Index

accounting, local government, Macedonia 290
accounting standards 55–6, 58–61
France 125
Agence France locale 122
Ahmad, E. 54
Akai, N. 332, 333–4
Allain-Dupré, D. 354
Allogoskoufis, G. 142
Ambrosanio, M.F. 242
Argentina, accounting standards 60–61
arrears, Italy 235–7
asymmetric information
and soft budget constraints 15
and transfers to regions 305–6
Australia, accounting standards 60
Austria, Internal Stability Pacts 34
Autonomous Communities, Spain 187–9
Autonomous Liquidity Fund, Spain 199
Azores 148, 160–67
budget deficits 151–2
debt refinancing 170
VAT 162
Baade, R.A. 269
backward regions 299
bailout failure costs 330
bailouts 52–3
and fiscal indiscipline 334–5, 336–7
Spain 187–8, 199
Baldersheim, H. 232
Baleiras, R. 53, 164
bank lending, France 122
bankruptcy procedures, Italy 233–5
Barcelona, impact of Olympic Games 249, 260–67, 270–71
Baskaran, T. 340
Belgium, internal stability pacts 34–5
Bennett, J. 354
Besfamille, M. 348, 349
Bilhim, J. 153, 155
Blöchliger, H. 33, 44
borrowing
and bailout expectations 336
central governments 317–19
and corruption 321
local governments, France 121–3
local governments, Macedonia 292
borrowing caps 338–9
borrowing limits 32
circumventing 61–3
Germany 67, 71
see also debt brake
Brazil
Fiscal Responsibility Legislation 59, 62
and IMF GFSM 56, 62
standardized generation of information 58–9
Breuillé, M.L. 330, 331, 339
budget consolidation, Germany 86
budget deficits, see deficits
budget framework law, Portugal 169–70
budgetary institutions reform, Spain 205–6
Budgetary Stability Acts, Spain 35–6
budgets, local government
France 109–11, 117–20
Macedonia 290
see also revenues; spending
Buiter, W.H. 158
business taxes, France 114
Campos, B. 155
Canada, accounting standards 60
capital expenditures, Macedonia 288–9
capital investment financing, municipalities, Italy 216
Carvalho, J. 158
Catalunya, secessionism movement 204–5
central governments
borrowing and regional inequalities 317–19
corruption and debt 321
tough and weak 335–8
CGCT (General Code for Territorial Communities), France 119
China, accounting standards 60
Chortareas, G. 142
Christodoulakis, N. 142
circumventing borrowing limits 61–3
Germany 7, 71–2
Città metropolitane 232–3
clientelistic politics 300–323
Greece 142–4
co-financing condition, Structural Funds 316
Coelho, C. 144
COFOG (UN functional classification) 55
Committee for Local Finances, France 128
common agency approach, regional inequalities 323
common pool problem 52
competencies and decentralization, Macedonia 283–6
conditional supranational transfers 315–17
conflicts, and public–private partnerships 344–5
congestion costs, and migration 322–3
Conseil de normalisation des comptes publics 125
constitutional reform 16
Germany 16, 71–2, 72–3
Italy 16, 220, 239–40
constitutions
France, local government finance 111–12
Germany, fiscal and monetary stability 66–7
corruption 300
and debt 321
and regional inequalities 310–11
and regional transfers 302–6
Spain 201–2
Cunha, J.C. da 156
Da Cunha, J.C. 156
Dahlberg, M. 144
Danau, D. 354
Davoodi, H. 310
debt
and Barcelona Olympics 266
and central government corruption 321
Euro area 21
France 108–9
and German constitution 67
Italy 221
and Turin Olympics 257–9
debt brake
Germany 3, 7, 62–3, 72–7, 86, 92–5
Switzerland 72
debt controls
Madeira 161–2
Portugal 156–7, 164–5
debt overhang 315, 319
decentralization 350–51
France 103, 104–6
Italy 214–15
and lack of commitment 329–38
Macedonia 282–3
