**AWURUM HAVILLAH**

**17/SMS01/009**

**ECONOMICS**

**PUBLIC SECTOR ECONOMICS**

**ASSIGNMENT**

**QUESTION 1**

A] PUBLIC EXPENDITURE this are expenses incurred by the government for its own maintenance, prevention and welfare of the economy and citizens such as infrastructures, foundations, provisions. Relating public expenditures to an increase in population growth we can say, population growth is when there is an increase in number of individuals in a nation. Countries that have rapid growth have low standards of living this is because they lack quality employment opportunities and have a high risk of diseases and illnesses. An increase in population use will lead to an increase in government expenditure this is because the government will have to increase its budget to be able to build more infrastructures, education, law and order, medical facilities.

An increases in population will lead to an increases in demand and supply, which leads to a raise in the prices of commodities such as food, health etc which means citizen will have to pay more to survive and feed. Therefore, government will have to increase its resources to be able to meet with the demands

Also for government to increase its expenditure there will be a rise in the revenue which means an increase in taxation leading an increases in tax burden on citizens. Borrowing is also a means where by revenue can be made by the government from other countries which makes them debtors and if the government doesn’t mind how the borrow it can lead to debt trap.

Thomas Malthus broadly contended that populace development would discourage expectations for everyday comforts over the long haul. The hypothesis was straightforward: given that there is a fixed amount of land, populace development will in the long run diminish the measure of assets that every individual can expend, at last bringing about infection, starvation, and war. The best approach to keep away from such terrible results was 'good restriction' such as education to enlighten the young ones on proper home planning, technological advances.

Economy development can be defined as the process by which the economy becomes advanced to a modern industrial economy. A major cause of an increases in public expenditure is nothing but development this is because, if the government wants to develop the economy they will have it increases its pre capital income to be able to improve the economies wellbeing and the quality of life of the citizen, increase the level of production and the use of advanced technology. The economy development is being measure in terms of GDP. using Nigeria as a case study, in the period of 2010- 2014, the country faced a challenging situation where by the production of oil decreased leading to an unexpected fall in exportation and reduction in oil revenue. therefore, the state and federal government had to reduce spending.

In conclusion, I agree with the statement made about Nigeria because Nigeria is known as one of the most populated country in Africa. Therefore, government has to increase its spending in other to finace the day to day activities in the economy. Also for economic development, the government will have to increase public expenditure.

B) **Corruption**

Corruption can be defined as the is untrustworthy conduct by those in places of intensity, for example, chiefs or government authorities. Defilement can incorporate giving or taking hush-money or improper blessings, misleading, under-the-table exchanges, controlling decisions, redirecting reserves, laundering cash and duping financial specialists.

**Challenges faced that are faced in Nigeria from corruption**

1. Corruption leads to a redirect public expenditure from segments that advantage the poor the most, away to parts and task where kick-back can promptly be gotten by open authorities
2. Corruption can led to high prices of goods with low qualities available to the public this is because business with connections and money can bribe the government to manipulate policies and market mechanism to make sure they are the sole producers of goods.
3. **Private ventures in degenerate nations will in general abstain from having their organizations formally enlisted with charge specialists to maintain a strategic distance from tax assessment. Therefore, the salary produced by numerous organizations exists outside the official economy, and in this manner are not liable to state tax collection or remembered for the computation of the nation's GDP. Another negative of shadow organizations is they for the most part pay their workers diminished wages, lower than the base sum assigned by the administration. Additionally, they don't give adequate working conditions, including proper medical coverage benefits for representatives.**
4. **Corruption brings about low investment is one of the disincentives for remote speculation. Financial specialists who look for a reasonable, serious business condition will abstain from putting resources into nations where there is a significant level of corruption**
5. **When it comes to human right a country that has corrupt government won’t** have any regard for people’s fundamental human rights as guaranteed in the constitution. Thus, it spoils the standard of law and twists the whole dynamic procedure, undermines the validity and authenticity of government. Indeed, the individuals who attempted to uncover degenerate exercises wind up to fault as they can be managed and the guilty parties leave without being rebuffed.

