

CULTURAL STUDIES

ANALYSIS OF EXPENDITURE FOR SPIRITUAL AND PHYSICAL DEVELOPMENT AND SOURCES OF THEIR FINANCING

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Spiritual and physical development of a person is a promising direction of socially oriented policy of a democratic country. The state must provide the necessary legal, financial and economic conditions for the creation, dissemination and preservation of cultural heritage, spiritual values, the development of physical culture and sport in society. After all, a spiritually and physically developed nation is a guarantee of economic growth and social well-being of any country.

In recent years, much attention has been given to the problems of spiritual and physical development. Moreover, the high level emphasizes the importance of using the strategic resource of cultural goods in the context of the formation of an innovative economy. So, if in the early nineties, organizations of cultural institutions were in full state support, then the current funding by the state, in percentage terms, decreased several times. In this regard, an urgent problem is the search for alternative sources of financing and analysis of the expenditures of spiritual and physical development, to which this report is devoted.

The state policy in the field of spiritual and physical development in Ukraine is based on the provisions of the Constitution of Ukraine, which states that the state promotes the consolidation and development of the Ukrainian nation, its historical consciousness, traditions and culture, as well as the development of the ethnic, cultural, linguistic and religious identity of all indigenous peoples and national minorities of Ukraine [1, art. 11]. Citizens of our country have the right to freedom of association in political parties and civic organizations for the realization and protection of their rights and freedoms and for the satisfaction of political, economic, social, cultural and other interests [1, art. 36]. In addition, the Basic Law guarantees to take care of the development of physical culture and sports, to ensure sanitary and epidemiological well-being [1, art. 49]. It is also proclaimed that the cultural heritage is protected by law. The state ensures the preservation of historical monuments and other objects of cultural value, takes measures to return to Ukraine cultural values of people who are beyond its borders [1, art. 54].

According to the Law of Ukraine “On Culture”, Article 26 of the sources of financing of cultural institutions is: funds of state and local budgets; funds received

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from economic activity, provision of paid services; funds received for work (services) performed by the institution of culture on the order of enterprises, institutions, organizations and individuals; proceeds from the sale of workshops, enterprises, shops and farms, from the provision of premises for rent, facilities, equipment; grants, charitable contributions, voluntary donations, monetary payments, tangible assets received from individuals and legal entities, including foreign ones; funds received by state and communal institutions of culture as a percentage of the balance of own revenues received as a payment for services provided by them according to the main activity, charitable contributions and grants and placed on current accounts opened with public sector banks; other sources not prohibited by law [2].

As practice shows, the level of financing for the implementation of the strategic tasks of the social and economic development of the Ukrainian nation depends on the real volume of GDP (Gross Domestic Product) creation in the country. Between the parameters of the volume of GDP and the share directed at the costs of spiritual and physical development there is a direct and turning relationship. What is the use of funds for the development of cultural goods, which are appointed through the distribution of the existing financial system, which determines the material basis of the development of social functions of the state, taking into account spiritual and physical development in terms of quantitative and qualitative indicators. Thus, the development of the cultural sphere is a prerequisite for the positive dynamics of GDP, which plays an important role as an instrument for the sustainability of socio-economic policies in the country. The positive aspect is that the share of expenditures of the consolidated budget on culture and sports to GDP in 2004-2018 constantly increased by 0.8%, and as of February 2019, the maximum amount of consolidated budget expenditures was executed – 11% [3].

According to the functional classification, the expenses of spiritual and physical development are directed to various budget and communal institutions, which are schematically reflected in Figure 1.

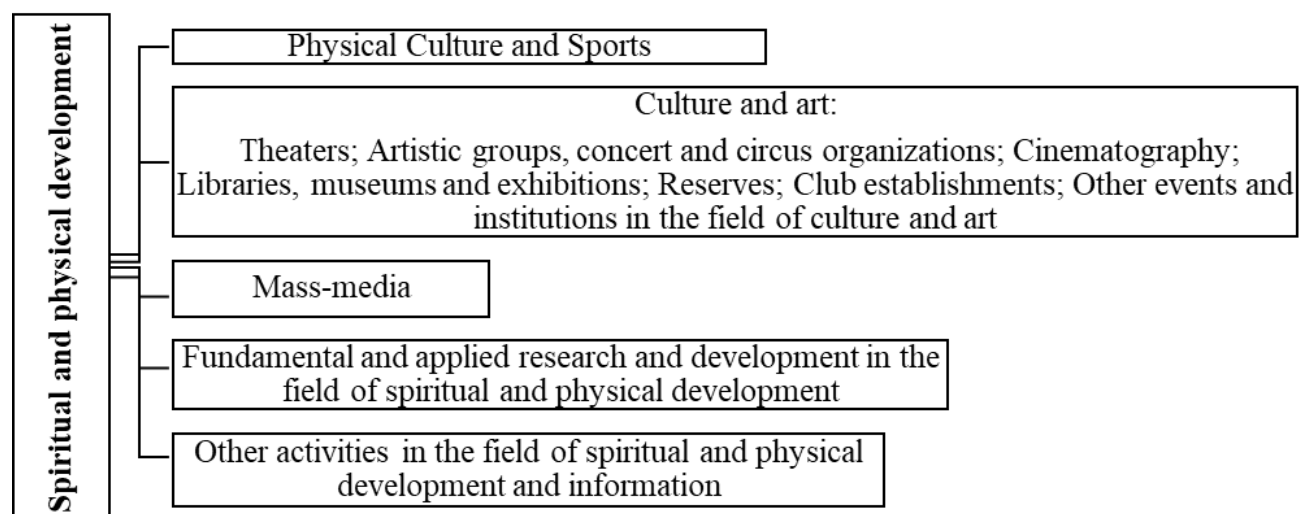


Figure 1. Directions of financing of spiritual and physical development

Source: compiled based on [4]

