

*Provisional title*

The influence of redistributive economic policies on the success of fiscal consolidation: Evidence from OECD and Central/Eastern European countries

*Reasoned description (max 150 words)*

To define how redistributive economic policies effect the amount achieved of debt reduction after fiscal consolidation one needs to define success first: This paper will consider fiscal consolidation as successful, when the debt/GDP ratio of a country is lower three years after the attempt than in the attempt year. As redistribution indicators taxation variables (e.g. low VAT, top marginal income rate, ratio of direct to indirect tax), as well as spending variables (e.g. public spending directed at low income households, public expenditure on labour market programs per head and on education per head) will be defined to measure aggregated results. The underlying belief lies in the hypothesis that fair fiscal adjustment can promote both lowering public debt and enhancing social cohesion.

This paper build up on *Kaplanoglou, Rampanos and Bardakas (2014)*: “Does fairness matter for the success of fiscal consolidation?” and first replicate their results. The conclusions made will then be extended for the case of Eastern/Central European countries.

*Key Research Questions/Hypothesis (max 50 words)*

The success of fiscal consolidation packages is influenced by the extent of their distributional characteristics. The “fairer” expenditure cuts are designed the higher the effect of fiscal adjustment in terms of public debt/GDP gets.

*Proposed methodology and sources of data (max 100 words)*

The paper will use data from the OECD Economic Outlook database and specify on the European countries with an observation period starting from 1970 – 2013/2014. Based on these data OLS regressions with fixed effects will be used to figure out the effect of fairness on the success of fiscal consolidation. After a robustness check is done to prove the findings the same models will be applied for Central/Easter European countries, to find out in which way results differ for these countries.