THE CONTRIBUTION OF THE BUDGET TO STABILIZATION OF ECONOMIC FLOWS AND ECONOMIC ACTIVITIES

Svetlana Ignjatijević[1], Miroslav Čavlin[2] , Ramadhani Issa Hemed[3]

Apstrakt

The economic function of the budget is linked to the economic objectives the state wants to achieve in the economy. It also stems from the alocational, redistributive and stabilional function of the budget. The stabilization function of the budget means that the budget needs to directly contribute to stabilising economic flows and economic activities. In the contemporary fiscal theory, the stabilional budget function draws the most attention. As such, the budget has developed a theory of compiling financing that explores the active role of the budget in managing the policy of balanced economic development. The stabilized function of the budget is based on the fact that public revenues and expenditures are part of the national income, and that each change is affecting the changes of effective demand and consumption not only proportionally, but also multipleated. The stability of the budget is increasingly coming to terms of modern conditions, especially in the Government's continuous efforts to achieve optimal economic growth, economy stability and high employment. Therefore, the macroeconomic function of the budget occurs as a new, additional function, in addition to the already-known ones.

Key words: Budget, stabilization, function, compiling financing, budget deficit, fiscal policy, monetary policy

[1] vanredni profesor, Fakultet za ekonomiju i inženjerski menadžment, Novi Sad, e-mail: ceca@fimek.edu.rs

[2] Professor of Professional Studies, on School of Professional Studies for education of educators and trainers in Subotica, Banijska 67, 24000 Subotica, miroslavcavlin@vsovsu.rs

[3] Ramadan Issa Hemed, student of MA study, University of Der es Salam, Tanzania, Mwalimu Julius Nyerere Mlimani Campus, P.O. Box 35091, Dar es Salaam Tanzania, ramahchonde2794@gmail.com

Introduction

In the contemporary fiscal theory, the stabilional budget function draws the most attention. As such, the budget has developed a theory of compiling financing that explores the active role of the budget in managing the policy of balanced economic development.

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The stabilional function of the budget, especially in conditions of increased inflationary or deflatory imbalance, is one of the most important functions. As the economy is a highly complex dynamic system, with countless respray, it is not possible to find a solution for the economic stabilization of a control mechanism that would constantly hold the economy in dynamic stability or to return it back to such a position. Monetary policy is only one segment determined, a wider stabilisation policy in which fiscal policy is given a remarkable place.

The contemporary economic theory has completely accepted the necessity of combining monetary and fiscal policy measures, especially because they are almost organically prothred through income and are almost impossible to separate. However, attitudes are split when it goes to the field – with which measures to take advantage, i.e. which measures are more efficient and more adequate in the overall stabilization plan. The stabilization strategy now knows, often theoretical, two opposing attitudes: monetary doctrine and fissionism or fiscal doctrine. According to monetary figures, it is only enough to control the monetary aggrenates to achieve the desired stabilization effect.

The fiscal concept leaves that the appropriate budget policy is needed. The Model is derived from income ratio – expenses. Budget surplus and deficit are the backbone of the behavior of the fiscal concept – usually in terms of full employment. Starting from the relative importance of monetary and fiscal policy, according to the Keynesiian theory, the Konjunkturni development seems to have a segment of fiscal policy measures, while the monetary currency is primarily a segment of the monetary base (the offer of the central bank's money). For the development of monetary and fiscal concept, it is often built to build models of the entire economy in which, in the form of regression, the equation includes fiscal and monetary policy. Monetists and fiscations are split in terms of assessing the measures and contributing to the discretionary fiscal policy, stabilisation in a shorter period and in the long-term perspective: monetists believe that the budget determines, in the long term, the provision of resources from private to Public sector, and has only secondary importance in stabilising the economy. The fissionists are mostly in post-cneianism and are looking at a key variation of macroeconomic policy in regulating demand, but short-term stabilisation policy. So, attitudes are still almost completely opposite positions, even in the position of exclusions. Thus, the increased national income, which was created in some countries by reducing taxes, in the models of income relations – expenditure (fiscal concept), explained the increase in the income of wages, while in monetary models treated as a consequence of monetary growth.

