Fiscal Rules in Turkey and Czech Republic

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Abstract
After The Great Depression in 1929, discretionary fiscal policy implementations gained importance because of Keynesian ideas. However as a result of these policy implementations; increasing public expenditures have led to rise in government debt stock gradually. From the beginning of the 20th century; steady increase in public deficit and growth in debt stock caused deterioration in macroeconomic stability in the most of developed and developing countries. The first measures has been taken medium-term financial plans. The fact that no solution could be find these problems with discretionary fiscal policies and then medium-term plans have increased popularity of fiscal rules especially at the end of 1980s.Generally, fiscal rules can be defined as limitations on fiscal performance indicators such as debt, expenditure and income. In recent years, many countries has chosen to adopt fiscal rules in order to limit the fiscal policy decisions. Fiscal rules can be classified four main categories which related to budget, debt, expenditure and income.Intellectual basis of fiscal rules are based on the ecole of constitutional economics. At the present time fiscal rules come into prominence as an alternative policy tool to provide fiscal discipline and fiscal sustainability. The major cause of this situation is failure to achieve macroeconomic stability with discretionary fiscal policy implementations. Fiscal rules has a wide implementation area in European Union Countries. The adoption of Maastricht Criteria is an important step. In Turkey, as part of relations with IMF and the period after 2001 Crisis, some implicit fiscal rules has been implemented.The aim of this study is; to provide information about the fiscal rules, to understand the process and the emergence of the implementations of fiscal rules and to compare fiscal rules in Turkey and Czech Republic.

Keywords: fiscal rules, debt stock, discretionary fiscal policies, macroeconomic stability
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