



First IMF Statistical Forum
Statistics for Global Economic and Financial Stability

Comments on «Fault Lines in the Public Sector»

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Response to “Fault Lines in the Public Sector” by Professor Jürgen von Hagen

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Fiscal Transparency and the Crisis: Sources of Shocks to Government Debt

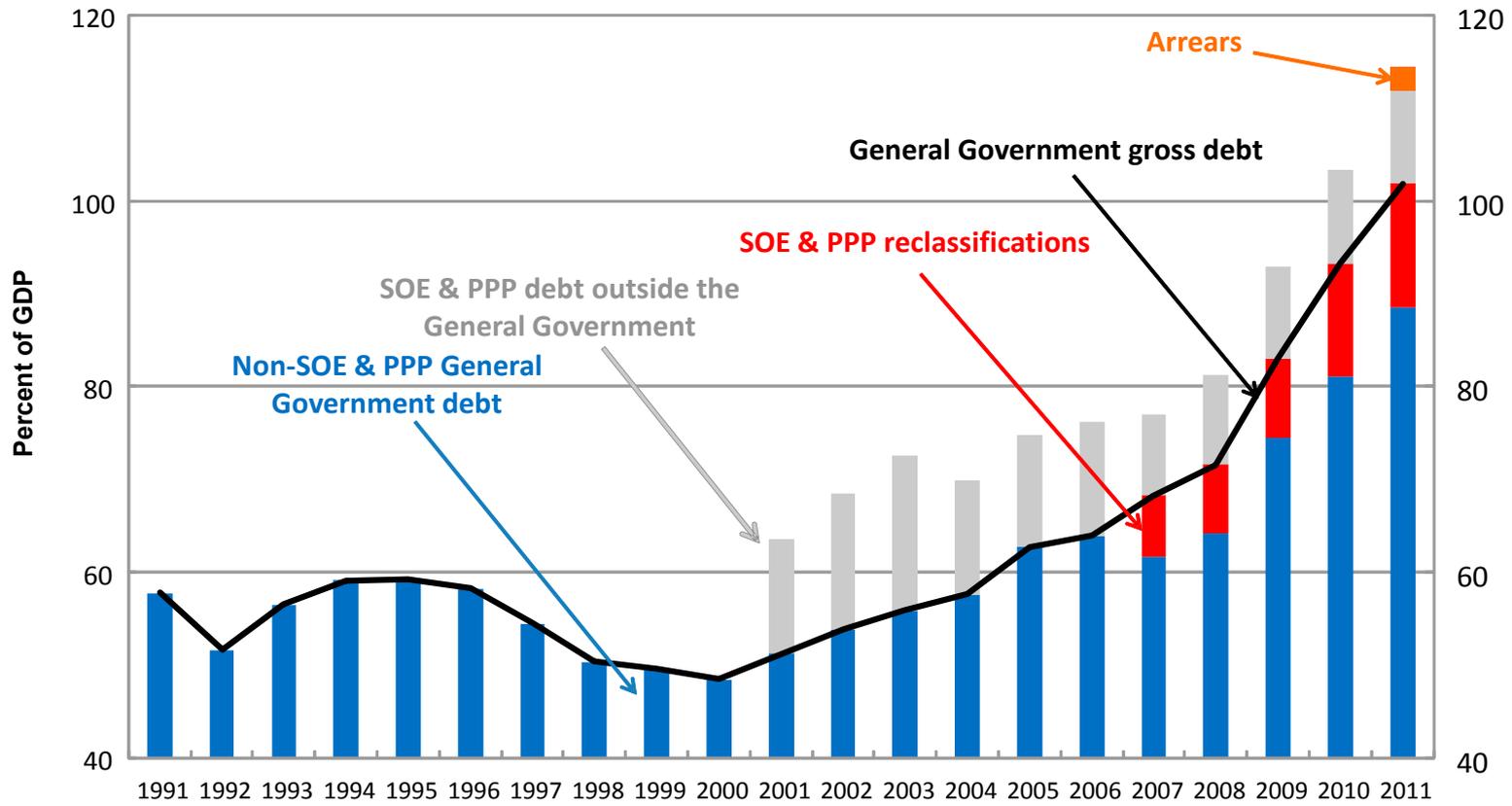
Sources of Unexpected Increase in General Government Debt (percent of GDP, 2007-2010)

