Figure 3.12. Impact of Policies during Financial Crisis Episodes

Recessions associated with financial crises tend to be more protracted. The duration of these recessions, however, can be mitigated by expansionary fiscal and monetary policies.

Survivor Functions for Advanced Economies’ Recessions

- Financial crisis episodes
- Full sample
- Financial crisis episodes with high fiscal response
- Financial crisis episodes with high monetary response

Quarters

Source: IMF staff calculations.

1Recessions associated with financial crises, as described in the text.
2Survivor functions show the probability of remaining in a recession beyond a certain number of quarters.
3Refers to a one-standard-deviation increase in government consumption or decrease in real interest rates, respectively.