

Key Fiscal Issues and Structural Elements of State Protection in the 21st Century

Principais Questões Fiscais e Elementos Estruturais da Proteção Estatual no Século XXI

Iaroslav Ianushevych
Tamara Hubanova

ABSTRACT

The article analyzes the main components of state fiscal security amid 21st-century global challenges: market turbulence, rising debt, and external shocks. Using data from 2019-2024 from the EU, OECD, and Ukraine, it evaluates fiscal stability indicators – public debt, budget deficit, and tax revenues. The study reveals Ukraine’s higher debt burden, chronic deficit, and lower tax capacity compared to OECD averages. The author classifies fiscal security elements: budget balance, debt control, tax capacity, reserves, transparency, and intergovernmental efficiency. Key directions include improving debt management, tax policy, creating stabilization funds, and expanding fiscal space via de-shadowing. The research based on systematic, comparative, and statistical analysis of official OECD, World Bank, IMF, and national data, provides practical insights for strengthening Ukraine’s fiscal stability.

Keywords: Fiscal security; Public debt; Budget deficit; Tax revenues; Budget stability.

JEL classification: I23; I25; O33; C88.

RESUMO

O artigo analisa os principais componentes da segurança fiscal do Estado face aos desafios globais do século XXI: turbulência dos mercados, aumento da dívida e choques externos. Com base em dados de 2019-2024 da UE, da OCDE e da Ucrânia, avalia indicadores de estabilidade fiscal – dívida pública, défice orçamental e receitas fiscais. O estudo revela que a Ucrânia apresenta uma carga de dívida mais elevada, um défice crónico e uma menor capacidade fiscal em comparação com as médias da OCDE. Classifica os elementos da segurança fiscal em: equilíbrio orçamental, controlo da dívida, capacidade fiscal, reservas,

transparência e eficiência intergovernamental. As principais orientações incluem a melhoria da gestão da dívida, da política fiscal, a criação de fundos de estabilização e a expansão do espaço fiscal através da desocultação da economia. A investigação, baseada numa análise sistemática, comparativa e estatística de dados oficiais da OCDE, do Banco Mundial, do FMI e de fontes nacionais, oferece contributos práticos para reforçar a estabilidade fiscal da Ucrânia.

1. INTRODUCTION

Fiscal security is a key element of the economic and national security of the state, as it directly determines the ability of the government to ensure the stable functioning of the financial system, fulfil social obligations, implement defence policy and implement development strategies. In the twenty-first century, the role of fiscal security has grown significantly due to the deepening of globalization processes, financial integration, and increased interdependence between national economies. Under such conditions, fiscal instability in any country can quickly turn into a regional or even global crisis, which requires states to develop sustainable financial management mechanisms.

The modern global economy is characterized by a number of systemic challenges that directly affect the state of fiscal security: slowing economic growth, demographic changes, aging population, high inflation, energy crises, global pandemics, and military conflicts. These issues became especially relevant after 2020, when the effects of the COVID-19 pandemic and Russia's full-scale war against Ukraine led to a sharp increase in public spending, deepening budget deficits, and an increase in the debt burden. This has exposed the vulnerability of existing fiscal systems even in developed countries, not to mention transition economies that have limited resources to deal with crises.

At the same time, despite the considerable scientific work in the field of public finance, the issue of fiscal security is often considered in a fragmented manner – through the prism of budget or debt policy. However, modern realities require a systematic approach that covers not only the balance of revenues and expenditures, but also the efficiency of the tax system, the sustainability of debt obligations, the transparency of financial management, and the availability of fiscal reserves to respond to external shocks. It is the complexity and interdependence of these elements that determine the level of fiscal security of the state.

Particular attention should be paid to the analysis of the fiscal security of Ukraine, which operates in the context of protracted economic instability, military aggression, and constant debt pressure. For Ukraine, fiscal security is not only of economic but also of strategic importance, as it determines the state's ability to ensure its defense capability, infrastructure rehabilitation, and integration into the European financial space. In this context, it is important to compare Ukraine's key fiscal indicators with the average values in the European Union and the Organization for Economic Cooperation and Development (OECD), which allows us to identify structural differences and outline areas for improvement.

The methodological basis of the study is systematic, comparative and statistical approaches that provide a comprehensive analysis of fiscal security based on real macroeconomic indicators. Only official data from the open international databases of the OECD, the World Bank, the International Monetary Fund, and the State Statistics Service of Ukraine were used. Thus, the paper attempts to integrate theoretical approaches and empirical observations for an in-depth understanding of the essence of fiscal security, its structural elements and mechanisms of ensuring it in the context of constant economic and political transformations.

