

THE REFLECTION OF GOVERNMENT EXPENDITURE ON THE INTERNAL BALANCE OF THE ALGERIAN ECONOMY

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ABSTRACT: This research paper aims to highlight the contribution of government spending to achieving the internal balance of the Algerian economy; the importance of studying this mechanism which was created by economist John Maynard Keynes increased with the increasing role of the state, concluded to results we relied upon to provide recommendations, the most important of which is that government spending is the primary tool used by the state to influence macroeconomic variables and thus of the internal balance. however its contribution was weak due to the renter consumer economy of the country.

Keywords: Government expenditure; Inner balance; Total variables; Algeria.

JEL Classification : E62, H50, O11.

1. INTRODUCTION:

Government expenditure is one of the main financial policy tools and mechanism for state intervention in all areas especially after the spread of Keynesian thought and its transition from the guarding state to the scope of the state interfering with its appropriate financial policy and its growing role in economic and social life. As the state's success in its economic policy is related to the extent of the increase in the volume government expenditures on the one hand and the extent of its positive, productive and efficiency in achieving its economic and social goals on the other hand, considering that Algeria is one of the countries that interfere in various economic and social activities to address the imbalance in the macro economic variables and restore stability and balance to the economy especially after the economic crises that it was exposed to as a result of the collapse of oil prices, weak financial capacity and a fragile rentier economy, this led her to take a number of measures and implement reform programs such as public spending, the

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essential point of its direction, whether contractionary or expansionist the country adopted the deflationary public spending policy in the 1990s, which the International Monetary Fund recommended to get out of the crisis after the terrible rise in the rate of inflation, And the expansionary public spending policy, which pumped huge sums of money for it, followed with the recovery of the hydrocarbon sector and the improvement of the financial position of the country, with the aim of achieving the maximum collective benefit possible, and this is since the year 2001, beginning with the economic recovery program that extends from 2001 to 2004, Then the supplementary program to support economic growth during the period 2005-2009 Followed by the program of consolidating economic growth during the period 2010-2014, Complementing the five-year growth program from 2015-2019.

But there was a debate among economists who support and reject it, so we sought through our study to highlight the contribution of public spending to achieving stability and the internal balance of the economy, and for this we raised the following main question:

How much does government spending contribute to achieving the internal balance of the Algerian economy?

To answer the main question, we will address:

2. CONCEPTS ABOUT GOVERNMENT SPENDING AND INTERNAL INDICATORS OF THE ECONOMY :

2.1. Definition of government spending :

Government spending is defined as: "an amount of money spent from the state treasury through its various departments, institutions, bodies and ministries to satisfy public needs"(EL-HAJ, 2009: p. 122).

2.2. Reasons for the development of government spending :

Numerous studies have proven the validity of the phenomenon of increased government spending and economist Adolf Wagner has conducted a study on this topic, where he coined Wagner's law, which indicates that : " Whenever it achieves a certain rate of economic growth, this will be followed by the expansion of the country's activity (developing or advanced), hence, government spending is greater than the increase in the average per capita gross national product"(NOUZED & EL KHASHAL, 2006: pp. 53-56).

Behind this increase there are reasons that can be divided into apparent and real reasons:

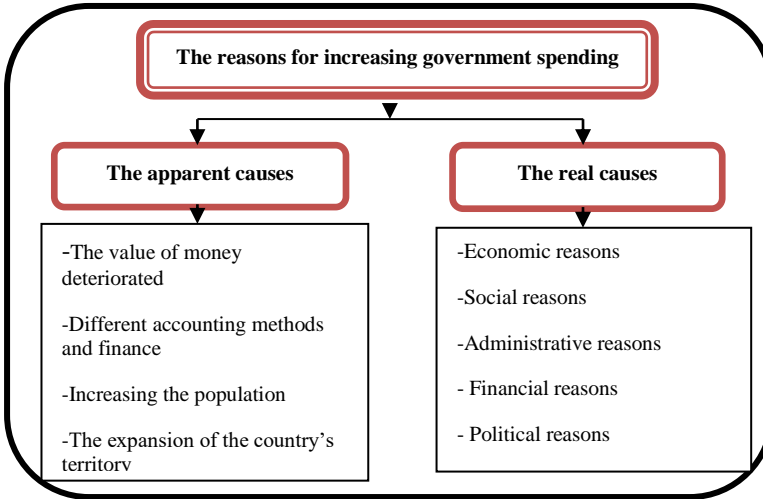
2.2.1. The apparent increase in government spending :

