THE MECHANISM OF IMPLEMENTATION OF FISCAL POLICY IN THE TRANSITION ECONOMY OF THE STATE

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Abstract: Fiscal policy - a set of financial measures of the state for regulation, government revenues and expenditures. It changes significantly depending on such strategic tasks as anti-crisis regulation, ensuring high employment, and fighting inflation.

Key words: fiscal policy, government revenues, important, state budget, financial capabilities of producers of goods, income, centralization of funds.

The main instrument of government policy in the economic sphere is the state budget. A balanced budget means that government revenues, consisting of taxes, fees and other revenues, are equal to government expenditures. Unfortunately, the balance of expenses and income in most countries of the world is rarely achieved. The "normal" and most common phenomenon can be considered a budget where expenses exceed income for one year. The management of the state budget is fiscal policy.

The state budget is the main instrument of fiscal policy. Its impact on the economy is huge, because the state budget is a political variable. This means that politicians can arbitrarily change this variable, setting themselves very large macroeconomic tasks. With the help of fiscal policy, aggregate expenditures and aggregate demand can be stimulated, or they can be limited. Budget deficits can arise due to two main reasons. Firstly, it can be caused by the conscious actions of the government, which, by necessity, decided to spend more than there is income. The resulting deficit is called an active budget deficit. Secondly, the budget deficit may be formed as a result of a recession, a decrease in real national income, which will reduce budget revenues. Such a deficit is called a passive budget deficit. For a long time, the prevailing view among economists was that the state budget should always be balanced.

One of the main instruments of macroeconomic regulation is fiscal policy.

Fiscal (fiscal) policy is the measures taken by the government to stabilize the economy by changing the amount of revenues and expenditures of the state budget [2, p.63].

The above-mentioned goals are achieved with the help of fiscal policy instruments, which include:

1) tax regulators: manipulation of various types of taxes and tax rates, their structure, objects of taxation, sources of taxes, benefits, sanctions, terms of collection, methods of payment.

2) budget regulators: the level of centralization of funds by the state, the ratio between federal or republican and local budgets, budget deficit, the ratio between the state budget and extra-budgetary funds, budget classification of income and expenditure items, etc.

Modern fiscal policy includes direct and indirect financial methods of regulating the economy.

Direct methods include methods of budget regulation. At the expense of the budget, the following are financed:

a) the costs of extended reproduction

b) unproductive expenditures of the state

c) infrastructure development, scientific research, etc.;

d) implementation of structural policy;

e) maintenance of the military-industrial complex, etc.

Indirect methods are used to influence the financial capabilities of producers of goods and the size of consumer demand. The taxation system plays an important role here. By changing tax rates on various types of income, providing tax incentives, etc., the state seeks to achieve, perhaps, more stable rates of economic growth and avoid sharp ups and downs of production.

Depending on the nature of the use of direct and indirect methods, there are two types of fiscal policy of the state:

a) discretionary fiscal policy;

b) automatic fiscal policy (built-in stabilizer).

The reform of the budgetary and tax systems of the state is carried out in difficult conditions of property transformation and the formation of national entrepreneurship. This is due to the restructuring of the industrial structure of production, the transfer of defense production to the manufacture of competitive products, the implementation of major measures for social protection of the population, etc.

The transition to a market economy has also changed the structure of the revenue side of the state budget, which is largely formed at the expense of tax revenues, so the main task in implementing fiscal policy is to reform the tax system and taxation.

The difficulties in its implementation are that the evolution of the state tax system has been developing for a long time not in accordance with the trends that are characteristic of the economies of developed market countries.

In modern conditions, the main milestones of reforming the state tax system have been outlined. For the transition period, it becomes important to develop the concept of increasing the stimulating function of taxation in the development of entrepreneurship and the formation of investments.

The strategy of strengthening the incentive function of taxation and quantitative increase of investments involves their software. This program should include certain measures of state and territorial administration bodies implemented in a logical sequence. Among these measures are:

- ensuring the stability of tax legislation, the inadmissibility of any changes in the tax scheme during the entire business year. Moreover, it is assumed that there will be a long-term moratorium on amendments that increase the tax burden;
- refusal of unjustified multiplicity of taxes, the number of which only in Russia, taking into account local taxes, approached one hundred. Elimination of existing discrimination in the differentiation of taxpayers depending on the forms of ownership;
- the establishment of low taxes on producers and the "cheapening" of credit;
- strengthening the purposefulness of the tax system. In a downturn in production, it is important to put enterprises (firms) in a privileged position that actually increase production volumes and invest in its growth. This can be done in various ways, for example, by exempting from taxes a part of the profit received from increasing the volume of sales at comparable prices. It is also desirable to completely exempt from taxation investors' deposits and profits of enterprises directed to the development of production, maintenance of social facilities;
- giving an effective and concrete character to tax benefits, which in most cases are declarative and ostentatious. As a result, they lose their stimulating value. Newly created or reconstructed enterprises should be granted benefits not from the moment of their registration, but from the moment of receiving the first profit.

As the world experience of developed countries shows, the modern tax system should stimulate scientific and technological progress, the structural relocation of resources and labor, the production of scarce products, and the development of entrepreneurship. At the same time, it should suppress such negative trends as monopolism, rising costs, speculative activity, and inflation.

