"Will It Hurt? Macroeconomic Effects of Fiscal Consolidation"

With

Daniel Leigh
IMF

7 October 2010, 12.45-14.30
Bruegel, Rue de la Charité 33, 1210 Brussels

You are invited to attend a presentation of the study "Will It Hurt? Macroeconomic Effects of Fiscal Consolidation" by Daniel Leigh, Economist at the Research Department of the IMF. The analysis (Chapter 3 of the IMF’s October 2010 World Economic Outlook) examines the effects of fiscal consolidation—tax hikes and government spending cuts—on economic activity. Based on a historical analysis of fiscal consolidation in advanced economies, and on simulations of the IMF’s macroeconomic model, it finds that fiscal consolidation typically reduces output and raises unemployment in the short term. Over the long term, reducing government debt is likely to raise output, as real interest rates decline and the lighter burden of interest payments permits cuts to distortionary taxes.

The meeting will be chaired by André Sapir, Senior Fellow at Bruegel and Professor of Economics at Solvay Business School of Economics and Management of the ULB.

Lunch will be served at 12.45 and the meeting will begin at 13.00.

Daniel Leigh is an Economist at the Research Department of the IMF. He also served on the IMF teams of number of emerging market economies, including Hungary, Lithuania, Gabon, Colombia, and Peru. His research interests fall in the general field of international macroeconomics. He has publications in Economic Policy, the Journal of Money, Credit and Banking, and the Journal of Economic Dynamics and Control. In addition, he has written several chapters of the IMF’s World Economic Outlook. He holds a Ph.D. in Economics from Johns Hopkins University, and a M.Sc. in Economics from the London School of Economics.

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