it is an increase in the numbers expressing government spending without an increase Per capita amount of goods and services consumed to satisfy their general need, it is noted that in light of this type of increase, the country's government spending data is on the rise, while there is a pause or decline in the level of different services that the individual deals with.

2.2.2. Real increase in government spending :

Reflects the increase in government spending accompanied by an actual increase in an individual gets a consumption from the public services provided to him, this type of increase is the crossing, real about the efficiency of government spending and the performance of the implementation authority (LABOUKH, 2018: p. 85).

Figure N° (01): The reasons for increasing government spending



Source: (NOUZED & EL KHASHAL, 2006: p. 54).

2.3. Concepts about internal indicators of the economy :

2.3.1. Definition of Gross Domestic Product :

GDP is defined as “the group of monetary (market) value of all final goods and services produced in an economy during a specific period, usually a year “(WASEF EL-WAZANI & HUSSEIN EL-RAFAI, 2005: p. 107).

2.3.2. Definition of inflation :

Its definitions abound in economic thought, and many financial and economic researchers participated in their definition of inflation as the rise in prices until the definition of inflation became, this is due to the spread of this type of inflation and its speedy observation by the public that this type of inflation differs from other types of inflation(GHAZI HUSSEIN, 2006: p. 9).

Inflation is defined as a “self-sustaining upward movement of prices resulting from excess demand in excess of supply capacity and as stated in the intermediate dictionary is the increase in money or other means of payment on the need for transactions” (BEN SALEM & EL ZUBAIDI, 2011: p. 32).

2.3.3. Definition of unemployment :

Unemployment is defined according to the International Labor Organization (1985): "It is a term that includes all persons who are unemployed, despite their willingness and search for him for a fee or for their own account, and they have reached a legal age to qualify them for earning” .

2.3.4. Definition of the general budget :

Budget An estimated statement of state expenditures and revenues for a future period, usually measured by a year, and requiring leave from the legislature. It is also a major tool of financial policy that works to achieve the economic and social goals of the government (EL WAJID & AZZAM, 2000: p. 131).

Algerian law defines it as the state's general budget consisting of revenues and expenditures determined annually as a matter of law and distributed according to the legislative provisions in force (FINANCIAL LAWS, Article 6 of Law 84-17, 1984.).

3. ANALYSIS OF THE DEVELOPMENT OF GOVERNMENT EXPENDITURES IN ALGERIA DURING THE PERIOD 2000-2019 :

Government spending has known a phenomenon of continuous increase throughout the Study period, which is a phenomenon that distinguished the public finances of all countries in their different systems, whether they are advanced or developing, and the following table shows the development of both management and supply expenses.

Table N° (01): the evolution of government expenditures during the period 2000-2019

Unit : billion DZ					
the year	2000	2001	2002	2003	2004
Statement					
Running expenses (Management expense)	856.2	963.6	1097.7	1122.8	1250.9
Investment expenditures (Processing expenses)	321.9	357.4	452.9	516.5	638.0
Total expenditures	1178.122	1321.028	1550.646	1639.265	1888.930
the year	2005	2006	2007	2008	2009
Statement					
Running expenses (Management expenses)	1245.1	1437.9	1647.0	2217.7	2300.0
Investment expenditures (Processing expenses)	806.9	1015.1	1434.6	1973.353	1964.334
Total expenditures	2052.037	2453.014	3108.669	4191.053	4264.334
the year	2010	2011	2014	2015	2016
Statement					
Running expenses	2659.0	3879.2	4494.3	4617.0	4 585.6

