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The fiscal block in the macroeconomic modelling

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Abstract

The study has as main objective to assess (quantitatively as well as qualitatively) the way in which the governmental fiscal sectoral block could be positioned relatively to the other sectoral blocks of the national economy, within a macroeconomic model. To this end, some logical criteria are introduced and, based on them ten sectoral blocks of the national economy are identified and described. Then, all the economic flows (in money expression) among the fiscal block and the other nine sectoral blocks are identified and systematized, as inputs or outputs. Finally, a double entrance matrix is elaborated in order to highlight all these economic flows and to put the bases to elaborate, in future studies, even an inter-sectoral blocks balance, in an analogous way with the elaboration of the well-known Leontief inter-branch balance.

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1. Introduction

Macroeconomic models of behaviour description is based mainly on sectoral blocks from a perspective of economic flows (real and nominal) not directly related to national accounts, but rather economic markets. This makes the analyzes or predictions made on the basis of these models (either financial planning or behaviour) to be "valid" in terms of markets, but not to calibrate the national accounts or vice versa. The project intends therefore to achieve a synthesis between these two types of modelling, so both markets and national accounts to be taken into account when designing the model and its use. This article is only part of a project intended to

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achieve a synthesis between these two types of modeling.

2. **What is the sectoral block**

The concept of sectoral block requires some considerations in order to distinguish it from other "neighbouring" concepts such as those of economic sector, market, national account, branch, sub-branch, area of activity, etc. The reason we consider that the use of this concept adds value to our research is the following:

- The neighbouring concepts mentioned above don’t "target" objectives of modelling, rather, each of them is trying, from its perspective, to identify and/or determine some structural-functional homogeneities or irregularities of the economic activity; or, the purpose of our research is to determine a structure of the national economy which serves, primarily, to the development of a macroeconomic model. The concept of sectoral block will have to meet some characteristics which, although can be found in the mentioned neighbouring concepts, this is done in a disjunctive, not cumulative manner;

- The concept of sectoral block will have to cover completely the economic activity of any kind. Question is whether the system of the sectoral blocks will have to distinguish between the official and unofficial economy. We consider that it is not productive to have a distinct block of the unofficial economy (or just of the underground economy), because, in principle, unofficial economic activities (particularly underground economic activities) can take place in any imaginable sectoral block. To this end, the sectoral blocks will be “credited” with a particular proportion of unofficial activities, depending on the necessities of qualitative and quantitative modelling;

- The sectoral blocks will systematize, logically, the economic activities, which will allow, as we will see in the subsequent paragraphs, their structural and functional correlation with other categories of “intelligibilization” of the national economy; this correlation is, otherwise, the tough core of the model to which this research aspires as finality;

- The concept of sectoral block will allow it, depending on the subsequent modelling or analytical necessities, to be considered some mind of black box, which will establish methodological conditions for conducting in-depth investigations based on the "ceteris paribus" principle.

Capitalising on the above considerations, we may now attempt to formulate an operational definition for the concept of sectoral block, from the perspective of our research interest. We will call sectoral block a **methodological cut from the system of the national economy, having a reasonable level of homogeneity of the economic activities included in that cut, irrespective of the degree of heterogeneity between the sectoral blocks on the national economy**. Therefore, methodologically we will produce some kind of sui-generis entropic dissipation, so that, at the possible price of a higher inter-sectoral heterogeneity, we may obtain a maximal reduction of the intra-sectoral heterogeneity.

3. **Classification criteria for the sectoral blocks**

The criteria for sectoral block classification, as they have been introduced and defined in the previous paragraph, should be the following (we also consider that they should act concomitantly to obtain the classes of sectoral blocks):

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1Including in the topological meaning of the word.
2In our opinion, the unofficial economy includes the two categories of economic activities, both of them unobserved from the point of view of the governmental inspector: a) informal economy; b) underground economy.
3Mainly with the system of economic markets, and with the system of national accounts.
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