2. LITERATURE REVIEW

The issue of fiscal security of the state is the subject of active research by both foreign and domestic scholars, especially in connection with the growing global financial instability, crisis phenomena and the growth of public debt in many countries. In the modern scientific literature, fiscal security is considered as the ability of the state to effectively generate, distribute and use financial resources to ensure the stability of the economic system, prevent debt crises and maintain macroeconomic stability (Blanchard, 2019; Huang et al., 2020; Xu et al., 2022).

In general, several approaches to the interpretation of the essence of fiscal security have emerged in scientific research. The institutional approach, presented in Poterba et al. (2018), Lee and Park (2022), emphasizes the role of fiscal rules, transparency of the budget process, and the responsibility of government institutions in maintaining financial stability. The macroeconomic approach (Rogoff, 2025; Gelpern and Panizza, 2022) considers fiscal security through the prism of the dynamics of public debt, budget deficits, and the relationship between debt burdens and economic growth. In turn, the structural-functional approach (Jones, 2021; Auerbach et al., 2024) focuses on assessing the effectiveness of tax policy, the level of revenue mobilization, and the resilience of public finances to external shocks.

Research by Reinhart (2025) has shown that public debt exceeding 90% of gross domestic product (GDP) can have a long-term negative impact on economic growth. Blanchard et al. (2021) clarified this link, noting that the effects of the debt burden depend on the structure of the debt, maturity, and confidence in the government's fiscal policy. Panizza (2025) emphasized that in a low interest rate environment, even a high level of debt is not automatically threatening if a sustainable relationship between interest payments and economic growth is ensured.

Considerable attention in recent publications is paid to the problem of the state's tax capacity. Zucman (2013), Cobham and Jansky (2019) emphasize that tax evasion and capital offshoring significantly undermine fiscal stability, especially in developing countries. Studies by Ahmad and Zheng (2023), Liu et al. (2025) confirm that the level of tax revenues is directly correlated with the quality of administration, digitalization of tax authorities, and transparency of fiscal reporting.

A separate area of research is devoted to the impact of global crises on fiscal security. According to the World Bank and the IMF, the COVID-19 pandemic and subsequent geopolitical turmoil have led to a record increase in public spending and deficits in most countries. This has led to the need to create stabilization funds and develop fiscal buffers to mitigate the impact of crises. OECD studies point to a tendency to increase the role of automatic stabilizers, including fiscal flexibility and intergovernmental fiscal equalization mechanisms.

In the Ukrainian scientific tradition, the concept of fiscal security has been developed by such researchers as Mialkovska et al. (2025), Lunina and Bilousova (2025), Danylenko and Venger (2024), Bondarenko (2022a) and Lelyk (2022), who consider it as a state of the financial system that guarantees the ability of the state to perform its functions without excessive debt burden. They pay special attention to the relationship between tax policy, budget discipline, and external financial risks, emphasizing the need to develop national indicators of fiscal security.

Summarizing the results of previous studies, it can be concluded that scholars are united in understanding the strategic importance of fiscal security as the basis for the financial stability of the state, but differ in their assessments of its components and measurement methods. Despite a significant number of developments, the issue of integrating debt, budget, and tax security indicators into a single analytical system remains insufficiently developed. This creates the need for a comprehensive approach to assessing fiscal security that would consider current global trends and the specifics of countries with transforming economies, including Ukraine.

3. RESEARCH MATERIALS AND METHODS

The information base of the study was based on official statistical sources of international and national organizations that ensure high reliability and comparability of fiscal indicators between countries. In particular, the data of the Organization for Economic Cooperation and Development (OECD Data Portal), the World Bank (World Development Indicators), the International Monetary Fund (IMF Fiscal Monitor Database) and the State Statistics Service of Ukraine were used. All statistical materials are taken from open databases, which allowed for an objective comparative analysis of the main fiscal parameters of countries for the period of 2019-2024. Such a time period is sufficient to reflect medium-term trends in public finance, covering both pre-crisis and crisis periods, including the effects of the COVID-19 pandemic and military events that have significantly affected the fiscal security of Ukraine and the world in general.

The methodological basis of the study is based on systemic, comparative, structural-functional, and statistical approaches. The systemic approach ensured that fiscal security is considered as a complex dynamic system that includes interrelated elements – tax, budget, debt, and institutional components. The comparative approach helped to identify common patterns and specific features of fiscal policy development in Ukraine, the European Union, and the OECD average. The structural-functional approach was used to determine the role of individual components of the fiscal security system and their impact on the overall level of financial stability of the state. To quantify the trends, statistical methods were used, in particular, variation, index and correlation analyzes, which allowed to trace the dynamics of public debt, budget deficit and tax revenues.