(Management expenses)					
Investment expenditures (Processing expenses)	1807.94	1974.4	2 501,4	4617.0	2 711,9
Total expenditures	4466.940	5853.6	6995.7	7656.3	7297.5
Statement	the year	2017	2018	2019	
Running expenses (Management expenses)	4 677,2	4500.0	4788.9		
Investment expenditures (Processing expenses)	2 605,4	2300.0	4788.9		
Total expenditures	7389.3	6800.0	7561.7		

Source : compiled by authors based on :

- (ANNUAL FINANCIAL LAWS, 2017,2018: p. 44).
- (BANK OF ALGERIA, Annual reports 2015)₂
- (NATIONAL BUREAU OF STATISTICS, Algeria in numbers2012-2014&2015-2017)
- (NATIONAL BUREAU OF STATISTICS, Statistical survey 1962-2011: p.2).

From the above table, we note the evolution of total government spending in Algeria during The period 2000 to 2019, as the expected amount of public spending in 2019 was 7561.7 billion dinars, after it was 1178.122 billion dinars in 2000, this is due to the government's implementation of public investment programs during this period .

The economic recovery program 2001-2004, the supplementary program to support economic growth 2005-2009, the program to consolidate economic growth 2010-2014, the five-year program for growth from 2015-2019.

These expenses are divided between management expenses (current expenses) and supply expenses (investment expenses) which saw their pace increase rapidly during this period due to the increase in the huge funds that the government is pumping in light of achieving the goals of the productive development programs during this period, On the one hand, the administrative expenditures are high, due to the increase in current transfers (price support and local groups, support expenditures for hospitals and public institutions of an administrative nature EPA), The creation of jobs to absorb unemployment, a review of wages and salaries and an increase in the granting of Mujahideen, as for supply expenditures, which registered a significant increase during the application of these programs, this is due to the implementation of infrastructure projects to improve public service and the development of basic facilities(NATIONAL BUREAU OF STATISTICS, Statistical survey 1962-2011: p. 2).

4. AN ANALYTICAL STUDY OF THE REFLECTION OF GOVERNMENT SPENDING ON THE INDICATORS OF THE INTERNAL ECONOMY IN ALGERIA :

Government spending has now become an instrument for achieving economic and social policy, The government relies on it to influence directly or indirectly the various internal indicators and address imbalances with it by reviving aggregate demand in a way that raises the absorptive efficiency of the economy according to a diversified and balanced structure.

4.1. Analysis of the impact of government spending on GDP :

The GDP is related to the size of government expenditures for its contribution to capital formation through projects implemented by the state, it is also related to other economic sectors that participate in its composition, as it is the set of the gross added values achieved in the economic sectors within the geographical borders of the country with the contribution of national and non-national production factors.

Table N°(02): Evolution of the Gross Domestic Product (2000-2018)

