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THE ROLE OF GOVERNMENT SPENDING FOR STIMULATING ECONOMIC GROWTH IN UKRAINE

The dramatic events of 2014 led to a significant decline in living standards in Ukraine, a large budget deficit. Under such circumstances, it becomes necessary to allocate limited available resources with maximum efficiency. At the same time, it should be noted that in our country the use of public funding is not always an efficient tool to support the economic growth. The paper investigates the econometric models that evaluate the effectiveness of influence of public expenditures on economic development, allowing science approach to justify the necessary changes in state budget. The analysis was carried out taking into account the structure of the expenditures and the period of their financing.

The research investigates official quarterly data of the main macroeconomic parameters and state budget expenditures from 2008 till 2013. The analysis has proved that Ukrainian state expenditures for economic activity possess some positive short-term effect. However, this result is not straightfor-

ward; expenditures have different impacts on macroeconomic indicators. The most efficient types of expenditures are expenses on agriculture, industry, and item of expense "other industries". It should be mentioned that state expenses for energy sector in terms of our analysis are clearly inefficient.

The overwhelming majority of expenditures is characterised by a positive impact during one or two quarters, however, over time this effect in most cases is negative. It means that the stimulation of economic growth requires the significant change of expenditure structure.

Agriculture expenditures stimulate national economy. Increased funding will involve new technologies of cultivation, livestock development, building appropriate infrastructure. The analysis recommends promoting transparent market mechanisms for the allocation of agricultural production, creation of conditions for further improvement of the efficiency of this branch.