

# Fiscal Policy and Inequality

Keynote Address

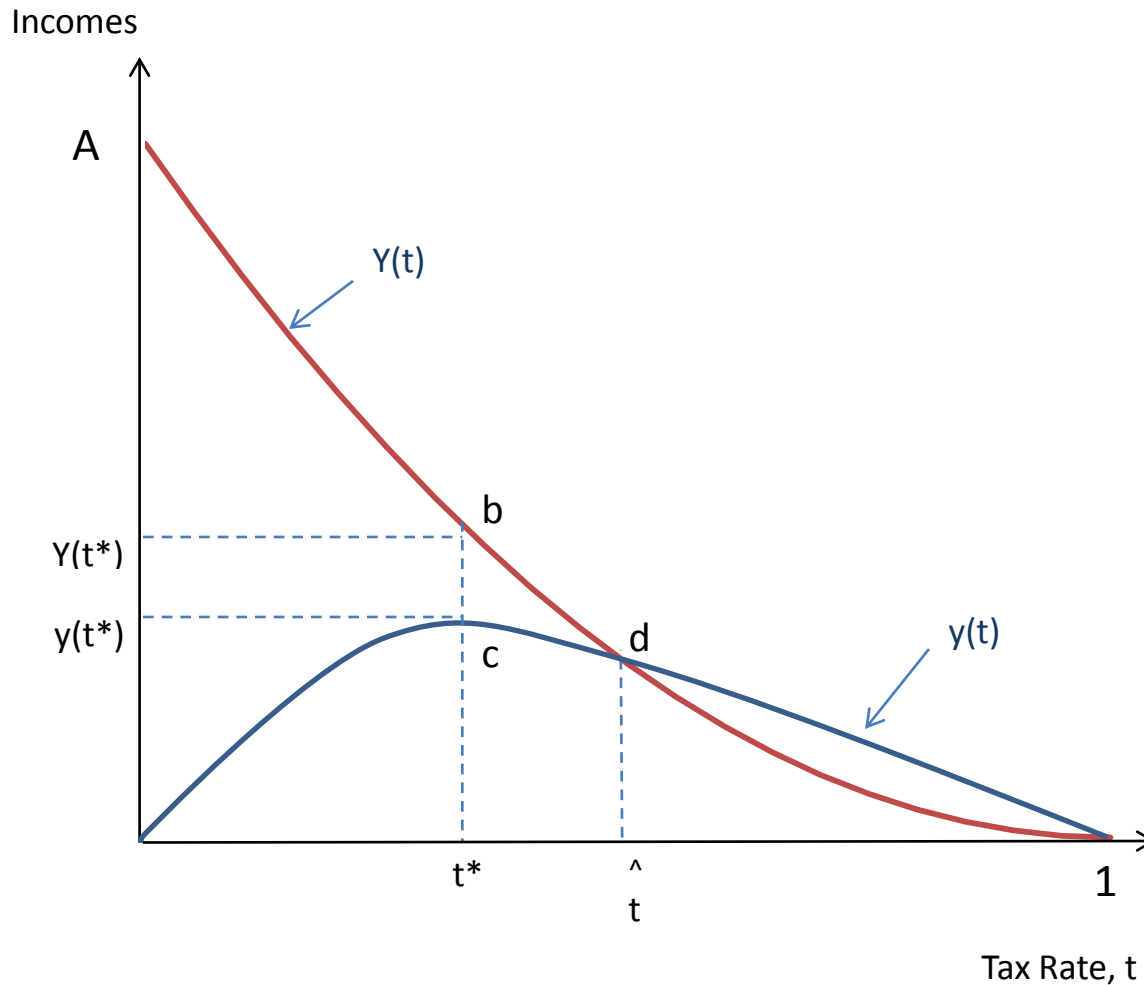
*Third World Bank Conference on Equity:  
Fiscal Policy for an Equitable Society*

**Kaushik Basu**

Chief Economist and Sr. Vice President  
The World Bank

June 10, 2013

# Potential trade-off between inequality and poverty reduction: a simple model



# Tax Rate Coordination Game

		Country B		
		5%	15%	25%
Country A	5%	1,1	3,0	3,0
	15%	0,3	2,2	4,1
	25%	0,3	1,4	3,3