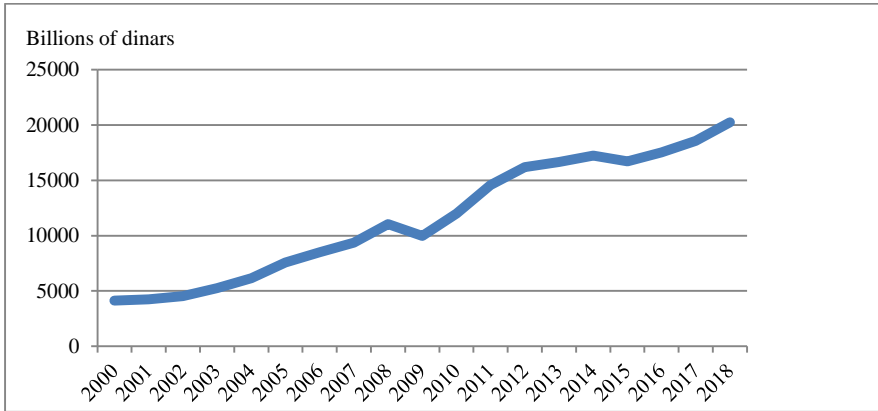
Unit : billion DZ

the years	Gross domestic product	GDP growth rate%	the years	Gross domestic product	GDP growth rate %
2000	4123.5	27.3	2010	11991.6	20.3
2001	4227.1	2.5	2011	14589.0	21.1
2002	4522.8	7	2012	16209.6	11.1
2003	5252.3	16.1	2013	16647.9	2.7
2004	6149.1	17.1	2014	17228.6	3.4
2005	7562.0	23.0	2015	16712.7	-3.0
2006	8501.6	12.7	2016	17514.6	4.8
2007	9352.9	10.0	2017	18575.8	6.2
2008	11043.7	18.1	2018	20259.0	8.6
2009	9968.0	-9.7			

Source : compiled by authors based on :

- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2008: p. 26).
- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2014: p. 26).
- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2016: p. 26).
- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2019: p. 26).
- MINISTRY OF FINANCE, available on website www.dgpp-mf.gov.dz, consulted on 13/12/2019 at 17:30.

Figure N°(02): Evolution of the Gross Domestic Product (2000-2018)



Source: Prepared by authors based on the previous schedule

The above table reflects the development of Algeria's GDP during the period 2000-2018, which corresponds to the period of government implementation of public spending programs (2001-2019).

The gross domestic product during the study period grew from 4123.5 billion dinars in the year 2000 until it reached more than 20259.0 billion dinars during the year 2018.

Despite the activity witnessed by the Algerian economy after the program of supporting the economic recovery, this growth in the gross domestic product was a result of the high oil prices that led to higher export revenues because Algeria is still dependent on rent in the process of the economy, This calls for the state to work to diversify its economy and focus on the rest of the productive and manufacturing sectors.

Then its growth recorded a decrease in 2009 of 9.7% over the previous year, to reach 9968.0 billion dinars, after it was 11043.7 billion dinars in 2008 years, This is due to the financial crisis that rocked the world economy in 2008, in addition to the decline in oil prices To see its growth after improvement until the year 2015 recorded a decrease of 3% from the previous year, to reach 16712.7 billion dinars, after it was 17228.6 billion dinars in 2014, Due to the stagnation in the hydrocarbons sector again and the drop in oil prices, the price of Brent moved from \$ 110 a barrel in mid-2014 to less than \$ 40 at the end of 2015. (BANK OF ALGERIA, Annual reports 2015: p. 77).

In general, despite the fluctuation in the growth of GDP during the study period, it experienced a significant increase from 2000 to 2018, The period of Algeria's pursuit of public spending programs has coincided, but this does not provide a clear picture of the impact of public spending on GDP, As its development is related to the growth of the various constituent sectors and the following table shows.

Table N° (03): As its development is related to the growth of the various constituent sectors and the following table shows.

Unit :%

Sector- s the years	Hydrocarbons	Agricultur e	Industry	Building and public works	Public administrati on services	Services outside public administrations	Import rights and fees
2000	39.2	8.4	7.05	8.12	20.44	10.30	6.49
2001	34.2	9.7	7.5	8.5	21.8	11.2	7.2
2002	32.7	9.2	7.5	9.1	22.2	11.0	8.3
2003	35.6	9.8	6.8	8.5	21.2	10.5	7.7
2004	37.8	9.4	6.3	8.3	21.2	9.8	7.3
2005	44.4	7.7	5.6	7.5	20.1	8.4	6.5
2006	45.9	7.5	5.2	7.9	20.1	8.0	5.8
2007	43.7	7.6	5.1	8.8	20.6	8.5	5.7
2008	45.0	6.6	4.7	8.6	19.4	9.7	5.9
2009	31.0	9.3	5.8	10.9	23.8	12.0	7.2
2010	34.7	8.4	5.1	10.4	21.9	13.2	6.2
2011	36.1	8.1	4.6	9.2	19.7	16.4	5.9
2012	34.2	8.8	4.5	9.2	20.4	16.3	6.6
2013	29.8	9.9	4.6	9.8	23.1	15.3	7.5
2014	27.1	10.3	4.9	10.4	24.4	15.8	7.2
2015	18.8	11.6	5.5	11.5	27.2	17.4	8.1
2016	17.3	12.2	5.6	11.8	27.6	17.5	8.0
2017	19.7	12.3	5.7	11.8	26.2	16.5	7.8
2018	21.5	12.3	5.6	12.0	26.3	15.0	7.3
Triplel 2019	19.4	12.2	5.8	11.8	27.8	16.3	6.7

