

1. Record Nr.	UNINA9910452793403321
Autore	Chatterjee Santanu
Titolo	Fiscal policy and the real exchange rate [[electronic resource] /] / by Santanu Chatterjee and Azer Mursagulov
Pubbl/distr/stampa	[Washington, D.C.], : International Monetary Fund, [2012]
ISBN	1-4639-4565-5 1-4639-4564-7
Descrizione fisica	1 online resource (42 p.)
Collana	IMF working paper ; ; WP/12/52
Altri autori (Persone)	MursagulovAzer
Soggetti	Foreign exchange rates Fiscal policy Government spending policy Electronic books.
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"February 2012."
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	Cover; Contents; 1. Introduction; 2. The Analytical Framework; 2.1. Resource allocation in the private sector; 2.2. The public sector; 2.3. Macroeconomic equilibrium; 2.4. Current account dynamics; 3. Numerical Analysis; 3.1. The benchmark equilibrium; 3.2. Fiscal policy shocks; 3.3. Exchange rate dynamics: sensitivity to financing policies; 3.4. The persistence of the real exchange rate; 3.5. The short-run correlation between government spending and private consumption; 4. Sensitivity Analysis; 4.1. Sectoral output elasticity of public capital; 4.2. Elasticity of substitution in production 4.3. Intersectoral adjustment costs 5. Conclusions; Tables; 1. Benchmark equilibrium; 2. Government spending shocks: Long-run effects; 3. Government spending and the real exchange rate; 4. Government spending and short-run consumption; Figures; 1. Government spending shocks; 2. Government spending and the real exchange rate: sensitivity to financing policies; 3. Government spending, the persistence of the real exchange rate, and the time horizon; 4. Government spending and consumption: sensitivity to the sectoral elasticity of public capital 5. Government spending and the real exchange rate: sensitivity to the

sectoral elasticity of public capital 6. Government spending and the real exchange rate: sensitivity to the elasticity of substitution in production; 7. Government spending and the real exchange rate: sensitivity to intersectoral adjustment costs; References

Sommario/riassunto

Government spending on infrastructure has recently increased sharply in many emerging-market economies. This paper examines the mechanism through which public infrastructure spending affects the dynamics of the real exchange rate. Using a two-sector dependent open economy model with intersectoral adjustment costs, we show that government spending generates a non-monotonic U-shaped adjustment path for the real exchange rate with sharp intertemporal trade-offs. The effect of government spending on the real exchange rate depends critically on (i) the composition of public spending, (ii) the under
