https://doi.org/10.54318/eip.2026.sd.414

EVALUATING FISCAL REFORM EFFECT ON INFLATION: DIFFERENCE IN DIFFERENCES INSIGHTS FROM '*Europe Now!*' IN MONTENEGRO

Stevan Đurić[1], *stevan.dj@ucg.ac.me*
Nemanja Popović[1], *nemanja.p@ucg.ac.me*
Vera Gojčaj[2], vera.gojcaj@cbcg.me
Milivoje Radović[1], *rmico@ucg.ac.me*

Abstract. *This paper examines the economic impact of Montenegro's fiscal program, Europe Now!, implemented in 2022, using a Difference-in-Difference (DiD) approach. The program, aimed at increasing wages and stimulating economic growth, is evaluated for its contribution to inflation dynamics between Montenegro and the Euro Area. Leveraging monthly inflation rate data from 2011 to 2025, the study estimates that Europe Now! caused an additional 2.6 percentage point increase in inflation in Montenegro during the post-intervention period, compared to the Euro Area. While Montenegro's inflation remained persistently high the program's relative contribution to inflation was modest, especially when compared with the substantial increase in average wages. Robustness checks and model diagnostics affirm the validity of these findings. Additionally, a nonparametric bootstrap methodology provided reliable confidence intervals for the DiD coefficient, yielding a 95% interval of (0.609, 4.430). This further substantiated the statistical significance of the program's inflationary impact while accounting for non-normal residual distributions. A placebo test, employing a fictitious pre-treatment year (2015), confirmed that the observed effects were specific to the intervention in 2022 and not driven by spurious patterns or pre-existing trends. The study highlights the trade-off inherent in fiscal reforms, demonstrating that the Europe Now! program successfully boosted wages substantially while contributing a relatively small, manageable rise in inflation. These findings underscore the importance of robust econometric techniques in evaluating policy impacts and provide a framework for analyzing similar fiscal interventions in other contexts.*

Keywords*:* Europe Now!, Difference-in-Difference, Montenegro, Inflation, Wage.

[1] Faculty of Economics, University of Montenegro, Bulevar Jovana Tomaševića 38, Podgorica, Montenegro
[2] Central Bank of Montenegro, 6 Bulevar Svetog Petra Cetinjskog, Podgorica, Montenegro

ПРОЦЈЕНА УТИЦАЈА ФИСКАЛНЕ РЕФОРМЕ НА ИНФЛАЦИЈУ: ПРИМЈЕНА *DIFFERENCE-IN-DIFFERENCES* ПРИСТУПА НА ПРОГРАМ *'Европа сад!'* У ЦРНОЈ ГОРИ

Сажетак. *Овај рад испитује економски утицај фискалног програма „Европа сад!“, имплементираног 2022. године у Црној Гори, користећи метод разлике у разликама (DiD). Програм, усмјерен на повећање зарада и подстицање економског раста, оцјењује се према његовом доприносу инфлаторним кретањима између Црне Горе и Еврозоне. Користећи мјесечне податке о стопи инфлације од 2011. до 2025. године, студија процењује да је програм „Европа сад!“ довео до додатног повећања инфлације у Црној Гори за 2,6 процентних поена током постинтервенционог периода у поређењу са Еврозоном. Иако је инфлација у Црној Гори остала упорно висока, релативни допринос програма инфлацији био је умјерен, нарочито када се упореди са значајним повећањем просјечних зарада. Провјере робусности и дијагностика модела потврђују ваљаност ових резултата. Поред тога, непараметарска bootstrap метода је обезбиједила поуздане интервале повјерења за DiD коефицијент, при чему је 95% интервал износио (0.609, 4.430). Ово додатно потврђује статистичку значајност инфлаторног утицаја програма, узимајући у обзир расподјелу резидуала која није нормална. Плацебо тест, у којем је коришћена фиктивна година интервенције (2015), потврдио је да су уочени ефекти специфични за интервенцију из 2022. године и да нису узроковани случајним обрасцима или већ постојећим трендовима. Студија истиче компромис који је својствен фискалним реформама, показујући да је програм „Европа сад!“ успјешно и значајно повећао зараде, уз релативно мали и контролисан раст инфлације. Ови налази наглашавају значај робусних економетријских техника у евалуацији утицаја јавних политика и пружају оквир за анализу сличних фискалних интервенција у другим контекстима.*

Кључне ријечи: „Европа Сад!“, разлика у разликама (Difference-in-Difference), Црна Гора, инфлација, зарада.