Source: compiled by authors based on:

- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2008: p. 26).
- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2014: p. 26).
- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2016: p. 26).
- (BANK OF ALGERIA, The Triennial Statistical Bulletin 2019: p. 26).
- MINISTRY OF FINANCE, available on website www.dgpp-mf.gov.dz, consulted on 13/12/2019 at 17:30.

The figure above shows the contribution of the various economic sectors to the formation of Algerian GDP, which are represented in seven sectors: "hydrocarbons, agriculture, industry, construction and public works, public administration services, services outside public administrations, rights and fees on imports".

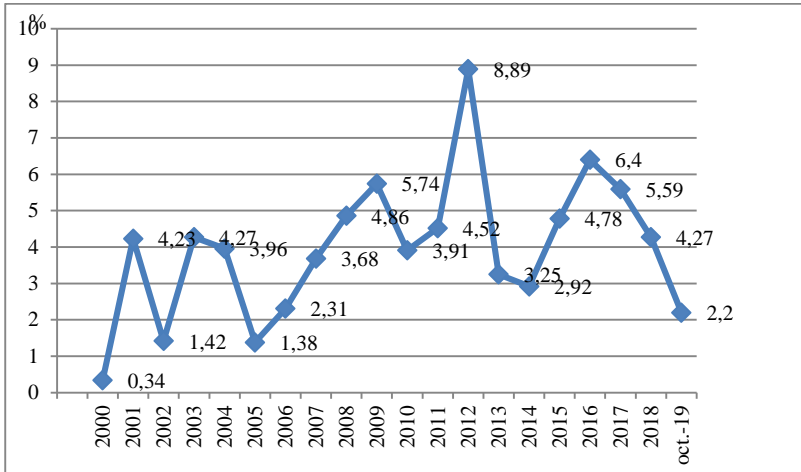
As we note that the formation of GDP depends largely on the contribution of the hydrocarbons sector, followed by the services of public administrations, and this indicates that the development policy throughout the study period from 2000 to the first trio of 2019 has not yet been able to create an economy outside of hydrocarbons.

4.2. Analysis of the impact of government spending on the rate of inflation :

Economic stability is linked to the stability of the general level of prices, as inflation

affects the purchasing power of the Algerian currency, In turn, it is affected by government programs pursued by the state during that period, whether funding of these programs leads to an increase in the money supply, which is reflected in inflation, and the resultant projects established lead to its reduction.

Figure N° (03): Evolution of the inflation rate in Algeria (2000 – October2019)



Source: compiled by authors based on:

- THE WORLD BANK , available on website www.worldbank.org consulted on 17/12/2019 at 13:12.
- www.ons.dz consulted on 18/12/2019 at 02:12.

