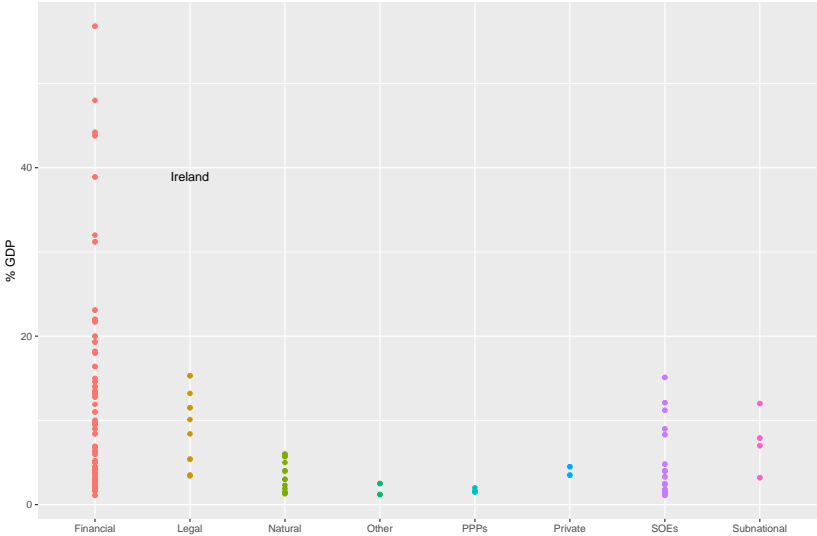


Enhancing Ireland's Capacity for Analysis and Action on Fiscal Policy

Stephen Kinsella | University of Limerick

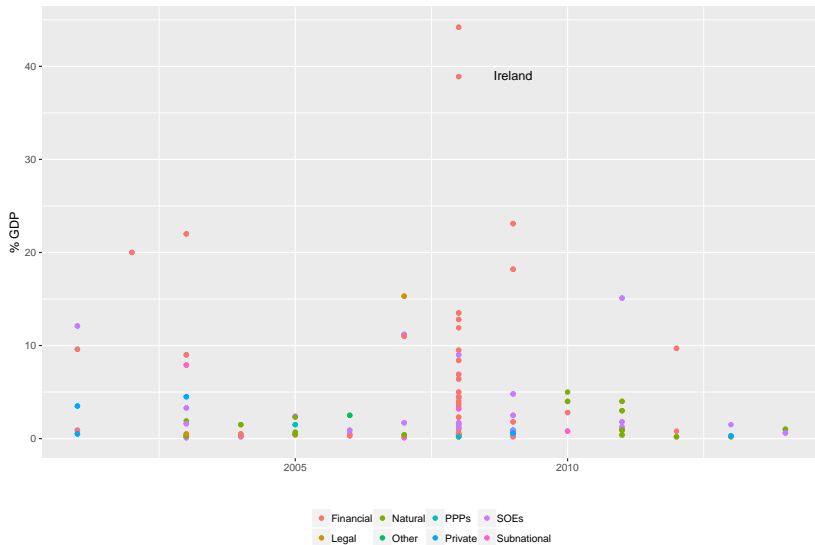
