
The impact of fiscal policy on provided measures to reduce adverse impact on income distribution

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Abstract: The article examines the scientific and theoretical aspects of fiscal policy and its impact on the degree of measures to reduce the adverse impact on income distribution. A number of problems are outlined related to ending subsidies to unprofitable state-owned enterprises and gradually eliminating subsidies to consumers (especially on food). Specific proposals are given to ensure the stability of social security payments. In addition, it is noted that the main goal of reform of the social security system should be economic efficiency, which means maximum social return for each sum from the budget.

Key words: interest rate, fiscal policy, income, employment, migration, elimination of consumer subsidies, deficit, savings, capital flight, reform, efficiency.

Introduction

To correct the situation regarding macroeconomic imbalances, manifested in high rates of inflation, in the late 90s of the twentieth century, several developing countries began to implement comprehensive structural modernization programs aimed, in addition to short-term stabilization, at carrying out structural reforms. As part of the countries' national development strategy programs, these reforms mainly consisted of relaxation of commodity prices, liberalization of interest rates and exchange rates, fiscal reform, enterprise reorganization and liberalization of foreign trade and payments. Governments have recognized that the scale and nature of these structural changes, combined with tight fiscal and monetary policies, have had a significant short-term negative impact on incomes and employment. This result was typical for countries undergoing market transformations, in particular the Republic of Uzbekistan.

It is obvious that the end of subsidies to unprofitable state-owned enterprises and the gradual abolition of subsidies to consumers (especially on food), the rehabilitation of processing enterprises led to a slow deterioration of social conditions compared to the situation that previously existed in industrialized countries, which, when carrying out modernization programs in most cases living conditions were improving relative to the corresponding reverse situation (characterized by widespread budget deficits and stockpiling, declining real incomes, and black market activity), which was unsustainable due to the loss of banks' intermediary functions, falling output, capital flight, and increased migration. Moreover, combined with stabilization, market-oriented structural reform was expected to lead to sustainable economic growth over the medium term.

Since 2000, as we know, the IMF has sought to actively and systematically address the social impact of modernization and social protection programs. Fundamentally, this was driven by the need to provide social and political support to small businesses and private enterprise through clearly defined measures to reduce short-term adverse impacts on income distribution. As part of the assessment of macroeconomic policies, the government of the Republic of Uzbekistan began to analyze the possible consequences of this focus and the combination of various basic measures of structural modernization for socio-economic conditions, as well as to identify methods for strengthening the social protection system, especially since 2008, from the global financial and economic crisis of affected population groups. The focus was on mitigating the temporary impact of such measures on the poorest and low-income people.

In recent years, in the context of the anti-crisis program, increasing attention has been paid to comprehensive reforms of social security systems. According to a number of decrees of the President of the Republic of Uzbekistan and Government Resolutions, they were provided with financial assistance aimed at supporting such reforms. Since 2008, at least all entities without exception have had the opportunity to receive financial assistance in the development and implementation of social security programs, including state pensions, unemployment benefits, medical care and social assistance. In addition, social security reform measures, combined with other structural fiscal reform measures, are increasingly being included in government-supported programs.

So, the main goal of reforming social security systems is economic efficiency (meaning "maximum return on each budget"), based on the idea that social security can no longer be viewed only in terms of benefit levels and coverage, and that it needs to be assessed in terms of budgetary costs and resource allocation efficiency.

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