

The role of fiscal policy in rationalizing public expenditure in developing countries Case study of Algeria 2000/2016

دور السياسة المالية في ترشيد النفقات العامة في الدول النامية

دراسة حالة الجزائر 2016/2000

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تاريخ التسليم: (2018/04/03)، تاريخ التقييم: (2018/05/02)، تاريخ

القبول: (2018/05/19)

Abstract :

The fiscal policy of the developing countries is Keynesian politics, which depends on government spending to manage and control economic activity with sufficient flexibility to achieve this, the phenomenon of increasing public expenditure and the inflexibility of economic activity in developing countries require the intervention of the state through fiscal policy, rationalization of public expenditure, what is the role of fiscal policy in rationalizing public expenditures in developing countries? what is the drop on the Algerian economy?

The main objective of this problem is to highlight the great role of fiscal policy in rationalizing public expenditure in the economies of developing countries characterized by increasing public expenditure, this is followed by analytical descriptive method by describing the phenomenon and analyzing the various data and trying to drop the results on developing countries as well as Algeria.

It has been concluded that the rationalization of public expenditure in developing countries is not a reduction of public expenditure, but rather the use of fiscal policy by optimizing the allocation of financial resources and efficiency in their use between the sectors of the state and the private sector and within the sectors of the state as such, rationalization and good selection of appropriate division or division of the public budget, and this should be dropped on Algeria to reach the rationalization of public expenditure using fiscal policy.

Key words: fiscal policy, Keynesian politics, rationalization of public expenditure, public budget

ملخص :

تتمثل السياسة المالية في الدول النامية في السياسة الكينزية، والتي تعتمد على الإنفاق الحكومي في إدارة وضبط النشاط الاقتصادي في ظل توفره على المرونة الكافية لتحقيق ذلك، فظاهرة تزايد النفقات العامة وعدم مرونة النشاط الاقتصادي في الدول النامية تتطلب تدخل الدولة عن طريق السياسة المالية وذلك من أجل ترشيد النفقات العامة، فما هو دور السياسة المالية في ترشيد النفقات العامة في الدول النامية؟، وما إسقاط ذلك على الاقتصاد الجزائري؟.

فالمهدف الأساسي لهذه الإشكالية هو إبراز الدور الكبير للسياسة المالية في ترشيد النفقات العامة وذلك في إقتصاديات الدول النامية التي تتميز بتزايد النفقات العامة، وهذا بإتباع المنهج الوصفي التحليلي من خلال وصف الظاهرة وتحليل مختلف المعطيات ومحاولة إسقاط النتائج على الدول النامية وكذا الجزائر.

وقد تم التوصل إلى أن ترشيد النفقات العامة في الدول النامية ليس هو تخفيض النفقات العامة، وإنما إستعمال السياسة المالية وذلك بالتخصيص الأمثل للموارد المالية وتحقيق الكفاءة في إستخدامها بين قطاعات الدولة والقطاع الخاص وداخل قطاعات الدولة في حد ذاتها، كما يجب لتحقيق ترشيد النفقات العامة توفر متطلبات الترشيح وحسن إختيار التقسيم أو التقسيمات الملائمة للموازنة العامة، وهذا يجب إسقاطه على الجزائر للوصول إلى ترشيد النفقات العامة بإستعمال السياسة المالية.

الكلمات المفتاحية: السياسة المالية، السياسة الكينزية،

Introduction :

The policy of finance is a very important tool to address the problems of economic and social development in developing countries. This tool works to stimulate the private sector properly, in the face of incentives to stimulate the economy, so it is necessary to design a set of financial procedures to ensure the rapid stabilization of activity Economic recovery and exit from recession and restore confidence to the private sector in the management of economic conditions (Walid Abdul Hamid Ayeb, 1431H / 2010, p.97). Financial policy has a large and effective role in the management of aggregate demand and stimulating economic activity, in light of a flexible production system and a sound financial system.

Government spending is a tool of the state under fiscal policy to achieve various economic policy objectives. The Keynesian approach* to developing countries shows that government spending has a direct impact on the level of employment and has a direct impact on the aggregate demand curve. Allows for an increase in gross domestic product.

This can only be achieved if the government expenditure is accompanied by the fiscal policy mechanism in rationalizing public expenditure. This means that the structure of income distribution as a fiscal policy must have an impact on the aggregate demand group, including government expenditure, which is the basis for our study. If the objective of the fiscal policy is to rationalize public expenditure, then the structure of the optimal national income distribution should be determined after measuring and identifying the proposed alternative structures resulting from the study of their economic effects. In other words, the rationalization of public expenditure through fiscal policy is by working at the level of general budget divisions Allocation of resources and efficient use between the State and the private sector or between the sectors of the State as such.

From the above, we can pose the following problem: "What is the role of fiscal policy in rationalizing public expenditures in developing countries?."

To answer the problem, the following hypotheses were put forward:

1- The role of fiscal policy is to rationalize the public expenditure in developing countries in working at the level of the general budget by reducing public expenditure to remedy the budget deficit and ensure rationalization of public expenditure.

2. This role is to choose the best division of the public budget or the combination of divisions and this to achieve the optimal allocation of resources and efficiency in their use.

3 - Considering the change in the role of the state of public expenditure is the use of fiscal policy tools to achieve the objectives of the community provided the increase in government spending, which agrees deficit in the general budget.

In order to determine the role played by fiscal policy in rationalizing public expenditure in developing countries and dropping it on the Algerian economy, the following points or axes have been adopted:

* Keynesian orientation: working on the general theory of Keynes or the theory of effective demand, which is based on increasing government spending provided that there is flexibility in economic activity to create added value.

