

## FOREWORD

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This volume brings together the papers presented at the 12<sup>th</sup> Banca d'Italia Public Finance Workshop, held in Perugia from 25 to 27 March 2010.

To counteract the 2008-09 recession, the most severe at global level since the Great Depression, governments took unprecedented action. Discretionary measures were approved in many countries to complement automatic stabilisers. International fiscal coordination was enhanced. In some countries, rules and procedures were altered to create more room for budgetary manoeuvre. Growing fiscal imbalances and rising debt levels gradually shifted the focus of debate to the policies for regaining control of public finances. Structural reforms became more prominent on the agenda in many countries in order to reinforce exit strategies.

The workshop focused on the implications of these developments for fiscal policy analysis. The lessons to be learned concerning the role and size of automatic stabilisers, the need for discretionary action and the timing and composition of fiscal policies were investigated. The effectiveness of the fiscal packages was evaluated and the indications to be drawn concerning the composition of discretionary measures were explored. The impact of the crisis on fiscal rules and procedures was also examined together with the extent to which national rules and the revised European Stability and Growth Pact coped with fiscal stress. Finally, the repercussions of the crisis on fiscal sustainability and the need for structural reforms were assessed.

Banca d'Italia is grateful to the institutions that contributed to the success of the initiative, to the experts who provided research papers and to all who came to Perugia to take part in the discussion.

This volume extends the analysis of fiscal policy issues carried out in the previous workshops, which were devoted to *Indicators of Structural Budget Balances* (1998), *Fiscal Sustainability* (2000), *Fiscal Rules* (2001), *The Impact of Fiscal Policy* (2002), *Tax Policy* (2003), *Public Debt* (2004), *Public Expenditure* (2005), *Fiscal Indicators* (2006), *Fiscal Policy: Current Issues and Challenges* (2007), *Fiscal Sustainability: Analytical Developments and Emerging Policy Issues* (2008) and *Pension Reform, Fiscal Policy and Economic Performance* (2009).

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