# Article information:

Redistribution of tax resources: a cooperative game theory approach | SpringerLink
<https://link.springer.com/article/10.1007/s13209-021-00253-5>

# Article summary:

1. The problem of distributing public sector spending among regions of a country can be addressed using cooperative game theory.

2. The tax cooperative game can determine the minimum amount of tax revenues that should be allocated to each region or coalition of regions, and excesses can measure grievances against budget distribution.

3. The balanced allocation φw, which considers per capita GDP as weights, offers a greater degree of solidarity between regions than other rules and is a reasonable trade-off between stability and solidarity.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article "Redistribution of tax resources: a cooperative game theory approach" presents a theoretical framework for distributing public sector spending among regions of a country. The authors propose using cooperative game theory to determine how much of the fiscal resources belong exclusively to each region and how much should be considered common property. They introduce the concept of the tax cooperative game, which determines all tax revenues derived exclusively from economic interaction within regions of a coalition, as well as any imports or exports from abroad.

The article provides an overview of three basic principles that appear recurrently in the search for a well-functioning regional financing system: non-discrimination, fairness in redistribution, and ordinality. However, it does not provide sufficient evidence or analysis to support these principles or explore potential counterarguments.

The authors propose two budget allocation rules: the balanced allocation φ and the weighted balanced allocation φw. While they provide some theoretical justification for these rules, they do not thoroughly explore their potential biases or limitations. For example, while φw is intended to improve redistributive behavior, it may also have unintended consequences such as disincentivizing economic growth in wealthier regions.

The article also includes a case study on Spain's financial system from 2011-2014. While this provides some practical application of the proposed framework, it is limited in scope and does not consider other factors that may impact budget distribution in Spain.

Overall, while the article presents an interesting theoretical framework for distributing public sector spending among regions, it lacks thorough analysis and exploration of potential biases and limitations. It would benefit from further research and consideration of alternative perspectives.

# Topics for further research:

* Critiques of cooperative game theory in public sector spending allocation
* Alternative approaches to regional financing systems
* Economic growth incentives and regional budget allocation
* Case studies of regional financing systems in other countries
* Political factors influencing regional budget allocation
* Analysis of the impact of tax policies on regional economic development

# Report location:

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