



Budget Rules – The Dutch Experience

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Outline

PART I: The Dutch fiscal framework within the SGP rules



PART II: Incorporating elements of Dutch budgetary framework into the European fiscal surveillance process.





1.1 - Dutch Budgetary Framework

Sustainable public finances
(same goal as SGP)

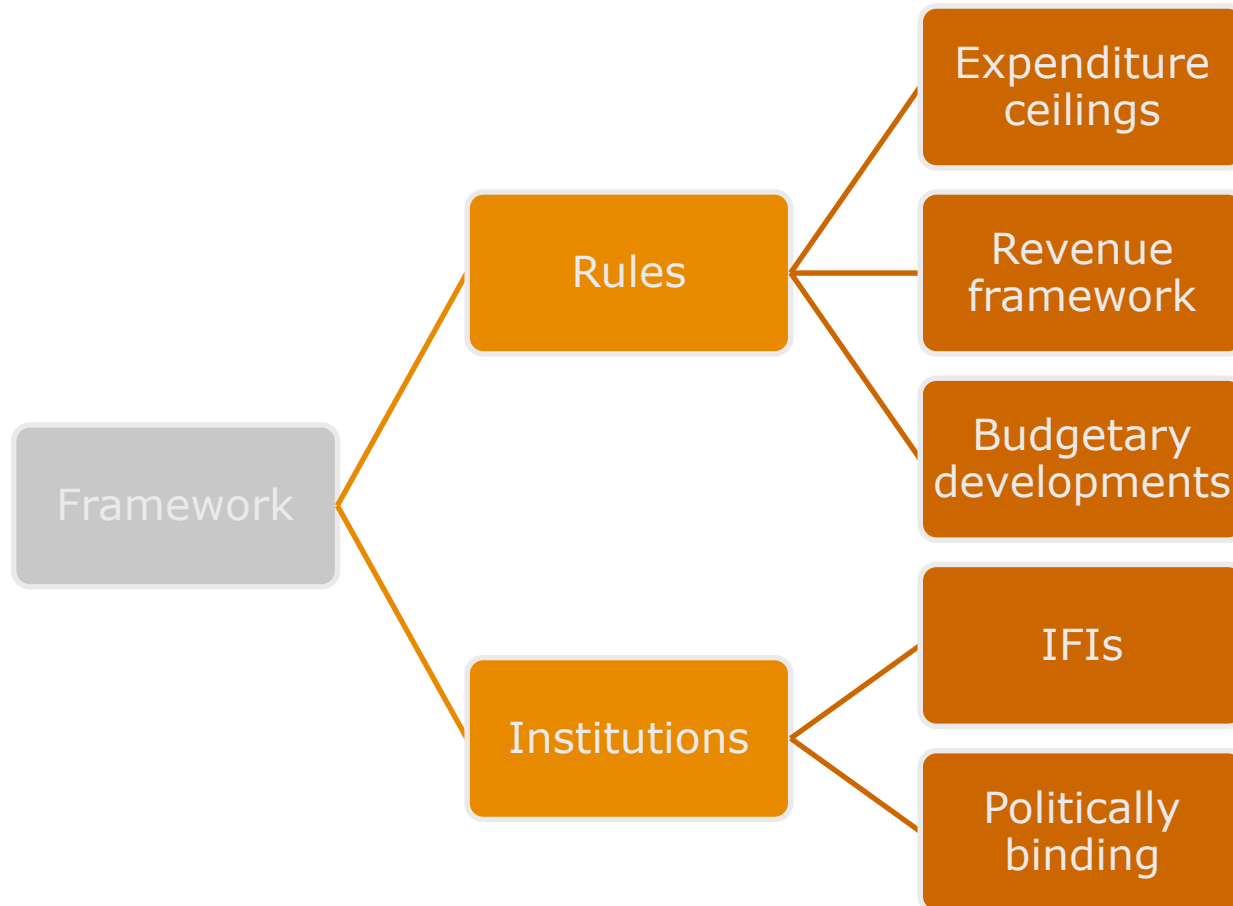
Multiple fiscal rules

A strong
institutionalized
framework

Multi-annual focus

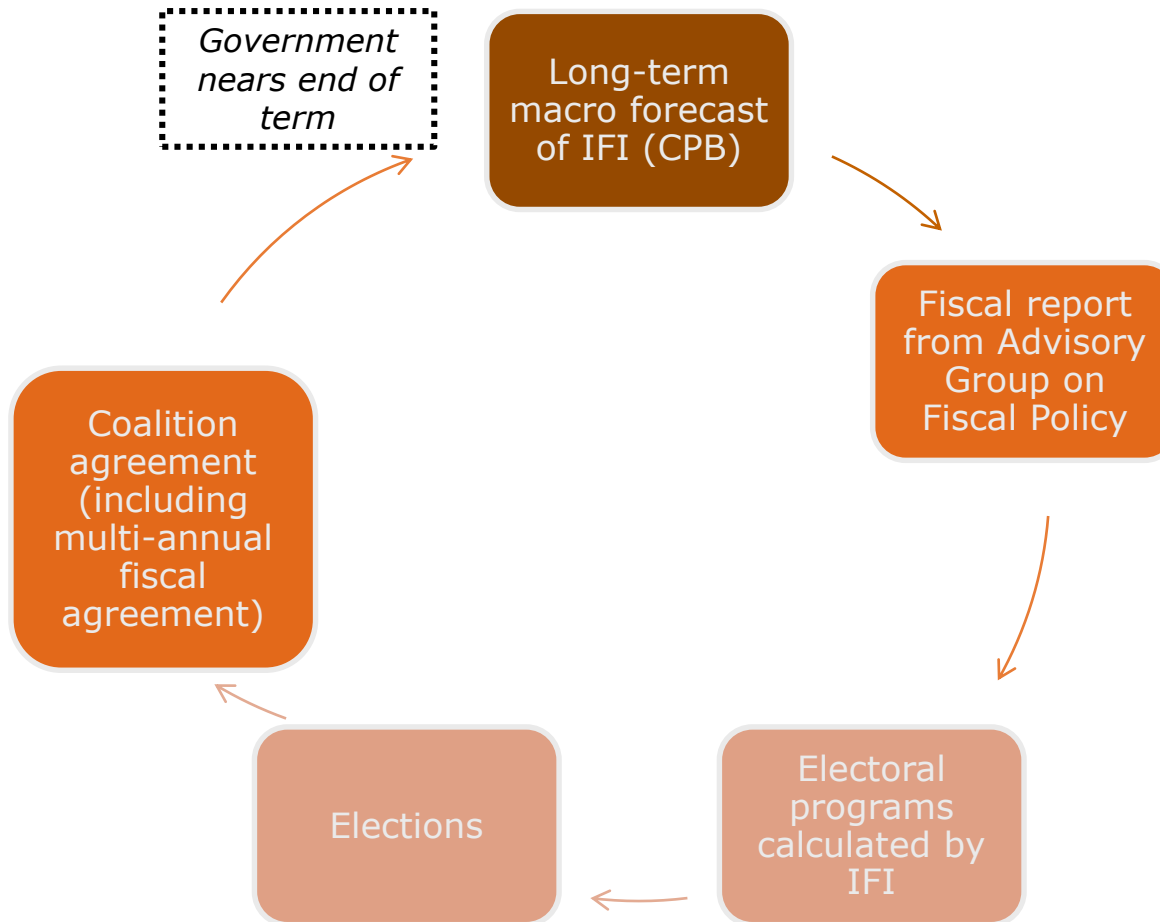


