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## MAIN DIRECTIONS OF ENSURING FISCAL AND SOCIAL JUSTICE IN ENSURING SUSTAINABLE DEVELOPMENT OF COUNTRIES

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### Abstract

This article examines the structural relationship between fiscal justice and social justice in the context of contemporary inequalities and an ongoing civilizational transition in the twenty-first century. Fiscal systems should be understood not merely as instruments of revenue collection but as mechanisms of systemic equilibrium. Additionally, analyses were conducted in countries such as Azerbaijan, Spain, Poland, and Brazil to improve fiscal and social policies. The article also determined the dynamics of the share of tax revenues in GDP in these countries. Based on the analysis, existing problems in fiscal policy were identified and areas for addressing them were identified.

**Keywords:** *fiscal policy, integration, tax revenue, integration, globalization, development, fiscal justice*

### Introduction

The twenty-first century is characterized by a structural contradiction: technological acceleration and global economic expansion coexist with intensified inequality, wealth concentration, and a progressive erosion of trust in pub-

lic institutions. Fiscal polarization – expressed both in disputes over tax burdens and in conflicts regarding expenditure priorities – has become a central feature of governance crises and legitimacy deficits in multiple societies. Under these conditions, the relationship be-

tween fiscal justice and social justice cannot be reduced to a technical debate in public finance. It must be approached as a civilizational issue involving the architecture of institutional order, the distribution of opportunities, and the long-term sustainability of the social pact. In this article, fiscal justice is understood as fairness in taxation and in the allocation of public expenditure, taking into account both contributive capacity and distributive outcomes. Social justice is understood as the effective guarantee of dignity, access to capabilities, and concrete opportunities for human development. While conceptually distinct, these dimensions form a continuum: tax decisions structure the State’s capacity to finance public policy, whereas social outcomes shape the legitimacy and moral orientation of fiscal architecture. Historical experience shows, however, that these dimensions have frequently been treated in a dissociated manner: tax systems designed primarily for administrative efficiency, and social policies conceived as subsequent compensation, often constrained by fiscal limits and political volatility.

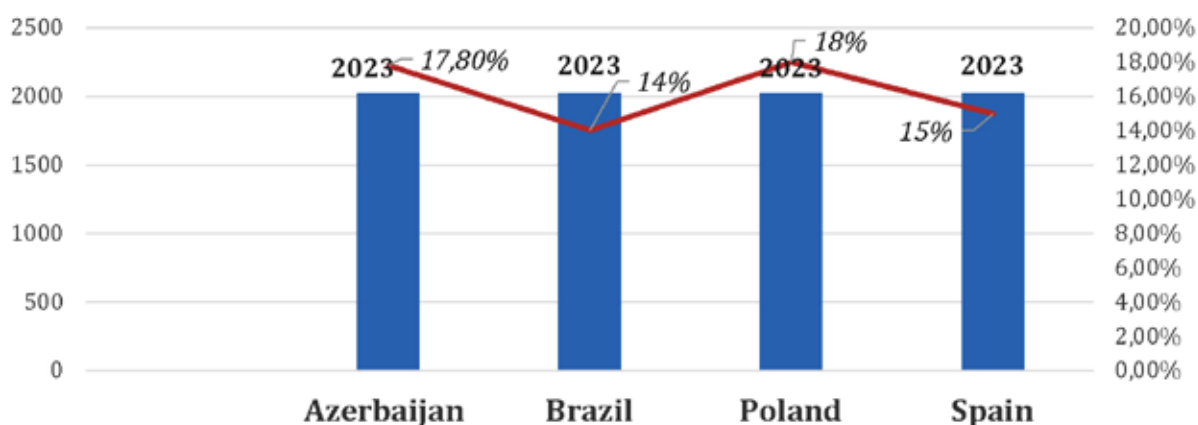
### Literature Review

The tradition of political economy and political philosophy provides consistent normative foundations for fiscal justice. Adam Smith, in systematizing principles of taxation, emphasized proportionality, transparency, and predictability, arguing that taxation should be compatible with contributive capacity and should not generate institutional arbitrariness (Smith, 2007). This formulation remains relevant because it establishes minimum parameters of

equity and administrative rationality. In the twentieth century, John Rawls developed justice as fairness, affirming that socio-economic inequalities are morally acceptable only if they improve the situation of the least advantaged (Rawls, 1999). This principle especially the difference principle – offers a direct normative criterion for evaluating tax structures, insofar as it links distributive legitimacy to measurable improvement in vulnerable groups’ conditions. Musayeva A., Mammadov Y.A. and etc. notes in his research that in developed countries, implementing effective economic policy through taxation can yield positive results (Musayeva, Mammadov et.al., 2020). In general, every state must also consider socioeconomic factors when fulfilling its economic functions. In some cases, this can seriously impact economic activity if the tax burden is improperly determined. There are various approaches to improving the effectiveness of economic policy that should also be seriously considered. John Keynes demonstrated the centrality of fiscal policy for macroeconomic stabilization and employment preservation, emphasizing countercyclical spending and taxation as tools for preventing systemic collapse and reducing social vulnerability (Keynes, 2021). Abdullayev K. and et al. noted in their research that the implementation of the financial policy in the development of the non-oil sector yielded positive results (Abdullayev, 2024). They also noted the effectiveness of financial policy in the development of the digital economy.

