

The Impact of Fiscal Policy on the Current Account Balance in the Case of Bosnia and Herzegovina

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Abstract: This paper aims to investigate and determine the relationship between the budget, changes in GDP, price indices, and movement of the real exchange rate on one hand, and the state of the current account balance in Bosnia and Herzegovina during the period of 2005-2019. The paper covers literature related to this field, empirical knowledge, case studies of various international types of research, and certain econometric methods. The research results indicate the presence of a negative correlation between the budget deficit, reduction in prices and the real exchange rate, and improvement of the current balance. The outcomes vary depending on whether it is in the short-term or long-term horizon.

Keywords: Budget, Current account, Price index, Real exchange rate

1. Introduction

The balance of payments is a crucial economic indicator, but it alone does not provide enough information, especially when there are different economic shocks. Governments can use various fiscal policy tools to steer the economy in a particular direction, and the question is whether these tools have a causal relationship with the balance of payments and how strong this relationship is. This issue was studied in the 1980s and 1990s in both developed and developing countries (Islam, 1998; Magazino, 2012), and the correlation between these variables is especially relevant now given the current economic problems faced by countries.

Economic theory provides two important determinants regarding the relationship between these variables. One is that changes in the current account balance and fiscal balance are closely related (Keynesian theory), which forms the basis of the Feldstein-Horioka hypothesis (1980). The other approach is the Ricardian equivalence hypothesis, which suggests that there is no correlation or that the influence is negative. This paper presents the impact of the budget deficit on the current account deficit in Bosnia and Herzegovina, taking into account other parameters such as inflation, changes in the real exchange rate, and GDP growth trends.

Countries like B&H, which are still in transition, face difficulties in fiscal governance due to high public debt and weak competitiveness in foreign trade. Since 2005, fiscal policy has been implemented through a single VAT rate, but there has also been an increase in public debt and budget expenditures. This paper analyzes the interrelationship of these two indicators on the example of B&H for the period 2005 to 2019, using the methodology and research dedicated to the relationship between the current account balance and fiscal account. As expected, GDP change had the largest oscillations in 2007 and 2008.

Examining the given relations is especially important for Bosnia and Herzegovina as it has a highly decentralized fiscal policy where the general government by the Budget Law cannot have a budget surplus. On the other hand, the entities that have the right to create public debt represent the bearers of budget deficits, while the current account deficit is shown at the country

level. Indirect taxes such as those controlled by the state are unquestionably the main source of financing government spending at both the state and entity levels. Direct taxes in the last decade also have a growth trend, and follow GDP growth. Inflationary movements are moderate and do not show major oscillations.

2. Hypothesis of Double Deficits in Different Empirical Studies

Research on the relationship between budget deficits and current account deficits has been extensively studied and documented in various papers, which can be classified into four groups. The first group includes works that examine the impact of budget deficits on the current account balance, such as Abell (1990), Bachman (1992), Cash (1994), Islam (1998), Piersanti (2000), Bluedorn and Leigh (2011), Leachman and Francis (2002), Cavallo (2005), and Erceg, Guerrieri, and Gust (2005). The second group of authors confirm the impact of current account deficits on budget deficits, but not vice versa, including Anoruo and Ramchander (1998), Khalid and Guan (1999), Alkswani (2000), Kim and Kim (2006), and Marinheiro (2008). The third group comprises papers that show a non-existence or negative relationship between budget deficits and current account deficits, such as Enders and Lee (1990), Evans and Hasan (1994), and Kaufmann, Scharler, and Winckler (2002). Additionally, Piotr (2012) found a negative correlation between fiscal deficits and current account deficits in the example of the Baltic countries between 1999 and 2010. The fourth group includes works that confirm a two-way relationship between current account and fiscal balances, including Laney (1984), Miller and Russek (1989), Boucher (1991), Evans (1993), Papaioannou and Yi (2001), Kaufmann, Scharler, and Winckler (2002), and Baharumshah and Lau (2007).

One noteworthy study is Darrat's (1988) paper, which provides evidence of a double connection between budget deficits and current account deficits. Using quarterly data from 1960 to 1984, the paper confirms a significant impact of budget deficits on current account deficits in the United States, as well as an even greater impact of current account deficits on budget deficits. Khalid and Guan's (1999) study is also significant, as they analyzed the cause-and-effect relationship between budget deficits and current account deficits in ten countries, including five developed and five developing countries, between 1950 and 1994. Using the method of cointegration, they found a causal link between budget deficits and current account deficits in four of the five developing countries, but not in developed countries.

Other studies have shown that a continuous increase in budget deficits relative to GDP is not associated with an increase in deficits in other countries, leading to a short-term deterioration in the current account balance in large economies such as the United States and long-term deterioration in both large and small open economies (Kumhof and Laxton, 2009). Lau, Baharumshah, and Khalid (2006) also found a long-term relationship between budget deficits and current account deficits in four Asian countries between 1976 and 2000, confirming the existence of the twin deficit hypothesis in Thailand, the inverse hypothesis of twin deficits in Indonesia, and the Feldstein-Horiok hypothesis in the other two countries. Marinheiro (2006) investigated the impact of current account deficits on fiscal deficits using data from 1974 to 2002, and found a significant relationship between the two variables.

