

BOOK REVIEW

PUBLIC DEBT SUSTAINABILITY & FISCAL RULES: SOME EXPERIENCES - B.S. SREEKANTARADHYA; SOUTHERN ECONOMIST PUBLICATION, 2016, PP1-188+x

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Public debt is no body's debt. The book under review is an essay on the public debt. It makes out a case for its sustainability and rules that govern it. The rise of public debt over time makes it a temporal phenomenon and the generations that come later will have to face it. The factors governing public issues are many and yet few thoughts have been dispersed across academicians and certainly not with the governing political leadership. In a context where public debt issues came up for a thought oriented solution, the present book, may serve a fore runner. The author with short and penetrative discussion on the temporal trends in public debt in USA, Japan, UK, EURO and India, issues of fiscal imbalances, debt-GDP ratio, law governing the debt issues and budget and fiscal responsibility marks out areas of solutions for convergence.

Development cannot be attempted without systematic planning of public projects. Huge sums of money have to be borrowed, budgets need be got approved and resultant efforts of fruits of development have to be evaluated for distributive benefits. Fiscal balances and controls may enable better results with taxation and public consolidation of revenues. The question always remains as to how to strike at restricting the debt without affecting growth. Fiscal Rules have been formed in all the countries depending on the contexts yielding mixed results. The experiences of USA, UK, Japan, and India show mixed results. The legislation in India of Fiscal responsibility and Budget Management Act (FRBMA) is a weapon to juggle with targets, performance and

sporadic situations. The author has made an account of EURO experience. The governance of several tiny countries under one currency for the last two decades, the role of IMF, and signals received from budgetary deficits are highlighted. The fiscal rules in terms of debt-GDP ratio and The Growth and Stability Act have been detailed with mixed experiences across EURO Union. The six and two pack rules did not show expected results. The deviant political governance across EURO countries made the difference.

The federal surplus/deficit and Debt-GDP ratios across US demonstrated staggering trend for the last five decades. Similar yet different in the context are the in Japan, in UK and in India. The problem across these countries are the same but not the solutions attempted at by them. The author elucidates with command of economic logic how fiscal discipline controls can be exercised through budget and operations of laws. The debt levels balancing, comparison of reasons, fiscal rules and legal strength leading structural rigidity have all been brought out with prudence. The question still remains as to why Governments of these countries are not learning from their experiences. A politico-economic thought process may lead to an awareness and reach. People alone cannot participate unless parliamentary public accountability is established. The author triggers many questions for further examination. This is a welcome edition for reading and for further contribution of action oriented thoughts.

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