RECONSIDERATIONS OF THE MODERN CONCEPTS OF PUBLIC EXPENDITURE IN THE CURRENT DEVELOPMENT CONTEXT

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Abstract: *This article follows the main aspects of modern conceptions of public spending, focusing on the interpretations given to them in terms of economic evolution in recent years. It was made a correlation with the human development index that comes to support a series of reconsiderations of conceptions about public expenditure and their role.*
Keywords: *public expenditures, HDI, GDP*

Introduction

After World War I, the role of government in economic life and society began to be perceived and otherwise, as reflected even by Keynes's book title, in 1926, "The End of laissez-faire". In this book, Keynes said that "the most important thing for government is to do things which individuals are already doing or to do little better or a little worse existing ones, but to do those now things are not made / not made."

By the end of 1920, several European countries have introduced rudimentary social security and the Great Depression led to a new wave of expansionist policies of public spending, including social programs. Great Recession of 1929-1933 years was regarded by many as a failure of liberal doctrine (laissez-faire) and a number were those who looked with admiration at the "economic experiments" taking place in countries like Russia, Germany, and Italy. Unfavorable socio-economic background, driven by World War I and the global economic crisis, state constable place was taken by the welfare state (State or State welfare Faustian), which significantly broadens the scope of concerns. As the state's economic activity is exerting interventionist doctrine, that public authority is required to play an active role in economic life, to influence economic processes, correct cyclical developments, to anticipate and prevent crises or at least take steps to counter their negative effects.

In this context is the work of J. M. Keynes' General Theory of use of labor, interest and money", a reference work on world economic thinking, considered the modern interventionist conception. It is presented as a critique of classical thought as a theoretical construct new attacking, even on behalf of political liberalism, justifying the active economic policies and proposing some key action levers. Among them, state interference in market mechanisms was considered indispensable to correct imbalances and prevent amplification cycle them.

Keynes did not believe, therefore, not ever believed in the parable of Adam Smith's invisible hand. Not only reject this view because it is founded on an intellectual error, but also because, once transformed the political vision, this is a dangerous illusion. For Keynes, the political problem of mankind is to combine three things: economic efficiency, social justice and political freedom. He opines that only deep reforms are likely to achieve these objectives and support the pursuit of the conservatory, founded on the illusion of "laissez-faire practices," paves the revolution.

Keynesian paradigm defining characteristics are that it: consider classical liberal and neoclassical economic theory as a special case of general economic theory rejects the idea of natural order and natural laws (objective), capable of achieving spontaneous economic equilibrium, consider unsatisfactory pure economic theory, so they decide to investigate economic processes both in kind and cash.

In line with the new doctrine, the state is no longer seen only as a national consumer product. He becomes Reseller resources, able to guide and support the upward trend of society towards the achievement of general interest objectives, corresponding aspirations for progress and civilization.

Modern concepts of public expenditure

At the same time, the evolution of society imposed by the state assuming new tasks, especially in social protection, which led, on the one hand, increasing government spending, and on the other hand, finds solutions to procure resources more conservative. In this context, there have been increased public expenditures for economic action, including economic development of state subsidy or protection of private enterprises for disadvantaged, with traditional amplification. Simultaneously, changes occurred in the sphere of training of public funds by admitting call extraordinary resources, such as government bonds or money-inflation program to promote intervention (regulatory) of the State in economic and social life. It becomes relevant in this context that state loans "are obligations arising from contracts of the domestic financial market and / or international by state, as the borrowed financial funds obtained from a natural or legal persons and committed credit to repay it with interest and other costs, in a specified period".

Becomes the main concern of specialists studying the instruments by which the state can intervene in economic life, ways to influence economic processes, social relations. Research subject moves from media coverage study of public expenditure, the analysis of means of state intervention through spending and revenue. During this period, the establishment of public enterprises and joint ventures is not considered a heresy, it and the provision of grants and other private facilities, and other measures by the state, designed to help combat unemployment and economic recovery stagnant, is not blamed, but rather encourage and appreciated.