Portugal 153–9, 160–67
public opinion, Spain 203
and regional inequalities 314–15
and soft budget constraints 329–31,
Spain 194–201
351–2
deficient leadership 330–32
deficit limit, West Germany 68
deficits
Barcelona, impact of Olympic Games 266
effect of fiscal decentralization 170–71
Euro area 21
France 106–8
Portugal 150, 166, 168
sustainability, Azores and Madeira 166–7
Dewatripoint, M. 345, 355
Dexia 122, 123
displacement effect 249–50, 265
<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>distributional costs of no bailout</td>
<td>330</td>
</tr>
<tr>
<td>Domestic Stability Pacts, Italy and Turin Olympics</td>
<td>35, 254–5</td>
</tr>
<tr>
<td>economic activities, impact of Olympic Games</td>
<td>269–70</td>
</tr>
<tr>
<td>economic classification of public activities</td>
<td>55–7</td>
</tr>
<tr>
<td>economic crises, see financial crises</td>
<td></td>
</tr>
<tr>
<td>EDP (Excessive Deficit Procedure)</td>
<td>96–7</td>
</tr>
<tr>
<td>efficiency, and decentralized leadership</td>
<td>333–4</td>
</tr>
<tr>
<td>elections, implications for local government finances</td>
<td>142–3</td>
</tr>
<tr>
<td>electoral process, local government, Greece</td>
<td>134–5</td>
</tr>
<tr>
<td>employment, public sector</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>138–40, 142–4</td>
</tr>
<tr>
<td>Italy</td>
<td>228</td>
</tr>
<tr>
<td>Spain</td>
<td>186–7</td>
</tr>
<tr>
<td>enforcement mechanisms, fiscal rules</td>
<td>17–18, 33, 41–2</td>
</tr>
<tr>
<td>Engel, E.</td>
<td>342, 343, 355</td>
</tr>
<tr>
<td>enterprises, local</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>141–2</td>
</tr>
<tr>
<td>Portugal</td>
<td>157</td>
</tr>
<tr>
<td>EPCI (Établissements publics de coopération intercommunale)</td>
<td>104–5, 126</td>
</tr>
<tr>
<td>EPP (Euro-Plus Pact)</td>
<td>97</td>
</tr>
<tr>
<td>Erhard, Ludwig</td>
<td>66</td>
</tr>
<tr>
<td>Escolano, J.</td>
<td>33, 50, 51</td>
</tr>
<tr>
<td>Établissements publics de coopération intercommunale (EPCI)</td>
<td>104–5, 126</td>
</tr>
<tr>
<td>Euro area, sub-national fiscal policies</td>
<td>21–43</td>
</tr>
<tr>
<td>Euro crisis</td>
<td></td>
</tr>
<tr>
<td>and Germany economy</td>
<td>83–6</td>
</tr>
<tr>
<td>and local government sector</td>
<td>90–92</td>
</tr>
<tr>
<td>and multilayer fiscal policy</td>
<td>87–90</td>
</tr>
<tr>
<td>Euro-Plus Pact (EPP)</td>
<td>97</td>
</tr>
<tr>
<td>European currency union, and Germany</td>
<td>70–71</td>
</tr>
<tr>
<td>European Fiscal Compact, see Fiscal Compact</td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td></td>
</tr>
<tr>
<td>accession, Macedonia</td>
<td>293</td>
</tr>
<tr>
<td>compared with US</td>
<td>353</td>
</tr>
<tr>
<td>fiscal framework</td>
<td>46–7</td>
</tr>
<tr>
<td>fiscal framework reforms</td>
<td>36–7, 37–42</td>
</tr>
<tr>
<td>impact of financial crisis</td>
<td>1–2</td>
</tr>
<tr>
<td>Excessive Deficit Procedure (EDP)</td>
<td>96–7</td>
</tr>
<tr>
<td>expectations of fiscal (in)discipline</td>
<td>334–5</td>
</tr>
<tr>
<td>expenditure, see spending</td>
<td></td>
</tr>
<tr>
<td>exports, Germany, impact of Euro crisis</td>
<td>83</td>
</tr>
<tr>
<td>Fedelino, A.</td>
<td>44</td>
</tr>
<tr>
<td>Federalism Reform, Germany</td>
<td>72–3</td>
</tr>
<tr>
<td>federations, benefits for regions</td>
<td>327</td>
</tr>
<tr>
<td>financial consolidation, Barcelona</td>
<td>267</td>
</tr>
<tr>
<td>financial costs of no bailout</td>
<td>330</td>
</tr>
<tr>
<td>financial crises</td>
<td></td>
</tr>
<tr>
