BETTER POLICIES FOR BETTER LIVES

Fiscal Consolidation and Growth

Parliamentary Budget Officials and Independent Fiscal Institutions

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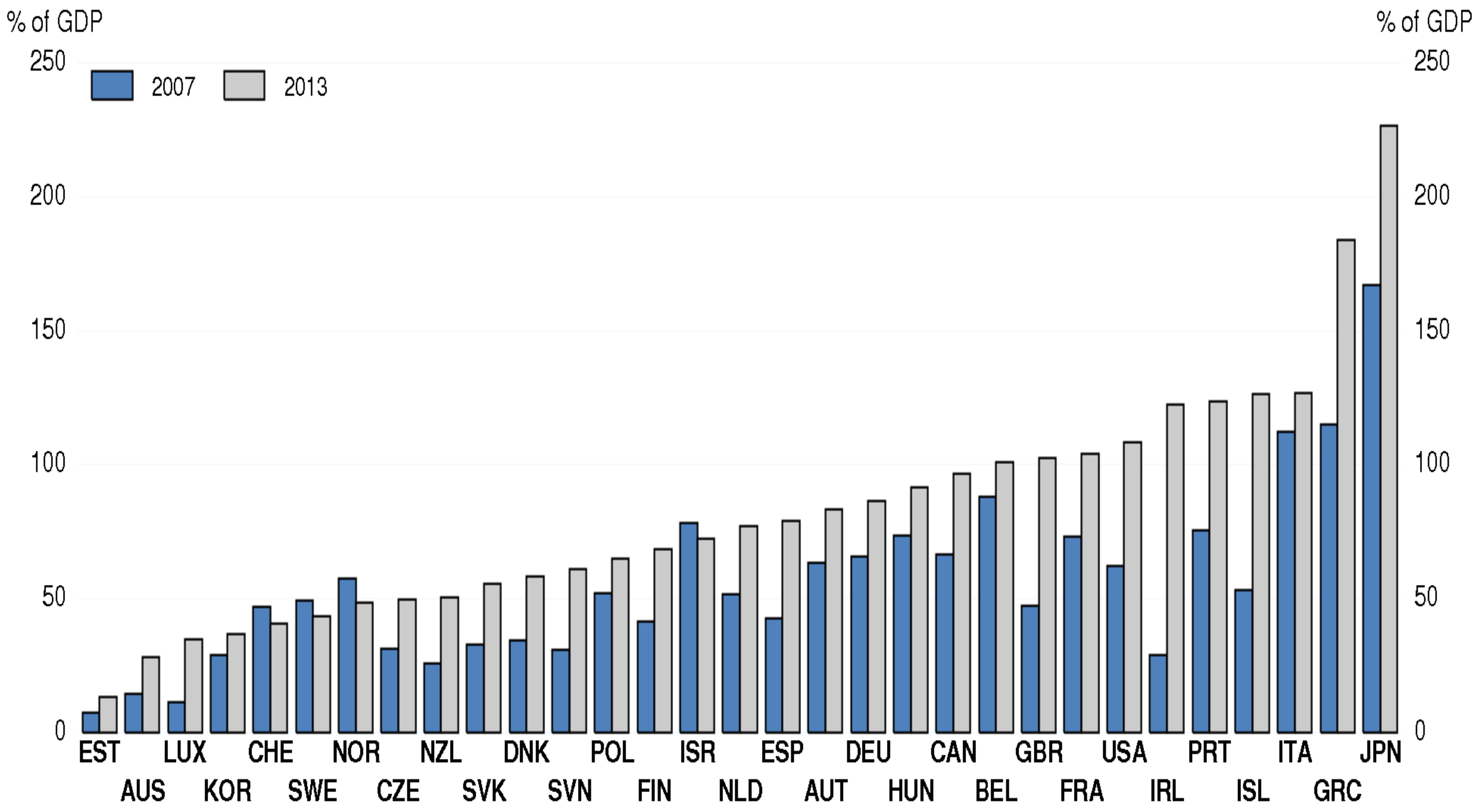
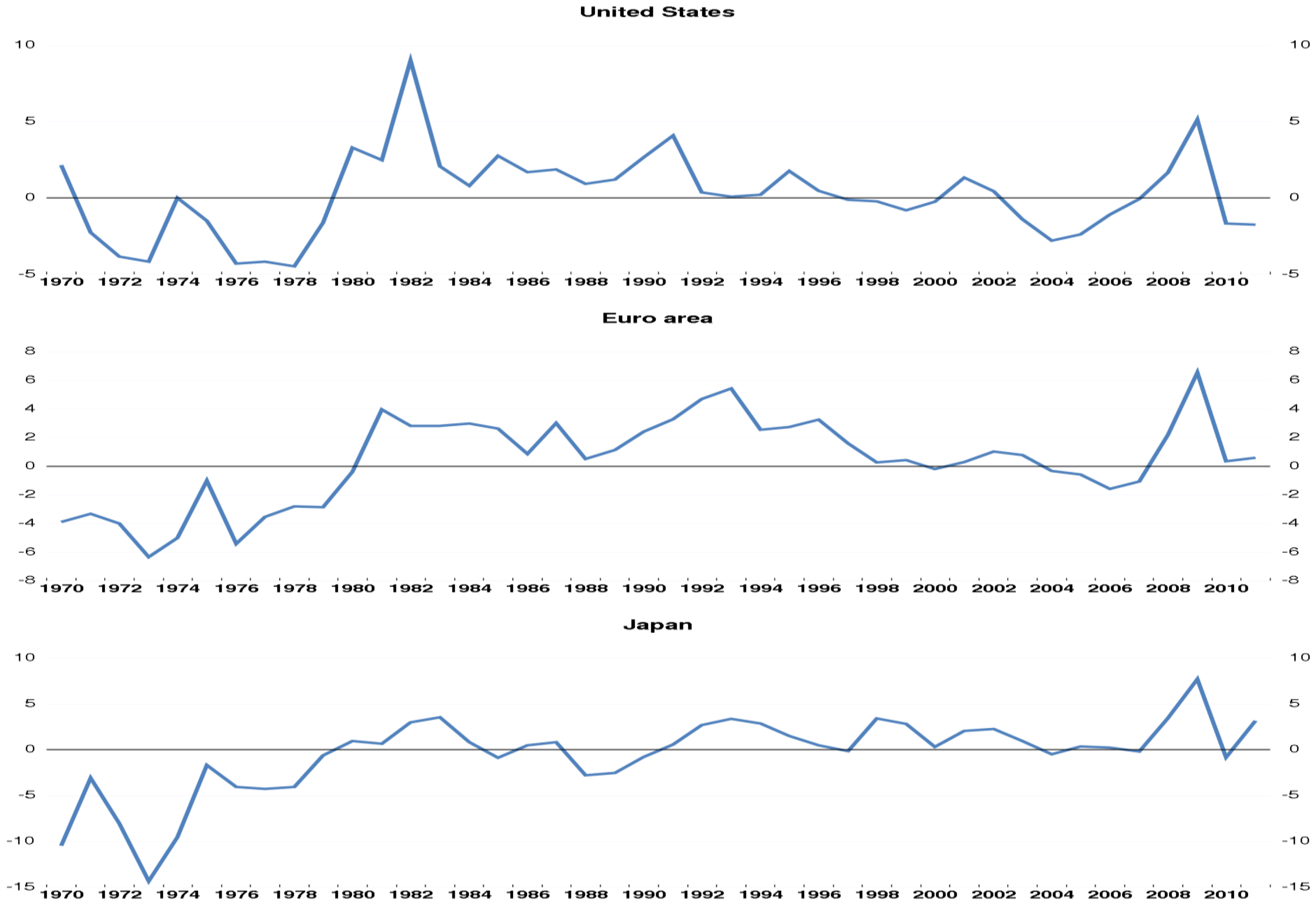
Figure 1. **General government gross financial liabilities**



