ECONOMIC CRISES AND AUTOMATIC STABILIZERS

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Abstract

This paper examines the relationship between economic crises and discretionary and especially non-discretionary public policy measures to support economic developments as a result of the onset and manifestation of economic crises throughout the world. For methodological simplification we chose the period from 2000 to 2018. Thus, the article tries to extract a series of practical and theoretical elements regarding the two issues addressed: economic crises and automatic stabilizers.

Key words: economic crises, macroeconomics, automatic stabilization, discretionary stabilization

JEL Classification: *G01, E02, E32, E63, H12*

1. Introduction

For two thousand years, the economic and financial crises have followed up with a stunning swiftness, passing through panic (e.g., financial panic in 33 AD, Panicles in the United States in 1785, 1792, 1796-1797, 1819, 1857, 1873 , 1893, 1901, 1907, 1920-1921, etc.), speculative bubbles and mania (e.g. South Sea Bubble, 1720, Bengal Bubble, 1769, Tulip Mania, 1637 etc.), depressions (e.g. Great Depression of Tobacco 1703, Depression after the Napoleonic Wars 1815, etc.) and financial crises, debt crises and recessions (e.g. the 1763 crisis, the 1772 crisis started in Amsterdam and London, the financial crisis triggered by the War of Independence, 1776, the crisis Energy in 1979, 1990 Recessions, India's Economic Crisis, 1991, Asian Financial Crisis 1997, Financial Crisis in Russia 1998, etc.).

Many of these have caused new crises, expanding both in time and space, from one geographic area to another, demonstrating that the possibility of isolation of crisis outbreaks is extremely low.

The same issues are observed at the level of the 21st century (e.g. the early 2000s recession, Bula Dot-com, 2000-2002, the Turkish crisis of 2001, Uruguay banking crisis of 2002, the 2007-2009 financial crisis, the subprime mortgage crisis 2007-2010, Icelandic Financial Crisis 2008-2012, Irish Banking Crisis 2008-2010, Latvian Financial Crisis 2008, Sovereign Debt Crisis in Europe beginning in 2009, Portuguese Financial Crisis 2010-2014, Capital Market Collapse in China 2015, Foreign Exchange and Debt Crisis in Turkey in 2018, etc.), demonstrating once again that few lessons are drawn so that the negative effects of economic crises are greatly diminished or completely avoided. Therefore, the article aims to analyze by reviewing some contemporary crises what are the possible causes that led to their emergence and their way of institutional “treatment”, more exactly the stabilization path.

2. Literature overview

According to Andersen (2016), before the Great Recession, the consensus on economic stabilization was that the main instrument that should be used is monetary policy, and fiscal stabilization policies were limited to the operation of automatic stabilizers, discretionary fiscal policies being considered usable only in particularly severe situations (e.g. the Great Recession). Against this backdrop, in the context of a narrower fiscal space in terms of fiscal stabilization capacity, automatic stabilizers have been promoted, praised, their qualities shared and efforts have been made to strengthen their use by international institutions (e.g. IMF, European Commission and OECD).

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A recession, and in a severe crisis, is associated with a deterioration in the public budget position, with shocks being dissipated and amortized over time through the public budget to accept larger deficits when economic activity (and aggregate demand implicitly) low. The presence of reasonable fiscal space and symmetry is important in the functioning of automatic stabilizers, in the sense that budget surpluses create room for budget deficits during the economic recession, especially in the context of general government tax limits or rules.

A number of authors (Domeij and Flodén, 2010, OECD, 2014) note that automated stabilizers allow the consequences of economic crises to shift to the issue of income inequality. It is therefore extremely important to redistribute the tax system and fiscal-budgetary transfers that will improve income losses both in households and businesses.

Following the economic and financial crisis triggered in 2007-2008, for the European Union, the literature highlights the existence of a very high heterogeneity from one country to the other on automatic stabilization and the way in which policy-makers react in this regard. Thus, the damping system driven by automatic fiscal stabilizers (the tax and transfer system) varies from around 25% in the Central and Eastern European countries to almost double in Western Europe and especially in the Nordic countries. With stronger automatic stabilizers, they showed good resistance to unfavorable economic conditions, while countries with weaker automatic stabilizers (Greece, Spain and Portugal, some of the Central and Eastern European countries) registered increases in the unemployment rate, strong economic contraction and considerable migration of labor abroad.

