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How Do Canadian Budget Forecasts Compare with Those of Other Industrial Countries?

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Western Hemisphere Department

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Abstract

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The views expressed in this Working Paper are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.

This paper compares Canadian central government budget forecasting with forecasting by other industrial countries. While fiscal forecasting in Canada is governed by one of the strongest institutional frameworks, quantitative analysis suggests that budget projections of macroeconomic and fiscal aggregates have been more cautious than in other countries since the mid-1990s. The relatively volatile macroeconomic environment as well as institutional factors, such as Canada's asymmetric deficit target, have likely contributed to this outcome.

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