

SUG

May/June 2012 SA: Q1 (c) (1 mark)

below

Oct/Nov 2012 SB: Q4 (b) (5 marks)

- Political theory - influence of social events on public expenditure.
- individuals in democracy usually not prepared to finance increased G through higher taxes / normally G only \uparrow when absolutely necessary.
- social upheavals e.g. war may change public's attitude
- govt expenditure \uparrow rapidly & convince taxpayers higher taxes necessary to prevent national disaster
- certain part of public exp are displaced due to the social event.
- After crisis it is expected G & tax \downarrow to pre-crisis levels but tax & exp levels remains at new ~~post~~-crisis levels
- Taxpayers become used to higher taxation and accept them as a way of life.