<td>impact on Europe</td>
<td>1–2</td>
</tr>
<tr>
<td>impact on Greece</td>
<td>133–4, 144–6</td>
</tr>
<tr>
<td>impact on Macedonia</td>
<td>278–81</td>
</tr>
<tr>
<td>impact on sub-national finances</td>
<td>23–7</td>
</tr>
<tr>
<td>Portugal</td>
<td>150–53</td>
</tr>
<tr>
<td>financial distress, municipalities, Italy</td>
<td>233–5</td>
</tr>
<tr>
<td>financial management system, Macedonia</td>
<td>289–91</td>
</tr>
<tr>
<td>financing rules, Portugal</td>
<td>155</td>
</tr>
<tr>
<td>Fink, A.</td>
<td>353</td>
</tr>
<tr>
<td>fiscal adjustments</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>133–4</td>
</tr>
<tr>
<td>Italy</td>
<td>222–8</td>
</tr>
<tr>
<td>Spain</td>
<td>186–92</td>
</tr>
<tr>
<td>fiscal autonomy, Italy, impact of fiscal adjustment</td>
<td>224–5</td>
</tr>
<tr>
<td>Fiscal Compact</td>
<td>47, 97–9</td>
</tr>
<tr>
<td>Belgium</td>
<td>34</td>
</tr>
<tr>
<td>Italy</td>
<td>212–13, 237–8</td>
</tr>
<tr>
<td>fiscal consolidation, see fiscal adjustments</td>
<td></td>
</tr>
<tr>
<td>fiscal decentralization, effect on deficits</td>
<td>170–71</td>
</tr>
<tr>
<td>fiscal discipline</td>
<td>338–40</td>
</tr>
<tr>
<td>expectations of fiscal indiscipline</td>
<td>334–5</td>
</tr>
<tr>
<td>Germany</td>
<td>96–9</td>
</tr>
<tr>
<td>Spain</td>
<td>199–201</td>
</tr>
<tr>
<td>fiscal federalism, Italy</td>
<td>214–21, 221–8, 229–37</td>
</tr>
<tr>
<td>fiscal imbalances, Spain</td>
<td>206–7</td>
</tr>
<tr>
<td>fiscal policy, Germany</td>
<td>87–90</td>
</tr>
</tbody>
</table>
Fiscal Responsibility Legislation, Brazil 59, 62
fiscal rules 18, 32–3, 338–40
enforcement 17–18
enforcement mechanisms 33
see also Fiscal Compact
fiscal rules evasion
Madeira 53–4
see also game-play
fixed capital formation, local government, Germany 92
flexible pacts, Italy 226–8
foreign transfers 304–5, 315–17
Foremny, D. 44, 170
Fortuna, M. 158, 159, 166, 167, 170
France 8–9, 103–26
administrative organization 104–6
local government budgetary policies 111–25
public finances 106–11
funding, Olympic Games
Barcelona 261–2
Turin 253–4
Gagnepain, P. 350
game-play 3–4, 17, 51–4
Gekas, R. 141
General Code for Territorial Communities (CGCT), France 119
general government deficit, Euro area 21
Germany 3, 6–7, 8, 66–79, 83–100
accounting and reporting standards 59–60
budget controls 92–6
debt brake rule 3, 62–3, 72–7, 92–5
fiscal discipline 96–9
fiscal policy during crisis 87–90
impact of financial crisis 83–6
local finance reforms 90–92
GFMIS, Brazil 62
GFSM 2014 55–7, 61, 62
Giarda, P. 242
Giescke, J. 270
global financial crisis, impact on
Macedonia 278–81
GOEs (government-owned enterprises) 345–7
Goodspeed, T.J. 332–3
governance crisis, Spain 201–2
government financial information management systems (GFMIS), Brazil 62
government-owned enterprises (GOEs) 345–7
government quality, and overspending, Spain 184–6
government support programs, Germany 84–6
government transfers, see transfers from central government
governments, number of 16–17
Italy 214, 231–3
municipalities, Greece 135–6
grant revenues, see transfers from central government
Great Public Finance Reform, West Germany 68
Greece 9–10, 133–46
electoral process and employment 142–4
local institutions 134–42
Grossman, G. 300, 323
Grossman, P. 300, 301
guided distress, municipalities, Italy 234
hard budget constraint (HBC) 331, 338
Harden, I. 51
Hart, O. 354
Helpman, E. 300, 323
Hessami, Z. 340
High Finance Council, Belgium 34
HOLSA (*Holding Olympic, Sociedad Anónima*) 261, 262
