

Abstract

State Budget Revision for 2014 – An Attempt to Fulfill the “EDP” Criteria

PROFESSIONAL ARTICLE

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The main purpose of this paper is to stress the importance of the budget planning process and responsible fiscal attitude in order to reduce the practice of frequent budget revisions. Compared to the previous budget revisions, the last one was specific because it had been induced by the Excessive Deficit Procedure. However, the common cause of each budget revision has been excessive government spending which cumulated fiscal deficits leading to unsustainable dynamics of public debt growth. Considering this fact in the context of a five-year recession and overall economic contraction, the fiscal policy has obviously deepened the macroeconomic crisis determined by domestic structural problems and by the global crisis. This paper analyzes the main aggregates of the state budget revision for 2014 and draws conclusions on the overall benefit of the EDP. For the first time, Croatia as an EU member tackles its own structural problems that have generally been treated partially and unsystematically, without necessary professional expertise and political will to end the unsustainable fiscal practices.

Keywords: state budget revision, Excessive Deficit Procedure (EDP), Croatia

JEL classification: H60, H87

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