

The Output Gap as A Barometer of Economy Management in The Light of The Secular Stagnation on The Example of Poland*

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Abstract

The research problem was formulated as a question: are demand-supply shocks affecting the opening up of a negative or positive output gap? The hypothesis was formulated: demand-supply shocks have a significant impact on the opening up and deepening of the negative output gap, thereby causing real GDP to shrink or potential GDP to grow. The spatial range applies to Poland and the time period - 2008:Q1-2019:Q4. The methodology consists of three stages: the first is the decomposition of the time series using the TRAMO/SEATS on the components: seasonality, trend-cycle, irregular; the second - the decomposition of the trend-cycle component using the Hodrick-Prescott filter into two separate components; the third is the calculation of the output gap. The output gap is in the range of - 11% to +10%. After cleaning it, the shock elements are between -2.2% and 2%. Demand-supply shocks open up and widen the negative output gap.

Keywords: output gap; Polish economy; secular stagnation; sustainability.