

Budgeting Procedures and Fiscal Stance of OECD Countries in the Wake of Global Economic Crisis

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Abstract : Budgetary procedures are considered to be important for countries' fiscal performance. The objective of this paper is to analyze this relationship for the OECD countries in the wake of global economic crisis taking into consideration countries' fiscal conditions and institutional arrangements. We test whether groups of countries that are fiscally different after the crisis differ in their use of budgetary procedures including performance budgeting, transparency mechanisms and medium-term expenditure framework. For this purpose, we classify OECD countries in two groups according to the variations, in debt to GDP ratio between 2008 and 2014. We then analyze the intensity of use of budget procedures taking into account countries' economic conditions during the crisis. Our first finding is that there is no monotonic relationship between the intensity of use of these three budgetary procedures and enhanced fiscal performance. Countries showing similar fiscal performance scored differently in terms of on budgetary procedures. We, therefore, review the budgetary frameworks and trajectories of several countries that are fiscally sound. From this qualitative analysis, we derive a set of factors that may enhance the efficiency of budgetary procedures. This suggests that a given budgetary procedure may have different effects in different countries depending on their economic and administrative settings. Our results are thus in line with those studies that reject one-size-fits-all approaches.

Keywords : budget procedures, fiscal performance, OECD, performance budgeting

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