

## عنوان مقاله:

Fiscal Dominance and Countercyclical Monetary Policy in Iran

## محل انتشار:

بیست و هفتمین کنفرانس سالانه سیاست‌های پولی و ارزی (سال: 1396)

تعداد صفحات اصل مقاله: 38

## نویسندگان:

;Ahmad Reza Jalali Naini - Associate professor, Institute for Management and Planning Studies (IMPS

;Mohammad Amin Naderiant - Economic Analyst, Ministry of petroleum

## خلاصه مقاله:

Impulse for business cycles in Iran are largely generated from terms of trade shocks and propagated through fiscal policies. The classic mission of monetary policy is to conduct countercyclical policy, however, this is not universal norm. Pro-cyclical fiscal and monetary policies during boom periods has been observed in number of developing countries. Such policies tend to amplify the impact of positive terms of trade shocks through aggregated demand expansion. The consequence has been strengthening of domestic inflationary pressures and appreciation of the real exchange rate. This paper attempts to examine if monetary policy in Iran is countercyclical and what is the impact of fiscal policy in this regard. It will be argued that the stance of fiscal policy and how government expenditures are financed can have significant effect on how monetary policy is conducted. Our empirical observations regarding the experience of the Iranian economy indicates that, in fiscally dominated structure, fiscal and monetary policies are generally expansionary, particularly during economic booms. This entails subsequent very large managed depreciation of the exchange rate, higher inflation rates, and an economic downturn. Under fiscal dominance monetary policy will be ineffective and both targets and instruments of monetary policy making will not be under the control of monetary authority. The policy package of structural balanced fiscal rule combined with smoothing of quasi-fiscal operations is the appropriate policy measure that enhances the ability of central bank to conduct more effective .countercyclical monetary policies

## کلمات کلیدی:

لینک ثابت مقاله در پایگاه سیویلیکا:

<https://civilica.com/doc/842423>

