

Fiscal decentralization and attempts of centralization

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Starting point – Totalitarian country

Multi level budget

All money is gathered to central pot and then distributed by subsidies from central budget

Own taxes could be «named» for demonstrative purposes, but financing is performed through dotations from State Treasure:

- from central budget to regional budget,

- from regional budget to local budget

Strong normatives for expenditure and controll of number of servants and institutions

Equalisation individually for each body, according central policy and according to Central Plan

Stages of decentralization

Formal recognise of fiscal authonomy (Exclusive rights of Local Council to approve Local Budget)

Privatisation and Communalization of enterprizes and property

Freedom to perform entrepreneurshipp

Abolishing of multi level budgetting, introduction of real authonomy by dividing competences (each power finances own competences)

Determination of local taxes (or fixed share in national taxes)

Introduction of fiscal equalization, based on objective criteria

Introduction of objective criteria for regional development policy (intensity of central investments depending of objective criteria)

Quality of fiscal decentralization

Share of own taxes compare to all taxes (national and local)

Share of own expenditure compare to all public (general government) expenditure

Share of own taxes + general grants compare to total LG expenditure

Share of competences, financing without central normatives, compare to all competences

Figures for everyone LG, not only for consolidated average figures

Attempts of centralization

Central regulation of autonomous competences

Dividing political responsibilities from executive responsibilities

Equalization by un-objective criteria (political influence)

Idea about equality of public service providers

Decreasing of shares of LG for shared taxes

Decreasing of LG taxes or shared taxes compare to other taxes, used for central expenditure

Administrative territorial reforms

Thank you for attention!
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