The Ministry of Culture of Ukraine is the main manager of budgetary funds for the sphere of spiritual and physical development, which provides financing of state and local budgets for the needs of spiritual and physical development. However, the local government budget is a priority source of cultural goods. Observing the data of the Ministry of Culture, a series of events was held with the support of creatively gifted children and young people to ensure the development and application of the Ukrainian language. The information base of international and all-Ukrainian competitions, festivals and other periodical cultural and artistic events (projects) was created. Through creative grants of the President of Ukraine, creative projects of young people of culture and art are supported. Also, at the present stage, the development of creative industries is taking place.

At the same time, the lion's share of budget financing falls on consumption expenditures, that is, on wages and utilities for spiritual and physical education institutions. Instead, in shaping both the state and local budgets, the government needs to control the development of expenditures for subsequent years to further increase the overall budget financing of the spiritual and physical sphere. Since, in a market economy, most organizations of spiritual and physical development are economically unprofitable, but socially necessary.

Having worked out the data of budget financing for the sphere of spiritual and physical development, it is proposed to consider dynamic growth rates and expenditures for 2013-2018 years (Figure 2).

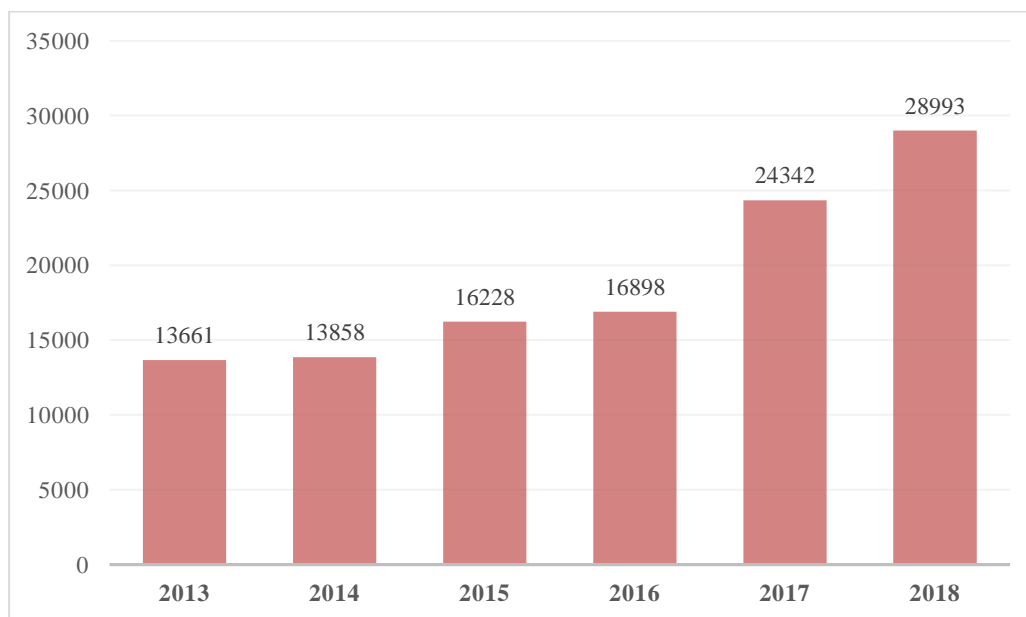


Figure 2. Dynamics of expenditures of the Consolidated Budget of Ukraine for spiritual and physical development for 2013-2018, (billion UAH)

Source: calculated by the author under data [4]

Analysis of expenditures of the Consolidated Budget of Ukraine in the context of the economic classification shows that positive changes occur annually. Over the last period, funding for spiritual and physical development has been gradually increasing,

from 2013 to 2018, expenditures have increased by UAH 15332 billion, which is 47.12% in the percentage. The largest share of expenditures goes to culture and art, if in 2013 the total amount of expenditures amounted to UAH 8444 billion, then in 2018 the amount of budget expenditures for cultural and artistic needs doubled and amounted to UAH 17977 billion, or 62%. However, the smallest amount of budget expenditures of this industry goes to the reserves, as the financing from 2013 to date has decreased by 32.29% due to the deterioration of the ecological situation in the country as a result of the sharp reduction of environmental expenditures from state and local budgets of different levels. The fact that the main place in the country is physical culture and sports, as at the end of 2018 it amounts to 8509 billion UAH, or 29.35%. However, the least significant place in Ukraine is devoted to fundamental and applied research and development in the field of spiritual and physical development. In addition, the financing of this industry has decreased by 19.53% in recent years, if according to the Consolidated Budget 2013 the amount of expenditures amounted to 39 million UAH, then in 2018 budget expenditures amounted to 32 million UAH [4].

Summarizing the above, it is obvious that the improvement of the current system of financing spiritual and physical development has a great socio-economic significance. After all, their funds are directed at the rational use of cultural education and health of the nation, which occupies a significant place in the state policy of Ukraine. We believe that, in addition to the funds received from the state institutions of spiritual and physical development, it is appropriate to receive income from its own non-commercial activities. It is necessary to change the paradigm of state support from the patron of state to the investor state, since the expenditures on the development of the spiritual and physical direction are investments in human potential and savings of the future of our country.

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