A methodology for calculating quarterly cyclically-adjusted primary balances of the general government sector

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Abstract: The aim of this paper is to draw up a parsimonious methodology for calculating quarterly cyclically-adjusted primary balances (CAPBs), suitable for the broad group of EU countries. First, the theoretical concept of the CAPB will be introduced, including a short description of ways to calculate it. The next chapter will deal with estimation of the potential output, which is a crucial input for the overall outcome. Lastly, one of the possible applications of the methodology will be introduced, i.e. the description of quarterly fiscal stances of selected EU countries.

Keywords: production function, fiscal policy, CAPBs

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