Countercyclical Properties of Fiscal Rules: an EU perspective

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Why fiscal rules?
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The early view: *Tie the hands of fiscal policy makers*

John William Waterhouse, Ulysses and the Sirens (1891), National Gallery of Victoria (Melbourne, Australia)
Have fiscal rules been effective?

Note: Countries are grouped based on their average debt levels in 2011-2019.
Have fiscal rules been effective?

Share of pro-cyclical episodes per year: 40 OECD countries incl. 27 EU

Do we need new fiscal rules?

Updated view: *Hands of policy makers cannot be tied, but they need advise*

Pier Francesco Cittadini (ca. 1650) Ulysses and Circe (Private collection, Italy)
Thank you for your time!

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