- 1 - Financial policy in developing countries;
- 2 - Rationalization of public spending in developing countries;
- 3 - Fiscal policy and rationalization of public expenditure in Algeria.

The previous axes can be presented in detail as follows:

I. Financial Policy in Developing Countries.

The financial policy of the developing countries can take a position on economic policy, which is a tool in the management of economic activity and control of various indicators and this to ensure stability and balance, as well as work on rationalization of public expenditure through the mechanisms of fiscal policy as the economies of developing countries characterized The phenomenon of increasing public expenditure, and therefore the fiscal policy in developing countries is distinct from other countries and can be identified in the following points.

1. Definition of fiscal policy : The outlook for fiscal policy has developed considerably. The classicists have taken a neutral stance on fiscal policy towards economic activity until functional public finance has emerged, which is the most influential tool in the various economic balances. Government spending is the effective means of achieving full employment , As taught by Keynes* and his students, but this has two main factors (Walid Abdel Hamid Ayeb, op. Cit, P.P.92,93):

- Timely adjustment of fiscal policy;
- The impact of economic and political factors on the timing and direction of financial changes.

Before setting out the position of fiscal policy in developing countries, a comprehensive and comprehensive definition of fiscal policy must be given.

The term financial policy is derived from the French word (FISC), meaning the money portfolio (Walid Abdel Hamid Ayeb, op. Cit, P. 93). Financial policy is often defined. Some economists define it as a set of policies related to public revenues and government spending in order to achieve tangible results on the economic reality, To reduce inflation rates according to the economic plan. As defined by some as the use of public financial instruments, from government expenditure programs and public revenues to stimulate macroeconomic variables. The fiscal policy includes procedures through which public funds can be managed and the positive effects of spending can be activated. On the volume of aggregate demand, as well as on the level of national employment and national income (Walid Abdel Hamid Ayeb, OP Cit, P. 93).

The objective of the fiscal policy is to achieve a set of objectives summarized as follows:

- Correcting the course of economic and social development through intervention in various stages of the economic cycle;
- impact on the state of the national economy through a range of financial instruments;

* John Minard Keynes: Economist and theorist: General theory, has a great role in highlighting the role played by the state in controlling economic stability.

- Increasing economic growth rates by increasing government spending on infrastructure projects that help to provide an investment climate (Walid Abdel Hamid Ayeb, OP Cit, P. 93).

We can say that the financial policy is a set of financial instruments of public revenues and expenditures used by the state to influence economic activity and achieve the objectives of economic, economic, social and even political, and this crystallizes in a series of actions that To be used by the Government in order to achieve a general fiscal balance, using financial instruments to influence macro-economic variables and to reach the objectives of the State's economic policy.

After the meaning of fiscal policy has been clarified, this leads us to question the extent to which fiscal policy in developing countries and Keynesian fiscal policy are approved.

2. The fiscal policy of developing countries and Keynesian fiscal policy : Different economies seek financial equilibrium and stability, but the nature of these economies requires different financial policies, but they are based on the theory of the compatibility of nature and the economic structure of these countries. This study will show the compatibility of fiscal policy To developing countries and Keynesian politics, by highlighting the characteristics of both fiscal policy in developed countries and developing countries and bringing out a result that highlights compatibility.

3. Financial policy in developing countries : The exposure to fiscal policy and developing countries requires clarifying and defining the features of developing countries and the extent of their concept. The talk about developing countries puts us in front of two main points. The first is to rely heavily on raw materials and the inflexibility of its productive apparatus. The second is the importance of distinguishing the problems of public finance from other economic problems*. If we consider that the issues of public finance are the same regardless of the characteristics of the studied countries, the attempt to allocate developing countries to a special study will collapse and the analysis that applies to the developed countries applies to Developing countries. This is not in line with the realities of developing countries, and if we see that public finances are of little importance to other economic problems, it is necessary to go beyond the In developing countries (Walid Abdel Hamid Ayeb, OP Cit, P. 96), if we turn to the first issue of the characteristics of developing countries, we note that the latter suffers from a non-flexible production apparatus, and that any attempt to increase effective demand will necessarily lead to inflation as well as a reduction in national savings (Walid Abdel Hamid Ayeb, OP Cit, P. 96). From here we can identify different characteristics:

- low average per capita income and industrial sector contribution only a small percentage of national output;
- The absence of a clear economic system, as we find a system of a mixture between capitalism and socialism;

* Contradiction: Distinction between developed and developing countries, Importance: The importance of financial issues compared to other economic issues.

- Most of these countries rely on external financial and technical assistance, resulting in dependence abroad;
- The decline in productive investment and the increase in the marginal slope of consumption (Walid Abdel Hamid Ayeb, OP Cit, P. 96).

Developing countries also suffer from high rates of public budget deficits. These deficits are due to weak tax revenues due to the recession, frequent exemptions and tax evasion, weak fiscal capacity and increased external debt burdens (Hisham Mustafa El Gamal, 2006, P.P.40,42). The building of a strong productive apparatus is the core of the development process, which depends on the accumulation of productive capital. The mobilization of capital resources to build productive capacity or finance economic development must be the first place among the goals of fiscal policy. Keynesian finance can not be applied to developing countries, because the characteristics, conditions and conditions of developing countries are different from those of developed countries. Therefore, the difference between fiscal policy in developed countries and developing countries is that in the first is a fiscal policy to reduce savings and increase Consumption, In the second, economic development requires a fiscal policy to increase the savings and accumulation of capital produced in the economy in order to reduce unemployment and reduce fluctuations at the same time (Walid Abdel Hamid Ayeb, OP Cit, P. 97).

