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СУЧАСНИЙ СТАН ТА ПЕРСПЕКТИВИ ФІНАНСОВО-БЮДЖЕТНОЇ СИСТЕМИ НІМЕЧЧИНИ

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THE CURRENT STATE AND PROSPECTS OF THE FINANCIAL AND BUDGETARY SYSTEM OF GERMANY

Анотація. Високоорганізована структура фінансової системи дає країні низку переваг, до яких можна віднести: ефективність залучення та трансформації фінансових ресурсів, розподіл ризиків, збір інформації про об'єкти інвестування, фінансову

стійкість, визначення каналів трансмісії монетарної політики. Підприємства країн, які почали індустріалізацію, згодом стикнулися з проблемами нестачі заздалегідь накопиченого капіталу та нерозвиненістю ринку цінних паперів. В умовах ментального небажання інвесторів вкладати кошти у ризиковані активи тільки банки могли зібрати значні суми капіталу для розвитку нових галузей. Яскравим підтвердженням цьому є фінансова система Німеччини, де починаючи з другої половини XIX ст. банки отримали контроль над фінансовою системою. Входження банків до наглядових рад підприємств дало можливість контролювати випуск цінних паперів, що стримувало розвиток фондового ринку [1]. Отже, саме банки відіграли вирішальну роль у динамічній індустріалізації Німеччини; ці інституції забезпечували не тільки організацію значних обсягів капіталу, а й управління бізнесом і стратегічне планування.

Ключові слова: фінансові посередники, банківська система, фінансові ресурси, фінансова структура Німеччини.

Abstract. It should be said that the highly organized structure of the financial system provides a number of advantages for the country. The following can be attributed to them: efficiency of attraction and transformation of financial resources, risk distribution, collection of information about investment objects, financial stability, determination of monetary policy transmission channels. Enterprises of countries that started industrialization later faced the problems of lack of pre-accumulated capital and underdevelopment of the securities market. In conditions of mental reluctance of investors to invest in risky assets, only banks could collect significant sums of capital for the development of new industries. The financial system of Germany serves as a vivid confirmation, where, starting from the second half of the 19th century, banks gained control over the financial system. It is established that, Germany is one of the three leading and most developed countries in the world. Possessing significant economic and scientific and technical potential, it ranks third, after the USA and Japan, by the volume of industrial production and is the main exporter of goods and services. The study demonstrated that, in recent years, Germany has significantly increased its participation in international capital migration and has become one of the largest importers and exporters of capital. The article revealed that, according to the level of labor productivity in the manufacturing industry, national income per capita, Germany is ahead of the USA and other leading countries of the world. The scientific study emphasizes that, the apparatus of public finance is of particular importance in a federal state, as it not only determines the material basis of economic regulation and social policy, but also ensures a balanced division of powers and responsibilities of different levels of state administration and, thereby, the structure of the Federation itself. The article substantiates that, today, Germany is a leader among EU countries in many indicators, including the standard of living and GDP per capita. Strong positions of this country in many sectors, including social, medical, educational. financial Germany's banking system in 2022 is considered one of the strongest and most stable in the world: The level of overdue loans in this country does not exceed the two percent threshold — less only in the USA and Japan. The entry of banks into the supervisory boards of enterprises made it possible to control the issuance of securities, which restrained the development of the stock market [1]. Thus, it was banks that played a crucial role in the dynamic industrialization of Germany; these institutions provided not only the organization of significant amounts of capital, but also business management and strategic planning.

Key words: financial intermediaries, banking system, financial resources, financial structure of Germany.

Introduction. The country's economy experienced no less dramatic changes than its political system and foreign policy aspirations. However, the upheavals did not break Germany. Germany is one of the three leading and most developed countries in the world. Possessing significant economic and scientific and technical potential, it

ranks third, after the USA and Japan, by the volume of industrial production and is the main exporter of goods and services. In recent years, Germany has significantly increased its participation in international capital migration and has become one of the largest importers and exporters of capital. According to the level of labor productivity in the manufacturing industry, national income per capita, Germany is ahead of the USA and other leading countries of the world.

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Main text. The financial system is a set of financial relations that exist within the framework of a given socio-economic formation; in a narrow sense, the system of financial institutions of the state. Administratively, the Federal Republic of Germany consists of the Federation, Lands and communities. For them, the Basic Law establishes clearly defined tasks that correspond to their spheres of activity. For their implementation, they must bear costs. Therefore, the funds that we expect from citizens for public needs do not go to the general treasury, but are distributed among the Federation, Lands and communities.