2019-06-22

Fiscal Impact by Crisis Type



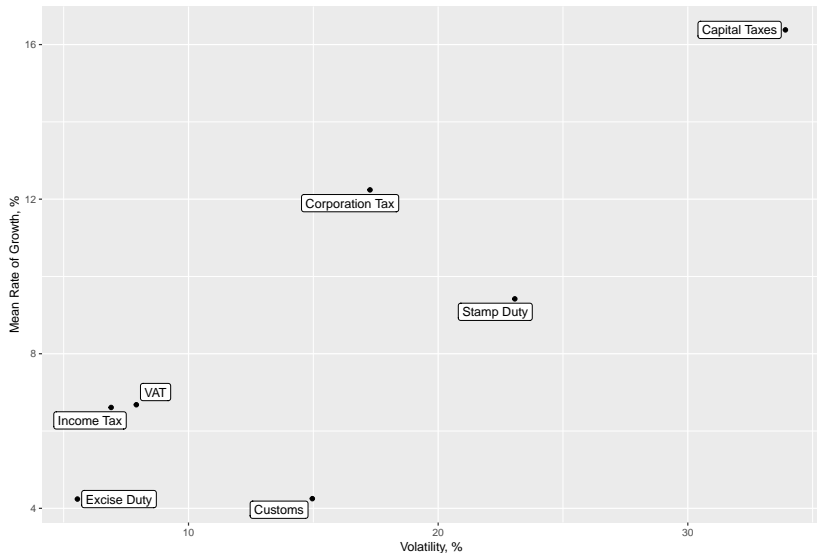
Source: Bova et al, (2016)

Fiscal Impact Over Time

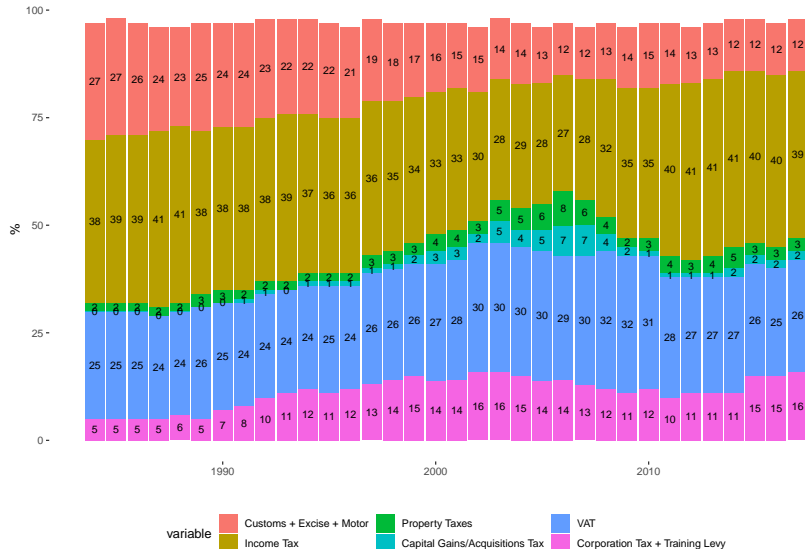


Source: Bova et al, (2016)

