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PROBLEMS OF DECENTRALIZATION OF BUDGET FUNDS IN THE REVENUE PART OF THE LOCAL BUDGET

The problem of financial resources and powers decentralization is attracted a lot of scientific researches, but none of them revealed the criterion for determining the optimal level of centralization or decentralization of budget funds in the revenue part of the local budget. To answer the question, what is better: fiscal centralization or decentralization, the theory of fiscal federalism is intended. Fiscal federalism is one of the main objects of research in the public sector of economy and reflects a complex pattern of relations between budgets of different levels.

A critical analysis of the definition of the "decentralization" term in the writings of many economists, proves that decentralization is a complex of phenomena, the components of which different scientists define differently. But, despite different views on the definition of the notion of decentralization, it is fundamental to define it in the light of the interrelationships between central and subnational (local) governments about their various powers (fiscal, political, administrative, etc.) given by the American scientist Michael Bell. Decentralization, according to Bell, is a way of measuring the magnitude of the transition of a national economy from command to market economy. The beginning of decentralization through the prism of various kinds of powers is that these powers must have their own dimension and goals.

Under the budget decentralization should be understood any type of mobilization of financial resources in the budgets of local governments. In addition to its specific content, it should be considered as a way to measure the size of the transition of the national economy from command to market economy and which is expedient provided that a reasonable optimum is reached between the formation of local budget revenues and the financing of delegated powers.

Analyzing the financial policy of Uzbekistan for the years of independence, it is impossible not to notice its areas of fiscal decentralization. Recently, all developing countries and countries with economies in transition have been implementing their policies towards fiscal decentralization in order to change the ratio of the impact of central government and local governments on the macroeconomic situation.



Budget decentralization is classified according to the typology of a specific economic model: delegation, devolution, and decentralization. Provisions on the delegation of powers of state authorities to local governments provide for the transfer of certain powers to perform local government on behalf of the central government, and funding for tasks performed within delegated powers is provided by the state through the allocation of transfers. Delegation takes place in any state of the country's economic development, but prevails in countries with an administrative-command model of the economy, where a high level of concentration of financial resources is in the state budget, and, moreover, it provides for the absence of budgetary self-financing of local governments budget when financing delegated authority.

Devolution is an intermediate link from centralization to decentralization, characteristic of the transition period, when local governments finance are responsible for the provision of certain public services within the framework of such financing from the state budget. As a rule, it concerns the satisfaction of social needs. And decentralization itself implies a concentration of financial resources at the level of local governments for financing by them (bodies) of delegated powers. In addition, special services or bodies should be created in the regions where citizens are involved before government decisions are taken.

In Uzbekistan, representative bodies of local self-government have the same competence — village, town, city councils and have elected village, town, or city mayors. In economically developed countries, in addition to representative bodies, a widely developed structure of non-party organizations that are actively involved in the management of a particular territory and can influence the adoption or cancellation of certain decisions of representative bodies by interviewing citizens, protest actions, demonstrations, rallies and the like. Decentralization is typical for countries with developed market economies.

Devolution in different countries goes differently for a long time, depending on the economic development, political and cultural preferences of a particular country. But the result of the policy of devolution is the centralization or decentralization of financial resources in the central or local budgets.

The traditional theory of fiscal federalism makes recommendations for assigning certain functions and fiscal instruments necessary for their implementation to different levels of government. The cornerstone of the theory of fiscal federalism is the decentralization theorem: if decentralization does not affect the level of spending, then decision-making on a local public body is more effective than centralization, or at least not inferior to it in terms of efficiency. Centralization and the standardization connected with it very often allow not only to reduce administrative



expenses, but also to reduce the price directly for the production of a unit of public benefit. Decentralization of the public sector is appropriate when it contributes to the effective performance of its functions. In economic theory, it is customary to consider local and national public goods, the production of which is one of the main functions of the state. Naturally, in the production of national goods fiscal decentralization will lead to a decrease in the economic efficiency of such measures. The provision of public goods at the local level is more effective when independent decisions are made by local and regional governments.

The relationship between the level of fiscal decentralization and the economic boom economists in different countries have been actively exploring since the mid-1970s. However, as early as the 1950s, English economists Martin and Lewis noticed that "... the weakness of local governments in relations with central ones is one of the most noticeable phenomena for developing countries ...". Studies of John Mixes and Mark Sandberg, conducted in the mid-80s, fully confirm the findings of Martin and Lewis. In 20 industrialized countries, the share of central government spending in gross national expenditures is 65%, while in 23 developing countries it is 89%. Similar results were given by other studies. However, this does not at all mean that an increase in the level of fiscal decentralization will automatically lead to an increase in the rate of economic recovery and an improvement in the welfare of the nation. On the contrary, many economists believe that fiscal decentralization of public finances is more a consequence, not a cause, of economic growth.

When pursuing a policy of fiscal decentralization or centralization, one should take into account numerous factors of economic development, among which the peculiarities of the state political system and the historically established interrelations between its various links play a significant role. Strengthening the financial independence of local governments is an urgent task of the policy of decentralization of public finances in Uzbekistan. Self-governing levels of the economy must have normal conditions for economic activity and be in the effective use of all types of resources, and local authorities in a stable economic growth.

Local councils in the context of a new policy devolution should independently determine the direction of the use of funds from their budgets. The disadvantage is that the legislation does not establish a specific list of expenses that must be financed from local budgets. In this regard, it is impossible to determine how secured to local budgets revenues provide for the needs and in what amounts.

The weakening of the central government and at the same time the growing role of local governments in developing countries and in countries with transitional economies is a characteristic feature of the last decade of the 20th century. At the same time, evidence of the fact that fiscal



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decentralization in these countries really contributes to economic recovery is practically absent in both domestic and world economic literature.