

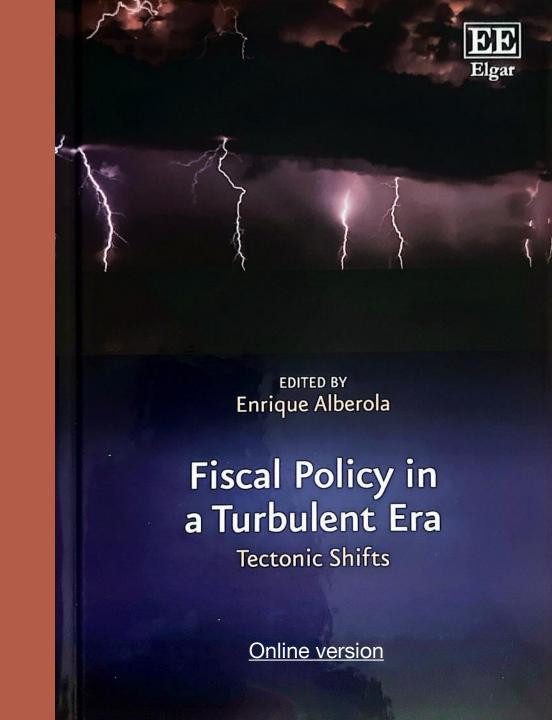
FISCAL POLICY IN A TURBULENT ERA. TECTONIC SHIFTS

THE BOOK IN 20 TAKEAWAYS

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SUERF WEBINAR

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- The inception of the book
- A turbulent era, indeed
 - The Global Financial Crisis (+ the pandemic) has transformed fiscal policy and its perception
 - Tectonic shift
 - But is the **pendulum shifting again** ("out of sample")?
 - Pause for thought
 - Which are these changes?
 - Which are the concerns and challenges
 - Implications for fiscal policy, now and looking ahead?

Ch.1 The transformation of fiscal policy in the turbulent era (Alberola)



Fiscal space

uses

-Debt & its burden

- Ch. 2-Surges & reductions (Panizza & Powell)
- Ch.3-Restructuring (Erce)
- Ch.4-Low r & Monetary policy (Alberola)

-Taxation

Ch.5 International taxation (Hebious)

Ch.14 The future of fiscal policy (Gaspar, Lizarazo, Peralta)

-Stabilization

- Ch.6-Effectiveness (Andrés)
- Ch.7-Fiscal rules EMDEs (Ardanaz, Cavallo, Izquierdo)
- Ch.8-Fiscal governance EU (Thygesen)
- Ch.9-Financial stability (Borio, Farag, Zampolli)

-Redistribution

- Ch.10 Inequality and tools (Clements, Gupta, Jalles)
- Ch.11 Progressivity and redistribution (Kharroubi, Mojon, Pereira)
- Ch.12 Ageing challenges (Caldera, Rouzet)

-Allocation

Ch.13. Climate transition (Forni)

20 takeaways

The current status of fiscal policy

- 1. Fiscal policy has gained relevance (the fiscal mood)...
- 2. ...in spite of historical highs in public debt
- 3. Low interest rates explain the puzzle, as they widen the fiscal space (<u>»</u>)
- 4. Monetary policy has empowered fiscal policy and they have become more interconnected
- 5. Discretionary fiscal policy has become more effective... (<u>»</u>)
- 6. ...but automatic stabilizers have weakened amid less progressivity
- 7. The promise of fiscal rules to discipline fiscal policy has not been fulfilled. Quality is the key.
- 8. The demands on fiscal expenditure have expanded, due to structural changes...
- 9. ...and have gained regional and global scope

- 10. Fiscal policy to lose effectiveness in the evolving economic environment...
- 11. ...albeit interest rates are still expected to remain low in the long run
- 12. Public finances are overstretched and the scope for increasing fiscal revenues is limited
- 13. Higher discretion in fiscal policy risks making it less efficient
- 14. Debt is at dangerous levels, debt service and defaults are increasing
- 15. Fiscal space is set to shrink (abruptly?). The priority is to preserve it

- 16. A genuine commitment to medium-term fiscal consolidation...
- 17. ...combined with a reassessment of government's role and optimal size.
- 18. Improving the quality of fiscal policy, leveraging on technology
- 19. Fiscal rules with the adequate design, complemented in Europe with a central fiscal capacity
- 20. The overall challenge is to reconcile the central role of fiscal policy with sustainable debt

The book online



