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Fiscal Monitor

Balancing Fiscal Policy Risks



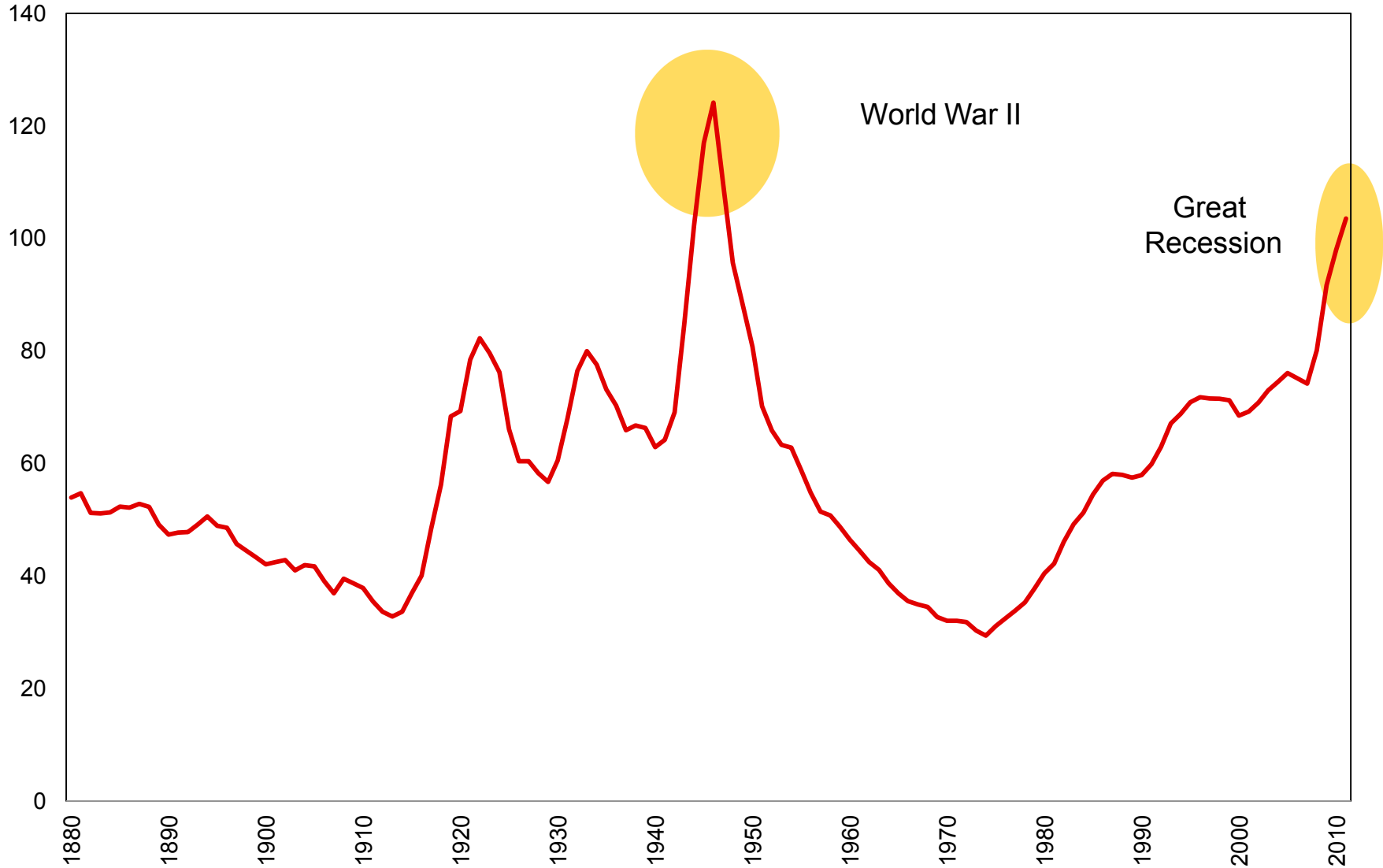
APR **12**

Key Messages

- Fiscal risks are declining but are still very high
- Adjustment is taking place...
- ... Still a long way to go

