

Macro Roundup Article

Headline: [Economic Report of the President](#)

Article Link: <https://www.whitehouse.gov/wp-content/uploads/2023/03/ERP-2023.pdf>

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Tweet: [@WhiteHouseCEA](#) draws a connection between fiscal policy in 2020 and the uptick in inflation in 2021.

Summary: Figure 2-15 plots the Hutchins Center's Fiscal Impact Measure (FIM), which uses information on the Federal Government's spending on goods and services, state and local government spending on goods and services, and taxes and benefit programs to approximate the contribution of fiscal policy to total real GDP growth each quarter. A positive fiscal impulse means that the contribution of fiscal policy to real GDP is larger than it was the quarter before. Figure 2-15 shows that the FIM spiked in 2020:Q2, mainly due to an expansion of transfer programs, and was positive for two of the next three quarters, but was a significant drag throughout 2022 and is projected to remain negative in 2023 and 2024, using projections for fiscal policy by the Congressional Budget Office in its current baseline.

Primary Topic: Inflation

Topics: Business Cycle, Fiscal Deficits, Government Spending, Government/NGO, Graph, Inflation

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