

The Role of Foreign Experience in the Effective Use of Local Budget Funds

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Annotation. The article examines the best foreign experience of effective use of local budget funds and the possibility of their use in the practice of Uzbekistan.

Key words: social model of the Japanese experience, the economic downturn, regulatory financing, transfers.

Consider the experience of Japan, which has a similar situation to Uzbekistan in solving many social problems and has shaped the market economy on the basis of a "social model". In this regard, first of all, we consider it expedient to pay attention to the changes in the macroeconomic indicators of this country in recent years. The relevant data are given in Table 1.

The data presented in this table confirm that the almost complete lack of access to natural resources in practice did not hinder the development of Japan in the twentieth century. In terms of sectors, the Japanese economy is based on the high-tech sector. Its economic power reached its peak in the early 1990s. However, in recent decades, Japan has faced certain challenges in terms of economic growth. As the competitiveness of goods from other countries in the region increases, the situation of Japanese goods is declining. Due to the export-oriented nature of the country's economy, the narrow domestic markets of trading partners have had a negative impact on its economic growth. Very low inflation and even deflation, as well as large amounts of public debt and a number of socio-demographic problems, are hampering the country's economic growth. In Japan, food security and energy security issues remain acute. Given these and other factors, international organizations are predicting slower economic growth in Japan in the medium term.

Table 1

The main macroeconomic indicators of Japan, which formed the market economy on the basis of a "socially oriented" model ¹

S/ N	indicators	Years									
		2000	2009	2011	2012	2013	2014	2015	2016	2017	2018
1.	GDP, real, compared to the previous year %	2,8	-5,4	-0,1	1,5	2,0	0,4	1,4	1,0	1,7	1,1

¹ Bulletin on current trends in the world economy. Japan: in search of new drivers rosta. Analytical center under the Government of the Russian Federation. January 2019. - pp.8 »compiled by the dissertation..

2.	GDP, nominal, bln. doll.	4,9	5,2	6,2	6,2	5,2	4,9	4,4	5,0	4,9	5,1
3.	GDP per capita, ming doll.	33,9	34,5	35,8	36,4	37,2	37,4	37,9	38,3	39,0	39,6
4.	Accumulation rate, in% of GDP	27,3	21,3	22,1	22,7	23,2	23,9	24,0	23,6	24,0	24,5
5.	Average annual inflation,%	-0,7	-1,3	-0,3	-0,1	0,3	2,8	0,8	-0,1	0,5	1,2
6.	Import (goods and services) growth,%	9,3	-15,7	5,8	5,4	3,3	8,3	0,8	-1,6	3,4	3,2
7.	Growth of exports (goods and services),%	12,7	-23,4	-0,2	-0,1	0,8	9,3	2,9	1,7	6,7	3,9
8.	Unemployment,% of labor force	4,7	5,1	4,6	4,3	4,0	3,6	3,4	3,1	2,9	2,9
9.	Population, mln. person	126,8	127,6	127,8	127,6	127,3	127,1	127,0	127,0	126,7	126,4
10.	State budget balance, GDP relative%	-8,3	-10,2	-9,4	-8,6	-7,9	-5,6	-3,8	-3,7	-4,3	-3,7
11.	Public debt,% of GDP	137,9	201,0	222,1	229,0	232,5	236,1	231,3	235,6	237,6	238,2
12.	Account rate,%	0,25	0,1	0,1	0,1	0,1	0,1	0,1	-0,1	-0,1	-0,1
13.	Current account, % Of GDP	2,7	2,8	2,1	1,0	0,9	0,8	3,1	3,9	4,0	3,6

Noting these general trends related to the economic situation in Japan, let us now turn our attention to the issues related to ensuring the efficient use of budget expenditures.

In this regard, first of all, it should be noted that Japan's budget expenditures on the social welfare program are relatively low.

They make up less than 1.0% of the country's GDP. If transfers and services are taken into account, its level will reach only 1.5% of the country's GDP (including additional tax deductions). It is sharply lower than in all European countries except Italy (see Figure 1).