1.2 - Design of fiscal framework of NL



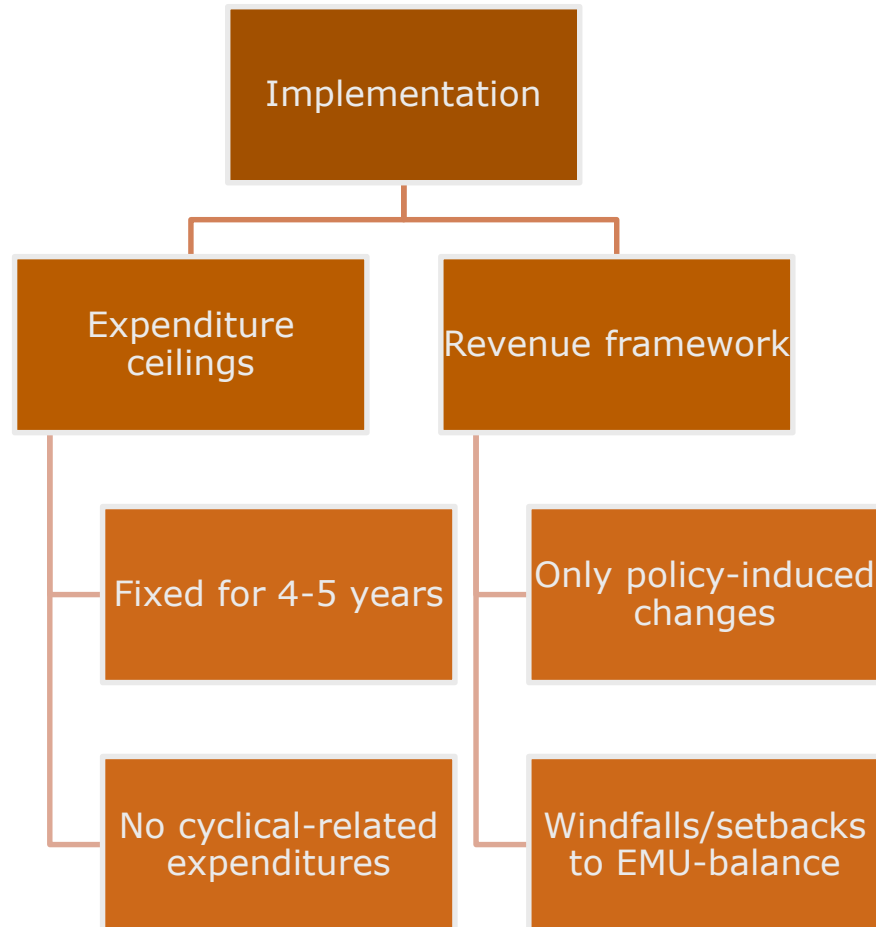


1.3 - Budgetary Cycle





1.4 - Execution





1.5 – Independent Fiscal Institutions

Macro-economic forecasts (CPB)



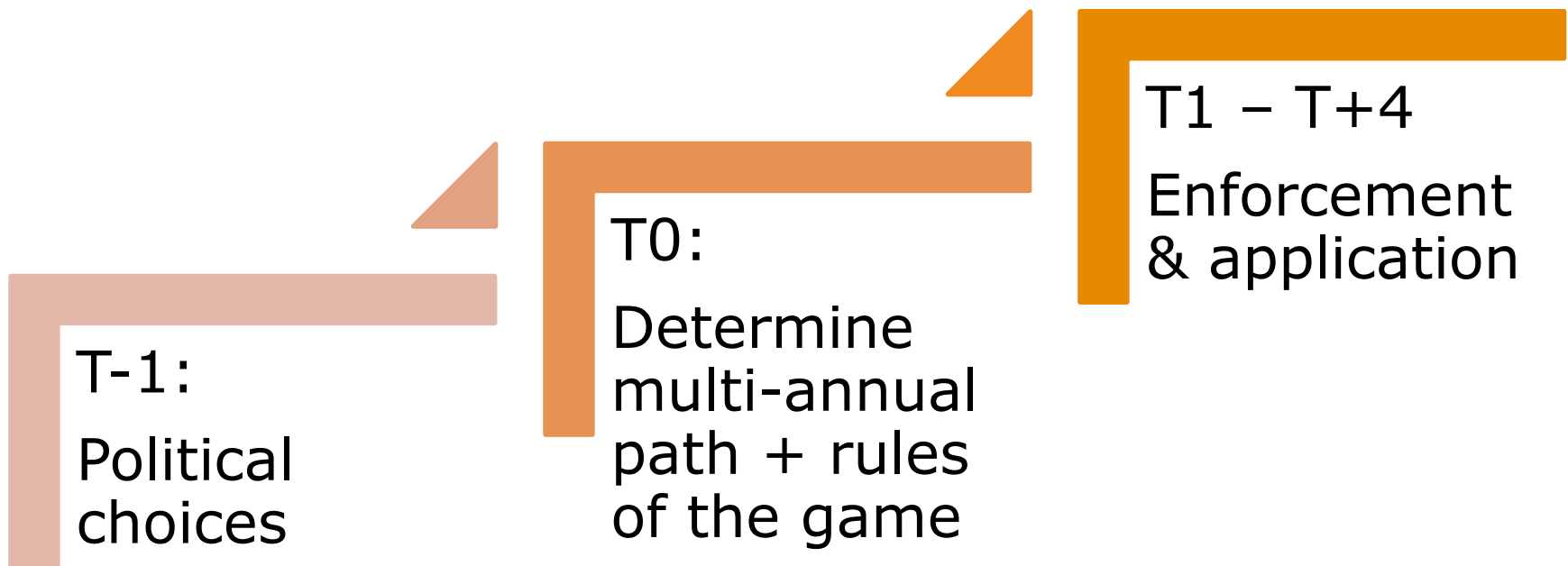
Assessment of compliance (Rvs)



