

## Fiscal Policy Debate in EU: Rules vs Standards

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### **Abstract**

Fiscal discipline is an essential point for maintaining macroeconomic stability and very important for institutional transparency and credibility. In order to ensure fiscal discipline, authorities tried to implement fiscal rules. In an idealized world it is easy to implement and obey some rules but crisis like Covid-19 pandemics can change the situation. Since the crisis of pandemics is different than any financial crisis the responses of fiscal policy will be different. In EU, arising fiscal imbalances, high burden of debt showed that fiscal rules became ineffective and no more viable or sustainable. It turned out that, the quantitative rules failed. Moreover, the existence of effective lower bound monetary policy needed fiscal precautions. At this point the term fiscal standards arised. Standards are different than rules by means of flexibility. New understanding states a discretionary policy with some certain standards which can be an experience for other developed and developing countries. In this study, how the fiscal policy perspective changed in EU among differentiated crises.

**Keywords:** Fiscal Policy, European Union, Fiscal Rule, Fiscal Standart

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