

*Seminar Series: September 2007 – May 2008*

*Beyond the SGP - Features and effects of EU national-level numerical fiscal rules*

Dr. Alessandro Turrini  
DG Economic and Financial Affairs  
European Commission

Tuesday 27 May 2008 at 1600hrs  
Venue: Ivy Lodge, 63 Gibson Street  
University of Glasgow

*Abstract*

This paper provides a comprehensive analysis of numerical fiscal rules implemented at the national level in 25 countries of the European Union, using a unique, survey-based dataset. It explores the possible reasons for the growing reliance on such rules and assesses the influence of numerical fiscal rules on fiscal performance. Both the introduction of the EU fiscal framework and country-specific fiscal governance features played a role on triggering the introduction of numerical fiscal rules at national level. The impact of rules on fiscal discipline appears statistically robust and quantitatively important. While unobserved social preferences for fiscal conservatism could jointly determine outcomes and rules, the analysis suggests that rules shape fiscal behaviour rather than vice versa. It also appears that the design of rules matters for their effectiveness. In particular, rules specifically designed to avoid or reduce conflicts with the stabilisation function of fiscal policy are associated with less pro-cyclical policies.