What is noticed from the above figure is the deterioration of the rate of inflation in Algeria from 2000 to October 2019, it witnessed a decrease in the year 2000 to reach its lowest rate of 0.34% compared to 2.65% in 1999, this is thanks to a structural reform program that sought to control levels of government spending and prices in order to reduce aggregate demand and to reduce the inflation problem, However, this situation did not last long. Inflation rates rose again, in 2001 it reached 4.23%. this is due to the economic recovery program aimed at reducing unemployment rates while allowing inflation rates to rise, the increase in addition to the theoretical indication that the financing of the investment program could have inflationary results as a result of expanding the money supply and emergence of excess bank liquidity as a structural case for Algeria (SLATNI, 2013, p. 140), In the year 2002, the rates declined again, to record 1.42% as a result of the slowdown in the level of food prices however, it increased to 4.27% in 2003 due to the increase in consumer prices, As for the years 2004 and 2005, it decreased to 3.96% and then 1.38%, respectively, then, its path will continue to rise continuously and at increasing rates until 2009 reached 5.74%. As a result of higher imports, especially food prices, where he recorded after the year 2010 a decrease of 3.91% to continue his rise, he recorded in 2012 a leap in which he reached 8.89% after it was 4.52% in 2011, which is the largest rate of inflation during the study period and this has led to a significant decrease in purchasing power and monetary instability, this is due to the increase in financing for investment programs that had no match for local production and the increase in import prices during that period, Then, it decreased in 2014 to reach 2.92% compared to 3.25% in 2013, and in

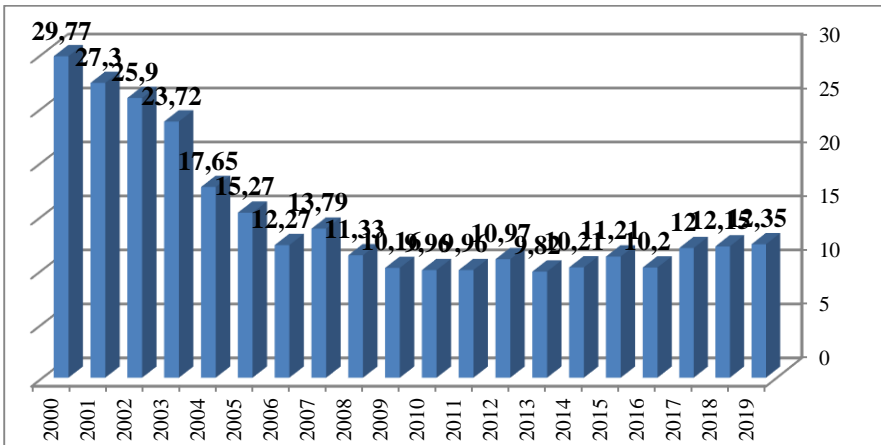
this percentage, the trend of the inflation trend changed to move the economy towards monetary stability, as a result of the decline in prices of agricultural products at the time, while the general budget of Algeria decreased due to the drop in oil prices, soon, inflation rates returned to rise, reaching 2015 and 2016 by 4.78% and 6.40%, respectively, so the consumer price index increased by 4.52% in June 2015 compared to June 2014, and this is due to the increase in food prices, especially fresh agricultural materials. Classified services and materials also experienced an increase, in addition to the increasing frequency of public expenditures under the Supplementary Finance Act 2015-2019 and the corresponding increase in the money supply to meet the new needs

Then, the years 2017 and 2018 decreased to 5.59% and 4.27%, respectively, and this was due to the change in consumer prices, where it recorded a decrease of 9.6% in the prices of some materials, especially white meat, and 5.5% in relation to eggs. For its part, the prices of industrial food products were relatively stable, while the rest of the commodities were characterized by slight changes in their prices or stable prices according to the data of the National Bureau of Statistics.

4.3. Analysis of the impact of government spending on unemployment rate :

The problem of unemployment is one of the problems that threaten the Algerian economy, which the state strives in every way to combat from independence to the present day, because of its negative effects on the economy and society, and to reduce this scourge, the public spending program was adopted, especially with the improvement in the state's revenues as a result of high fuel prices, as unemployment went through several stages according to the programs and policies applied during the constituent periods for each stage, the following table shows the changes that occurred in the unemployment rates from 2000 to 2019.

Figure N°(04): Evolution of the unemployment rate in Algeria (2000 - 2019)



Source: compiled by authors based on:

- THE WORLD BANK , available on website www.worldbank.org consulted on 17/12/2019 at 13:12.
It is clear from the above figure that the unemployment rate in Algeria

decreased during the study period, from 29.77% in 2000, which is the largest rate of unemployment during this period to 12.35% in 2019.

