Fiscal rules and international financial market access

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Focus on research

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Fiscal policy is a powerful instrument to regulate the economic activity in order to address many development challenges and promote sound macroeconomic conditions in developing countries. A large literature examines the role of fiscal rules in improving fiscal outcomes. Fiscal rules impose numerical limits on budgetary aggregates. However, few studies investigate the link between fiscal rules and financial market access. This paper aims to explore the effects of various types of fiscal rules and their interactions on financial market access in developing countries. Our findings confirm that the adoption of fiscal rules is an instrument for policy makers to improve developing countries’ financial market access.

Read in French

About the author
Reference

Pegdewendé Nestor Sawadogo, “Can fiscal rules improve financial market access for developing countries?” Journal of Macroeconomics (published online on the 4th of June 2020)