JEL classification: E62, C21.

1. Introduction

Europe Now! initiative, introduced in 2022, signalled the beginning of a new phase of structural and budgetary transformation in Montenegro. The initiative relies on the state's readiness to forgo a portion of its revenue to benefit both employees and employers, thereby fostering conditions conducive to job creation and broadening the tax base. The overarching objective was to advance long-term financial soundness, diminish imbalances, and improve the welfare of the population.

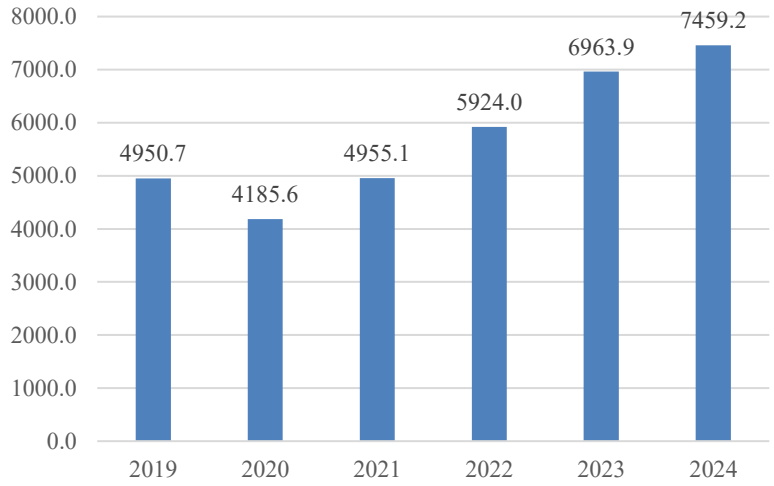
Key objectives of *Europe Now!* program included:

- Increasing the standard of living of citizens;
- Employment growth;
- Reduction of the "gray economy" on the labor market;
- Improvement of the business and investment environment.

To evaluate the economic effects of the reform, it is essential to analyze key macroeconomic indicators. This section focuses on selected indicators that provide insight into Montenegro's economic landscape.

According to preliminary data published by MONSTAT in December 2024, Montenegro's gross domestic product amounted to EUR 7,459.20 million, representing an increase of 7.12% compared to 2023.Gross domestic product from 2019 to 2024 is shown in Figure 1.

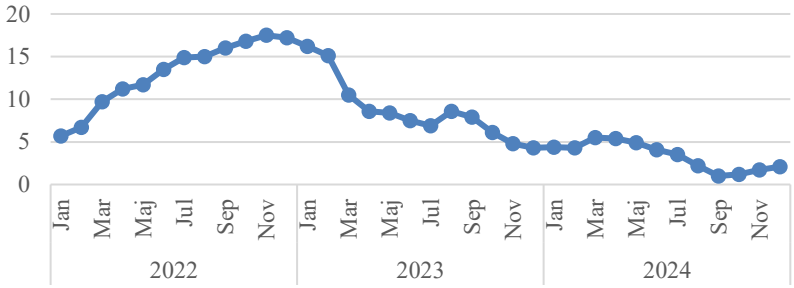
Figure 1 Gross domestic product 2019-2024, (EUR million)



Source: Monstat, https://www.monstat.org/eng/page.php?id=19&pageid=19

Both internal and external variables influence the dynamics of inflation in Montenegro. The Western Balkans have experienced periods of hyper-inflation in the past, and political unpredictability, fiscal policy flaws, public debt levels, and larger geopolitical developments continue to be associated with inflationary pressures today. As shown in Figure 2, inflation in Montenegro continued to decline in 2024 and fell to 2.1% by the end of the year.

