

WHAT HAVE WE LEARNED ABOUT FISCAL POLICY FROM THE CRISIS?

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IMF Conference

March 7, 2011



Lesson 1

We need fiscal tools for short-run stabilization.

Lesson 2

We have even stronger evidence that fiscal policy is effective than we did before the crisis.

Lesson 3

Fiscal space is valuable.

Lesson 4

Political economy considerations are phenomenally important.

Where Does This Leave Us?