



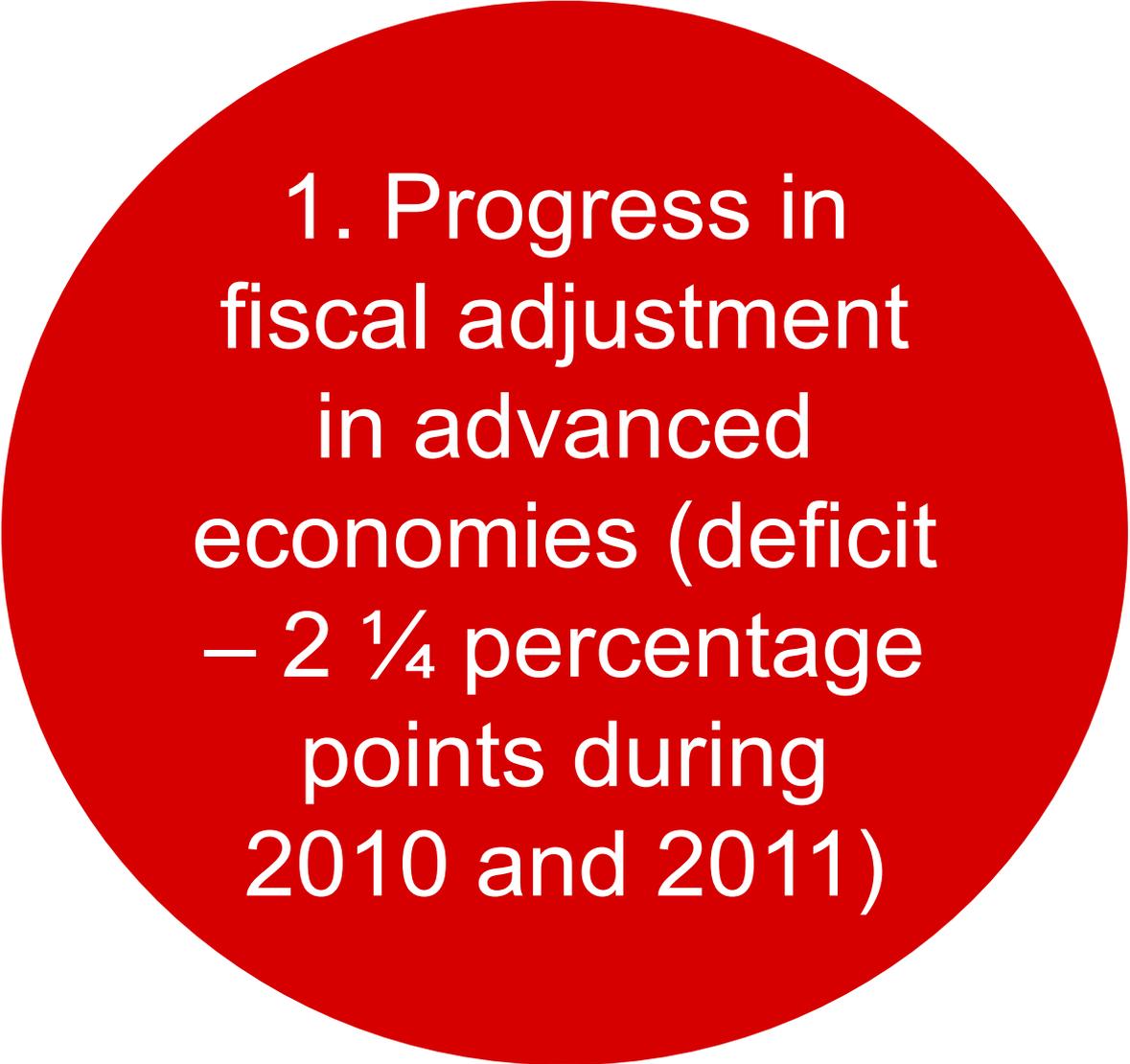
Fiscal Monitor

Carlo Cottarelli
Director, Fiscal Affairs Department

Addressing Fiscal Challenges to Reduce Economic Risks

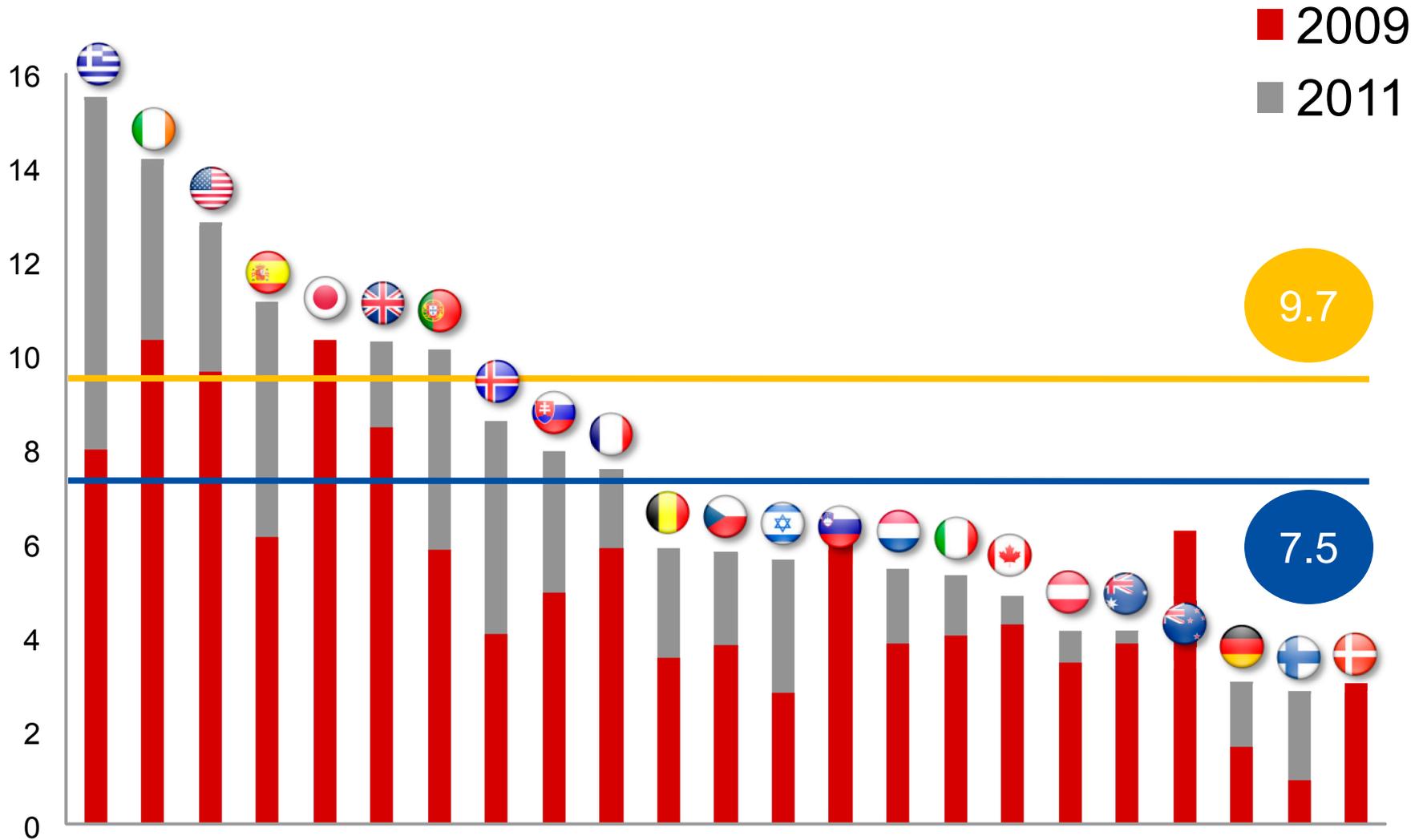
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1. Progress in
fiscal adjustment
in advanced
economies (deficit