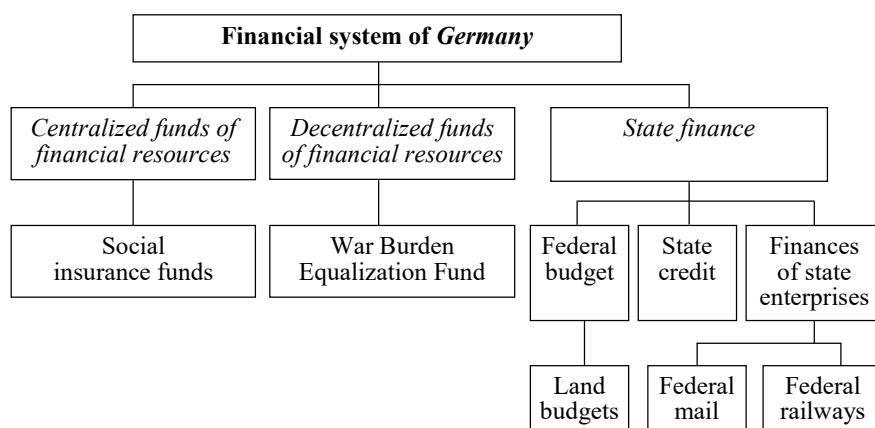


Figure 1. The main areas, subsystems, links of the financial system of Germany

Source: [3].

The financial system of Germany is a model of budgetary and tax relations, which essentially reflects the redistribution of financial flows in order to level the inequality of different regions of the country. The budget system of the country is determined by its state system, territorial-administrative division, level of development of the economy and its structural elements and includes three levels of management: central,

members of the federation, and local. Depending on the methods of income generation of economic entities, the financial system of Germany can be divided into two areas: centralized finance (public finance) and decentralized finance (enterprise finance and farm finance). As a form of organization of monetary relations, the financial system is divided into the following subsystems: business entities, population, state and local bodies. Each subsystem of the financial system differs in methods, methods of formation and use of financial resources and is accordingly divided into certain links. The composition and classification of the German financial system by spheres, subsystems and links is shown in Figure 1 [3].

Budget process and financial control

The budget is the main link of the financial system of the Federal Republic of Germany, its structure and budget process correspond to the federal nature of the state system. The state budget includes revenues and expenses of three levels of administrative management — the federation (central budget), lands (regional budgets), and communities (local budgets). The combined (consolidated) state budget is obtained by summing up the revenues and expenditures of the budgets of all three levels after deducting interbudgetary transfers (subsidies, subsidies). Since 1974, the funds of the social insurance and social security fund have been included in the state budget [4].

The budget year in Germany coincides with the calendar year. The federal budget is approved by the Bundestag (Parliament). Compilation, approval and implementation of the federal budget involves the determination of expected revenues and expenses in the budget plan and the maintenance of budget records, the actual reflection of the implementation of the budget.

At the stage of drawing up the central budget, ministries and departments send to the Ministry of Finance estimated cost estimates for the next year, approximately 9 months in advance. The Ministry of Finance, on the basis of projected revenues, clarifies the expenditure part of the budget and submits the draft budget to the federal government for approval. The draft budget approved by the Cabinet of Ministers is sent to the legislative bodies for approval. First, the budget is sent to the upper house of parliament (Bundesrat), where it is considered for three weeks. From the Bundesrat, the budget bill is sent to the lower house of parliament (Bundestag). If one of the chambers of the parliament makes amendments to the budget, it is returned for reconsideration. After the draft law is adopted by the Bundestag, the draft law is signed by the head of the government and becomes law.

In the same terms, in the same sequence, draft budgets of lands and communities are drawn up. However, if the federal government does not formally have the right to control the finances of the lands, then the lands are obliged to establish such control over the budgets of communities. Land budgets are approved by Landtags for one year, but in some cases can be calculated for a longer period. To cover the cash gap due to the fact that taxes are received unevenly, the lands have the right to issue short-term loans. In all other cases, loans are resorted to with special permission [4].

The Federal Audit Chamber is the highest control body of the Federal Republic of Germany in the field of public finances. The budget implementation report is drawn up by the Ministry of Finance and sent to the Parliament and the Audit Chamber.

After the conclusion of the accounting chamber, the parliament approves the law on the implementation of the budget.

The budget policy of the Federal Republic of Germany is subordinated to the general goals of economic policy and is based on the mechanism of its implementation established in the post-war period, on a rich arsenal of means and methods of forming revenue and expenditure items of the state budget [4].

Incomes and expenditures of the federal budget

Capital turnover tax forms the largest part of federal budget revenues. The filling of land budgets depends on which enterprises are actively operating on their territory. Since financial planning involves the redistribution of resources between entities, the budget process begins already in the summer in order to approve the final version of the document by the end of autumn. The total amount of the expenditure part of the budget is set at 335.5 billion euros, which is almost 29 % more than what was planned for last year. Defense spending will increase proportionally (up to 38.45 billion — by 1.23 % of the production volume), which can be seen as a reaction to Trump's call. After all, the American president has repeatedly pointed to the non-fulfillment by NATO members of the obligation to finance collective security in the amount of 2% of GDP [1].

In general, the German budget in numbers will increase slightly compared to the previous year. More money will be allocated for culture (by almost 23 %), the integration of already arrived refugees, as well as about 21 billion euros will be directed to the prevention of prerequisites for mass migration around the world. A slight decrease in state investment is planned (to EUR 35.7 billion), but at the same time, the financial forecast for the next year assumes its restoration (to EUR 34.2 billion) [1].