The Stabilacion function in the budget

Today, it is considered that the state's behaviour in financial and economic terms is one of the basic factors of inflation, especially in conditions when in the economy is full employment, but today it is known, and in the conditions of lack of employment. Constant growth of public expenditures, at a rate and above the rate of national income, is a significant factor in the increasing of domestic expenditures, because the marginal tendency of spending of state expenditures is higher than marginal of the company's consumption and population. ¬ The expanded budget policy, aimed at suppressing the spread of deflation and unemployment, is affecting the tax reduction and a certain increase in public expenditures. Usually it is monitored and faster growth of budget expenditures, in relation to revenues, which leads to the creation of a budget deficit, i.e. lowering the surplus, if it existed.

If public expenditures are not covered by public revenues (usually under those are regular income forms), the deficit of budget financing occurs. Thus, the expanded fiscal policy, driven by reducing tax revenues or increasing budget expenditures above income growth, leads to the budget deficit.

Today, the budget deficit occurs as a normal consequence of a wider system of deficit financing in the process of fostering accumulation rates and economic growth rates, in developed countries and developing countries. Deficits of investments in developing countries budget deficits are one of the basic methods of creating supplementary accumulation in these countries. Low per capita income, low private savings and limited import of capital, must require the need to finance the budget deficit for monetary expansion, which serves to cover all forms of budget expenditures.

Most economies are now knowingly implementing the budget deficit policy, which also becomes more and more in relation to the national income and the overall budget funds. All this is closely related to mounting expenses (especially transfer expenses) and the wider state intervention in the sphere of economic development, employment and stabilisation of the economy.

Today, the budgetary policy is related, on the one hand, for the deficit financing and, on the other hand, for stability policy. Managing the budget policy must be appreciated by both a segment of economic policy, in which the budget instruments of macroeconomics are particularly included. Adequate budget policy application, in the process of stabilization of reproduction processes, achieves the implementation and analysis of the effects of certain fiscal policy measures as a whole, especially if the operation of automatic stabilisers, which make the policy Very resili,. Fiscal Policy Instruments Act, more or less effective, and:

Discretionary measures,

Auto-built stabilators,

"Flexibility formula ", and

By synchronizing with the same as the monetary proofing measures.

The discretionary measures of fiscal policy are related to changes in the movement and conduct of public revenues and expenditures. These measures represent a strong tool that operates on total demand. In tax (public) revenues, it is about changes in the economic cycle. Measures can be directed towards contractions of private or public demand, i.e. its stimulation. Discretionary measures are an appropriate instrument for achieving certain objectives in regional structural policy, as with intersectoral structural policy. It is especially necessary to take care of the delayed action in order to make these measures effective. Built-in stabilizers automatically respond to the behavior of cycations, i.e. the change of national income and serve mainly as a brake for slowing down the downward tendency in the depression, i.e. contractions, when the economy Move towards a high-school groom.

In developed market economies, with high monetary and tax tradition, the progressive system of taxation becomes the strongest built-in stabilizer. Tax systems and public expenditure systems (income tax, corporate taxes and spending taxes) are very resiliated in relation to the movement of the economy. In the period of prosperity, there is an automatic growth of public revenues that is faster than the growth of national income, which reflects a favourable stabilization in the economy. In the Depression phase, there is an automatic reduction of tax revenues that are higher than the decline in national income, increasing the revenues of businesses and individuals, which restrict the decline of demand, employment continues to curate the depression process. Thus, revenues in both cyclic phases seem to be compenitatively based on cycles of economic fluctuations and mitigating them.

Budget expenditures have opposite action. During the depression period, they spread to encourage consumption, employment and growth rates (the growth of transfer expenditures, refakation and etc.), while in the phase konjunkture the opposite effects occur.

This is multiplicative reflected in the change of national income

$$\Delta = C_n / 1 - c \, .$$

Tax revenues and expenditures in konjunkturnim oscillations behave differently. Their compliance and "replenishment " in action, a modern financial theory solves a public debt system that becomes "balancing factor " in budget policy.

Taxes act as one of the automatic stabilisers, since in a economy that shows recession tendencies, it releases much of the tax from the decline, while in the economy that shows expansion, it leads to a decrease in aggregate demand by overdoing the excess Amount of money from the market (from the hands of the owners and wages holders) in the budget. The action of the built-in stabilisers of the budget policy may be expressed in the following manner:

$$E_t = \Delta T / T_0 : \Delta Y / Y_0 \, ,$$

(The symbols are as follows: E_t - Elasticity of tax revenues from taxes, E_0 - Starting tax height, Y_0 - The starting height of national income, T - Tax change, and ΔY - Change of national income). If the $E_t > 0$, means that changes in the scope of fiscal instruments on tax revenues have the same tendency as the changes in the national income.