Source: OECD Economic Outlook 90 Database.

Figure 2. **Interest rate – growth rate differential**

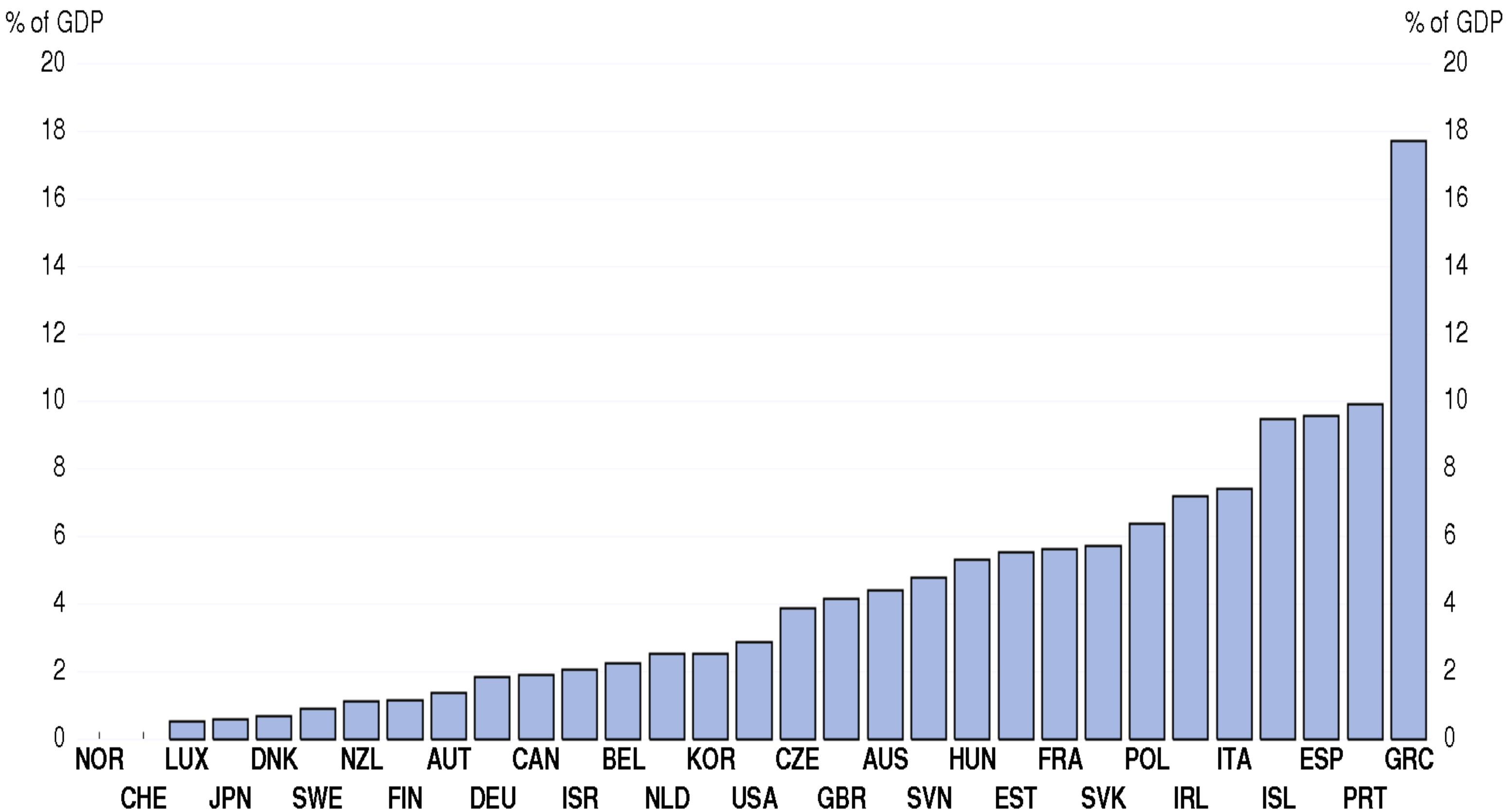


Note: Interest rate = (¼* 3-months rate + ¾ * 10-years government bonds rate) – nominal GDP growth.

Source: OECD Economic Outlook 90 Database.