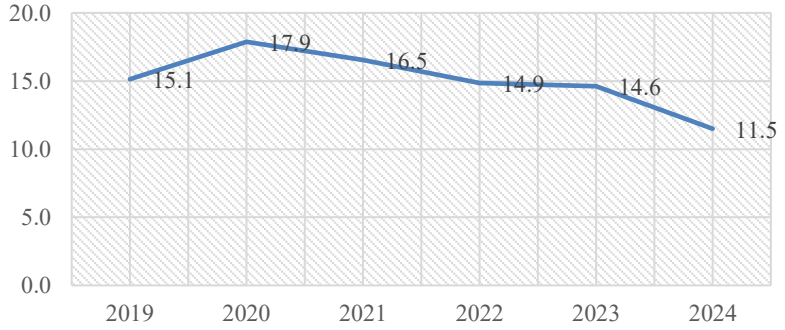
Figure 2 Consumer prices in Montenegro, in %



Source: Monstat https://www.monstat.org/eng/page.php?id=26&pageid=26

With an ongoing emphasis on the tourism industry, infrastructure improvements, and the service sector that creates jobs, Montenegro has been attempting to lower its unemployment rate. The labor market in Montenegro is influenced by global economic trends. The COVID-19 pandemic and the Russian-Ukrainian war had a profound impact on Montenegro's economy. In 2024, the unemployment rate was 11.5%, and it decreased by 8% compared to the previous year. In Figure 3, Montenegro's unemployment rate is shown from 2019 to 2024.

Figure 3 Unemployment rate in Montenegro, in %



Source: Monstat, https://www.monstat.org/cg/page.php?id=2198&pageid=22

This paper contributes to the literature in several important ways. Firstly, it addresses a gap in the literature, as, to the authors' knowledge, empirical research of this kind for Montenegro remains limited.

The contribution of this work will be an expected stimulus for further research on this topic. Secondly, we apply Difference-in-Differences approach (DiD) that is particularly useful in policy evaluation as it accounts for both time

trends and group differences. By comparing the changes in inflation before and after the reform in Montenegro to changes in a control group, researchers can control for factors that affect inflation across both groups (e.g., global economic conditions, energy prices, etc.) and isolate the effect of the reform itself. The practical contribution of this paper lies in its relevance for economic policymakers in Montenegro.

The remainder of the paper is organized as follows: Section Two presents the literature review. Section Three is dedicated to data and methodology. Section Four describes the use of the methodological framework and empirical testing. The conclusion and discussion of the results are provided in Section Five.

2. Literature review

Given the scope of this paper, which focuses on a particular fiscal reform in Montenegro, the available literature on the subject is relatively limited. Accordingly, the literature review concentrates on examining the relationship between fiscal reforms and inflation, as well as certain papers that used difference-in-differences methodology *for similar purposes*. Understanding the interaction between fiscal reforms and inflation is crucial, especially in dollarized (euroized) economies such as Montenegro, where monetary policy levers are located outside the country's borders and cannot be used (Karadžić, 2014). Existing literature emphasizes the nuanced effects of fiscal policy on inflation differences within monetary unions, which is broadly consistent with the approach adopted in this paper, albeit with important differences. Of course, domestic factors in larger economies have significant effects on inflation itself, and so Altissimo et al. (2005) analyze the long-run determinants of inflation differentials in the euro area, emphasizing the role of productivity variations in non-tradable sectors. Their findings suggest that domestic structural factors can significantly influence the path of inflation, even within a single monetary framework.

Similarly, Stylianou (2022) examines inflation differentials across the European Monetary Union countries, identifying structural breaks and highlighting the importance of national fiscal policies in shaping inflation outcomes. The study highlights that while a common monetary policy aims for price stability, differing fiscal stances can lead to long-term inflation differentials.