The study developed a system of analytical indicators that reflects various aspects of fiscal stability. Key among them are: the level of public debt as a percentage of GDP, the state budget deficit or surplus, tax revenues as a share of GDP, the ratio of public debt to budget revenues, and the share of debt service expenditures in the overall structure of public expenditures. In order to identify the dynamics of changes, growth indices and average rates of change of indicators were calculated, considering the value of the indicator at the end of the period and at the beginning of the period.

To ensure the correctness of cross-country comparisons, the method of normalization of indicators was applied, which allowed to reduce the data to a single scale and determine the deviation of Ukraine's fiscal parameters from the average values in OECD countries. Additionally, the graphical analytical method was used to visualize trends in the form of

tables and graphs. In particular, the dynamics of public debt (% of GDP), the level of budget deficit (% of GDP), and the structure of tax revenues in 2019-2024 were analyzed.

Thus, the applied methodology combines a quantitative analysis of official statistical indicators with a systematic approach to the study of fiscal security as a multidimensional economic phenomenon. The use of reliable data from international sources (OECD, World Bank, IMF) and national statistics of Ukraine ensured the objectivity, comparability and scientific verification of the results obtained.

4. RESULTS

The results of the study allow us to comprehensively assess the state and dynamics of the main components of fiscal security in the context of current global challenges. The analysis is based on official statistics of the OECD, the World Bank, the International Monetary Fund, and the State Statistics Service of Ukraine covering the period of 2019–2024. The chosen time interval allows us to track both pre-crisis trends and the impact of the COVID-19 pandemic, the energy crisis, military events, and rising interest rates, which had a significant impact on the fiscal sustainability of countries.

The study conducted a comparative analysis of key indicators: public debt as a share of GDP and fiscal (budget) balance. These indicators are the basic elements of the fiscal security system, as they directly reflect the state's ability to finance its obligations, maintain macroeconomic stability, and ensure sustainable development (Table 1).

Table 1 – Total public debt as a percentage of GDP among OECD countries and dynamics since 2019

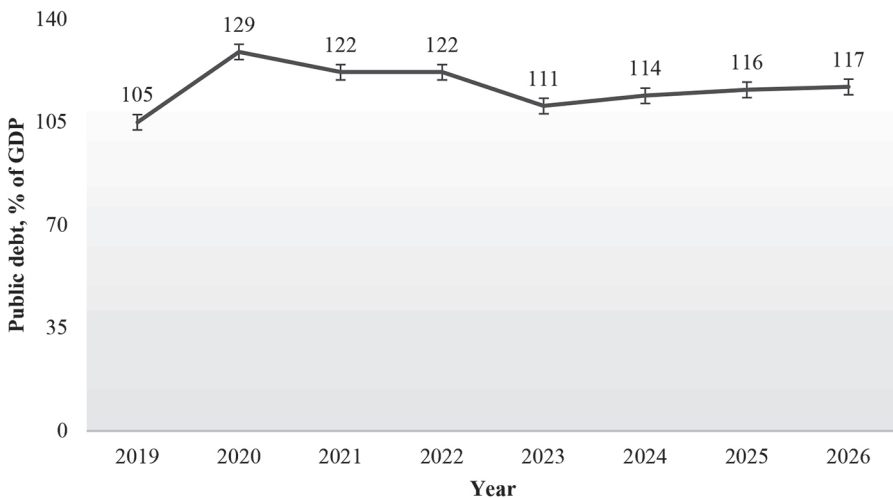
Year	OECD gross debt (Gross general government debt, % of GDP)	Change from 2019 to 2023, percentage points	Notes
2019	~ 105 %	-	Pre-crisis level
2020	~ 128.9% (peak during COVID-19)	+23.9 p.p.	Peak due to the COVID-19 pandemic
2021	slightly below this peak (exact value ~ 120-125 %)	- about 4-8 p.p. from 2020	The beginning of the recovery
2022	further decline on average to about 120-125 %	- slight downward recovery	Impact of the energy crisis
2023	~ 110.5 %	- approx. 18-20 p.p. compared to 2020 peak	Partial consolidation
2024	113-115 %	+ 8-10 pp from 2019	Inflation and high interest rates
2025	≈115-117%	+ 10-12 p.p.	Moderate growth due to structural costs
2026 (forecast)	≈116-118%	+11-13 p.p.	Stabilization in the absence of new economic shocks

Source: Based on Jusaj et al. (2025), Musa et al. (2025).

