This thesis studies macroeconomic effects of fiscal consolidation on a sample of EU-28 countries for a period from 2004 to 2019 sticking primarily to the state-of-the-art narrative approach. For this purpose, we collect additional 2037 new fiscal measures to update publicly available dataset used in some previous papers. This is of interest as we demonstrate that cyclically adjusted primary balance in case of conventional approach can disregard a number of relevant findings. We do find moderate indications that fiscal consolidation can turn out to be expansionary in terms of enhancing GDP growth. In line with the existing literature, private investment is shown to react more strongly than private consumption. Nevertheless, success in terms of reducing public debt-to-GDP ratio is limited due to the low persistence of austerity measures. However, currency appreciation in countries with floating exchange rate regime can inhibit full materialization of growth-enhancing potential of fiscal consolidation. In the end, central bank is shown to cut interest rates to offset recessionary pressures. Further research shall revisit the role of composition. In fact, we reveal that tax-based austerity measures are typically chosen as "adjustment of the last resort" and successfully reverse course of history, while spending-based ones are rather self-defeating. This is in sharp contrast to conventional wisdom that has been built up for years. Last but not least, this paper can serve policy makers as a reminder that undertaking painful austerity measures pays off though there are risks they need to be aware of – notably that unemployment rate continues to increase for additional two years before it successfully reverts and plunges which could jeopardize the government's re-election prospects.