Fiscal policy and macroeconomic stability in an economic and monetary union: the case of the West African Economic and Monetary Union (WAEMU)

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The idea that fiscal policy is an effective tool of economic policy for stimulating the real economy has neither empirical backing nor unanimous support among economists. An article published in the *Revue de l'OFCE* (no. 137, 2014) deals with two major shortcomings in government policy in the WAEMU: delays in implementing fiscal measures and the irreversibility of certain public spending measures. The problem centers on the capacity to cancel certain expenditures when they are no longer needed to stabilize the economy. Having a reversible fiscal policy is essential these days to ensure that the public purse is sustainable over the medium term. To stabilize a country's economy using fiscal policy, it is important to be able to identify which public spending measures significantly affect economic activity, while taking into account their response time. Such is the purpose of this article: to evaluate the impact of fiscal shocks on the economic activity of WAEMU countries so as to reveal the channels through which fiscal policy is transmitted.