Considering the problems of economic and social development, as well as the impact on various macroeconomic indicators, Keynesian fiscal policy in developing countries requires flexibility in the economy and private sector recovery. It can also follow certain fiscal measures, influence government spending and ensure economic stability. Finance in Developing Countries Keynesian fiscal policy is consistent with developed countries and is different in terms of achieving the objectives of this policy.

II. Rationalizing public spending in developing countries.

The rationalization of public expenditure in developing countries, as the only way for these countries, in light of their limited funding capacity and the difficulty of reducing their public spending, aims to avoid the negative effects associated with attempts to cure the budget deficit by imposing more taxes, fees and public prices. The rationalization of public expenditure is the way to increase the state's contribution to achieving society's goals through optimal reduction of resources, efficiency of use and the establishment of general budget allocations that are suitable for achieving "rationalization of public expenditure".

1. To define the precise concept of rationalization of public expenditure :The concept of rationalization of public expenditure can be understood by addressing the main determinants of this concept, namely, the development of the role of the state and the reliance on the tools of fiscal policy to achieve the objectives of society. The increase in public expenditure is linked to factors that are difficult to avoid in developing countries.

1.1 - determinants of the concept of rationalization of public spending:The notion of rationalization of public expenditure is "reduced", but an analysis of the causes of increased public expenditure, especially in developing countries, illustrates the validity or error of this view.

If the increase in public expenditure is due to unavoidable reasons, such as the state undertaking expenditure programs that are not justified economically or

socially, or that the state is characterized by wasteful programs that are within its competence, in such matters it can be said that rationalization of public expenditure means reducing it, By excluding areas of expenditure that should not be undertaken by the State on the one hand, and avoiding excessive use of resources within the State sector on the other (Walid Abdel Hamid Ayeb, OP Cit, P.P.123,124).

If the increase in public expenditure is due to the state's reliance on the tools of the policy of expenditure to achieve the objectives of society - in the context of the development of the role of the state and abandon the neutral role - or if the increase in public expenditure as a variable closely associated with a number of local and global variables Which are difficult to avoid at least in the medium and short term. In such matters, it can not be said that rationalization of public expenditure means reducing it (Dr.Mohamed Omar Abu Doh, 2006, P.19).

This is based on the absolute lack of acceptance of the idea of reducing public expenditure as synonymous with the concept of rationalizing public expenditure to two factors (Dr.Mohamed Omar Abu Doh, OP Cit, P.19):

Evolution of the functional role of the state: This development allowed the state to intervene in all economic and social spheres by adopting all possible tools and means, including the tools of the policy of expenditure, ie through part of the fiscal policy, which is the part The second of the tools, in order to achieve the objectives of society in the areas of satisfaction of public needs and development and economic stability and equitable distribution of incomes.

The second factor in rejecting the narrow concept of rationalization of public spending in developing countries is linked to a number of factors that are difficult to avoid, such as increasing the proportion of public investment to total investment. As well as the policies of employment and wages in the government and the public sector, in addition to the great importance given to military spending, and the deterioration of the value of the national currency has affected the increase in public spending, the last factor seeking developing countries to join the World Trade Organization, Public spending, improvement and work according to international conditions for integration in international exchanges.

Through these two factors, we can adjust the concept of rationalizing public expenditure in developing countries away from the narrow concept of "reducing overhead".

1-2 - the concept of rationalization of public expenditure:The rationalization of public expenditure means the commitment of "efficiency" in the allocation of resources and "efficiency" in their use, thus maximizing the welfare of society (See:. Mohamed Omar Abu Doh, OP Cit, P. 21. Et : D.Garduer,1978, P.20-24). Effectiveness refers to directing the general resources to uses that result in a mix of outputs in line with the preferences of the members of the community. Effectiveness goes to the stage of studying the objectives that the society seeks to achieve and the ranking of these goals according to their relative importance in line with the stage of the society, The state can allocate resources towards achieving these goals. In other words, it can be said that efficiency is achieved in both the preparation and adoption of the budget. The more efficient the allocation of resources, the greater the degree of democracy in the decision-making process (**Philip E. Taylor, 1970, P.71**). "Efficiency" refers to the codification of the relationship between inputs and outputs, and efficiency has two dimensions (Mohamed Omar Abu Doh, OP Cit, P. 44):

- First: Output efficiency: It means achieving more outputs with the same amount of input.
- Second: Input efficiency: It means achieving a certain amount of output with less input.

Thus, the rationalization of public spending means that the relative scarcity of resources available to society, the increase in public expenditure is linked to factors that are difficult to avoid, the efficiency of resource allocation and the efficiency of its use between the State and the private sector, The allocation of resources within the sectors of the state, so as to maximize the welfare of society by satisfying their preferences of goods and services.

2 - Effectiveness in the allocation of resources between the State and the private sector and within the sectors of the State : The importance of verifying the effectiveness of the allocation of resources between the State and the private sector, as well as the efficiency of the allocation and efficiency of the use of resources within the State sectors, is due to several factors, the most important of which is the low productivity of public expenditure in developing countries. General.

2.1 Effectiveness of resource allocation between the State and the private sector : The allocation of resources between the State and the private sector does not mean calling for a reduction in the absolute size of public expenditure, but in changing its directions to areas that contribute more to the achievement of society's objectives and thus allowing the private sector access to other areas with comparative advantage.

Due to the adoption of the mechanism of efficiency and allocation, the allocation of resources between the State and the private sector will depend on the characteristics of both public and private needs, with the distinction between "saturation" and "production". Budget to achieve a rationalization of public expenditure (Mohamed Omar Abu Doh, OP Cit, P.44).