This has been since the government began implementing the public spending policy, one of whose goals was to reduce unemployment and stimulate the labor market, as well as to build massive projects and investments that allowed them to absorb and absorb large numbers of the active population, as this period was known as the improvement of macroeconomic indicators and the general budget thanks to the high incomes of Algeria as a result of the high oil prices, this helped finance the increased overheads, however, in recent years and starting in 2017, we notice an increase in unemployment rates due to the increase that mainly affected women and graduates of higher education, the government adopts austerity policy and cuts spending in order to reduce the effects of the budget deficit caused by the collapse in oil prices, which is the country's main resource.

4.4. Analysis of the effect of government spending on on the average balance of the public budget :

Table N°(04): evolution of the general budget items during the period (2000-2017)

Unit: billion dinars

Statement the year	Government spending	General revenue	Balance of the general budget
2000	1178.122	1578.161	400.039
2001	1321.028	1505.526	184.498
2002	1550.646	1603.188	52.542
2003	1639.265	1974.466	335.201
2004	1888.930	2229.899	340.969
2005	2052.037	3082.828	1030.791
2006	2453.014	3639.925	1186.8
2007	3108.669	3687.900	579.3
2008	4191.053	5190.5	999.5
2009	4264.334	3676.0	-570.3
2010	4466.940	4392.9	-74
2011	5853.6	5790.1	-63.5
2012	7058.1	6339.3	-718.8
2013	6024.1	5957.5	-66.6
2014	6995.7	5738.4	-1257.3
2015	7656.3	5103.1	-2553.2

2016	7297.5	5110.1	-2187.4
2017	7389.3	6182.8	-1206.5

Source: compiled by authors based on:

- (ANNUAL FINANCIAL LAWS, 2017,2018: p. 44).
- (BANK OF ALGERIA, Annual reports 2015).
- (BANK OF ALGERIA, report 2012).
- (NATIONAL BUREAU OF STATISTICS, Algeria in numbers2012-2014&2015-2017)
- (NATIONAL BUREAU OF STATISTICS, Statistical survey 1962-2011: p. 2)

By analyzing the data for the table, we note that the first years of study from 2000 to 2008 Public budget balances have achieved a surplus due to budget revenues outperforming the share of general budget expenditures, this is thanks to the increase in oil prices during this period, as petroleum collection is the main component of public budget revenues

Despite the increase in government expenditures as a result of implementing government Spending programs from 1178.122 billion dinars in 2000 to 4191.053 billion dinars in 2008

However, it was accompanied by a significant development in public revenues during that period, as it moved from 950.496 billion DZD in 1999 to 5190.5 billion DZD in 2008, for the balance of the general budget to achieve its largest surplus during the study period in 2006, it reached about 1186.8 billion dinars, which allowed the formation of a large amount of resources in the revenue control fund (FRR).

However, in the year 2009, the balance sheets of the public budget witnessed a deficit of 570.3 billion dinars due to the decrease in budget revenues, which amounted to 3676.0 billion dinars, compared to 5190.5 billion dinars in 2008 See the low oil tax linked to the external conditions and the shock that affected the global economy in 2008, and the deficit continued in the public budget, but in varying sizes, despite the return of average oil prices to significant levels and high budget revenues.

In 2012, the largest level during the study period was 6339.3 billion dinars, but this was in exchange for increased budget expenditures under the economic recovery program 2001-2004 and the supplementary program to support economic growth 2005-2009 and the resumption of the program to consolidate economic growth 2010-2015, Which amounted to 7058.1 billion dinars, which led to a significant deficit in the balance of the budget.

In 2013, budget expenditures decreased to 6024.1 billion dinars, as the government attempted to rationalize its expenditures in order to maintain economic stability, also refer to the decrease in budget revenues, which became about 5957.5 billion dinars, However, the general budget expenditures soon increased, despite the decrease in budget revenues, mainly due to the decrease in fuel revenues, which led to the continuation of the budget deficit balance and continued throughout 2015 to reach its maximum deficit during the study period about 2553.2 billion dinars, as fuel revenues decreased by 30% compared to a decrease of 7.9% in 2014, while budget expenditures increased by 9.4% as a result of the start of the implementation of the 2015 five-year program 2019_(BANK OF ALGERIA, Annual reports 2015) .

