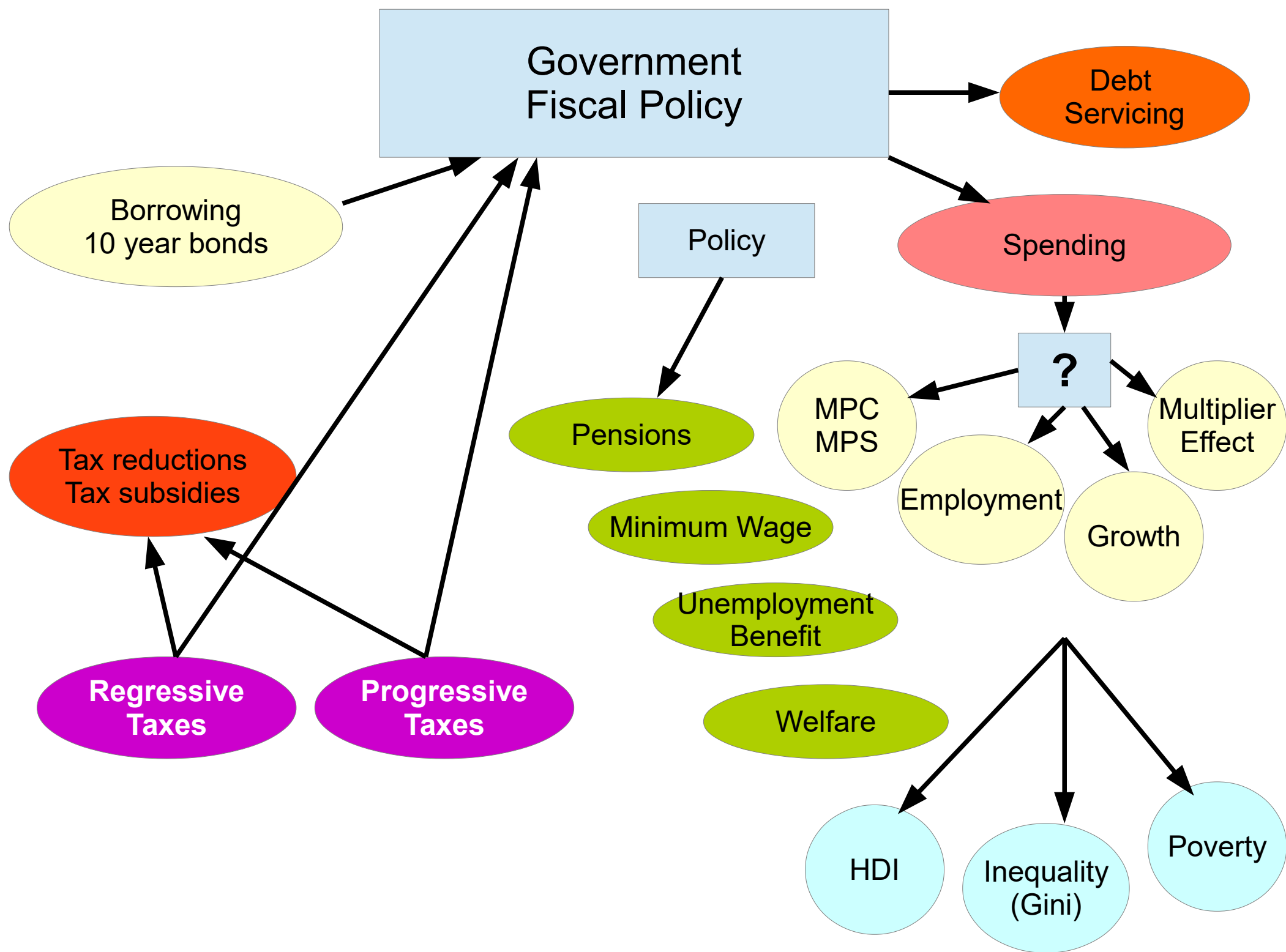




Fiscal Policy and Inequality An Overview

Dr David Rees



Fiscal Policy and Inequality

A government is elected on a political programme which is essentially its Fiscal Policy

A government operates within a political paradigm (left / centre / right)

The Fiscal Policy programme will determine the:

- Level of inequality (intranational and geographical)
- Level of growth, deficit, debt and inflation
- Balance of Payments (Exports minus Imports)
- Level of poverty and social welfare
- Level of employment
- Economic framework (industry, services, agriculture etc.)
- HDI (Human Development Index)

Fiscal Policy and Inequality

- To understand Fiscal Policy, certain Economic Concepts are necessary. We will look at :
- Types of progressive and regressive taxes
- Direct and indirect taxes
- Financial Transfer Tax
- Tax avoidance and tax evasion
- Elasticity
- The Multiplier Effect (ME)
- The marginal propensity to consume (MPC) and save (MPS)
- The process of government borrowing
- The effect of rating agencies

Fiscal Policy and Inequality

- Tax drift and tax competition
- Tax incidence (externalities)
- Tax havens
- Investment vs speculation
- Wealth and political power
- Lobbying
- GDP, Green GDP and HDI
- Gini (intranational inequality)
- Tax and inflation
- International inequality a
- Debt as a political tool (national and international)