horizontal distribution of EU targets and limits 39–40
horizontal pacts, Italy 228
Horstmann, W. 353
housing boom, Spain 177
Ianchovichina, E. 158
IMF GFSM 2014 55–7, 61, 62
incentives to evade fiscal rules 301, 326–53
limiting 54–61
income tax
Italy 216
Macedonia 287
inequalities
  local government, Macedonia 288
  regional, and clientelistic politics 306–20
information problems
  and wasteful public expenditure 347–8
see also asymmetric information
inheritance tax revenues, Spain 177–8
Inman, R.P. 330
Instrument for Pre-Accession Assistance (IPA), Macedonia 293
intergovernmental relationships
  and financial crisis 2–4
  Portugal 167–73
internal stability pacts 33–6
  Italy 218, 219, 231
International Accounting Standards Board, guidelines on PPPs 58
international standards for economic classification of public activities 55–7
investment
  France 119–20
  Germany 69, 92
  Italy 226
  regional inequalities and clientelistic politics 301–23
  spending/borrowing caps 338–9
investment financing
  debt financing, Italy 237
  debt financing, Portugal 154
  tax funding, Italy 216
investment program, Germany 84
Iossa, E. 343, 354
IPA (Instrument for Pre-Accession Assistance), Macedonia 293
IPSAS 32 58
Italy 12, 212–40
  constitutional reform 239–40
  Domestic Stability Pacts 35
  economic impact of crisis 221–8
  Fiscal Compact 237–8
  fiscal federalism pre-crisis 214–21
  institutional and political impacts of crisis 229–37
  municipal capitalism 346
public–private partnerships (PPPs) 342
  Turin Olympics 249, 251–60, 270–72
Ivynna, M. 321
Kornai, J. 326–7
Köthenbürger, M. 334
Krogstrup, S. 339
‘Legge Rinforzata’ 237
Liu, L. 158
loans, see bailouts; borrowing
Local Finance Law, Portugal 153–7
local government, see municipalities; regions
local government, France 106, 109–25
  balancing budgets 119–20
  borrowing 121–3
  budgetary rules and policies 111–25
  responsibilities 106
  revenues 112–17
  spending 109–10, 117–18
local government, Germany 90–92
local government, Italy, and constitutional reform 239–40
local government, Macedonia 282
  impact of global crisis 281
local government, Spain
  financial control 198–9
  fiscal adjustment 191–2
local public enterprises
  Greece 141–2
  Portugal 157
Lockwood, B. 349
Macedonia 13–14, 277–94
  borrowing 292
  competencies and decentralization 283–6
  decentralization 282–3
  EU accession requirements 293
  expenditures 288–9
  financial management 289–91
  impact of global crisis 278–81
  local government 282
  revenues 286–8
Macroeconomic Imbalance Procedure (MIP) 97, 98
Madden, J.R. 270
Multi-level finance and the Euro crisis

Madeira 148, 160–67, 171
budget deficits 151–2
debt 161–2
debt refinancing 170
evading fiscal rules 53–4
support from central government 165, 168
VAT 162
market discipline HBCs 338
Martimort, D. 343, 344, 345, 354
Maskin, E. 338–9, 342, 343, 344, 345, 355
Mathes on, V.A. 269
Medium Term Objective (MTO) 36
Memorandum of Understanding Greece 135–6
Portugal 169
Metronet 57
métropoles 105, 127
Mexico
accounting standards 60–61
and IMF GFSM 56
migration, and regional inequalities 322–3
Milas, K.C. 142
Miller, P.A. 269
MIP (Macroeconomic Imbalance Procedure) 97, 98
Mitsou, K. 141
monitoring sub-national fiscal rules 32–3, 41–2
moral hazard, and wasteful public expenditure 348–9
Mörk, E. 144
Mourmouras, A. 323
municipal capitalism 345–7
municipal enterprises
Greece 141–2
Portugal 157
municipal grants, see transfers from central government
