

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY M.R. HIGGINS OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 12th OCTOBER 2010**

**Question**

Would the Minister explain to the Assembly the economic data that has convinced him that the economy has come out of recession and can withstand the public sector cuts he is proposing without going once again into recession, if implemented?

**Answer**

The Minister has never said that the economy has ‘come out of recession’. Rather just that the latest forecasts from both the Economics Unit and the Fiscal Policy Panel point to moderate growth next year. The intention is still to be running a significant deficit in 2011 of about £50m and to use the Stabilisation Fund to support the economy in 2010 and 2011 (by funding deficits and discretionary fiscal stimulus). The deficit is only forecast to be closed by 2013 and the moderate fiscal tightening this implies will therefore be phased over the 3 year period, posing little risk to our economic prospects. This should also leave time for the local economy to improve. The Fiscal Policy Panel confirmed in their September interim report that “this projected path for medium-term fiscal tightening is broadly appropriate given the Panel’s previous economic forecasts”.