GLOBAL RESEARCH NETWORK
ONLINE RESEARCH HUB

AMERICAN JOURNAL OF SOCIAL AND HUMANITARIAN RESEARCH

ISSN: 2690-9626
Vol. 3, No. 7, 2022

Experience of Increasing Political Capital in the Experience of Foreign Countries

Azimov Sirojiddin Yuldosh ugli
UzSWLU "International relations, political problems of world and regional development" Basic doctoral student

ABSTRACT: It is necessary to activate and use the unused mechanisms of redistributive policy, in particular progressive taxation. It is also necessary to increase labor productivity, increase investment in fixed assets, stimulate effective demand, etc. However, within the framework of the redistributive policy, a progressive scale in the long run can smooth out the existing disproportions.

KEYWORD: Socio-economic inequality, political capital, international relations, redistributive policy, progressive income taxation.

Introduction

If the rate of economic growth today were high, then labor incomes would have a chance to grow faster than the increase in capital already available. However, in the conditions of recession and technological backwardness of the country, it is not worth pinning great hopes on this scenario, and the policy of economic growth must be revived with effective measures so that the distribution of income in the economy among the population becomes more even.

Materials And Methods

According to T. Piketty, a modern researcher of the phenomenon of inequality in the countries of the world [3], a progressive taxation scale (smoothing the formed disproportions in income generation) should be accompanied by efforts to improve tax administration in order to avoid the export of capital abroad [4]. According to J. Kiruta, progressive taxation as the most important component of the social planning system should also act as the main tool for overcoming excessive inequality. The researcher believes that reducing the gap between decile groups of the population will have a positive impact on demographic processes, will promote economic growth, social cohesion and increase the level of public confidence in government.

Domestic redistributive policy, as well as the practice of tax administration, is criticized by experts because of its inefficiency.

From the very moment of transition to a market economy, the state has been gradually refusing to take on the financing of social spending due to the heavy burden on the budget. And the very scheme of transition from the planned Soviet economy is characterized by the dominance of the interests of the oligarchy in it, the inflationary mechanism for the formation and distribution of income, the minimization of government spending on social purposes and the subsequent monetization of benefits.

All of the above puts people with the lowest incomes in an even more difficult position. Contrary to the declarations of social priorities, carried out in the 1990s - early 2000s. economic policy further reduces the standard of living of the main part of the population [5].

For two decades, the state social policy has tended to move away from the responsibility of the state in the field of providing social guarantees and planting the principles of the market in this area. Experts note that even today, when the seriousness of social problems is recognized by the authorities, the state redistributive policy is still non-systemic, fragmented.

Results And Discussion

Developed countries that have achieved a safe level of stratification of society by income (the gap between decile groups is no more than 6-8 times) use various instruments of redistributive policy, implementing them with the help of appropriate institutions. For comparison, countries such as the United States and Sweden are selected, for the reason that the United States is the most comparable of all developed countries with Russia in terms of the level of inequality in society, and Sweden is the embodiment of the idea of a welfare state. Both countries build their redistributive policy on three pillars - progressive taxation, program financing and state social insurance. Of these main instruments, Russia does not use only a progressive taxation scale.

In the most general form, experts distinguish the following models of social policy in the countries of the world, which, among other things, correlate with the type of inequality that has developed in these countries: social democratic, liberal, corporatist, and southern European.

On the one hand, these models are united by a common target: ensuring the sustainable functioning of the system of social and labor relations in the direction of neutralizing social risks; implementation of such a distribution of social income, which provides everyone with decent living standards. On the other hand, non-identical tools are used to achieve this goal (Table 1) [6–8].

Overcoming inequality is given considerable attention within each European state, this area is a priority for the authorities of the European Union. Thus, the Lisbon Treaty on the Functioning of the European Union (2009) referred social policy (and the coordination of employment issues) to the areas of joint competence of the EU and the member states and singled out as its main goals the increase in employment, improvement of living and working conditions, further development human potential.

Among the tools that contribute to overcoming poverty and inequality, we should especially note the Europe 2020 strategy developed by the European Commission and adopted in mid-2010. European

The “Platform Against Poverty and Social Exclusion”, adopted in December 2010, is designed to strengthen the Commission's efforts to mobilize all policy areas to achieve the program's goals.

