income inequality among the population of Poland.

Coefficient Gini (G)for incomes in Poland amounted to 25.1% in 1990 and gradually increased to 36.2% in 2010. (The extreme limits of the coefficient of 0% characterizes the absolute equality of income, 100% – absolute income inequality (one person earns all the income). However, increasing the Gini coefficient does not lead to social tensions, Polish society is stable [2].

In Poland the significant costs of social security, due to the aging population. To Poland comes a lot of low skilled immigrants, usually from Asian countries, which leads to lack of staff.

In **Italy**, according to Transparency International's 2010 corruption perceptions index is one of the most corrupt countries in Europe. Regional and gender disparities are huge, with fewer than half of working-age women enrolled in the labour force in 2010. The proportion of foreign-born residents has increased tenfold in the years 1990-2010, and the country has seen racial violence. In the decade 2000-2010, GDP per capita increased only marginally. Italy's exports have led the modest recovery of 1.3% real GDP growth in 2010, and are expected to underpin the 1.1% growth rate that is forecasted for 2011 [3].

In Italy ranks third among countries with the oldest population. The share of population over 65 years in relation to the population aged 15 to 65 years in 2010 was 30.9%, in 2020 is projected at 35.9%.

Italy is 67th among 179 countries in economic freedom. Italy has many problems that hinder business activities, such as high levels of corruption, excessive intervention into economy and the complexity of the regulatory framework. On a scale that ranges from 10 ("no corruption") to 0 ("highly corrupt) in Italy 3.9 point. Corruption in the labor market contributes to older workers, leading to an outflow of young professionals.

In Italy, high income inequality. Gini index is 36.3% in 2010 (o – complete equality of income, 100 – gross income inequality). For example in France the figure is 29.4%, Spain 31.2% and 34.4% in Germany.

In Italy in 2010 occupied only 46.6% of women compared with 59.0% in the whole EU.

The overall unemployment rate increased from 7.8% in 2009 to 8.4% in 2010, but below average in the euro area, where unemployment is 10.0%. Youth unemployment, however, was at the highest level in a decade, and unemployment among people aged 15 to 24 years was 29.8% at the end of 2010 [4].

Although Italy is a democracy, but the political situation is characterized by frequent crises and government reshuffles.

The share of foreign-born residents increased from 0.7% in 1990 to 7.0% in 2010, including migrants from Eastern Europe and Africa, causing unrest and tension among the population.

After analyzing the socio-political sphere of Ukraine, Poland and Italy should be noted that one of the main problems is the aging of the nation and reduce the workforce, as it increases pressure on public finance sector and requires increased spending budget. Lack of funds to finance the pension obligations of the state is one reason debt countries tend to increase. In addition, high levels of corruption and significant intervention in the economy hinder foreign investment. State has a significant share in key industries.

There is considerable income inequality. Thus, socio-political sector needs significant reforms to reduce risks in the future, especially retirement and overcome the burden, high levels of corruption.

Economics and the external sector. The growth of **Ukraine's** economy largely depends on the level of prices and exports of goods and heavy industry. There is no effective monetary policy of Ukraine, the results of which have deteriorated under the influence of the economic crisis of 2008-2009, and led to the insolvency of the banking system.

For Ukraine, the main export goods are products of steel and raw materials. When in 2008-2010, prices for raw materials dropped, revenues from exports to Ukraine were reduced by 40.6%. In turn, the fall rate of the currency led to a massive withdrawal of bank deposits, and this undermined the liquidity of the whole financial system of Ukraine.

Till 2009, the real estate prices were very high, and the mass used loans to purchase real estate. However, in 2010 the real estate sector still remains weak, although it started a lot of new construction . The share of construction in GDP has decreased by 10%.The trade balance of Ukraine has a negative value, its deficit in 2011 amounted to 9.4% of GDP. [6].

Poland, unlike of other Eastern European countries, has managed to avoid serious consequences of the global economic crisis of 2008-2009, while avoiding the economic downturn. Real GDP grew by 1.6% in 2009 and 3.8% in 2010 to 3.8% in 2011 in real terms. GDP per capita in 2010 was 12,278 U.S. dollars, occupying the seventh place in Eastern Europe.

