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IN THE DEVELOPMENT OF THE COUNTRY'S ECONOMY THE IMPORTANCE OF FISCAL POLICY.

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Abstract:
This article covers the concept of financial policy, its main objectives and importance. The impact of fiscal policy on the state economy and private sector activity, as well as issues of achieving economic stability through budget deficits, tax policy, and public spending, are considered. The article analyzes the directions of effective financial policy implementation and its various instruments to have a positive impact on economic development. It also focuses on the important factors of financial policy to support the country's economic growth and achieve macroeconomic stability.

Keywords:financial policy, inflation, resources, financial stability, public debt, budget deficit, investment, taxation, fiscal policy, monetary policy.

INTRODUCTION.

Fiscal policy is a policy designed to manage the collection, distribution, and use of public financial resources with the goal of achieving economic stability, supporting economic growth, creating jobs, and controlling inflation. Fiscal policy is implemented through the use of taxation, public spending, public debt and other financial instruments. Financial policy plays an important role in ensuring the stability of the state economy, increasing public welfare and stimulating economic growth.

The main goals of financial policy include achieving economic stability, ensuring social justice, controlling inflation, attracting foreign investment and reducing the budget deficit. Such directions as smoothing economic cycles and supporting economic growth, reducing social inequality through income redistribution and maintaining value stability are also important tasks of financial policy.[1]

There are expansionary and contractionary types of fiscal policy. Expansionary fiscal policy is implemented by increasing government spending or reducing taxes to stimulate economic growth and is usually used during economic downturns. Contractionary fiscal policy, on the other hand, is conducted by raising taxes and reducing government spending to control inflation and reduce economic activity. A number of key instruments are used to implement fiscal policy, including the formation of public revenue through taxes and the impact on economic activity, the allocation of public spending to areas such as social programs, infrastructure, education, and health care, and public debt. financing large projects and supporting economic development through Along with these, providing state support to certain industries through subsidies and grants also serves economic development. At the same time, fiscal policy also includes issues such as budget deficits and public debt, inflation risks, and tax increases. Optimizing government spending and taxes can have positive effects by increasing economic activity, stimulating consumption and investment. In recent years, important reforms have been implemented in Uzbekistan to modernize the financial policy and reduce taxes, optimize public spending and improve the investment environment.

In short, financial policy is of great importance in the implementation of the long-term economic strategy of the state, and its effectiveness is important for ensuring economic stability and development. With the help of financial policy, the state will be able to stimulate the economy and reduce social inequality.

[1] **Cabinet of Ministers of the Republic of Uzbekistan.** Analysis of Uzbekistan's economic reforms and financial policy.

LITERATURE REVIEW

In "The General Theory of Employment, Interest and Money", Keynes justifies the need for active state intervention in economic crises. According to Keynes, the government can achieve employment and economic growth by stimulating demand through its fiscal policy. His approach suggests stimulating investment by increasing government spending and lowering interest rates, which would help restore economic activity.

Tursunov analyzes the reform and future prospects of fiscal policy in Uzbekistan in the work "Development and prospects of fiscal policy in Uzbekistan". It highlights the ways of optimizing taxes, increasing the efficiency of public spending, and strengthening economic stability through cooperation with international financial organizations.

ANALYSIS AND RESULTS.

Fiscal policy includes the tools and principles used to manage the economic activities of the state.

Financial policy is carried out in two main directions: fiscal policy (budget and tax management) and monetary policy (management of monetary and credit resources by the central bank). The financial policies of the United States of America and Uzbekistan differ depending on the economic conditions and public administration systems of both countries. Fiscal policy is one of the main tools used to manage the economic activities of the state, and is mainly aimed at ensuring economic stability, establishing social justice and supporting economic growth. This policy is carried out in two directions: fiscal policy (budget and tax management) and monetary policy (management of monetary and credit resources by the central bank).

Financial policy system of the Republic of Uzbekistan.

Category	Type	Functions	Tools used
Fiscal policy	a) Budget policy	Managing public spending, setting taxes, and supporting economic growth.	Public expenditure, public debt, subsidies and grants.
	b) Tax policy	Redistribute income and ensure economic stability by setting tax rates.	Tax rates, tax credits, tax levies.
Monetary policy	a) Expansionary policy	Stimulate economic activity by increasing the money supply.	Money emission, decrease in interest rates, expansion of bank loans.
	b) Contractive policy	Control inflation by reducing the money supply.	Increasing interest rates, reducing money reserves, restricting bank loans.
Currency policy	a) Exchange rate policy	Managing the exchange rate of the national currency and ensuring the balance of international trade.	Currency interventions, setting the exchange rate in a free or controlled way.
	b) Reserve policy	Management of foreign exchange reserves and ensuring financial stability.	Gold-currency reserves, work with international financial organizations.

Table 1.1. Financial policy system of the Republic of Uzbekistan.