Thus, the issue of public expenditure has become a field of wide interest within management decision-makers, especially at the macroeconomic level, in the context of their integration into models of economic growth.

Basic orientation is considered Keynesian doctrine, which include variable based "public spending" in the equations of general equilibrium. Public spending, both public consumption and public investment ones were treated aggregate consumer demand, the variable that makes the offer. Transforming public spending, taxes, government budget, government loans and monetary processes into dynamic tools, financial policy is the type interventionist welfare state, considering that it can take two forms: interventionism compensator (Keynesian) and interventionism correction.

Interventionism financial compensation is a policy less interventionist. State intervenes to correct market mechanisms, acting to prevent or repair harm economic failure. In these conditions, the financial policy is exercised compensatory effect that, in principle, be made as follows: in periods of recession and unemployment rises, the volume increases in public spending and reduce the amount of taxes, budgets using the "recovery" economy. Conversely, in periods of inflation, the state will proceed to public spending cuts and tax increases, budget practicing the "austerity" and intended to reduce budget deficits incurred during periods of crisis. In both situations, highlights the quality of public financial and economic leverage, which have the potential to influence real economic processes (consumption and investment) for the purposes considered desirable.

Interventionism type compensator was applied with good results for the first time in the U.S. during the mandates of two presidents, Hoover and Roosevelt and becoming the "commercial Keynesianism". He was also, and support for development in the 50th Swedish model, shaped interwar Swedish-style interventionism compensator, also known as "social Keynesianism".

Both the U.S. and in Sweden, practicing the interventionist financial policies in the period 1933-1945, took place amid establishment Social Democrats as the party of government, which gave the state and a social concern, besides the economic. Economic policy adopted by Hoover and Roosevelt into interventionism was able to get the country out of economic crisis of overproduction in the period 1929 to 1933. Due to financial policy adopted by Roosevelt, known as the "New Deal", the firms became national legitimacy, reduced scale and cyclical variations were alleviated social injustice (legal background created by the Social Security Act adopted in 1935).

Keynes's doctrine followers have founded various models and types of public financial policy to support the economic recovery efforts (when resting), to stimulate demand and thus the production rates, and reduce the unemployment rate (keeping it in acceptable limits). Modern state, in the opinion of the French economist Maurice Duverger, public finances are no longer merely a means of providing cover its costs of administration, but first, a means of intervention in social life, to exert pressure on citizens to organization of the nation. Science of public finance in the modern, was defined by M. Duverger: "science of state activity, as a user of special techniques so-called Financial expenses, taxes, loans, procedures monetary budget. "The main focus of finance is the study of science instruments by which the state can intervene in economic life, ways to influence business processes, social relations. This does not mean that the interest of science to cover public expenses would have disappeared, but only that national redistribution, mediated by finance, acquire new values. Taxes also arouse discussion and controversy because it affects the environment of astonishing natural economic interests of individuals and businesses but at the same time it is used as a means of stabilizing cyclical.

Referring to the interventionist theory about public finances, which made its way especially after the global economic crisis, French economist Pierre Lalumiere stated: "Public expenditure was considered as a means of economic and social intervention and if they continue to fund state administrative tasks, they must serve both to increase production capacity of the economy (government investment expenditures) or the redistribution of income to many disadvantaged ¬ gory (public expenditure transfer) " . The tax is also considered as a process of state intervention in the economy, if it continues to provide public expenses, to enable him by some equalization of social conditions (reducing the high tax revenues) or cause by incitement, economic development (higher taxation of undesirable activities). By judicious use of public expenditure and revenue, the state budget becomes a huge "filter".

American economists William J. Shultz and C. Lowell Harris argue that science deals with public finances "facts study, main techniques and effects of collecting and spending of funds by the government or ¬ enforcement bodies and public debt management". They appreciate the costs public budget as "external injection of purchasing power of income flows", stating that "any increase or decrease in government spending as well as other amazing additions or reductions or revenue stream, influence on the national income multiplier effect".

