
**EUROPEAN INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY
RESEARCH AND MANAGEMENT STUDIES****VOLUME03 ISSUE11**DOI: <https://doi.org/10.55640/eijmrms-03-11-34>

Pages: 205-212



FISCAL POLICY AND ITS ROLE IN ENSURING THE STABILITY OF THE ECONOMY***Isroilov Bokhodir****Doctor Of Economic Sciences, Professor, Isft, Tashkent, Uzbekistan****Ibragimov Boburshoh****Phd, Isft, Tashkent, Uzbekistan*

ABOUT ARTICLE

Key words: Crisis, causes of the crisis, consequences of the crisis, patterns of the crisis, gross domestic product, economic growth, fiscal policy.

Received: 19.11.2023**Accepted:** 24.11.2023**Published:** 29.11.2023

Abstract: In order to ensure the stability and development of its economy, the state constantly changes the priorities of fiscal policy depending on the socio-economic situation. As a result, the state creates conditions for the development of economic entities that determine measures to support activities. At the same time, the State is taking measures to ensure a stable flow of funds that will be concentrated in the budget to fulfill the function of the State. In the article, the author studied crises, their causes, their features, as well as patterns in their occurrence. In addition, the author, studying the economic crisis and its consequences that occurred in all countries of the world due to the Covid-19 pandemic, assessed its impact on the state of the economies of countries and sectors of the economy. The fact that during the pandemic, the state fiscal policy will change and its goal will be aimed at overcoming the economic crisis. The society has studied the views on the economic crises that have occurred.

INTRODUCTION

A crisis is one of the socio-economic events that occur at different stages of the state, society and individual's life. Crises are one of the integral laws of the creation and development of society, and their occurrence is a characteristic of human society.

The first 20 years of the 21st century are characterized by events such as crises, epidemics and pandemics, which have caused a lot of anxiety and financial losses for the world economy and society.

A crisis is a reality that harms common values, socio-economic interests and goals in society and cannot be eliminated based on existing approaches and mechanisms. There are exogenous and endogenous factors that cause each crisis situation, and in order to eliminate it, it is necessary to determine their nature and characteristics.

According to the content of the crises: economic, political, social, ecological, according to the scale: sectoral, territorial (one local area, one country), interstate and world crises. Also, crises are characterized by such types as periodic, intermediate, structural, private, sectorial.

It is known that due to a crisis, chaos (disorder) occurs as a result of the violation of the principles of functioning of a system that has been operating in a uniform manner. As a result of the actions taken to eliminate these disorders and establish system activity, a more active, partially updated or completely effective new system can be formed from the existing system. As a result, the crisis serves as a driving factor for the development of society (industry).

As a result of the research, it is emphasized that the periods of occurrence of crises are cyclical in nature and their occurrence can be predicted. Based on the economic-mathematical analysis of the economic crises that have occurred since the 18th century, it has been determined that there are certain general patterns in their origin and occurrence [1].

It is known that indicators such as production representing the state of development of the state economy, economic growth, budget and population incomes, inflation rate, the number of unemployed, the amount of consumption within the groups of the system of economic and socio-economic indicators are indicators of the level of economic security of the country. Crises also have a negative impact on these indicators that ensure the country's security. As a result, the standard of living of the population will decrease as well as the level of ensuring the country's economic security.

Economic crises are not a phenomenon that entered the life of society yesterday or today. Economic crises also occurred in the life of countries before our era, but due to the lack of globalization processes in national economies at that time, they were observed only in some selected countries.

Analysis of the literature on economic crises, their causes and consequences shows that there are different approaches to this phenomenon. In the works of J. Sismondi, K. Rodbertusa-Yagetsova and G.

Malthus, one can see the research on the nature of economic crises and the periods of their occurrence. The problems of economic crises were fundamentally studied by

K. Marx. As a result of K. Marx's research, he substantiates the causes of crises, their laws from a scientific point of view, and proposes measures to solve them [2].

Representatives of the classical theory of economic development A. Smith, D. Ricardo,

A. Marshals believed that the market economy is free from economic decline due to the regulation of supply and demand. But G. Malthus and S. Sismondi, unlike the supporters of the classical theory, admit that crises are characteristic of any economy [3].

American economist J. Galbraith explains the psychological causes of crises by waiting for a positive result, that is, as a result of optimistic views on the increase in the prices of shares, real estate and products in the market, a phenomenon like a bursting of a bubble occurs in the economy [4]. N.D. Kondratev, in contrast to these views, evaluates crises as a phenomenon that repeats itself in 50-60 years with the development of innovation and technology in society [5].