High levels of imports and exports of goods to compensate each other, creating an economy that has kept competitive and allowed to devalue the zloty by 25.0% against the U.S. dollar during the period 2008-2010.

In 2010, exports amounted to 34.6% of GDP, 33.0% of GDP in 2009. Trade balance, nearly balanced, although there are slight variations in the expense of imports.

The main market for Polish exports are the European Union (81.5% of total exports in 2011). In Germany accounted for 26.8% of total exports in 2011. In addition, increasing exports to China from 0.7% in 2005 to 1.1% in 2011. In 2011, exports of vehicles made up 41.7% of total exports – including motor vehicles (cars, other vehicles and their parts). In 2011 Polish exports increased by 14.0% compared with 2009.

Polish imports amounted to 16.4% of GDP in 2009 and 36.4% of GDP in 2011. As with exports, mainly imported goods originating in the EU. Imports from Germany in 2011 was 29.0%, from Italy, France, the Netherlands and the UK as a whole 19.5% of total imports. Russia is Poland's largest supplier of energy and is 8.7% of total Polish imports [7].

In **Italy** the real GDP in the 2000-2010 years on average per year grew only by 0.6%, which is one of the worst in the world.

Italy was one of the leading countries worst hit by the global economic crisis 2008-2009,

The crisis revealed the existing structural deficiencies that led to nearly ten years of very weak economic growth. The main reasons for defining inflexible labor market and low competitiveness.

Real GDP fell by 1.3% in 2008 and 5.2% in 2009, as a consequence of the fall in private consumption, investment and exports. GDP growth resumed in 2010 at 1.3%, mainly due to exports. In 2011, GDP growth is also very slow, at 1.1% in 2012 forecast to 1.3%.

Italy has a large number of trading partners, but it's mostly European countries. Because of Italy does not export essential goods is very sensitive to changes in demand in Europe.

The main categories of imports are machinery and transport equipment. Therefore, the main threat to Italy is the change in energy prices that are very important for production. Italy is one of the largest importers of energy resources in Europe. [8].

So, it should be noted that among the considered countries, the least of the consequences of the crisis of 2008-2009 hit Poland, whose economy appeared stable. Most of the crisis hit Italy since the average growth rate of GDP in Italy was 0.6% per year, which is one of the lowest in Europe. Moreover, the crisis showed the weaknesses of Italian economy, financial sector losses.

Regarding foreign trade, we can say that Ukraine is highly dependent on the prices of metallurgy, which are major export commodities.

The stability of the Polish economy is attractive to foreign investment. Moreover, Poland's foreign exchange reserves increased by 36.8% in 2010 to 100 billion. USA.

Foreign investments in the Ukrainian economy during the crisis decreased by 34.7%. High levels of corruption and no certainty of economic processes in the country makes confidence of investors law.

Foreign investment in the Italian economy is relatively stable, although not large, because Italy has a low GDP growth, which is not attractive to investors. Average volume of foreign investments in Italy is 1.4% of GDP. The only relatively stable position of Italy can determine membership in the EU, even at low gold reserves Italy isolating the country from currency volatility and risks. [9].

Public finances. **Ukrainian** Public debt increased from 12.3% of GDP in 2007 to 34.6% of GDP in 2009. And in 2010 – public debt was 38.9% of GDP.

And in 2011 State domestic debt was 12,3% of GDP, State external debt was 14,9 % of GDP and Public debt to GDP 27,2%. The budget deficit increased from 1.9% of GDP in 2007 to 6.2% in 2009. The budget deficit Ukraine in 2010 was 5.6% and in 2011 budget deficit was 8,2 billions of hryvnas. [10].

Poland In 2007 had the deficit amounted to 1.9% of GDP – 2010 – 7.9% of GDP in 2011 – 5.6% of GDP in 2012 budget deficit is projected at 3.6% of GDP. Public debt (259 billion dollars) is 55.7% of GDP in 2010 and increased by 14.9% compared to 2009.