Municipal Support Fund Law, Portugal 172–3
municipalities, see local government
municipalities, France 106
municipalities, Germany, and social security system 78
municipalities, Greece employment 138–40
finances 137–8

number of 135–6
responsibilities 136
municipalities, Italy
impact of fiscal adjustment 224–6
tax revenues 216
municipalities, Portugal, budget deficits 151–2
municipalities, Spain, tax revenues 179–80
National Council for Standardization of Public Accounting, France 125
Neyapti, B. 170
number of governments 16–17
Italy 214, 231–3
municipalities, Greece 135–6
OFA (Ohrid Framework Agreement) 282
off-budget debts, Italy 235–7
Ohrid Framework Agreement (OFA) 282
Oliva, E. 126
Olsen, T. 345
Olympic Games 13, 249–72
Open Method of Coordination (OMC) 97
Ordoliberalism 66
overspending during boom, Spain 181–6
own-source revenues 17
and Barcelona Olympics 264–5
local government, France 113–15
see also tax revenues
Paixão, M. 53, 164
Parente, S. 310
Peacock, A.T. 250, 265
personal income tax
Italy 216
Macedonia 287
Persson, T. 53
Philippopoulos, A. 142
Political Budget Cycles 142–3
political economy 14–15
of information generation and liability management 49–51
political environment, Greece 134–5
political equilibrium, and regional inequalities 307–11
Index

political influence, and regional inequalities 312–15
political reforms, Italy 218–21
Porter, P.K. 269
Portugal 10–11, 148–73
decentralization to local governments 153–9
decentralization to regional governments 160–67
impact of crises 150–53
intergovernmental relations 167–73
see also Azores; Madeira
Poterba, J. 51
Potrafke, N. 151, 170
Pouyet, J. 354
PPPs, see public–private partnerships
Prescott, E.C. 310
Pritchett, L. 310
professional tax, France 114
property taxes
Italy 216
Spain 177, 179–80, 181–3
public arrears, Italy 235–7
public capitalism 345–7
public debt, see debt
public deficits, see deficits
public enterprises
Greece 141–2
Portugal 157
public finances during crisis, France 106–11
public–private partnerships (PPPs) 57–8, 328, 340–45, 352–3
France 124
public sector employment
Greece 138–40, 142–4
Italy 228
Spain 186–7
public spending, see spending
Qian, Y. 331, 345
quality of government, and overspending, Spain 184–6
Rangazas, P. 323
real estate market bubbles, Spain 4
recentralization, Spain 203–4
recession, West Germany 67–8
regional inequalities, and clientelistic politics 306–20
regions, Italy
impact of fiscal adjustment 223–4
tax revenues 216–17, 226
regions, Portugal 160–67
regions, Spain
financing system 195
spending 181–6
tax revenues 177–8
Reinikka, R. 310
Reischmann, M. 151, 170
renegotiation of contracts 343–4, 349–50
reporting requirements
Macedonia 291
Portugal 172
reunification, Germany 70–71
revenue sharing, Portugal 154–5, 157
revenues
Barcelona, impact of Olympic Games 264–5
Germany 87–8
local government, France 112–17
local government, Macedonia 283, 286
municipalities, Greece 137
municipalities, Italy 224
municipalities, Portugal 154–5
property taxes, Spain 181–3
regional governments, Portugal 160–61
see also tax revenues; transfers from central government
Robinson, J.A. 346
Rodden, J.A. 330, 336, 337, 338, 347
Roland, G. 331, 345
Rose, A.K. 270
Rose, L.E. 232
rule enforcement 17–18, 33, 41–2
rules-based HBCs 338
Saljanin, S. 337
sanctions 41–2, 46, 61–3
Italy 219
Madeira 163
Santos, T. 175
Sato, M. 332, 333–4
SBB (structural budget balance) 36–7, 40
Schneider, T. 353
Schuldenbremse, see debt brake
