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**THE INFLUENCE OF THE STATE CRISIS MANAGEMENT EFFECTIVENESS ON THE
LEVEL OF A COUNTRY'S DEBT BURDEN: EXPERIENCE OF BALTIC STATES
AND UKRAINE**

ABSTRACT

There is an acute geopolitical and economic crisis in Ukraine today. Resolving it requires significant financial resources to overcome its negative consequences and reform implementation. Attracting foreign borrowing for this purpose leads to a rapid increase in public debt creating a need to improve the efficiency of public debt management. To achieve this goal it is feasible to study foreign experience, especially of the Baltic States. Because these countries had similar initial conditions to Ukraine at the time of the collapse of the USSR, and today they are already members of the European Union, into which our country intends to integrate.

The current value of the public debt of the Baltic States is largely dependent upon the effectiveness of anti-crisis measures. During the period of independence of the Baltic States, as well as Ukraine, were exposed to three economic crises.

The first crisis occurred at the time of the collapse of the Soviet Union, the legacy received together with the independence. Comparing the effectiveness of anti-crisis measures of the Baltic States and Ukraine in this period, we can come to the following conclusions. Firstly, the Baltic countries had more favorable initial conditions. Secondly, the process of privatization of their state property passed more quickly and efficiently, preventing corruption and the shadow economy as it was in Ukraine. Liberalization of the economy and stabilization of the social and economic indicators were carried out under clearly oriented integration course and reasonable macro-financial policy developed in consultation the international financial institutions.

A greater focus on European markets and a smaller one on trade relations with Russia reduced the negative impact of 1998 financial crisis, while in Ukraine during this period there was a threat of default, and it faced an urgent need to improve debt policy.

The favorable investment climate in the Baltic States helped to reduce interest rates and credit expansion, especially mortgage. Therefore, in order to overcome the global financial crisis, the Baltic countries took effective anti-crisis measures. In Estonia, it was enough to conduct sequestration of the budget; in Lithuania sequestration was carried out and tax burden increased; and in Latvia, besides sequestration and increasing tax rates, it was necessary to request credit assistance from the International Monetary Fund.

Regarding the possibility of using foreign experience for Ukrainian economic realities, it is appropriate to create market institutions that will reduce corruption in political sphere, theft of public funds and inefficient state property privatization. Regarding the policy of public debt management in Ukraine in terms of geopolitical crisis existing today, it is expedient to establish an effective legal framework for foreign investment into Ukraine. The inflow of foreign investment will enable to improve the balance of payments without additional loans and increase the tax burden, since the growth of the debt burden could lead to loss of financial independence and debt security, and increasing debt burden has the effect of reducing aggregate demand in the country further deepening the crisis.