AUTOMATIC STABILIZERS IN THE EU DURING THE COVID-19 CRISIS

Jan Lauterkranz[1]

Abstract

The goal of the paper is to quantify the strength of the AS in the EU and analyse whether, in states with higher AS strength, the extent of discretionary measures during the economic crisis caused by the COVID-19 pandemic differed compared to states with lower AS strength. The empirical section of the work focuses on microsimulations using the EUROMOD. Strength of ASM in EU countries is expressed with the stabilization coefficient. It is examined whether a greater degree of stabilization allowed countries to apply lower packages for fiscal stimulation of the economy during the Covid-19 crisis. The paper contributes to the current empirical literature and develops the current state of art about the setting of the tax-benefit system and its influence on the stability of countries' economy.

Keywords

Automatic stabilizers, Covid-19, EUROMOD, microsimulations, tax and benefit system

[1] Prague University of Economics and Business, Department of Public Finance, Prague, Czechia