Growth and volatility of the main tax categories, 1984 - 2017

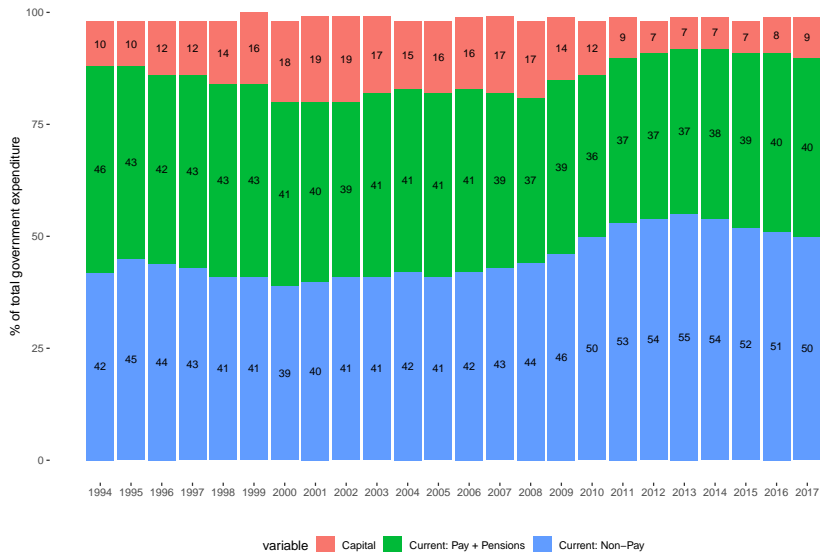


Sources of Tax Revenue



Source: Department of Public Expenditure and Reform

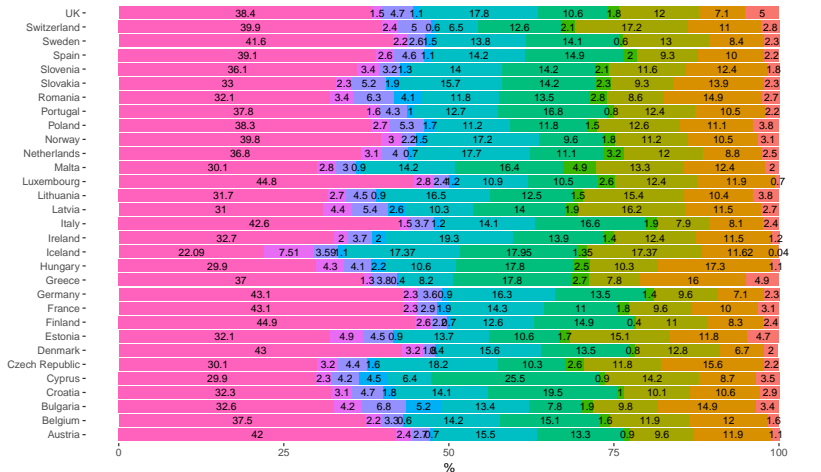
Uses of Tax Revenue



Source: Department of Public Expenditure and Reform

Comparison of Proportionate Spending by Country

% of total government expenditure

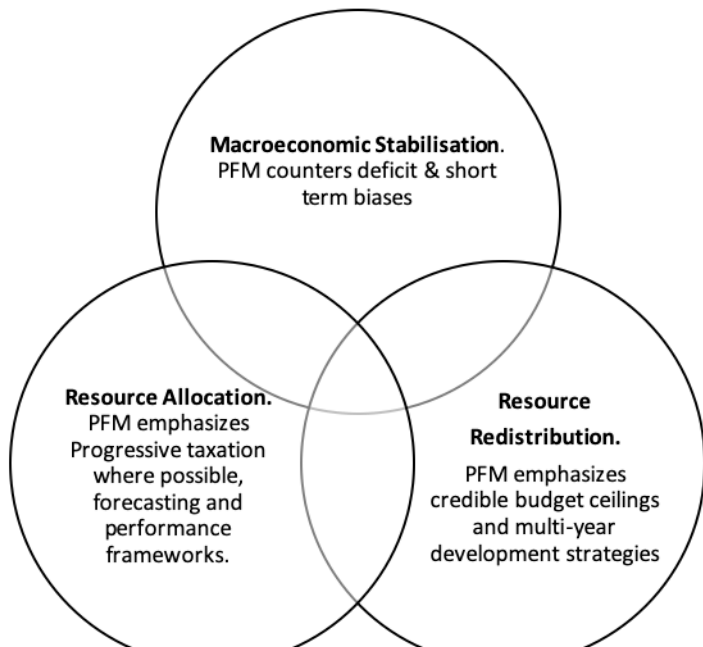


Variable

- Defence
- Economic affairs
- Education
- Environment protection
- General public services
- Health
- Housing and community amenities
- Public order and safety
- Recreation, culture and sports
- Social protection

Source: OECD

The Musgrave Framework



The Budget Cycle

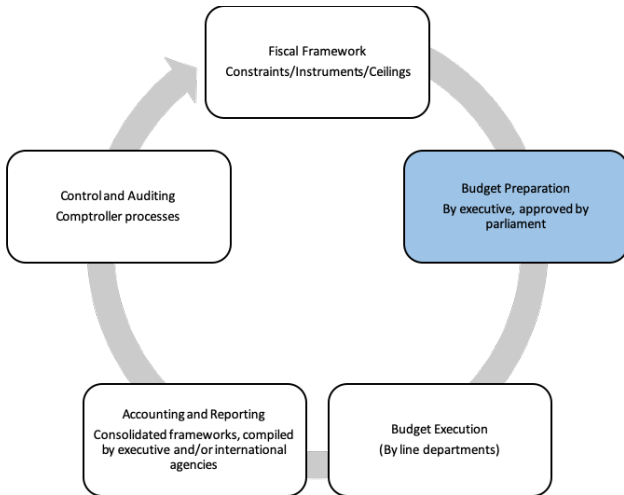


Figure 2: Source: IMF, 2019.