The flexibility formula ("formula Fledžibiliti ") as the third channel of action and achieving the budget policy comes down to automatic change of certain forms of tax when the economic indicators change in a specific way. For example, lowering growth rates or investment demand, or the rise of unemployment for a certain percentage, may be an idiator for the implementation of these measures of proofs, i.e. in this case, the moment to approach the lowering of tax rates, to prevent the emergence and Quilling the recession. Based on the same formula (a lot of objective) we come to increase the tax rate in the period of summer and to lower the rate in the period of recession.

The Formula of flexibility is, to a certain extent, contrary to the discretionary measures of the State, and its greatest lack of its unconventional nature, which makes it difficult to accept. The second flaw is reflected in the difficulties of electing the appropriate "objective " of economic indicators that would serve as a roadmap for changes in tax rates.

The efficacy of the built stabilisers of budget policy depends on the height of public spending, level of tax rates and "the degree in which the tax base is fluctuating with the changes in the national income ". The market mechanism and the impertetia of free competition in modern conditions in terms of monopoly, cannot ensure balanced development. The corrective intervention of the public authority is imposed as a necessity, and above all, to rerule the ineffectiveness of the market mechanism and eliminate the negative consequences of its activity. However, reliance exclusively on automatic stabilisers has still a number of supporters in the west, especially among the numerous reformers who want to exclude the conscious actions of the State from economic development and life at all.

The very limit of the actions of the built-in stabilisers, on the one hand and the increasingly serious crisis in the movement of market economies on the other hand, increasingly in the first plan expel the discretionary fiscal policies and other more modern methods of regulating the economy. Therefore, it increasingly imposes the need for financial programming of reproduction that should include the following generators: global demand and consumption, balance of savings and investment, changes in public expenditures and spending in accordance with movement National income, konjunkturnom policy and development policy and the placement of budgetary policies as a whole, to their function. This policy, more than so far, can be adaptable to a certain socio-economic state of the economy, without pretension to form some models that should be obeyed and should be ruled by. In the modern dynamic economic system, it does not have that, at any cost, and should not be sought.

Permanent growth of budget revenues and expenditures and permanent active use of budget policies in the process of growth and stabilisation of the national economy inevitably requires a certain, no more ex-post adjustment of this policy, but ex-ante adapting, setting up and Forecast parallel to macro-economic projections. Today, many of the developed States have not adopted economic forecasts as a formal procedure, but economists and statesmen have begun to think and act with the help of these concepts.

Operations of budget revenues (but also expenditures) are used for management of konjunkturom (development) and the structure of development through certain fiscal actions. This is the financial intervention of the State, which through the management of the selected budget instruments, operates on the scope and structure of economic and social development, i.e. stabilising or balancing the economy. In this regard, the impact of the economic structure in the election of the structural composition of the fiscal system in terms of establishing the interdependence of economic and fiscal structure is observed. The concentration of production factors and the diversified economic structure in highly developed industrial countries determines the fiscal system's elections in terms of testing the income tax as a backbone of the fiscal structure. The same is the case with developing countries with developed or underdeveloped foreign trade, in which it is dominated by an immediate income tax or indirect (customs).

The problem of fiscal activity on economic development is reflected in the mobilization of accumulation potential, in sectoral orientation of investments, in stimulating technical and technological progress and implementing the results of scientific research, in forming a And our knowledge, in the construction of economic infrastructure facilities, in promoting economic growth and by means of differentiation, or differentiated taxation (so-called selective filter), fiscal deductions and benefits; of tax incentives and liberation, accelerated depreciation, etc. the accelerated write-down of fixed assets enable the sector of business companies to express a small profit for taxation.

In the tax legislation, the depreciable write-off, theoretically observed, can be completely deduct from the amount of income, which reduces the basis for taxation of profits. Reducing the taxative part of profits through their expression, as amortising write-offs, affects the growth of amortising funds, and thereby increasing self-funding levels. "Tax loan ", in fact, is a deducent of the tax base of the investment share while the fiscal remover represents a specific fiscal "forgiveness " in the tax ensity.

