1994

Symposium on International Budgeting and Fiscal Policy

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INTRODUCTION

It's a small world after all. The articles in this symposium reveal that the issues and problems faced by elected officials and financial managers in the United States are not unique. Just the opposite is true. Other nations are plagued with the inability to control expenditures and raise revenues, budget deficits, seemingly uncontrollable entitlement expenditures, budgetary politics that seem to defy fiscal reality, inability to measure performance and outcomes, distributional inequities resulting from misguided and inappropriate fiscal policies that make it difficult to meet the needs of the poor and the needy, competition and confusion over taxing rights and spending authority between levels of government, devolution of responsibility from national to local governments without the financing to meet the obligations thus created, insufficient devolution of fiscal administrative power from national to local governments, the absence of fiscal policy that fosters, or at least does not hinder, economic growth and political stability, and more. These and other issues are explored in the articles in this symposium.

These works also reveal some important differences between the budget and fiscal policy dilemmas we face in the United States and those confronted elsewhere. In Europe, the European Union has to grapple with the creation and implementation of monetary and fiscal norms and procedures within a highly differentiated and decentralized system, and to do so not exclusively by command and control but by consensus building among its member states. European fiscal policy decisionmakers also have to determine whether and to what extent they want to engage in counter-cyclical spending to help their nations and the region as a whole to recover from a serious and prolonged economic recession. Another issue they confront is when, how, or perhaps even whether to apply the monetary and fiscal standards and criteria adopted with the creation of the European Union when few, if any, of the member nations presently can meet these criteria.

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In Switzerland, that traditional bastion of fiscal prudence and conservatism, there has been a tradition of reliance on slow consensus building to devise solutions to fiscal dilemmas, but now the Swiss suffer some degree of immobility and inflexibility in attempting to decide how to approach controlling the highest budget deficit experienced since World War II. In addition, some local governments in Switzerland see the promise of implementing performance measurement, but their traditional reliance on consensus building and an ingrained administrative risk-aversion make them very cautious in adopting measures and procedures to better indicate to the public what and how much service they are receiving relative to what they want and what they pay for in taxes. There are both advantages and disadvantages in the Swiss system of “direct democracy” as it operates at the level of local government. Elsewhere in Europe, following the international trend, Italian local governments in some cases also wish to implement elements of performance measurement, auditing, and budgeting. They also face the challenge of determining how to comply with recent changes in accounting law.

In Eastern Europe, national governments incur large annual deficits and long-term debt in hopes that economic development will allow them to outgrow their fiscal problems. At the same time, local government financial managers and the administrators of social service programs have to deal with the problem of too much demand for services and too little funding to meet this demand. Here their circumstance is similar to that faced by their counterparts in large, poverty-ridden cities in the United States. However, at the same time, Hungarian and Polish administrators face subsidy reduction, pricing, and distributional equity dilemmas as public housing is privatized. And all of these problems must be managed during a dramatic change in regime, with unstable and rapidly evolving financial rules and practices the order of the day as the entire economic structure of their nations converts from socialism to capitalism.

In Latin America, Mexico has faced various problems in attempting to preserve political and economic stability and has used, with some success, its fiscal policy to create and sustain such stability. Clearly, as recent events reveal, political and economic stability cannot be taken for granted in Mexico as is the case throughout the developing world. To understand the current situation and prospects for the future in Mexico it is necessary to review the history of efforts to achieve economic and fiscal stability in our closest neighbor nation to the south.

Elsewhere in Latin America, Chilean fiscal and program administrators are pleased with the new direction of policy in their nation, which places more decision authority and programmatic responsibility at the level of local governments. The growth of local governments and the increase in their professional capability is something to applaud. However, this experiment will only succeed if the national government matches deeds with words and lives up to its promise to provide greater financial support to local governments to accompany new social service responsibilities. The key issue here is promoting effective decentralization, just as is the case in Eastern Europe. And, of course, Chilean leaders and administrators, like their counterparts in Mexico, Hungary,
Poland, and elsewhere must be ever mindful of the necessity for fiscal policy and devolution of responsibility for service provision to be accomplished in a way that reinforces rather than threatens democratic values and social stability.

The symposium editor wishes to take this opportunity to thank the contributors to this symposium for their work and the editor of Public Budgeting and Finance, Naomi Caiden, for publishing it. This is only one small modicum of the larger appreciation that all of us in the budgeting and financial management community owe to Naomi Caiden for her fine service as Editor of our journal for the past five years.