The humanitarian needs are divided into five groups. The characteristics of each group are defined, the method of satisfaction and production, and the criteria that determine the method of saturation, according to **Table 01, see Annex 01**.

Roth cited examples of the production of public and private saturation according to **Figure 01, see Annex 02**.

Thus, it is clear from the table and figure that the satisfaction of the state with the needs of society does not necessarily mean the production of the goods and services necessary for this satisfaction. It is also clear that public expenditure should not include production to meet needs if sufficient guarantees Control methods) that ensure the efficient use of resources and maximize the welfare of society (Mohamed Omar Abu Doh, OP Cit, P.P.49,57).

The allocation of resources between the State and the private sector is achieved through the identification of "public expenditure" areas, which also represent "special expenditure", with a distinction within the scope of public expenditure between direct saturation through production and indirect gratification (Hamid Abdel-Magid Draz, 2002, Part VI).

This. Since public expenditures are numerous and vary in terms of "benefits" and "costs" and in terms of their ability to maximize the well-being of society, it is essential to ensure that the best programs and "efficiency" are carried out by implementing the best programs at the lowest cost In the scope of public

expenditure, as this represents the second step of rationalization of public expenditure according to the concept that has been clarified, as will be explained by the point of pro-allocation and efficiency within the sectors of the state.

2.2 Effectiveness of resource allocation and efficiency within the State sector :After identifying the areas of public spending, the distinction between the state's consumption through production, the consumption it consumes, the provision of subsidies to the private sector, and other methods of saturation that do not include the need for state production, the problem of allocating resources between alternative public uses, In order to evaluate and choose between public expenditure alternatives within the government sector, as this choice is subject to many social and political considerations, as well as the different economic impact of these choices compared to projects of an economic nature (Hamid Abdel-Magid Draz, OP Cit, Part VI).

These considerations are based on the method of benefits and costs, which serves to achieve greater resource allocation, whether fully based on the evaluation of projects that are relatively easy to measure benefits and costs, or as an indicator for correcting policy decisions of projects Whose benefits and costs are difficult to quantify (Mohamed Omar Abu Doh, OP Cit, P. 103).

The government expenditure programs, which include a large amount of non-quantifiable benefits and costs, depend on the cost-effectiveness criterion, and this criterion includes the choice between alternative program costs that achieve the same output at lower costs. ", Or to choose between a number of alternatives with equal costs, and then select alternatives that achieve higher outputs" output efficiency" (Mohamed Omar Abu Doh, OP Cit, P. 103).

If the alternatives are different in terms of costs and outputs, in this case the choice is made on the basis of a reduction in the ratio of costs to benefits.

3. Requirements for rationalizing public expenditure : In order to avoid some of the problems that impede the effective work of resource allocation methods between the State and the private sector and within the sectors of the state, the various steps and the requirements of rationalizing public expenditure should be defined (Mohamed Omar Abu Doh, OP Cit, P. 103):

- To define the objectives that the society seeks to achieve accurately and continuously, with these objectives arranged according to their relative importance;
- inventory and identify alternative programs that enable the achievement of these objectives;
- the allocation of resources in accordance with the structure of the programs to achieve the objectives and the consequent reorganization of the administrative structure of the State in accordance with the requirements for carrying out the programs;
- Revaluation of expenditure programs at intervals in accordance with changes in priority objectives and on the role of the State and the private sector in undertaking them;
- Establish a binding and rigorous operational framework to ensure efficient implementation of the selected programs;
- The need for an effective regulatory system to ensure that the implementation is consistent with what has already been planned, and that the control process includes

a continuous review of the methods of completion, with the development of the concept of documentary control and evaluation control;

- The development of budget divisions so that these divisions can meet the requirements of the planning function at the macro and micro levels.

4. Control for efficient and efficient use of resources : The concept of rationalization of public spending has been defined and defined as the work of defining the various areas of public expenditure, namely, defining the general budget divisions, while making efficient use of these resources, whether between the State and the private sector or within the sectors of the State as such.

However, this concept can not be achieved except under the supervision of the implementation of various budget items, to avoid waste of public funds and inefficiency and efficiency in the use of various resources, and therefore control is the regulator of the mechanism of rationalization of public spending, especially in developing countries.

Financial control over public expenditure is characterized by a set of objectives (Mohamed Omar Abu Doh, OP Cit, PP. 104 ,105):

- Ensure that the resources collected will be spent in accordance with legal and regulatory provisions in force and predetermined;

- By this, it is ascertained that the expenses have been directed to their correct destination without exaggeration, reduction or deviation, and the disclosure of all violations in this regard;

- The implementation of economic programs and plans for the implementation of economic projects of public benefit;

- Avoid escaping financial obligations and relying on public funds;

- The discovery of misappropriations and manipulation of accounts with the need to apply all means to prevent the occurrence of such phenomena;

- Balance in all its dimensions, financial balance, economic and social balance and general balance;

- and therefore the highest goal is to achieve the public interest and satisfy the needs of the nation.

The objectives are to reflect the effective role of financial control, especially when it comes to rationalizing public expenditure, and to ensure the desired results from the application of rationalization mechanisms through allocation and efficient use of resources between the State and the private sector and within the sectors of the State.

5- General Budget Divisions :The study and evaluation of budget divisions in light of the requirements of rationalization of public expenditure as the most important methods of treatment of the budget deficit, can identify the most important methods on which the state can rely on in order to achieve better rationalization of public expenditure, to address the problems of budget deficit in developing countries.