Taking into account most empirical studies, we can conclude that they confirm the existence of a relationship between the fiscal deficit and the current account deficit. However, some studies suggest that other macroeconomic variables are also connected to the current account balance. For instance, Kovačević (2017) explores the relationship between the current account and its determinants in nine countries in Southeast Europe. He highlights that the real effective appreciation of the exchange rate has a negative impact on the current account, whereas the net inflow of foreign direct investment has a positive impact. Moreover, the inflow of capital into the country is also important. An increase in foreign capital inflows may lead to increased

indebtedness, particularly if it is only in the form of loans, and result in increased outflows in terms of interest and capital payments to foreigners. Increased capital inflows may also result in increased demand, which can eventually lead to pressure that worsens the current account (Abbas et al., 2010).

3. Methodology

3.1. National Income, Government Spending, and Current Account

To clarify the relationship between the fiscal deficit and the current account, it is useful, to begin with, some items of national income accounting. The economic theory analyzes the correlation of elements of national income and establishes the link between investment and savings, national income and public expenditures, and public revenues. In this way, we express national income as a sum of consumption (C), investments (I) government expenditures (T), and differences between imports and exports (X-M):

$$Y = C + I + G + (X-M) \quad (1)$$

Income must arise either from domestic sales of consumer goods (C), investment goods (I), government goods (G), and net sales of goods to foreign entities (exports X minus imports M). We write the mentioned equation as:

$$Y - (C + I + G) = X - M \quad (2)$$

That is,

$$Y - (C + I + G) = CA \quad (3)$$

Or,

$$Y - A = CA, \quad (4)$$

$$\text{Where: } CA - \text{current account balance and, } A = C + I + G - \text{total absorption} \quad (5)$$

If we have a closed economy, savings are equal to investments, since external variables do not exist (Hohberger and Herz, 2012; Krugman and Obstfeld, 1997). Therefore, investments can be written as:

$$I = Y - C - G, \quad (6)$$

If savings are equal to investments then we have:

$$S = I - C - G, \quad (7)$$

Then we get that in an open economy investments are not always equal to savings. This is because individuals, the government, and other businesses can borrow funds from abroad. We can write savings as:

$$S = I + CA \quad (8)$$

Further, analyzing aggregate savings we see that it is made up of the private and public sectors. Therefore, we could write:

$$S = S_p + S_g \quad (9)$$

Private savings are considered to be a portion of disposable income that individuals have not spent. Therefore, we write private savings as the following equation:

$$Sp = Yd - C = (Y - T) - C \quad (10)$$

Where: Yd - disposable income, I - taxes.

Public savings, as opposed to private ones, are equal to the difference between taxes and government expenditures, which includes government purchases and transfers. In this sense, we write public savings as:

$$Sg = T - (G + R) = T - G - R \quad (11)$$

where: G - Government (state) purchase, R - Government transfers.
About expression (9), total private and public savings can be written as:

$$S = Sp + Sg = (Y - T - C) + (T - G - R) = I + CA \quad (12)$$

According to the above formula, the current account balance is written as:

$$CA = S - I = Sp - I + (T - G - R) = Sp - I - (G + R + T) \quad (13)$$

3.2. Subsection

The expression (13) demonstrates that a constant difference between private savings and investment means that any change in fiscal policy will result in changes in the current account balance. This relationship leads to the twin deficits hypothesis. In other words, if the difference between savings and investment is not fixed, then changes in the fiscal balance must be offset by changes in savings. This situation is related to the fact that an increase in the budget deficit leads to an increase in private savings due to the fear that the state will increase taxes in the future to reduce the deficit. This leads to a reduction in citizen spending and a current account deficit (Mukhtar, Zakaria, Ahmed 2007). Thus, we can see that the twin deficits hypothesis does not emerge in this situation.

If we assume that the country's economy is at the level of full employment (traditional approach), then an increase in the budget deficit causes a current account deficit due to an increase in aggregate demand for domestic and foreign goods and services. The traditional approach highlights the close link between the budget deficit and the size of savings and investments, production factor prices, real exchange rate movements, income distribution, and foreign trade value. Another explanation of the twin deficits hypothesis (Mundell-Fleming model 1962) emphasizes the quantitative approach. This model indicates that fiscal expansion (budget deficit) causes the current account deficit by increasing the interest rate, attracting foreign capital, and appreciating the domestic currency.

The Ricardian equivalence hypothesis, on the other hand, assumes that twin deficits are unrelated or negatively related (Makin 2002). This approach states that the budget deficit does not change interest rates or the exchange rate of the domestic currency and does not affect savings and consumption. Therefore, the budget deficit has no impact on the current account balance.