	FRA	DEU	NLD	ESP	PRT	GBR	USA	GRC	IRL	ISL	AVE*	Issues Revealed by the Crisis
Underlying fiscal position	1.7	3.2	-2.4	1.8	11.3	3.7	8.1	16.3	1.3	10.9	6.0	Unreported Deficits
Revisions to 2007 deficit & debt	1.7	1.8	-0.9	-0.1	0.1	1.5	7.1	2.5	1.6	4.0	4.7	
Changes to government boundary	-0.7	1.4	-0.2	0.6	9.4	1.9	0.9	11.2	-0.1	2.5	1.1	SoEs & PPPs
Cash-accrual adjustments	0.7	0.0	-1.3	1.3	1.7	0.3	0.0	2.6	-0.2	4.5	0.2	Arrears
Exogenous shocks	8.4	12.8	14.2	15.4	8.1	17.0	6.3	40.0	60.2	39.5	9.8	Macroeconomic Risks
Macroeconomic shocks	8.3	4.7	5.2	13.0	4.4	8.9	3.8	38.4	35.7	-3.3	6.0	
Financial sector interventions	0.0	8.1	9.0	2.5	3.6	8.1	2.5	1.6	24.5	42.8	3.8	Contingent Liabilities
Policy changes	2.3	3.8	1.9	4.9	4.7	1.1	6.4	-8.0	-9.9	-4.3	4.7	Stimulus / Consolidation
Other factors	2.1	-0.3	6.5	1.9	3.7	6.2	8.3	-6.7	7.5	21.6	5.9	
Total Unforecast Increase in Debt	14.4	19.5	20.2	24.0	27.8	28.0	29.1	41.7	59.1	67.7	26.4	

* GDP-weighted average

Costs of Incomplete Picture of the Public Finances: Evolution of Portugal's General Government Debt