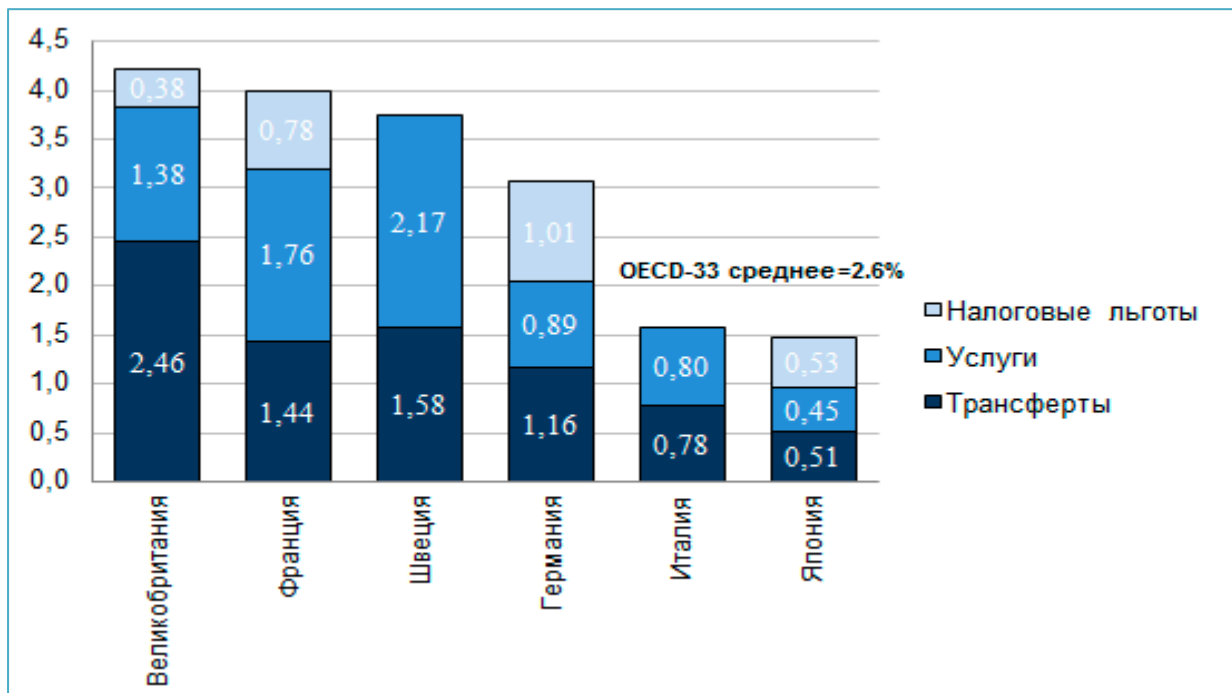


Figure 1. Public spending on family benefits as a percentage of GDP in 2019 in some countries of the world and their structure

One of the reasons for the above situation in Japan is due to the fact that the idea of a special type of Japanese welfare society (Japanese welfare society) is sufficiently widespread, according to which care for children and the elderly is traditionally the most basic job of any family. The second possible reason for this is the economic recession that is leading to an increase in the social items of expenditure, given the priorities of public policy. At one time, the government actively promoted the uniqueness of the Japanese family structure and the idea of minimizing state interference in family affairs in the wake of the economic crisis that began in the first half of the 1970s. As early as 1979, the Liberal Democratic Party of Japan issued a special report emphasizing the dignity of the three-generation family, the horrors of close kinship and loneliness among family members, and subsidies to maintain and increase the size of the extended family while reducing all other expenditure items. It was proposed to introduce tax breaks. According to the authors of the report, other serious government interference in family affairs can only upset the existing balance. The structure of the distribution of social expenditures per family by groups of children also differs sharply in Japan from that in European countries (see Diagram 2).

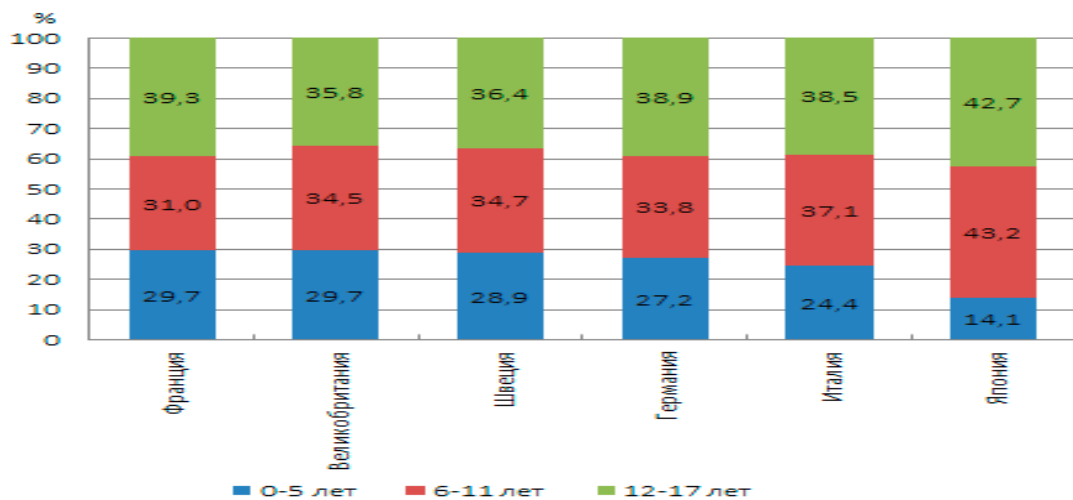


Diagram 2. Distribution of public social spending by age groups of children in Japan in 2019²

Despite the fact that per capita expenditures are the highest in terms of public services, only 14.0% of the budget is allocated for family transfers to children aged 0 to 5 years. At the same time, it is worth noting that the specific model of distribution of funds available in Japan at the level of social spending plays a lesser role than their sum.

