PUBLIC SPENDING

In a post bureaucratic age

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Three objectives

- Get the total right
- Spend on the right things
- Spend well
Three objectives

- Get the total right  
  *(macroeconomic efficiency)*

- Spend on the right things  
  *(allocative efficiency)*

- Spend well  
  *(technical efficiency)*
Public spending (TME)
Public spending cyclically adjusted (TME)

Cyclical adjustments by author
Questions about the 1990s

- Get the total right ...
  - Was spending cut too much?
- Spend on the right things ...
  - Was capital cut too much?
  - Conservatives did not reduce social security
- Spend well ...
  - Time inconsistent behaviour by HMT?
  - Salami slicing?
  - Incentives of collective decisions?
Three objectives for the system

- Get the total right
- Spend on the right things
- Spend well

Three constraints

- Information asymmetries
- Rent-seeking
- Tragedy of the commons
Some conclusions

- Collective decision-making works
- Resource budgeting is a good idea
- HMT Reputation matters
- Real transformation is hard
- Evolution better than Intelligent Design
- And ...
Spending in a post-bureaucratic age

- HMT representing the public interest:
  - Information asymmetries
  - Rent-seeking
  - Tragedy of the commons

- "The gentleman in Whitehall really does know better"

- Radical option:
  - Open survey
  - New technologies
  - & let the public look after its own interests?