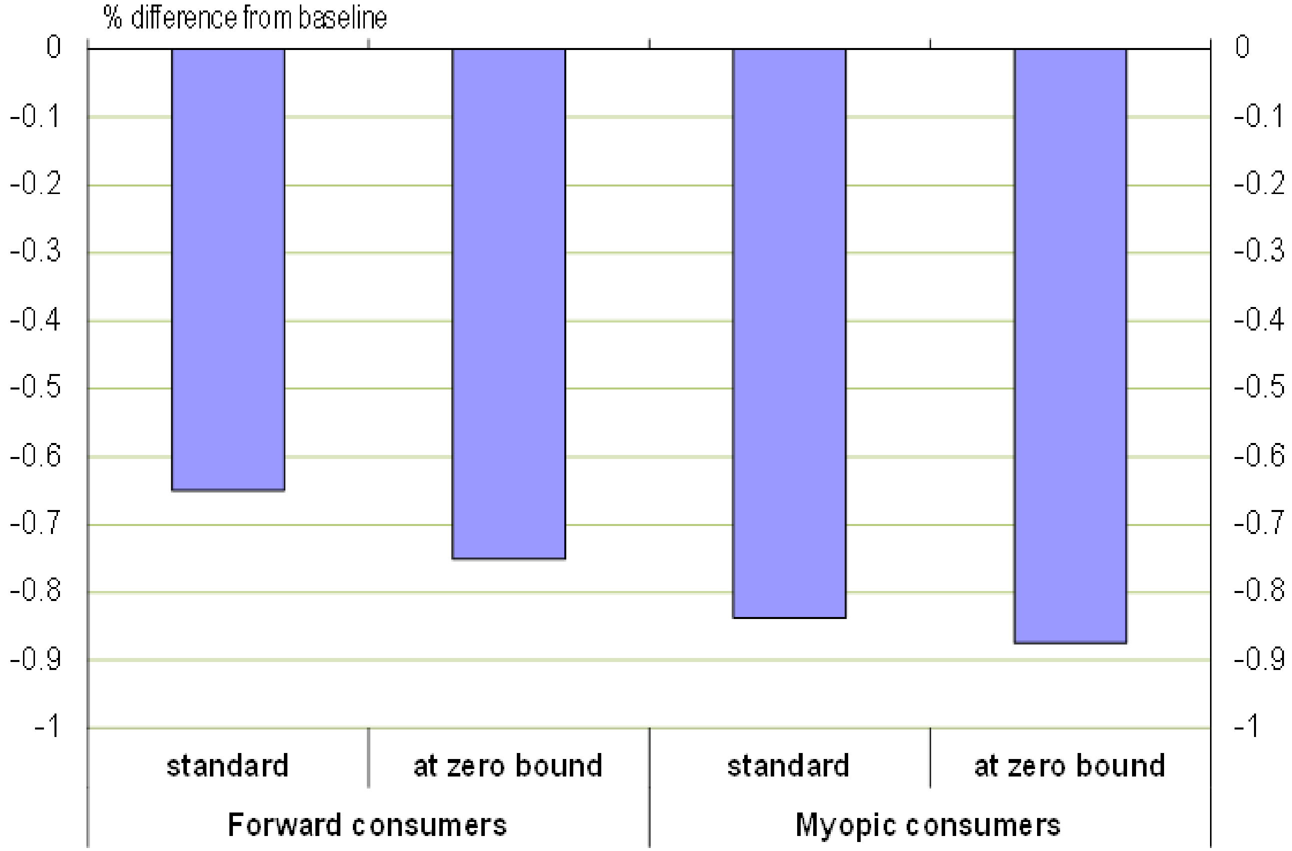
Figure 3. **Cumulative fiscal tightening between the deficit trough and 2013**

Change in underlying primary balance



Source: OECD Economic Outlook 90 Database.

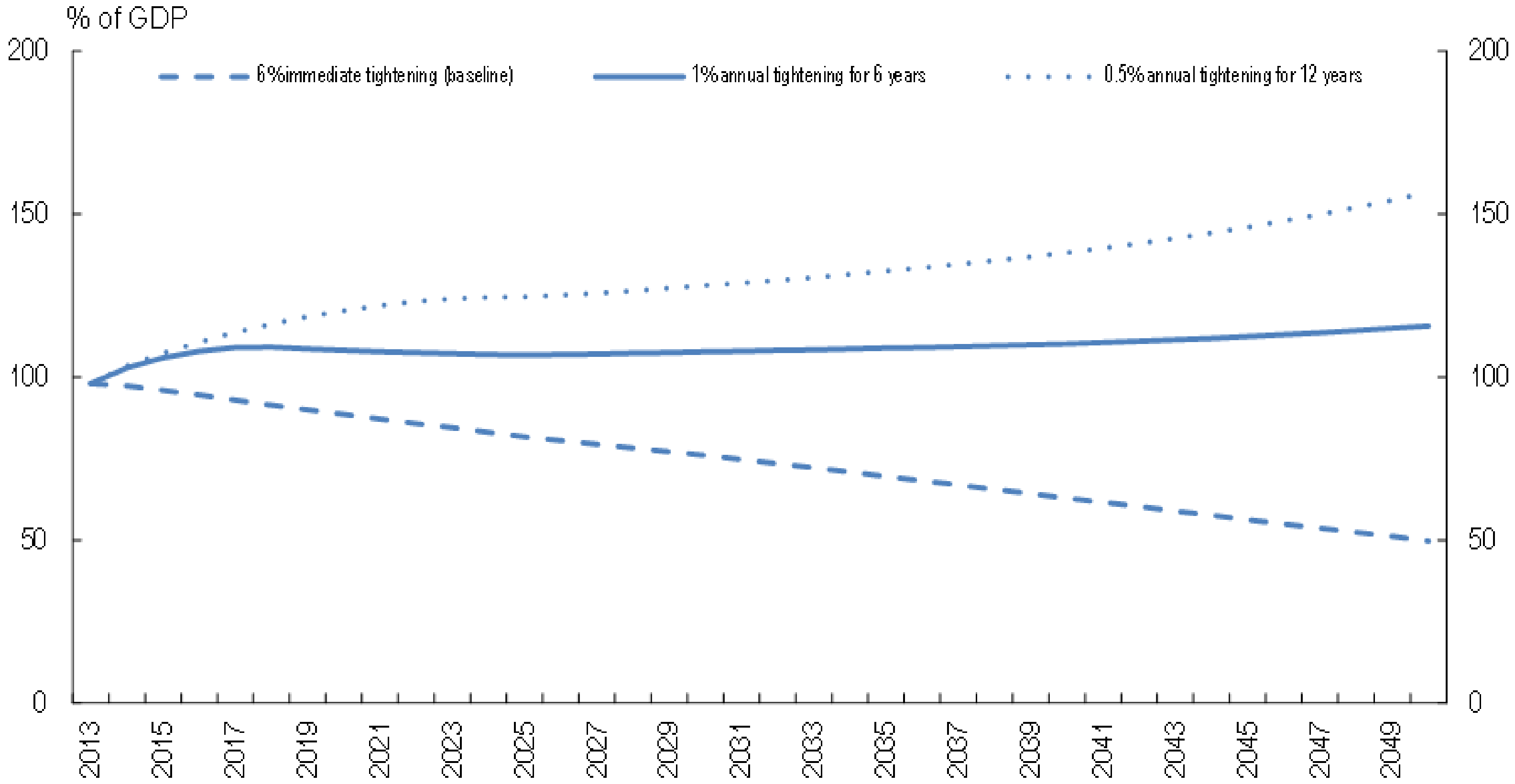
Figure 4. **US consolidation multiplier – different assumptions**
First year impact of 1%-of-GDP cut to government consumption