The results of the analysis show that in most developed countries, there is a tendency for the debt burden to increase after 2020, driven by the expansion of public spending to overcome the consequences of the pandemic, social support for the population, and stimulate economic activity. At the same time, fiscal space in developing countries, including Ukraine, has become much more limited due to a lower tax base, limited access to external financial resources, and the need to maintain defence capabilities.

Particular attention is paid to the dynamics of the fiscal balance, which in most cases shows a significant deterioration due to the growth of expenditures with a relatively slow recovery of budget revenues. For Ukraine, this trend is exacerbated by the military operations, which require significant budgetary spending on defence and humanitarian needs, while reducing revenues from economic activity in certain sectors. The primary focus is on assessing the dynamics of public debt in OECD countries, which is an integral indicator of the financial stability of governments and the main factor of debt risks in the fiscal security system. Fig. 1 shows a graph of the dynamics of the average level of public debt in OECD countries (% of GDP).

Figure 1 – Graph of the dynamics of the average level of public debt in OECD countries (% of GDP)



An analysis of the data in Figure 1 shows that the period of 2019–2024 demonstrates a typical phased response of the fiscal system to a sequence of global economic shocks that alternated in intensity and nature of impact. The sharp increase in public debt to 128.9% of GDP in 2020 was the result of large-scale anti-crisis programs aimed at maintaining economic activity and social stability during the COVID-19 pandemic. The subsequent gradual decline to 110.5% in 2023 reflects the restoration of fiscal discipline and a partial reduction in budget deficits in most countries.

However, the downward trend in debt burden expected in early 2024 did not materialize. Actual data show a resumption of growth to 113% to 115% of GDP, signaling a new wave of fiscal pressure. The main factors behind this were the acceleration of inflation, the persistence of high interest rates, and increased spending on defense, energy security, and social support. Thus, 2024 marked a milestone when the recovery from the crisis gave way to new challenges that shifted the focus of fiscal policy in most countries.

In 2025, the debt burden was expected to remain moderate at 115-117% of GDP among OECD countries. However, preliminary estimates suggest that the actual dynamics may be less optimistic, with debt approaching the upper limit of the forecast and even exceeding it in some countries. This is due to higher debt servicing costs, increased spending on defense modernization and energy transformation, and the expansion of social programs in response to slower economic growth and rising income inequality.

As for 2026, assuming no new external economic shocks and a gradual decline in monetary pressure, the debt burden is projected to stabilize relatively at 116-118% of GDP. This may indicate a partial leveling of the relationship between economic growth and the dynamics of new borrowing. At the same time, the continued high costs of security and energy diversification will remain among the main risks to the fiscal sustainability of the countries in the medium term.

The fiscal balance is one of the key indicators of public finance sustainability, as it reflects the relationship between budget revenues and expenditures. Its dynamics allows us to assess how effectively governments responded to external and internal shocks, as well as the extent to which macroeconomic stability was maintained.

The period of 2019-2024 is marked by sharp fluctuations in the fiscal balance, which are clearly correlated with global crises, monetary stimulus policies, and changes in budget spending priorities. While 2019 was characterized by a relatively stable and controlled deficit (-2.9% of GDP), in 2020 the figure deteriorated sharply to -9.5% of GDP due to large-scale anti-crisis measures aimed at overcoming the consequences of the COVID-19 pandemic.

Despite the governments' attempts to stabilize the situation in 2021 (-6.7% of GDP), the energy crisis in 2022 again led to an increase in budget deficits (-7.9% of GDP), reflecting the pressure on fiscal systems due to energy market subsidies and rising social spending. In 2023, there was a noticeable improvement to -4.6% of GDP, which was the result of a partial recovery in economic activity and an increase in tax revenues. At the same time, the figures for 2024 (-5.0% of GDP) indicate a renewed increase in the deficit, driven by rising debt service costs and high interest rates.

Table 2 shows the dynamics of the average fiscal balance of OECD countries for the period 2019–2025, which allows us to assess the response of governments to global economic challenges, including the COVID-19 pandemic, the energy crisis, the inflationary surge, and increased geopolitical instability.