– 2 ¼ percentage
points during
2010 and 2011)

General Government Deficit, in percent of GDP

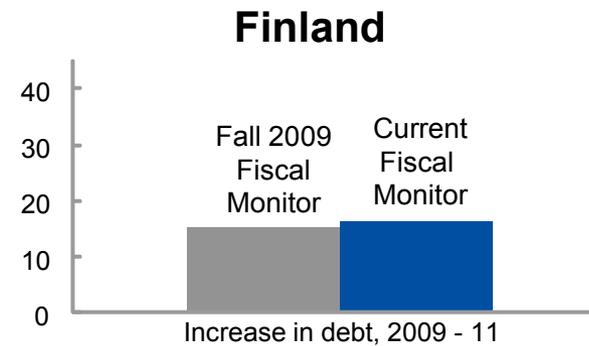
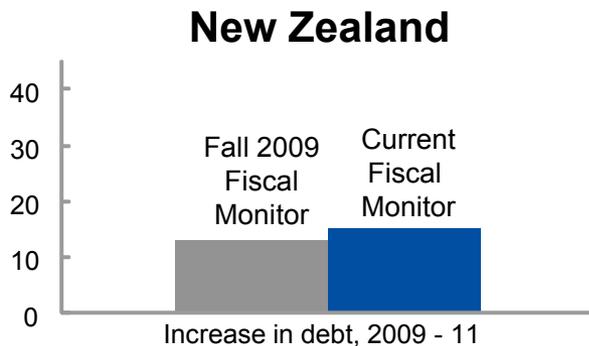
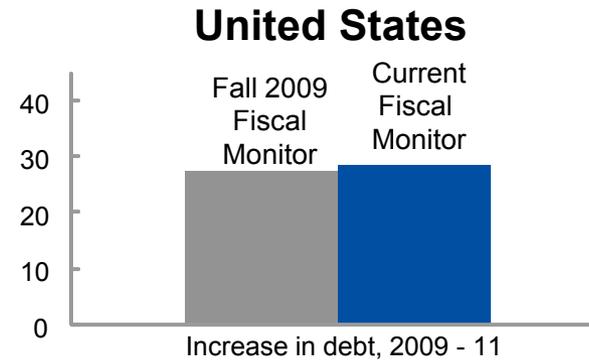
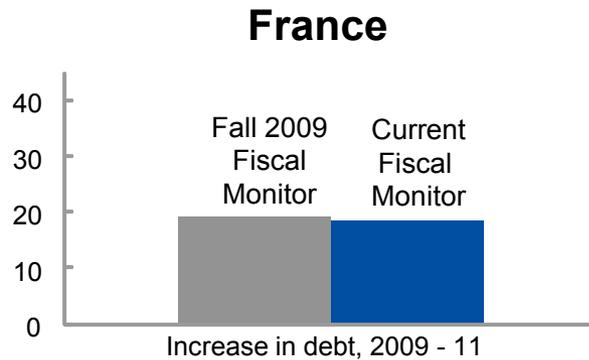
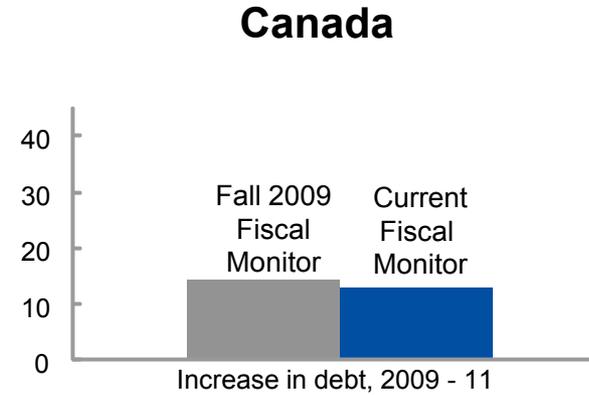
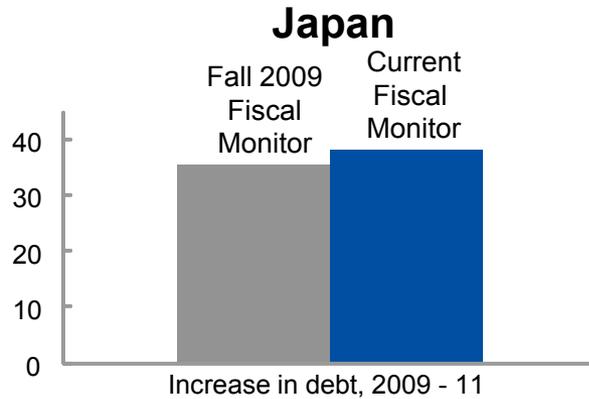




