

THE EFFECT OF GOVERNMENT EXPENDITURE ON ECONOMIC GROWTH

Bozorboyev Diyorbek Po‘lat ugli¹

¹ Student of Jizzakh branch of the National University of
Uzbekistan named after Mirzo Ulugbek

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State spending is an important tool for ensuring economic growth. They play an important role in the economic activity of the state, because the state expenses have a direct and indirect effect on the economy and stimulate the development of various sectors. This article analyzes the impact of government spending on economic growth and the positive and negative aspects of this impact.

INTRODUCTION. It is harmful for us to know what the public expenditure is. State expenses are financial expenses of the state, economic relations regulated by legal norms on the distribution of centralized and decentralized funds and their continuous use to meet the needs of the state related to the performance of its functions. State expenses are closely related to the state budget. The state budget is defined as a set of monetary incomes and expenses of the state intended for a certain period of time (usually one year).

State expenditures are directed to the following main areas. These are infrastructure development, social services and investment in human capital, entrepreneurship support and events.

Government spending on infrastructure such as transportation, energy, education, and healthcare stimulates economic growth. Effective infrastructure increases production efficiency and opens up new markets for businesses. For example, through the development of road and transport networks, opportunities for interregional trade and service will expand. If we look at the example of Uzbekistan, in 2023, 689 projects for road transport infrastructure were accepted from the state budget, amounting to 3,301 billion soums, and

318 projects were developed for engineering and communication networks, amounting to 2,123 billion soums. soums were allocated and money was allocated from the state budget for many other projects. 98% of all projects were successfully implemented.

Public spending on education and health care contributes to the development of human capital. It is not for nothing that it is said that investment in education is the most effective investment. A country that invests in education and training creates a highly qualified and efficient workforce, which leads to the technological development of the economy and an increase in labor productivity. Therefore, it is no coincidence that in New Uzbekistan priority is given to making young people knowledgeable and educated, to prepare them as competitive personnel, to enter the future with confidence. That is the reason why the steps towards modern advancement start from the thresholds of educational institutions. It is worth mentioning the expenses incurred in the field of sports, our athletes play a key role in promoting this country to the whole world.

The state supports the development of small and medium-sized businesses through subsidies and loans. This will help diversify the economy, create new jobs and introduce new technologies. In this way, the state stimulates economic growth.

It is necessary to consider the negative impact of government spending.

Government spending can also have a negative impact on economic growth. If these expenditures are mismanaged or excessive bureaucratic barriers are introduced, the following problems arise: public debt increases, inefficient spending, crowding out the private sector, and crises.

As public spending increases, public debt may also increase. If the government increases its internal or external debt to cover its spending, it can have a negative effect on economic growth in the long run. The interest on the growing debt puts great pressure on the state budget, resulting in insufficient funds for future economic development.

As a result of mismanagement or corruption of public expenditure, resources can be used inefficiently. Spending on inefficient projects or in the wrong sectors will not have the desired impact on economic growth. This leads to unnecessary losses for the state budget and misallocation of resources in the economy.

Excessive public spending can in some cases crowd out private sector activity. For private entrepreneurs competing with the public sector, the opportunities for growth in their field will be limited, as a result, the natural development of the market economy will be negatively affected.

Government spending is one of the factors that have an important impact on economic growth. Appropriate and effective direction of state expenses is necessary for stable and continuous development of the economy. Effective public investment drives the

development of infrastructure, human capital and innovation. But public expenditure management requires caution, as excessive debt accumulation or investment in ineffective projects can dampen economic growth in the long run. Therefore, balanced management of public expenditures and their impact on economic growth is the key to success.

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