Table 2 – Total fiscal balance of OECD governments (% of GDP): actual data for 2019-2025 and estimated for 2026

Year	Average OECD fiscal balance (% of GDP)	Note / source
2019	-2.9 %	Pre-war average (before COVID-19)
2020	-9.5 %	Due to crisis spending during the pandemic
2021	-6.7 %	Gradual reduction of the deficit
2022	-7.9 %	Increased budgetary burden due to the energy crisis
2023	-4.6 %	Reduction of the deficit due to the resumption of economic growth
2024	-5.0 %	Deterioration due to rising debt service costs
2025	≈ from -4.5% to -5.0%	Stabilization at the pre-crisis level
2026 (forecast)	≈ from -4.0% to -4.3%	Moderate improvement in case of lower interest rates

Source: Table based on Mourougane (2025) and author's forecast.

The overall picture shows a high sensitivity of the fiscal balance to external economic shocks and dependence on cyclical factors. The most critical year was 2020, when most countries were forced to increase public spending to mitigate the socioeconomic consequences of the pandemic. Starting in 2021, there was a gradual reduction in the deficit, but the recovery was fragile due to new challenges, such as the energy crisis, geopolitical tensions, and rising borrowing costs.

The deficit level in 2023 (-4.6%) demonstrates a certain normalization of fiscal policy, but the estimated figures for 2024 (-5.0%) confirm the existence of structural problems in the budget sector. These include the limited efficiency of tax administration, an increase in public debt service costs, and an increase in mandatory social spending.

In 2025, the average deficit of OECD countries is expected to remain in the range of -4.5% to -5.0% of GDP. This means that fiscal policy will be in a state of moderate consolidation, as governments try to balance spending cuts with the need to finance long-term strategic areas such as defense, energy transition, and social sustainability.

In 2026, the deficit could moderately improve to -4.0% of GDP if global interest rates start to decline and economic growth stabilizes. At the same time, even this level of deficit will remain higher than before the crisis, indicating a continued burden on state budgets and the need to further strengthen fiscal discipline.

Thus, the medium-term outlook for fiscal policy points to a transition from crisis management to controlled stabilization, but without a return to pre-war financial equilibrium.

Ukraine's fiscal dynamics in 2022-2025 continue to be exceptional compared to most countries, driven primarily by the lingering effects of a full-scale war, high levels of uncertainty, and significant dependence on external financing. While the previous forecasts for 2025 envisaged a gradual stabilization of public finances, by the end of the year a more balanced assessment of the real state of the fiscal system can be made and the prospects for 2026 can be clarified.

At the beginning of 2025, Ukraine's public debt was expected to remain within 115–117% of GDP, and the budget deficit would fluctuate between –4.5% and –5.0% of GDP. However, the final data show that the actual figures were somewhat higher than forecast. The Ministry of Finance and international partners estimate that the debt level will be around 118–120% of GDP by the end of the year, due to both increased military spending and a slowdown in economic recovery in the second half of the year. The fiscal deficit is kept at –5.2% of GDP, which is slightly higher than previously expected, but remains manageable thanks to stable external aid flows and loans with preferential terms.

Despite this, the budget structure remains extremely unbalanced. Defense, security, and humanitarian programs will account for more than 55% of expenditures in 2025, while the share of capital investment and infrastructure development remains minimal. Tax revenues have slightly increased due to the revitalization of the domestic market and the recovery of small businesses, but fiscal space remains limited due to high social spending, subsidies, and compensation programs for the affected regions.

Thus, the forecast for 2025 as a whole was partially justified. Ukraine has demonstrated the relative resilience of its fiscal system, but structural imbalances remain deep. The economy has adapted to the conditions of war, but rebuilding the tax base and reducing the debt burden will take longer.

In 2026, fiscal indicators are expected to stabilize moderately, provided that there are no new large-scale escalations and international support remains strong. The public debt is projected to decline to 112-115% of GDP, which will be made possible by gradual GDP growth, the strengthening of the hryvnia exchange rate, and a partial renegotiation of debt obligations.

The fiscal deficit, according to preliminary estimates, may shrink from -4.0% to -4.3% of GDP. This decline is attributed to the expected improvement in tax administration, a gradual recovery in exports, higher customs revenues, and a reduced dependence on direct budget subsidies.

At the same time, a number of risks remain that could adjust this forecast. These include:

- a possible increase in defense spending in the event of an escalation of the situation at the frontline;
- delays or reductions in international financial support due to changes in donors' political priorities;
- a slowdown in global economic growth, which could negatively affect Ukraine's exports and foreign exchange earnings.

Thus, the baseline scenario for 2026 assumes a slow but realistic stabilization of the fiscal system, provided that the political and financial support of partners is maintained, domestic production gradually grows, and the tax capacity of the economy is restored.

