

JEL CLASSIFICATION: H63

## SOCIO-ECONOMIC IMPACT OF CURRENT DEBT POLICY IN UKRAINE

**Ihor I. KOBLYK**

*Senior lecturer of the department of Economics and Enterprise of Lviv branch PHEI "EuropeanUniversity"*

*Summary. Analyzed the social and economic impact of debt policy, which is calculated on the basis of statistical data using correlation – regression*

*modeling. In the study revealed positive and negative effects of debt policy on macroeconomic and macro-financial sphere of the state.*

**Key words:** *debt policy, government borrowing, government debt.*

In the article considered the main economic and social implications of debt policy in Ukraine are considered. The whose significance of their influence isare represented using equations of correlation and regression modeling supported by theoretical and statistical data.

The article contains eleven correlation-regression models, namely: “effect of crowding out on private investment”; “effect crowding out the interest rate”; “effect of crowding out on private investment due to reduced volumes of credit resources”; the impact of the government domestic borrowing on inflation; “the effect of net export”; the impact of the exchange rate on the trade balance; the impact of external borrowing on GDP; impact of external borrowings on investment; the impact of external borrowing on nominal income; the impact of foreign borrowing on savings; the impact of public debt on unemployment rate. These models examine the influence of many factors on economic and social indicators; however the focus of the study is placed on the effects of external and domestic borrowing and public debt on these indicators.

In the study positive and negative effects of the components of debt policy on macroeconomic and macro-financial spheres of the country are revealed.

Based on the conducted research, the recommendations for optimization of the debt policy are proposed. Consequently, the important remark is provided, namely that the government needs to take into account the budgetary, economic and social consequences that can occur upon borrowing on domestic and foreign financial markets and servicing debt liabilities. The key directions of suggested optimization strategies for the debt policy are the following ones: taking into consideration ways of implementation of monetary and fiscal policies; creation of programs for allocating borrowed funds to investment purposes; optimization of the government debt securities portfolio structure with respect to currencies, interest rates and places of the debt capital allocation; minimization of the borrowing costs; risks reduction and improvement of the sovereign credit ratings of Ukraine; increase in demand for government debt securities by increasing their level of liquidity.

### References

1. Kucher H. and Kalytchuk V. (2007) *Vplyv derzhavnoho borhu na ekonomichne stanovyshche v Ukraini* [The impact of public debt on economic situation in Ukraine]. *Visnyk KNTEU*. Retrieved from <http://www.publicdebt.in.ua/golovna/01> (Accessed 4 July 2014).

2. Bashko V. J. *Efekt vytisnennia: analiz prychnynno-naslidkovykh zviazkiv* [The effect of crowding; analysis of causation]. The official site of Institute of Economics and Forecasting of National Sciences

Ukraine Academy. Retrieved from [http://www.ief.org.ua/Arjiv\\_EP/Bashko408.pdf](http://www.ief.org.ua/Arjiv_EP/Bashko408.pdf) (Accessed 10 June 2014).

3. *Ofitsiynyi sait Derzhavnoi sluzhby statystyky Ukrainy* [The official site of the State Statistics Service of Ukraine]. Retrieved from <http://ukrstat.gov.ua> (Accessed 1 July 2014).

4. *Ofitsiynyi sait Natsionalnoho banku Ukrainy* [The official site of the National Bank of Ukraine]. Retrieved from <http://www.bank.gov.ua> (Accessed

20 July 2014).

5. Ofitsiynyi sait Ministerstva finansiv Ukrainy [The official site of The Ministry of Finance of Ukraine]. Retrieved from <http://www.bank.gov.ua> (Accessed 2 July 2014).

6. Ofitsiynyi sait Derzhavnoi kaznacheiskoi sluzhby Ukrainy [The official site of the Treasury of Ukraine]. Retrieved from <http://treasury.gov.ua> (Accessed 12 Juny 2014).

7. Vakhnenko T. P. (2000) Derzhavnyi borh Ukrainy ta yoho ekonomichni naslidky [Public debt of Ukraine and its economic consequences]. Alterpres, 152.

8. Kalytchuk V. M. Vplyv derzhavnoho borhu na ekonomichne stanovyshe v Ukrayini [The impact of public debt on economic situation in Ukraine]. Retrieved from <https://sites.google.com/site/debtrm/golovna/00> (Accessed 5 May 2014).

9. Harbar Zh. V., Hubanova L. I., Prutska O. O., Somchenkov O. A., Rudenko V. V. (2010), Upravlinnia derzhavnym borhom [Public Debt Management].

10. Podatkovyi kodeks Ukrainy [Tax Code of Ukraine of 02.12.2010 № 2755-VI]. Retrieved from <http://zakon4.rada.gov.ua/laws/show/2404-17> (Accessed 12 May 2014).