Budget deficit in **Italy** is one of the lowest in the euro area at 4.5% of GDP in 2010, 5.3% in 2009. However in 2010 the country's public debt increased to 119% of GDP and is one of the highest in the world (in 2005 public debt was 106% of GDP). Reducing the budget deficit for 2009-2010 was due to failure of anti-crisis measures, reducing capital costs and reducing the public payroll.

Interest payments on public debt is more than 4.0% of GDP annually since 2005. This figure is unsustainable in the long run. [1].

The Italian public finances also face the burden of an aging population (increasing from 30.9% in 2010 to 35.9% in 2020), as well as associated costs. The government will have to increase revenues and/or divert spending from other areas of spending to improve health and retirement social security.

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So, Ukraine has the lowest percentage of the public debt to GDP. It should be noted that the main threat of increasing of public debt for Ukraine is to increasing the number of pensioners as pension liabilities in 2010 amounted to 17.0% of GDP and tend to increase.

Poland's budget deficit is 7.9% of GDP in 2010, despite the fact that public debt is 55.7% of GDP. It should be noted that in comparison with the Ukraine and Poland, Italy's budget deficit is not significant and in 2010 is 4.5% of GDP, but public debt in Italy is too large, amounting to 119.0% of GDP in 2010.

All those countries have the problem of aging population is a significant risk to public finances in terms of increased spending on social security and, thereby, increase the budget deficit and public debt to finance this deficit.

Next very important problem, that has each of the countries dependent on imported energy. Ukraine depends on imports of Russian gas, even in spite of their own deposits of gas. Ukrainian production is not efficient use of energy. In addition, the government subsidizes the oil and gas, which leads to low prices for these energy you thus reducing the incentive to use more energy-efficient production.

Poland is also dependent on Russian gas imports. However, Poland has its own coal, which is a major energy used for Polish production.

Italy is also almost entirely dependent on energy imports. In Italy, only 6.6% for own renewable energy.

Conclusion. According to the analytical review:

• each of the the countries facing the problem of aging of the nation, increasing pressure on the pension system, causing a threat to growth in spending, and thus a prerequisite for increasing the budget deficit and national debt. In Ukraine, pension liabilities in 2010 amounted to 17% of GDP. It should be noted that among the considered countries, Ukraine has the lowest percentage of the public debt to GDP. Poland's budget deficit is 7.9% of GDP in 2010, despite the fact that public debt is 55.7% of GDP. For comparison, the budget deficit Ukraine in 2010 was 5.6% and public debt 38.9% of GDP. Compared with Ukraine and Poland, Italy's budget deficit is not significant and in 2010 is 4.5% of GDP, but public debt in Italy is too large, amounting to 119.0% of GDP in 2010.

• the unemployment rate in 2010 in Ukraine was 9.0%, Poland – 9.6%, Italy – 8.4%, for comparison, the average euro area, the figure in 2010 was 10.0%. A significant level of corruption in the labor market prevents the access of young professionals in high positions that cause the outflow of specialists from these countries to other countries. I State has a significant share in key industries. Thus, only the Polish economy is attractive to investors because Poland has maintained its economic stability even in times of crisis.

• There is considerable income inequality in all countries considered. According to the Gini coefficient(G), which reflects the equality of income and has a value of 0% (absolute income equality) to 100% (income inequality), Poland in 2010 is 36.2%, for Italy – 36.3%. For comparison, in France the figure is 29.4%, Spain 31.2% and 34.4% in Germany.

• In terms of economic freedom, Poland is 68 among 179 countries, Italy – 67 place. For example, Germany for 23 place, the Czech Republic – 28, Slovakia 37. Ukraine, while 103 took place in economic freedom.

• The Ukrainian economy is highly dependent on exports, which in 2010 amounted to 36.1% of GDP. The main export categories are products of steel, steel products, which accounted for 12.9% of exports in 2010. Ukraine has a negative value balance of payments deficit which in 2010 amounted to 9.4% of GDP. The development of Ukrainian economy depends on world prices for steel products, which is a significant threat.

• The largest growth rate of GDP can see in the Polish economy (3.8%), for Italy – 1.3%, Ukraine has decreased by 3.7%.

• Each of this countries dependent on import and imported energy.

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