Fiscal stimulation of austerity insters the mechanism of attracting individual savings in valuable papers for developmental priorities with highlighted fiscal benefits, while fiscal development stimuli reflect a fully fiscal liberation of youth development Industry and the elevation of industrial "nest". In certain countries, various forms of fiscal relief or liberation are used in the function of increased investment in infrastructure or reinvestment achieved in the vital sectors of reproduction. Sectoral differentiation of fiscal burden and fiscal benefits on selective basis in office are supporting development priorities, eliminating structural debalances, boosting export economy and regional growth harmonization on macroeconomic Plan, i.e. in the function of the performance of productivity increases, the introduction of technical progress, the national use of production capacities, to optimum almation of investment resources, on the mobility of accumulation and personnel and the substitution between Production factors in favour of higher employment in the micro-economic plan.

The impact of fiscal policy on economic development

Fiscal policy operates on economic development and through the import of new technology and deficits of reproductive material at reduced and abolished indirect fiscal rates (sales and customs tax, creating stimulating effects on the plan of regional and Structural development). The basic stimulus comes from special tax incentives, which are given for investments in basic capital (mitigations in the form of allowing accelerated depreciation and more moderate taxation of expenditures on research and experimentation, undistributed profits, And from engagement of budget in financing technical-technological innovation, scientific education, cultural and educational, and socio--health infrastructure.

The formation of capital and its role in economic growth, and on the effects that the modification and structure of the tax caused by this formation are now coming in public finances to particular importance.

The developmental function of the budget in relation to the other two (alocational stabilizing) becomes dominant in all countries today. The Keynesiian theory and the policy of regulating effective global demand do not give any more minimum effects in stabilising the economy and fostering economic growth. The economic theory turns to such an economic policy that will encourage the increase of the market funds bid and boost economic growth. At this base, "The economy offers " or Synny side economics. The famous concept "Synny side " is the theoretical basis of the new budget policy programmed and aimed at stimulating the offer, i.e. economic growth. Reduction (reduction) of tax is the basic strategy of the sunny side economics. Instead of the unproductive consumption of the State, it is necessary to enable the initiation of a dead economic organism and unleash an economic force through a productive investment of income to reduced taxes (corporate private sector). The rise in investments, austerity and production should start economic growth. Economic growth and increase in production and income replaces the social component and social function of the state.

Tax reductions should be followed by full freedom of market legality. Therefore, a reduced role of the state in the economy, i.e. limiting state intervention, is required in particular in the social area (the state of welfare). Orienting on anti-inflationary policy is also an important task in launching production. The initiation of economic growth and reduction of non-zamps can only be achieved on the long term. In short time, conditions are to be ensured "healthy economic growth ", therefore, inflationary disorders must be resolved. In this purpose, the restrictive monetary policy of money offer and the high interest rate should take the rate of inflation to the level of inflation (and at the rate of the recession in the first phase of the stabilisation). Administrative control of the price does not prefer for the simple reason what the a priori rejects is rejecting state interventionism. The recession needs to eliminate the rigidity of the sellout, with the transfer of the burden of forming capital for development (savings) on the employee's rent, with the previous limits of the state's social expenses. At the same time, fiscal policy by lowering taxes should reduce business costs (cost push inflation).

In the second phase, when the dangers of expanding inflation, lowering interest should encourage investment that was in decline, but also economic expansion. Stimulators, therefore, are on the side of increased production and offer, not in the inflation demand. With much of the budget expenditures being rigid down, the budget deficit would eliminate the increase in tax revenues through the rise of national income and in addition to lowering tax rates. State interventionism and budgetary spending should be restricted for the following reasons:

1. Budgetary assets are spent mainly irrational and non-productive. Social benefits and social costs (budgets) are generally not balanced.

2. Social costs and non-productive waste of budget funds are more than social benefits achieved through budget spending.

3. Absence of market motives leads to the low productivity of the work in nationalized enterprises, with the socialization of losses,

4. Continuous growth of the state apparatus leads to non-ethnic and non-economic employment, thereby replacing the economic logic with bureaucratic logic,

5. Excessive budgetary spending and budget deficits lead to the spread of inflation,

6. The State of budget expenditures does not encourage economic growth, on the contrary, the declining growth rate is followed by accelerated inflation, which prevents the creation of new jobs in production activities, etc.

