

CAN GOVERNMENTS LEVERAGE PROCUREMENT TO FOSTER DEVELOPMENT? EVIDENCE AND PROJECTIONS FROM PUBLIC SECTOR EXPENDITURES IN TURKEY

Travis K. Taylor, Christopher Newport University, VA USA
Murat A. Yülek, Istanbul Commerce University, Turkey

[dx.doi.org/10.18374/JIFS-14-1.6](https://doi.org/10.18374/JIFS-14-1.6)

ABSTRACT

This paper analyzes public sector expenditures in developing countries, and assesses the viability of leveraging procurement to meet development objectives. Average economic growth rates are significantly higher for developing countries than advanced economies. The robust growth can yield tax revenues that fund public expenditures. However, developing countries are characterized by inadequate physical infrastructure, which, in turn, negatively affects economic competitiveness. Domestic industry typically lacks the technological and productive capacity to meet the physical capital demand. Consequently, public procurement of imported machinery and equipment represents a significant share of total government outlays in most countries. We present data from 67 developing countries, and also forecasts from our case study country, Turkey, which demonstrate an upward trend in public expenditures, and argue that the rise in public expenditures on foreign capital is likely to be sustained over both the medium and long term due to both push and pull factors. We find that medium and large developing economies possess sufficient purchasing power to leverage public procurement in support of broader economic development goals.

Keywords: *public procurement; development, government spending, international*