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Nota di contenuto	Contents; I. Introduction; II. The Model; A. Households; B. Firms; C. The Government Budget Constraint and Foreign Asset Accumulation; D. The Equilibrium; E. Specialization of the Household's Utility Function; F. State Space Representation; G. The Small Open Economy; H. Calibration; III. Monetary Policy Interest Rate Rules; IV. Fiscal Rules; A. A Conventional Fiscal Rule; B. The Structural Fiscal Surplus Rule; V. Imposing the Nominal Interest Rate Zero Lower Bound; VI. Optimal Monetary and Fiscal Policy with Financial Frictions; A. Imposing the ZLB; Figures; 1. Imposition of ZLB: Model I 2. Imposition of ZLB: Model IIIB. Welfare Decomposition; C. Impulse Responses; 3. Impulse Responses to a-1 Percent Technology Shock. Models I, II, and III; VII. The Performance of Optimized Simple Rules; 4. Imposition of ZLB: Flex(D)+Conventional Fiscal Rule, Model I; 5. Imposition of ZLB: Flex(D)+Conventional Fiscal Rule: Model III; VIII. Conclusions; Tables; 1. Notation for Prices; 2. Welfare Outcomes Under

Optimal Policy: No ZLB Constraint; 3. Optimal Policy with a ZLB Constraint: Monetary Policy Only for Model I
4. Optimal Commitment with a ZLB Constraint. Monetary Plus Fiscal Policy for Model I5. Welfare Outcomes Under Optimal Policy: ZLB Constraint; 6. Welfare Decomposition of Shocks; 7. Welfare Outcomes Under Optimized Simple Rules: FLEX (D) with a Conventional Fiscal Rule. Models I, II and III; 8. Welfare Outcomes Under Optimized Simple Rules: FIX with a Conventional Fiscal Rule. Models I, II and III; 9. Welfare Outcomes Under Optimized Simple Rules: FLEX(C) with a Conventional Fiscal Rule. Models I, II and III
10. Welfare Outcomes Under Optimized Simple Rules: FLEX(D) with a Modified SFSR. Models I, II and IIIAppendixes; 1. The Steady State; 2. Linearization; 3. Calibration and Estimation; 4. Quadratic Approximation of the Welfare Loss

| Sommario/riassunto | We develop a optimal rules-based interpretation of the 'three pillars macroeconomic policy framework': a combination of a freely floating exchange rate, an explicit target for inflation, and a mechanism than ensures a stable government debt-GDP ratio around a specified long run. We show how such monetary-fiscal rules need to be adjusted to accommodate specific features of emerging market economies. The model takes the form of two-blocs, a DSGE emerging small open economy interacting with the rest of the world and features, in particular, financial frictions It is calibrated using Chile and US |