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ECO 304 ASSIGNMENT

PUBLIC SECTOR

ANSWERS

1.) Indeed, public expenditure increases with the increase of population in Nigeria. Population change is a major determinant of public expenditure. So as the population in the country increases, there is need for government spending to as well increase in order for the needs of the total number of people to be met.

In the case of this increase, sometimes, it is a specific section of the population that is of importance for the provision of the service. Let's take for example, the increase in the school age population will be a case for education. Whereas government will have to increase spending on the infrastructural and along with the few other needs based off on education. So technically, changes in the rate of population growth will lead to changes in age distribution and this is then reflected in expenditures for education as well as care for the aged.

Also the public spending especially in health care and social security is always related with the demographic structure of any economy. Increase in the population could cause an increase in mortality rate and it would also cause the need for an increase for social defense so there will be need for high care services and social securities. All in all, the increase in each area will case the need for an increase in their particular service which must then lead to increase in government expenditure.

And also, National Expenditure also increases in Developmental stages. It can be seen in research that as the economy develops, the expenditure of government also increases and so does economic activities.

Wegner's law states that, 'as per capital income of an economy grows, there will be an increase in the number of urban centers with the associate social vices'. These social vices are cases such as crime, this then leads government to intervene in order to maintain law and order, these intervention leads to complications which would create an increase in public expenditure in the economy. And also, since the income elasticity of government expenditure is always greater than 1, he also suggests that there is a positive connection between the per

capital income of the citizens in a country with government spending. But when the income elasticity is less than 1, the connection goes vice versa, meaning that it would be negative.

According to Rostow, at the early stages of development, the rate of growth of public expenditure will be high. Since the government supplies the basic infrastructural facilities and the projects are capital intensive, government spending will then increase steadily. Such investment, e.g. in water supply, roads, communication, and so many others will then carry this developmental stage to the take off stage of economic development.

In Nigeria, most leaders would want to be re-elected into political offices and at this, more infrastructures must be provided so as to be able to convince the electorate that their interest are being cared for by the people they are putting into power. This technically states PEACOCK-WISE MAN'S THEORY, which looked at increasing public expenditure from the social-political perspective.

Peacock-Wise Man's theory also stated that government expenditure increases as income increases. In an economy where income is high, the citizens are expected to pay their tax as according and if done properly, revenue would be generated which would thus lead to increase in public spending.

b.) As we all know, corruption is a worldwide phenomenon and continues to ravage states with endemic corruption activities. And basic reason for this is because it has become a school believe that corruption should be seen in the terms of the nature of social and moral values prevailing in the society. In Nigeria, material need is the most likely target for people and the society does not care how one makes it. It is indeed an immoral and unethical phenomenon. It causes loss of respect for and confidence in duly constituted authority.

In the case of Nigeria, corruption has been painted in an order where one can carry on with his/her immoral conduct no matter the amount of money involved and the material cost to the nation. Firms and citizens engage in such act due to bureaucratic bottlenecks. These pay ransom in order to make fast progress of their applications. Police check points

where individuals bribe off the police in order not to waste their time. Also corruption happens due to our poor reward system in Nigeria which is stated to be perhaps the worst in the world. There is low remuneration for public servants and greed account for corruption related behavior or actions. Nepotism and the power of family ties are linked to the feeling of obligation; this would then also lead to corruption.

Such immoral misconduct creates huge challenges and problem.

Some which are:

- i.) It perpetuates economic, political and social inequalities. And this would put an increase in poverty as poor people on the average pay a high part of their income in bribes. This hinders economic growth.
- ii.) It removes the focus of public expenditure from sectors that contributes greatly to the poor. With that, distorted priorities of public policies and diversion of public resources which could have been productively employed to increase productivity bring about effective and efficient of government performance is now the order of the day.
- iii.) It can reduce the quality of goods and services for the people. Some of these companies would produce sub-standard goods so as to make high profit margins. This is in other words allocative inefficiency by allowing the least contractor or costliest supplier with the most ability to bribe those who award government contracts to companies where they have interest.
- iv.) It has a negative impact on human right of the citizenry. Where there is corruption in a country, there is no regard for people's fundamental human rights as assured in the freaking constitution. Therefore, it undermines the credibility and legitimacy of the government and disregards the rule of law as well as distorting the whole decision-making process.
- v.) It causes political delay and economic downturn in Nigeria and has also led to social violence and conflict as competing groups vie for state power.

With all these challenges and other more, individuals in the country still down play the challenges of corruption. It could be very unfortunate as to make reasonable sense and be able to understand why one carries out such misconduct. As whereas sometimes it is unexplainable and one has no excuse to do such.