Strategy of the state-monopolistic economy regulation based on the keyneiological concept of management of effective global demand in terms of increasing activity of scientific and technical progress, deep structural changes in capitalism Contradictions in the reproduction of social capital, followed by increasing production of manufacturing shows no minimal effects. The Keyneian concept of the economy's regulation has been in a deep crisis, and the overall civic economic thought is in great turmoil and seeking exit from the deep crisis of the economy, system and capital management institutions. In parallel, the conditions of production are worsening: increasing the deficit of numerous base resources, increasing price growth, slowing of productivity growth, insufficient use of capacities, and increasing unemployment and all. It all led to a fall of profits and the centre of economic theory raised the issue of production and offering.

Basic problems become not the lack of demand, but a growing narrow head of production and resource offers, particularly the effectiveness of their use. A massive increase in state intervention in the economy seeks new approach in theory and research – as the state operates on forming demand, and how to offer and manufacture certain branches of economy and production structure. The necessity is to change the structure of the distribution of national income with the rise of accumulation participation and the appropriate decrease in consumption.

The concept based on demand management, increasingly concessions the place of theory oriented to research of offers, accumulation and production factors. Inflation is becoming an uncontrolled price growth process, with the state asking questions: How to slow down price increases without limiting and slowing production and boosting unemployment. The growing growth of the country's social and economic roles led to a sharp increase in social expenditures from the budget (payout for unemployment, various forms of social assistance, expenses for education, healthcare, insurance, environmental preservation, interest in Public debt, etc.), which is related to increasing additional investments of non-production. All this led to a deterioration in the conditions of economic growth, which in the civic theory exacerbated efforts to free private capital space, a new initiative and a profit motive, particularly through tax cuts and state intervention in the economy. This, on the other hand, is closely related and with the narcisdation of the crisis concept of regulating, inefficiency of the state apparatus, its sudden spread and bureaucracy. The expansion of the state intervention was followed by a rise in tax pressure and giving, chronic budget deficits, which deeped the contradictions of free market.

The critique of the Keynesian concept of economy regulation is followed at the same time with the attempt to seek new theories that will explore the economy mechanism and lead to its development. The direct interference of the state in the economy is increasingly being treated as the main cause of economic inefficiency, failing to work productivity, lowering the accumulation rate in the production sphere, accelerating inflation and growing unemployment. This led to a general polarization of the understanding of two directions. The conservative direction or neoliberal direction, with the attitude of the necessity of reducing the role of the state in the economy and strengthening the motive for profit, came to the conclusion that the high cost of the State and especially social assets lead to the reduction of capital accumulation, which is a basic Cause of the economic crisis. This led to a drastic reduction of social expenditures and lowering taxes to higher wages; With a new competition mechanism that needs to ensure any freer market and market legality. The only freedom of the market, it is considered, can ensure greater production and price stability, i.e. economic growth. That direction is called both monetary and neoliberal.

The second direction, essentially confronts neoliberalism, is the concept of structuralism or macroeconomic realism. The deep crisis of the state-monopolistic regulation of economics and the inability to control inflation, on the one hand, and solving the problem of unemployment and economic growth, on the other, lead to a more open attack on the non-Ocyrian direction of economic theory and Policy. So the problem of unemployment and the extremely high unemployment rate in the last years showed that state intervention and the public sector did not show enough efficiency in solving the problem. On the basis of this, the liberal-bourgeois concept "mixed ekonomics " (Mixed economy) is developing. It's a so-called. Liberal conservative concept, i.e. Antikeyneian counterrevolution.

The theoretical basis of modern conservatism in the economic theory is neoclassical school, and the product is new requests for free entrepreneurship, with the interests of large private capital. Neoclassic theory now incorporates numerous routes and completely different approaches in the civic theory of politecnomist supporters of new free entrepreneurship (and the suppression of the spread of the state, i.e. narroying its role in the economy) to the national doctrine of M. Of Friedman or Chicago schools, or new monetarism or supermonetarism. By confronting the Keynesiean theory of regulating the effective demand and on it, developed by the concept of state regulation of economy, that function is completely unrejected. The basic destabilising factor in the economy is to manipulate the demand for economic stabilisation through measures of monetary and fiscal policy. As this is achieved by a monetary expansion and a permanent budget deficit, which, according to this proposal theory, only leads to the spread of inflation, but not to speeding up economic growth and increasing employment, it is to make a general shift over politics The country's interference in the economy, and so far, dominant non-political theories and policies.