Source: Barrell *et al.* (2012 forthcoming).

Figure 5. **Fiscal tightening and debt dynamics**

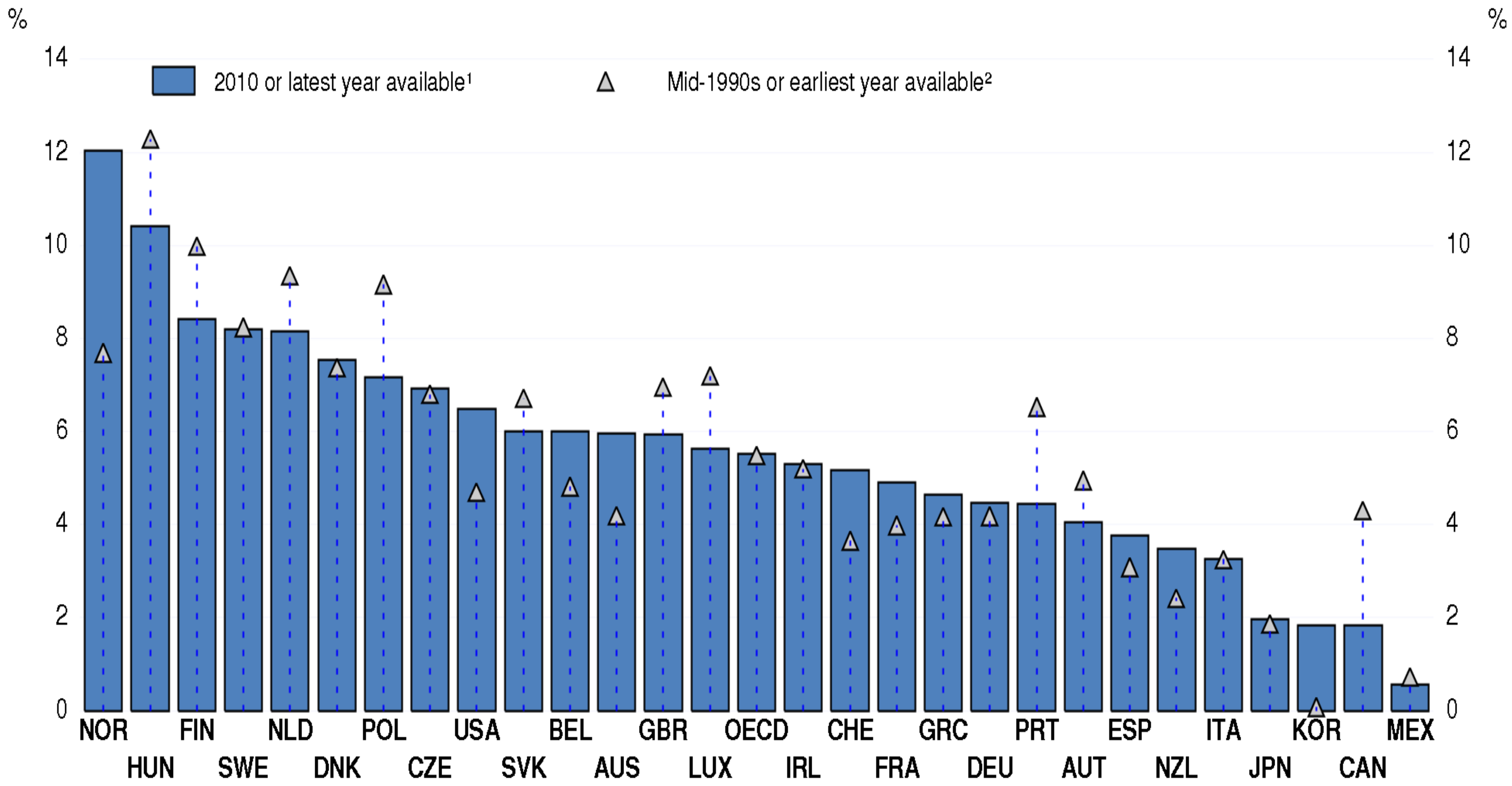
Evolution of gross financial liabilities for the United States when the underlying primary balance is tightened so that debt is 50% of GDP in 2050 (baseline) and the consequences of phasing in the same tightening more gradually



