

[Home](#) > [Staff Papers](#) > Article

Restraining Yourself: The Implications of Fiscal Rules for Economic Stabilization

| Published: 01 March 1995

| Volume 42, pages 32–48, (1995) [Cite this article](#)[Save article](#)[View saved research >](#)

[Staff Papers](#)

[Aims and scope →](#)[Submit manuscript →](#)[Tamim Bayoumi & Barry Eichengreen](#)[26 Accesses](#) [114 Citations](#) [45 Altmetric](#) [2 Mentions](#) [Explore all metrics →](#)

Abstract

State budgets played a significant macroeconomic role in the United States during the 1970s and 1980s. Their cyclical responsiveness was affected by the severity of statutory and constitutional fiscal restraints. Moving from no fiscal restraints to stringent restraints lowered the fiscal offset to income fluctuations by roughly 40 percent. Simulations indicate that a reduction in aggregate fiscal stabilizers of this size could lead to a significant increase in the variance of aggregate output.



This is a preview of subscription content, [log in via an institution](#)  to check access.

Access this article

[Log in via an institution →](#)

[Subscribe and save](#)

Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

[View plans →](#)

[Buy Now](#)

[Buy article PDF 39,95 €](#)

Price includes VAT (Poland)

Instant access to the full article PDF.

[Institutional subscriptions →](#)

Similar content being viewed by others

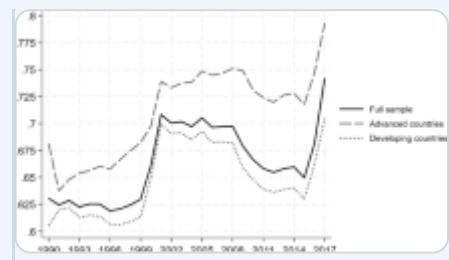


[Fiscal rules and volatility: the role of stabilising properties and compliance](#)

Article | 17 August 2021

[The Effects of Fiscal Rules Based on Revenue Structure: Evidence from U.S State Governments](#)

Article | 10 June 2022



[On the macroeconomic effects of fiscal reforms: fiscal rules and public expenditure efficiency](#)

Article | 25 March 2025

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Economics](#)[Economic History](#)[Economic Policy](#)[Fiscal Policy](#)[Fiscal Law](#)[Macroeconomics and Monetary Economics](#)

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Bayoumi, T., Eichengreen, B. Restraining Yourself: The Implications of Fiscal Rules for Economic Stabilization. *IMF Econ Rev* 42, 32–48 (1995). <https://doi.org/10.2307/3867339>

Published

01 March 1995

Issue date

01 March 1995

DOI

<https://doi.org/10.2307/3867339>

JEL Classifications

[E62](#)[H61](#)[H74](#)

Search

Search by keyword or author



Navigation

[Find a journal](#)

[Publish with us](#)

[Track your research](#)