Federal revenue in January 2022 was approximately €22.8 billion, an increase of 33.2% (approximately €5.7 billion) year-on-year. Tax revenues (taking into account transfers of own resources to the EU) increased by 37.9% (approximately EUR 5.8 billion) for the year [5] Revenues from value added taxes increased by 58.2 % (about 4.2 billion euros) compared to the year. Revenues from income tax and corporate tax increased by 12.9% (approximately EUR 1.0 billion). Income from the solidarity surcharge decreased by 47.7 % (about 0.6 billion euros). Payments to the EU (GNI-based own resources and VAT-based own resources) decreased by approximately EUR 1.1 billion over the year, which also contributed to an increase in tax revenues. Other revenues recorded a 6.8 % decrease compared to last year (approximately EUR 0.1 billion), which can be explained primarily by lower revenues from grants from EU funds [5]. Thanks to the accumulated financial cushion» in the amount of 14 billion euros, the government can put forward proposals for reducing taxes. Prerequisites for such an initiative have been fixed for several years in a row of growth for the German economy, as well as a stable political demand for it, which has developed in society [1]. Federal spending in January 2022 amounted to 45.4 billion euros, which is 16.3% less (approximately 8.8 billion euros) compared to the year. A breakdown by economic category shows that the lower spending was primarily the result of a drop in consumer spending, which fell by 13.8% (approximately €6.7 billion). Current grants to social insurance funds decreased by 19.9% (approximately EUR 5.3 billion). In January 2021, a one-off payment of €3.0 billion was made to the health fund's liquidity reserves for the

future-ready hospitals program. In addition, health fund payments to cover pandemic-related costs in 2022 were €2.6 billion lower than in 2021. Subsidies to enterprises decreased by 37.8% (approximately EUR 1.8 billion) compared to the year. Aid to enterprises affected by the consequences of the coronavirus pandemic amounted to approximately 0.5 billion euros in January 2022 [5].

In January 2022, investment spending amounted to approximately 3.3 billion euros, which is 38.5% (approximately 2.1 billion euros) below the level of the previous year. However, last year's figure was skewed by liquidity assistance provided to the Federal Employment Agency, which was converted into a subsidy after the 2021 federal budget was closed. Investments in fixed capital were approximately EUR 0.1 billion below last year's level [5].

Table 1

DYNAMICS OF THE FEDERAL BUDGET 2021–JANUARY 2022

	2021	January 2022
Expenditures (billion euros)	556.6	45.4
Annual change in % (since the beginning of the year)	556.6	–16.3
Revenue (billion euros)	341.0	22.8
Annual change in % (since the beginning of the year)		33.2
Tax revenues (billion euros)	313.5	21.2
Annual change in % (since the beginning of the year)		37.9
Balance of transit funds (billion euros)	0.0	0.0
Fiscal balance (billion euros)	–215.6	–22.6
Funding/use of surplus:	–215.6	22.6
Cash resources (billion euros)	–	31.7
Seigniorage (billion euros)	0.2	0.0
Movement of reserves (billion euros)	0	0.0
Net borrowings (billion euros)	215.4	–9.1

Source: [5].

Prospects for the development of the financial and budgetary system of Germany

Among the priority directions of the development of the German economy, which should ensure the stable functioning of the financial and budgetary system, the following can be distinguished [3]:

1) improvement of conditions for private capital investments in infrastructure projects in order to create a basis for increasing the revenue base of the federal budget;

2) rejection of the program to close nuclear power plants and equipment for the development of renewable energy in order to maintain electricity prices at a stable level due to the threat of closing industrial production and increasing the number of unemployed, which will negatively affect the state of state finances;

3) deepening the European monetary union and strengthening the euro currency in order to achieve a balanced budget and reduce the burden of financing EU expenditures.

Conclusion. So, the financial system of the Federal Republic of Germany includes budgets of three levels, special government funds, and state enterprises.

The formation of budgets takes place mainly due to the receipt of tax payments. At the same time, it should be taken into account that direct taxes in Germany prevail and exceed income from indirect taxes twice. Most of the state funds are spent on social security. In second place are expenses for the economy, military expenses, then there are expenses for science, education, administrative expenses and others.

Special government funds in Germany exist apart from the main budgets. These can be permanent and temporary funds. They are formed mainly due to deductions from wages. Social security funds also prevail here.

State-owned enterprises mainly belong to unprofitable industries, therefore very often these enterprises are unprofitable and cover their losses at the expense of the federal budget.

The financial system of Germany is built in such a way that it fully corresponds to the government's policy of a social market economy. Great attention is paid to social security and maintaining a normal standard of living of the population.

Summarizing, I would like to note that the analysis of the state, structure, and [3] mechanism of the functioning of the financial and budgetary system in Germany allows us to draw a conclusion about the concentration of the main problems in the field of the budgetary system, which is caused by the growth of state spending on reforms in the social sphere, on financing of anti-crisis funds of the European Union, the need to refinance existing government obligations. The federal budget needs to adjust the development strategy in the medium term, which can be done by consolidating it, limiting the growth of net borrowing, reducing the structural deficit, reducing social expenditures and interest income in order to increase the rate of economic growth.

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