After analyzing the debt and budget indicators, the paper examines the revenue component of the fiscal system, as it is the volume and stability of tax revenues that determine the ability of the state to fulfill its obligations without excessive debt growth. Tax revenues as a share of GDP are a key indicator of the effectiveness of fiscal policy, the level of tax culture in society, and the institutional capacity of the government.

To assess the dynamics of the revenue base of fiscal security, a comparative analysis of the average tax revenues of the countries of the Organization for Economic Cooperation and Development (OECD) in 2019-2024 with a forecast for 2025-2026 was conducted.

Table 3 – Tax revenues in OECD countries (% of GDP) in 2019–2024, forecast for 2025-2026

Year	Tax revenues, OECD average (% of GDP)	Dynamics, p.p. to the previous year	Note
2019	33.8 %	-	Pre-crisis level of income stability
2020	33.1 %	-0.7	Decline due to the COVID-19 pandemic
2021	34.1 %	+1.0	Recovery from the crisis
2022	34.7 %	+0.6	Growth due to inflationary effect and high profits of the energy sector
2023	34.2 %	-0.5	Decline due to economic slowdown
2024	33.9 %	-0.3	Estimate according to the OECD (Revenue Statistics 2024)
2025	34.0 %	+0.1	Moderate recovery due to stabilization of the labor market
2026	34.4 % (forecast)	+0.4	Expected strengthening of the tax base due to fiscal reforms

Source: Table compiled on the basis of Afonso et al. (2025) and author's forecast.

The analysis of the indicators shows that the revenue base of OECD governments remained relatively stable in 2019-2024, although it was affected by numerous crisis factors. In pre-crisis 2019, the share of tax revenues in GDP was approximately 33.8%, which corresponded to the medium-term level of a sustainable fiscal burden.

In 2020, under the influence of the COVID-19 pandemic, the figure dropped to 33.1% of GDP due to a decline in business activity, falling corporate profits, and lower consumer demand. However, in 2021, revenues increased to 34.1% of GDP, which was the result of economic recovery, the effect of pent-up demand, and the expansion of the tax base.

In 2022, average tax revenues reached 34.7% of GDP, the highest level in the last decade. This growth was primarily driven by the inflationary effect (nominal GDP and price increases) and high profits of energy corporations due to the global energy crisis.

However, in 2023-2024, the dynamics showed signs of correction: in 2023, revenues fell to 34.2% of GDP, and in 2024, to 33.9% of GDP. This is due to a slowdown in global economic growth, stabilization of prices, and a partial weakening of the inflationary effect. At the same time, most countries continue to maintain high tax discipline, which limits the decline in the indicator.

The forecast for 2025, according to the OECD Economic Outlook (2025), envisages a slight recovery to 34.0% of GDP. This will be the result of stabilization of domestic demand, growth of real incomes and gradual expansion of the tax base as a result of fiscal consolidation after the crisis years. The governments of a number of OECD countries are planning to implement policies to reduce the shadow sector and digitalize tax administrations, which will have a positive impact on revenues.

The forecast for 2026, based on current trends, suggests a moderate increase in tax revenues to 34.4% of GDP. Steady economic growth, a recovery in investment activity, and corporate tax reforms (including the introduction of a global minimum tax of 15% on large companies) are expected to strengthen the fiscal base.

Thus, in 2019–2025, OECD countries gradually adapted their tax systems to new challenges: from the pandemic shock to post-crisis recovery. Despite temporary fluctuations, the average level of tax revenues is kept within 33–34.5% of GDP, which indicates the relative stability of the budget revenues. This, in turn, creates the basis for the financial sustainability of governments in the medium term and creates the preconditions for a gradual reduction in the debt burden in 2026–2027.

At the same time, there are still risks associated with a further increase in debt service costs, a slowdown in global economic growth, and possible tax reforms in international taxation that could affect the redistribution of income between jurisdictions.

5. DISCUSSION

The results of the study confirm the relevance of the problem of ensuring the fiscal security of the state in the context of increasing global economic risks and structural transformations of financial systems. The analysis of debt burden, fiscal balance, and tax revenues indicates that there is a systemic relationship between the level of fiscal sustainability, the effectiveness of budget policy, and the quality of public administration.

Comparison with previous studies (Blanchard, 2019; Rogoff, 2025; Panizza, 2025) shows that the trends in public debt growth after 2020 are universal for most developed economies. At the same time, unlike stable OECD countries, where the debt burden is gradually stabilizing, transition economies, including Ukraine, remain vulnerable to external economic shocks due to a limited tax base, low fiscal flexibility, and high dependence on international aid.