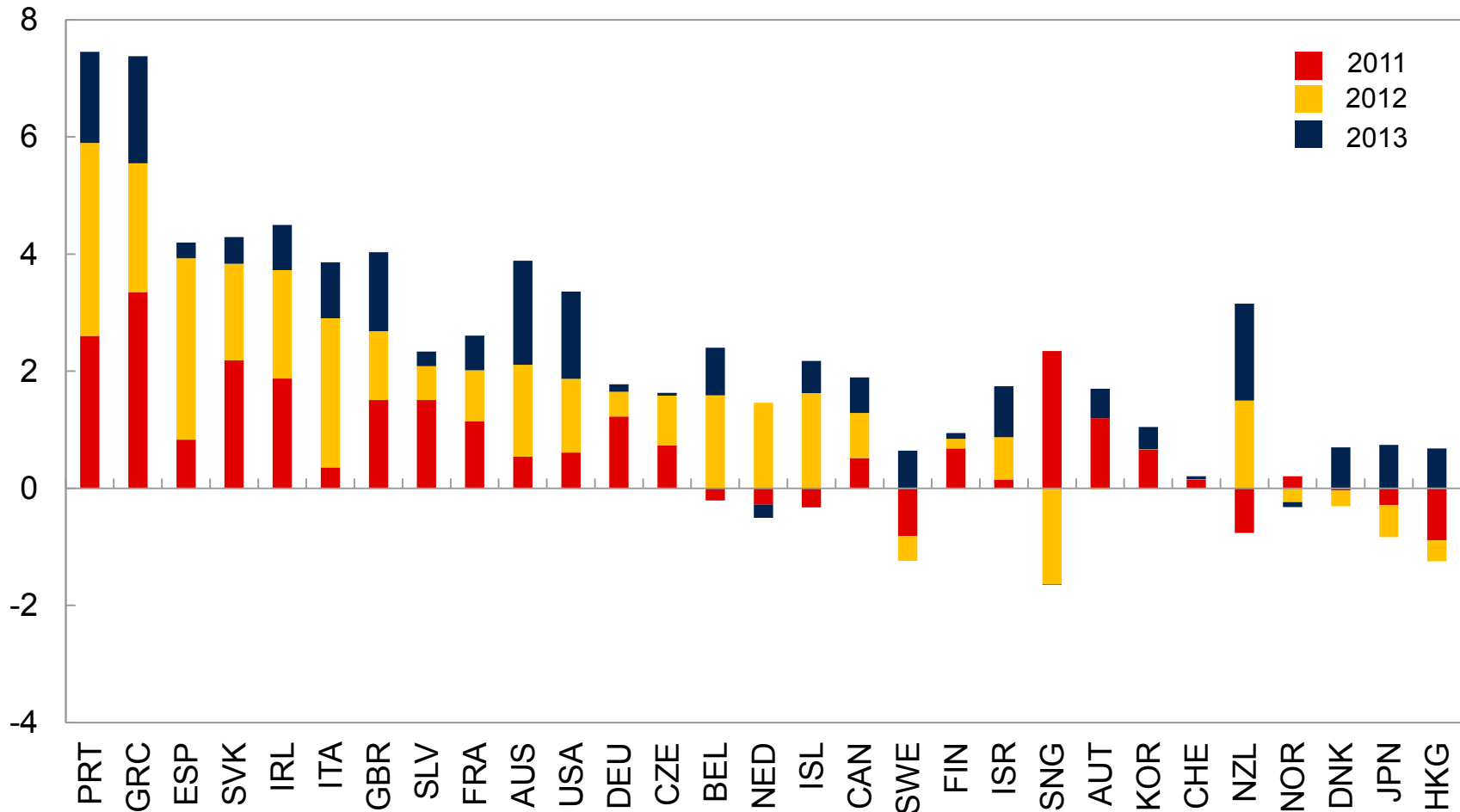
Fiscal risks are declining but still high