Against the background of doctrine, from the mid-1930s, increasing military spending in response to the threat of Germany was a key factor for increasing public expenditure in European countries. By 1937, public expenditure increased from an average of 23.8% of GDP, a level almost double the 1913 level. Spending increased in all countries and the increase was most pronounced in Canada, Germany, Japan, Sweden, Switzerland, and United States of America. However, some of this "growth" was due to lower GDP caused by the recession. After 1937, the state minimum and laissez-faire policy of the site was completely removed. Since that time, has become fertile ground for future growth of the state welfare and the importance granted to use public spending to redistribute income.

After World War II, and especially the period between 1960 and 1980, there was an unprecedented enthusiasm for public spending. Richard Musgrave (1959) described the functions of allocation, stabilization and income redistribution that would return the budget of a modern government. Development of the theory of public goods and externality concept suggested a more consistent role in the allocation (Public Utilities) for states. Socialism was already a strong current among Western intellectuals and political leaders; so that redistribution objective (fair) income in society through public spending created an aura was more important. In the book "Ethics redistribution", Bertrand de Jouvenel (1952), French political philosopher, said that: "Public finances in general, are a dull topic, but public finances in the first half of the twentieth century are charming. Of the many aspects of public finance new, two are most notable: first, that have been used to modify the distribution of national income between social classes, and secondly, that the percentage of national income through "hands of the state" increased considerably". It should be noted that the statement regarding the percentage of national income redistributed by the public purse was made in the 1950s, long before the actual expansion of public spending.

"General Theory of Employment, Interest and Money" by Keynes, popularized and other works of great economists like Alvin Hansen, Abba Lerner, Lawrence Klein, etc., promoted stabilization tools and more a new and powerful reason for government intervention. Fear of unemployment, which appeared after the Great Depression, came to be tempered by the belief that the application of Keynesian demand policy could eliminate or at least lead to offset economic cycles and reduced unemployment. Enormous impact it had on the design and promotion theses Keynesian economic and budgetary policies in the 1960s and 1970s made this period to be considered was "Keynesian".

To some extent, the influence of Keynes confirmed even his own predictions, namely the ideas of economists and political analysts, both when they are true / correct and when they are wrong, are more powerful (influential) than is normally understood. Indeed, the world is ruled by little else (Indeed, The World is Ruled by little else).

Influenced by the experience of the Great Depression and the apparent success of fiscal policy before the war, another great economist, John Kenneth Galbraith, supports the idea that "if a lower, taxes should be cut and public expenditure would be increased as is now widely accepted". However, concern for production (private) and investment materials diverted, said Galbraith, attention from more urgent questions, including how our resources are committed and, in particular the need and opportunity to invest in people.

This indicates that optical economist in question raises the possibility and need for public expenditure through more consistent action is the social area, especially targeting the social problem of poverty, which could be mitigated through public spending (higher social assistance). The doctrinal position becomes apparent when Galbraith says that opposition to social security and relevant legislation was a "liberal error". By late 1950, only a few decades after the introduction of social legislation and social security in most countries, he noted approvingly that "the basic uncertainties of normal life have been removed". Galbraith anticipated as one of the important justifications for government action that will lead to major increases in public spending (budget) social type, namely, reducing the risk (of life) for most citizens. Belief in the beneficial role of government economic and social development, pursued the path tools (categories) specific public finances, notably through public expenditure, was shared by Francis Bator, another influential economist at the time. In his opinion, the public expenditure of society at that time (1960) had sizes too small to dimensions that would be justified to achieve positive effects, claiming he increased public spending (budget) for healthcare, education, urban development, as support for general development.

Similar views were expressed by other authors, such as James Tobin (1958), which states that "tax doctrines dominated again reserved our policies during the five years since 1953, and again brought the nation to brink of catastrophe. Increased taxation is the price of economic development".