The financial policy of Uzbekistan reflects the process of transition from a state-controlled economy to a market economy. In recent years, significant reforms in fiscal and monetary policy have been implemented, and measures aimed at effective management of state budget expenditures, optimization of taxes and attraction of foreign investments have been strengthened. The Central Bank aims to achieve economic stability through inflation control and monetary policy. Many innovations are being introduced in Uzbekistan in order to stimulate economic growth by reducing taxes and creating favorable conditions for the business environment.

In general, the financial policies of the United States and Uzbekistan are based on different strategies and principles in achieving economic development and stability. In the US financial policy, great attention is paid to combating social inequality and stabilizing economic growth, while Uzbekistan is implementing reforms aimed at modernizing the economy, attracting investments and achieving sustainable economic growth.

The financial policy system of the United States

Category	Type	Functions	Tools used
Fiscal policy	a) Budget policy	- Management of expenses at the federal level - Development of the country's infrastructure - Management of military and social expenses	Federal spending, government debt (Treasury securities), government programs (eg, Medicare, Medicaid).
	b) Tax policy	- Reducing economic inequality through income and corporate taxes - Stimulating domestic and international investment	Federal tax rates (via IRS), tax credits, tax-free zones.
Monetary policy	a) Expansionary policy	- Stimulation of economic activity during economic crises	Federal reserve interest rate reduction, quantitative easing (Quantitative Easing).
	b) Contractive policy	- Inflation control - Ensuring financial stability	Reducing the money supply by raising federal interest rates and selling bonds.

Currency policy	a) Exchange rate policy	- Management of the value of the US dollar in the international market - Ensuring trade balance	Exchange rate volatility, participation in G7 monetary policy.
	b) Reserve policy	- Keeping the US dollar as a global reserve currency - Ensuring international financial stability	Federal reserve balances, cooperation with international financial organizations (IMF, World Bank).

Table 1.2. United States fiscal policy system.

In the US, the main fiscal policy decisions are made by the federal government, where fiscal policy is aimed at supporting economic growth and reducing social inequality. The US Congress regulates taxes and budget spending, while the Federal Reserve conducts monetary policy to manage inflation and unemployment. Income redistribution through taxes and transfer payments plays an important role in achieving social justice. In addition, during financial crises, the state tries to support economic activity with the use of large-scale financial assistance.

The financial policy of countries plays an important role in ensuring economic growth, controlling the level of inflation and increasing the welfare of the population. Fiscal policy determines how the state intervenes in economic processes and what methods it uses. US fiscal policy has a long history and plays a central role in the world economy today. Policies conducted by the Federal Reserve System and the US Treasury allow the government to manage the money supply, set interest rates, and influence economic activity. The financial policy of Uzbekistan began to take shape after independence and continues to develop. This article examines the financial policies of the United States and Uzbekistan and compares their management methods, key instruments, and current economic situation.[2]

US financial policy began to take shape mainly in the late 18th and early 19th centuries, when the country gained independence. In 1791, Alexander Hamilton

[2] Federal Reserve System. (2023). Monetary Policy Report.

established the First National Bank and proposed policies aimed at strengthening the federal government's role in economic life. In these early periods, the goal was to achieve financial stability through state-owned banks and trade.

In 1913, the Federal Reserve System was established. This system played an important role in the formation of the current financial policy of the United States and became one of the main economic instruments of the state in ensuring the economic stability of the country. The Federal Reserve was created to manage interest rates, regulate the money supply, and support economic growth.[3]

Today, US financial policy is carried out in two main directions: monetary policy and fiscal policy.

Monetary policy: The Federal Reserve System has primary responsibility for ensuring economic stability and growth in the country. It manages interest rates, controls inflation, and regulates the money supply in order to achieve full employment. During the pandemic, for example, the Federal Reserve lowered interest rates and eased credit conditions to support the economy. But interest rates have been raised again in recent years as the risk of inflation has increased.

Fiscal policy: This policy is formulated by the US Congress and the President. Economic activity is influenced by approving the budget, setting tax policy, and managing government spending. Fiscal policy has also been expanded during the pandemic, increasing public spending and implementing economic assistance programs. This helped revive the economy, but also led to an increase in public debt. Fiscal policy refers to the government's intervention in economic processes through the regulation of taxes and public spending, and is carried out in order to stimulate economic growth in the country, control inflation, and increase the welfare of the population. This policy includes two main directions: Tax policy allows the state to influence the economy. Raising taxes raises more revenue for the government, but it can increase consumer and business spending and slow economic activity. And lowering taxes increases economic activity because more money is left in the hands of people and companies. However, this may reduce the state's budget revenues, resulting in the need to limit state spending. Government

[3]International Monetary Fund (IMF). (2023). World Economic Outlook: A Weak Recovery.