The economic theory based on "supply side economics " is the abandonment of the Keynesian policy of mitigating cycical crises through state interventions and budgetary forms "encouraging demand ", to "offering the economy of offer ", stimulating those who hold Capital and knowledge, to increase investment in production, i.e. offer of goods on the market. The request for re-introduction of the market's regulatory function and the minimum interference of the state in the production flows is the basic intestor of this theory. In order to further highlight the difference between the neoclassic theory that is based on and the Keynian theory, this theory has chosen a new name "The offer of offers ". This direction is referred to as "supply side economics " (The offer economist), which is opposing "Demand theory " from the Keynesian economic theory. The theory of the offer of research is carried out by the factors that determine the offer and the formation of austerity, efficiency and productivity, not demand and factors of demand that dominate in the Keynesiian economic theory. Thus, the offer theory returns to the Neoclassic principles, which sharply stepped up in the Keynesiian theory.

Based on a neo-classical theory, it differs from it in the basic position, which is that it essentially does not reject the principle of the state regulation of economy. True, it is necessary gradually, in the spirit of neoclassical theory, the reduction of the state's expenditure on austerity stimulation, as the state is emerging as the main factor of the enormous rise of global demand and consumption, thus the inflation and instability of the capitalist system . In contrast to the budgetary and monetary measures, which seemed to be the behaviour of growth and demand, the theory of the offer, mostly, was oriented on factors that encourage savings and through it to the conduct of investments. Savings are formed by private individuals and companies. The basic course of economic policy must be aimed at limiting the role of the state and giving greater freedom to private entrepreneurship.

The budget policy next to the monetary (which still has the basic task of creating favorable general conditions of reproduction), as a classic instrument of the State (which in addition to the budget policy leads to the policy of public debt), has the task to act on the structure of demand, or overall tasks. The task of the budget policy is achieved by dividing the income and the basic decomposition of income in terms of forming total demand.

The policy of internal debt and the active budget (systematic budget imbalance) in contemporary economies has been shown as powerful regulators of demand

and consumption by multiplication and regulation of income consumption, i.e. concept of stabilising the economic System as a whole.

In regards to the counter-cyclically, the public debt is proposed that the broadcasting of long-term securities in Konjunkturi, and short-term bonds in the depression, have significant counter-cyclically action, but assuming that it is not run from To monetary (linear) measures. High rates of monetary expansion, which are moving above the real needed for the liquidity rate to increase and give rise to the growth rate, usually by deficit-cutting inflationary money in reproduction that quickly absorbs. However, it is forgotten, usually, that monetary policy of large oscillations, regarding the rate of monetary expansion, symmetrical about its effects, TJ. In one period accelerates inflation, and in the second period (in case of aspiration to close the deficit of deficits) decelerates the rate of economic growth. Such monetary policy of large swings supports the creation of parallel tendencies of recession and a tendency to strengthen inflationary forces.

Monetary policy is an inefficient instrument in the prevention of recession but also the inflation of costs and structural inflation. This means that these measures are inefficient in stopping inflation, price growth resulting from the reorientation of demand or reduction of the global offer, which is more of a fiscal policy area. However, it is necessary to keep in mind:

-Monetary-credit policy is more effective in the period of inflation, while fiscal policy is considerably more effective in the period of depression and unemployment.

-Monetary policy is more efficient in the general liquidity plan, Money offers, business climate and external economics (Payment balance, exchange rate, foreign exchange reserves, etc.), and fiscal policies on the regulation plan of internal global demand, price and level Employment.

-Monetary policy has shown greater efficiency in encouraging investment, while fiscal policy is more efficiently regulated by the general level of consumption (personal and general spending). It is far more efficient in regulating internal spending and stability, especially in cases where it should not be cared for in payment balance.

Monetary and fiscal policy today, addressed as a unique part of financial policy, which regulates global effective demand, which means that only synchronised and coordinated can address the problems of the deficit of public Expenditures, in the intersection of the mutual action of fiscal deficits and inflation, in eliminating the consequences of a deficit of public demand on the economic flows of reproduction, in blocking the prevention of public deficits, fiscal burden and (internal and external) co-financing and in the revision of the strategy of deficit financing in the reconversion of deficit financing in surplus financing.

