Based on the IMF’s multicountry GIMF Model, some scenarios have been developed to illustrate the benefits of supporting fiscal consolidation with structural policies designed to increase investment and potential output.

![Figure 1.17b. Scenarios Designed to Raise Potential Output and Reduce Government Deficits](source: Global Integrated Monetary Fiscal Model.)

- **WEO**
- **Additional effects of structural reforms designed to raise potential output**
- **Fiscal policies designed to reduce deficits and raise potential output in advanced economies (fully credible in 2013)**

**Government Surplus to GDP (in percent)**

**Real GDP (in levels; percent deviation from control)**

**Investment (percent deviation from control)**

**Real Effective Exchange Rate (index, 2006 = 100; + = depreciation)**

**Current Account to GDP (in percent)**

Source: Global Integrated Monetary Fiscal Model.