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HISTORY OF THE BUDGET DEFICIT IN THE UZBEK SSR

Duschanov Rasuljon Rakhimbaevich
National University of Uzbekistan, Faculty of History,
Department of "Archival Studies and Source Studies",
PhD, Associate Professor
duschanovrasuljon1985@gmail.com

The main link of the financial system, the budget has two columns, one is income, the other is expenditure, the excess of this expenditure over income is the budget deficit (subsidy[1]) ...is termed [budget deficit]. This situation reflects an imbalance between revenues and expenditures during the process of generating and utilizing the state's financial resources. From this perspective, the budget deficit is not merely a financial-economic indicator but a crucial criterion for evaluating the effectiveness of state economic policy, budget planning, and financial management.

Historically, the emergence of a budget deficit has been directly linked to the expansion of the state's economic and social responsibilities, rising government expenditures, the failure to generate sufficient tax and other budget revenues, and imbalances in economic development. In particular, under the centralized administrative-command system, the planning of budget revenues and expenditures was driven by economic priorities established by higher-level state authorities. Consequently, certain periods saw imbalances arise regarding the distribution of budget funds across regions and sectors, the growth rates of government spending, and the sources of budget revenue generation. In the 1924/25 budget year, the state income was set at 16,860,855 thousand rubles, and the expenditure was set at 19,047,113 thousand rubles, but the difference between them was 2,186,258 thousand rubles, and more funds were allocated for expenses[2]. From an economic point of view, this was considered a budget deficit, and during this period, the share of expenses for the development of all sectors exceeded income.

The sources of income of the budget for this year were 6 types. I) direct taxes, including: agricultural tax; patent and flat-rate fees; income tax; rent fees. II) indirect taxes, including: excise: tea, coffee, sugar, oil, tobacco, etc. III) stamp duty, IV) forest revenue, V) income from state property, VI) other fees[3]. These included 8 main taxes, 4 fees and others, which were the main basis of budget revenue without taxes and fees.

In the next budget year, i.e. 1925/26, the state budget revenue was 23,320,505 thousand rubles, while the expenses were 43,383,905 thousand rubles, which differed by 20,063,400 thousand rubles. The budget deficit for this year was 53.7 percent. The state budget revenue for 1926/27 was 34,797,271 thousand rubles, and the expenses were 58,458,571 thousand rubles, that is, the difference between them was 23,661,300 thousand rubles, which was a budget deficit of 59.5 percent of the state budget. However, in this budget year, revenues will be increased by 49.2% and expenses by 34.8% compared to the previous budget[4].

The share of tax revenue in the approved amount of the state budget of the Uzbek SSR is 30,762,363 thousand rubles for the Uzbek SSR, and 615,147 thousand rubles for the Tajik ASSR. 17 types of state

[1] Дотация сўзи лотин тилидан олинган: *dotatio* – “туҳфа, инъом, маблағ ажратиш, молиявий ёрдам” деган маъноларни англатади.
[2] ЎзМА, Р-93-фонд, 1-рўйхат, 30-йиғмажилд, 3-8-варақлар.
[3] ЎзМА, Р-837-фонд, 1-рўйхат, 119-йиғмажилд, 30-варақ.
[4] ЎзМА, Р-837-фонд, 5-рўйхат, 183-йиғмажилд, 38-варақ.

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revenue are allocated[5] more sources were identified. Compared to previous years, the types of sources of income in the budget increased, and the State Revenue Department, which was part of the People's Commissariat of Finance at that time, was very active in this matter. In 1927/28, the state budget of the Uzbek SSR and the Tajik ASSR was approved in the amount of 62,282,790 thousand rubles, and expenses - 64,576,837 thousand rubles, while the budget deficit decreased by 3.6 percent. In 1928/29, the state budget was approved in the amount of 191,345,950 thousand rubles, with income and expenses approved in equal amounts. Their implementation was more than 100 percent.[6]. Since the establishment of the Uzbek SSR, there has been a deficit in three budget years.