In the short term, as a result of reforms implemented by national governments, such as fiscal consolidation measures (sometimes through tax increases), automatic stabilization has suffered changes in social and systemic benefits over the medium to long term of taxation have resulted in the strengthening of the tax systems and, implicitly, of the automatic stabilization offered by them. According to the same studies, due to increased heterogeneity in the countries of the European Union, substantial changes to automatic stabilization can not be noted after 2007, although the stabilizing effect appears to be stronger in the euro area than in the rest of the EU. However, it is noted that countries with stronger automatic stabilization (e.g. Nordic countries) have experienced a steady evolution or even a reduction in the stabilizing effect, while countries with weaker automatic stabilizers have seen increasing effects good auto stabilization. However, in the case of the Southern and Eastern European countries, for low income social groups the stabilizing effect on disposable income remains low (e.g. Dolls, M., Fuest, C. and Peichl, A., 2010). In conclusion, in the context of automatic stabilizers, the effects of income inequality, especially felt during economic crises, are improved. However, the benefits of automatic stabilization must not be either absolutized or exaggerated.

3. Methodology

This article studies the connection between a series of contemporary crises and their economic stabilization solution. By analyzing the causes, it is intended to indicate some punctual solutions taken by the fiscal or monetary public authorities, but also a tinge of the problem area (only theoretically) and how the problem of stabilization should be addressed. This article uses national and international statistical databases as well as profile studies. The analysis period ranges from 2000 to 2018, divided into 2 periods 2000-2010 and 2010-2018 for both a closer analysis of shorter periods and the surprise of the global economic crisis. The conclusions drawn up retained a series of reservations due to the natural limits conveyed by the still limited sets of data and information, the manner of disseminating information of an official or informal nature of the economic policy decisions.

4. Results and discussions

Some episodes blend more or less with the definition of the recession, for example the recession of the early 2000s, especially in the United States, where there were no two consecutive quarters of negative economic growth. However, the decline in economic activity, the uncertain economic climate, and the impact on an extended area of countries of the European Union, Canada, Australia and Japan (note: in Japan, the recession began in 1990) have allowed this type of framing on the gorunds of the rising of unemployment rates, layoffs in various industries, and the need to cool down economies at one time by raising monetary policy rates (e.g. Fed, 2000-2001, amid asset overvaluation on the stock market). These phenomena have been accelerated by the collapse of the stock markets and the terrorist attack of September 11, 2001, leading in the period 2000-2002 to the loss of almost 2 million jobs in the United States and massive layoffs in Canada.

However, Canada was not in the recession itself, the United States terrorist attack, marking it economically only marginally, perhaps even on the grounds of considerable budget surpluses, with the federal government not considerably reducing budget expenditures or reducing fiscal pressure but by acting through an expansionist monetary policy. As we know, alongside the social protection system, the tax system also plays an important role in stabilizing the revenue available at both individual and aggregate levels in the form of automatic stabilizers. Therefore, in a recession, the public budget position will suffer deterioration, with the negative consequences of the change being absorbed by the budget. In a state, if the social welfare network is broad and if the financing from the budget is important, then automatic stabilizers will be significant in counteracting the adverse effects of the recession or crisis by improving the effects of asymmetric shocks on private consumption and aggregate demand. However, it is hard to say about the automatic nature of stabilization in Canada, because many Canadian provinces have suffered and returned to budget deficits, affecting the overall economic performance of the country.

Russia also felt as a result of the East Asian economic collapse in 1997, and in August 1998 the ruble collapsed considerably and caused numerous withdrawals of capital from banks' deposits. Meanwhile, the government acted through pro-dirigiste economic measures and massive privatizations as well as the export-oriented economy.

In Japan, the problems left behind by the 1990 recession have been manifested by persistent deflation, with the Bank of Japan trying to combat it by liquidity injections and nominal interest rates in the proximity of 0%. Against the background of the announcement that Japan entered the recession in early 2000, there were massive and disproportionate global technology sales affecting technology stocks.