This study is consistent with the findings of Reinhart (2025) regarding the criticality of the debt threshold of 90% of GDP, but this indicator is not inherently threatening for Ukraine, given the preferential lending conditions and debt restructuring. At the same time, the authors confirm the thesis of Blanchard (2021) that the key role is played not by the absolute level of debt, but by its structure, maturity, and confidence in government fiscal policy.

The results show that, despite the global trend toward fiscal consolidation in 2023–2024, most countries faced a rebound in deficits in 2024 due to high interest rates, inflation, and defense spending. This conclusion correlates with the analytical estimates of Mourougane (2025) and Jusaj et al. (2025), who point to the growth of structural expenditures as a long-term factor of fiscal pressure.

For Ukraine, the results of the study confirm the complex duality of the fiscal situation. On the one hand, the country demonstrates signs of macrofinancial sustainability with a controlled budget deficit, stable external revenues, and moderate debt growth. On the other hand, the expenditure structure remains overly militarized, and the share of investments in economic recovery is insufficient. This creates risks of long-term reproduction of debt dependence unless a comprehensive strategy to increase the revenue base is implemented.

In a broader context, the results confirm the effectiveness of a systematic approach to assessing fiscal security that combines the analysis of debt, budget, and tax components. A comparative analysis with OECD averages shows that Ukraine is gradually narrowing the gap in tax revenues (to 30-31% of GDP versus 33-34% in OECD countries), but is still far behind in terms of fiscal flexibility and debt sustainability.

The issue of determining the "optimal" level of debt for economies in war or recovery remains a matter of debate. The data obtained indicate that for Ukraine, the critical factor is not the amount of debt as such, but the ability of the state to maintain positive GDP dynamics and attract cheap external resources to service it as also indicated in Bondarenko (2022b). Thus, ensuring fiscal security requires not only fiscal consolidation, but also structural modernization of the tax system, digitalization of administration, and increased transparency of financial flows.

Summarizing, it can be argued that fiscal security in the current environment is not so much a static state as a process of constant balancing between financial stability, social responsibility, and investment activity of the state. For Ukraine, this balance is of particular strategic importance, as it determines the state's ability to restore the economy and ensure sustainable development in the postwar period.

6. CONCLUSIONS

The findings of the study allow us to make a number of generalizations about the current state and trends in the development of fiscal security in 2019–2026. The analysis of the dynamics of public debt, fiscal balance, and tax revenues shows that the global fiscal system has gone through several successive stages – from a shock increase in spending during the COVID-19 pandemic to gradual but uneven stabilization in 2023-2025.

Most OECD countries are characterized by a high debt burden (over 110% of GDP), which is the result of a long period of anti-crisis financing. Although there was a partial reduction in deficits in 2023-2024, 2025 showed a resumption of debt pressure due to inflation, high interest rates, and increased structural spending on defense, energy, and social spending.

In the case of Ukraine, the fiscal situation remains exceptional due to wartime factors. Although 2025 was not a turning point in reducing the debt burden, the state maintained the manageability of the financial system thanks to external support and a gradual recovery in revenues. At the same time, the budget structure remains deformed, with defense and humanitarian needs accounting for more than half of the expenditures.

In 2026, the country is expected to move from the stabilization phase to moderate fiscal consolidation. Public debt is expected to gradually decline, and the fiscal deficit is expected to shrink to around -4% of GDP. At the same time, persistent global uncertainty, high social costs, and debt service costs will remain systemic risks for most countries, including Ukraine.

In general, the results of the study confirm that fiscal sustainability in the current environment is formed not only by strict budget discipline, but also by policy flexibility, efficient tax administration, diversification of funding sources, and development of the state's institutional capacity. These are the factors that will determine the ability of governments to maintain macroeconomic balance in the face of ongoing global transformations.