More recent work by IMF (2023) investigates the impact of fiscal shocks on inflation across 139 countries. The results indicate that the inflationary effects of fiscal expansions are more pronounced in developing economies, underscoring the importance of fiscal discipline and structural

reforms in maintaining price stability. Also, the issue of fiscal consolidation is becoming increasingly relevant both due to its impact and spillovers on inflation and primarily due to the reduction of public debt, so more and more researchers are addressing the issue of fiscal consolidation, such as Milić (2020), who analyzes how fiscal consolidation and fiscal reforms affect growth and what the problem of political myopia is. Bayar (2017), wrote precisely about the problems that can arise from growing public debt, where he examined the relationship between public governance and financial sector development in 15 Central and Eastern European countries in the period 2002-2015 using panel regression.

Along with the importance of the topic, the Difference-in-Differences (DiD) methodology has become a cornerstone in the evaluation of different policies in economic analyses, especially when estimating the causal impact of certain measures over time. The advantage of this methodology and its strength lies in its ability to control for unobserved, time-invariant, differences between treated and control groups, which makes it particularly suitable for quasi-experimental cases where controlled studies cannot be conducted, such as the effects of different fiscal policies, as pointed out by Stuart et al. (2014). They precisely show that Difference-in-difference (DiD) methods are a common strategy for evaluating the effects of policies or programs that are instituted at a particular point in time, such as the implementation of a new law, which is precisely the case with the analysis conducted in this paper. This is further supported by the research of Roth et al. (2022), who provide a comprehensive synthesis of recent progress and developments in DiD methodology, highlighting the method's adaptability to complex policy evaluations. Similarly, de Chaisemartin and D'Haultfœuille (2021) discuss the implications of heterogeneous treatment effects and propose robust estimates to mitigate potential biases in DiD analyses, which we have implemented in this paper.

In the context of fiscal policy and inflation DiD has been effectively used to capture the impact of policy shocks, as discussed by Callaway and Sant'Anna (2018). Their intention was to extend the traditional DiD framework to accommodate multiple time periods and different treatment terms, improving its applicability to macroeconomic studies. Samarina et al. (2013) also tested the impact of inflation targeting across different samples and time periods, using DiD among other me-thodologies, and demonstrate the importance of accounting for country-specific characteristics and stages of development.

This paper contributes to the existing literature by applying the DiD methodology to assess the inflationary impact of the "*Europe Now!*" program in Montenegro, which is a fiscal reform program. Given Montenegro's euroized status, the study offers valuable insight into how domestic fiscal initiatives can

affect a small euroized developing economy. The findings provide empirical evidence on the extent to which domestic policy measures can affect inflation in the absence of an autonomous monetary policy. This analysis is particularly relevant for policymakers in similar economic contexts, offering guidance on balancing fiscal reforms with inflationary considerations.

3. Data and methodology

The complexity of the *Europe Now!* program renders the calculation of its impact on inflation a highly challenging task. However, the fact that Montenegro is a dollarized (euroized) economy, having used the euro since 2002, opens the possibility for using a difference-in-differences (DiD) approach. DiD is a statistical technique often used in economic research, as it mimics an experimental environment that is often impossible to achieve in the social sciences. The core of the DiD approach involves collecting and dividing data across two entities – the treatment group and the control group. As long as the variable of interest has similar movement across those two entities, more specifically, if parallel trends exist prior to the event of interest, DiD can be used to estimate the effect of a certain event (Altissimo et al., 2005).

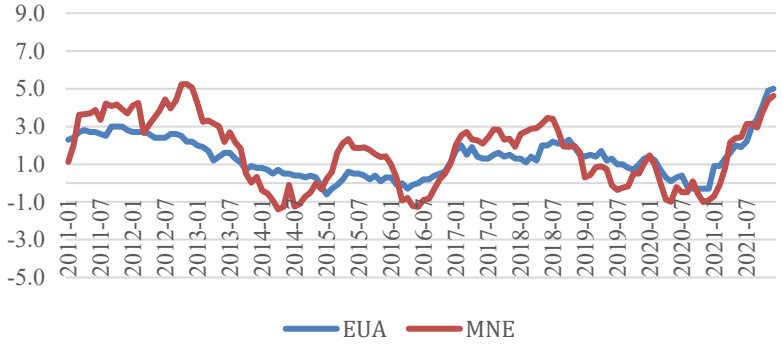
In our research model, the event of interest is the *Europe Now!* Program (EN), the groups of interest are Montenegro (the treated group) and Euro Area (the control group), while the variable of interest is inflation. The reason behind this research model is the relationship between inflation in Montenegro and inflation in Euro Area, as well as the small size of the Montenegrin economy. The underlying assumption in our model is that the inflation in Montenegro historically follows the inflation dynamic in the Eurozone and is highly dependent on import prices. This relationship is visually illustrated in Figure 4.