Paul Anthony Samuelson, chief representative of neo-Keynesianism, noted that administrative regulation of the increased markets, accompanied by a redistribution created more consistent product confirms that the state has become increasingly important role in the economy. The author in question added to the famous Keynesian equation $Y = C + I$ (where Y = income, C = consumption, I = investment) and government spending on goods and services. Samuelson said that "the extent that the national income and net investments bread consumed so must incorporate and budget appropriations to cover costs of highway construction (cement salaries, etc. or purchase jet bombers. Include, also, loans to pay meteorological services and aircraft pilots or firefighters, engineers of bridges and roads, magistrates, policemen, not forgetting the statisticians charged with determining the size of national income ". This statement highlights the important role that it assigns economist in public spending for social and economic development, ensuring that the overall balance.

Another very important concept to address modern public expenditure belongs to Alvin H. Hansen. In his book entitled A Guide to Keynes, Hansen promotes his views adapted to specific U.S. economy, supporting a new type of market economy, based on new institutions. It states that "The market cannot decide how much we spend on schools, social security or national defense. We have reached a point in our economic and social development in which no market, but social value judgments must control how we use that can mean a quarter of our productive resources. Our economy is not the whole market economy. It is a mixed economy public and private. What develop are the welfare state and not the state as an owner or trader directly. Welfare state is primarily a redistributor of income and a large buyer of private enterprise products. But the company makes private affairs. "American economist focuses on government spending and investment spending as a means of countering the crisis". Autonomous government spending and private investment is the most important factors of growth and decline of national income." Following the imperative of economic and social stability, so-called Hansen mentions three intervention programs: flexibility mechanism stabilizing system and compensation program that based on tools from which we find public spending programs that we analyze in subsequent chapters.

Without government intervention, the situation could become dangerous, both economically, leading to reduced consumption due to lower purchasing power of households and the socially, favoring the occurrence of events and strikes. Therefore, the main objective pursued by government intervention was the elimination of unprofitable enterprises for state spending large sums, without registering any of their revival and management of public funds for other purposes, more justified. Thus, by making expenditures, corrective interventions aimed more directly state destinations such as financial aid disadvantaged people in different ways (welfare, unemployment benefits, scholarships, maternity benefits) or supporting the development of production equipment and services public to combat pollution, leisure, culture development, education and sports).

Peak of the welfare state (1945-1975) can be divided in turn into three smaller periods, as follows:

- During the "reconstruction" (1945-1950), which followed immediately after the war, in which some countries have established overall economic development strategy, the impact on public expenditure policy setting coordinates;
- Decade of "relative stagnation" (1950-1960), characterized by sustained economic growth and almost full employment of labor, even if inflation increased gradually (reaching 14% in 1974);
- The "great expansion" (1960-1975), regarded as the representative of the entire evolution of the welfare state.

Orientation for greater involvement of government in providing goods and services, supported by the great economists times, was accompanied by the emergence of new methods and techniques designed to evaluate government programs and their implications. There is such a large concern for the issue of efficiency in public financial resources spent, something that is considered essential for current issue spending (public).

In the 1950s and early 1960s, planning, programming and budgeting system, and other similar techniques began to be placed on the financing decisions of public spending, targeting efficiency. For example, cost-benefit analysis of public projects, was considered a major advance in the technique of economic planning in general, is widely used in the Budget (now mandatory, for example, for projects with European funding grant). New techniques were developed to eliminate the discretionary power of government so that public money can be allocated and used properly and effectively. He was also a time when not clearly determine that progressive taxation was high and likely to produce serious, to discourage the private sector, but rather was seen only as a way to ensure funding of public expenditure more ambitious policies to support. It is remarkable that so far, most studies found no negative impact on the economy arising from high rates of progressive taxation.

Erosion of legal constraints on government budget deficits has accelerated after the Second World War, when many European countries have accepted social rights as constitutional rights. Several countries have enshrined interventionist policies strong provisions in their constitutions (Germany and Switzerland) or through their own tax law. In Germany, new postwar constitution emphasized the state's role in shaping the "market economy". After the first oil crisis, the German Supreme Court graduated constraints limit government budget deficit that was provided in the constitution. Article 81 of Italian Constitution also introduced some formal conditions on fiscal policies, including the requirement for the government to design government spending the same or even higher from year to year and find the means of their coverage.