The offer theory is based on a macroeconomic approach plead the rise in profits, savings and investments (in terms of eliminating uncontrollable socialization of income and the established state regulations), and to reduce unemployment by manufacturing growth method. Tax reductions should reduce production costs and, in this way, contain cost-effective inflation. And only then, when inflation is reduced, the interest rates should be reduced and create realistic conditions for economic growth, as it is only in the second phase of the driving force in the incentives on the side of the offer. The inducted growth of the national income method of tax reduction in the second phase provides additional influx of fiscal revenues for balancing the budget (in the upcoming period). Fiscal relaxation, therefore, represents the backbone of the strategy of Supply-side economy, i.e. stimulating performance, savings and investment in increasing the offer of goods and services on the market, and thus establishing market balance.

In the middle of the contemporary economic theory and politics there is research of the way, strength and speed in which monetary and fiscal policy operates on certain macroaggrenities in the economy (income, prices, production, employment, export, import, etc.). Monetary policy, it can be an effective instrument of Konjunkturne policy only assuming that, at least in the basic known such "delayed activity " of this policy – as it is now called the contemporary economic theory. This issue is closely related to the transfer to the central bank of the highest share of responsibility for the overall economic policy, not only the monetary policy of almost every country. In order for the central bank to manage effective monetary policy, two important preconditions for the implementation of such monetary credit policy should be fulfilled:

-It is necessary that the period from the moment the monetary policy intervention is needed and the moment in which the measures are

-Monetary-credit policy needs strong enough, and enough to act on certain variables of the commercial system that it wants to act.

Today, the theory is increasingly indicative of the time lag in the action of monetary policy from the moment of the measures to be taken to the moment when they begin to act, or to give full effects. Usually, they consider three forms of lag:

1) Time lag from the moment when the monetary policy intervention becomes really necessary from the moment of stating the necessity of this intervention, which is a lag in diagnosis. This lag encompasses a longer period of time, and it is usually explained by the fact that the reversal of economic activity is observed only after several months in certain indicators of Konjunkturne policy serving certain countries in the running of their economic Policy.

2) Time of lag from the moment of stating the necessary changes in monetary policy to the moment of application of the measures is so called. Administrative lag.

3) Administrative lag is relatively short, as the measures are quickly made after the notice of the need for a change of official monetary policy. Many consider it a great advantage of monetary-credit policy over fiscal policy. There is a monetary-credit policy in the highest degree elasticity. This third form, which cannot be clearly manifested in a surface, as the first two, monetary theory today pays full attention.

However, some authors of the time-out action of monetary policy are divided into two separate times, and that is:

A) The time-delayed response of the credit market, which encompasses the period that passes from taking measures in credit policy to changes in the loan amount, and

b) Time-delayed production reaction which includes the delay in the production response (national product) to change of credit.

The turnaround in monetary policy is linked to the changes in the economy in the previous period, from one to three months, not with those changes in an earlier or later period or in the same time when monetary policy measures are taken. True, it is difficult to determine the exact time of response to paper, interest and liquidity, but it is easier to establish a shift in the period of the restrictive credit policy of the central bank. Business banks have been able to maintain their credit policy at a unchanged level for some time, so as not to provoke negative effects in business. That is why, according to modern research, the lag of actions on direct approval of the bank's credit longer than in the effect of changes in the masses. According to the same survey, the lower limit in implementing monetary-credit policy measures is three months, and the lag between the actions is about six months. Karaken and Solonj noted that the TIME lag in the US monetary policy is 6 ¬-9 months, while M. Friedman determined that it could be 12-16 months.

According to the conducted research, the lower limit of time lag in the share of monetary policy is about the month. The lower limit of the original measures of the central bank, to effective demand, is about six months and the effect on the balance of payments a little longer, from nine to sixteen months. The entire lag in the action of monetary policy measures is between fifteen and eighteen months. By such views "Due to the time lag ", it should not be too trusting in the effectiveness of monetary and credit policy measures ". Monetary policy, according to Milton Friedman, has a long period of delay in action, and rather variable action, so that attempts to conduct counter-cyclic monetary policy could lead to deterioration rather than mitigating the oscillations of konjunkture. Because in the implementation of monetary-credit policy measures, for stabilization of konjunkture, it must be calculated with operational participation which is proportionally long and by all the projected backers variable, the central bank is almost impossible to determine The most convenient moment for the use of its instruments. If the lag is constant, it could be observed by the forecast. Since long-term forecasts have been given proportionally to small results, they should expect the anticipersonal action of monetary policy in some konjunkturnog development periods.

