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**Public expenditure will continue to grow. Discuss**

 Public expenditure has been growing continually over the years especially at the federal level, Public expenditure functions in dealing with market efficiency like: stabilizing the economy, maintaining a strong national defence and mostly maintaining a strong national defence : There is increase in the growth of expenditure because the country has to prepare for wars against external attack and security in the country. For example before the 2nd world war England kept aside 15million euros everyday for defence.

 Inflation, public debt, tax revenue and the population of the country determines the increase or decrease in growth of public or government expenditure. Another cause of the growth of public expenditure is the the growth of democracy because this system is expensive. It is way more expensive than the totalitarian system. Eg

In Nigeria democracy has certainly become a costly affair. Expenditure on election is increasing.

**Explain the various canons of public expenditure with appropriate scenarios.**

Canons of maximum social benefit: This implies that the government should plan its expenditure in a manner as to promote theà greatest good of the greatest number(with benefit).This canon is simply telling that a country can plan public expenditure in such a way that they can yield maximum social advantage and social welfare to the community as a whole and not to a particular group of the commu­nity.

Canons of Economy: This entails that the state should be economicall in spending, that is avoiding wastage(spending on things that are not needed). This involves two things: The government should not spend more than the amount acquired to be spent on a particular item and the state should spend money on a way that it will develop the productivity of the community (productive manner instead of waste. For example if the canon of economy is practiced in a country it does not mean the are stingy or dont want to spend, it just show that they dont want to waste money.

Canons of sanction: Before the government incurs an expenditure on any item the have to take proper sanction or approval. That means without this approval the government cannot incure on any expenditure. The spending authorities are meant to spend the amount on the purpose for which it has been sanctioned. There should alse be inspection at the end of every year to keep account.

Canons of surplus or balanced budget: During the period of the classical economics surplus budget was more prefferd, But in this modern time balanced budget( no deficit, no surplus budget is prefferd. In summary balanced expenditure =Public revenue. The government in Nigeria should start spending less than its earnings to prevent permanent deficits and deficit spending should be avoided as far as possible.

Canons of flexibility or elasticity:- Public expenditure must be flexible . This means public expenditure should spend according to the requirement of time. For example: During a war or crisis, the expenditure should be reduced because the income of the government will surely be short.

**Why do government borrow? Looking at economic situation of the Nigeria state will advice .**

Government borrowing is also known as public debt. The government borrows to have a high spending without having an increase in tax. They can also meet up with shortfalls without it affecting their spending. Borrowing is also used when there is recession in which government tax revenue revenue fall because individuals earn less, so the pay less. The government borrowing helps to aid in investment which will help boost and increase the economy growth. Also with the high number of aging group providing their pension is hard so they adopt borrowing manifestos.

 I feel it is better for the government to borrow money(public debt) l, because the money can be used to invest in the countries productivity without it affecting the country's spending. This investment an also improve the economic growth and at the same time generate enough money to pay back the debt, and also provide employment to the labour force

**According to Adam Smith what are the indicators of lassez faire economy.**

 Adam smith was a great thinker that influenced the lassez faire economy which was the first articulated economic theory.

He brought to notice that the lesser the government is involved in the economy the better the economy functions. Lassez faire is an economic philosophy of free market capitalism which was developed be french physicists during the 18th century . There was no need for government or industrial intervention to prevent complications because they are against and try to avoid minimum wages, duties, trade restriction, and corporate taxes, economists see such taxes as a penalty for production

**2a. As the New economy adviser of Plateau state I would propose the following.**

I will advice the government of the state to use the opportunity to invest more in it resources which include: Iron, magnetite, tin, comumbite lead, zinc, tantalite.

Since Plateau is a state of peace and tourism, I will advice that the regularly renovate and maintain the tourist centres(tourism development) like : Wild life park and Shere hills, Wase rocks, Kura falls, Jos zoological garden and Solomon lar amusement park etc. This provides good revenue, construction of more hotels and the development of the state and countys economy.

I will advice the governor to more concentration and investment in agriculture because of the good nature of the weather and soil. That is provision of more machines and farm supplies.

Tax collection should be more efficient, convenient, certain and simple. It should be compulsory for every citizen and firm in the state

**2b.) With practical examples, identify the canons of taxation as proposed by Adam Smith. How practical are the canons to the Nigeria?**

Answer

 Canon of certainty- In this aspect the tax payer must be certain about the amount, time and revenue of payment of the tax. For example a tax system must be clear, plain and certain for individuals.

 Canon of economy- This principle indicates that a good tax system will require the least possible expenditure on collection of taxes. If a large part of the tax revenues is spent in collecting it, it is undoubtedly an inefficient tax system. That is to satax should be collected in the least way as possible to prevent any leakage

 Canon of convenience- Every tax ought to be levied at the time, or in the manner in which it is most likely to be convenient for the contributor or tax payer to pay. e.g The time, place and amount of taxation has to be convenient for both the tax payers and tax collectors. If it is not convenient it would be a tax evasion.

Canon of equity- According to Adam Smith's canon, taxation imposed on an individual should be in accordance with his ability to pay. That is to say that if there is meant to be a sacrifice the burden must be shared equally among every one. eg If a tax rate of 10% is given the rich citizens in Nigeria pay 10% of their salary as tax while the less privilege will also pay 10% of what the earn.