

Dynamics of expenses of local budgets of Donetsk region on other purposes, except social, are presented at fig. 3.

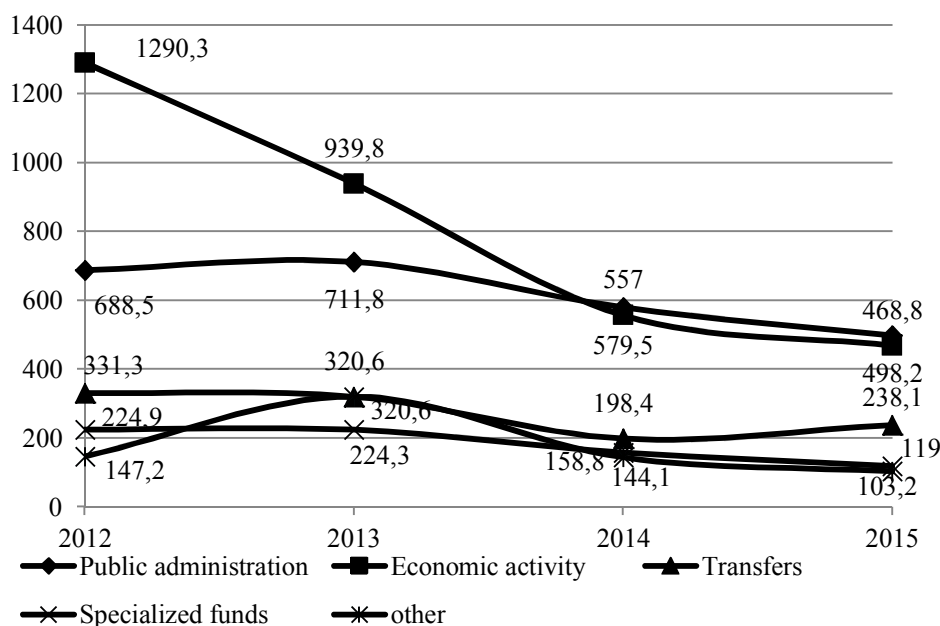


Fig. 3. Dynamics of expenses of local budgets of Donetsk region on other purposes, except social, in 2012-2015, millions UAH

Sharp reduction of costs of economic activity is noted, especially on construction (-72%), on transport (-50%). On this background growth of costs on agriculture development by 7,4 times is imperceptible.

It is important that budget expenses per 1 person are also reduced: in 2012 they made 4979,6 UAH (623.2 USD), and in 2015 - 3235,0 UAH (148.1 USD). In a section of separate articles this indicator has decreased by a half and more (economic activity, cultural and physical development), for 42% - housing and public utilities, for 37% - education and health care

Thus, the share of local budgets in financing of socially important expenses increases, and the share of local budgets in structure of all expenses of the consolidated budget decreases. From here it is possible to tell with full confidence that the proclaimed decentralization of the budgetary system in Ukraine actually is substituted for transposition of social costs onto local budgets without formation of sufficient revenue base of their implementation. Besides, that part of resources of local budgets which can be directed to stimulation of economic growth decreases. The situation should be corrected as regarding fixing to local budgets of tax revenues, regarding control of their execution and regarding control of special-purpose character and efficiency of the budgetary expenses.

Alona Revko, PhD in Economics,

Honorary Research Fellow Fil. Dr. Jan-U. Sandal Institute, Finstadjordet, Norway

Chernihiv National University of Technology, Chernihiv, Ukraine

INVESTMENT POTENTIAL OF HOUSEHOLDS IN THE REGIONS OF UKRAINE IN THE CONTEXT OF EUROPEAN INTEGRATION PROCESSES

Financial activities and, consequently, the amount of available investment potential of the population, which can be considered as an important source of human development, depends on what amount of financial resources remains at the disposal of households after satisfaction of their basic needs.

The investment potential of the population is available financial resources of households (first of all savings) that can be transformed into investment resources. It should be taken into account that essential condition is wants and willingness of the population to invest.

Many factors affect the propensity of the population to save. It lies in the ratio between income, expenditure, consumption and savings.

The five main problems impeding the development of the investment potential of the population can be identified in Ukraine today. They are the following:

- 1) lack of domestic investment resources in the households;
- 2) retarded the development of the securities market;
- 3) an insufficient level of coverage of the population financial services;
- 4) low level of population's confidence to financial and banking system;
- 5) significant scale of stratification of the population by the level of current income.

The economic crisis has exacerbated the sharpness of the problems mentioned above. Today, without their solutions we cannot talk about human development and modernization of the economy at all [1, p. 209-210].

In the conditions of new quality of human development in the region, based on the needs of the innovation economy, the money income of households as the basic investment resources should be considered in two-component measurement:

- Firstly, as one that provides simple reproduction (the expenditures of food, clothing, shelter, safety, i.e. for satisfaction of basic needs of life);
- Secondly, the ability to serve as a measure of investment in human development.