By other, broader research, changes in the amount of money growth rate precede the fluctuation of the economic cycle (especially fluctuations of industrial production) between six months and a year. From this model it is extracted and the conclusion that monetary policy, good and control of the volume of money, is very effective. It means that each recession must precede a drastic reduction in the amount of money, which, in turn, means that monetary policy as a segment of stabilized politics is far more effective than fiscal policy. As a special argument, this attachment states that the demand for money is much more stable than the consumption function, and it is just the consumption function, which is based on the effect of changing state expenditures and taxes, or the area of the measures fiscal Policy.

About the time it takes to see when fiscal policy measures should be implemented, the problem is the same as in monetary policy. Administrative lag in the implementation of fiscal policy (procedure) is long gone, except in exceptional cases (extraordinary cases). In addition, there is a problem of diagnostic lag and the problem of the real start feeling of the effects of undertaken measures, almost as well as monetary policy, only with a much shorter interval of this delayed action.

This is the problem of fiscal policy efficiency in developed countries, as the stabilization and development function of budget policy is in interlocking.

Conclusion

The economic function of the budget is linked to the economic objectives the state wants to achieve in the economy. It also stems from the alocational, redistributive and stabilional function of the budget. Proper allocation of resources enables the distribution of national income and social products and affects economic trends with the end goal of maintaining price stability, high employment and economic growth. The stabilization function of the budget means that the budget needs to directly contribute to stabilising economic flows and economic activities. In the contemporary fiscal theory, the stabilional budget function draws the most attention. As such, the budget has developed a theory of compiling financing that explores the active role of the budget in managing the policy of balanced economic development. The stabilized function of the budget is based on the fact that public revenues and expenditures are part of the national income, and that each change is affecting the changes of effective demand and consumption not only proportionally, but also multipleated.

The stability of the budget is increasingly coming to terms of modern conditions, especially in the Government's continuous efforts to achieve optimal economic growth, economy stability and high employment. Therefore, the macroeconomic function of the budget occurs as a new, additional function, in addition to the already-known ones.

Budget policy is part of macroeconomic policy, and this is the most important part of it.

The budget system of revenues and expenditures forms considerable action on all macroeconomic and economic relations, i.e. dynamically observed, monetary and fiscal flows. Beyond these flows is the formation of all aggregate relationships (AGGREGTS) and their monetary and realistic balance. The budget policy, aimed at stabilising, has been built into a cyclical fluctuation of economy. Compiling funding at the time of depression consists of increasing demand levels, in order to raise total demand to the height of the gross domestic product at full employment level.

Monetary policy is only one segment determined, a wider stabilisation policy in which fiscal policy is given a remarkable place.

The contemporary economic theory has completely accepted the necessity of combining monetary and fiscal policy measures. The stabilisation strategy is known nowadays, often theoretical, two opposing attitudes: monetists-Acquire doctrine and fissionist or fiscal doctrine. According to monetary figures, it is only enough to control the monetary aggrenates to achieve the desired stabilization effect. The fiscal concept leaves that the appropriate budget policy is needed. Budget surplus and deficit are the backbone of the behavior of the fiscal concept.

Today, the budgetary policy is related, on the one hand, for the deficit financing and, on the other hand, for stability policy. Managing the budget policy must be appreciated by both a segment of economic policy, in which the budget instruments of macroeconomics are particularly included. Adequate budget policy application, in the process of stabilization of reproduction processes, achieves the implementation and analysis of the effects of certain fiscal policy measures as a whole, especially if the operation of automatic stabilisers, which make the policy Very resili,.

The discretionary measures of fiscal policy are related to changes in the movement and conduct of public revenues and expenditures. These measures represent a strong tool that operates on total demand.

Built-in stabilizers automatically respond to the behavior of cycations, i.e. the change of national income and serve mainly as a brake for slowing down the downward tendency in the depression, i.e. contractions, when the economy Move towards a high-school groom.

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