

Communal Finance in Yugoslavia

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THE rights and obligations of the local bodies of self-government in the sphere of finance reflect the functions and status of these organs in the social system. The volume of their financial resources (both absolute and relative) testifies to the material basis of self-government and the level of social decentralization reached in accordance with the general economic development of the country.

For this reason, the system of communal finance in Yugoslavia cannot be regarded merely as an economic or a financial problem of a technical nature. Communal finance is essentially a socio-political problem as the tendencies manifested in this respect characterize the developments in an important sector of our social relations, namely the communal system.

Communal finance covers two major domains: the budgets of the local bodies of self-government and the social (public) investment funds of the communes and districts. The other spheres of communal finance (budget funds, funds for housing construction, etc), although characteristic of our present communal system since they cover an important activity of the communes in the advancement of certain economic branches and improvement of the general standard of living, are actually transitional forms of communal finance.

THE COMMUNAL BUDGETS

As a rule, the district and municipal budgets are not used for the financing of economic expenditure but for various public services. It is here that the initiative and independence of the local bodies of self-government in the promotion of the social standard of living on their territory is shown. The district and municipal budget outlay assures the functioning of all the basic services and 4 activities in the sphere of education and culture, public health, welfare and the communal services. The expenses financed from the budgets of the higher political territorial units may also be significant in these spheres; on the other hand, the communal services may in some cases be self-sufficient, i. e. self-financing.

The sources of income of the communal budgets fall into two basic categories--obligatory and optional. Obligatory income is stipulated by Law while optional income is not allowed at all in certain territories. If it must be levied, then it may only be done up to a certain minimum; if the commune should foresee the introduction of income above the minimum level, this surplus income is of an optional character.

The obligatory income of the communes consists for example of the budget contribution from the personal income of workers and office employees (personal income tax), income tax paid by individual peasants, craftsmen and the members of the free professions, death duties and inheritance taxes, minimum rates on income tax, etc. Optional income includes rates on income tax above a certain level, municipal turnover tax, supplementary budget contribution from personal income, etc.

The budget income of the commune may also be divided according to other criteria. There is the so-called common income of municipal, district and other political territorial bodies, which is allocated according to given criteria. On the other hand, there is the exclusive income of the communes. Thus, for instance, the budgets of the municipalities, districts, people's republics and Federation take a part of the turnover tax which is levied in accordance with the Federal Law. Consequently turnover tax constitutes a common source of income. The budgets of the municipalities, districts, and people's republics share the income tax of craftsmen and free professions, but the Federation does not. This is also a common source of income. However, municipal rates, death duties, municipal turnover tax, local budget contribution, land tax, etc accrue exclusively to the municipality.

It is primarily characteristic of the income of communal budgets that they depend on the level of personal income. This characteristic was also manifest in the existing Budget Law and will be further strengthened by the forthcoming budget reform. This is the prime characteristic of communal budget in Yugoslavia.

EXPENDITURE OF COMMUNES

The commune, as the basic organ of self-government, is invested with an unusually important function in the sphere of expenditure. By its self-governing instruments, the commune influences the allocation of expenditure, increasing or reducing the level of general expenditure at the expense of (or in favour of) personal spending and consumption.

If the commune should acquire substantial budget resources by levying supplementary taxes on the personal income of workers or a municipal turnover tax, which are both optional and accrue exclusively to the municipal budgets, it would also reduce¹ individual spending of the citizens on its territory. By reducing the volume of individual spending, the commune makes possible the creation of funds for the financing of various public services in the interest of the citizens living on that territory. From the funds thus obtained, the commune may assure the improvement of the health service or elementary school network or improve the city electric power or water supply. The commune may also subsidize certain public services which may sell their services or products to the beneficiaries at very low prices, i. e. below the actual costs.

AUTONOMOUS DECISION

The citizens may exert a direct influence in the shaping of such a municipal policy at voters' meetings and within the entire mechanism of self-government. They may, in given cases, accept a higher percentage of municipal turnover tax if they consider that the funds thus obtained will enable the more efficient functioning of the essential communal services. Conversely, they may demand the reduction of these taxes if they consider at the moment that the communal services are functioning perfectly and that they should therefore increase personal spending. It is especially to be noted that the allocation of the total expenditure fund to general and individual requirements depends on an autonomous decision.

Consequently, irrespective of their role with regard to the financing of state administration, the communal budgets essentially imply the independent allocation of the total ex-

penditure fund. This is one of the basic functions of the commune in which the working people appear both as producers and consumers. In this respect the commune is the basic social community in which the individual and collective interests are coordinated and harmonized.

The total expenditure of dis-

trict people's committees amounted to 53.2 in 1956, 55.7 in 1957 and 52.5 thousand million dinars in 1958. Total municipal expenditure came to 62.3 thousand million dinars in 1956, 80 in 1957 and 96.8 in 1958. Consequently, municipal budget expenditure rose by over 50 per cent during the 1956-58 period.

Of a total 96.8 thousand million dinars of municipal budget outlay in 1958, expenses for the public administration and judiciary absorbed 23.6 per cent, cultural and educational activities 37.5 per cent, social and health activities 14.9 per cent and communal activities 5.7 per

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