

[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](#)[27](#) Accesses [113](#) 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](#) →

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](#)

[Fiscal Policy and Local Government Finance](#)

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

DOI

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

Issue date

01 March 1995

JEL Classifications

[E62](#)

[H61](#)

[H74](#)

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

Track your research