spending has a direct impact on the economy. The government promotes economic activity by providing funds for public services, infrastructure development, social assistance programs and other areas. Increased government spending creates new jobs and stimulates economic growth. Conversely, when spending is cut, economic activity declines. This decision is often taken to control budget deficits and public debt. There are expansionary and contractionary forms of fiscal policy. Expansionary fiscal policy involves cutting taxes and increasing government spending to support economic growth and is used during economic downturns or recessions. Contractionary fiscal policy, on the other hand, is carried out during periods of increased economic activity, with a high risk of inflation, and aims to control economic activity by raising taxes and reducing government spending. The effectiveness of fiscal policy depends on factors such as public debt, multiplier effect and time lag. Excessive government spending or tax cuts can increase the budget deficit and increase the debt. And the multiplier effect represents the share of public spending that contributes to economic growth: for example, infrastructure projects can create new jobs and increase economic activity several times. At the same time, fiscal policy changes may not have an immediate impact on the economy, requiring long-term results due to the time lag.The fiscal policies of the USA and Uzbekistan show how extensive this process is. Fiscal policy in the US is largely enacted by Congress and the President, where the government seeks to maintain economic stability through large-scale spending programs, infrastructure development, and social assistance programs. In Uzbekistan, the fiscal policy is aimed at supporting economic growth by expanding public spending, reforming the tax system, and encouraging small businesses.[4]

In general, fiscal policy is one of the main tools of the state in managing economic activity and plays an important role in ensuring economic growth and stability.

[4]Congressional Budget Office (CBO). (2023). The Budget and Economic Outlook

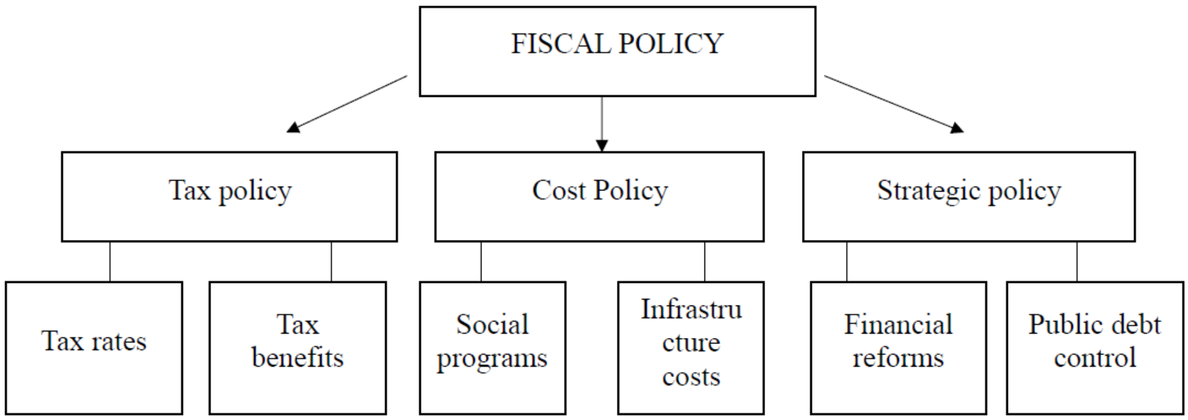

Table 1.3. Fiscal policy

Fiscal policy in Uzbekistan represents the measures taken by the state to ensure economic growth, control inflation and increase the welfare of the population. Since independence, the country has been implementing a wide range of reforms aimed at reforming the economy, stabilizing economic growth and supporting social development. The financial policy of Uzbekistan is conducted mainly in two directions: monetary and credit policy and fiscal policy. Monetary and credit policy is implemented by the Central Bank and is aimed at controlling the level of inflation, stabilizing the national currency rate and supporting economic growth. The central bank's main tools are to influence the economy by managing the money supply and interest rates.

Fiscal policy refers to the state's intervention in the economy through the regulation of taxes and expenditures and is managed by the Ministry of Finance of the Republic of Uzbekistan. The main goal of fiscal policy is to replenish the budget, increase economic activity and develop infrastructure. Through tax reforms, the state focuses on creating favorable conditions for the development of small business and entrepreneurship. Also, the funds allocated by the state to education, health and social assistance programs are increasing. Another direction of the financial policy in Uzbekistan is to maintain the public debt at a stable level through the rational management of public expenditures. Also, the state is implementing a number of reforms aimed at attracting foreign and domestic investments. It aims to stimulate economic growth, create new jobs and modernize the country's economy.

The consistent implementation of financial policy helps to increase the rate of economic growth and improve the standard of living of the population.

CONCLUSION.

Financial policy is important in the development of the country's economy. The financial policies of the USA and Uzbekistan are implemented in accordance with their economic conditions. While the developed economy of the USA has global influence, the economic policy of Uzbekistan is aimed at ensuring internal stability. In both countries, fiscal policy is an important tool in controlling inflation, promoting economic growth, and ensuring sustainable economic development.

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