

**CFM-DP2021-12**

[Fiscal foresight and the effects of government spending: It's all in the monetary-fiscal mix](#)

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Announcements of future government spending have different effects on activity depending on the monetary-fiscal policy mix: They are contractionary in the monetary regime but expansionary in the fiscal regime. This result contrasts with the expansionary nature of government spending at implementation in both regimes. Anticipation effects can therefore help empirically distinguish between the two regimes. Data support this theoretical result, reconciling conflicting results in the empirical literature that disappear once conditioning on the policy regime. These results suggest that it could be (un)wise to anticipate future fiscal policies, depending on the regime in place.