The third approach assumes an inverse causal relationship between the budget balance and the current account. This approach explains that an increase in the current account deficit slows down the economy, leading to a budget deficit (Enders and Lee 1990). The fourth approach assumes a two-way relationship between the budget deficit and the current account deficit. The Feldstein-Horioka hypothesis is used, according to which domestic savings and investments are

highly linked in the long run, regardless of the large international mobility of capital. Therefore, according to expression (13), a high degree of connection between domestic savings and investments means changes in both the budget deficit and the current account deficit. Hence, expression (13) can be written as follows:

$$CA = Sp - I + FB \quad (14)$$

Where, FB – A balance of the state budget.

Economic theory offers several different econometric models by which analysts try to determine the relationship between the fiscal deficit and the current account deficit. This study seeks to show the relationship between a particular fiscal policy defined as the ratio of the budget balance to GDP and the current account balance as a share of GDP in the example of Bosnia and Herzegovina in the period 2005-2019. In addition to considering the causal relationship between these variables, this study also investigates the impact of other variables on current account value movements. In this sense, an economic model was used which can be represented by the expression:

$$CA = \alpha + \beta_1 FB + \beta_2 Z + \varepsilon, \quad (15)$$

Where: Z - other explanatory variables are Gross Domestic Product growth (g GDP), a Real exchange rate (REER), and consumer price index (CPII); β_1 and β_2 coefficients of the regression equation, I; ε - the concept of error.

3.3. Data Source and Variable Relationships

The time series of data used in this model is based on the quarterly frequency and covers the period from the first quarter of 2005 to the last quarter of 2019. The model is based on the stationarity of the analyzed time series. According to the time series of data, the research has the task of determining the stability of the positive relationship between the budget balance and the current account balance. The paper contributes to determining whether there is a causality of the mentioned quantities, which affects the possibility for the B&H model to predict the twin deficit hypothesis. To obtain a complete picture, it is necessary to take into account the variables that are related to the values of the current balance, especially emphasizing the changes in the real exchange rate. In that sense, descriptive statistics correlation as well as the correlation between variables were done, and finally, a unit root test, as well as a Granger Causality test, were done, which is presented in the paper.

4. Data Analysis

4.1. Descriptive Statistics

This paper seeks to investigate the relationship between fiscal policy and the balance of payments and to consistently determine whether there is a causal link between the fiscal deficit and the current account deficit. The current account balance was created based on real GDP growth, inflation, tax revenues, the real exchange rate, and government spending.

The study first established descriptive statistics before assessing trends and models.

Figure 1. shows that the trend of the fiscal balance is moderate with a slight fluctuation in 2009 and 2011, which was caused by the shock on the financial market, which affected the reduction of budget revenues. Larger oscillations in the current account balance were noticeable in 2005 and 2006 at the time of the introduction of VAT in the B&H fiscal system.

Changes in the current account balance in 2005 and 2006 are not accompanied by changes in the budget. After this period, changes in the current account balance are followed by changes in the fiscal balance. Only 2019 deviates from the given trend where it is evident that although

there were no major changes in the budget, the current account balance experienced a sharp increase. Mean values recorded in the period 2005-2019. for the current account balance and the fiscal balance of GDP are 28.39 and 2.51% respectively.

Table 1: Descriptive statistics

	CAD	BD	GDP G	CPI	REER
Mean	-28,398550	-2,515915	1,484637	5,214833	-1,203233
Median	-25,989840	-2,642722	0,700000	4,550000	-1,035000
Maximum	-12,620460	-0,772559	21,485100	16,800000	4,180000
Minimum	-62,500000	-4,334861	-15,321030	-0,700000	-7,470000
Standard Deviation	8,905900	1,031529	7,894407	47,416980	2,550214
Skewness	-1,667036	0,099386	0,188710	1,133876	-0,307194
Kurtosis	6,528468	1,768492	3,423657	3,609054	3,270539
Jarque-Bera	58,915300	3,885397	0,804829	13,784110	1,126659
Probability	0,000000	0,143317	0,668703	0,001016	0,569310

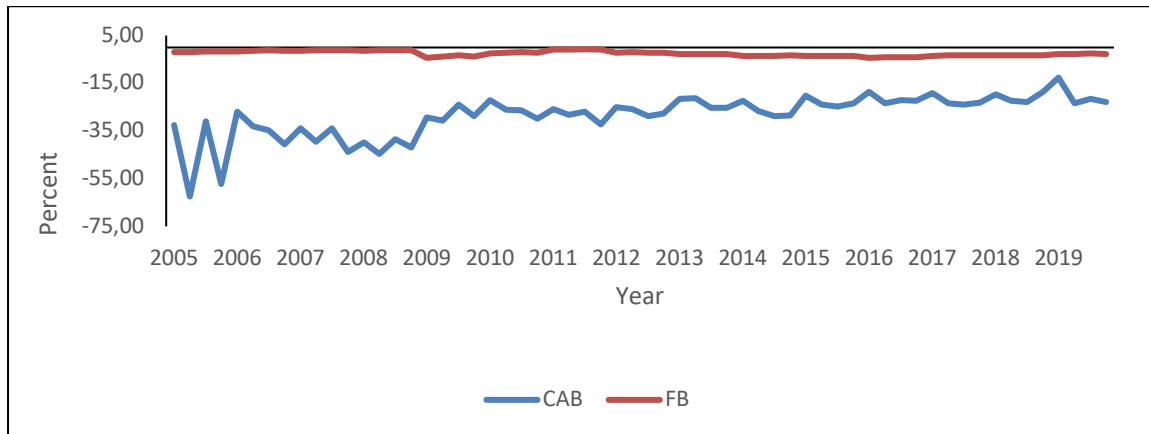


Figure 1: Balance of the state budget and current account of Bosnia and Herzegovina