Increased public spending in this period (1960 and after), was also facilitated by dynamic political process in democratic societies. However, public expenditure growth was facilitated by interest groups that lobby for different programs, but the bureaucrats who wanted budgets ever higher. In any democracy, governments tend to consolidate the political support of citizens by carrying out programs (funded by public expenditure) in their constituencies, because wealth is transferred to their constituents, while costs are borne by all voters in the country. At the same time, they are reluctant to increase taxes (including local) that affect their constituents.

A whole controversy on the reasons explaining the increase in public expenditure was on. Rapid urbanization in industrial countries is likely to facilitate increased taxation, which created conditions for satisfying higher demands for public spending. Recently, the aging population in developed countries, but not only began to increase public spending, although the full pressure of aging will be felt only in the following decades. Wagner's Law (named after Adolph Wagner's publication in 1876) was probably the most prominent, but not necessarily the most convincing explanation for increased public spending and because it fails to explain why public spending have increased between 1870 and 1913.

Rapid expansion of public expenditure between 1960 and 1980 was a remarkable, because it took place when most countries were not engaged in war and therefore had no costs (additional) for maintenance of the army. However, there was no recession and thus public spending for various programs of economic and social recovery were very low and population growth rate was positive. In these conditions, increased public spending is explained mainly by changing the vision of the state's role in society. 1960 and 1970 were years "glory" for Keynesian doctrine, dedicating the perception that governments should be effective in the allocation of public goods and equitable redistribution of income and wealth, and stabilizing action (adjustment) of the economy.

French interventionism practiced labeled as "antieconomic, tentacular and retarded", ruling the state disengagement from economic policy. As a result, some public services (telephone, highway construction) have been privatized and, in parallel with the liberalization of prices and tariffs, the desire to return to liberalism, but one adapted to new realities.

The 1980s marked a return to arguments in favor of a State to restrict their activities to the minimum necessary public, promoting the idea of withdrawing its sensitive interventions in the economy, which means primarily a reduction in public expenditure (budget). This return ideological enrolled in a context of ideas successfully defended monetarist Milton Friedman. Consequences to the traditional criticism of state intervention have reappeared in the spotlight: waste, excessive weight, etc. taxes. The new slogan was, less state "(a lesser state intervention), and governments began to be driven by policy to reduce taxes and deficits. According to the new dictum, had reduced public spending and redistribution of income principles company had reconsidered.
1980s was largely dominated by non-interventionist economic policy concepts, and when they were interventionist, had to be more sensitive to supply than demand.

Difficulties of the East in the 1980s and the collapse of socialism in these countries have contributed to estimating market economy. In the USSR, the state was omnipresent: the owner and manager of the means of production and exchange placed the head of a mandatory centralized planning. The failure of Soviet-style socialism discredited the idea of ubiquitous state.

In the U.S., Republicans and conservative politicians proclaimed ambition failure "New Deal" and dream of a democratic, Great Society. "Considering that the taxes were excessive, they also appreciated that government programs (too large) for redistribution of wealth have failed than to transform a part of American addicts in government assistance to make them lose their responsiveness and sense of personal responsibility. Ronald Reagan (U.S. President) defended the idea that the state should limit its ambitions, that action social protection systems now costs too much and is based on the notion of, compulsory compassion "(government required to pay all).

In terms of training resources to finance these projects involved excessive costs of social assistance, Laffer curve limits raised tax progressivity, illustrating that formula, too many taxes kill taxes. "Fiscal pressure too high causes taxpayers to reduce their labor supply, to "hide" income (tax fraud or unauthorized workers), to transfer capital abroad (to tax havens), the effect of the plan is contrary to the expected tax revenues

According to the economic doctrine of supply (supply-side economics), the crisis is not related to a lack of demand (Keynesian interpretation), but a lack of supply from the manufacturers. For economists offer (supply-siders), Reagan's advisers (as Arthur Laffer and George Gilder), the state should deregulate economic activity, reduce tax levies and making all kinds of measures likely to release tax burdensome restrictions enterprises. In other words, state intervention should be directed through taxes rather than through public spending.