Therefore, DiD is an ideal method for calculating EN's impact on inflation, offering both methodological value and simplicity. It is important to acknowledge that this method accounts for other events that may have influenced inflation in Montenegro but not in the Euro Area Nevertheless, we consider the EN program to be the primary distinction between these two entities in 2022. Therefore, the interpretation of the DiD coefficient in this paper will be regarded as the effect of the EN program.

The indicator of inflation used in this research is the monthly data about the annual rate of change of the harmonized index of consumer prices (HICP) in the Euro Area, and the monthly data about annual change of consumer price index (CPI) in Montenegro. Both indicators represent the main indicators for calculating inflation in Euro Area and Montenegro, respectively. The data of

HICP is collected from the Eurostat Database[3], while the data of CPI in Montenegro is collected from the database of the Statistical Office of Montenegro (Monstat). Our sample ranges from January of 2011 to January of 2025 for both entities, giving us a total of 169 observations per entity. The analysis was conducted using R software.

Figure 4 Inflation in EUA and Montenegro



Source: Eurostat, https://ec.europa.eu/eurostat/databrowser/view/prc_hicp_manr/default/table?lang=en

4. Model specifications and robustness checks

For constructing a DiD model, two dummy variables were created. The first one, called *post,* is a variable representing time, and it has the value of 0 for all the years before the EN program was implemented (2011-2021).

The second dummy variable, named *treated*, represents time, and it has the value of 1 for Montenegro and a value of 0 for Euro Area. For simplicity of presentation, the third dummy variable called *DiD* was added representing the interaction between *treated* and *post* variables (*DiD = treated*post*). Therefore, the appropriate model is structured as follows

$$cpi = \beta_0 + \beta_1 treated + \beta_2 post + \beta_3 DiD \qquad (1)$$

The coefficient of interest is the β_3, often called difference-in-difference coefficient, which will be interpreted as the impact of EN program on inflation. The detailed model specification is presented in Table 1.

[3] https://doi.org/10.2908/PRC_HICP_MANR (March 2025).

Table 1 Model specification

Term	Estimate	Std. Error	t value	Pr(>|t|)	Significance
(Intercept)	1.3409	0.2028	6.613	1.49e-10	***
treated	0.2870	0.2868	1.001	0.318	
post	3.9780	0.4334	9.180	< 2e-16	***
DiD	2.6095	0.6129	4.258	2.68e-05	***

Source: Authors calculation

For the purposes of this paper, the most important coefficient for analysis is the DiD coefficient, which represents the impact of the EN program, as stated in the previous section. This coefficient has a value of 2.6095 and is highly statistically significant with a p-value of 0.00002.

This result indicates that the impact of the EN program on inflation was 2.60 percentage points. Regarding the model diagnostics, the adjusted R^2 has a value of 0.49, which is satisfactory, while the F statistics, with a value of $2.2 * 10^{-16}$, show that the model overall is statistically significant.

To achieve robust results, additional tests were performed to verify the consistency of the outcomes in various settings. Table 2 shows the results of the model when using hetaroscedasticity consisted standard errors in R, using the *sandwich* package. Long & Ervin (2000) conduct a simulation study of HC estimators (HC0 to HC3) in the linear regression model, recommending the use of HC3 which is thus the default in vcovHC.

