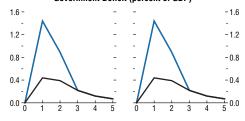
United States: Discretionary Fiscal Expansion Scenarios¹

(Years on x-axis)

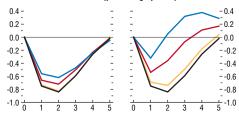


Government Deficit (percent of GDP)

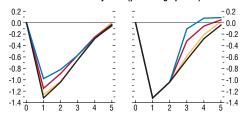


Real GDP (percent) 0.0 -0.0 -0.3 --0.3 -0.6 --0.6 -0.9 --0.9 -1.2 ---1.2 -1.5 🕁 3 0 4

Inflation (percentage points)



Nominal Policy Rate (percentage points)



Source: IMF staff calculations.

1Expansion through transfers is defined as a one percentage point increase in debt-financed transfers in year one and 0.5 percentage point in year two. Expansion through labor tax cuts is defined as a reduction in the labor income tax rate by 1.5 and 0.75 percentage points in year one and year two. Expansion through government investment is defined as a combination of higher transfers and an increase in productive government investment by 0.25 and 0.125 percent of GDP in year one and year two.