Fiscal Policy for Poverty Reduction, Improved Income Distribution and Human Capital

Fiscal Policy Equity and Long Term Growth in Developing Countries

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Fiscal systems in Latin America don’t effectively redistribute income.

Gini coefficients at market income, disposable income,

Fiscal systems in Latin America don’t effectively redistribute
Even accounting for in kind transfers

Gini coefficients at market income, disposable income, and post fiscal income

Share of tax revenue by sources

Source: US OMB Historical Tables; OECD Revenue Statistics, Latin American Countries; Eurostat
Brazil income distribution and tax burden

Share of income paid in taxes by income decile

Nora’s fiscal incidence data

Brazil (2009)

Nora’s fiscal incidence data

Brazil (2009)

But the transfers are poor quality – everyone (even the poor) is opting out.

**Education**

% of students (6–12 years) enrolled in private school

![Bar chart showing % of students enrolled in private school by income level and country.]

Social Contract – when citizen’s don’t realize they are being taxed they can’t hold the government accountable

Are you required to pay the VAT?

- Malawi: No
- Burundi: No
- Lesotho: No
- Uganda: No
- Tanzania: No
- Liberia: No
- Benin: No
- Burkina Faso: No
- Cape Verde: No
- Kenya: No
- Zimbabwe: No
- South Africa: No
- Namibia: No
- Ghana: No
- Mauritius: No
- Mali: No
- Botswana: No

Source: Afrobarometer Survey Round 5
Thank you

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