In Britain, the 1980s were dominated by action of Margaret Thatcher (prime minister between 1979 and 1990). ,, Iron Lady "symbolized the return of liberalism in the world: tight monetary policy, public spending cuts, deregulation and opening to competition of public monopolies, privatization of most public sector. Margaret Thatcher advocates a return to individual incentives: lower reducing taxes and social transfers as a basis for individual responsibility.

Corroboration of public spending on human development index and reconsiderations of conceptions about public spending

In continuation of our study we cannot analyze in this context the future evolution of public expenditure, corroborating their human development index (HDI). According to several views, there is a strong link between public spending by the state and human development index, something that can be demonstrated through the following examples provided by the UN (Table 1).

Table 1 Public expenditures in GDP and HDI for these countries in 2011

		Rank/average
Island	Average share of GDP 37,6%	14; 0.898
		1; 0.943
Australia		2; 0.929
		6; 0.908
Sweden	Average share of GDP 53,5% (highest in the world)	10; 0.904
		20; 0.884
Finland		22; 0.882
		16; 0.895
Romania	36,9%	50; 0,781

Source: HDI 2011 report, UN http://hdr.undp.org/en/media/HDR_2011_EN_Tables.pdf

Notice that the first group four countries in the HDI ranking, have a share of public expenditure in GDP of 37.6%, while the group consists of four countries Sweden, France, Finland, Denmark will not lie (except Sweden) even in the first group 10, according to the classification. From this we can draw the conclusion that at close to 36% can achieve a high level of human satisfaction, according to the criteria summarized by HDI. The general policies (financial default) countries modern optics to keep public spending share in GDP to 35% or less may be an acceptable, because these countries have high levels infrastructure already built, compared with countries in developing.

Experience in Hong Kong and Singapore, where public expenditure is usually below 20% of GDP, confirming the approach regarding a low public spending in GDP, as a variant of the long term.

We believe that the ability to maintain or decrease the level of public spending to GDP must be correlated both with increased efficiency of public sector and with private sector efficiency, able in future to cover part of the economic risks (but not only), facing the citizen.

In this context, Vito Tanzi identifies at least two pillars on which the budget cuts in public expenditure. The first pillar would require people to be aware of certain contingencies of life and to do so. Obvious examples are considered private insurance for accident and health, along with a more restrictive package of social protection provided by the State.

The second pillar would be for the government to seize the opportunities offered by globalization and the world market to purchase services not available on the market or are available at a higher cost. These services must be provided even for a small group of citizens, for then they are advertised. Such services may be the latest medical procedures, training, etc. for advanced techniques.

Conclusions

Public expenditure (budget) gets modern interventionist doctrine under a new interpretation, admitting that their performance of the state through its institutions immaterial, as his partner is concerned with maintaining social balance and hence the whole system as full satisfaction community needs, can be (if only indirectly) a positive contribution to enhancing product and created national wealth. Characteristic of modern interpretation of public spending is that they are treated as processes for reallocating resources since a significant part of their orientation reflected concern for the state of their use consistent with certain socio-economic optimum.

Thus, reallocation of financial resources through public spending is not seen as resource consuming but as an investment, in this respect, public expenditure are similar to those which are considered private, in principle, recoverable on account of the comprehensive activities that are engaged . It follows from this statement that the modern vision of public expenditure is recognized only partially character definitive resource consumption processes, the other character is recoverable with either one of reallocation, and creating, overall, beneficial effects in terms of social reproduction. In this framework, it should be noted that such an interpretation, directly linked to specific actions financed via public expenditure budget is reflected in the concrete structure and their size, although "in some degree, political choices are those that dictate often without regard to economic requirements.

Addressing public expenditure (budget) differently, in terms of their expected effects, allowing an appreciation distinctive, nuanced their effectiveness, with direct implications in terms of making decisions using appropriate criteria and optimization models.

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