"Europe 2020" tasks.

The Government of the Russian Federation also implements programmatic financing of a number of projects as part of ensuring a “new quality of life” for citizens, the most significant among them are the following state programs: “Health Development” (implementation period 2013–2020), “Education Development” for 2013–2020 years, "Social support of citizens" (implementation period 2013-2020),

"Providing affordable and comfortable housing and utilities for citizens of the Russian Federation" (implementation period 2013-2020).

The program method of financing priority areas, of course, has a positive impact on the quality of life of the population (by increasing the availability and quality of social services, subsidizing interest rates on mortgage loans, providing housing for certain categories of citizens, stimulating employment, etc.), but does not solve fundamentally the problem of differentiation of the population by income (although it contributes to the part

ISSN 2690-9626 (online), Published by “Global Research Network LLC"
under Volume: 3 Issue: 7 in Jul-2022 https://grnjournals.us/index.php/AJSHR

that is directed to raising the salaries of workers in medicine, education and the social sphere). This tool of economic policy involves direct budgetary injections and, accordingly, the search for funds from the deficit over the past five years (2013-2017) federal budget.

In the short term, direct programmatic financing can give the most tangible result in terms of improving the quality of life of citizens, but in the long term and comprehensive coverage, in order to consolidate and maintain the results achieved, it is necessary to smooth out disparities in the level of incomes of citizens through the use of other redistributive policy mechanisms.

In the world practice of smoothing the incomes of the population, the policy of solidarity wages pursued in Sweden deserves attention. Its essence lies in the positive elimination of differences in wages for workers of the same level of professional training, but employed in different sectors of the economy - public and private.

Most European countries (Germany, Ireland, France, Italy) effectively equalize the incomes of high- and low-income citizens through the mechanism of progressive income taxation in order to avoid social tension and discontent in society. Some countries with a high degree of income withdrawal from the wealthiest citizens (about 50%) openly declare that such a rate is the price for maintaining social stability in society. The Swedish doctrine of the welfare state, called egalitarian, elevates the care of the state for its citizens to the rank of a national cult, guarantees citizens security, reliability and protection, and withdraws more than half of the income from high-income citizens (while such citizens pay taxes in full).

***Table 1.* Features of the regulation of the social sphere in European countries**

Comparison criterion	**Model of social policy**				
	liberal	**Social democratic**	**Continental**	**mediterranean maritime**	**Russian**
Countries	UK, Ireland	Denmark, Sweden, Finland, Norway	Germany, France, Benelux countries, Austria	Spain, Greece, Italy, Portugal	Russia
perating principle, ke feature	Giving the market an advantage in managing the resource allocation mechanism	Equality	Professional solidarity	Social protection is the responsibility of the family and relatives	Gradual departure of the state from responsibility in the social sphere
Priority task	Encouraging welfare recipients to return to the labor market	Ensuring the cohesion of social groups within the middle class	Maintaining the status of professional groups through the use of income support mechanisms guaranteed by the social security system	Pension provision	Improving the standard of living of citizens, fighting poverty, involving businesses in financing projects of social significance

ISSN 2690-9626 (online), Published by "Global Research Network LLC"
under Volume: 3 Issue: 7 in Jul-2022 https://grnjournals.us/index.php/AJSHR

Dominant Model inequalities	American model	Scandinavian model	European model	South European model	Russian
The specifics of inequality	Relatively high rates of human capital loss due to inequality compared to other developed countries, Gini coefficient 0.4	Minimal loss of human capital, high GDP. Gini coefficient less than 0.3	Intermediate position between the US and northern European countries. Gini coefficient 0.3-0.33	Gini coefficient 0.34 - 0.36	Gini coefficient 0.4 (critical value according to the World Bank). Low GDP. High degree of regional differentiation

From the point of view of how the wage fund is distributed, developed Western countries can be divided into two groups: more socialized and less socialized. The first group includes Sweden, France, Germany, Italy and others, where net wages account for about two-thirds of wages, and one-third is reserved for social insurance funds and corporate social policy. Typical representatives of the second group are the USA and Great Britain, where most of it goes to wages (about 85%), and the share of mandatory social contributions is much lower. Accordingly, in these countries, workers have to pay a significant part of the social costs individually from their own funds. Thus, the first group of countries—socialized—spends a smaller share of wages on salaries, but a larger share on social support, while in the other group of countries the situation is exactly the opposite [10]. At the same time, most countries of both the first and second groups use a progressive income taxation scale.

