
SUMMARY



Positing a Local Fiscal Assistance System in the Policy Scheme of Balanced National Development

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Equalization Scheme, Balanced Development Special Account

The Objective of this study is to examine the practical limitations of local fiscal assistance system linked with various means of fiscal decentralization, and to consider local fiscal assistance systems for balanced national development by minimizing side effects. To this end, first, the major elements of the balanced national development were drawn through the conceptual, theoretical, political, and institutional significance of national balanced development, and sets the direction for achieving balanced national development in terms of revenue and expenditure decentralization, which is a means of fiscal decentralization. These directions are structured and framed, and the main elements of this process are the expansion of local finance, the decreasing inter-regional fiscal disparity, and the qualitative and quantitative expansion of balanced development expenditure. Through this framework, we suggests that local fiscal policy can be applied as a means for balanced national development.

Next, the present conditions of local finance were analyzed and its limitations and problems were derived. In addition, it outlines the effect of decentralization on local finance and suggests a way to reduce negative effects. Currently, local finance has been pointed out as a problem of lack of self-revenue in the region, disparity inter-regions, and expenditure decentralization. The fiscal decentralization of the current government seems to be able to solve some of these problems in the area of self-revenue in the region. However, this study pointed out that the current government's fiscal decentralization plan may further widen the inter-regional disparity. Therefore, it is suggested that the improvement of the local fiscal equalization scheme should be carried out in parallel with the fiscal devolution.

In addition, the problems in terms of expenditures were discussed, such as expenditure due to excessive government subsidy projects, the transfer of responsibility for balanced development due to the reduction of balanced development finances, and inefficient account management. In order to improve this, this study aimed to suggest the necessity of reforming the Balanced Development Special Account and expanding the financial system in consideration of future conditions.

To this end, this study proposes alternative methods of horizontal fiscal equalization scheme and Balanced Development Special Account. As an alternative to the general grants, a horizontal fiscal equalization scheme was proposed in terms of coexistence and sharing of resources among local governments. In this, the local type of win-win development fund and regional development fund are proposed as a way to expand local finance and decrease inter-regional fiscal disparity under fiscal decentralization. The effect analysis of each alternative showed that it contributed to decreasing the inter-regional fiscal disparity not only after but also before fiscal decentralization. Based on the

above analysis results, we proposed a two-track horizontal financial adjustment system for regional and basic local governments.

As an alternative to the subsidy (specific grant), a reforming Balanced Development Special Account was presented. In the previous researches, the reformation plan for the balanced development special accounting approach focused on the limitations and problems of the accounting itself. However, in this study, the value of the balanced development project should be pursued in the context of the times, and then the alternatives for each element were derived in consideration of the subject (government type) and function. By combining these, various alternatives were derived, and through this, differentiation from existing research was attempted.