Nowadays, discussion about the role of wages in the country economy are becoming more and more important. At the national level the final result of increasing or decreasing wages depends on the direction and relative magnitude its impact on the consumption and investment of the households. In the euro zone wages play a crucial role as a crucial component of the overall strategy to combat poverty and inequality. Therefore, wages are the reflection of the living standards and welfare of the population.

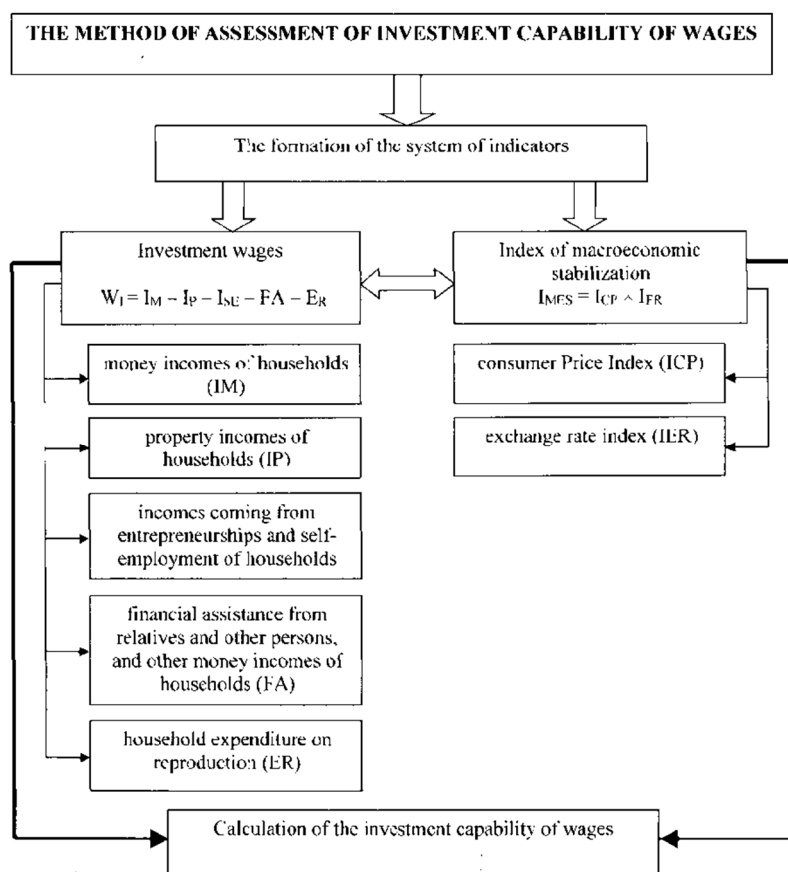
According to it, the main measure of investment potential of the population, in our opinion, is wages of the population in the regions of Ukraine. In particular, its components, such as the expenditures which direct to the construction, purchase of durable goods and home appliances, as well as savings [2, p. 102].

We have developed the author's method to assess the impact of wages on the formation of investment potential of household in the regions of Ukraine and some European countries. It is based on the use of indicators characterizing investment capacity of wages in the European region (pic. 1).

Indicator of investment capacity of wages allows to investigate how the investment component of wages is changed in the structure of household incomes. This component can be directed to the formation of an investment potential of household in the regions of Ukraine.

The calculation results of integral indicator of investment capacity of wages in some European countries in 2010-2012 (average per month per household in terms of USD) are shown that in 2012, the investment capacity of wages in some European countries has ranged from 177.18 USD in Bulgaria to 604.30 USD in the Czech Republic. During 2010-2012. in the Czech Republic and Poland, a decrease of this indicator by 12.9% and 9.5% respectively, but it remains at a much higher level than in Ukraine [2, p. 244].

The research of investment capacity of the population of European region gives the reason to conclude that the level of investment capability of wages in Ukraine lags far behind European and other developed countries that have the same transformational opportunities. This shows the limited financial resources of Ukraine's households and lack of propensity to invest in human development [3, p. 108].



Pic. 1. The algorithm estimates the investment capability of wages developed by author*

Increasing the investment potential of households as sources of forming human development and economic modernization should be done by:

- 1) decreasing of economically unreasonable differentiation in incomes of the population;
- 2) advancing growth of employment incomes as the main source of income and investment resources of households;
- 3) development schemes of attracting funds targeted at different segments of the population [4, с. 214, 216].

The direction of our country for integration into the European community requires new approaches towards the use of economic tools and especially the human development as a determining factor of innovation and investment development of the state and its regions. Only effective reforms in Ukraine can guarantee the formation of the investment potential of households and strengthening financial position of the country in the international arena.

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