



Note: The sample is 2010-2023 for 21 economies (20 non-Euro zone and the Euro zone considered as an aggregate). The vertical axis has the average headline CPI inflation rate from 2020 to 2023, net of the estimated effects from the border dummy and the fixed effects for country and year. The horizontal axis has the composite government-spending variable: the ratio of general government primary spending to GDP (cumulation for 2020 and 2021 relative to that for 2019) divided by the ratio of gross public debt to GDP in 2019 and by the estimated duration of the public debt in 2019. The slope of the orange line equals the arithmetic average of the estimated coefficients on composite government spending from 2020 to 2023 (from Table A1).