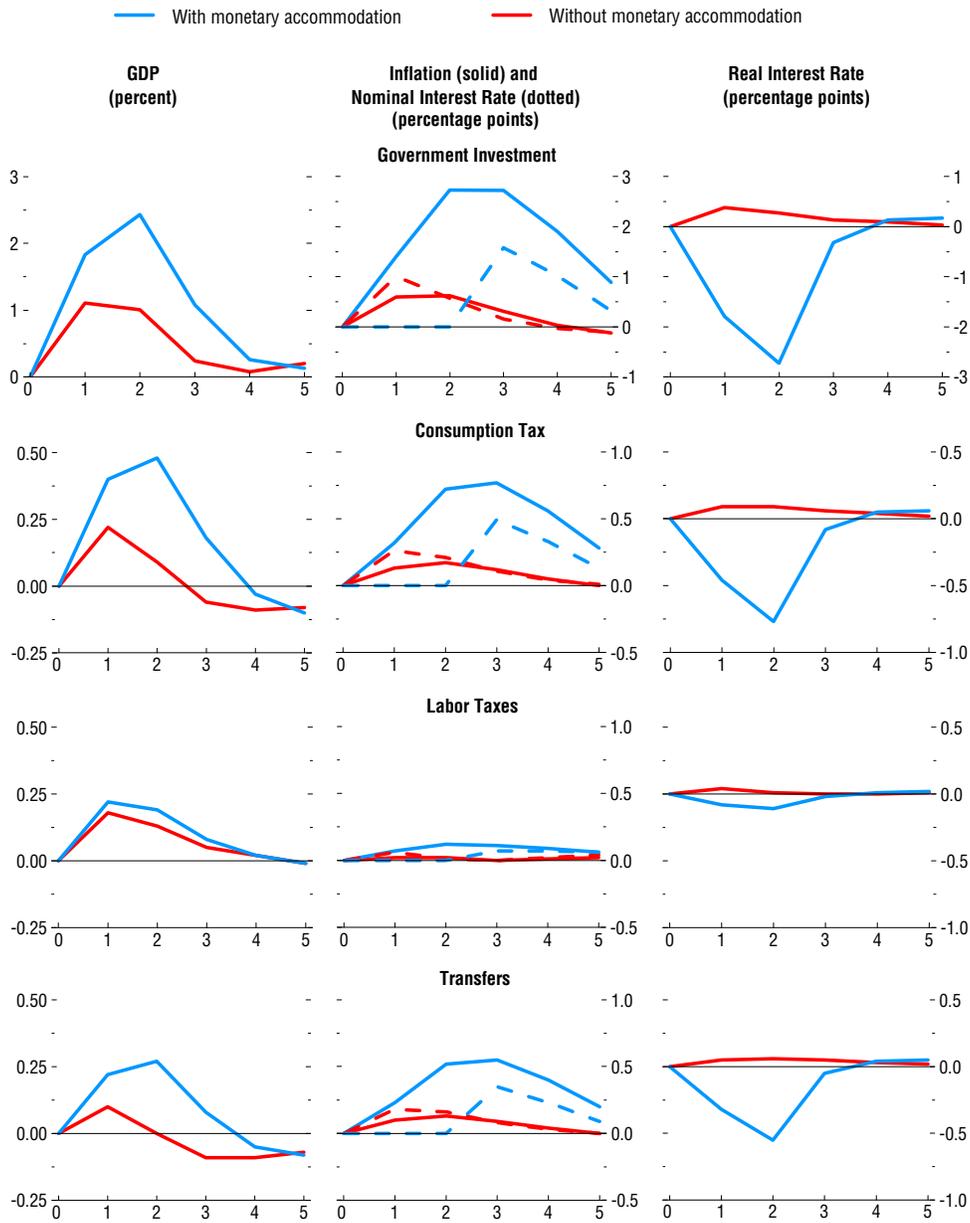


Figure 5.10. Effect of Fiscal Expansion in a Large Economy^{1,2}

Impulse responses to 1 percent increase in deficit in year 1 and 0.5 percent increase in deficit in year 2.



Source: IMF staff calculations.
¹Time in years; shock occurs in period zero.
²All units in deviation from baseline.