REFERENCE

- Ahmad, M.; Zheng, J. (2023) The cyclical and nonlinear impact of R&D and innovation activities on economic growth in OECD economies: A new perspective. *Journal of the Knowledge Economy*, 14(1), 544-593.
- Afonso, A.; Montes, A. P.; Domínguez, J. M. (2025) A dynamic efficiency analysis for tax revenues in OECD countries. *Empirica*, 52(2), 377-411.
- Auerbach, A. J.; Gorodnichenko, Y.; Murphy, D. (2024) Macroeconomic frameworks: Reconciling evidence and model predictions from demand shocks. *American Economic Journal: Macroeconomics*, 16(3), 190-229.
- Bondarenko, S.; Makeieva, O.; Usachenko, O.; Veklych, V.; Arifkhodzhaieva, T.; LERNYK, S. (2022a). The legal mechanisms for information security in the context of digitalization. *Journal of Information Technology Management*, 14 (Special Issue: Digitalization of Socio-Economic Processes), 25-58.
- Bondarenko, S.; Bratko, A.; Antonov, V.; Kolisnichenko, R.; Hubanov, O.; Mysyk, A. (2022b). Improving the state system of strategic planning of national security in the context of informatization of society. *Journal of Information Technology Management*, 14, 1-24.
- Blanchard, O. (2019) Public debt and low interest rates. *American Economic Review*, 109(4), 1197-1229.
- Blanchard, O.; Tirole, J.; Gollier, C.; Reguant, M.; Rodrik, D.; Stantcheva, S.; Propper, C. (2021) Les grands défis économiques. Rapport de la Commission internationale présidée par Olivier Blanchard et Jean Tirole, 23, 301.
- Cobham, A.; Janský, P. (2019) Measuring misalignment: The location of US multinationals' economic activity versus the location of their profits. *Development Policy Review*, 37(1), 91-110.
- Danylenko, A.; Venger, V. (2024) Market conditions and the role of the state in post-war economic recovery of Ukraine. *Finance of Ukraine*, 5, 7-32.
- Gelpern, A.; Panizza, U. (2022) Enough potential repudiation: Economic and legal aspects of sovereign debt in the pandemic era. *Annual Review of Economics*, 14(1), 545-570.
- Huang, N.; Burtch, G.; Hong, Y.; Pavlou, P. A. (2020) Unemployment and worker participation in the gig economy: Evidence from an online labor market. *Information Systems Research*, 31(2), 431-448.
- Jones, B. F. (2021) The rise of research teams: Benefits and costs in economics. *Journal of Economic Perspectives*, 35(2), 191-216.
- Jusaj, Y.; Avdimetaj, K.; Zogaj, V.; Gara, A. (2025) The impact of public debt threshold on economic growth before and after the COVID-19 pandemic: An empirical analysis of Central and Eastern European developing countries. *Economics and Culture*, 22(1), 123-135.
- Lee, S.; Park, J. (2022) Identifying monetary policy shocks using economic forecasts in Korea. *Economic Modelling*, 111, 105803.
- Lelyk, L.; Olikhovskiy, V.; Mahas, N.; Olikhovska, M. (2022) An integrated analysis of enterprise economy security. *Decision Science Letters*, 11 (3), 299-310.
- Liu, C.; Padhan, H.; Rekha, V.; Gozgor, G. (2025) The path to green growth in OECD economies: The role of energy transition and education. *Energy Economics*, 145, 108419.
- Lunina, I.; Bilousova, O. (2025) The fiscal component of enhancing the country's defense capabilities. *Scientific Bulletin of International Association of Scientists. Series: Economy, Management, Security, Technologies*, 4(2).
- Mialkovska, L.; Maiboroda, O.; Koretska, N.; Martyniuk, Y.; Haponchuk, O.; Korobchuk, L. (2025) Modern approaches to educational management: European perspectives on innovation. *Salud, Ciencia y Tecnología – Serie de Conferencias*, 4, 1479.
- Mourougane, A. (2025) How have balance of payments statistics been used in OECD statistical and policy analysis? In *Measuring International Economics: 100 Years Balance of Payments in Germany* (pp. 157-168).

- Musa, K.; Janssen, M.; Said, J.; Zakaria, N. B.; Erum, N. (2025) The impact of public debt and quality of governance on economic growth in high-income countries. *Journal of the Knowledge Economy*, 16(1), 2817-2843.
- OECD. (2025) *OECD Economic Outlook Interim Report*, September 2025.
- Panizza, U. (2025) Long-term debt sustainability in emerging market economies: A counterfactual analysis. *Review of Development Finance*, 15(1), 1-19.
- Poterba, J.; Venti, S.; Wise, D. A. (2018) Longitudinal determinants of end-of-life wealth inequality. *Journal of Public Economics*, 162, 78-88.
- Reinhart, A. (2025) The regressinator: A simulation tool for teaching regression assumptions and diagnostics in R. *Journal of Statistics and Data Science Education*, 1-22.
- Rogoff, K. (2021) Fiscal sustainability in the aftermath of the great pause. *Journal of Policy Modeling*, 43(4), 783-793.
- Xu, Q.; Fu, B.; Wang, B. (2022) The effects of oil price uncertainty on China's economy. *Energy Economics*, 107, 105840.
- Zucman, G. (2013) The missing wealth of nations: Are Europe and the US net debtors or net creditors? *The Quarterly Journal of Economics*, 128(3), 1321-1364.

