

# **"Crises and Fiscal Reforms in Latin American Democracies"**

**By Mark Hallerberg, Hertie School of Governance, and  
Carlos Scartascini, Inter-American Development Bank**

## Abstract

In this paper, we examine the operation of fiscal rules in Latin America from 1990 until today. We pay particular attention to the use of medium-term frameworks, budget balance, and expenditure rules. An important part of understanding the effectiveness of a given rule is knowing why a particular rule is put in place and why policy-makers may have an incentive to maintain the rule in some cases but not in others. In the second part of the paper, we consider this endogeneity question, and we explore the relationship between fiscal crises and the adoption (or abandonment) of fiscal rules.

Contact person: David Dreyer Lassen