This thesis attempts to inspect the interrelations between macroeconomic policies and the economic activity from novel angles. Three contributions are proposed.

In the first chapter, devoted to the analysis of the cyclical stance of fiscal policies in OECD countries, it is argued that any assessment on the intentional stance of fiscal policy should be based upon all the information available to policymakers at the time of fiscal planning. In particular, it is proposed to use real-time data on the discretionary fiscal policy “instrument”, the structural primary balance, in the estimation of fiscal policy reaction functions. In fact, the ex-post realization of discretionary fiscal measures may end up to be drastically different from what intentionally planned by fiscal authorities in the budget law. If this is the case, and if revision errors in the policy indicator are correlated with the ones in the regressors, it is shown that commonly used estimators become biased possibly inducing a misleading judgement on the policy stance. When fiscal policy rules are estimated on real-time data, results indicate a counter-cyclical stance in OECD countries, especially during economic expansions, contrary to conventional findings based on revised data.

The second chapter documents time variation in domestic fiscal policy multipliers in Germany, the U.K. and the U.S., and in cross-border fiscal spillovers from Germany to seven European Union economies. It is found that the domestic impact of tax shocks has been positive but vanishing for Germany and the U.S., stably not significant for the U.K.. Domestic spending multipliers are found to be positive but feeble in the short-run and close to zero or slightly negative in the medium-run, implying that private consumption and investments might be crowded out. These results suggest that, in the European Monetary Union, discretionary fiscal policy “surprises” (i.e. unexpected tax cuts and government spending expansions) cannot be used by governments as substitutes for lost national monetary instruments, since they have shown to be progressively ineffective over time. Finally, we find that fiscal expansions in Germany have had beneficial (though declining) effects for neighboring countries, especially the smaller ones. This may indicate that the trade channel of transmission of fiscal policy dominates the interest rate one.

The third chapter of the thesis studies the monetary policy transmission to industrial sectors in the U.S. economy. The focus is on the systematic (i.e. endogenous) component of monetary policy, the one related to observable economic conditions through a stable function, the policy rule. Systematic monetary policies are studied given that they are likely to have real effects, as long as private agents’ expectations are not perfectly rational. In addition, monetary shocks may be simply interpreted as measurement errors or may be due to an incorrect specification of the rule. Based on a structural factor model approach, it is found that industrial sectors are heterogeneously affected and that there is a positive and strong correlation between the sensitivity to endogenous monetary policy and i) the degree of price rigidity in a sector; ii) the relative importance of external sources to finance new investments; iii) the sectoral level of capital expenditures. Industrial Machinery, Primary Metals and Electrical Machinery are the most sensitive sectors to endogenous monetary policies, Textile, Lumber and Food producing industries the least ones.