5.1 Budget of appropriations and items :The budget of the appropriations and items is the regular budget of the state, which is based on a fiscal year. It specifies the various divisions that guarantee a full fiscal year and thus achieves a balance, that is, it combines its divisions between administrative and qualitative division. As well as public revenues administratively by government agencies (the administrative or organizational structure of the state), which is the expenditure and the collection

of wills (ie, the determination of responsibility centers), qualitatively according to the goods and services acquired (on the expenditure side) and according to the types of revenue collected (Ibrahim Ibn Dawood, 2009, p.24)

It is possible to say that its role is limited to accounting control over exchange only. It is unable to meet the requirements of rationalization of public spending and therefore the inability to address the budget deficit, and even make it one of the main reasons for its increase (Hamid Abdel-Magid Draz, 2003, Part II).

5.2 Performance budget : Performance Budget is defined as the budget of the smallest operational units that carry out a number of activities, each of which is part of the program, designed to achieve efficiency and not to allocate resources effectively (Mohamed Omar Abu Doh, OP Cit, P. 123).

Extrapolating from the recommendations of the Travet Committee and the first and second Hoover Committees, as well as the Budget and Accounting Act of the United States of 1950, the content of the performance budget and its divisions can be determined so as to determine their ability to rationalize public spending as the most important methods Address the budget deficit (Mohamed Omar Abu Doh, OP Cit, P. 127).

The performance budget is the interface between the "planning and programming system" and the "budget of appropriations and items". The first is to "effectively" allocate resources, and the second to achieve "efficiency" of resource use (Mohamed Omar Abu Doh, OP Cit, P. 127).

5.3 Planning and programming budget:The budget of planning and programming can be defined as the method that draws the attention of planners in the higher administrative units to take decisions on setting national goals and priorities, and to choose between alternative programs to achieve the objectives in light of the expected benefits and costs of each alternative, taking into account the limitations of relative scarcity of public revenues. All economic, social and political considerations that govern the allocation of resources between the State and the private sector and within the sectors of the State, provided that this is done through the general budget, so that the programs - not the administrative structure - have priority in determining the structure of the And budget structure (Mohamed Omar Abu Doh, OP Cit, P. 127).

The budget for planning and programming is a budget that contributes in part to efficiency without efficiency and therefore meets some of the requirements of rationalization of public expenditure. Therefore, the budget of planning and programming must be integrated with other budget divisions so as to rationalize public expenditure as the most important method of dealing with the budget deficit (Richard A.Musgrave, Paggy B.Musgrave, 1980, P.P. 218,221).

5.4 Baseline budget:Mohammed Omar Abu Doh defined it as a sophisticated method of budgeting. Its logic is to reject the assumption that the determinants of resource allocation decisions have been frozen, and therefore it continues to evaluate both new programs and some existing programs - At certain levels of expenditure it is not necessary to reach zero - as the determinants of allocation decisions, operating plans and performance standards change from one to the other, ensuring the continued efficiency of resource allocation and efficiency in their use (Mohamed Omar Abu Doh, OP Cit, P. 136).

The rationale of this budget is to reject the assumption that the determinants of resource allocation decisions are rigid. This budget is based on evaluating new and existing expenditure programs to ensure more efficient allocation of resources and hence greater public spending. The re-evaluation of existing programs leads to the elimination of the phenomenon of "increasing budget", which is one of the most important aspects of the distance from the rationalization of public spending and the main reasons for the budget deficit, as it leads to increased credits of programs that have lost effectiveness (Mohamed Omar Abu Doh, OP Cit, P. 146).

The alternative levels of programs and activities are also zero-base innovations. This is one of the most important requirements for rationalizing public spending, especially since lower expenditure levels have priority in the decision-making process (Peter A.Pyhr, 1973, P.P 152,164).

Thus, the zero base budget used for planning and programming budget outputs, its emphasis on the core of the performance budget, and its achievement of responsibility control in accordance with the appropriation budget, will meet most of the requirements for rationalization of public expenditure.

III. Financial policy and rationalization of public expenditure in Algeria.

In this context, the role of fiscal policy in the rationalization of public expenditure in Algeria will be highlighted during the study period and divided into two parts. The first section extends from 2000 to 2013 and the second part from 2014 to 2017, ie before the economic crisis related to the decline Oil prices and the need to rationalize public expenditure and treatment of the budget deficit and after the crisis.

1- Division of the general budget approved in Algeria : The general budget of the state in Algeria is characterized by basic rules and principles governing the legislative document through which all public expenditures and revenues are assessed and approved for the year in order to ensure the good functioning of public parks and to improve the annual development plan. The general budget in Algeria governs four basic principles The principle of unity, the principle of inclusiveness and the principle of balancing the general budget of the State. As for the items of the general budget of the State in Algeria, it is the general expenditure which is divided into the expenses of processing and the expenses of the administration. In general, which is also divided into voluntary income and voluntary income.

The general budget of the state is issued in the form of a document approved by the legislature and called the Finance Law.

Article 6 of the Law of July 7,1984 states: "The final revenues and expenditures of the State shall be determined annually under the Finance Law and distributed in accordance with the legislative provisions and shall constitute the general budget of the State" (Lahssan DARDORI,2005, P.P.83.89).