Table 2 Results with the use of hetaroscedasticity consisted standard errors

Type of HC standard errors used	p-value of a DiD coefficient
HC	0.007605
HC0	0.007605
HC1	0.007967
HC2	0.008437
HC3	0.009338
HC4	0.009592
HC5	0.008554

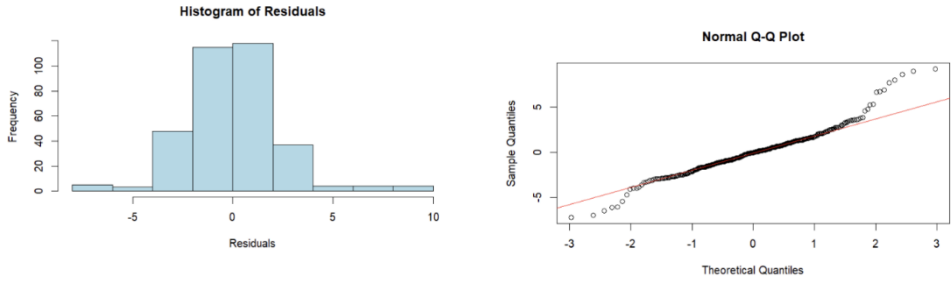
Source: Authors calculation

Cribari-Neto (2004), Cribari-Neto, Souza, & Vasconcellos (2007), and Cribari-Neto & Da Silva (2011), respectively, suggest the HC4, HC5, and modified HC4m type estimators. All of them are tailored to take into account the effect of leverage points in the design matrix.

As demonstrated in Table 2, the DiD coefficient remains statistically significant even when applying robust standard errors, further validating the consistency of our findings.

The normality of the residuals was assessed using both graphical methods and the Shapiro-Wilk normality test (Table 3). Figure 5 illustrate the histogram of the residuals and the QQ plot.

Figure 5 Histogram of the residuals and the QQ plot



Source: Authors calculation

Table 3 Shapiro-Wilk Normality Test

Test	Data	W	p-value
Shapiro-Wilk normality test	residuals	0.91634	2.359e-05

Source: Authors calculation

Although the visual representation of the residuals suggests a normal distribution, the Shapiro-Wilk test indicates significant deviations from normality. Consequently, additional procedures were conducted to verify the robustness of the results. Specifically, a bootstrap procedure, which involves resampling the dataset multiple times, was used to calculate confidence intervals for the DiD coefficient. Bootstrapping does not rely on strong parametric assumptions about the data and thereby serves to confirm the reliability of the findings. Table 4 presents the results of the bootstrap procedure.

Table 4 Bootstrap procedure results, based on 1000 replications

Original coefficient	Bias	Std. error	95% confidence interval	Number of replications
2.609543	0.005744551	0.9892057	(0.609, 4.430)	1000

Source: Authors calculation

The bootstrap procedure indicates a bias of 0.0057, with the 95% confidence interval ranging from 0.609 to 4.430 percentage points. This additionally supports the claim of the moderate impact of EN on inflation.

One additional robustness test that we perform is the placebo analysis. Artificially setting a treatment date and checking if the DiD coefficient remains statistically significant can give us further insight into our findings. Four time periods were chosen for the placebo tests: 2014, 2015, 2016, and 2017. These years were chosen for their distance from the 2022 year, which ensures that there are no spillover effects. Additionally, these years were characterized by a stable economic growth with almost no shocks. The results of the placebo testing are presented in Table 5.

Table 5 Placebo test results

Placebo model	p-value of DiD coefficient	Adjusted R^2
Placebo_2014	0.738000	0.0090
Placebo_2015	0.551425	0.0244
Placebo_2016	0.725377	0.0473
Placebo_2017	0.351593	0.1054

Source: Authors calculation

For 4 different placebo years, DiD coefficient shows no statistical significance, meaning that there was no significant event that would change the relationship between inflation in Montenegro and in EUA. Further, the adjusted R^2 has a much smaller value than in our original model. This suggests that our original findings for the intervention year (2022) are not a product of spurious patterns or random variation.

4.1. Discussion of results. This research offers a new perspective on the inflationary impact of fiscal reforms in small, euroized countries, drawing on the example of Montenegro's *Europe Now!* initiative. By applying the Difference-in-Differences (DiD) approach, this research aimed to isolate how much of Montenegro's recent inflation can be linked to domestic factors, as

opposed to external pressures coming from global trends and the Eurozone, whose monetary policy Montenegro essentially adopts through its use of the euro.

