AUTOMATIC STABILIZERS IN THE EU DURING THE COVID-19 CRISIS

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Note: this paper is currently work in progress. I will fully finish the paper before the Conference starts, by May 10th at the latest. The current version of the paper already encompasses most of the major results of the paper and the primary Literature review as well as the methodology. However, all parts of the paper will be expanded.

I thank you for your understanding. For any questions, please don't hesitate to contact me on email jan.lauterkranz@vse.cz

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

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