2. In most cases,
improvement was
as expected or
larger than
expected

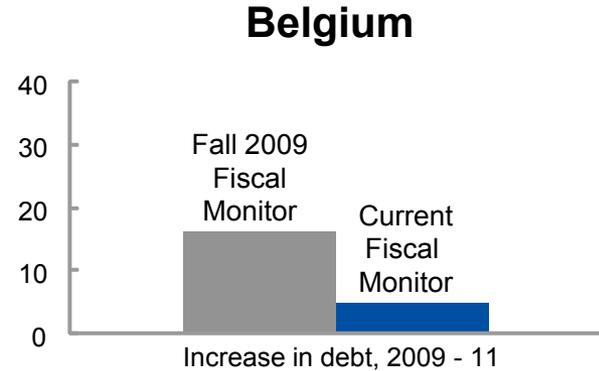
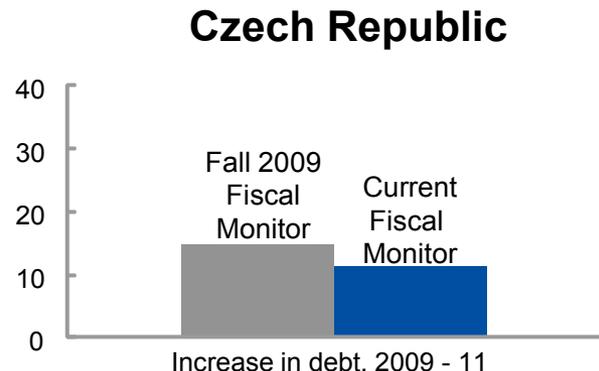
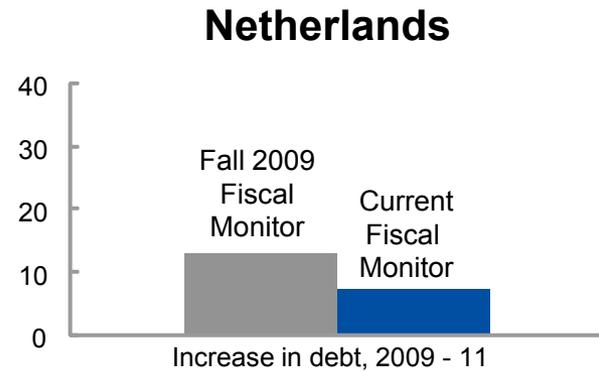
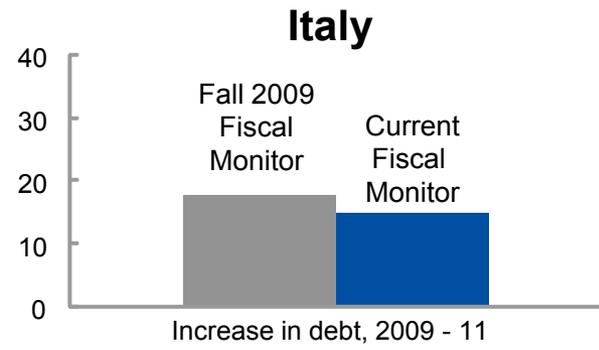
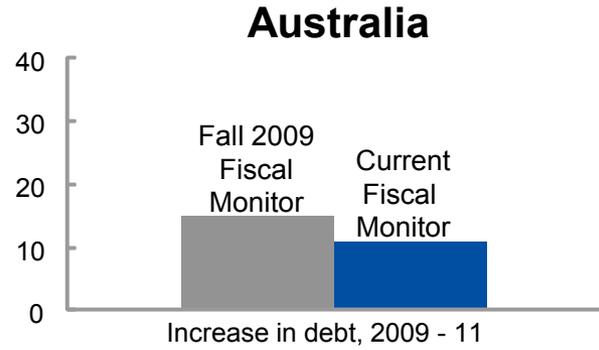
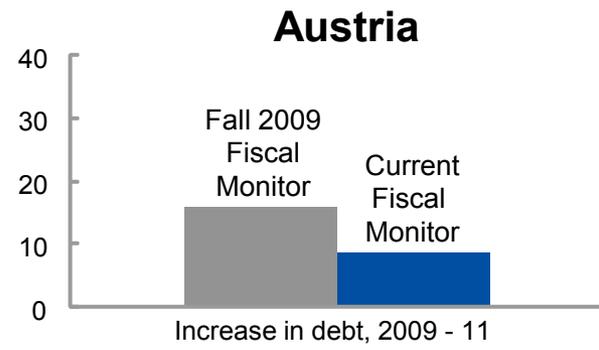
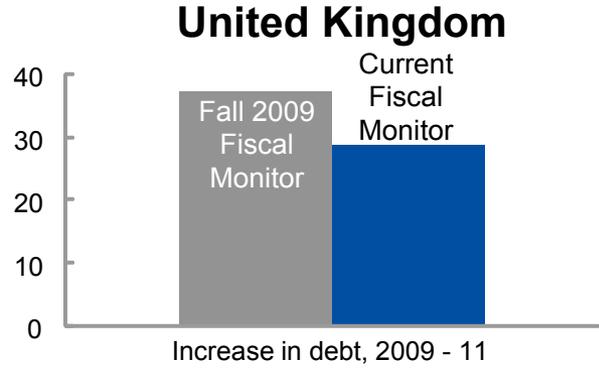
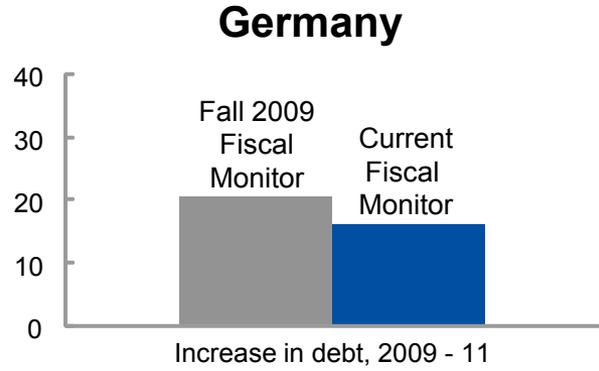
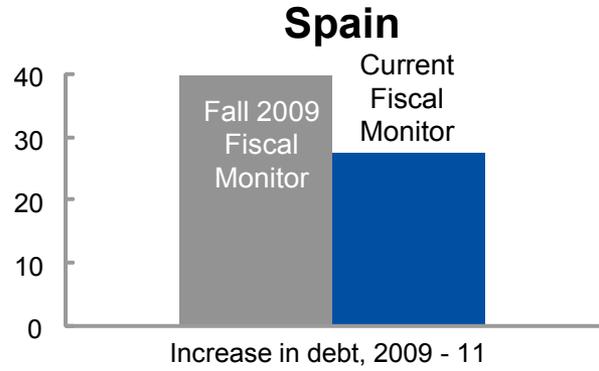
Increase in Debt during 2009-11 as expected

