

Features of Financing the Public Goods Production

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Abstract

The volume of public procurement and private equity - related values that the indifference curves represent. Thus, in each case, the choice between investing in the creation of wealth and state procurement organization should consider a scenario as a set of equivalent goods and proceed from the budget constraint. On the basis of estimated solution of direct investment or PPL will be possible to support a proposal to temporarily unclaimed goods, providing demand for the products of company towns.

Keywords: public goods, financial policy, the state budget, public finance efficiency, economic theory, macroeconomics

1. The Main Objective of Government Financial Policy

As an important goal of modern government financial policy, most domestic economists distinguish the development and implementation of an effective system of financial security and the full fiscal stimulus accelerated stable economic growth in the country, allowing a relatively short time to become leaders in the global economic environment and improve the welfare of citizens. As evidence of the realization of this goal leads GDP growth.

In our view this approach, at least, is debatable. In view of the fact that the regulatory definition of efficiency is not fixed and is not proposed indicators usefulness of financial security, we do not speak about the implementation of these parts of the objective of financial policy. At the same time GDP value growth cannot characterize, stability, economic, as the economy is cyclical causes periodic changes in its entirety. Speaking about the release dates in the leading countries should specify the planning horizon, since the phrase "in a relatively short period of time" does not give grounds for predicting positive change. In accordance with the theory of well-being, of course, possible to consider the welfare of citizens' purpose financial policy, but in the part of the public sector and public goods provided by the state, as we have previously shown, there is a contradiction with the process of distribution of welfare (Behair, 2007). Therefore, in our opinion, should not talk about improving the welfare of citizens, as the purpose of government financial policy. In terms of fiscal policy, we should base on two fundamental factors: the reality and achievability - and to operate within these definitions, criteria of efficiency and uniqueness (certainty). Under the reachability hereafter we mean a fundamental criterion of completeness fulfill the purpose, in other words, the goal should be achievable within the planning horizon. Reality goal implies that it has the scientific and legal basis that would allow us to talk about its specificity. Defining the purpose of financial policy indicates its viability and relevance, ie, the unbiased forecast estimates and results.

To the main objective of financial policy is to include ensuring full revenue sources of the process of production and distribution of public goods. From this perspective, R. A. Musgrave (Musgrave, 1987) notes that to the basic functions of government financial policy should include:

1. Ensuring the provision of public goods or the process in which the total resources divide between the production of private and public goods, and defines a set of alleged public goods. Providing public goods expresses the distribution function of fiscal policy.
2. Adjustment of the existing distribution of income and wealth in order to ensure compliance with public notions of fair distribution - redistributive function.

3. The use of fiscal policy as a means of ensuring high employment, a reasonable level of prices and the corresponding level of economic growth, taking into account the impact on trade and balance of payments - stabilization function.

2. The Formulation of Public Financial Policy

The basis for the formulation of public financial policy – the objectives listed in the annex to the functions emerging economic problems (Warkentin, Bapna, & Sugumaran, 2000).

Marrying medium-term priorities of government financial policy with the basic functions of the public sector, and knowing the characteristics of the relationship of various financial flows can build public financial policy based on the principles of the system, the efficiency and rationality. Based on the production function, we can talk about arrayed state policy in the field of public goods. As part of building policy should remember that when we talk about ensuring the production of public good of the state, we mean that the budget finances them. It does not matter who produced them: a private organization or a government (Kundukchyan, Gaizatullin, Zapparova, & Antonova, 2014a, 2014b).

Applying this scheme to our case, we can say that, first, the amount of direct public procurement plays a more important role in the creation of public goods; Secondly, the volume of public procurement and private equity - related values that can be represented by indifference curves.

Thus, in each case, the choice between investing in the creation of wealth and state procurement organization should consider a scenario as a set of equivalent goods and proceed from the budget constraint. Applied to our model, we should note the identified trends:

- a) The higher level of well-being leads to the higher share of private sector in the production and distribution of public goods;
- b) The higher non-uniformity of public legal education lowers the efficiency of the private sector in the distribution of public goods;
- c) The amount of the returned funds through taxation is decreasing value, which leads to its low impact on the volume of executed public obligations;
- g) Direct transfers (monetized benefits) cheaper than benefits (Kundakchyan & Zulfakarova, 2014).

Thus, based on the identified dependencies, it is possible gain flexible control of the distribution process.

3. Summary

In summary, we can put forward specific proposals for formulating the priorities of state financial policy:

- 1) State should abandon stimulation of demand. This is because of direct investment growth problems while in production of public goods; the assumption that the relatively high purchasing power will automatically increase in production is unfounded, because of the propensity to import substitution;
- 2) The need to establish an effective mechanism for organizing public procurement: vest control functions in the field of quality of performance of the state order, increase the volume of orders, stimulate the production of public goods by means of public contracts;
- 3) On a par with that in the choice between public order and the investment process should be considered from the perspective of hidden costs;
- 4) It is necessary to concentrate on the more backward regions, due to the fact that the subject's livelihood due to the unevenness of access to public goods distribution efficiency will fall;
- 5) The need to reduce the costs associated with public administration.

Thus, we believe that through scientific approach one can formulate the priorities of the state policy in the form of three main areas: increased productivity, reduced costs of administration and leveling the economic development of the regions. As part of each direction are the following solutions: replace high salaries of officials of the social package align wages, replacing the surplus paid a large range of benefits (including those for utilities and taxes). Therefore, the change in inequality between the private and public sector. On the basis of estimated solution of direct investment or PPL will be possible to support a proposal to temporarily unclaimed goods, providing demand for the products of company towns. Finally, providing tax breaks (up to negative tax rates) for organizations active (placing production) in the backward regions.

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