General Government Debt in Portugal

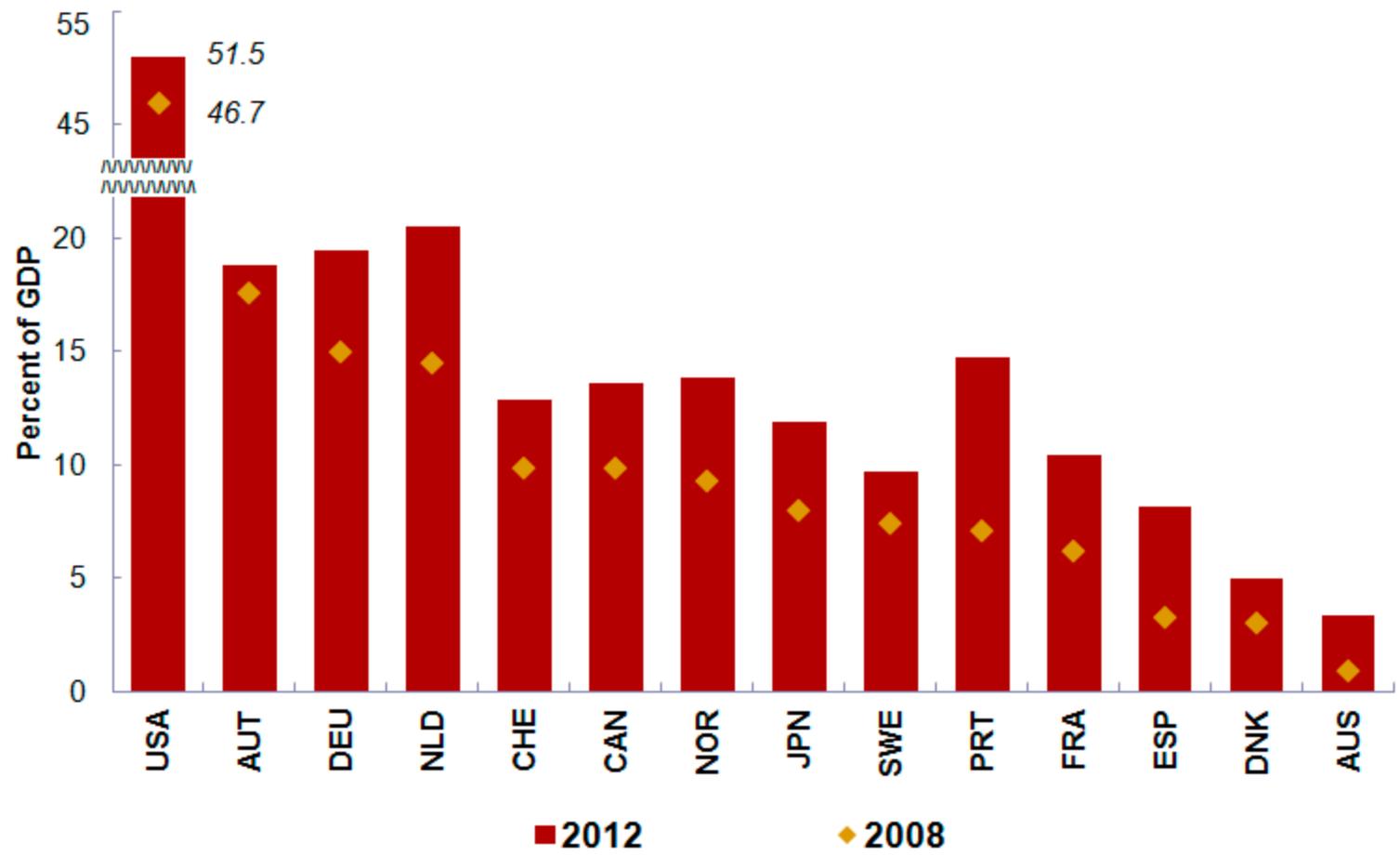


*Only includes Central Government SOE debt pre 2007

Scale of Fiscal Activity Outside Fiscal Reports

Liabilities of Government-Controlled Corporations