Source: OECD.

Figure 6. **Disability benefit recipient rates**

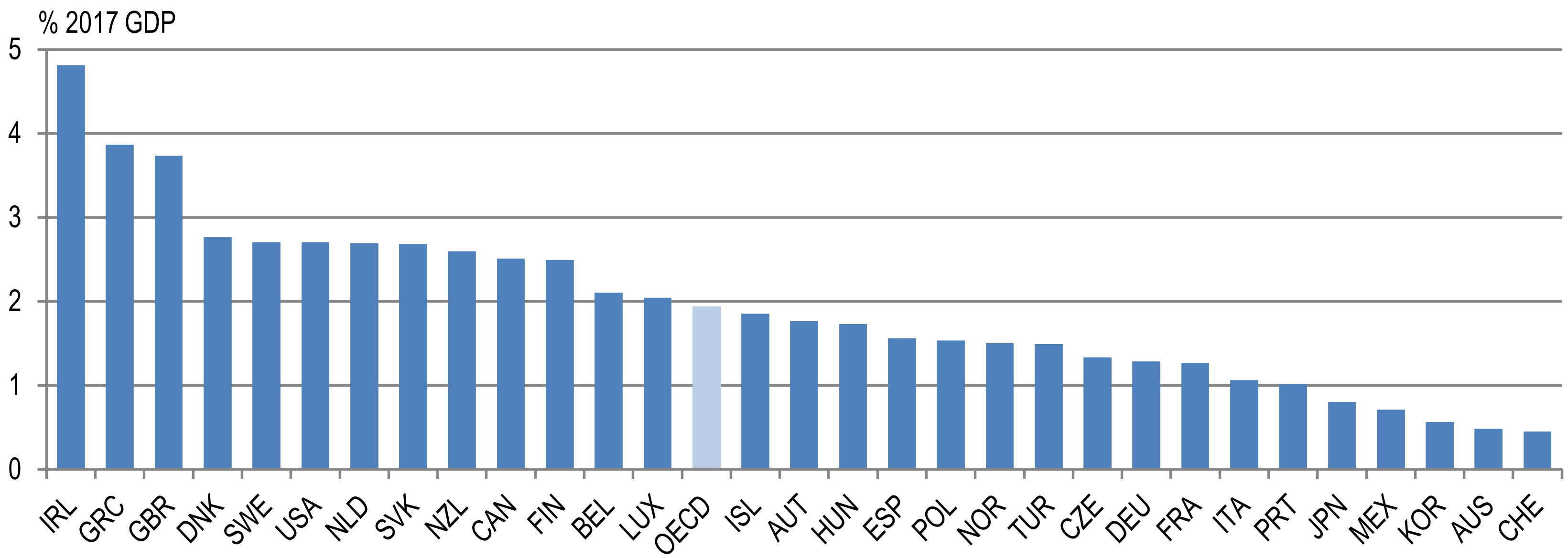
Disability benefit recipients in per cent of the population aged 20 – 64 in 28 OECD countries



1) 2009 for the Czech Republic, Germany, Finland, Mexico, Norway, New Zealand, Switzerland and the United Kingdom. 2007 for Belgium, Greece, Poland and Spain. 2006 for Italy and Japan. 2004 for France.
2) 1996 for Belgium and Canada; 1999 for the Netherlands; 2000 for Hungary and Italy; 2001 for Ireland; 2003 for Japan and 2004 for Poland; 1995 for all other countries.