The budget of the Uzbek SSR during the Second World War[7]

№	Йил	Ўзбекистон ССР бюджети (млн руб)		Даромад кўрсаткичи
		Даромад	Харажат	
1.	1940	1469001	1436535	32466
2.	1941	1639893	1612248	27645
3.	1942	1380488	1356267	24221
4.	1943	1594329	1559054	35275
5.	1944	1858503	1858503	Тенг
6.	1945	2170115	2170115	

Budgetary issues in the Uzbek SSR between 1941 and 1945 were linked to the redirection of the economic and financial systems toward military needs amidst the Second World War. With the outbreak of the war, the bulk of state expenditure was channeled into defense, the military-industrial complex, transport, the relocation of evacuated enterprises, and the material support of the front. Overall, the budget deficit in the Uzbek SSR during the war manifested as a financial imbalance resulting from the forced reallocation of economic resources from peacetime needs to military objectives. Limited budget revenues combined with the priority growth of defense- and war-related expenditures negatively impacted the budget balance. However, it would be incorrect to interpret the deficit solely as a financial crisis; under wartime conditions, the primary function of the state budget was not to maintain financial equilibrium, but rather to mobilize available resources to ensure the uninterrupted support of the front and military production. Therefore, when examining the wartime budget of the Uzbek SSR, it is considered appropriate to evaluate it not only by the size of the deficit but also by revenue sources, funds allocated from the center, the composition of the republic's expenditures, and their direction toward the military economy.

In the 1990 state budget of the Uzbek SSR, revenue amounted to 11,164,623 thousand rubles and expenditure to 11,499,623 thousand rubles, with expenditure exceeding revenue by 3 percent. Regarding local budgets, revenue was 4,383,871 thousand rubles and expenditure was 4,563,021 thousand rubles, with an allocation of over 39 percent of the funds[8] ...more than 60 percent was allocated to support other sectors. Across the regions, total revenue amounted to 4,383,871 thousand rubles, while expenditures totaled 4,563,021 thousand rubles. Consequently, a deficit of 179,100 thousand rubles emerged in the regional

[5] ЎзМА, Р-837-фонд, 1-рўйхат, 116-йиғмажилд, 71-варақ.
[6] ЎзМА, Р-837-фонд, 8-рўйхат, 145-йиғмажилд, 90-91-варақлар.
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budgets. Thus, total expenditures exceeded revenues by more than 4 percent. This situation indicates limited capacity for regional budgets to fully cover expenditures using their own revenues.

In the 1991 USSR budget, revenues stood at 250,157,450 thousand rubles and expenditures at 276,820,599 thousand rubles; expenditures exceeded revenues by 26,663,149 thousand rubles, representing a budget deficit of 10.6 percent. Specifically, the budget revenue of the Uzbek SSR was 21,244,477 thousand rubles, and its expenditure was 22,601,338 thousand rubles[9] ...the budget deficit amounted to 7.48 percent. In fact, the USSR's financial crisis during that fiscal year reached such a level that the central budget deficit (26,663,149 thousand rubles) exceeded the Uzbek SSR's budget revenue (21,244,477 thousand rubles) by 21.4 percent.

Factors contributing to the formation of the budget deficit in the Uzbek SSR included the rapid growth of state expenditures, centralized state financing of the economy, the imbalance between the republic's revenue base and expenditure obligations, and the impact of all-Union budgetary relations. However, it is also necessary to take into account that, for the greater part of the Soviet era, the budget system was officially presented as balanced or in surplus; therefore, it is appropriate to examine the issue of the deficit not merely based on official budget documents, but within the context of actual revenues, expenditures, grants, subventions, and inter-level financial relations. In the Uzbek SSR, the budget deficit served as a key indicator reflecting the imbalance between the republic's economic financial capacity and the socio-economic obligations borne by the state. Its explicit recording in budget documents—particularly during the late 1980s and in 1991—signaled intensifying imbalances within the Soviet financial system. Consequently, examining the budget deficit in conjunction with the Uzbek SSR’s economic development, industrialization, agricultural specialization, tax revenues, and centralized budget allocation allows for a deeper understanding of these historical-financial processes.

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