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ASSIGNMENT

2a

The phrase "government failure" was coined as a term of art in the early 1960s with the rise of intellectual and political criticism of government regulations.

It occurs when government intervention in the economy causes inefficiencies in the allocation of resources and a decline in economic welfare. It often arises from an attempt to solve market failure but instead, creates a different set of problems.

Government failure, then, arises when government has created inefficiencies because it should not have interfered to begin with or when it could have solved the set of problems more efficiently, that is, by generating greater net benefits.

Reasons for government failure

- **Lack of incentives:** In the public sector, there is limited or no motivation to improve production.
- **Poor information:** Politicians may lack proper information about the type of service to provide.
- **Political interference:** Decisions made for short-term political gain, instead of sound economics.
- **No consistency:** Change of government often leads to change of approach and new political ideologies
- **Regulatory capture:** When government officials or agencies become too friendly with the businesses that they are supposed to regulate.
- **Human Factor:** People working inside the governments are also human. It is usual for them to strive to reach personal interests and maximize personal welfare. Thus, if a person places own interests above common interests, decisions made by such person may degrade public welfare.
- **Influence of interest or Pressure groups:** Not uncommon is also the impact of people or even groups of people able to manipulate politicians inside a government to reach their personal goals.
- **Political Self-Interest:** When politicians seek to pursue self-interest, it can lead to incorrect allocation of resources.

1a

Theory of Public Expenditure

Public Expenditure refers to spending made by the government of a country on general needs and wants such as pensions, provisions, infrastructure etc.

In Nigeria, public expenditure has continued to rise due to huge huge receipts from production and sales of crude oil, and an increase in the demand for public commodities such as roads, power, education and health.

Unfortunately, rising government expenditure has not resulted in meaningful growth and development as Nigeria still ranks among the poorest countries in the world

The uncertainty of public spending on the growth of the economy gives rise to problems, which include; resource misallocation, partial implementation of development plans, prevalence of imperfect markets which leads to the continuous exploitation of the masses.

2b

I support the shutdown.

Nigeria is a largely populated country. The shutdown has helped to reduce the spread of the infection which would've ultimately led to the downfall of the economy.

For instance, if people were allowed to carry on as usual and the infection increased, the healthcare services would not be sufficient to accommodate everyone. A lot of people would die leading to a huge loss of manpower, causing a stall and eventual fall in the rate of production.