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ENSURING PUBLIC FINANCE STABILITY

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A B S T R A C T	K E Y W O R D S
Ensuring public finance stability has become one of the most important priorities for governments seeking to maintain sustainable economic development, macroeconomic equilibrium, and social welfare under conditions of increasing global uncertainty. Budget policy serves as a fundamental instrument through which governments influence fiscal sustainability by managing public revenues, expenditures, deficits, and debt obligations. The effectiveness of fiscal management largely depends on how efficiently budgetary mechanisms are designed and implemented. This study investigates the role of budget policy in maintaining public finance stability through theoretical analysis and examination of fiscal instruments. Particular attention is given to expenditure efficiency, revenue mobilization, fiscal discipline, debt sustainability, and international experiences in fiscal governance. The paper argues that sustainable budget policy not only supports macroeconomic resilience but also strengthens institutional capacity and long-term economic competitiveness.	Budget policy, fiscal sustainability, public finance, state budget, fiscal deficit, debt management, macroeconomic stability, government expenditure.

Introduction

Аннотация

Обеспечение устойчивости государственных финансов стало одним из важнейших приоритетов правительств, стремящихся поддерживать устойчивое экономическое развитие, макроэкономическое равновесие и социальное благосостояние в условиях растущей глобальной неопределенности. Бюджетная политика выступает основным инструментом обеспечения финансовой устойчивости посредством управления доходами, расходами, дефицитом бюджета и государственным долгом. В статье анализируется роль бюджетной политики в обеспечении устойчивости государственных финансов и рассматриваются ключевые инструменты фискального управления.

Ключевые слова: бюджетная политика, государственные финансы, финансовая устойчивость, государственный бюджет, дефицит бюджета, государственный долг.

Annotatsiya
Davlat moliyasi barqarorligini ta'minlash zamonaviy iqtisodiyotlarda makroiqtisodiy muvozanatni saqlash, iqtisodiy o'sishni rag'batlantirish va ijtimoiy farovonlikni oshirishning muhim omillaridan biri hisoblanadi. Byudjet siyosati davlat daromadlari va xarajatlarini boshqarish, fiskal defitsitni nazorat qilish hamda davlat qarzini samarali boshqarish orqali ushbu barqarorlikka erishishda markaziy o'rin egallaydi. Mazkur tadqiqot byudjet siyosatining davlat moliyasi barqarorligini ta'minlashdagi o'rnini keng qamrovda tahlil qiladi.

Kalit so'zlar: byudjet siyosati, davlat moliyasi, fiskal barqarorlik, davlat byudjeti, davlat qarzi, makroiqtisodiy barqarorlik.

In contemporary economic systems, public finance stability represents a critical prerequisite for achieving sustainable development objectives and ensuring long-term economic resilience. Fiscal instability often leads to macroeconomic imbalances, increased borrowing requirements, inflationary pressures, and declining investor confidence, all of which may negatively influence economic performance. Consequently, governments increasingly rely on budget policy as a strategic instrument to maintain equilibrium between public revenues and expenditures while supporting economic growth. The growing complexity of global financial systems, combined with recurring economic shocks, geopolitical tensions, and post-pandemic recovery challenges, has significantly increased attention toward effective fiscal governance. Budget policy therefore extends beyond simple allocation of public resources and increasingly functions as a multidimensional policy framework that influences income redistribution, investment incentives, employment creation, and social stability. The purpose of this research is to analyze the mechanisms through which budget policy contributes to public finance stability and to evaluate the effectiveness of fiscal instruments used to maintain sustainable economic development.

Budget policy refers to the system of government decisions concerning the formation, allocation, redistribution, and utilization of financial resources within the public sector. From a theoretical perspective, fiscal policy has evolved considerably, incorporating both interventionist and market-oriented approaches.

According to Keynesian theory, government spending can play an active role in mitigating cyclical downturns by stimulating aggregate demand during periods of economic contraction. Conversely, classical and neoliberal approaches emphasize fiscal discipline, balanced budgets, and limited government intervention to avoid market distortions.

Modern public finance theory increasingly adopts a hybrid approach that combines countercyclical interventions with long-term fiscal sustainability objectives. Under this framework, governments attempt to optimize public spending while minimizing fiscal vulnerabilities. A sustainable revenue system constitutes the foundation of stable public finances because government expenditures cannot be maintained without adequate resource generation. Efficient tax administration, expansion of the tax base, reduction of informal economic activities, and diversification of revenue sources significantly strengthen fiscal capacity.

Countries with stronger revenue collection mechanisms generally demonstrate greater resilience during periods of economic uncertainty because stable revenues reduce dependence on external borrowing and volatile financing sources. Public expenditures directly affect economic growth and social

development. However, expenditure growth without efficiency improvements may generate persistent deficits and debt accumulation.
Priority expenditures frequently include:
- Education and human capital development;
- Healthcare systems;
- Infrastructure investments;
- Technological modernization;
- Social protection programs.

At the same time, governments must continuously evaluate expenditure effectiveness through performance-based budgeting approaches. Budget deficits remain one of the most important indicators of fiscal sustainability because excessive deficits increase financing needs and may generate inflationary pressures. Fiscal discipline requires:
- Deficit ceilings;
- Expenditure rules;
- Debt limits;
- Medium-term budget frameworks.

Persistent fiscal imbalances often reduce investor confidence and increase sovereign borrowing costs.

TABLE 1. MAJOR INDICATORS OF FISCAL STABILITY

Indicator	Economic Meaning	Recommended Threshold
Budget Deficit / GDP	Measures fiscal imbalance	Below 3%
Public Debt / GDP	Debt sustainability indicator	Below 60%
Tax Revenue / GDP	Revenue generation capacity	20–30%
Fiscal Reserve Ratio	Crisis response capability	Increasing trend
Interest Payments / Revenue	Debt burden assessment	Below 15%

The indicators presented above illustrate that maintaining acceptable fiscal thresholds contributes substantially to macroeconomic stability and strengthens investor confidence. International experience demonstrates that countries implementing institutionalized fiscal frameworks generally achieve higher levels of financial stability. Germany applies constitutional debt limitations that restrict excessive borrowing and improve fiscal discipline. Sweden utilizes expenditure ceilings and multi-year budget frameworks that reduce expenditure volatility. Singapore maintains substantial fiscal reserves, enabling rapid responses during economic disruptions.
Developing economies increasingly adopt medium-term budgeting systems to improve predictability and fiscal transparency. Several structural and cyclical factors may weaken fiscal sustainability:
- Rising public debt burdens;
- Inflationary shocks;
- Weak tax administration;
- External financial crises;
- Demographic pressures;
- Political instability;

- Commodity price fluctuations.

Recent crises demonstrated that countries possessing stronger fiscal institutions recovered faster because policy flexibility allowed more effective crisis responses. Strengthening fiscal sustainability requires comprehensive reforms:

1. Modernize tax administration systems;
2. Expand digital public finance infrastructure;
3. Improve fiscal transparency standards;
4. Introduce expenditure monitoring mechanisms;
5. Strengthen debt management institutions;
6. Promote medium-term fiscal planning;
7. Improve efficiency of public investment projects.

In conclusion, budget policy remains one of the central instruments for ensuring public finance stability because it directly influences resource allocation, economic growth, and fiscal sustainability. Effective management of revenues, expenditures, deficits, and debt obligations creates stronger macroeconomic foundations and enhances resilience against economic shocks. Future fiscal reforms should increasingly focus on institutional strengthening, digitalization of public finance management systems, and development of flexible fiscal frameworks capable of responding to rapidly changing economic conditions.

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