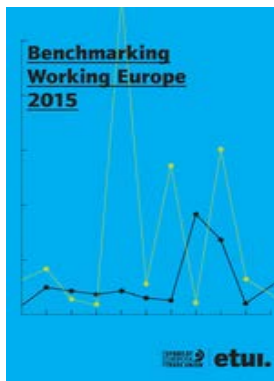


# What are responsible fiscal policies at the current juncture?

**Karl Pichelmann**

Senior Adviser  
Economic and Financial Affairs



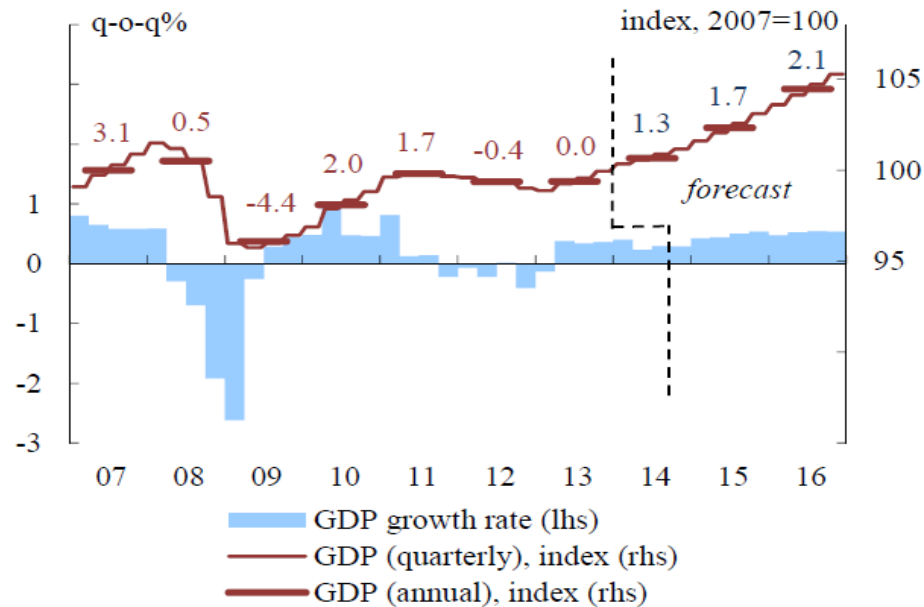
**Comments at the launch event  
March 20, 2015, Bruxelles**



European  
Commission



# Getting out of stagnation: A new boost to jobs, growth and investment

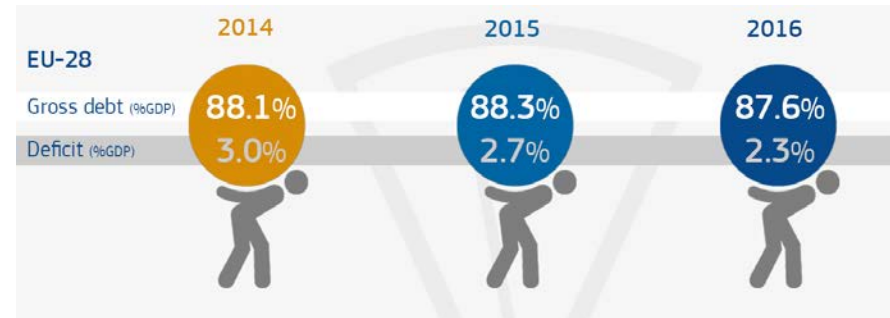
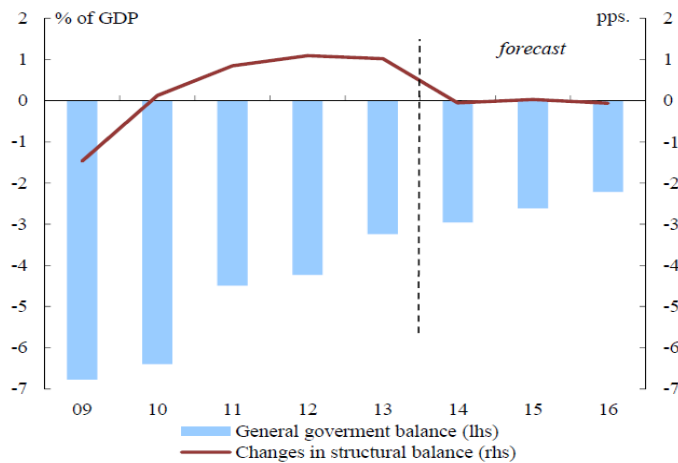


*Figures above horizontal bars are annual growth rates.*

## **A three-pronged policy strategy, acting on both the demand and the supply-side**

- ❖ With interest rates at the zero lower bound, monetary policy needs to marshal unconventional tools
- ❖ Growth-friendly fiscal policies ensuring debt sustainability, differentiated across countries according to fiscal space
- ❖ Pro-growth structural policies with a focus on investment

## Fiscal policy broadly neutral Growth-friendly consolidation, differentiated across countries



Source: Commission Services

- Expenditure side: raise quality of public expenditure, prioritising productive investment
- Revenue side: make the tax system more fair and efficient
- Countries with more fiscal space should take measures to encourage domestic demand and make adjustment more symmetric
- Make full use of flexibility in SGP, clarify treatment of investment and structural reforms



***Thank you very  
much for your  
attention***