This is the general concept of restructuring the tax system of the transitional economy in the direction of unconditional economic growth while maximizing the individual wealth of taxpayers and tax revenues to the budget.

As a result, the economic dynamics of society will be ensured through the concentration of tax revenues to the budget and the directions of budget allocations for investing in various structures and programs, as well as the socio-cultural sphere. It is through the budget that direct and feedback links are implemented to regulate and maintain the macroeconomic equilibrium of aggregate demand and aggregate supply.

The functions of taxation in ensuring investment are not abstract. They perform the tasks of resource and monetary support of this process according to the developed programs. These are direct connections.

In turn, economic growth and expansion of production scale increase the tax field and the reverse increased flow of resources. These are feedbacks in the overall economic dynamics.

Unfortunately, there is a huge difference between fiscal policy on paper and fiscal policy in practice.

The implementation of fiscal policy requires solving some time problems.

The time lag of recognition. The time lag of recognition refers to the period of time that passes between the beginning of a recession or inflation and the moment when there is an awareness of the fact that they are taking place. It is extremely difficult to accurately predict the future course of economic activity. Although such economic forecasting tools as the system of leading indicators give an idea of the direction of economic development, the economy may already have a four- or even six-month recession or inflation before this fact manifests itself in the relevant statistics and is realized.

Administrative delay. The wheels of democratic government often turn quite slowly. Usually, a significant period of time will pass from the moment when the need for fiscal measures will be recognized to the moment when these measures will actually be taken.

Functional lag. In addition, there is also a time lag between the moment when Congress decides on fiscal measures and the time when these measures will begin to have an impact on production, employment or price levels. Although changes in tax rates can be introduced fairly quickly, government spending on public works - such as dams, roads, etc. - includes long planning periods and even longer construction periods.

Fiscal policy is formed in the political arena, and this greatly complicates its use for the purposes of stabilizing the economy.

1. Other (other) goals. Economic stability is not the sole objective of government spending and taxation policies. The Government is also involved in solving the problems of providing goods and services for general consumption and income redistribution. The fiscal policies of state and local governments are often

pro-cyclical. Thus, state and local governments, as well as households and private entrepreneurs, tend to increase spending in times of prosperity and cut it in times of recession.

2. Addiction to stimulating measures. Deficits tend to be politically attractive, and budget surpluses are perceived politically very painfully. That is, there may be a political predisposition in favor of deficits, fiscal policy may embody a predilection for stimulating the economy and inflation. Tax cuts are very popular politically. Increases in government spending are also popular, especially if the constituencies of specific politicians benefit from this. Tax increases usually worry voters, and shrinking government spending can be politically risky.

3. A business cycle driven by political motives? Some economists emphasize that the all-consuming goal of politicians is not necessarily action in the interests of the national economy, but rather the desire to be re-elected. Some economists have recently suggested that there is a business cycle driven by political motives. That is, they believe that politicians can manipulate fiscal policy in order to maximize voter support, even if their fiscal decisions tend to destabilize the economy. According to these views, fiscal policy can be corrupt based on political goals and cause economic fluctuations.

It looks like this. The population takes into account economic conditions when voting. Those in power will be punished at the polling stations, but if the economy is thriving, they will be rewarded. Consequently, as the election deadline approaches, the administration in power will turn to tax cuts and government spending increases. These steps will be very popular not only by themselves, but also as a resultant stimulus given to the economy, which will push all key economic indicators in the right direction. Production and real incomes are increasing; unemployment is decreasing; and the price level will be relatively stable. The growing public concern prompts politicians to introduce a restraining fiscal policy in this situation.

Conclusion

The state budget is the most important tool of fiscal policy. Fiscal policy involves deliberate changes in taxes and government spending in order to affect the overall level of economic activity.

Maintaining aggregate demand at the level of full employment in the economy reduces economic instability.

When fiscal policy is associated with changes in marginal tax rates, this affects the aggregate supply. Low rates stimulate economic activity and lead to an increase in supply. Most economists believe that in the short term, the impact on aggregate demand prevails in the impact that the change in taxes has on the economy. The impact on aggregate supply is a long-term problem. It cannot be used as an anticyclical tool.

The economy is in constant dynamic movement, changing market conditions. Therefore, an accurate macroeconomic forecast is always very difficult. At the same time, discretionary changes in fiscal policy should maintain economic stability. With imperfect macroeconomic information, discretionary policy partially loses effectiveness due to errors in the timing of certain measures. At the same time, automatic stabilizers are independent of the time factor.

Over the past decades, the budget deficit has been declining during periods of boom and growing during periods of recession. This reflected to a greater extent the impact of automatic stabilizers than the impact of discretionary changes in fiscal policy.

Fiscal policy is the measures taken by the government to stabilize the economy by changing the amount of revenues and expenditures of the state budget. The instruments of fiscal policy are public procurement, taxes and transfers. This policy can be divided, depending on the mechanisms of its regulation for changing the economic situation, into discretionary and automatic fiscal policy (the policy of built-in stabilizers).

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