Public Debt, percent of GDP



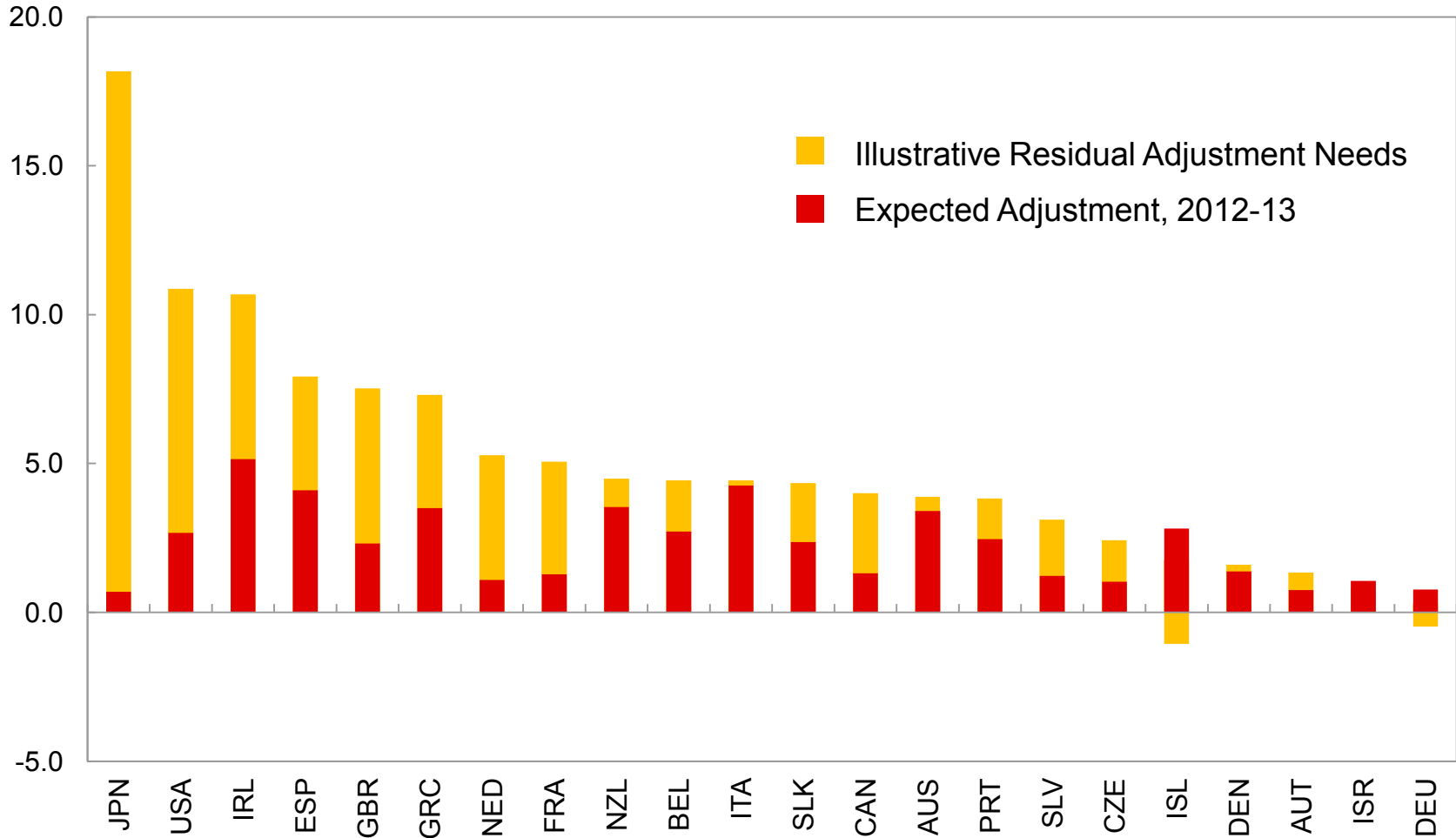
Adjustment is taking place...

Advanced Economies: Change in the Structural Balance, percent of potential GDP



... But there is a long way to go

Advanced Economies: Expected Adjustment, 2012-13 and Illustrative Residual Adjustment, percent of GDP



Policy Implications

1. Fiscal adjustment should proceed at a steady pace; not too fast not too slow, if there is fiscal space.
2. Implementation of a clear medium-term fiscal adjustment plan is a key requirement for sustainable growth, with the support of fiscal institutions.
3. Growth enhancing measures are very important for the fiscal accounts.

