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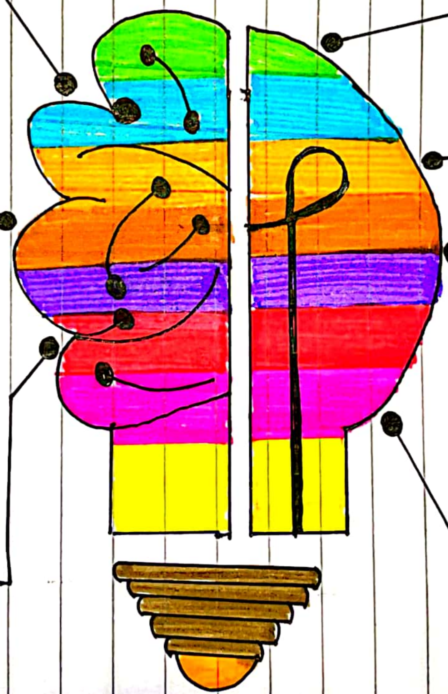
Budget Theory in the Public Sector



Nature and Dimensions

- Political → resource Allocation
- Economic / Fiscal → Distribution, stabilization, growth
- Accounting → spending limits, legality
- Managerial → service provision, Performance evaluation

Evolution and Paradigms

- Incrementalism (1950s - 1960s) → small stable changes
- Transition (1970s - 1990s) → legislative - executive conflict, deficits
- Emerging paradigm (2000s) → coequal branches, dynamic decisions

Early Theory (progresive)

- Mabel Walker → Proporional distribution
- Focus : Quality of public services community living standars
- Relevance : benchmarking and outcomes.

Political and Legal Principles

- Separation of Powers → executive vs legislative conflict
- Budget as negotiation and compromise.

Models and Approaches

- Nonconventional Budgets (super / regulator)
- Multiple Rationality model (policy, management, control)
- Principal - Agent model (Information)
- Responsibility Budgeting (accountabity) by Resuts)
- Organization - based Approach (public resource allocation)

Modern and contemporary Approaces

- Budgets as portfolios → risk return trade off
- Punctuated Equilibium → stability vs major shifts
- Agency mission and strategy → mission based budgeting.
- Budgeting for outcomes over efficiency
- Philosophy and Entepreneurial

Economic Prepective

- Musgrave's Three functions :
  1) Allocation of goods / services
  2) Income distribution
  3) Economic stabilization
- Criticism of Incrementalism → Ignores major shifts.

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