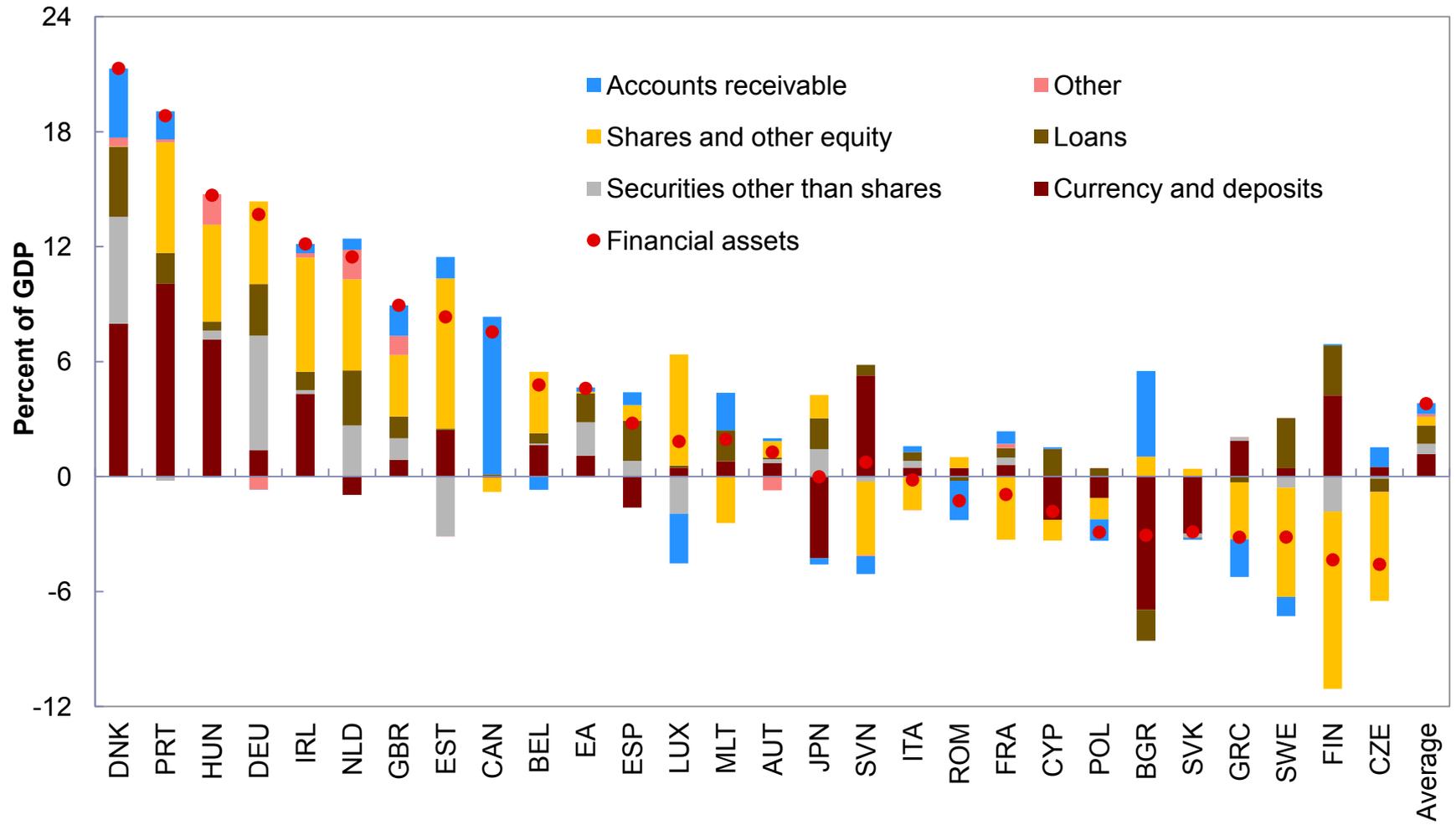
Debt of Government Related Enterprises



Expansion of Public Sector Balance Sheets

Government Asset Holdings since the Crisis

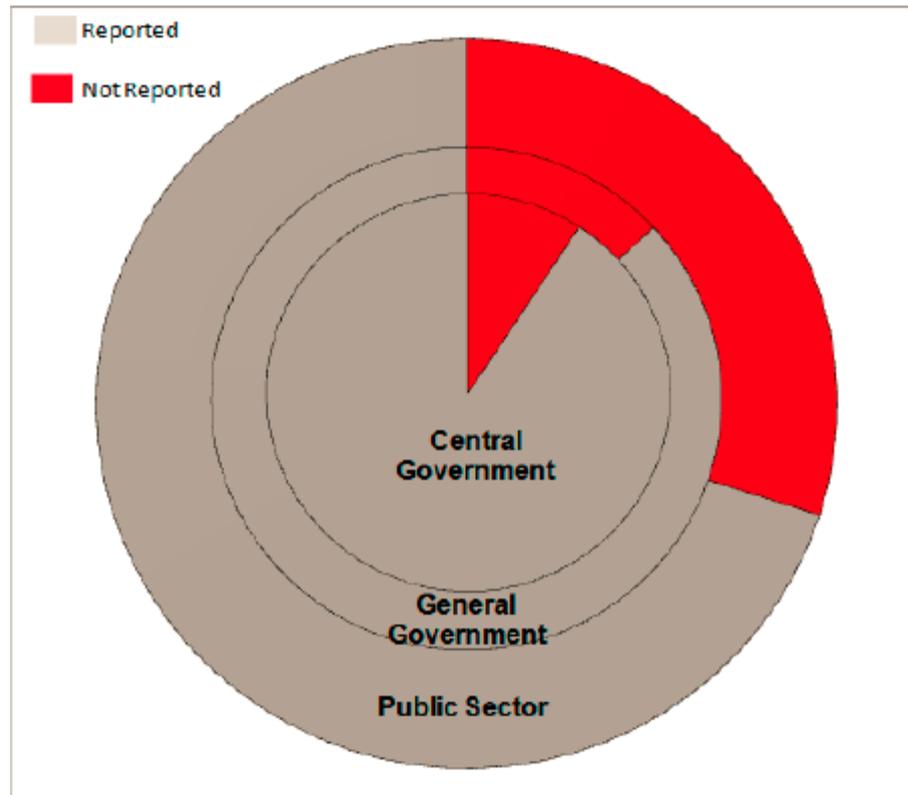
Change in Government Financial Assets, 2007-11



