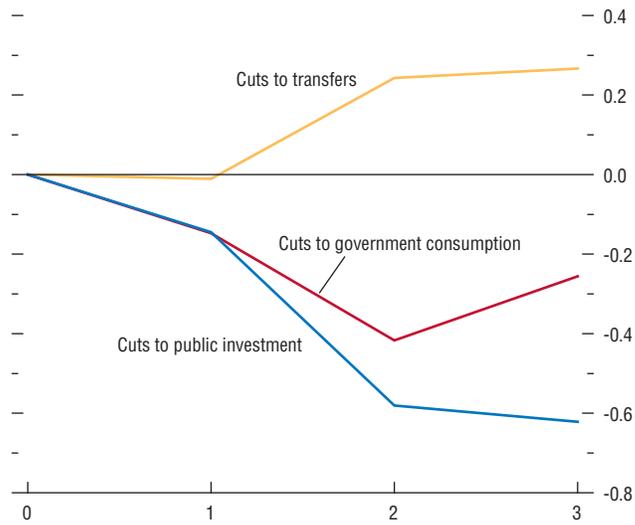


Figure 3.8. Impact on GDP of a 1 Percent of GDP Spending-Based Consolidation
(Percent)

Fiscal consolidation based on cuts to government transfers is less contractionary than that based on cuts to government consumption or government investment. But the differences between the three spending types are within the margin of error.



Source: IMF staff calculations.
Note: The three lines indicate consolidation in which most of the spending cuts fell on government transfers, government consumption, and public investment, respectively. $t = 1$ denotes the year of consolidation.