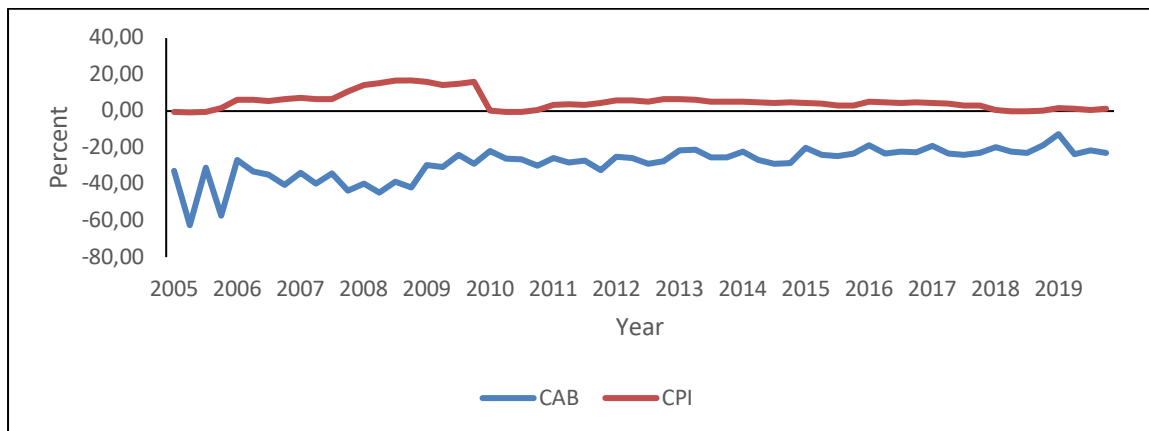


Figure 2: The trend in current account balances and consumer price indices in Bosnia and Herzegovina

Except for 2010, the CCI has a fairly steady trend over a given period. The recorded mean value of the price index is 5.21.

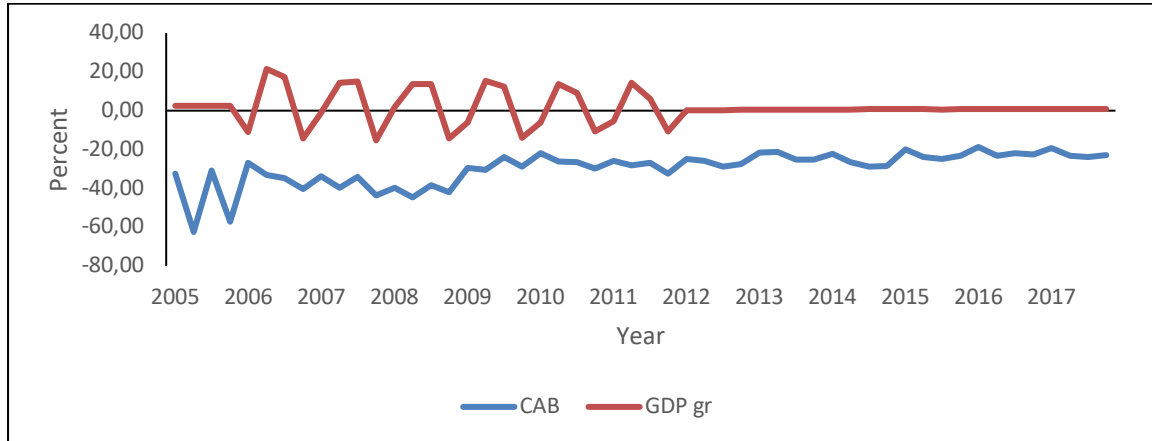


Figure 3: The trend in current account balances and gross domestic product in Bosnia and Herzegovina

GDP growth, with some fluctuations from 2005 to 2011, has a steady and slight growth of 0.8% every quarter. Its mean value recorded for the observed period is 1.48.

