P08 / Fiscal Governance: an International Perspective

Topic : POLICY DESIGN, POLICY ANALYSIS, EXPERTISE AND EVALUATION

Chair : Haizhen Mou (University of Saskatchewan)

Second Chair : Michael Atkinson (University of Saskatchewan)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

Citizens, journalists and academics can often be heard worrying about the tendency of governments to run deficits and accumulate debt. After all, unlike most organizations, governments often have very significant borrowing capabilities. To reduce the temptation to fund current spending via long term borrowing, many countries, states and provinces have adopted rules that impose limits on debts or deficit spending. In Canada, the United States and other developed countries, the most popular of these rules requires governments to balance their budgets either annually, or over a relatively short time frame. In developing countries, debt limits are commonly employed as fiscal rules.

Although the presence of stringent fiscal rules is generally associated with lower deficits and debts, the process of implementing fiscal rules has drawn criticism and suspicion. Fiscal rules are not always well conceived. Sometimes governments do not follow their own rules, sometimes they change the rules so that they can be in compliance, and sometimes they develop accounting practices that allow them to skirt the rules. The effectiveness of rules depends on: 1) their design, and 2) the fiscal governance regime in which they work. Getting the rules right is important, but whether rules work in the way they were intended also requires a set of norms and institutions that commit decision makers to maintain fiscal accountability.

This panel will compare the experience of different countries and sub-national entities in developing and applying fiscal rules. Whether fiscal rules can be effectively employed in multi-level governance settings is of particular interest to those concerned with the financial vulnerability of local and regional governments. The objective of the panel is to understand whether and how a fiscal governance regime centered on fiscal rules can help governments manage debts, foster norms of fiscal sustainability and meet the accountability expectations.

The research questions that the panel will focus on include:

1. What is the experience of different countries in controlling debts?
2. What is the experience of different countries in creating and applying fiscal rules?
3. How can rule-based fiscal governance be made more effective?
4. How can the measurement and evaluation of fiscal governance be improved?

Fiscal sustainability should be of concern to citizens in every country, but significant disagreements exist regarding the dangers of indebtedness and the perils of austerity. A consideration of fiscal rules can reveal different norms and expectations regarding fiscal governance and the readiness of governments to use rules to guide decision making. Lessons learned from those with extensive experience can be shared widely to improve the design and implementation of rules, ensure budgets are sustainable, and strengthen norms of fiscal accountability. This panel discussion can also help researchers to exchange ideas and learn from each other the methods of measuring and evaluating fiscal governance.

CALL FOR PAPERS

There is no doubt about the growing popularity of fiscal rules (IMF 2012). The most common rule requires a balanced budget within a particular time frame, but other rules stipulate debt levels, establish savings funds, limit expenditure growth, or require referendums prior to tax increases.

In spite of their appeal, it is difficult to make self-imposed rules a centerpiece of fiscal governance. Research suggests a propensity to abandon fiscal rules in the face of economic pressures (Simpson and Wesley 2012). The panel proposed here is premised on the idea that a sound fiscal regime requires well-designed rules (Howlett and Lejano 2013) and a supportive regime of fiscal governance that foster norms of fiscal sustainability and meet the accountability (Atkinson, Mou and Bruce 2016).

The objective of the panel is to understand whether and how a fiscal governance regime centered on fiscal

rules can help governments manage debts and achieve desirable fiscal and democratic outcomes. The research questions that the panel will focus on include:

1. What is the experience of different countries in controlling debts?
2. What is the experience of different countries in creating and applying fiscal rules?
3. How can rule-based fiscal governance be made more effective?
4. How can the measurement and evaluation of fiscal governance be improved?

Whether fiscal rules can be effectively employed in multi-level governance settings is of particular interest to those concerned with the financial vulnerability of local and regional governments. We invite panel submissions that describe the experience of different countries and sub-national entities in developing and applying fiscal rules. Both conceptual and empirical work will be considered. Comparative design is not required but is strongly encouraged.

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Session 1Fiscal governance: behavioral aspects

Thursday, June 27th 10:30 to 12:30 (MB S1.255)

The prospects for rule-centered fiscal governance

Michael Atkinson (University of Saskatchewan)

Haizhen Mou (University of Saskatchewan)

Fiscal Governance: Rules, Social Dilemma and the Brazilian Perspective

Mattos Miguel (University of Brasília)

State-imposed Property Tax Levy Cap and Local Government Revenue: Evidence from New York

Hyoung-Keun Kwon (Maxwell School of Citizenship and Public Affairs, Syracuse University)

Yilin Hou

Theoretical Analysis and Policy Practice: Debt expansion Mechanism and Governance of Local Government Financing Platforms

Wei Wang

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Session 2Fiscal governance: policy issues

Thursday, June 27th 16:30 to 18:30 (MB S1.255)

Barking dogs and purring cats: impartial budget oversight in Western, ASEAN and African parliaments

Scott Cameron

Scott Cameron (Parliamentary Budget Officer of Canada)

The fiscal space and spending multiplier of the state governments in Mexico: a comprehensive analysis of sustainability and promotion of regional growth

IGNACIO RUELAS (Centro de Investigación y Docencia Económicas (CIDE))

Alain Dimitrius Izquierdo Reyes (Universidad de Guadalajara)

Population Aging and Sino-US Trade Friction: An Empirical Study about Pensions reserves

Yanfeng Bai (School of Public Fiance and Tax)

Tong Yue

Exchange of Information as a Public Policy Instrument Essential to Protecting the Tax Base and Canada's International Tax Cooperation

Marie-Thérèse Dugas (Université de Sherbrooke)

Are the glory days of Balanced Budget Laws fading? A review of recent Canadian experience

Haizhen Mou (University of Saskatchewan)

Michael Atkinson (University of Saskatchewan)

Maritza Lozano (Johnson Shoyama Graduate School of Public Policy)