Whereas in 2017, the average oil price allowed to rise from \$ 45 a barrel in 2016 to approximately \$ 54 a barrel in 2017, i.e. an increase in budget revenues by about 21%, amounting to 6182.8 billion dinars against the relative stability of budget expenditures, but rose by 1.3% compared to a decline of 4.7 % In 2016, which helped reduce the public budget deficit to 1206.5 billion dinars, compared to 2187.4 billion dinars.

5. CONCLUSION :

The public and the Algerian government, through government spending, can influence, directly or indirectly, the variables of economic activity, through reviving the aggregate demand in a way that can revive the macroeconomic variables and raise the absorptive efficiency of the national economy, as well as address the imbalances that it suffers to create a diversified and balanced economic structure internally and externally.

Through the aforementioned and all that we dealt with earlier, we tried to answer The research question, by highlighting the contribution of public spending to achieving internal balance, given the growing role of the state's intervention in the national economy, especially after the recovery of budget revenues and the State's implementation of public spending programs from a year. 2001 to 2019 as it is considered the main pillar that guides the development process towards the underlined goals Through our research, we reached the following results:

The phenomenon of increased government spending is due to several apparent and real reasons, including economic, financial, political, administrative, social, and distinguishing public finances for developing countries as well as developed ones, government spending is financed through the revenue from petroleum collection, considering the Algerian economy a rentier economy, government spending is affected by changes in the hydrocarbon sector and affects the overall economic variables (such as gross domestic product, inflation rate, unemployment rate ...) and consequently on the state of the economic balance.

Government spending contributes to the formation of GDP, but is weak because its development is also linked to the growth of other constituent sectors, as the hydrocarbon sector contributes to the largest share in its composition, which remains subject to external changes.

Unemployment has known a decrease in its rates during the study period and this is due to the measures taken by the public authorities and the improvement of the economic situation, which led to the impact on the total demand for operating the productive apparatus and consequently the high demand for employment, including the employment of labor, which helps in reducing unemployment rates, which is what the economist brought Keynes.

Government spending affects the inflation rate, as it witnessed a significant decrease in the application of the government spending program compared to the nineties, but it increased after that because the Algerian economy is a consumer economy and thus remains subject to external changes.

The increase in government expenditures contributed to creating a deficit in the fiscal budget due to the excess of public expenditures over public revenues, especially after the 2008 crisis that affected the global economy affected oil prices, which led to a decrease in budget revenues that depend heavily on the hydrocarbon sector.

The contribution of government spending to achieving the internal balance of the economy was not with the required efficiency and its relative contribution in addressing the occupation of economic variables, due to the weakness of the productive system and the limited financial capacity of the country in light of the rentier consumer economy.

As final recommendations, we can say that the Algerian government should raise interest towards government expenditures and direct them towards investments that produce wealth and build projects that provide jobs to absorb unemployment and achieve social development and economic balance.

Diversifying the economy and searching for sources of income outside the sensitive hydrocarbons sector towards external changes and global shocks

Increasing interest in other sectors outside the hydrocarbon sector, such as the real productive sectors, "industry and agriculture", and the transport and communications sector, tourism, etc., in order to increase their contribution to the gross domestic product and protect it from external fluctuations.

Rationalizing public spending and combating all methods of waste and administrative corruption, while activating oversight and holding all those responsible for waste.

Attention to renewable energy projects that provide an unrepentant resource for obtaining the economy's energy needs.

The need to prepare scientific cadres that help in the process of technical progress and contribute to the evaluation of government spending policy to reach its goals.

Take advantage of successful international experiences and experiences in the field of public money management to increase the efficiency of government spending in achieving the stated objectives.

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