The National Debate we need to get away from

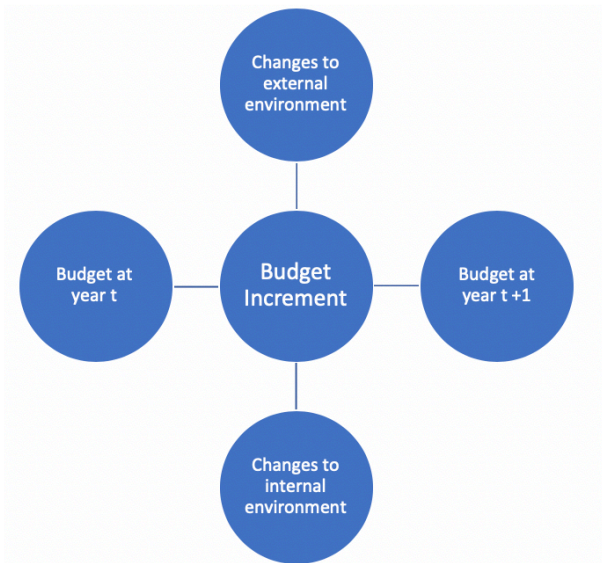
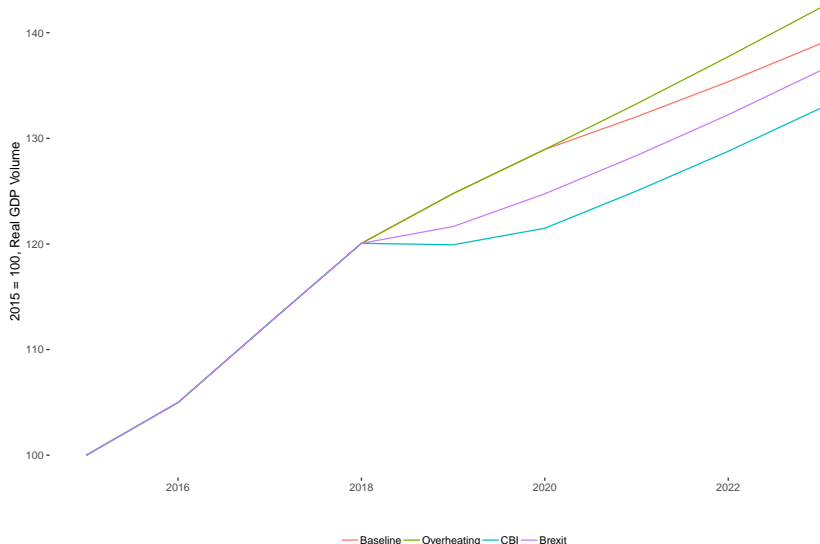


Figure 3: Source: Common Sense

The level of uncertainty in the current moment: GDP (Volume) forecasts



Source: IFAC

Summary

1. Ireland risks replaying the 2007-9 period of dramatic cuts to public expenditure on its currently forecasted path of spending increases.
2. This Committee should sponsor the development of a fiscal stress testing methodology and develop plans to deploy automatic rules on expenditure.
3. This Committee must complete the medium term fiscal- and budget- framework development processes for the State. These are strategic development of the public finances, especially with regard to helping solve the climate crisis.
4. The institutional architecture required to deal with these risks to Ireland's public financial management is not yet complete. The Committee should work to integrate the assessments of the Climate, Fiscal, and Risk advisory functions of the State through its offices with an integrated report and associated actions.