Figure 1.2.3. Illustrative Effects of Allowing Government Debt to Drift Higher

Confidence intervals:
- 90 percent
- 70 percent
- 50 percent
- 30 percent
- 10 percent

1. Real GDP Level (100*log)
2. Output Gap (percent)
3. Government Net Debt (percent of GDP)
4. Inflation (percent)
5. Average Real Interest Rate (percent)
6. Debt Probability Dynamics in Periods (percent)

Source: IMF staff estimates.