In practice, there are three models for establishing a tax on personal income:

- ➢ establishment of own local income tax (USA);
- ➢ establishing within certain limits a local tax rate or surcharge applied to the tax base indicated by the central government (Canada);
- ➢ the distribution of tax revenues, in which a subnational entity has the right to income received from taxes collected within its boundaries (Austria, Germany).

Conclusion

As part of the redistribution policy, it is necessary to use the following tools:

- ✓ to reduce the differentiation of wages in the private and public sectors through a legislative increase in wages at state and municipal enterprises;
- ✓ build a system of social assistance on the principles of fairness and targeting;
- ✓ introduce a mechanism of progressive taxation and its administration (if there is a non-taxable minimum income);
- ✓ create intradepartmental oversight groups that control the tax payments of high-income individuals;
- ✓ develop and implement a taxation mechanism for overconsumption and luxury goods [8].

The last three instruments in the proposed list can be pivotal for the state in terms of self-sufficiency and long-term expected effect.

ISSN 2690-9626 (online), Published by "Global Research Network LLC"
under Volume: 3 Issue: 7 in Jul-2022 https://grnjournals.us/index.php/AJSHR

References

1. Shevyakov A.Yu., Kiruta A.Ya. Inequality, economic growth and demography: unexplored relationships. M.: M-Studio, 2009. 192 p. URL: http://csl.isc.irk.ru/BD/Books/Demography.pdf
2. Shevyakov A.Yu. Income inequality as a factor in economic and demographic growth // Innovations. 2011. No. 1. S. 7-19. URL: https://cyberleninka.ru/article/v/neravenstvo-dohodov-kak-faktor-ekonomicheskogo-i-demograficheskogo-rosta
3. Piketty T. Capital in the 21st century. M.: Ad Marginem, 2015. 592 p.
4. Lyubimov I. A look at the evolution of income inequality: Piketty vs. Kuznets — 60 years later // Economic Policy. 2016. V. 11. No. 1. S. 27-42. URL: https://doi.org/10.18288/1994-5124-2016-1-03
5. Plyshevsky B. Accumulation of capital in the post-Soviet period // The Economist. 2016. No. 9. S. 22-36.
6. Ilyakova I.E., Suldina O.V. Inequality as a factor of socio-economic development in the context of European integration // Competitiveness in the global world: economics, science, technology. 2017. No. 1-2. pp. 50-53. URL: https://docs.wixstatic.com/ugd/dcaed9_be2ced09a26346dfbaa7d5a79deb0f18.pdf
7. Anikin V., Tikhonova N. Poverty and inequality in the BRICS countries: Russian specifics // Society and Economics. 2016. No. 1. S. 78-114. URL: http://www.demoscope.ru/weekly/2016/0697/analit02.php
8. Kormishkin E.D., Koroleva L.P., Ermoshina T.V. Estimation of public service financing models in EU countries // Contentus. 2016. No. 12. S. 63-68. URL: http://kontentus.ru/wp-content/uploads/2016/12/Kormishkin-Queen-Yermoshyna.pdf
9. Lukyanchikova T., Yamshchikova T. Labor and capital: labor conflicts or social partnership // The Economist. 2017. No. 5. S. 77-88.
10. Sobolev E.N. Wages in the system of social and labor relations: stereotypes and Russian realities. M.: Institute of Economics RAS, 2017. 50 p. URL: https://inecon.org/docs/2017/Sobolev_paper_2017.pdf

ISSN 2690-9626 (online), Published by "Global Research Network LLC"
under Volume: 3 Issue: 7 in Jul-2022 https://grnjournals.us/index.php/AJSHR