The following statement by Ajai Chopra, Deputy Director in the European Department of the International Monetary Fund (IMF) is issued in response to media queries regarding the recently published research in the IMF's World Economic Outlook on the impact of fiscal adjustment on economic growth and its implications for the EU-IMF supported program in Ireland:

“Putting public finances on a sound footing and promoting a durable economic recovery are both imperative for Ireland’s future. To contain the impact of fiscal consolidation on growth, adjustment has been— from the start of Ireland's EU/IMF-supported program—phased over several years. The composition of budget measures is determined by the government, with the IMF, together with the EC and ECB, emphasizing the importance of implementing high quality measures that are as growth friendly as possible.

“In the current discussion of the impact of fiscal adjustment on growth, it is important to note that no single fiscal multiplier is applicable to all countries and circumstances. And although there is uncertainty around any estimate of multipliers, there is no compelling evidence that a higher multiplier was at work in Ireland than the one assumed under the program. With overburdened bank, household and SME balance sheets, and weak growth in trading partners, a number of factors besides fiscal consolidation have been a drag on growth in Ireland.

“The pace of consolidation under the program has struck an appropriate balance and continues to do so for the period ahead, enabling Ireland to make steady progress in reducing fiscal imbalances while protecting the still fragile economic recovery."