

**The Role of Fiscal Policy in Decreasing of Inequality in
Distribution of Incomes
((Applied Study in Jordan & Yemen for 1990 – 1999))**

**To
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ABSTRACT

Because of the important effect of the fiscal policy on the economic activity, as well as its link with the other economic policies, the contemporary economic systems are aiming at the economic and social welfare of the society.

In order to achieve this aim, the policy has been put by different economic systems, including fiscal policy, as a main part of the economic policies. It is an effective tool to achieve the economic and social objectives or goals, because it is bearing the great burden in achieving these objectives and aims.

At the economic and social level, the most countries in the world are suffering from the inequality of income distribution among their population. This phenomenon appears, especially, in the developing countries, which are lacked the necessary policies, measures, and laws.

In those countries, few category of population or social are holding most of the developing benefits or fruits.

The income distribution is the most important. Issues of the field of economic and social development. And this topic has a wide dispute in field. Due to its dimensions in relation of people. This is the reason of selecting this subject in our study.

I choose each of Jordan and Yemen as a practical case for 1990 – 1999, because these two economies having weak fiscal policy, and wide gap of income distribution between low income citizens and high incomes ones.

This was happened through following the advises of International Monetary Fund (IMF) and world bank by these two countries, To remedy the structural, economic, and social imbalances.

These advises were weakened the role of fiscal policy, on the one hand, and widened the gap of income distribution, on the other.

This study has been concluded that the reason of inequality of income distribution in Jordan and Yemen, after 1990, is

represented by compliance of them to the conditions of International Monetary Fund and World Bank.

For example, the pressure on the governmental expenditures led to decrease in the necessary social services, such as education, health, and social security.

In order to improve the role of fiscal policy in decreasing the inequality of income distribution, it is necessary to use the progressive consumer and income taxes to discern between the consumer goods and welfare commodities.

In regard to large job base and lower productivity, it is insufficient to give the social security to improve the labour productivity, it is necessary, too, to train the workers on a qualitative base in according to a suitable science.