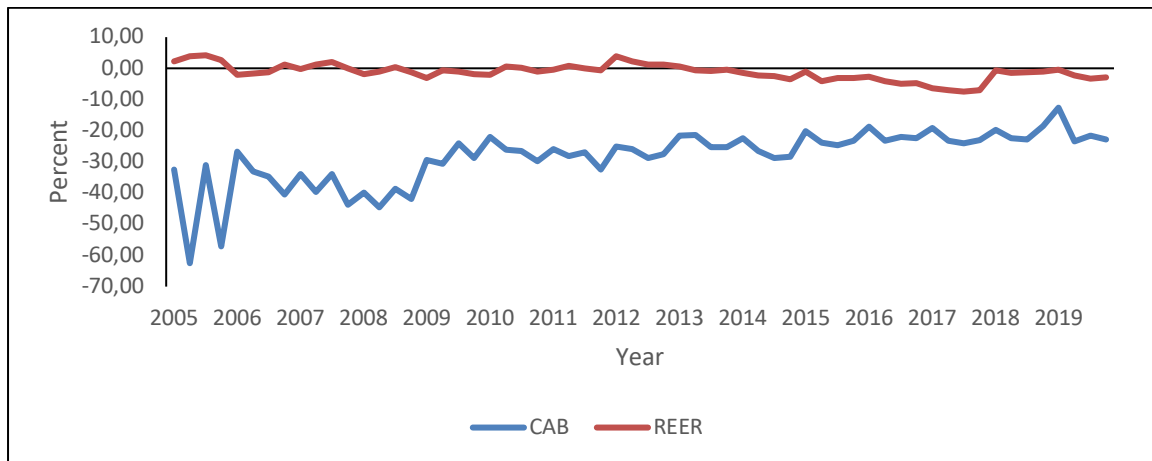


Figure 4: Trend in current account balances and real exchange rate in Bosnia and Herzegovina

The movement of the real exchange rate of the domestic currency fluctuates around zero, and the largest decline was recorded in 2016 and 2017. Its average value for the observation period is -1.20. The correlation between the budget balance and the current account balance, as well as the correlation between the current account balance and other macroeconomic variables with which the given model was constructed, are shown in Table 2.

4.2. Descriptive Statistics

The correlation coefficients, calculated based on available data, between the current account balance on the one hand and the fiscal balance, and changes in the real exchange rate on the other, indicate the presence of a significant correlation, while the price index and current account balance show a weak correlation. The established correlation shows a negative relationship between the given variables.

Gross domestic product growth has no significant impact, with the price index also showing a low value. This further means that the improvement of the state budget balance, as well as to some extent the real exchange rate, in Bosnia and Herzegovina, was accompanied by a deterioration of the current account balance in the analyzed period, which is shown in the following table.

Table 2: Correlation coefficients between current account balance, fiscal balance, consumer price index, and gross domestic product growth in Bosnia and Herzegovina for the period 2005-2019.

	CAB	FB
CAB	1	
FB	-0,57581	1
	CAB	CPI
CAB	1	
CPI	-0,289115	1
	CAB	REER
CAB	1	
REER	-0,463	1
	CAB	G GDP
CAB	1	
GDP gr	-0,05099	1

Based on the analysis of the correlation between the given quantities, no conclusions can be made about the impact of one value on another. This analysis cannot provide answers to possible shocks in fiscal policy that would arise due to changes in the market of certain goods or services. If, for example, on the one hand, the economic situation in the country improves (in terms of increasing national income) it could lead to a reduction of the budget deficit, however on the other hand it could lead to an increase in the current account deficit due to increased imports. Precisely, from the impossibility of obtaining accurate results that indicate the correlation of given quantities through correlation analysis, we can suggest that there is still a negative relationship between the budget balance and the current account balance.

4.3. Unit Root Analysis

To perform a complete evaluation of the model, it is necessary to determine the stationarity of the analyzed time series. An extended Dickey-Fuller test (ADF) was used for this purpose. To use the test itself, the model in functional terms needs to be redesigned to obtain the stationarity of the variables used. This was done by substituting the values of the variables for their first differences. After the first differentiation, the extended Dickey-Fuller test for the sizes included in the model would look like this:

Table 3: Unit root test — first differentiation

Variable name	ADF Test	1 % Level	5 % Level	10 % level
Current account balance	-3,56941	-3,56002	-2,91765	-2,59669
Fiscal balance	-8,29612	-3,54821	-2,91263	-2,59403
GDP growth rate	-7,80589	-3,55747	-2,91657	-2,59612
Consumer price indeks	-6,86696	-3,54821	-2,91263	-2,59403
Real exchange rate	-8,58540	-3,54821	-2,91263	-2,59403

Source: Program Eviews 11

A graphical representation of the dependence of the current account balance on other variables is presented in the graphs given in the appendix.

4.4. Granger Causality Test

To establish the direction of causality among the mentioned variables, a Granger Causality test will be conducted to help us understand the interactions between the fiscal balance and the current account balance and what the results are.