In the European Union, the introduction of the euro on 1 January 1999 was not felt too strong in the first phase, with a weak currency between 2000 and 2001, but only after the summer of 2002 it reached the parity of the dollar, resulting in recessions of about 6 months in France and Germany. With more or less controversial episodes, some European Union countries have managed to avoid recession by the end of 2000. In tables no. 1 and 2 (continued) and Tables 3 and 4 (continued) are presented a series of global episodes of crisis from 2000-2010, and 2010-2018 in which are presented the causes, the way of triggering, but also the way they were solved.

Table no. 1 - A series of global crises from 2000-2010, as well as discretionary and non-discretionary solutions to their correction or moderation

Crisis and / or period	Country / region	Causes / triggering mode	Solutions (discretionary or non-discretionary)
Bula Dot-com (started in 1995, continued until the beginnin g of 2000)	United States, Europe, the whole world	Excessive financial speculation amid the explosive growth of telephone companies and the internet. At the same time, among other causes, there are also malicious mentalities such as growth over profits, financial waste on advertisement, business facilities and luxury holidays for employees, as well as parties and events where large amounts of money were invested when they were launched new websites or new products. As far as the telecommunications bubble is concerned, investment in telecommunications infrastructure was far above cash flow and in Europe mobile companies purchased 3G licenses in debt. These issues have greatly contributed to the collapse of not only a few important Internet and telecommunications companies, but even to the damage to these areas and related fields.	Bankruptcy, liquidation, downsizing of the companies in the field and related activities (transport, advertising, etc.), correcting the mentality of the directors of those companies regarding the use of risk capital, much more stringent regulations in force, convicting the telecommunications companies, the Internet and the investments involved and their directors for fraud and the payment of huge fines for misleading investments (including Merril Lynch and Citigroup).
The 2001 economic crisis	Turcia	The economic crisis was driven by the fact that economic growth was mainly based on foreign investment, and huge budget deficits, political instability, corruption and inflation have exposed the government's inability to meet its short-term financial obligations. Against the backdrop of political instability and considerable budget deficits, investors have withdrawn their capital massively and quickly (in just a few months). This has triggered the slowdown in the Turkish economy, the necessity to resort to IMF loans, privatizations of state-owned companies, unemployment, poor access to health services, limiting lending and raising tax rates.	The IMF loan and, in general, the macroeconomic stabilization efforts were considered insufficient. Against the backdrop of the dramatic rise in interest rates and rapid dollarization and euroisation as a result of increased mistrust in the national currency, Turkey's central bank lost massive foreign exchange reserves. Socially, unemployment has grown spectacularly and income inequality has grown even more. Therefore, the need for effective discretionary measures, but above all for elements of automatic stabilization - a well-functioning social and tax-budgetary system would considerably mitigate these shocks.
The 2002 banking crisis	Uruguay	The banking crisis in Uruguay was driven by massive withdrawals of depositors' capital, most of them coming from Argentina. A third of deposits were taken out of the financial system and five financial institutions remained insolvent, with the government having to freeze bank operations. The cause was an excessive dependence on the neighboring country, Argentina (e.g. tourism and construction) and its own economic contraction at the end of 2001.	Proper regulation of bank offshore capital would have relieved the Uruguayan economy of the effects of this crisis. Similarly, allowing three foreign banks (Chemical Overseas Holdings, Inc., Dresdner Bank Latinamerika and Credit Suisse First Boston) to acquire one of the oldest banks in the country, Banco Comercial del Uruguay (BC), proves the Central Bank of Uruguay inability to understand the risks faced by the financial-banking system in the absence of rigor in banking legislation and risk-taking. At the same time, a rapid and efficient reaction from the central bank would have isolated the spread of the banking crisis in the economy. Economic recovery was made possible by governmental changes and the appointment of competent ministers with high credibility in key portfolios.

Source: Various online information, from which Edwards (2016), Özatay and Sak (2002); author processing

Table no. 2 - A series of global crises from 2000-2010, as well as discretionary and non-discretionary solutions to their correction or moderation (continued)

