

University Of Abdelhafid Boussouf- Mila

Faculty of law & political sciences

Department of Law

Lecture five: Public Finance



Addressed to Third Year Public Law Students-Semester 1

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What is Public Finance? (ما هي المالية العامة؟)

Public Finance refers to the study of how the government collects and spends funds to provide public goods and services, manage national resources, and promote economic growth. It plays a vital role in the functioning of the economy as it directly impacts the distribution of wealth, employment, and the overall economic environment.

Key Components of Public Finance (المكونات الرئيسية للمالية العامة)

Government Revenue (إيرادات الحكومة): Government revenue is the income the government collects to fund its activities. The primary source of revenue comes from taxation (direct and indirect taxes), but it also includes income from public enterprises, investments, and grants.

Government Expenditure (نفقات الحكومة): This refers to the spending by the government on various sectors such as education, healthcare, infrastructure, defense, and welfare programs. Government expenditure is categorized into current expenditures (like salaries and operations) and capital expenditures (like investments in infrastructure and public services).

Public Debt (الدين العام): Public debt occurs when a government borrows money from domestic or foreign sources to finance its spending. Debt can be in the form of bonds or loans. Public debt is used to meet shortfalls when government revenues are not sufficient to cover expenditures.

Budgeting (إعداد الميزانية): A national budget is a document that outlines the expected revenues and expenditures for a particular fiscal year. It is an essential tool for financial planning and management, ensuring that government spending is aligned with national priorities.

Taxation (الضرائب): Taxation is one of the most important sources of government revenue. Governments impose taxes on individuals, businesses, and transactions to generate the funds needed for public spending. Taxes can be direct (like income tax) or indirect (like sales tax or VAT).

Public Policy and Fiscal Management (السياسة العامة والإدارة المالية): Public policy refers to the laws and regulations that guide the government's financial decisions. Fiscal management involves the methods and processes used to manage public funds, including balancing the budget and controlling inflation.

Principles of Public Finance (مبادئ المالية العامة)

Equity (العدالة): The principle of equity states that the tax system should be fair, with individuals contributing according to their ability to pay. This ensures that wealth is distributed more equally across society.

Efficiency (الكفاءة): Efficiency in public finance means that government spending should be used in ways that maximize the benefit to society. Public funds should be used effectively to achieve desired outcomes, such as improved public services or infrastructure.

Transparency (الشفافية): Transparency requires that the government's financial activities are clear and open to scrutiny. This helps to prevent corruption and mismanagement of public funds.

Accountability (المسؤولية): Governments must be accountable for how they manage public finances. This includes ensuring that revenues are collected properly and that expenditures are made in accordance with approved budgets.

Public Finance and the Economy (المالية العامة والاقتصاد)

Public finance plays a crucial role in the overall economic environment. It influences both macroeconomic stability and economic growth. Through fiscal policies, governments can control inflation, reduce unemployment, and stimulate economic activity. Effective public finance management can lead to a stronger, more resilient economy, while poor management can lead to deficits, high debt, and economic instability.

Fiscal Policy (السياسة المالية): Fiscal policy involves the use of government spending and taxation to influence the economy. A government can increase spending and cut taxes to stimulate economic growth or reduce spending and raise taxes to control inflation.

Monetary Policy vs Fiscal Policy (السياسة النقدية مقابل السياسة المالية): While fiscal policy involves government spending and taxation decisions, monetary policy is managed by a country's central bank and deals with the money supply, interest rates, and inflation control.

Terminology

- Public Finance - المالية العامة
- Government Revenue - إيرادات الحكومة
- Government Expenditure - نفقات الحكومة
- Taxation - الضرائب
- Public Debt - الدين العام
- Fiscal Policy - السياسة المالية
- National Budget - الميزانية الوطنية
- Deficit - العجز
- Surplus - الفائض
- Public Spending - الإنفاق العام
- Progressive Taxation - الضرائب التصاعدية
- Indirect Tax - الضرائب غير المباشرة
- Direct Tax - الضرائب المباشرة
- Income Tax - ضريبة الدخل
- Sales Tax - ضريبة المبيعات
- Fiscal Deficit - العجز المالي
- Monetary Policy - السياسة النقدية
- Debt Servicing - خدمة الدين
- Revenue Generation - توليد الإيرادات
- Public Sector - القطاع العام