Institutional Coverage of Fiscal Reporting

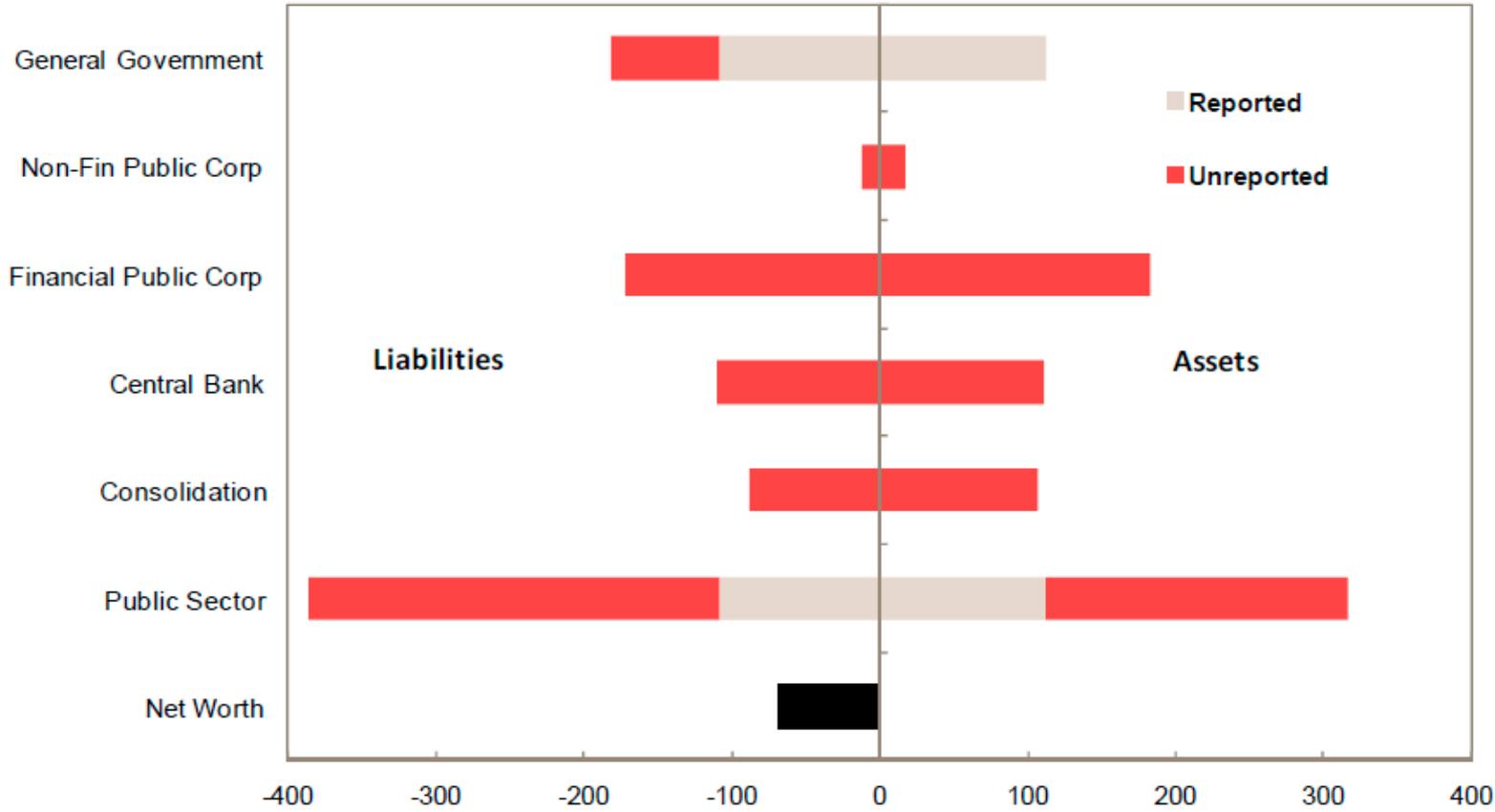
Ireland's Monthly and Annual Fiscal Accounts

Ireland: Coverage of Public Sector Institutions in Fiscal Reports (Percent of Expenditure)



Public Sector Balance Sheets: Coverage of Ireland's Fiscal Statistics

**Ireland: Coverage of Public Sector Balance Sheet
(Percent of GDP)**



Summary (I)

Agree with the Author on:

- **Recent crisis revealed underlying (and undisclosed) fiscal vulnerabilities in advanced economies**
- **Need to go beyond conventional fiscal indicators (general government deficit and debt) to unmask these vulnerabilities**
- **Need to look beyond conventional liabilities to consider both sides of the balance sheet**

Summary (II)

Would suggest the Author give further consideration to:

- **Expanding institutional coverage of fiscal analysis from the general government to the public sector (including public corporations)**
- **Illustrating, for a sample country, how application of the new fiscal space and balance sheet indicators could alter the perspective of fiscal policymakers**
- **Developing a simplified version of the indicators which could be readily applied across a range of countries**