Crisis and / or period	Country / region	Causes / triggering mode	Solutions (discretionary or non-discretionary)
Global Financial Crisis, 2007-2008	The United States, the whole world	Considered the worst crisis since the 1930s Great Depression, it began in the United States as a subprime mortgage market crisis in 2007, gradually turning into a banking crisis, then into an international banking crisis amid the lack of liquidity, with the collapse of Lahman Brothers in 2008. The subprime crisis in the US was due to the following general reasons: - low mortgage rates; - grouping multiple mortgages, packing, overvaluing, securing and selling them in the form of new mortgage-backed securities; - lax and often outdated mortgage lending regulations, including the federal reinvestment law in the federal law, aimed at increasing easeing of purchase of properties by low and middle income Americans; - providing mortgage guarantees for high-risk subprime loans, many of which are under the US government's implied guarantee through quasi-government agencies Freddie Mac and Fannie Mae; - sub-capitalization of banking financial institutions in relation to the risks assumed; - the failure of international rating firms to notice the dangers and financial risks of the US mortgage market as well as of the monetary regulators (e.g. the abolition of the Glass-Stegall Act in 1999, there being no risk differentiation between commercial and investment banks) and supervision; - inability of the financial market for self-testing, self-regulation, for stopping and remediation of excesses; - dramatic and systematic violations of ethics and accountability in the financial and banking system.	Rescue discretionary measures have been used for major financial and fiscal institutions of a fiscal-budgetary and monetary nature, but without much success, following a global economic downturn - the Great Recession (2008-2012), then in Europe, the sovereign debt crisis. In 2010, laws on consumer protection and the promotion of financial stability, as well as on global capital and liquidity standards (Basel III), were adopted in the United States. However, the economic downturn has continued worldwide, international trade has deteriorated, many other areas than those originally affected by the crisis have also been touched, many businesses have faced bankruptcy, and the population has been confronted with indebtedness, housing loss, wealth and well-being losses, but also with prolonged unemployment. Governments instead of implementing rescue measures and economic stimulus programs should have to act preventively through strict fiscal and budgetary regulations, and after the crisis triggered by financing the cause - the original lender-holders - the population and not investing in financial-banking companies. At the same time, central banks should have been properly designed to quickly and efficiently prevent and detect dangers (e.g. mortgages and toxic financial products), to impose proper legislation on risk and loss taking, starting from the banking- commercial banks.
The banking crisis, 2008-2010	Irland	Against the backdrop of the Great Recession, a number of Irish financial institutions have suffered severely from lack of solvency. In the period prior to 2007, the international bond loans of the six largest Irish banks - Bank of Ireland, Allied Irish Banks, Irish Life & Permanent, Irish Nationwide Building Society, Anglo Irish Bank and the Building Education Society have increased more than 6 times, coming to the attention of the ECB on Basel II regulations (e.g. bank capital adequacy). However, the lax supervision of the Irish banking system allowed Irish banks to make excessive borrowing in corporate and international money markets, in the context of the freezing of the international banking market, which led to liquidity problems in the Irish banking system. In addition to the lack of liquidity, initially starting from a considerable increase in loans amid an internal real estate bubble, solvability problems were added, requiring massive injections of money to avoid the collapse of the most important Irish banks.	The Irish Government has implemented rescue measures by investing tens of billions of euros, while also calling for IMF assistance and requesting EU support through the European Financial Stability Facility, requiring political, legislative and economic restructuring measures. Probably, designing automatic stabilizers to better link banking products to international developments (e.g. liquidity crisis, international contagion effect), but especially with real estate price developments would have eliminated or mitigated the effects. Also, stricter financial and banking regulations and better supervision by the Central Bank of Ireland would have exposed the financial and banking sector less to these shocks.

Source: Various online information, mention Temin (2010), Whelan (2013); author processing

Table no. 3 - A series of global crises from 2010-2018, as well as discretionary and non-discretionary solutions for their correction or moderation