As a result of studying the causes of macroeconomic crises, A.A. Stupina and L.M. Korenyugin concluded that crises are not only characterized by the destruction of economic structures, but they also increase the possibility of economic recovery, increase its stability, and also serve to find opportunities for maintaining and developing the system [6].

A.V. Tarkhova believes that the macroeconomic crisis ensures the development of the economic entity under the influence of its activities and related external environment and organizational mechanisms [7].

Studying the opinions of researchers about the crisis, it can be seen that their approach to crises is one-sided, that is, after the first phase of the crisis has passed. However, the fact that the crisis may be caused not only by the disruption of the system of economic relations, but also by the COVID-19 pandemic or strong natural disasters, has been overlooked by scientists.

There are also opinions that the economic crisis is the result of unauthorized spending of state budget funds [8], macroeconomic crisis is the result of excess volume between production and trade [9], disruption of traditional economic relations and tension of economic balance [10].

B.A. Ryzberg, L.Sh. Lozovsky and E.B. According to Starodubtseva, "Economic crisis is a sharp decline in production, disruption of economic relations, bankruptcy of enterprises, deterioration of the country's economic situation due to an increase in the number of unemployed, and a decrease in the standard of living and social condition of the population" [11]. A.B. Borisov [12], L.V. Vorontsova and P.N. Malyushkin [13], I.A. Maksimtsev, L.P. Kurakov, L.S. Scientists like Tarasevich [14] also approve this definition.

In our opinion, the main focus of these researchers' views on the economic crisis is only on the origin of crises. The aspects that influence economic changes after the crisis stages in the definitions given above to economic crises have been overlooked by scientists.

Studies of the causes of crises that occurred before 2020 show that there are general patterns in their occurrence.

The first 20 years of the 21st century are characterized by events such as crises, epidemics and pandemics, which have caused a lot of anxiety and financial losses for the world economy and society. The discussion of the objective and subjective causes of its origin, as well as the issue of conclusions about the culprits, is the task of political scientists. Since it is necessary for scientists and practitioners to assess the impact of such phenomena on the economic growth of countries, the livelihood of the population, and the level of economic security of the country, as well as scientifically substantiate the ways to eliminate their consequences, it is considered appropriate to study them from the socio-economic aspects.

K. Marx states that crises consist of four stages: crisis, depression, revival and rise. Currently, in practice, the US National Bureau of Economic Research (NBER) recommended stages of depression, recovery, boom and recession are widely used. The NBER recommends using indicators such as GDP, personal income, unemployment rate, prices, and industrial output to assess the economic situation.

In the history of the world economy, there have been many crises, only some of them have affected the world economy. A number of crises only affected the economy of some countries and regions. Yu.I. Enin, A.A. Pilots studied the crises that affected the world economy and how to deal with their consequences. In the course of their research, scientists note 8 economic crises that occurred in 1948-1993, 5 of which are global, 2 of which are regional, and 1 of which are local in nature. But he believes that all crises, even if the scale is not high, will cause great damage to the country's economic situation [15].

The economic crisis of 1929-33, known as the Great Depression, which took place in the USA and caused economic crises in many countries of the world, covered all sectors and countries of the world economy (except the former USSR). Due to the negative impact of the crisis, the amount of real income of the population in the USA decreased by 58%, the gross national product decreased by 1.85 times, the number of unemployed increased from 3.2% to 25%, and the level of market capitalization decreased by 46% [16].

The financial (1997-1998) and financial-economic crises (2008-2009) of the same global character are among the crises that have caused great damage to the economy of almost all countries of the world.

As a result of the global financial and economic crisis in 2008-2009, the growth rate decreased by 2.8% compared to 2007. In 2009, the GDP growth rates of developed countries decreased by 3.2 percent, and the economies of transition countries decreased by 5.5 percent. The deficit in the US balance of payments was 4.9 percent in 2008, and 2.7 percent in 2009 [17].

Estimates show that the Covid-19 pandemic has caused more damage to the world economy than the 2008 global financial and economic crisis. The International Monetary Fund (IMF) has predicted a 3-6 percent decline in the world economy in 2020. It was also noted that in some countries this amount may be higher than the world average, including that the rate of economic growth may decrease by 9.5 percent in Italy, 14 percent in the United Kingdom, and 5.9 percent in the United States.

The experts of the International Economic Forum point out that the consequences of the COVID-19 pandemic may have a negative impact on the world economy for 3-5 years and that the GDP of the world and developed countries will decrease sharply. recognized (Figure 1).