secession, Catalunya 204–5
SGP, see Stability and Growth Pact
short-term borrowing, local
government, Germany 91–2
Silva, P. 156
Six-Pack 46–7, 97
Skouras, S. 142
social security system, and German
debt brake 78
soft budget constraints 52, 320–22, 326
decentralized systems 329–31, 351–2
Spain 197–8
soft regional budgets 320–22
Solé-Ollé, A. 175, 184
Spain 11–12, 175–207
Barcelona Olympics 249, 260–67,
270–71
Budgetary Stability Acts 35–6
fiscal boom and crisis 176–80
fiscal decentralization 194–201
fiscal discipline 199–201
governance crisis 201–2
impacts of boom and crisis 181–92
reform proposals 205–7
territorial crisis 202–5
spending
Barcelona, impact of Olympic
Games 262–4
local government, France 109–11,
117–18
local government, Macedonia 283–6
Spain 181–6
Turin, impact of Olympic Games
255–60
spending caps 338–9
spending cuts, public sector, Spain 189
spending responsibilities 54–61
Spiegel, M.M. 270
Stability and Growth Pact 96, 97, 339
and Portugal 168–9
Stability Council, Germany 95–6
standards for economic classification
of public activities 55–7
Stratmann, T. 353
structural budget balance (SBB) 36–7,
40
Structural Funds 316
structural imbalances, Germany 90–92
sub-national deficits, Portugal 150–52
sub-national finances
impact of crises 23–7
impact of EU fiscal framework
reforms 37–42
sub-national fiscal discipline 28–36,
41–2
sub-national fiscal policies 21–43
sub-national pro-cyclicality risk
mitigation 40–41
supranational transfers 304–5, 315–17
sustainability of budget deficits
Azores 166
Madeira 166–7
sustainability of local public finances,
Portugal 158–9
Svensson, J. 310
Switzerland, debt brake 72
Tabellini, G. 53
Tanzi, V. 300, 302, 310
tax autonomy, Italy 213–14, 215
tax decentralization, Spain 194–6
tax reforms, Italy 229–30
tax revenues 17
and Barcelona Olympics 264–5
Italy 216–17, 226
local government, France 112–13,
114
Macedonia 286
Spain 177–8, 179–80, 197
see also VAT revenues
tax-sharing revenues, Spain 197
taxe professionelle, France 114
Tepe, M. 144
Ter-Minassian, T. 44
territorial crisis, Spain 202–5
territorial Economic Contribution,
France 114
Tesoreria Unica 231
Tirole, J. 338–9, 342, 343, 344
Torsvick, G. 345
Torvik, R. 346
tough central governments 335–8
Tournemire, G. 44
toxic loans, local government, France
123
transfers, supranational 304–5, 315–17
transfers from central government
Azores 165
and corruption 302–6
France 115–17
Germany 88
Italy 225–6, 230–31
Macedonia 286–8
Madeira 161–2, 165
Portugal 155–6, 158, 160–61, 161–2, 165
Spain 183
transparency, lack of, Spain 198
Transport for London 57
treasury management, Macedonia 290
Treasury Single Account (TSA)
Italy 231
Macedonia 290
Treaty on Stability, Coordination and Governance (TSCG) 47
Turati, G. 241, 335, 336, 337, 338, 347
Turin, impact of Olympic Games 249, 251–60, 270–72
Two-Pack legislation 47
UK, public–private partnerships 57–8, 342
UN functional classification (COFOG) 55
unconditional supranational transfers 315–17
US
accounting standards 60
hard budget constraint 353
Vanhuysse, P. 144
VAT revenues
Azores and Madeira 162
Macedonia 287–8
Spain 178, 196–7
vertical apportionment of EU targets and limits 39
vertical imbalances, Spain 197, 206–7
vertical pacts, Italy 228
Vigneault, M. 331
Viladecans-Marsal, E. 175, 184
Vinella, A. 354
von Hagen, J. 44, 51
weak central governments 335–8
Weingast, B. 63
Wiseman, J. 250, 265
Wolman, H. 44
Wyplosz, C. 339
Zbyszewski, J.P. 153, 155, 156
zero base budget, Portugal 172