Development public expenditures and urban services delivery

Science, Social Science

Developmental public expenditure versus redistributive public expenditures

Insert Insert Public expenditure refers to expenditure incurred or spends by the government, which can be a state, local, or central government of a country to meet with the collective social needs of people. Public expenditure can be classified into functional, revenue and capital expenditure, transfer and non-transfer expenditure, productive and unproductive expenditure, development and non-development expenditure. Developmental public expenditures refer to expenditure incurred by the government to enhance the growth of the economy of its country according to Shantayanan et al (1996). Developmental public expenditure includes expenditure on infrastructure, development of agriculture, and public enterprises. This expenditure incurred by the government increases capacity of production and in the long run acts source of income to the government (Shantayanan Devarajan, 1996).

Redistributive public expenditure is public expenditures incurred by the government to foster public health to benefit all persons. Government use expenditures as devices for redistribution. Redistributive public expenditure includes expenditure incurred by the government in the provision of public health, welfare, education, and public pension. How maintaining adequate levels of urban service delivery at the time of falling revenue and shrinking budgets has become a monumental challenge for government at all levels (Shantayanan Devarajan, 1996).

Shantayanan et al (1996) argues that falling revenue and shrinking budgets have become a challenge to the government to maintain sufficient delivery of municipal services (Shantayanan Devarajan, 1996). Households that are poor spend all their income to meet daily needs and are not able to save for future. In addition, the government lack resources for budgetary to make public investment and administration by employing managers that are qualified and using current systems of technology (Shantayanan Devarajan, 1996). On the other hand, foreign investors move from economies with no underlying infrastructure.

The government should put down strategies to increase profits and strategies to address deficit budget. The government should enhance employment and growth of the economy; an economy that grows faster provides win-win results of a wide proverbial pie of economy to divide, with greater tax revenues and employment, lowering safety of net spending lower debt to GDP ratio. The government should make trade-offs that are equitable since most budgets have choices of win-lose outcomes, showing how government revenues are shared to benefit and to be incurred as costs.

References

Shantayanan Devarajan, V. S.-f. (1996). The composition of public expenditure and economic growth. Journal of Monetary Economics, 37(2), 313–344.