### Research method

**Graph 1.** The share of tax revenue in GDP for some countries (% of GDP)



**Source:** World Bank database. <https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS>

**Analysis of results**

Income inequality is one of the main socio-economic problems of the modern economy. The unequal distribution of income directly affects the principle of social justice, the welfare level of the population, and economic stability. Therefore, identifying the factors that influence income inequality and evaluating them from an economic perspective is of great importance. One of the most widely used indicators for measuring income inequality is the GINI coefficient. According to economic theory, the level of Gross Domestic Product (GDP), tax policy, and the unemployment rate are among the main macroeconomic factors affecting income distribution. The purpose of this study is to analyze the impact of GDP, tax rate (TAX), and unemployment level (UNEMP) on income inequality using an econometric model. During the research, a logarithmic re-

gression model was constructed using the Ordinary Least Squares (OLS) method based on cross-sectional data for six countries (Brazil, France, Germany, Denmark, Australia, and the USA) covering the period 2011–2022, using statistical indicators obtained from the World Bank database. The model is generally expressed as follows:

$$\ln(GINI) = \beta_0 + \beta_1 \ln(GDP) + \beta_2 \ln(TAX) + \beta_3 \ln(UNEMP) + \varepsilon \tag{1}$$

The logarithmic model allows for measuring the elasticity relationship between variables and helps stabilize variance. In a log model, the coefficients express the percentage change in the dependent variable resulting from a 1% change in the independent variable (1). The parameters of the model were estimated using the Ordinary Least Squares (OLS) method, and the regression model was constructed as follows (Table 1).

**Table 1.** *Econometric analysis of the impact of macroeconomic factors on income inequality*

<b>Dependent variable: LN GINI</b>		<b>Example:2011–2022</b>		
<b>Method: Least Squares</b>		<b>Included observations: 6</b>		
<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>t-Statistic</b>	<b>Prob.</b>
LN GDP	-7.893632	2.024431	-3.899187	0.0599
LN TAX	1.766968	0.500619	3.529565	0.0717
LN UNEMP	-75.93370	21.04118	-3.608813	0.0689
C	256.7190	64.33878	3.990113	0.0575
R-squared	0.885304	Mean dependent var		18.92737
Adjusted R-squared	0.713260	S.D. dependent var		11.54062
S.E. of regression	6.179783	Akaike info criterion		6.715164
Sum squared resid	76.37943	Schwarz criterion		6.576337
Log likelihood	-16.14549	Hannan-Quinn criter		6.159428
F-statistic	5.145802	Durbin-Watson		2.454326
Prob(F-statistic)	0.167012			

**Source:** [https://data360.worldbank.org/en/dataset/WB\\_WDI](https://data360.worldbank.org/en/dataset/WB_WDI). Calculated and compiled by the author using the EViews 13 software package

The linear, multiple regression equation was obtained as follows:

$$\begin{aligned} \text{LNGINI} = & -7.89363229693 * \text{LNGDP} + \\ & + 1.76696816119 * \text{LNTAX} - \\ & 75.9336971305 * \\ & \text{LNUNEMP} + 256.718985093 \end{aligned} \tag{2}$$

The negative sign of the GDP variable indicates that economic growth reduces income inequality (2). On the other hand, the positive sign of the tax variable suggests that, according to the model, an increase in taxes raises inequality. The excessively large coefficient of the unemployment variable may

indicate a possible specification or selection problem in the model. When GDP increases by 1%, the GINI coefficient decreases by approximately 7.89%; when taxes increase by 1%, GINI increases by approximately 1.77%. When unemployment increases by 1%, GINI decreases by approximately 75.93% (Table 1). The conducted econometric analysis shows that the logarithmic model has a higher explanatory power compared to the initial model. GDP growth has an effect in reducing income inequality. The effects of tax and unemployment variables, however, do not fully align with theoretical expectations and are weakly statistically significant.

### Analysis of results

Development analysis in emerging economies indicates that fiscal policy constitutes a structuring element of national productive capacity and competitive positioning.

Research on innovation, economic transition, and productive modernization – conducted in international cooperation with economists from Azerbaijan and researchers linked to broader BRICS-oriented debates – reinforces the understanding that fiscal policy operates as an architecture of development rather than merely as a col-

lection mechanism. Economies that invest consistently in research and development (R&D), build financial infrastructure for technological entrepreneurship, and align revenue to strategic objectives tend to display more sustainable growth and greater social mobility. According to Shabanov and Pironti, studies of Eurasian economies show that successful energy transitions and digitalization depend on sophisticated fiscal coordination capable of mitigating risks and financing systemic infrastructure (Shabanov, et al., 2025).

### Conclusion

The cultural and ethical dimension of institutional transformation resonates reflection that durable social change requires transformation of consciousness. Institutions reflect collective mental patterns; systems organized around fear, excessive competition, and separation tend to reproduce inequality and fragility. In governance terms, this implies that fiscal reforms, while necessary, may be insufficient if they are not accompanied by cultural processes of ethical education and by the strengthening of public consciousness oriented toward interdependence and responsibility.

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