

Should We and Can We Depoliticize Fiscal Policy?

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Pôle Tertiaire - Site La Rotonde - 26 avenue Léon Blum - 63000 Clermont-Ferrand

Conference

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ABSTRACT

Is fiscal policy too political? For many, politics explains why government deficits and debts can be unsustainable. Recent events in the euro area have shown that even advanced economies could be subject to the wrath of financial markets and the considerable costs of full-fledged sovereign debt crises. Economists routinely blame distorted political incentives as the source of fiscal irresponsibility. Hence, as for monetary policy in the 1990s, the solution might be to depoliticize fiscal policy altogether. Some have argued that there is nothing political about a budget constraint—politics is about preferences not basic arithmetic. The speech will revisit the general case for policy delegation to unelected technocrats and explain why real-world independent fiscal institutions are both on the rise yet much more limited in scope.

Speaker



Xavier Debrun

IDEAS/REPEC(<https://ideas.repec.org/e/pde33.html>)

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