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Modeling fiscal policy in a small, open, resource-rich economy – Comments

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Models

- Suite of models or one model?
- A core model?
 - Maybe for monetary policy – but not for fiscal policy
- Are there "Norway-specific" issues implying that there are special needs for model properties?
 - Yes

Spending effect and Resource movement effect

- Very important distinction for several reasons
- Demand effect of resource movement effect is more important – and has become more important
- Medium run capital dynamics and the supply side
- There is not one "traded sector"
- Productivity – is the Dutch disease a disease?

Policy and policy models

- Why is this important?
 - Very small fraction of our national wealth in oil?
.... No – and believing this to be true leads to bad policy choices
- How do we evaluate policy models and their use?
- Several members of this advisory group have argued for a fiscal policy council