Source: OECD (2011), Employment Outlook 2011. Data provided by national authorities.

Figure 7. **Potential savings from greater efficiency in public health care spending**

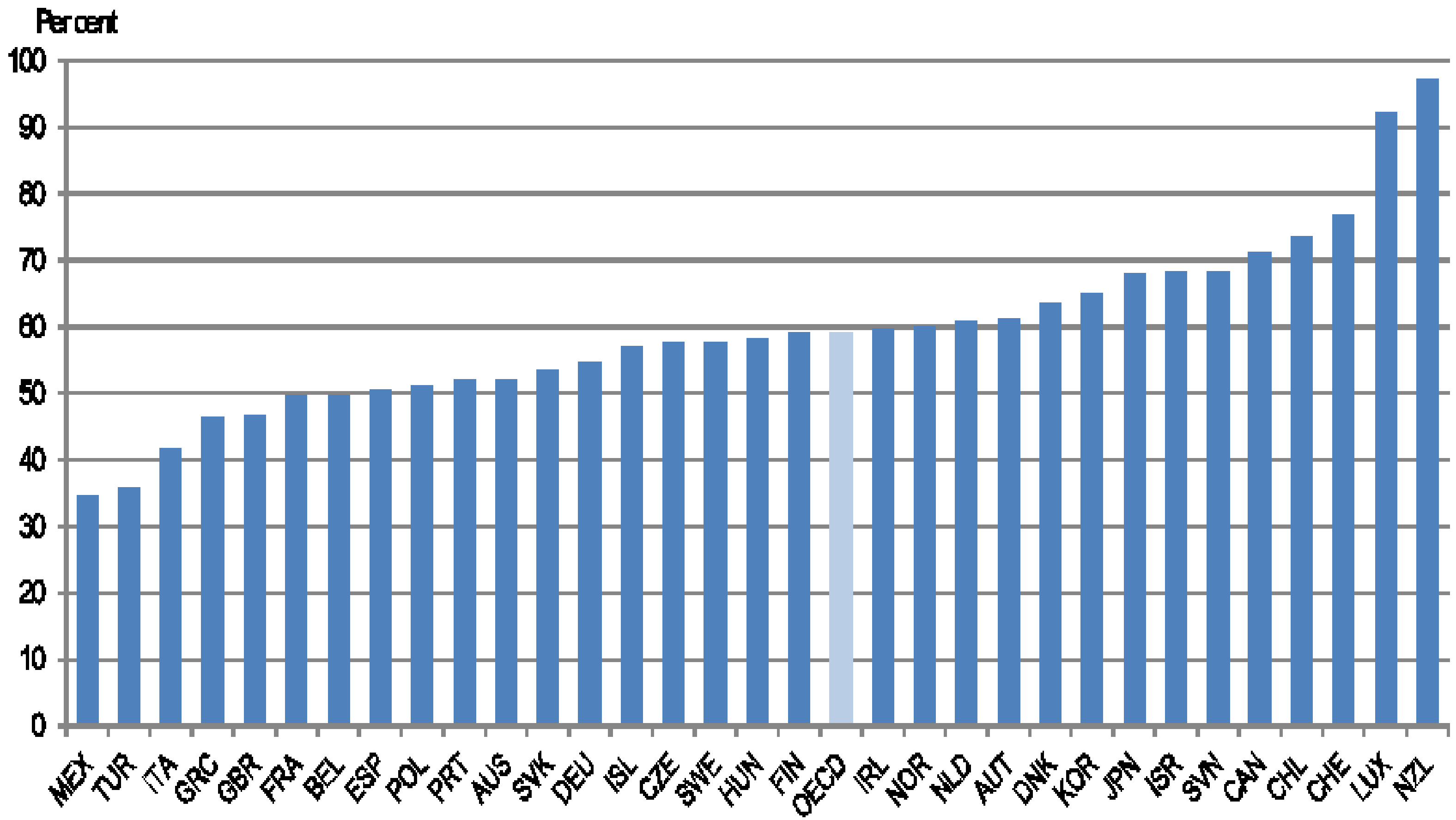


Note: Potential savings represent the difference between a no-reform scenario and a scenario where countries would exploit efficiency gains. The no-reform scenario assumes that between 2007 and 2017 life expectancy and spending increase at the same pace as over the previous 10 years and that the mix between public and private spending remains constant over time.

Source: Joumard *et al.* (2010b).

