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Italy's finances

2

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SIR - Your article on Italy's fiscal policy ("Tax bonanza", January 5th) missed two important facts. First, a large part of the new revenue raised has been used to bring about an extra reduction in the deficit, an absolute priority for Italy given its huge public debt. Second, progress in curbing current spending has been significant in the past two years thanks to the action of the present government. Current spending has been stabilised as a percentage of GDP (net of interest payments) and is now decreasing. This is partly because of improved economic growth, but is also explained by this government's control on spending. Indeed, compared with the

same period in 2006, current expenditure decreased in absolute value during the first ten months of 2007.

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