

FOREIGN EXPERIENCE OF INCREASING THE IMPORTANCE OF LOCAL BUDGETS IN THE DEVELOPMENT OF SOCIAL SPHERE

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Abstract

The study of foreign aid to increase the role of local budgets in the development of the social sphere is an important problem in the process of implementing processes related to the globalization of the economy in Uzbekistan. Because the purpose of the budget is to provide funds and develop social spheres by controlling the importance of the budget process. The article discusses the opportunities and some problems in using foreign experience.

Keywords: socio-economic development of regions, local budget expenses, development strategy, social sphere expenditures.

Introduction

In the world, the role of local state bodies in ensuring the socio-economic development of regions is significantly increasing. One of the most important means of implementing this role is the local budget, which is a fund of funds formed from the income of local government bodies and used to finance expenses aimed at improving the lives of the population.

Due to the global changes taking place in the world economy, the existence of a high level of uncertainty complicates the formation of the country's budget and the forecasting of the main macroeconomic indicators. As a result, many countries are moving to a decentralized management system, which further increases the role of the local budget in socio-economic development. For example, according to the International Monetary Fund, a 1% increase in local budget spending on infrastructure leads to a 0.7% increase in gross domestic product.¹

In the medium-term development strategy of Uzbekistan, important tasks such as increasing the base of local budget revenues, ensuring their financial independence, and creating a competitive environment between regions are defined. It is important to study and apply their positive results in our republic. While thinking about the development of the regions, the President of the Republic of Uzbekistan Sh.M. Mirziyoyev says: "These areas have not been given such a large amount of funds to date. Now it needs to be delivered in an orderly, efficient manner. Therefore, it is necessary to introduce an electronic control system, linking the funds allocated for each program with target indicators."²

The role and essence of the social sphere based on the comprehensive consideration of the unique lifestyle, conditions and characteristics of the country, folk traditions and customs in the implementation of our tasks in achieving our strategic goals, and the social sphere in

¹ International Monetary Fund information. <https://www.imf.org/ru/Home>

² Mirziyoyev Sh.M. Meeting on tax revenues and budget parameters for 2022. November 1, 2022. <https://president.uz/oz/lists/view/4738>



Uzbekistan in the era of globalization development analysis, several characteristics of industry sectors are given.

Achieving stable economic indicators in the conditions of economic globalization is first of all closely related to achieving stability in our life and economy. Therefore, stabilization of the financial situation of our economy is an important condition for the implementation of our economic reforms.

Today, in the conditions of ongoing serious problems in the global world economy, a number of measures are being implemented to effectively organize the budget and tax policy of the country.

The role of local budgets in the state budget system is the financial basis for the organization of local budget revenues and determining its composition.

Another of the available opportunities to increase the income of local budgets is related to the creation of opportunities to increase the economic activity of the population in these places, as well as the improvement of the mechanism of taxing the income of individuals from business activities. Rates of taxation of income from business activities of individuals are set independently by local authorities. First of all, when setting the rate, it is necessary to create equal conditions for all self-employed people, to ensure full taxation of income. Also, it is advisable to change these tax rates depending on the level of inflation.

The level of income of members of society is considered an important indicator of their well-being, and at the same time, it determines the possibilities of individuals to relax, learn, maintain their health, and meet their most basic needs. The monetary income of the population includes all cash receipts in the form of wages, income from business activities, allowances, pensions, scholarships, income from property in the form of interest, dividends, rent, securities, real estate, agricultural products, crafts. and includes income from the provision of various services.

The world experience shows that gaining one's statehood, achieving national and social freedom has never been easy anywhere. Every country that has gained independence is looking for its own way of development, trying to develop its own model for building a new society.

Uzbekistan will undoubtedly effectively use all the positive and acceptable experiences that have been collected in the course of the development of other countries and that can be applied to the conditions of the country. It is the firm position of the country to choose its own socio-economic and political-legal development path without rejecting all the fruitful experience gained from the world and our own practice.

In order to form independent finance, credit, insurance and other fields of statehood, and to ensure their development on the basis of international legal norms, Uzbekistan uses the experiences of the financial sector of developed countries and supports the aspects acceptable to it in the national financial system. We believe that it is necessary to study the experiences of other developed countries in financing the social sector and allocating funds to this sector from the higher budget, especially in our country, where the weight of social sector expenditures financed from local budgets is high in the state budget expenditures.

Funding of the social sector is carried out at a high level in many developed countries. For example, the share of social sector expenditures in state expenditures is evidence of this:



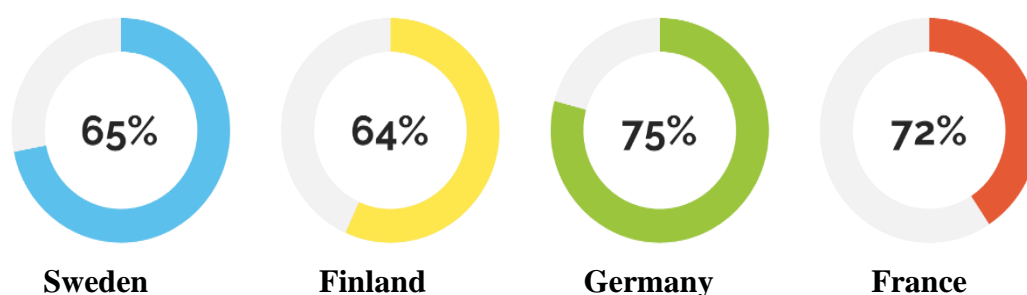


Figure 1. Contribution of social sphere expenditures to state expenditures³

In these countries, the state system of providing funds to the social sector is strongly developed. This system ensures that the general population enjoys many social benefits, which cannot be ensured with non-governmental social funds. So, even in developed countries, financing of the social sphere is included in the financial activity of the state.

In many developed countries, social sector spending is considered the main financial activity of the state, and they implement this financial activity through local budgets.

The main direction in regional budget expenditures will consist of funds spent on social and cultural objects. Primary and secondary schools are the primary expenses in this direction. In Germany, these costs make up 1/4 of local budget costs, in Japan and France more than 1/3, and in Great Britain and USA budgets more than 40% of costs.

In almost all of the countries of the Organization for Economic Co-operation and Development (OECD), education spending has increased slightly compared to national welfare spending. In France, Mexico, Norway, Spain, and Switzerland, public spending on education as a percentage of Gross National Product (GNP) increased from 0.5 percent to 1.4 percent between 2000 and 2010. In Mexico, this growth was the highest, from 3.2 percent in 2000 to 4.6 percent in 2010, reaching levels in the Netherlands and Great Britain. On the contrary, in Italy and Turkey, such costs have decreased sharply. In Finland, between 2000 and 2010, as GDP fell, education spending also fell. Finland is currently spending more of its national wealth on education than it was in 2000, according to government spending on education. In Italy and Turkey, the result was different, as the GNP increased, education expenses decreased.

The study of foreign experience on increasing the role of local budgets in the development of the social sphere is considered important in the process of reforms being implemented in Uzbekistan in connection with the globalization of the economy. Because the positive result of these reforms in the budget sphere is to provide social spheres with funds and develop them by increasing the importance of local budgets in budget processes.

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³ Prepared by author



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