Table 4: Granger causality test

Pairwise Granger Causality Tests			
Sample: 2005-2019			
Null Hypothesis:	Obs	F-Statistic	Prob.
CPI does not Granger Cause CAB	57	0,69021	0,50600
CAB does not Granger Cause CPI		0,53252	0,59030
FB does not Granger Cause CAB	57	2,14868	0,12690
CAB does not Granger Cause FB		0,35721	0,70130
G_GDP does not Granger Cause CAB	57	2,85272	0,06680
CAB does not Granger Cause G_GDP		0,99571	0,37640
REER does not Granger Cause CAB	57	1,25301	0,29410
CAB does not Granger Cause REER		1,43147	0,24820
FB does not Granger Cause CPI	57	1,21879	0,30390
CPI does not Granger Cause FB		0,11294	0,89340
G_GDP does not Granger Cause CPI	57	1,31752	0,27660
CPI does not Granger Cause G_GDP		0,07305	0,92970
REER does not Granger Cause CPI	57	0,16903	0,84490
CPI does not Granger Cause REER		2,21851	0,11900
G_GDP does not Granger Cause FB	57	1,72534	0,18820
FB does not Granger Cause G_GDP		1,10316	0,33950
REER does not Granger Cause FB	57	1,02102	0,36730
FB does not Granger Cause REER		0,08479	0,91880
REER does not Granger Cause G_GDP	57	2,47901	0,09370
G_GDP does not Granger Cause REER		0,96397	0,38810

Source: Program Eviews 11

The study conducted a pair-wise Granger causality test to determine the interrelationship of the variables. The test results can be seen in Table 4. The null hypothesis at the 5% significance level was rejected if Granger's fiscal balance sheet affects the current account balance. The same situation is in the case of the consumer price index Granger affects the fiscal balance. The results also further suggest that the real change in the Granger exchange rate also affects GDP growth when the zero hypothesis is rejected at the 10% significance level.

4.5. Long-term Causal Relationship between Variables

The analysis of the estimation of the structural parameters of the model is given in the following table. By performing the first differentiation of the variables to eliminate the nonstationary form, results describing the given relationship were obtained. The vector autoregressive model (VAR) used shows a long-term cause-and-effect relationship between certain variables. The results that indicate a long-term period are shown in Table 5.

The long-run R-squared regression coefficient of 0.4278 implies that 42.7% of the current account balance variation can be explained by independent variables of the budget account balance and price index in the long run. The model as a whole is significant, as shown by an F statistic of 10.2 (p-value = 0.000002). the results indicate that the change in the budget balance has a negative and significant relationship to the current account balance (Beta = -3.7107, p-value = 0.0012). This means that any reduction in the budget deficit by one unit improves the current account by 3.71 units. Regarding the consumer price index, we can also state that the ratio is negative and significant in the current account balance. Namely, the reduction of prices for one unit simultaneously improves the current account balance by 0.498 units.

Table 5: Results for the long term

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Intercept	-36,166255	2,942914	12,289269	0,000000
FB	-3,710734	1,094281	-3,391024	0,001295
GDP gr	0,047557	0,116602	0,407855	0,684964
CPI	-0,498165	0,192959	-2,581713	0,012526
REER	-0,797067	0,440979	-1,807493	0,076155
R Square	0,427844			
Adjusted R Square	0,386233			
Significance F	0,000002			
F	10,281907			

Source: Own calculation

4.6. Short-term Relationship between Variables

To correct the error in the model, the ratio will be calculated on a short-term basis. Namely, for the analysis of the relationship between the current account balance and the state budget, as well as other determinants that were taken into account, a vector autoregressive model (VAR) was used, which indicates a short-term cause-and-effect relationship between variables.

Table 6: Results for the long term

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Intercept	9.241907	6.222943	-1.485134	0.165593
FB	5.497217	2.730846	2.013009	0.069242
GDP gr	-9.276552	6.036027	1.536864	0.152578
CPI	-1.907447	0.805457	2.368155	0.037273
REER	-1.418398	0.431929	3.283872	0.007284
R Square	0.506173			
Adjusted R Square	0.326600			
Significance F	0.078092			
F	2.818755			

Source: Own calculation

From Table 6, it can be seen that the regression coefficient shows that 50% of the variation in the current account balance can be explained by the price index and changes in the real exchange rate in the short run. Changes in the fiscal balance did not gain statistical significance as their p-value was above 0.05. F statistics in the case of a short-term relationship have no

significant value. Namely, only changes in prices and the real exchange rate lead to changes in the current account balance. Since the changes have a negative relationship, this means that a reduction in prices and the real exchange rate by one unit improves the current account deficit by 1.90744 and 1.4183 units, respectively. Therefore, short-term fiscal policy will not have an impact on changes in the balance of payments.

5. Conclusion and Recommendations

The research results on the relationship between the current account balance and the fiscal balance, price index, GDP trends, and changes in the real exchange rate show different influences depending on the observation period. In the long run, reducing the budget deficit can affect the reduction of the current account balance. Price changes also have a significant impact on the decline in the current account deficit.

In the short run, fiscal policy can impact changes in the balance of payments. However, changes in prices and the real exchange rate in the short term lead to changes in the country's balance of payments, as is the case with the long-term horizon. Furthermore, long-term changes in fiscal policy can affect the improvement of the current account balance. This statement highlights the importance of changing the country's fiscal policy towards budget consolidation and reducing budget spending at all levels.

