Contents

Preface		٧
1	Overview	1
П	Introduction	3
Ш	What Is a "Large" Fiscal Adjustment?	4
IV	What Sustains a Large Fiscal Adjustment?	9
	Statistical Analysis and Case Study Findings Duration Analysis of Large Fiscal Adjustments	9 14
V	Macroeconomic Impact of Large Fiscal Adjustments	19
VI	Conclusions	23
Арр	endixes	
	I. Data and DefinitionsII. Large Fiscal Adjustment EpisodesIII. Case Studies of Large Fiscal AdjustmentIV. Econometric MethodologyV. Macroeconomic Impact of Fiscal Adjustment	24 27 30 40 41
Bibli	ography	44
Вохе	es	
	3.1. Frequency of Large Fiscal Adjustments4.1. Case Studies: Structural Fiscal Reforms4.2. Political Support for Fiscal Adjustment4.3. IMF's Role in Supporting Adjustment Efforts	6 13 17 18
Text	Tables	
	 3.1. Episodes of Fiscal Adjustment by Size and Length, 1971–2001 3.2. Pre-Adjustment Macroeconomic Context 3.3. Pre-Adjustment Financing Context 3.4. Pre-Adjustment Budget Structure 4.1. Components of Sustained Versus Reversed Fiscal Adjustments 4.2. Success of Fiscal Adjustment in Case Studies 4.3. Initial Conditions and Fiscal Adjustment 4.4. Enduring Adjustments: Up-Front Versus Gradual Cases 4.5. Components of Forced Versus Discretionary Fiscal Adjustments 4.6. Results from Proportional Hazard Model for Duration of Large Fiscal Adjustments 	55 66 77 77 100 111 133 144 15