The general budget of the state is issued in the form of a financial law that gives it the legal and legislative form. Therefore, legal rules have been established to regulate this type of law and it enters into its provisions by defining its scope and objectives and its relationship with the other laws governing the general state budget. The cornerstone of other financial laws, as reflected in Law 84/17, where the financial laws of Algeria are as follows (**Dr.Lahssan DARDORI, OP Cit, P.P.83.89**):

1. The Annual Finance Act;
2. The amended supplementary finance law;
3. Budget Control Act.

In accordance with Law No. 84/17, the general budget divisions appear in **Table 02, see Annex 03.**

2. Development of public expenditure and public budget in Algeria : After presenting the general budget divisions in accordance with Law 84/17 in Algeria and clarifying the allocations and items, the role of these items and allocations will be highlighted and their contribution to the rationalization of public expenditures. The development of public expenditure as well as the change in the difference between expenses and revenues will be discussed in two stages Before the oil crisis from 2000 to 2013 and the second after the crisis from 2014 to 2017.

2.1 Development of Algeria's general expenditures during the period 2000 to 2017.

The following two tables will determine the evolution of public expenditures in Algeria during the two stages: before the crisis and after the crisis:

Table (03): Evolution of public expenditure in Algeria from 2000 to 2013
Unit 1000 Algerian Dinars

<i>the years</i>	<i>Management expenses</i>	<i>Processing expenses</i>	<i>Total expenditure</i>	<i>Change in expenditure</i>
2000	965328164	290239500	1255567664	—
2001	836294176	415500000	1251794176	- 3773488
2002	1050166167	509678000	1559844176	+ 308050000
2003	1097385900	613724000	1711109900	+ 151265724
2004	1200000000	720000000	1920000000	+ 208890100
2005	1200000000	750000000	1950000000	+ 30000000
2006	1283446977	1347988000	2631434977	+ 681434977
2007	1574943361	2048815000	3623758361	+ 99232.384
2008	2017969196	2304892500	4322861696	+ 699103395
2009	2593741485	2597717000	5191458485	+ 868596789
2010	2837999823	3022861000	5860860823	+669402338
2011	3434306634	3184120000	6618426634	+757385811
2012	4608250475	2820416581	7428667056	+810240422
2013	4335614484	2544206660	6879821144	-548845912

Source: Ben Moussa, Umm Kulthum, Issa Nabawi, No year, p184.

The table shows that the change in expenditure was low in 2001, but the decrease was slight and estimated at 3773488 DA. This is due only to the nature of the allocation of resources in this year, which did not require increase, and then we notice a large increase in public expenditure from year to year starting from 2002 Until 2012, and this is expressed by the term phenomenon of increasing public expenditure, and also explained by the high financial resources of the State resulting from the rise in oil prices and the State's attempt to raise government spending as a financial policy to achieve sustainable economic development based on good

allocation and efficiency, but in 2013 we note a decline in The expenses stayed Of large estimated 548845912 DA, and this year the beginning of the crisis and the country's attempts to re-evaluation, programming and customization, and define a plan for the rationalization of expenditure depending on the management of the crisis and this is what Senlahza in the next budget for the year 2014.

Table (04): Evolution of public expenditure in Algeria from 2014 to 2017
Unit 1000 Algerian Dinars

<i>the years</i>	<i>Management expenses</i>	<i>Processing expenses</i>	<i>Total expenditure</i>	<i>Change in expenditure</i>
2014	4714452366	2941714210	7656166576	—
2015	4972278494	3885784930	8858063424	1201896848
2016	4807332000	3176848243	7984180243	-873883181
2017	4591841961	2291373620	6883215581	-1100964662

Source: Prepared by the researcher based on: Financial Laws for the years 2014,2015,2016,2017.

The table shows that in 2015 there was an increase in expenditure amounted to 1201896848 DA. This explains the state's attempt to rationalize expenditures in the light of the crisis related to the decline in oil prices and the impact of financial resources on them by trying to optimize the allocation of resources especially with regard to the processing expenses. Increased from 294,1714210 DA in 2014 to 3885784930 DA in 2015 whether between the state and the private sector or between the sectors of the state, but we note a decrease in expenditure during the years 2016 and 2017 respectively, due to the evaluation of the programs is not optimal and therefore the inability to achieve efficiency and this necessitated a reduction in expenditure To avoid a Influential deficit directly on stability, which will have to look for alternative means of funding as a result of the lack of efficiency and wealth creation.

2.2 Development of the general budget of Algeria during the period 2000 to 2017.

The following two tables will determine the development of the general budget in Algeria during the two stages: before the crisis and after the crisis:

Table (05): Evolution of the general budget in Algeria from 2000 to 2013**Unit 1000 Algerian Dinars**

<i>the years</i>	<i>Overheads</i>	<i>General revenues</i>	<i>Surplus or deficit</i>
2000	1255567664	1028840000	-226727664
2001	1251794176	1234380000	-17414176
2002	1559844176	1457750000	-102094176
2003	1711109900	1451450000	-259659900
2004	1920000000	1528000000	-392000000
2005	1950000000	1635830000	-314170000
2006	2631434977	1667920000	-963514977
2007	3623758361	1802616000	-1821142361
2008	4322861696	1924000000	-2398861696
2009	5191458485	2786600000	-2404858485
2010	5860860823	3081500000	-2779360823
2011	6618426634	2992400000	-3626026634
2012	7428667056	3455650000	-3973017056

It is noteworthy that the development of the general budget of Algeria from 2000 to 2013 is the recorded deficit, which reached a maximum of 2012, estimated at 3973017056 DA. This is due to the implementation of the expansionary policy of the country during this period, especially with regard to processing expenses, which have a direct impact on the public budget if There was no effective and targeted allocation to achieve efficiency due to the positive impact on the economy and thus the general resources of the state, that is, the absence of a rational policy in the management of the public budget.