Figure 8. Value **added tax performance: the VAT revenue ratio**

Average 2007-08



Note: The VAT revenue ratio measures the difference between the VAT revenue actually collected and what would theoretically be raised if VAT were applied at the standard rate to the entire potential tax base in a "pure" VAT regime and all revenue was collected: The VAT revenue ratio equals VAT Revenue/(Consumption * Standard VAT rate)*100.

Source: OECD (2011), *Consumption Tax Trends 2010: VAT/GST and Excise Rates, Trends and Administration Issues*.

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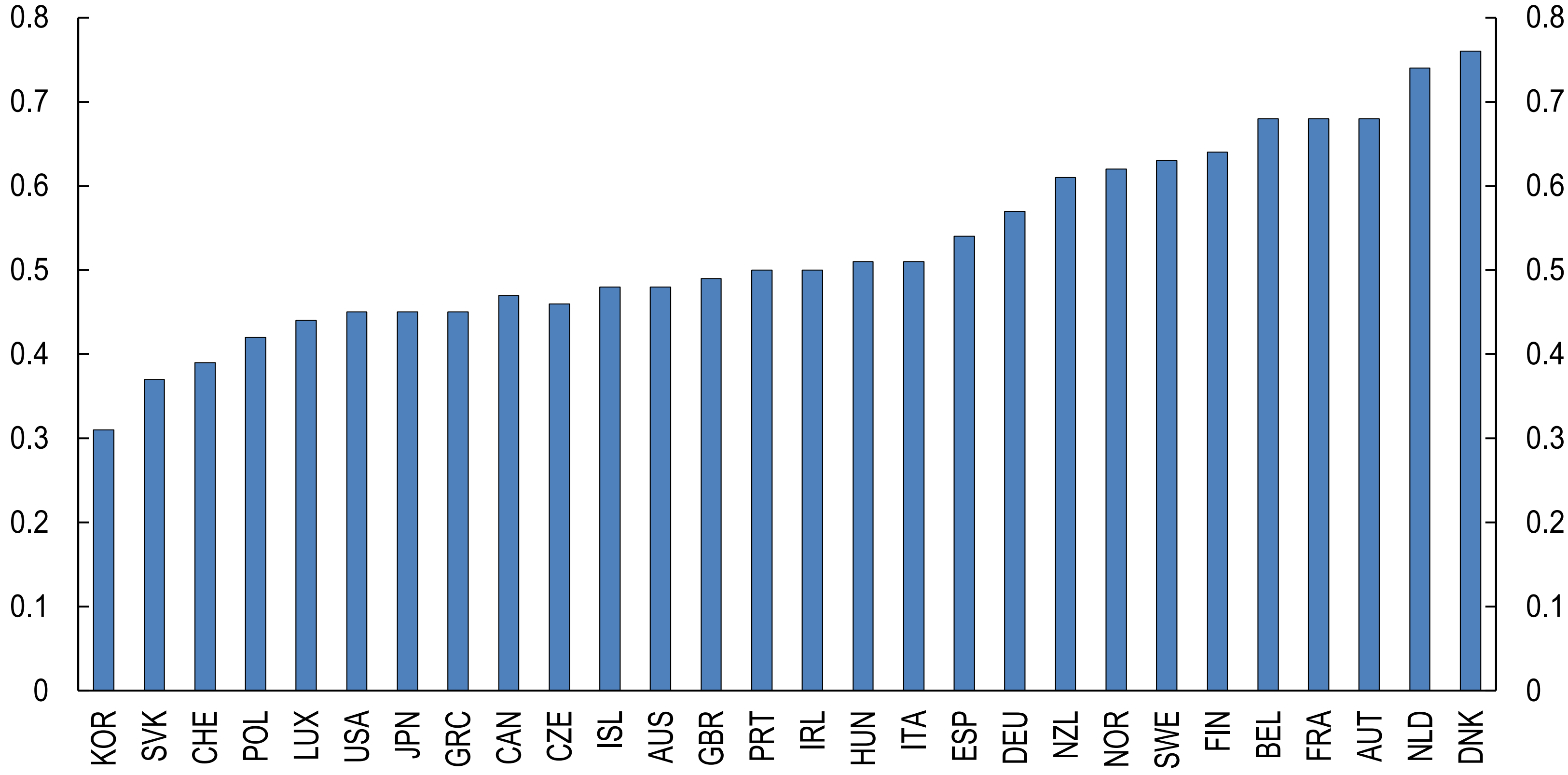
Figure 9. **Effect of 1% higher potential employment on the primary balance**

Percent of GDP



Source: OECD Economic Outlook No. 88.