(Change in percent of GDP)



Increase in Debt during 2009-11 lower than expected

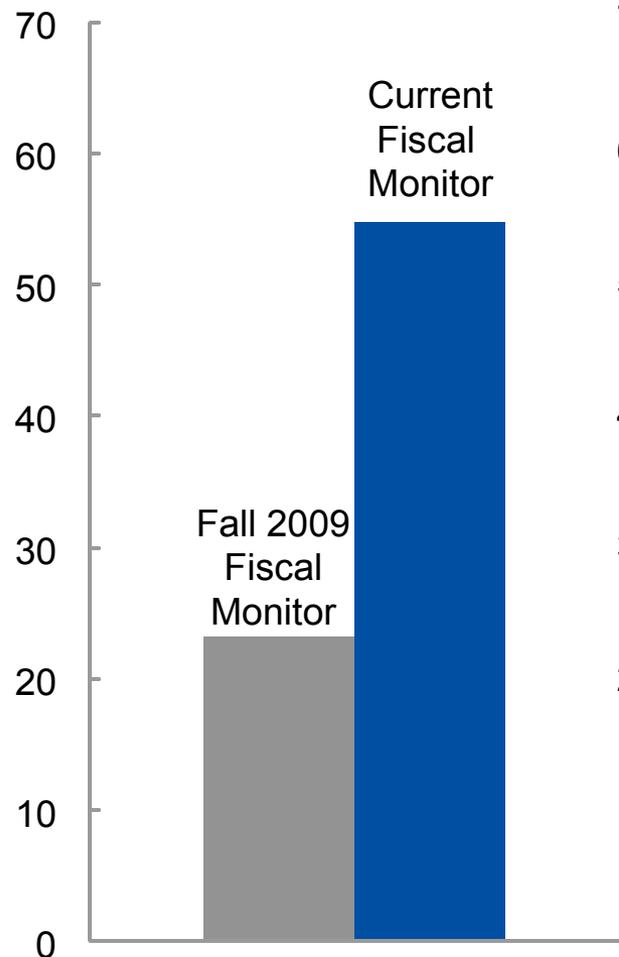
(Change in percent of GDP)



Increase in Debt during 2009-11 higher than expected

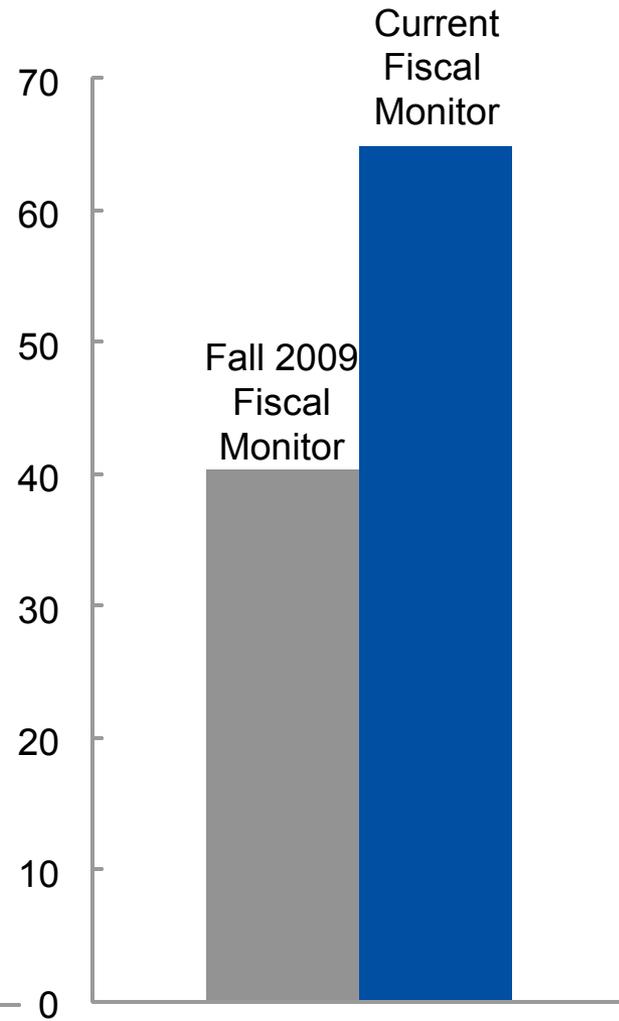
(Change in percent of GDP)