Table (06): Evolution of the General Budget in Algeria from 2014 to 2017**Unit: 1000 Algerian Dinars**

<i>the years</i>	<i>Overheads</i>	<i>General revenues</i>	<i>Surplus or deficit</i>
2014	7656166576	4218180000	-3437986576
2015	8858063424	4684650000	-4173413424
2016	7984180243	4747430000	-3236750243
2017	6883215581	5635514000	-1247701581

Source: Prepared by the researcher based on: Financial Laws for the years 2014,2015,2016,2017.

As for the development of the budget after the crisis, it is noted that the deficit in the general budget is continuing despite the attempt to implement the policy of rationalizing public spending more effectively. The largest deficit during the period (2000/2017) was recorded by 4173413424 DA in 2015, , And this can be explained

by the attempt of the state and through the budget to implement the mechanisms of rationalization of public expenditure while maintaining the continuity of the increase in public expenditure, especially the expenses of processing, and work on good allocation and efficiency, but this has not been achieved and can be attributed to the nature of the Algerian general budget, Provide only items and credits.

As a result of the analysis and interpretation of the data of the tables

through the analysis and interpretation of the evolution of public expenditure as well as the general budget throughout the study period we conclude that the rationalization of public expenditure by working at the level of the general budget and the application of fiscal policy tools in Algeria and the impact that was previously identified can not be applied to Algeria, The level of items and credits is not enough. This division is called the balance of credits and items and its supervisory role only without affecting the allocation and efficiency despite the continuity of the increase in expenses.

It is therefore possible to say that to ensure effective rationalization of public expenditure in Algeria is to reconsider the division adopted or the adoption of a group of divisions working in parallel with each other as a budget of performance and programming and planning, especially the zero-base budget, which is very important in the optimal allocation and efficiency of the use of resources and thus avoid the continuing deficit In the general budget.

Conclusion:

Before the results of the study should be tested hypotheses and determine the validity and justification:

1. With regard to the first assumption that the rationalization of public expenditure in developing countries by using fiscal policy is to reduce public expenditures to reduce the deficit in the public budget, if the reduction of public expenditures is due to avoidable reasons, such as the State in the programs of the Convention is not economically justified Social, or that the state is too expensive to carry out the programs that are its competence, in such cases it can be said that the rationalization of public expenditure is reduced. However, changing the role of the state, which aims to achieve social and economic goals in developing countries for sustainable development, denies that rationalization of public expenditures means reducing them.

2. The second hypothesis is the closest to health according to the study, changing the role of the state to make the increase in public spending aims to achieve the objectives of the state economic and social, using the tools of financial policy and control expenses according to the mechanism of optimal allocation and efficiency of use, and public spending is in developing countries Linked to factors that are difficult to avoid, such as increasing the proportion of public investment, employment policies, wages and other factors, which justifies the validity of the concept.

3. As for the third hypothesis, this policy is called the name or term "policy of funding through the deficit," works to increase government spending to create total demand, and the acceleration of economic growth despite the existence of a deficit in the budget, but it is not suitable in developing countries as a result of The availability of a flexible economy as a prerequisite for the reform of this policy, and therefore rationalization of public expenditure in developing countries does not

mean the policy of financing through the deficit and this lack of economic flexibility.

Results: The following results can be obtained:

□ The first result is the role played by fiscal policy in the rationalization of public expenditure in developing countries is that this role is represented by the second hypothesis, which is the result of the first and third hypothesis is the work of fiscal policy by raising public spending with optimal allocation and the best resources and efficiency of the provision provided A flexible economy that guarantees us good allocation and efficiency, and this to achieve rationalization of public expenditure;

□ The budget allocations play a large role in rationalizing public spending. This is due to the good choice between the divisions or the combination of them. It can be said according to the study that the optimal choice is based on the functional division and the integration between the budget of planning and programming and the zero basis on the one hand, On the other hand, this will ensure effective allocation of resources between the State, the private sector and within the State sectors;

□ In order to achieve rationalization of public expenditure, some of the requirements for developing countries or Algeria should be provided with a case study, namely:

- Identify and translate the goals that the society seeks to achieve in the form of a number of functions and programs, while reconciling both short- and long-term considerations;

- Study and evaluation and then choose the best programs to achieve the objectives, which leads to the elimination of the method of increasing the budget;

- Determining the responsibility of the executive bodies for the programs through restructuring the organizational structure in the language of the program structure;

- The need for an effective regulatory system to ensure that implementation is consistent with what has already been planned, and that the control process includes a continuous review of the methods of achievement, with the development of the concept of documentary control and evaluation monitoring.

□ For Algeria, the balance of appropriations and items is the basis for the adoption of the division, and the structure on the periodic preparation without trying to merge them with other divisions to ensure the rationalization of public expenditure and without the requirements of rationalization, all this form a barrier or any attempt to rationalize and achieve the objectives of fiscal policy adopted even in crisis, The balance of appropriations and items is a supervisory objective only;

□ The lack of a flexible economy in Algeria, despite attempts, and may be due to the nature of the adopted system, which tends to a large degree of centralization in governance.

