УДК: 811.111

FISCAL POLICY IN THE USA

Матвєєва М. *– здобувачка вищої освіти групи ПУА 3/2 ФМ*

Науковий керівник – Ганніченко Т.А., доцентка кафедри іноземних мов МНАУ

У статті розглянуто роль фіскальної політики у розвитку держави на прикладі США.

Ключові слова: *фіскальна політика, експансіональна політики, державний бюджет, економічна криза.*

The article examines the role of fiscal policy in the development of state using the example of the USA.

Keywords: *fiscal policy, expansionary fiscal policy, the state budget, the economic crisis.*

Fiscal policy is the use of the federal tax and spending process to influence the level of economic activity. In its simplest form, fiscal policy involves changing taxes and/or government spending in order to expand or contract aggregate demand toward a targeted level of equilibrium national income. Contractionary fiscal policy dictates a decrease in spending and/or an increase in taxes in order to reduce economic activity. Expansionary fiscal policy is the opposite, an increase in spending and/or a decrease in taxes in order to stimulate economic activity.

In the United States, fiscal policy became an accepted, important part of macroeconomic policy during the Great Depression. In the absence of private consumption spending and business investment, government spending was used as an alternative source of demand. As advocated by the British economist John Maynard Keynes, President Franklin Roosevelt's “New Deal” administration greatly expanded government spending through programs such as the Civilian Conservation Corps and the Works Progress Administration. Many of today's state parks and older government buildings were created during the Depression. Similarly, President Obama's 2009 Stimulus bill amounting to over $700 billion was designed to offset declining consumption and investment spending during the deepest recession since the 1930s.

The development of fiscal policy is an elaborate process. Each year, the president proposes a budget, or spending plan, to Congress. Lawmakers consider the president's proposals in several steps. First, they decide on the overall level of spending and taxes. Next, they divide that overall figure into separate categories - for national defense, health and human services, and transportation, for instance. Finally, Congress considers individual appropriations bills spelling out exactly how the money in each category will be spent. Each appropriations bill ultimately must be signed by the president in order to take effect. This budget process often takes an entire session of Congress; the president presents his proposals in early February, and Congress often does not finish its work on appropriations bills until September (and sometimes even later).

The federal government's chief source of funds to cover its expenses is the income tax on individuals, which in 1999 brought in about 48 percent of total federal revenues. Payroll taxes, which finance the Social Security and Medicare programs, have become increasingly important as those programs have grown. In 1998, payroll taxes accounted for one-third of all federal revenues; employers and workers each had to pay an amount equal to 7.65 percent of their wages up to

$68,400 a year. The federal government raises another 10 percent of its revenue from a tax on corporate profits, while miscellaneous other taxes account for the remainder of its income.

The overall level of taxation is decided through budget negotiations. Although Americans allowed the government to run up deficits, spending more than it collected in taxes during the 1970s, 1980s, and the part of the 1990s, they generally believe budgets should be balanced. Most Democrats, however, are willing to tolerate a higher level of taxes to support a more active government, while Republicans generally favor lower taxes and smaller government.

Over the years, lawmakers have carved out various exemptions and deductions from the income tax to encourage specific kinds of economic activity. Most notably, taxpayers are allowed to subtract from their taxable income any interest they must pay on loans used to buy homes. Similarly, the government allows lower- and middle-income taxpayers to shelter from taxation certain amounts of money that they save in special Individual Retirement Accounts (IRAs) to meet their retirement expenses and to pay for their children's college education.

The Tax Reform Act of 1986, perhaps the most substantial reform of the U.S. tax system since the beginning of the income tax, reduced income tax rates while cutting back many popular income tax deductions (the home mortgage deduction and IRA deductions were preserved, however). The Tax Reform Act replaced the previous law's 15 tax brackets, which had a top tax rate of 50 percent, with a system that had only two tax brackets - 15 percent and 28 percent. Other provisions reduced, or eliminated, income taxes for millions of low-income Americans.

Література:

1. Taylor T. - Contemporary economic issues

2. Andersen T.G., Bollerslev T. - Intraday periodicity and volatility persistence in financial markets (1997)

3. Epping R.C. - The Beginner[ap]s Guide To The World Economy (1995)