Greece



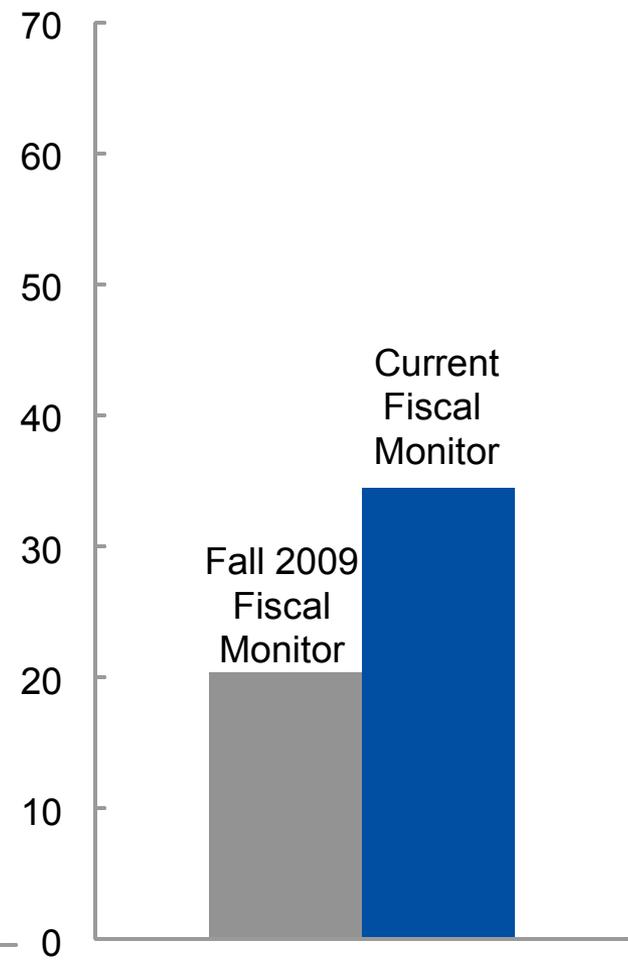
Increase in debt, 2009-11

Ireland

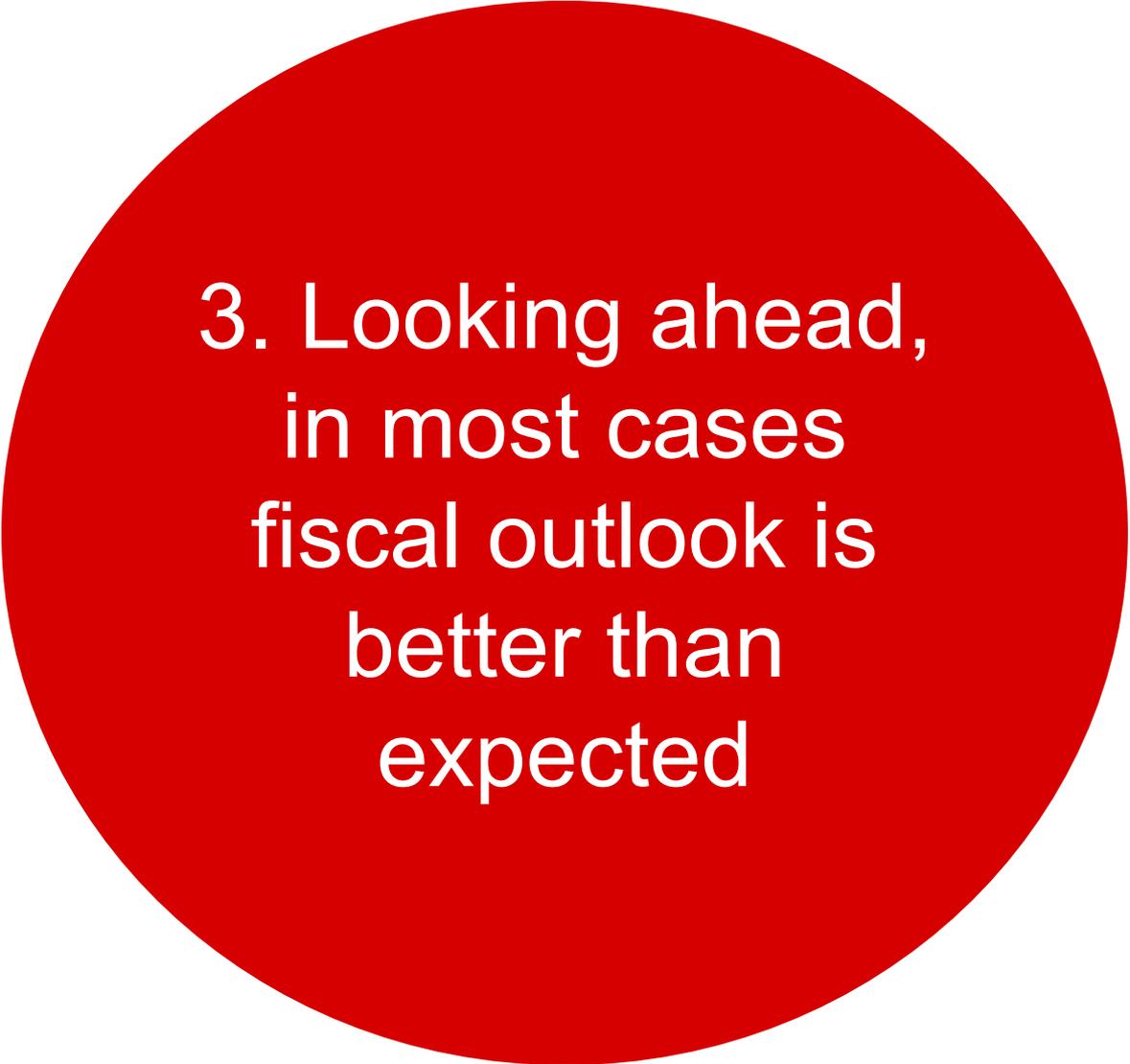


Increase in debt, 2009-11

Portugal



Increase in debt, 2009-11

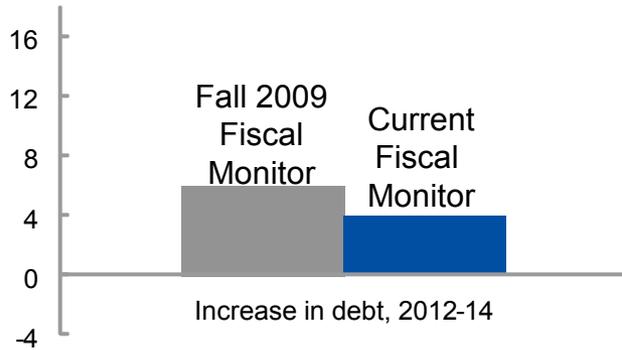


3. Looking ahead,
in most cases
fiscal outlook is
better than
expected

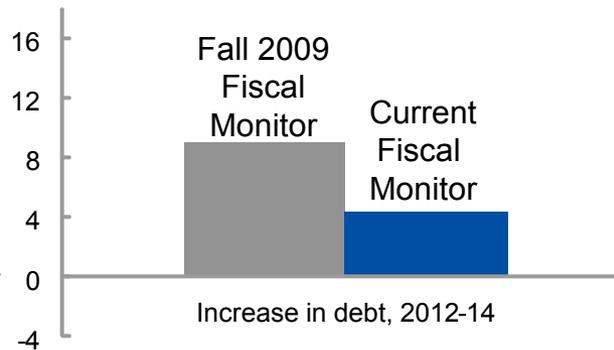
Fiscal Outlook: Increase in General Government Debt during 2012-14

(Change in percent of GDP)

