

Dear Colleagues,

The abstract for the project that I have been working on ([Covid-19 Fiscal Support and its Effectiveness](#)) with Alexander Chudik (Federal Reserve Bank of Dallas) and Mehdi Raissi (International Monetary Fund) is below.

Abstract:

This paper uses a threshold-augmented Global VAR model to quantify the macroeconomic effects of countries' discretionary fiscal actions in response to the Covid-19 pandemic and its fallout. Our results are threefold: (1) fiscal policy is playing a key role in mitigating the effects of the pandemic; (2) all else equal, countries that implemented larger fiscal support are expected to experience less output contractions; (3) emerging markets are also benefiting from the synchronized fiscal actions globally through the spillover channel and reduced financial market volatility.

JEL Classifications: C32, E44, E62, F44.

Key Words: Threshold-augmented Global VAR (TGVAR), Covid-19, threshold effects, fiscal policy.

The paper has just been published in *Economics Letters* Volume 205 (August 2021) and is available from here: <https://doi.org/10.1016/j.econlet.2021.109939>

The working paper version is available from here:
<https://ideas.repec.org/p/cam/camdae/2116.html>

Best, Kamiar