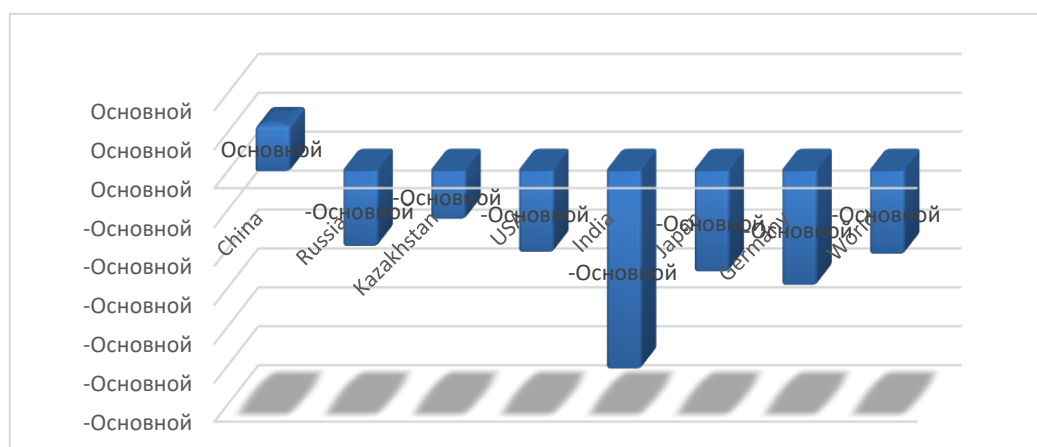


Figure 1. The level of economic growth of the world's major countries of COVID-19 Impact of 2020

Risk management The results of COFACE's analysis show that the internal and external restrictions imposed in the countries due to the pandemic have had a negative impact on the activities of the important real sector of the economy, such as automobile, aerospace, construction, and chemical industry (Figure 2).

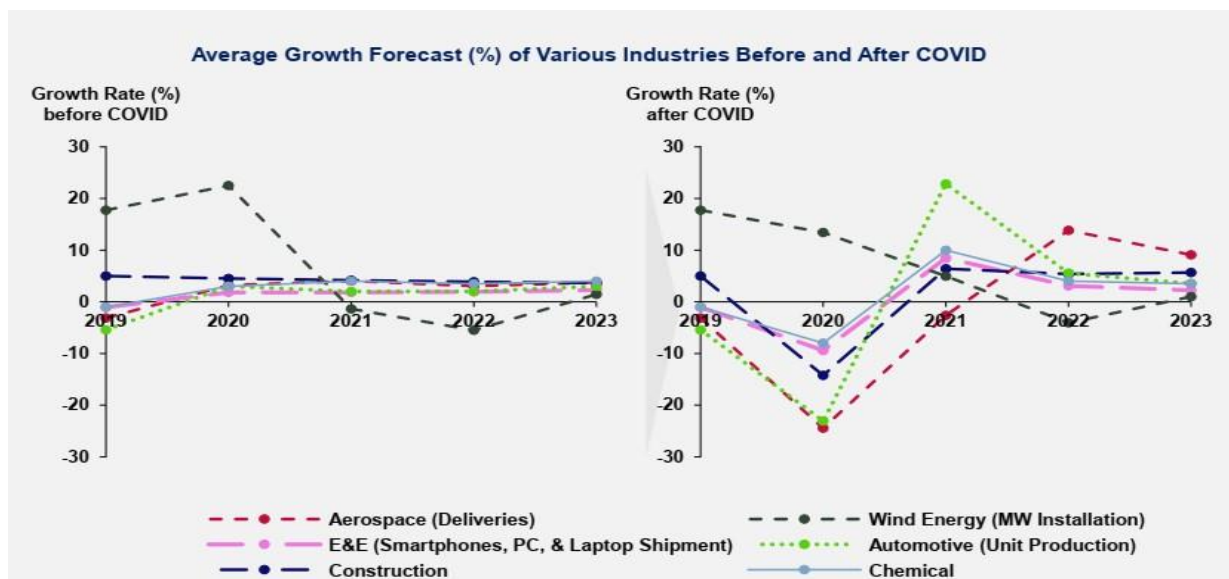


Figure 2. Impact of COVID-19 on the real sector of the world economy

The economic crisis caused by the pandemic required all countries to take measures to coordinate the levels of budget allocation and reduce the share of administrative expenses based on the recommendations based on the recommendations of scientists as a result of the analysis of the economic trends and practice of development.

