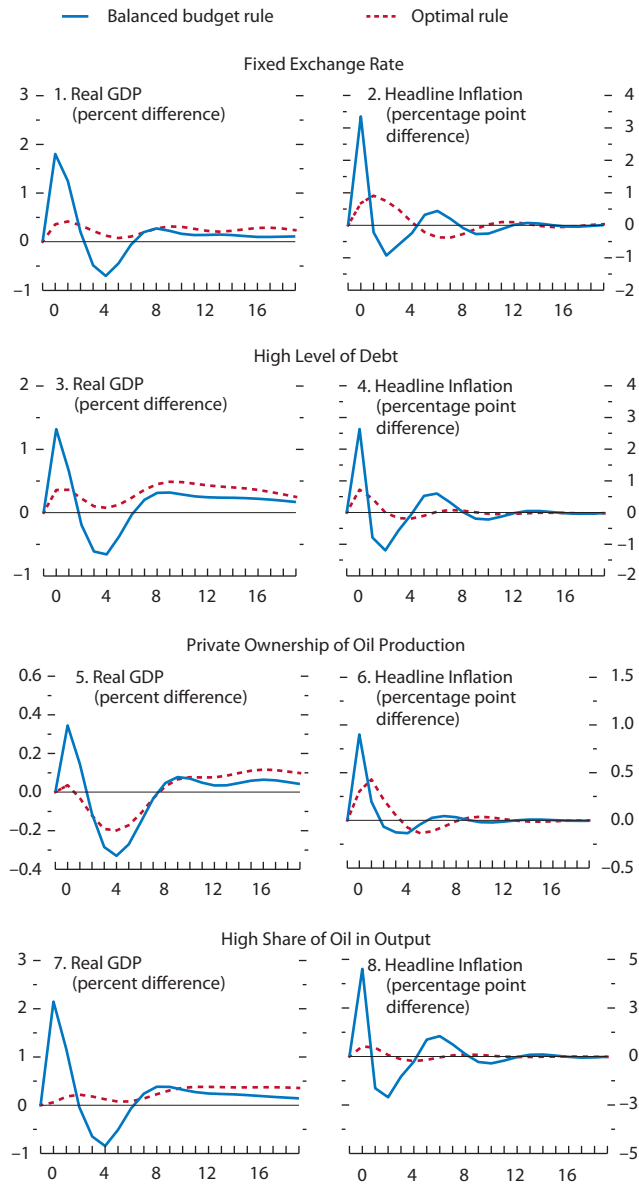


Figure 4.11. Optimal Fiscal Policy Stance under Alternative Policy Frameworks and Structural Characteristics

This figure compares the optimal fiscal rule to the balanced budget rule for a temporary increase in global liquidity (similar to Figure 4.10). A countercyclical fiscal policy is consistently optimal for alternative macroeconomic conditions or different characteristics of commodity exporters. The exception is when the risk premium is highly sensitive to the level of sovereign debt, in which case the optimal fiscal response is closer to a structural surplus rule.



Source: IMF Global Integrated Monetary and Fiscal Model.

Note: The x-axis shows the number of years elapsed, where time zero is the year that the shock occurs. Panels 1 and 2 show the case when the exchange rate regime is fixed. Panels 3 and 4 show the case where net public debt is 100 percent of GDP. Panels 5 and 6 show the case where the share of private ownership in total oil production is 90 percent. Panels 7 and 8 show the case where the ratio of net oil