Large role IFIs



2.1 – Inserting principles of Dutch budgetary framework into the European Fiscal Framework



Crucial assumption:

There is something like an EU IFI as the Netherlands has CPB

(In current setting both DGECFIN and EFB cannot perform that role)

We're not claiming this proposal is politically feasible in full but certain components could be



2.2 – (T-1): Political choices

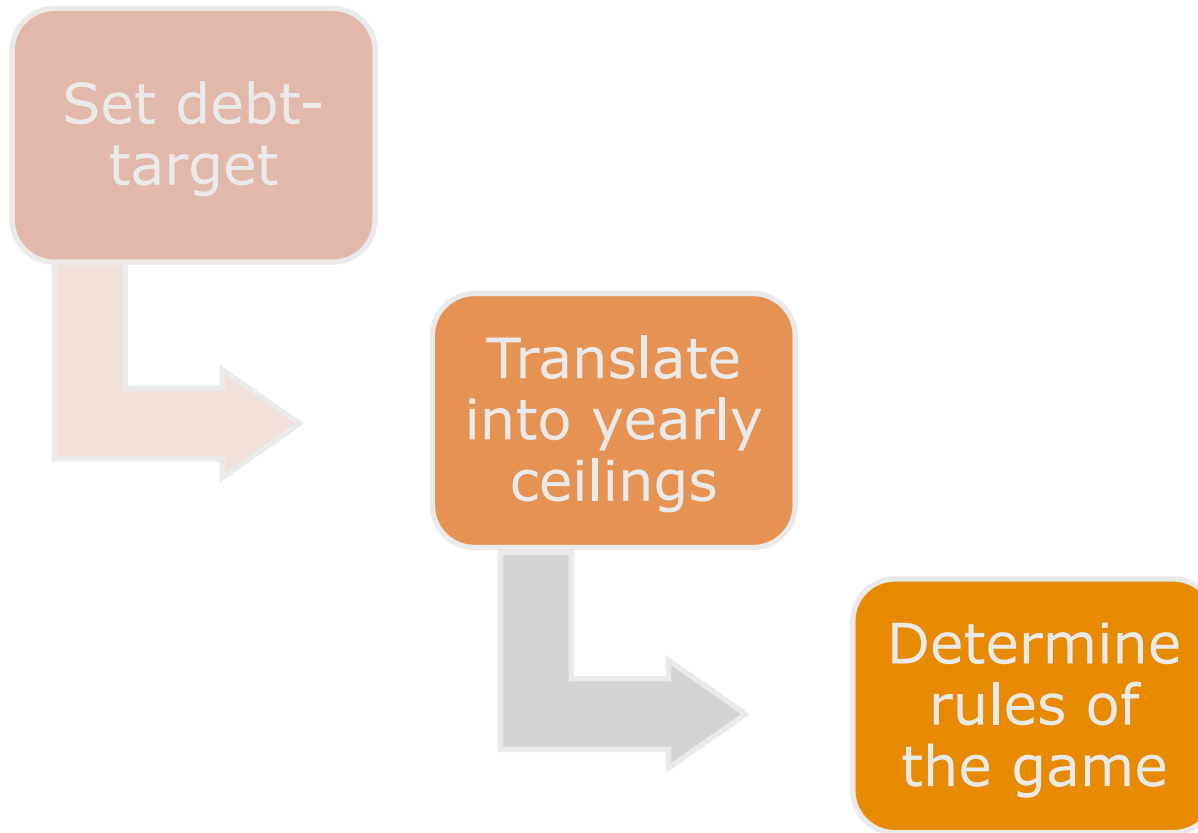
EU IFI makes public announcement on fiscal space available BEFORE elections

