

**Syllabus Reference 3.6: Fiscal policy**

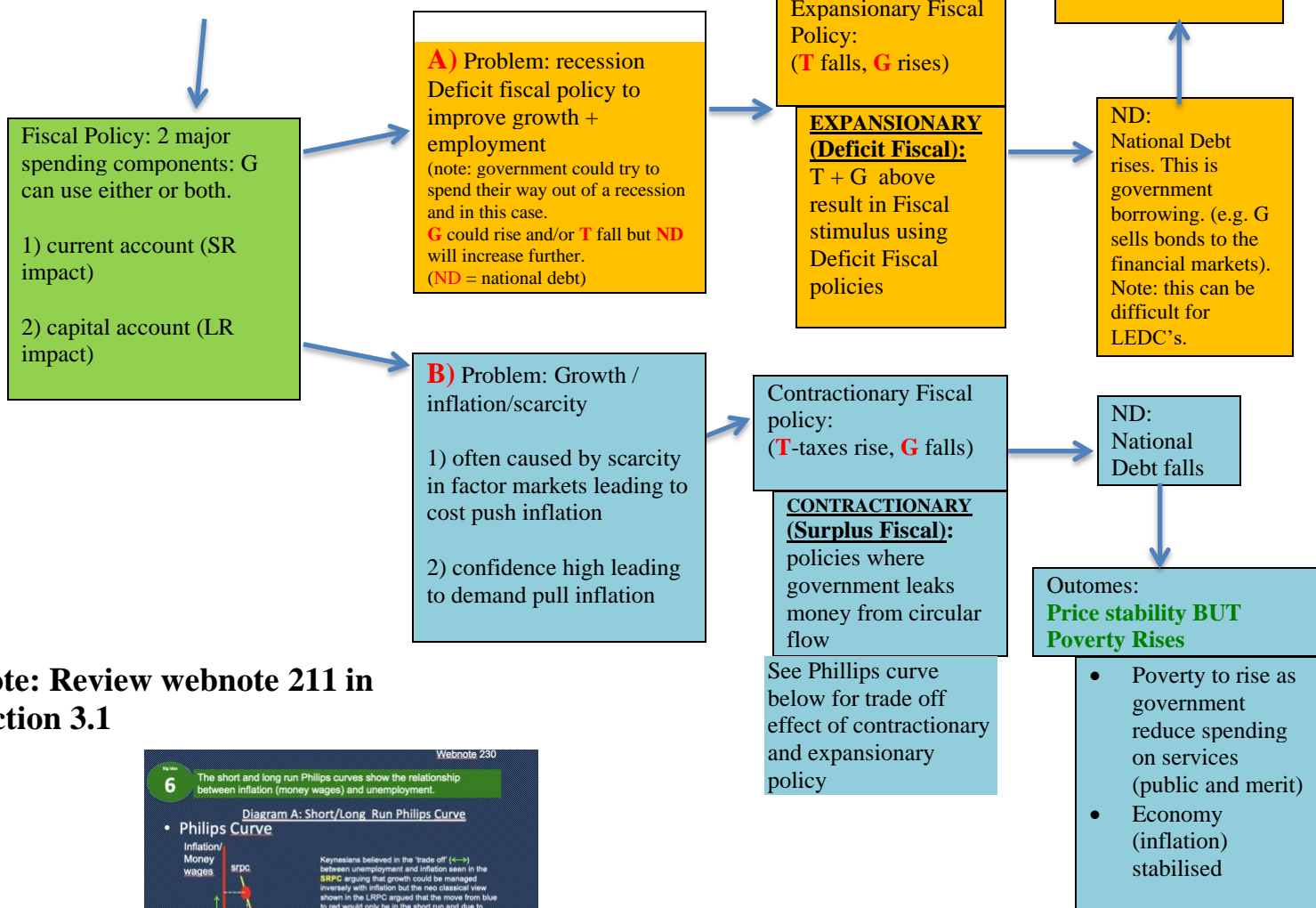
**Cross Reference:** see webnote 300 re circular flow of income for a macroeconomy syllabus 3.1

**Fiscal policy**

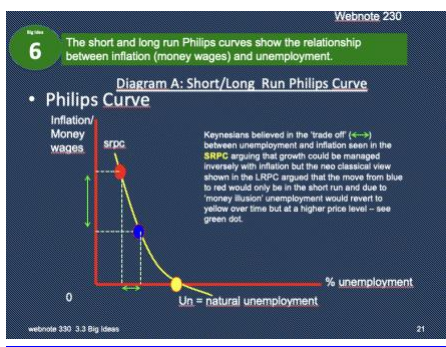
- Spending and revenue plan for government
- Allows government to control essential injections and leakages into the macroeconomy
- Main components of fiscal policy are incomes and expenditures
- Forms the key macro management tool for government ( the other key policy is monetary policy)

- 4 Key Macro Problems:**
1. **Inflation**
  2. **Growth**
  3. **Unemployment**
  4. **Distribution/Development/welfare/transfer payments (SYLLABUS 3.4)**

- Outcomes: Growth**
- **Growth Rise**
  - Debt Repayment through growth (increased tax revenue) or higher taxes in longer term



**Note: Review webnote 211 in section 3.1**



**What do you think?  
Is fiscal a market based or an interventionist policy?**