In addition, there is a need to reduce tax burdens on labor to enhance domestic companies' competitiveness and improve the current account. The implementation of these activities in Bosnia and Herzegovina requires political will and the coordination of political actors at all levels of government. Price changes also have a noticeable impact. Changes in the real exchange rate only have some significance if dealing with currencies outside the euro area, as the KM is fixedly pegged to the Euro due to legal solutions. Thus, the existing monetary policy in Bosnia and Herzegovina cannot change the real exchange rate.

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APPENDIX

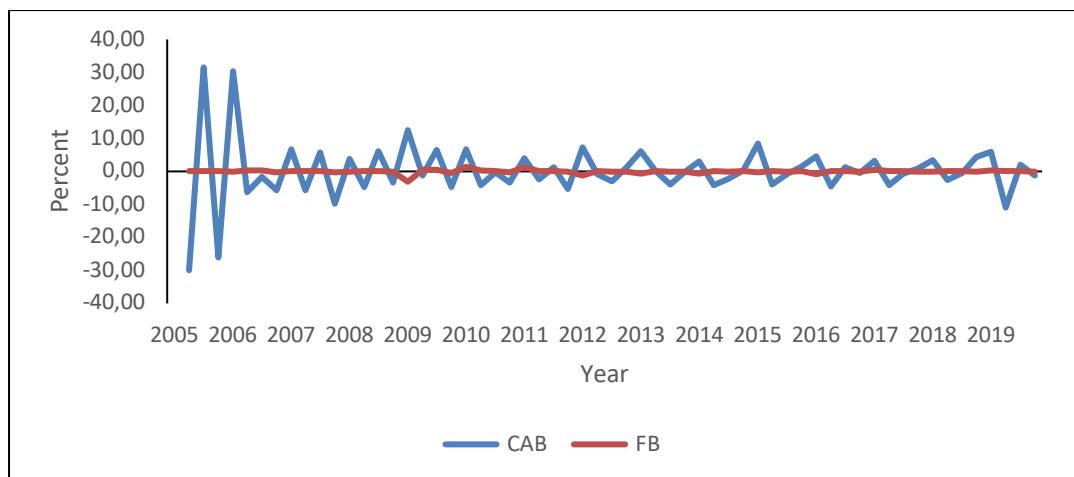
Basic data quarterly for the period 2005-2019.

Period	CAB	FB	GDP gr	CPI	REER
2005	-32,55	-1,88	2,63	-0,50	2,2
	-62,50	-1,83	2,56	-0,70	3,82
	-30,98	-1,78	2,50	-0,50	4,18
	-57,14	-1,74	2,44	1,70	2,71
2006	-26,77	-1,79	-11,07	6,30	-2,04
	-33,06	-1,47	21,49	6,10	-1,62
	-34,74	-1,26	17,35	5,60	-1,16
	-40,49	-1,46	-14,19	6,40	1,19
2007	-33,86	-1,36	-1,09	7,10	-0,14
	-39,64	-1,19	14,42	6,50	1,11
	-33,99	-1,03	14,92	6,60	2,08
	-43,72	-1,22	-15,32	10,70	0,04
2008	-39,86	-1,32	1,70	14,10	-1,92
	-44,67	-1,16	13,73	15,40	-1,08
	-38,55	-1,02	13,66	16,60	0,34
	-41,89	-1,20	-14,47	16,80	-1,2
2009	-29,40	-4,33	-6,22	15,90	-3,2
	-30,60	-3,76	15,19	14,30	-0,57
	-24,03	-3,35	12,34	15,00	-1,14
	-28,76	-3,89	-13,92	16,00	-1,8
2010	-21,98	-2,50	-6,06	0,20	-2,13
	-26,11	-2,19	13,82	-0,40	0,56
	-26,41	-2,01	9,04	-0,50	0,26
	-29,79	-2,26	-10,85	0,70	-0,98
2011	-25,86	-0,94	-5,59	3,50	-0,44
	-28,19	-0,82	14,36	3,60	0,89
	-26,98	-0,77	6,17	3,40	0,006
	-32,39	-0,86	-10,55	4,30	-0,74
2012	-25,02	-2,20	0,10	5,90	3,8
	-25,87	-2,04	0,20	5,70	2,31
	-28,80	-2,07	0,30	5,20	1,28
	-27,60	-2,08	0,40	6,40	1,22
2013	-21,51	-2,83	0,50	6,70	0,55
	-21,32	-2,72	0,50	6,10	-0,67
	-25,29	-2,73	0,60	5,00	-0,8
	-25,35	-2,80	0,60	5,00	-0,43
2014	-22,36	-3,48	0,60	5,00	-1,44
	-26,61	-3,43	0,60	4,70	-2,34
	-28,81	-3,51	0,70	4,40	-2,57
	-28,45	-3,39	0,70	4,90	-3,54