**Solutions towards corruption**

1. The government should increase mindfulness on the monetary, political, social and legitimate expense of debasement furthermore, degenerate practices on individual and the general public on the loose. Crusades of trustworthiness, fidelity and responsibility must be increased, supported, advanced.
2. **The government should create anti-corruption originations and straightforward observing unit ought to be built up taking all things together open organizations, engaged and made practical so as to recognize and report degenerate authorities for indictment.**
3. **The administration must present an evenhanded wages and impetus framework and improve different states of work with the goal that the degree of destitution could be diminished what's more, the personal satisfaction improved. This will unavoidably lessen government workers' weakness and powerlessness to debasement. This must go connected at the hip with brief installment of the laborers month to month wages and pay rates**
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**With this points Nigeria can reduce the rate of corruption**

**QUESTION 2**

**Government failure can be defined as with regards to open financial matters, is a monetary wastefulness brought about by an administration, it can be seen as opposed to a market disappointment, which is a monetary wastefulness that outcomes from the free market itself, and can conceivably be remedied through government guideline. It is also a situation whereby the authority of state, region, county which is expected to regulate the affairs of a community or state fails to satisfy its expectations.**

**Ways**

* **Unnecessary administration is additionally a potential government disappointment. This is brought about by the open division when it attempts to take care of the head specialist issue. Government must select officials to guarantee that its goals are sought after by the chiefs of open area associations, for example, the NHS. Intercession through the inconvenience of expenses, or through enactment brings about different organization costs.**
* **Wrong information is likewise an issue for governments, given that administration and arrangement creators don't really know enough to empower them to settle on viable choices about the most ideal approach to assign rare assets. Government mediation expects choices to be made about the level of intercession and its planning. So as to forestall or lessen advertise disappointments, charge rates should be set and level of appropriations and least costs must be chosen.**
* **Government mediation draws in rent searchers. rent looking for is the undertaking of picking up benefits through government approaches. In a voter majority rule government, there is a steady strain to add new leases to the current leases so as to pick up help and votes. This lease creation grows the quantity of lease searchers and after some time the qualification among defilement and a not too bad and legitimate lead gets obscured. The more an administration yields to lease chasing and lease creation, the more the nation will succumb to clientelism, debasement, and the misallocation of assets**
* **Law of unintended consequences -** the **thought of data holes, is thought that mediation can bring about results which were completely impromptu and unpredicted. Traffic quieting measures may urge drivers to accelerate in regions or stretches of streets between hindrances, cameras or cautioning signs – with an outcome that 'normal' speeds increment. This brought about new frameworks which track normal paces. Be that as it may, in a normal speed zone driver may drive an underneath as far as possible with the goal that they can accelerate along different pieces of the excursion.**

**B) Corona virus also known as COVID 19 is a disease which has affected the whole world in general, this has lead putting a pause when it comes production, movement, development etc. The virus is also taking its toll on health facilities and infrastructures across the globe. Nigeria as a case study also is experiencing the virus. For Nigeria, the nation is still drowsily pondering recuperation from the 2016 financial downturn which was a drop out of worldwide oil value crash and inadequate remote trade income to meet imports. In the soul of monetary recuperation and development maintainability, the Nigerian government spending plan for the 2020 financial year was set up with critical income desires yet with contestable acknowledge. The affirmed spending plan had anticipated income assortments at N8.24 Trillion, an expansion of about 20% from 2019 figure. The income suspicions are prefaced on expanded worldwide oil request and stable market with oil value benchmark and oil yield separately at $57 per barrel and 2.18 Million Barrels Per Day.**

**Due to the COVID 2019 emergence the administration has to review and change its revenue from the earlier budget and the global pose has made it difficult for exportation which has made the oil price to drop , currently at $0.01 par barrel . The decision made by the government to lockdown the county is a move because it reduce the rate at which this disease can spread across the nation but as same time the government has not bought a means to help the welfare of its citizens. this lockdown has stopped the working policy and people need money for the day to day transactions but they cannot earn money. also this decision affects the whole county but has much impact on the poor and less privilege because they won’t be able to feed and this can also lead to starvation and death**

**Also the decision of the government to cut the retail cost of fuel under a value adjustment course of action is an invite improvement. The slice is relied upon to control rising expansion, particularly nourishment value swelling which will mostly profit poor people. In any case, as opposed to the cost topping system presented, by which it is anticipated from the Petroleum Products Price Regulation Agency (PPPRA) to continually gives month to month direct on proper estimating system. It is normal that the legislature will utilize this chance to totally deregulate the oil business in accordance with existing proposals and reports. If the worldwide economy becomes more advantageous and raw petroleum costs builds, the legislature may come back to the under-recuperation of the oil value deficiency by the Nigerian National Petroleum Corporation (NNPC). An approach that every year costs the administration gigantic income and repeating misfortunes to the NNPC.**

**Fundamentally, the Nigerian government basically should lead financial expansion drive. It is one practicable approach to saddle through the current financial vulnerabilities and dangers. What the results of COVID-19 pandemic should additionally offer the Nigerian financial administrators and policymakers, is that the one-followed, solid dependence on oil is fizzling. Broadening needs to elective parts, for example, agribusiness, strong minerals, assembling and administrations segments, ought to be additionally increased.**

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