Figure 3.9. Cross-Border Impact of Fiscal Policy Shocks
(100 basis points)

U.S. fiscal shocks tend to have sizable spillovers, while fiscal policy shocks in the euro area tend to have more limited effects.

1. Growth Impact of a Tax Increase of 1 Percent of GDP in the United States
   (1977:Q2–2012:Q4)

2. Growth Impact of a Tax Increase of 1 Percent of GDP in the Euro Area
   (1978–2009)

Source: IMF staff calculations.
Note: Dashed lines indicate the 90 percent confidence interval around the point estimate.
1The x-axis units are quarters; t = 0 denotes the quarter of the policy shock.
2The x-axis units are years; t = 0 denotes the year of the policy shock.