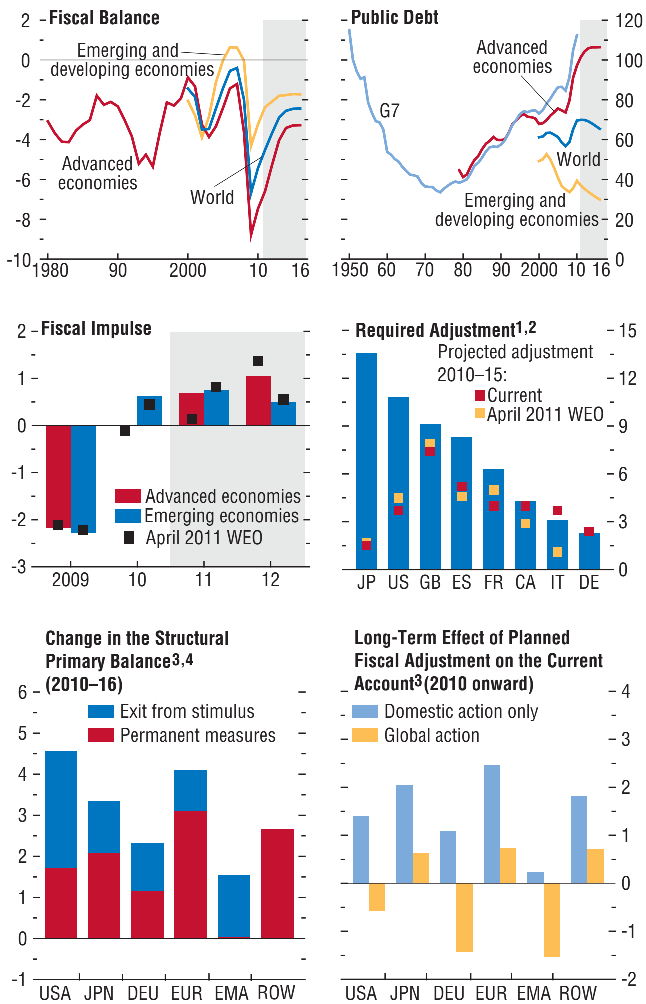
Figure 1.11. General Government Fiscal Balances and Public Debt

(Percent of GDP unless noted otherwise)

Public deficits and debt rose sharply during the crisis, especially in advanced economies. Major adjustment is required, especially in Japan and the United States, to bring debt back down to prudent levels. Fiscal policy will turn increasingly contractionary in the advanced economies during 2012–13. Because of the low share of permanent consolidation measures in the United States relative to other countries, fiscal policy will do little to alleviate global current account imbalances. However, differences in fiscal policy stances will help reduce imbalances within the euro area.



Sources: IMF, *Fiscal Monitor;* and IMF staff estimates.

[1] CA: Canada; DE: Germany; ES: Spain; FR: France; GB: United Kingdom; IT: Italy; JP: Japan; US: United States.

[2] Cyclically adjusted primary balance adjustment needed to bring the debt ratio to 60 percent of GDP by 2030. For Canada and Japan, the scenario assumes net debt targets (for Japan, a reduction in net debt to 80 percent of GDP, corresponding to a gross debt target of about 200 percent of GDP).

[3] Cumulative effect in percent of GDP during 2010–16; DEU: Germany; EMA: emerging Asia; EUR: euro area excluding Germany; JPN: Japan; ROW: rest of the world; USA: United States.

[4] The U.S. permanent measures shown in the figure are those planned in the president's February budget proposal.