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Title: The public expenditures and economic growth: an international comparison

The role of government in the economy has changed remarkably over the past two centuries. Since 1870s, government spending has increased considerably in all industrialized countries. Although the rates of growth of government spending are different cross countries, it is nevertheless remarkable that the growth of public spending has been a general phenomenon despite the considerable institutional and geographic differences that have existed among industrial countries. Government spending increased most rapidly until about 1980s. Since the early 1980s, it has been growing more slowly and in some instances has even declined (Tanzi and Schuknecht, 2000). For example, public spending in Germany and United Kingdom has dropped by 4 percent and 6 percent from 1985 to 2000.

This paper presents an international comparison of public expenditures. Government expenditures has accounted for a rising proportion of national income in the twentieth century. This result appears to apply to most countries regardless of their level of economic development (Lindauer and Velenchik, 1992). There are many researches compare the trends in the growth of government spending in the industrial economies and attempt to explain the reasons for this growth and its effects on economic development. Due to the difference between role of government and level of economic development, the size and structure of public expenditure varies in countries, but every county desires more efficiency in using public expenditures. This chapter surveys the empirical evidence on the growth of government expenditures in five OECD countries (France, Germany, Japan, United Kingdom and United States) form different parts of the World and the four major emerging economies, including Brazil, Russia, India and China (also called BRIC). By studying both advanced and developing countries in this study are will provide an indication to what the market for public sector was and will be.

There are inevitable compromises that have to be made when comparing international data, but we still can provide a solid basis for the international comparison of public spending. The data of this paper is obtained from OECD, IMF and World Bank and World Health Organization, which therefore not always cover the same time period in each country and the definitions of public spending may vary. This paper primarily considers the size of total government spending of these countries. We have presented public spending as a percentage of GDP, which allows for meaningful comparisons between countries of different output level. We briefly address the compositions of public spending in these countries, such as public spending on education, health and

social protection, and try to quantify the impact of government expenditure in raising educational, health and social expenditures.