For a long time, family policy in Japan was highly correlated with the economic cycle. With the increase in demand for women's labor, the number of places in children's pre-school education institutions has increased, in connection with which the government has made recommendations to the corporate sector on the development of social programs; with the onset of the recession, the state assumed responsibility for the family, a model belonging to the Japanese family, in the life of the child emphasizing the critical importance of motherhood and the negative consequences of increased employment for women, and sought to shift the burden on the population. At the same time, any bills passed at this stage could not escape the sequestration of the budget. For example, the first AngelPlan was reduced by almost 2/3.

In addition to insufficient funding, another reason for low efficiency is that Japanese family law lags behind in taking the necessary measures and the government's decision to be taken is highly dependent on business opinion. Associations of large corporations block laws that do not suit their interests at the coordination stage for adoption in parliament, and at the same time because small business measures are of a recommendatory nature (many corporate family policy laws are of a recommendatory nature or only mandatory for companies with more than 300 employees). can be applied in order) give them up.

In the early 1980s, the Liberal Democratic Party of Japan had proposed the introduction of annual unpaid leave for child care, while maintaining social payments for length of service and company employee. Although the bill was supported by the Ministry of Labor, it was rejected under strong opposition from Japanese business

circles. Despite the positive international experience, the issue of introducing childcare leave until 1991 was not on the agenda of Japanese political parties.

In 2003, Japan enacted a law to develop a new generation of educators and support measures. According to him, companies should develop and implement a policy of social support for families with children, in particular, which reflects the system of parental leave. According to the Japanese Ministry of Health, Labor and Welfare, the share of companies that implemented the rules of the childcare leave system in fiscal year 2008 was only 66.4%

(99.8% of companies with 500 or more employees and 61.4% of companies with 5 to 29 employees). The number of companies that have a sick leave policy is less than 50.0% (94.2% of companies with more than 500 employees, 82.9% of companies with 100 to 499 employees, 30 employees 62.6% of companies from 99 to 41 and 41.5% of companies with 5 to 29 employees). Nevertheless, the state does not impose any sanctions on such representatives of business who are socially backward.

In this regard, it is important to pay attention to what methods of planning and financing budget expenditures are used in the countries we are considering, ie in countries that have formed a market economy based on a socially oriented model. It should be noted, therefore, that the following methods of allocating and planning budget expenditures are used in these countries: a) per capita financing; b) normative (normative) financing; c) normative (normative) per capita financing (see Table 1.2.6 on the next page).

Thus, Table 1.2.5 shows that in countries that have formed a market economy on the basis of a "socially oriented model" in the financing of budget expenditures, in terms of ensuring their maximum efficiency, the method of normative (normative) per capita financing is used. At the same time, one of the most successful options in this area in recent years is the "new form of financing" used in New Zealand.

Thus, summarizing the results of our research, we can say that the system of planning, distribution and financing of budget funds is constantly improving in terms of ensuring the effective use of these funds in the context of limited budgets, including local budgets. Based on the comparison of the practices and experiences of these countries and Uzbekistan in this area, it will be possible to create a mechanism in our country, including one that can work effectively, from the situation that has arisen in them.

Table 1.2.6

Methods of budget planning and financing in some developed countries, which formed the market economy on the basis of a "socially oriented model"

S/N	Countries	Planning and financing methods
1.	Germany	Per capita financing, ie budget expenditures are allocated per capita, and expenditure norms are not taken into account in practice.
2.	new Zealand	Per capita financing. Funding is provided on the basis of the following forms: a) the state provides information on priorities; b) how many contingents the institution can serve; c) indicates how many contingents the state is willing to finance (but the institution may serve more contingents).

3.	Finland	Normative per capita financing. State grants - grants to local governments are allocated on a compensatory basis, are not allocated to specific items, are provided at the rate of one hour and per capita, and should cover an average of 57.0% of local government expenditures in this area.
4.	Switzerland	Budget expenditures are provided on a per capita basis.
5.	South Korea	Normative (normative) financing. Costs are the product of the weight of the cost of the service, the unit of measurement, and the correction factor.
6.	Japan	Normative per capita financing. The calculation was based on a "universal local government." Each item of cost is equal to the product of the following three variables: the weight of the cost of services; unit of measurement and correction factor.

can make a worthy contribution to ensuring the efficient use of local budgets.

The experience of foreign countries (Germany, Japan, Sweden, Finland, Norway, Denmark, etc.) that have formed market relations in their countries on the basis of the socially oriented market economy model (Uzbekistan also uses this model) successfully solves the problem of ensuring efficient use of budgets, including local shows that a solution is possible. To do this, first of all, it is enough to strictly adhere to the requirements of the principles on which it is based.

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