Quality of Public Finances for Strong and Inclusive Growth

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Policy Response Needed

- Use all policy tools – monetary, fiscal and structural

- Strengthen fiscal contribution – targeting both growth and inclusiveness
Why Quality of Public Finances (QPF)?

- **Allocation of resources** → Potential growth
- **Redistribution** → Inclusive growth
- **Stabilisation** → Business cycle
What is QPF?

Composition

Efficiency
Fostering Growth, Inclusiveness and Stabilisation

Endowments

Market

Tax/Benefits systems
Fostering Growth, Inclusiveness and Stabilisation

- QPF
  - Endowments
    - Market
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Fostering Growth, Inclusiveness and Stabilisation

QPF

Endowments

Market

Tax/Benefits systems
Trade-offs at play

Fiscal adjustment by expenditure in the euro area (2011-17)
QPF - essential principle for Resilience

Sustainability  Equity
Stabilisation  Growth

Good Starting Point
Use Growth Strategies/Peer Reviews

Follow-up with actions

Consider QPF in a thematic peer-review