Crisis and / or period	Country / region	Causes / triggering mode	Solutions (discretionary or non-discretionary)
European Debt Crisis, 2010 - present	The euro area	The causes of the debt crisis varied from country to country. Among the causes are easy lending up to 2008, financial globalization, the 2007-2008 crises and the Great Recession 2008-2012 launched in the United States. In some countries, private debt due to the real estate bubble was introduced into sovereign debt by saving national banking systems in other countries, the slowdown in economic growth as a result of the real estate bubble required government intervention and the measures were not the most inspired. Also, the euro area with only monetary and non-fiscal union did not allow a rapid and automatic reaction of macroeconomic policy instruments, European leaders being limited by the constraints of the lack of supranational fiscal and budgetary instruments. National monetary and fiscal instruments did not manage the crisis. At the same time, European banks have owned and still hold a significant part of the sovereign debt of the euro area countries, and national financial problems are affecting the banking system of euro area countries and vice versa.	Euro area Member States (especially Greece, Portugal, Spain, Ireland and Cyprus) have been unable to repay / refinance their government debt or save over-indebted banks by calling on the ECB and the IMF. Thus, the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) were assisted by the ECB through low interest rates borrowing from the ECB, by lowering the ECB's monetary policy rate and by lowering yields of Outright Monetary Transactions (OMT). Against the backdrop of economic recovery and the reduction of structural deficits since 2014, Portugal and Ireland have left the rescue programs, Spain has redirected its rescue package from the ESM for banking recapitalization, Cyprus and Greece have returned to the capital markets. If the automatic stabilizers were likely to have worked better, the social, economic and labor market effects would have been greatly attenuated, and Britain might not have been tempted to initiate exit procedures from the EU.
Financial crisis 2014-2017	Rusia	At the end of 2014, against the backdrop of the depreciation of the Russian ruble, investors looked at the Russian economy in reserve, contributing even worse to the collapse of the currency, affecting exports by drastically reducing the price of oil. Another cause is the international economic sanctions after the armed intervention in Ukraine and the forced annexation of Crimea. Russia's economy depends on the major resources, namely oil exports, and the increase in oil production in the United States and the drop in oil demand during 2014 have considerably reduced the profits of state-owned companies and, implicitly, Russia's government revenues. Among the most affected were the exporting companies, some foreign and domestic companies in Siberia, consumers and the capital and banking markets (e.g. rising interbank rates).	The central bank of Russia tried to control the depreciation of the currency by repeatedly consuming the foreign exchange reserve, also intervening by raising the monetary policy interest rate. At the same time, he intervened to save a major commercial bank. By 2015, the Central Bank has repeatedly reduced its key interest rate, but without much success in stabilizing the economy and reducing inflation. Against the backdrop of the crisis, the government seized more than half of Russia's productive assets. Plutocracy, corruption, low technology adaptation, precarious infrastructure, the regulations, ambiguous legislation and ambiguous behavior of the Central Bank of Russia contribute, along with external developments, to Russia's difficult return. Today, the economy has stabilized, Russia's foreign exchange reserves are still considerable, but inflation and interest rates continue to rise considering to European standards, and the social and demographic effects of the crisis are still felt. In the context of automatic stabilization, a more rigorous design of monetary instruments might prove useful, the government should have insisted on supporting other areas (education, infrastructure, technology, health, etc.) that might have reduced the dependence of the country's natural resources and the whims of international developments.

Source: various online information, mention Grinin, Korotayev, Tausch (2016), OSW (2015); author processing

Table no. 4 - A series of global crises 2010-2018 as well as discretionary and non-discretionary solutions for their correction or moderation (continued)

Crisis and / or period	Country / region	Causes / triggering mode	Solutions (discretionary or non-discretionary)
The turbulence on the capital market in 2015-2016	China	Since mid-2015 and early 2016 there has been a dramatic collapse in the value of shares in the Shanghai stock exchange, companies have experienced a slowdown in transactions to reduce losses. Despite the temporary returns of the stock exchange at the beginning of 2017, the Shanghai composite index was half its value in early 2015. The boom was partly due to the Great Recession and its effects, the government considering necessary to attract financial resources from the public and private sector to speed up the economy. The government opportunity to finance the economy through an open security market to ordinary citizens (the "Chinese dream"), although in the first instance increased stock market capitalization by the large number of players, has led, through their low professional quality, to overestimating assets and / or acting impulsively. In addition, the Chinese Securities Regulatory Commission has facilitated this evolution by relaxing existing regulations, allowing and encouraging short selling and listing of bad state companies. Nor did China's People's Bank's repeated devaluations have helped to redress the situation. By the beginning of 2016, the industrial output index has fallen dramatically and the cumulative effects have led to dramatic correction of the capital market.	The government intervened to halt turbulence on the capital market, regulators intervened by limiting short selling, moderating public offerings, encouraging brokerage firms to buy cash from the People's Bank of China, measures going to arrests, and convictions regarding the manipulation of the capital market. Over-indebtedness to develop its economy through the stock market led to Black Monday and Tuesday (August 24 and 25, 2015), not only for China, but also for the big stock exchanges of world economies. In addition, the speculative nature also comes from the need to develop the services sector (investment banks, restaurants, spa, airlines, etc.) at the expense of the manufacturing industry, a natural trend found in Western economies for many years. The solutions are partly of a legislative nature, but also of an educational nature, by better understanding of the internal and international environment. At the same time, addressing public policy mistakes, preventing panic and financial and economic weakness should be a matter of concern to the authorities in China and around the world. Since automatic stabilizers are built on rules and norms, a more accurate design of these instruments will lead to their automatic change in relation to the economic cycle and might contribute to the mitigation of economic and social aspects.
2018 currency and debt crisis	Turkey	The crisis was caused by repeated waves of depreciation of the Turkish lira, rising inflation, increasing the current account deficit, the inability to face the debt, especially in the currency. The crisis was also triggered by President Erdoğan's authoritarian policy and commercial friction with the United States, with tariffs that have disadvantaged exports of products such as aluminum and Turkish steel to the US. Stagflation was partly due to government spending, real estate explosion and easy credit.	The government has developed a new three-year economic program to stop the crisis by cutting government spending, focusing on boosting high value-added economic areas and stopping unprofitable projects, supporting production and exports, and creating jobs, anticipating also the first phase the reduction of economic growth in the short term. It is necessary to increase the quality of political leadership and to offer the full autonomy of the Turkish Central Bank; these aspects could facilitate automatic stabilization.