Due to the pandemic, all countries of the world made immediate changes to their fiscal and budget policies and allocated funds to support the economy. Therefore, in order to support economic sectors, the state applied measures to optimize the tax burden in its fiscal policy during the pandemic. Fiscal measures used in this way served to ensure that business entities get out of the crisis and achieve economic stability.

Yesterday, the COVID-19 pandemic prompted countries that are cautiously approaching issues of digitalization of socio-economic life processes to increase their activity.

The development of special humanitarian aid programs by international organizations to support the digitalization processes of less developed countries serves to implement this direction on a large scale.

In order to prevent the negative impact of emergencies such as the COVID-19 pandemic on economies:

- to establish the use of artificial intelligence in ensuring control of legal measures in case of emergency;
- improving the system of remote medical service and the use of artificial intelligence in medicine;
- increase the possibilities of development of electronic commerce system;
- development of mechanisms for the development of online education and its quality improvement;
- We believe that it would be appropriate to establish a system for developing a program of fiscal action plan scenario program for emergency situations.

REFERENCES

1. M.Q. Pardayev, B.I. Isroilov. /// “Economic impacts of the pandemic on tourism: the case of Covid-19”. Copyright © 2021 Generis Publishing.
2. K. Marx. Capital. Criticism of political economy: in 4 volumes / K. Marx - M.: Politizdat, 1978. - T.3. – 1178 p.
3. V.E. Rossik. The origins of the economic crisis. \\Bulletin of Chelyabinsk State University.2010. No. 28 (209). Economy. Vol. 30.P.23-26.
4. J.C.Galbraith. The Great Crash of 1929 / J. K. Galbraith; lane from English S. E. Borich. Minsk; Medley, 2009.
5. N.D. Kondratiev. Large cycles of conjuncture and the theory of foresight // Kondratiev, N. D. Selected works. M.: Economics, 2002.
6. Stupina A.A., Koreniugina L.M. [Creation of economic systems with use of system researches]. Sovershenstvovanie podgotovki IT-spetsialistov po napravleniiu “Prikladnaia informatika” dlia innovatsionnoi ekonomiki [Proc. Sci. Conf. “Improvement of training of IT specialists on “Application informatics” for innovative economy”]. Moscow, MESI Publ., 2008, pp. 180–182.
7. Tarkhova A.V. Modernization component of anti-crisis regulation of the Russian economy. Vladikavkaz, 2011, 25 p.
8. Konopatov S.N. Purchases of satellites for military space of the USA: analysis of problems in a context of a civilization challenge. Voprosy innovatsionnoi ekonomiki - Issues of innovative economy, 2012, no. 4, pp. 78–95.
9. Petukhov D.V. Crisis management. Moscow, MUIV Publ., 2010, 134 p.
10. Pogodina V.V. Crisis management in an industrial complex: theory, methodology and realization mechanisms // St. Petersburg, 2004, 287 p.
11. Raizberg B.A., Lozovskii L.Sh., Starodubtseva E.B. Modern economic dictionary. Moscow, Infra-M Publ., 1997, 496 p.

- 12.** Borisov A.B. Grand economic dictionary. Moscow, Knizhnyi mir Publ. Available at: <http://www.bank24.ru>. (In Russ.).
- 13.** Vorontsova L.V., Maliushkin P.N. Genesis of a global economic crisis. Actual problems of economy and law, 2009, no. 1, pp. 116–124.
- 14.** Financial dictionary. Akademik Publ. Available at: http://dic.academic.ru/dic.nsf/fin_enc/31794. (In Russ.).
- 15.** Enin Yu.I. The global crisis and overcoming its negative consequences for the economy of medium and small countries / Yu.I. Enin, A.A. Pillutik. – Minsk: Law and Economics, 2014. – 151 p. – (World Economy Series) ISBN 978-985-552-274-5.
- 16.** Great Russian Encyclopedia. https://bigenc.ru/world_history/text/1904607
- 17.** Ovchinnikov V.V. Analysis of the consequences of the global financial crisis // Ovchinnikov V.V. // Current problems of Europe. – 2009. – N 1. – P.12-37.
- 18.** http://www.perspektivy.info/oykumena/ekdom/koronavirus_i_mirovaja_ekonomika_20_20-10_9.htm#Gross%20Domestic.
- 19.** It was prepared based on the information of the International Monetary Fund.
- 20.** Impact of COVID-19 on Various Industries, May 18, 2020.