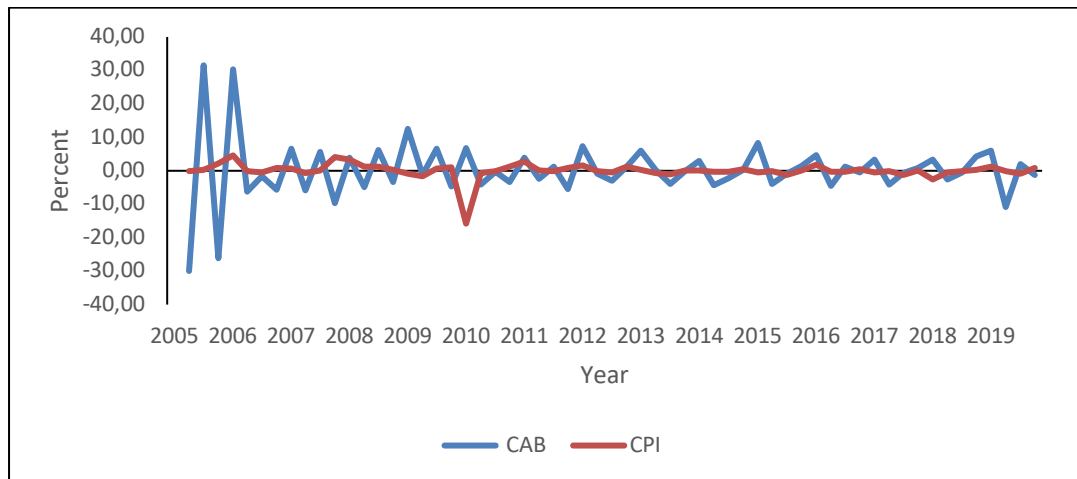
2015	-20,06	-3,63	0,70	4,40	-0,99
	-23,94	-3,47	0,70	4,20	-4,08
	-24,76	-3,49	0,60	3,00	-3,18
	-23,33	-3,46	0,70	3,10	-3,06
2016	-18,71	-4,25	0,70	5,00	-2,66
	-23,28	-4,10	0,80	4,70	-4,09
	-22,05	-4,00	0,80	4,40	-4,9
	-22,45	-4,01	0,90	4,90	-4,72
2017	-19,15	-3,47	0,80	4,40	-6,3
	-23,29	-3,31	0,80	4,20	-7,1
	-23,97	-3,23	0,80	3,00	-7,47
	-23,04	-3,27	0,70	3,10	-6,93
2018	-19,66	-3,37	0,80	0,50	-0,68
	-22,33	-3,22	0,80	-0,06	-1,41
	-22,89	-3,17	0,80	-0,10	-1,26
	-18,58	-3,18	0,80	0,23	-0,97
2019	-12,62	-2,80	0,7	1,50	-0,49
	-23,53	-2,64	0,6	1,36	-2,22
	-21,49	-2,53	0,5	0,46	-3,39
	-22,83	-2,65	0,3	1,40	-2,89

Source: Agency for Statistics of BiH, Ministry of Finance of RS and FB&H, Bulletin of the Central Bank of B&H

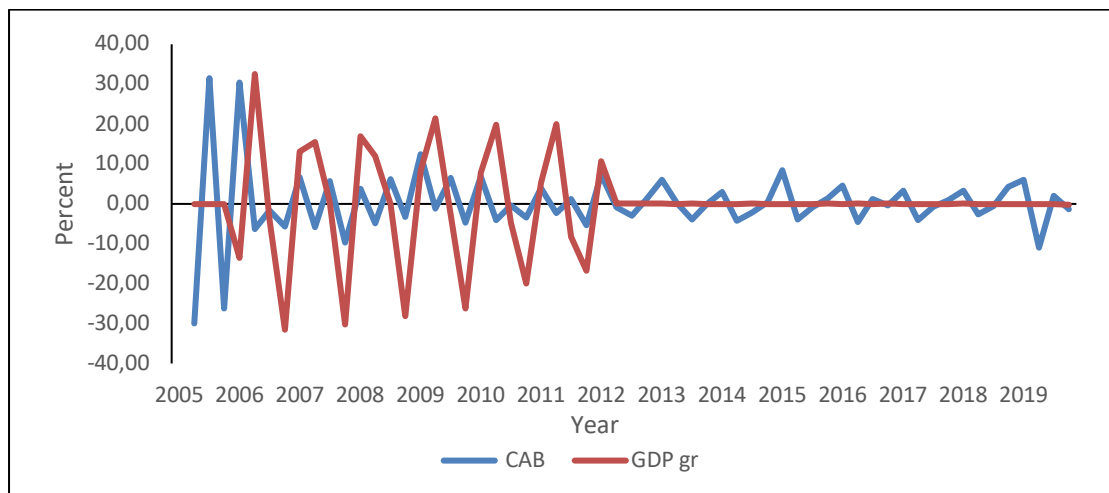
State budget balance and current account balance in Bosnia and Herzegovina, after the first differentiation



The trend in current account balances and price indices in Bosnia and Herzegovina after the first differentiation



The trend of current account balances and changes in GDP in Bosnia and Herzegovina after the first differentiation



The trend of current account balances and changes in the real exchange rate in Bosnia and Herzegovina after the first differentiation