Source: various online information, mention Huang, Miao and Wang (2016), Krugman (2018); author processing

5. Conclusions

In a brief assessment of the causes and solutions, we can see that at the basis of any type of crisis there are the primary needs (the need for housing - the real estate bubble) or the more evolved (the need for communication and technology - dot.com bubble). These needs are speculated with great ability, in the first instance, by companies operating in the fields that can cover those needs. In the next phase, financial and banking institutions are willing to "help" the companies involved but especially the "consuming" population, while at the same time the financial institutions have the benchmark of an easy gain by offering solutions that allow indebtedness regardless of liquidity, but even worse, indifferent to the solvency of the borrower for the acquisition of that product which cover the need. The "complicity" of the state is evident through indifference or even relaxation of the legislation in force regarding the suppling field of covering goods for "consumer's pressing needs" and even worst for financial-banking institutions. The motivation is the state's interest in ensuring prosperity and covering its budget deficits, so sometimes economic growth is needed at any cost, sometimes at the cost of crises. This is how the bubbles start, overturning by successive packaging and contagion effects from one or two areas affected to the entire national economy and related economies.

Crisis have international repercussions, even if initially they are national or regional, so always and extremely easy, through "proper" channels can become global. The big world economies, both geographically and economically (e.g. the United States, Russia, the

European Union, Japan, China etc.), which have a political desirability of welfare and employment growth, often rely on sustaining high economic growth, irrespective of the consequences. However, even small states that want to solve problems through various economic "tricks" (e.g. support services, support the construction industry and easy lending etc.) can be "triggering" the economic crises, but these crisis may rarely become international.

Generally, pride, greed, lack of morality and empathy, and ultimately lack of discernment are the most important motivations that attract all actors: state and private companies, including the financial and banking system, over a well-established "victim" - the citizen, the consumer or the population, speculating and stimulating its "need". The solution is simple but often difficult to implement: financial education primarily of the consumer and then of the banking system, the state, and private companies.

If any of the actors involved, and especially the institutional ones, would of reacted differently, prudently, complying with legislation or imposing new legislation in the case of regulatory vacuum, the crises would not have occurred or would have occurred with a lower intensity and would have been less extended in space and time. So the "discretionary" solution following the crisis would no longer have been so necessary. Salvations - bail-out or bail-in by both the state and the international financial institutions would have been redundant or very little and poorly used.

At the same time, if the social security and fiscal tax system would have been designed in a socially correct manner, to combat social inequalities and if there would have been those fiscal-budgetary "financial sources of freedom", crises could have come and fade more or less as they came. This is the context of automatic stabilization - freedom of maneuver (e.g. political non-intervention) and proper design of fiscal and budgetary and monetary instruments, so that crises do not occur or if they occur to be strongly attenuated. Although it does not require a discretionary (monetary or fiscal) policy type, as it is a tool that uses the channels and tools of discretionary policies, automatic stabilizers imply a better, more rigorous and more equitable social design.

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