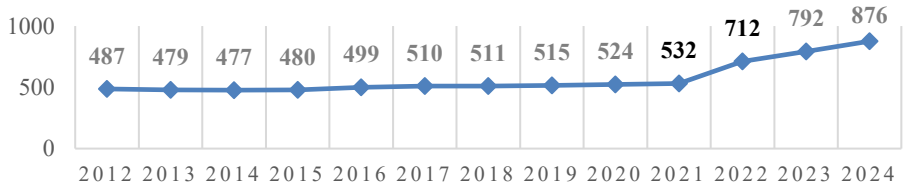
According to the results, the *Europe Now!* program had an impact on inflation of about 2.60 percentage points. The robustness of this estimate is supported by the bootstrap analysis, which shows only a slight bias (0.0057) and provides a 95% confidence interval between 0.609 and 4.430 percentage points. This range suggests that while there was some effect, it was moderate and within manageable bounds.

What makes these findings particularly significant is the broader context, because, Montenegro, as a euroized economy, has limited tools to directly influence inflation. The fact that the inflationary effect of such a large fiscal intervention remained modest supports the view that external factors continue to dominate price movements in the country, that period is particulary interesting worldwide due to rising inflation and disruption of global supply chains. In other words, even with an ambitious domestic reform, the inflationary pressures faced by Montenegro appear to be largely imported, not homegrown, which is a valuable conclusion.

At the same time, the reform produced a substantial improvement in household incomes and purchasing parity. Net average salaries rose from €532 before the reform to €712 immediately after, an increase of nearly 34% in 2022. This wage growth not only covered the relatively mild inflationary uptick but also provided real gains in purchasing power for citizens, by 2024, average net earnings had reached €876, continuing this positive trend. When these income figures are compared with the estimated inflation impact, we can conclude that *Europe Now!* achieved its key economic aim: raising living standards without triggering harmful inflation. This dynamic is further illustrated in Figure 6, which shows the trend of net average earnings in Montenegro from 2012 to 2024. As we can see on the graph, wages remained relatively stable over the previous decade, with only modest annual increases. However, following the introduction of the *Europe Now!* program in 2022, there is a clear upward shift in the earnings trajectory, which can be seen on graph.

Overall, these results suggest that well-designed fiscal reforms can be effective even in small economies with limited monetary autonomy. In Montenegro's case, *Europe Now!* managed to deliver meaningful wage growth while keeping the impact on inflation minimal. This provides a useful example for other small, euroized or dollarized economies facing similar challenges and shows that global trends and monetary volatilities remained the most important factors for inflation.

Figure 6 Average earnings without taxes and contributions (net)



Source: Monstat, https://www.monstat.org/cg/page.php?id=1317&pageid=24

5. Conclusion

In this paper we calculate the effects of Montenegro's Europe Now! program on inflation using a robust Difference-in-Difference (DiD) framework. The analysis provides empirical evidence that the 2022 reform, which was designed to raise wages and stimulate employment, resulted in a statistically significant yet moderate increase in inflation, estimated at approximately 2.61 percentage points. Despite Montenegro's structural pressure, which comes from being a dollarized economy, this program managed to increase wages substantially, with moderate increases in inflation. To further solidify our methodology, we employed several robustness checks. Heteroscedasticity-consistent standard errors and a nonparametric bootstrap test confirmed the validity of the DiD coefficient. Additionally, placebo testing across pre-treatment years (2014–2017) revealed no spurious inflationary effects, therefore confirming that the increase in inflation was indeed caused by the change in policy that happened in 2022, which was the Europe Now! reform. These diagnostics together establish the validity of the model and the design validity of the DiD for this macroeconomic policy context.

Beyond technical findings, the bigger macroeconomic picture is that Montenegro proposed a solution whose effects were two-fold: a meaningful rise in average net wages followed by a rise in inflation which was manageable. This trade-off shows that fiscal policy, when used accordingly, can deliver improvements in living standards even in countries with constraints regarding monetary policy. By providing insight into policy evaluation of one of the most important policies in Montenegro's recent history, this research addresses a gap in domestic literature and adds an additional perspective on this highly debated topic. Overall, this study shows the effectiveness of strategic fiscal action that can improve living standards in small open economies without destabilizing the macroeconomic equilibrium.