National elections

Negotiating coalition agreement taking into account fiscal space



2.3 – T(0): Determine multi-annual path + rules of the game





2.4 – T(0): Rules of the game (deviations from ceilings)

Cyclical
Fluctuations

- Exclude cyclical expenditures

Economic windfalls
and setbacks

- Debit/credit windfalls/setbacks to debt.

Shocks

- Demand (temporary): cyclical fluctuations
- Supply (permanent): avoid automatic stabilizers to work

Discretionary
revenue measures

- Some room for discretionary measures
- Cap to avoid bias



2.5 – T(1) till (T+4): Enforcement & application

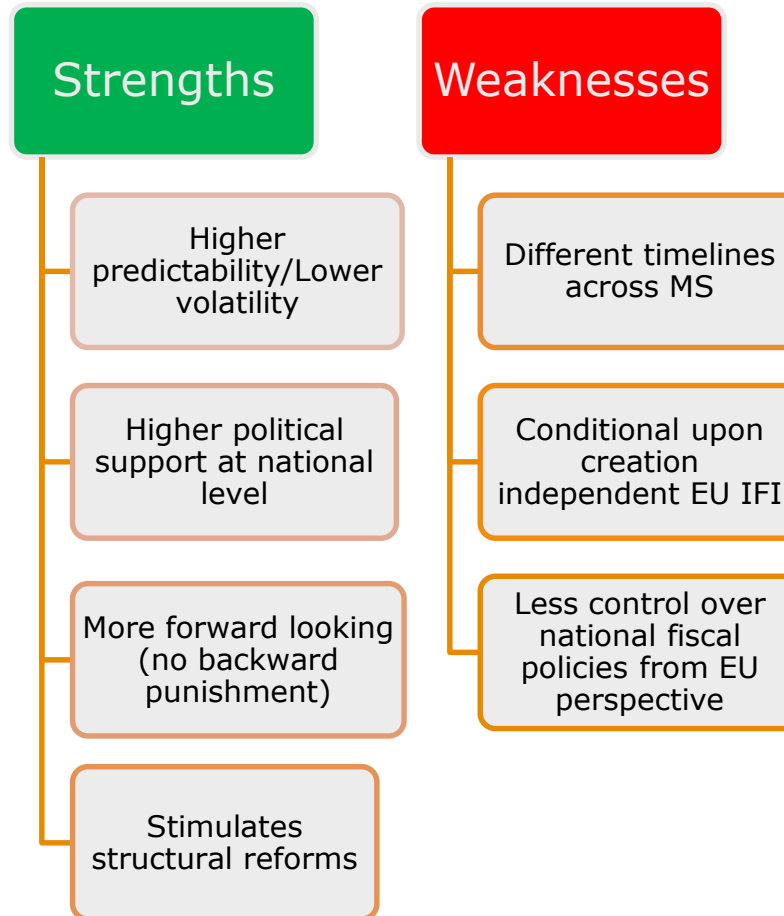
EU IFI assesses compliance of expenditure ceilings in spring/autumn

If ceiling is overridden, request CION/Council to judge

Sanctions in case of repeated unjustified violations.



Strengths / Weaknesses





Thank you!

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Dutch Fiscal Framework at a glance

