

Design of fiscal consolidation packages and model-based fiscal multipliers in Croatia*

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Consumption (long-run)

Dependent Variable: $\log(C_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
C_0	3.71	0.37	9.94	0.00
$\log(Y_t^D)$	0.60	0.04	15.83	0.00
$\log(W_t)$	0.10	0.01	8.20	0.00
D_t	0.03	0.00	7.31	0.00
R-squared	0.95			

Regression: $\log(C_t) = C_0 + C_1 \log(Y_t^D) + C_2 \log(W_t) + D_t + \varepsilon_t^C$

Consumption (short-run)

Dependent Variable: $d\log(C_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
c_0	0.00	0.00	3.86	0.00
$d\log(Y_t^D)$	0.53	0.22	2.37	0.02
$d\log(W_t)$	0.03	0.01	3.00	0.00
ε_{t-1}^C	-0.19	0.05	-3.87	0.00
R-squared	0.63			

Regression: $d\log(C_t) = c_0 + c_1 d\log(Y_t^D) + c_2 d\log(W_t) + c_3 \varepsilon_{t-1}^C + \mu_t^C$

Investments (long-run)

Dependent Variable: $\log(IP_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
I_0	-5.74	0.49	-11.75	0.00
$\log(ID_t)$	1.32	0.04	35.40	0.00
$\log(FDI_t)$	0.03	0.01	2.57	0.01
$COST_t$	-0.55	0.05	-10.24	0.00
$SUBS_{t-1}$	0.04	0.02	2.28	0.03
D_t	0.03	0.02	1.73	0.09
R-squared	0.92			

Regression: $\log(IP_t) = I_0 + I_1 \log(ID_t) + I_2 \log(FDI_t) + I_3 (COST_t) + I_4 \log(SUBS_{t-1}) + D_t + \varepsilon_t^I$

Investments (short-run)Dependent Variable: $\text{dlog}(IP_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
i_0	0.01	0.00	2.52	0.01
$\text{dlog}(ID_t)$	0.32	0.11	3.06	0.00
$\text{dlog}(FDI_t)$	0.02	0.01	1.87	0.07
$d(COST_t)$	-0.84	0.08	-10.63	0.00
$\text{dlog}(SUBS_{t-1})$	0.00	0.02	0.12	0.90
ε_{t-1}^I	-0.33	0.08	-4.10	0.00

R-squared 0.87

Regression: $\text{dlog}(IP_t) = i_0 + i_1 \text{dlog}(ID_t) + i_2 \text{dlog}(FDI_t) + i_3 d(COST_t) + i_4 \text{dlog}(SUBS_{t-1}) + i_5 \varepsilon_{t-1}^I + \mu_t^I$ **Imports (long-run)**Dependent Variable: $\log(M_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
M_0	-7.72	0.69	-11.14	0.00
$\log(MD_t)$	1.58	0.07	22.03	0.00
$\log(\overline{TOT}_t)$	-0.95	1.35	-0.71	0.48
D_t	0.07	0.01	7.30	0.00

R-squared 0.98

Regression: $\log(M_t) = M_0 + M_1 \log(MD_t) + M_2 \log(\overline{TOT}_t) + D_t + \varepsilon_t^M$ **Imports (short-run)**Dependent Variable: $\text{dlog}(M_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
m_0	-7.04	1.01	-6.96	0.00
$\text{dlog}(TD_t)$	0.87	0.11	8.23	0.00
$\text{dlog}(\overline{TOT}_t)$	0.21	0.07	3.02	0.00
ε_{t-1}^M	-0.46	0.07	-6.96	0.00

R-squared 0.85

Regression: $\text{dlog}(M_t) = m_0 + m_1 \text{dlog}(TD_t) + m_2 \text{dlog}(\overline{TOT}_t) + m_3 \varepsilon_{t-1}^M + \mu_t^M$

Employment (long-run)

Dependent Variable: $\log(EMPPRIV_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
EMP_0	-0.62	0.78	-0.79	0.43
$\log(IT_{t-1})$	0.34	0.07	5.23	0.00
$\log(C_{t-1})$	-0.23	0.13	-1.83	0.07
D_t	0.98	0.42	2.35	0.02

R-squared 0.85

$$\text{Regression: } \log(EMPPRIV_t) = EMP_0 + EMP_1 \log(IT_{t-1}) + EMP_2 \log(C_{t-1}) + D_t + \varepsilon_t^{EMP}$$

Employment (short-run)

Dependent Variable: $d\log(EMPPRIV_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
emp_0	0.00	0.00	3.20	0.00
$d\log(IT_{t-1})$	0.12	0.06	1.91	0.06
$d\log(C_{t-1})$	0.12	0.04	2.99	0.00
ε_{t-1}^{EMP}	-0.10	0.03	-3.71	0.00
D_t	0.01	0.00	6.81	0.00

R-squared 0.75

$$\text{Regression: } d\log(EMPPRIV_t) = emp_0 + emp_1 d\log(IT_{t-1}) + emp_2 d\log(C_{t-1}) + emp_3 \varepsilon_{t-1}^{EMP} + \mu_t^{EMP}$$

Inflation

Dependent Variable: $d\log(CPI_t)$

	Coefficient	Std. Error	t-Statistic	Prob.
π_0	0.00	0.00	3.53	0.00
$d\log(CPI_{t-1})$	0.32	0.08	4.13	0.00
$d\log(WTOTAL_{t-2})$	0.02	0.01	2.38	0.02
$d\log(MP_t)$	0.12	0.06	2.00	0.05
$d\log(OIL_t)$	0.01	0.00	5.61	0.00
$d(IMPL_IND_t)$	0.01	0.00	2.24	0.03
D_t	0.01	0.00	6.41	0.00

R-squared 0.64

$$\text{Regression: } d\log(CPI_t) = \pi_0 + \pi_1 d\log(CPI_{t-1}) + \pi_2 d\log(WTOTAL_{t-2}) + \pi_3 d\log(MP_t) + \pi_4 d\log(OIL_t) + \pi_5 d(IMPL_IND_t) + D_t + \varepsilon_t^{CPI}$$

Unemployment benefits

Dependent Variable: $UNEMP_BEN_t$

	Coefficient	Std. Error	t-Statistic	Prob.
ub_0	52433.02	11322.75	4.63	0.00
$UNEMP_BEN_{t-1}$	0.83	0.04	22.99	0.00
$d(EMPTOT_t, 4)$	-6892.60	1531.59	-4.50	0.00
D_t	69767.78	13227.75	5.27	0.00
R-squared	0.95			

Regression: $UNEMP_BEN_t = ub_0 + ub_1 UNEMP_BEN_{t-1} + ub_2 d(EMPTOT_t, 4) + D_t + \varepsilon_t^{ub}$

Implicit interest rate

Dependent Variable: IIR_t

	Coefficient	Std. Error	t-Statistic	Prob.
iir_0	0.04	0.00	53.77	0.00
$d(DEBT_t, 4)$	0.07	0.01	12.27	0.00
D_t	0.01	0.00	4.42	0.00
R-squared	0.68			

Regression: $IIR_t = iir_0 + iir_1 d(DEBT_t, 4) + D_t + \varepsilon_t^{ub}$