However, where there are problems, there is always bound to be solution. Effective reasoning should be able to make those in charge fix these challenges. Some solutions to stop these misconduct are:

- i.) Bringing about national reorientation programs to be able to enlighten and educate individuals on the negative impact and the need to eradicate corruption in all facets of Nigerian's public life.
- ii.) Re-orientation which de-emphasize the use of money or wealth for recognition and relevance. The influence of money as a factor in politics must be curtailed and discouraged.
- iii.) An introduction of an incentive system and equitable wages and an improvement on other conditions of work in order to reduce poverty and improve the quality of life.
- iv.) Societal efforts must be geared towards the abolition of the "winner takes it all syndrome" . as this is what makes political contest a matter of life and death.
- v.) Government should provide good governance and an enabling environment for democratic ideals to thrive.
- vi.) There should be an increase in awareness of the public through campaigns through honesty, accountability and so on, on the economic, political, social and legal cost of corruption and corrupt practices on the individual and society.
- vii.) And for what is most important, the country needs and should have committed leaders, a vibrant and just judiciary system, and an organized and vocal society.

Though it is impossible to do away with corruption with immediate effect and all at once, its magnitude and such cases can be reduced.

2.) Government failure occurs in an attempt to solve market failure but instead then creates a different types of problem. When government attempt also to manage the macro economy, at that they can fail to get a social efficient allocation of resources. Simply put together, government failure is a scenario where government intervention in the economy creates inefficiency and generates misallocation of scarce resources.

Instances where government failure could occur could be reasons due to:

- i.) Poor information: this could also be called imperfect knowledge. Government and policy makers are not necessarily aware of enough to enable them to make effective decisions about the best way to allocate scarce resources.
- ii.) Lack of incentive: there is limited profit motive in the public sector. Workers and managers lacking incentive to improve services and cut costs will lead to in efficiency.
- iii.) Political interference: the decisions that are made for short-term political gain rather than sound economics. Politicians will take the short-term view rather than the long-term view.
- iv.) No consistency: change of government often leads to change of approach and new political initiatives.
- v.) Distortion of price mechanism: intervention through taxation, subsidization, or other sources can result in a distortion of markets and a weakening of the operation of the price mechanism.
- vi.) Cost of administration: excessive bureaucracy is also a potential government failure. This happens when the public sector tries to fix the principal agent problem. Government should be able to appoint bureaucrats to ensure that its objectives are purchased by the managers of public sector organizations.

Although government failure is an actual issue, it is less than the problems that arise from market failure.

b.) Yes, I would support the gesture in Nigeria. Reason so is because health measure must be the first priority for government, business, and society. It may not be the best, but for time being, we all have to support the no movement notion in order to do away with the pandemic that is Covid-19. Though there are disadvantages to this, where there are shortage of house supplies, food and lack of money due to the temporary unemployment. It's a real delicate, disturbing and sad issue.

It has caused havoc and put so much pressure on individuals and the world as a whole. In recent weeks, we have seen the significant economic impact of the coronavirus on the financial markets and vulnerable industries such as tourism, travel, etc. travel and tourism account for 10% of the global GDP and 50 million jobs are at risk worldwide. It affects many people, from the least well paid, those self-employed, to part time workers with zero-hour contract. And not knowing how this pandemic will play out affects our economy. Additional pressures on working parents as schools have shut down in the country. And also with the social distancing and self-isolation, many people report being bored, have traumatic stress, confusion and anger, which is caused by fear of infection, having shortage of necessities, inadequate information or experience of economic loss or stigma.

But despise all, the best procedure to take is to self-isolate and to try to be stagnant for the main time. The cure has not 'yet' been found talk less of a more secured way to prevent it. And basically my main reason to support this is because, it is a very contagious disease, as it is contacted through coughing or sneezing or coming in close contact by an infected person. The virus is very harmful. We have market women on news channels complaining of how they couldn't 'sell market' and also citizens speaking on how they can't cater to the basic needs of their children, and people complaining of how they have shortage of money due to the temporary unemployment. It honestly is no one's fault. But we should all think about how neglecting this easy, but not so easy, instruction of just staying at home could make things worse than it is. As at March 31st 11:15am, there were, 135 confirmed cases and 2 deaths. By 14th April, there were 373 confirmed cases, 99 discharge and 11

deaths. And as at now, there is 627 total confirmed cases, 170 discharged, 21 deaths. Point being is that over weeks and even days, the total confirmed cases and deaths has increased. The discharge increasing is a good thing on its own. But this shows that people are still not taking caution as they want to fend for themselves and their family. It is a hard gesture and as I stated there is no one to blame. While I'm in support of this gesture, I believe that government should do more in being able to make these instructions easier for us citizens to be able to follow. Productive activities in big economies, movement, human capacity development that are all being restricted should be kept that way for the meantime. If there are other ways things can be done to protect the economy without doing it publicly then with all means it should be done. If not, more and more cases would arise which would then make the economy worse off than it previously was.