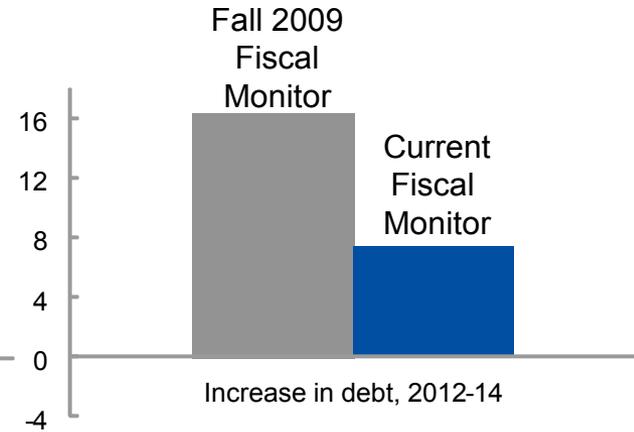
France



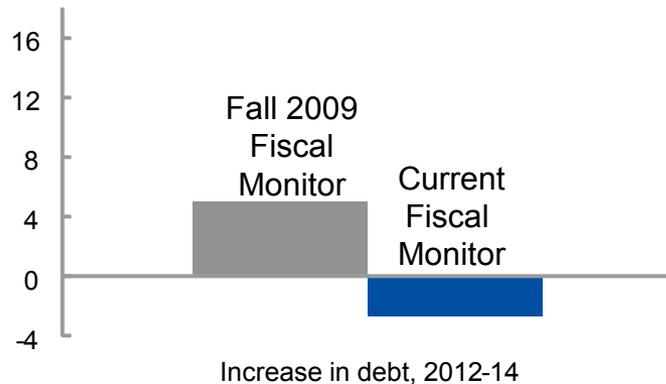
United Kingdom



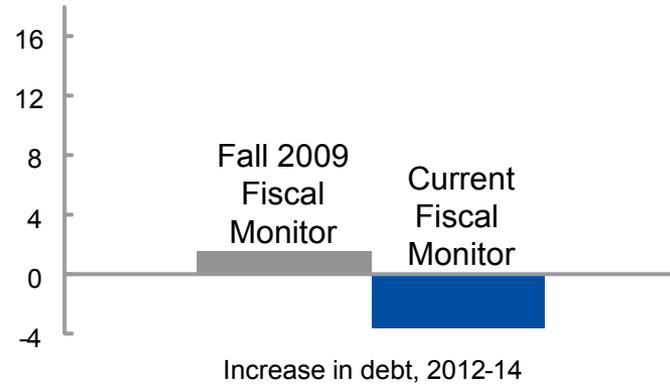
Spain



Italy

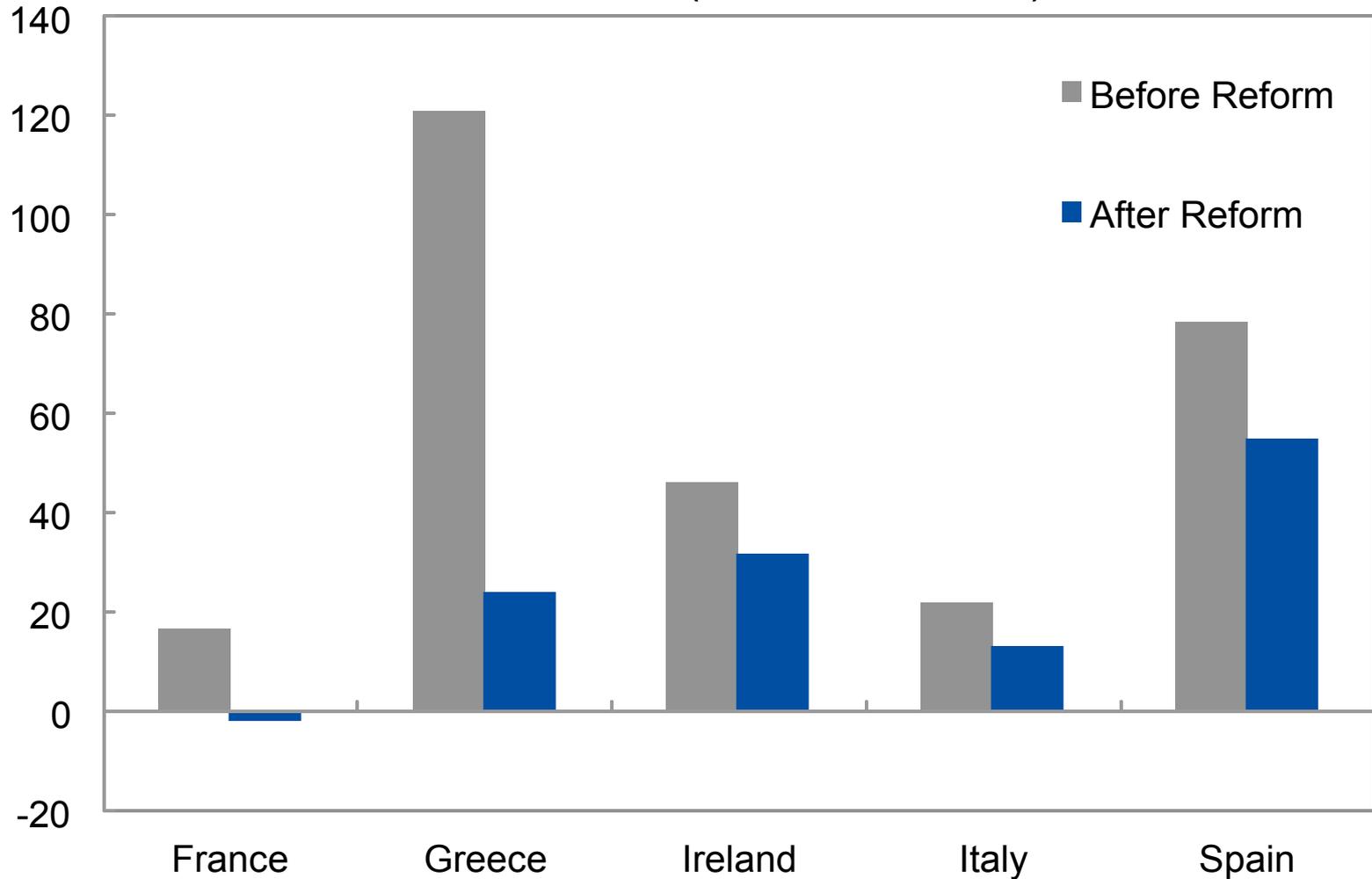


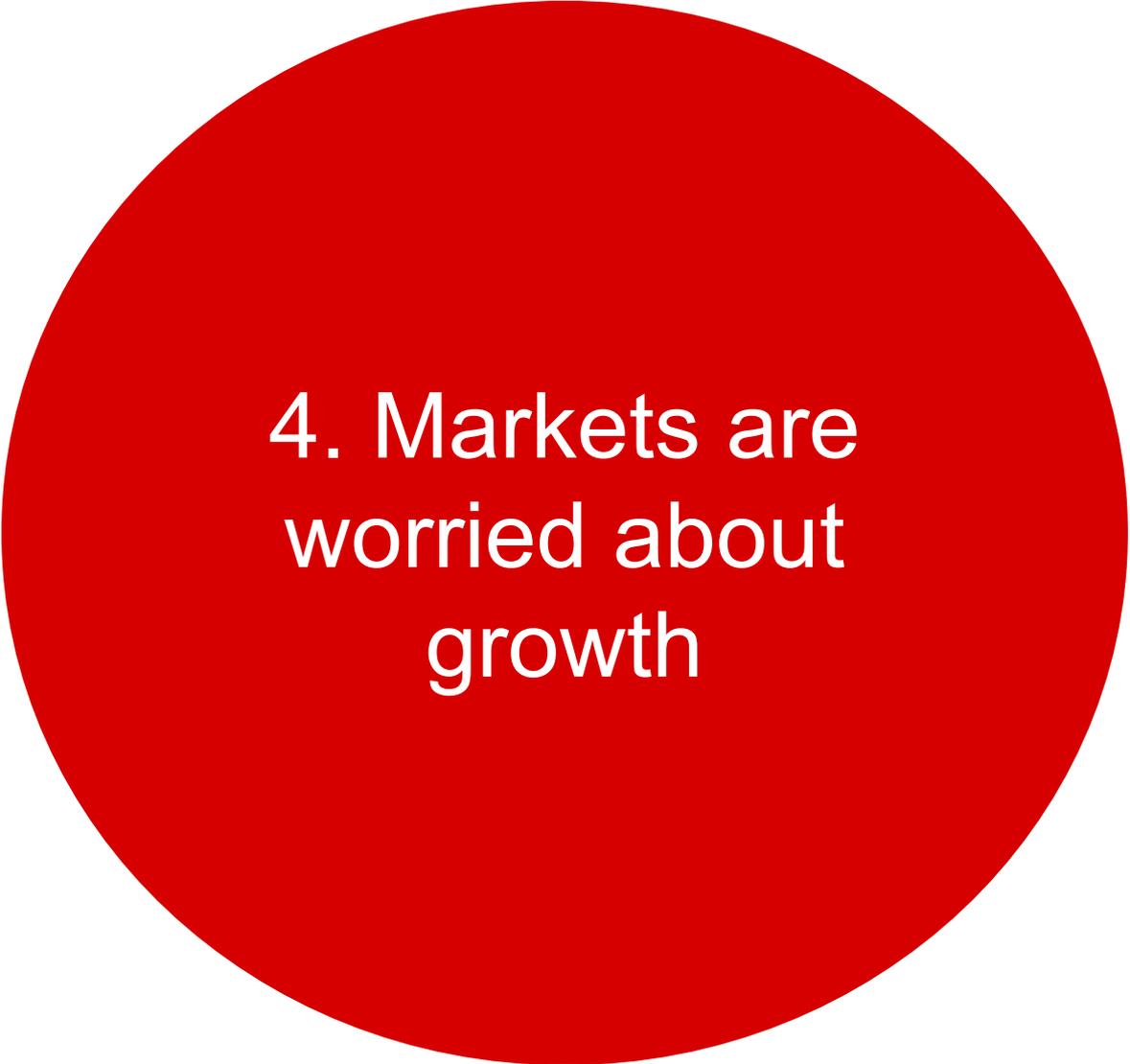
Germany



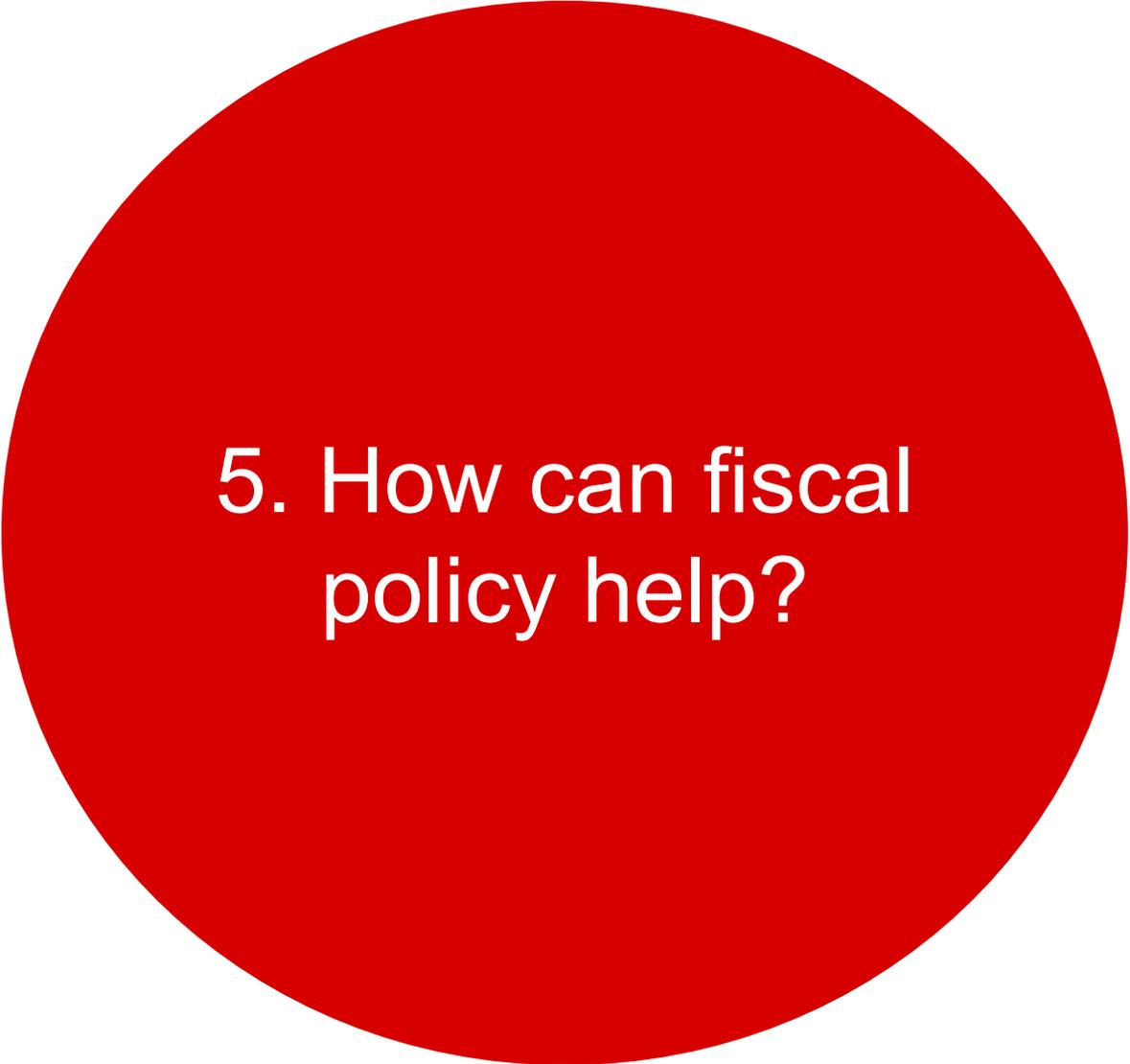
Pension Expenditure, Before vs. After Reforms

Net Present Value of Pension Spending Increases, 2010–50 (Percent of GDP)





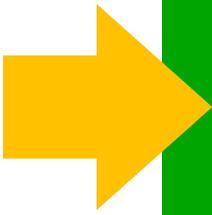
4. Markets are
worried about
growth



5. How can fiscal
policy help?

How Can Fiscal Policy Support Growth?

- It needs to strengthen confidence
 - Ensure that public sector insolvency is not a source of instability
 - Ensure that excessive fiscal tightening is not a source of instability



Have a plan and start reducing your deficit, but adjustment should be at the right speed

Fiscal Monitor

Addressing Fiscal Challenges to Reduce Economic Risks



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