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POLITICAL ECONOMY OF PUBLIC FINANCE AND THE DIALECTIC OF WELFARE FORMATION

Summary

The article is devoted to one of the key issues of political economy of public finance - their role in creating value and utility, the conceptual characteristics of the consequences for public welfare. It is noted that domestic research on public finance does not always take due account of the provisions of modern Western political economy in relation to their impact on public welfare.

The paper considers the views of economics and political economy on the economic nature of public finance. The dialectic of value and utility in the field of public finance is studied. It has been found that on the one hand, utility and value are in a certain unity, and on the other - in opposition and contradistinction. The need for more active use of microeconomic analysis approaches by domestic financial science is emphasized. It is indicated that the abstract optimal budget of an individual (desirable features and parameters, which should acquire the volume of supply of pure and mixed public goods, sources of taxation) differs significantly from the real consequences of interaction with the state (as a result of all positive and negative factors that are formed due to the functioning of public finance. This concept is proposed to be characterized as the fiscal balance of the individual.

The original dialectical vision of public finance as a sphere which on the one hand generates utility, and on the other hand, generates autonomous effects on its reduction, is applied in the work. It is noted that the issue of sources of loss of welfare due to the functioning of public finance is not comprehensively studied even by Western financial science, although some of their areas are the subject of detailed analysis. It is indicated that the optimization of the practice of developing public finance in Ukraine is possible only on the basis of a clear understanding of the growth of utility and well-being under their influence, as well as minimizing the negative effects that occur in this area. The proposed balance approach to assessing the effects of public finance for individual utility needs to be detailed and developed in further research.

Keywords: public finance, political economy, cost, utility, welfare, fiscal balance of an individual.

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