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Annexes:

Annexe 01:

Table (1): Groups of Humanitarian Needs

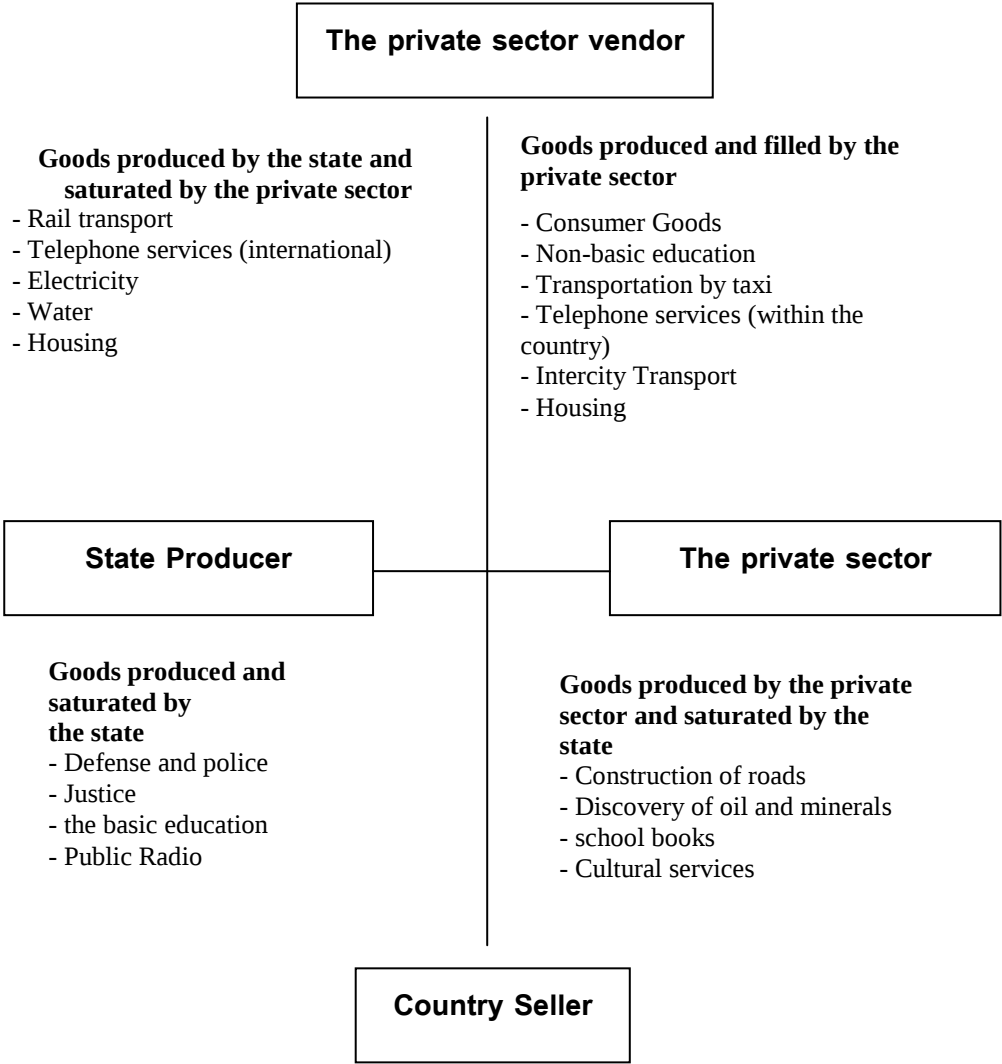
Item type and characteristics	Method of production and satisfaction	Customization criteria
Net public goods: non-dispossession, consumption participation, subject to the phenomenon of decreasing costs, the marginal cost of benefiting zero in the short term.	They are produced and satisfied based on public expenditure and free of charge, and are therefore based on taxes and other sources of public revenues in financing their satisfaction.	Their production is determined and satisfied based on economic criteria.
Net Disposable Private Goods: Competitiveness in consumption, subject to the phenomenon of increasing or stabilizing costs, the marginal cost is greater than zero.	They are produced and satisfied based on private spending. And the private sector may produce them without profits, and a large part of them may be produced and fulfilled depending on the private sector.	This type of commodity is determined by non-economic criteria, where it depends more on political and ideological factors.
Semi-public goods: the possibility of exclusion, participation in consumption, but unequal consumption.		
Semi-special goods: Commonly used and widely divided on the basis of necessity.	The private sector produces and satisfies most of them.	Dependent: semi-private goods and clubs on non-economic criteria and more on the political and ideological factors.
Club items: subject to exclusion, lack of competition in consumption as long as there is no congestion.	They are produced through public spending in exchange for consumers' compensation.	

Source: Table was prepared depending on: D. Omar Abu Doh, op. Cit., PP. 58, 59.

- David N. Hyman, 1990, P.P 158-159.

Annexe 02:

Figure 1: Division of Human Needs by Sector



Source: Gabriel Roth, 1987, P.P 12-14.

Annexe 03:

Table (02): the divisions of the general budget of Algeria

Overheads	General revenues
Management expenses: divided into four sections 1. Public debt burdens and deductions from income; 2. allocations of public authorities; 3. Expenditure on the means of interest; 4. Public interventions. Expenditures for Part I and II are shared in all ministries and are combined in common expenditures. Expenditures for sections III and IV are allocated to each ministerial department. Processing expenses: divided into three sections 1. Investment executed by the State; 2. Investment subsidies granted by the State; 3. Other capital expenditure. This division is by sector and private sector economic, social and administrative.	Compulsory resources: are divided into: 1. Revenue of a fiscal nature: ☐ Direct taxes, ☐ Rights of registration and character; ☐ business taxes; ☐ indirect taxes; ☐ Customs rights; ☐ Petroleum collection. 2. The State's share of the profits of public institutions; 3. Fines. Optional resources: divided into: 1. Exploitation income: ☐ Mining utilization income; ☐ Forest income; ☐ Atawi filling public property ... etc. 2. Liquidation revenues: ☐ Transfer of ownership of state lands, buildings, dwellings, etc.; ☐ wages due from industrial and commercial activities; ☐ Wages due from administrative activities.

Source: Prepared by the researcher based on: Law No. 84/17, op. Cit, Article 03, 05 on the division of expenditure, 11 relating to the division of income.