



# European Union Centre of Excellence Lecture Series @ UVic

## *European Austerity: Does Inequality Matter?*

Laurence Malafry, PhD Candidate, Stockholm University

12:00-1:30pm, Tuesday January 14, 2014

Sedgewick C168



*Join us for the inaugural lecture!*

The literature on fiscal policy is progressing towards an understanding that a single fiscal multiplier is inappropriate when assessing the impact of changes in government spending and taxes. Indeed, it appears that fiscal multipliers are dependent on agent, and country characteristics, as well as, dependent on the state of the economy. One such characteristic worth exploring is the distribution of wealth within a country. In the presence of borrowing constraints, wealth poor households are less likely to be able to smooth their consumption over time and are thus more sensitive to changes in their income. In the face of benefit and wage cuts, as well as, rising taxes, European countries looking to control their primary deficits may meet varying success, depending on the mass of households living hand-to-mouth. Does cross-country heterogeneity in wealth distributions imply significantly different fiscal multipliers?



**University of Victoria** European Studies  
Program