

The Political Economy of Fiscal Policy

A course by Jakob de Haan, Professor of Political Economy, University of Groningen, The Netherlands

1. Economic Theory: Ricardian Equivalence and Tax Smoothing

* Heijdra, B. J. and F. van der Ploeg (2002), *The Foundations of Modern Macroeconomics*, chapter 6 (The Government Budget Deficit), Oxford: Oxford University Press.

* Knot, K.H.W. and J. de Haan (1996), "Fiscal Policy: Theory, determinants, and measurement", in: K.H.W. Knot, *Fiscal Policy and Interest rates in the European Union*, Cheltenham: Edward Elgar.

Seater, J.J. (1993), "Ricardian Equivalence", *Journal of Economic Literature*, 31: 142-190.

Elmendorf, D.W. and N. G. Mankiw (1998), "Government Debt", NBER Working Paper No. 6470.

2. The Political Economy of Budget Deficits

* Alesina, A. and R. Perotti (1995), "The political economy of budget deficits", *IMF Staff Papers*, 42 (March), 1-31.

* Franzese, R.J. (2002), *Macroeconomic Policies of Developed Democracies*, Cambridge: Cambridge University Press, chapters 1 and 3.

* Volkerink, B. and J. de Haan (2001), "Fragmented government effects on fiscal policy: New Evidence", *Public Choice*, 109, 221-242.

3. The Role of Budgetary Procedures

* Alesina, A. and R. Perotti (1999), "Budget Deficits and Budget Institutions", in: J.M. Poterba and J. von Hagen, *Fiscal Institutions and Fiscal Performance*, Chicago: NBER/University of Chicago Press.

* Hallerberg, M. and J. von Hagen (1999), Electoral Institutions, Cabinet Negotiations, and Budget Deficits in the European Union, in: J.M. Poterba and J. von Hagen, *Fiscal Institutions and Fiscal Performance*, Chicago: NBER/University of Chicago Press.

4. Interaction Between Fiscal and Monetary Policy: The Stability and Growth Pact

* Beetsma, R. and L. Bovenberg (1999), “Does monetary unification lead to excessive debt accumulation?”, *Journal of Public Economics* 74, 299-325;

Eichengreen, B. and C. Wyplosz (1998), “The Stability Pact: more than a minor nuisance?”, *Economic Policy*, April, 65-113;

* Eijffinger, S.C.W. and J. de Haan (2000), *European Monetary and Fiscal Policy*, chapter 4, Oxford: Oxford University Press.

Inman, R.P. (1996), “Do Balanced Budget Rules Work? U.S. Experience and Possible Lessons for the EMU”, *NBER Working Paper*, no. 5838.

5. Fiscal Consolidations in Open Economies: Theory and Evidence

* Alesina, A. and S. Ardagna (1998), “Tales of fiscal adjustments”, *Economic Policy*, October;

* Alesina, A. and R. Perotti (1995), “Fiscal expansions and adjustments in OECD countries”, *Economic Policy*, October;

Alesina, A., R. Perotti, and J. Tavares (1998), “The political economy of fiscal consolidations”, *Brookings Papers on Economic Activity*;

Giavazzi, F. and M. Pagano (1990), “Can severe fiscal contractions be expansionary? Tales of two small European countries”, *NBER Macroeconomic Annual*, vol. 5, MIT Press;

Perotti, R. (1999), “Fiscal policy in good times and bad”, *Quarterly Journal of Economics*, November;