References:

Altissimo, F., Benigno, P., & Rodriguez Palenzuela, D. (2005). Long-run determinants of inflation differentials in a monetary union. *National Bureau of Economic Research*. https://www.nber.org/papers/w11473

Bayar, Yilmaz. 2017. "Public Governance and Financial Development in Central and Eastern European Countries." *Ideas.Repec.Org*. https://ideas.repec.org/a/beo/ekidpr/-y2017i24p53-65.html.

Callaway, B., & Sant'Anna, P. H. C. (2018). Difference-in-differences with multiple time periods. *arXiv* preprint arXiv:1803.09015.

Cribari-Neto, F. (2004). Asymptotic inference under heteroskedasticity of unknown form. *Computational Statistics & Data Analysis*, 45(2), 215-233. https://doi.org/10.1016/S0167-9473(02)00366-3

Cribari-Neto, F., & da Silva, W. B. (2011). A new heteroskedasticity-consistent covariance matrix estimator for the linear regression model. *AStA Advances in Statistical Analysis*, 95, 129-146. https://doi.org/10.1007/s10182-010-0141-2

Cribari-Neto, F., Souza, T. C., & Vasconcellos, K. L. (2007). Inference under heteroskedasticity and leveraged data. *Communications in Statistics—Theory and Methods*, 36(10), 1877-1888. https://doi.org/10.1080/03610920601126589

De Chaisemartin, C., & D'Haultfœuille, X. (2021). Two-way fixed effects and differences-in-differences with heterogeneous treatment effects: A survey. *arXiv preprint* arXiv:2112.04565. https://doi.org/10.2139/ssrn.3980758

International Monetary Fund. (2023). It's never different: Fiscal policy shocks and inflation. *IMF Working Papers,* 2023(098). https://www.imf.org/en/Publications/WP/Issues/2023/05/05/Its -Never-Different-Fiscal-Policy-Shocks-and-Inflation-532300 , https://doi.org/10.5089/9798400242878.001

Karadžić, V. (2014). A regression model of inflation in Montenegro. *Montenegrin Journal of Economics,* 10(2), 103-110.

Long, J. S., & Ervin, L. H. (2000). Using heteroscedasticity consistent standard errors in the linear regression model. *The American Statistician*, 54(3), 217-224. https://doi.org/10.1080/00031305.2000.10474549

Milić, Srđan. 2020. "Fiskalna Konsolidacija: Osnovni Aspekti I Uporedna Analiza (Fiskalna Konsolidacija: Osnovni Aspekti I Uporedna Analiza)." *Ideas.Repec.Org*. https://ideas.repec.org/a/beo/ekidpr/y2020i39p75-87.html.

Roth, J., Sant'Anna, P. H. C., Bilinski, A., & Poe, J. (2022). What's trending in difference-in-differences? A synthesis of the recent econometrics literature. *arXiv preprint* arXiv:2201.01194.

Samarina, A., Terpstra, M., & De Haan, J. (2013). Inflation targeting and inflation performance: a comparative analysis. *Applied Economics*, 46(1), 41–56. https://doi.org/10.1080/00036846.2013.829205

Stuart, E. A., Huskamp, H. A., Duckworth, K., Simmons, J., Song, Z., Chernew, M. E., & Barry, C. L. (2014). Using propensity scores in difference-in-differences models to estimate the effects of a policy change. *Health Services and Outcomes Research Methodology*, 14(4), 166–182. https://doi.org/10.1007/s10742-014-0123-z

Stylianou, T. (2022). Inflation differentials among European Monetary Union countries: An empirical evaluation with structural breaks. *National Institute Economic Review*, 264, 91–109. https://doi.org/10.1017/nie.2022.25

Primljen (Received): 12.6.2025.
Prihvaćen (Accepted): 19.7.2025.
Pre štampe (Online First): 31.1.2026.