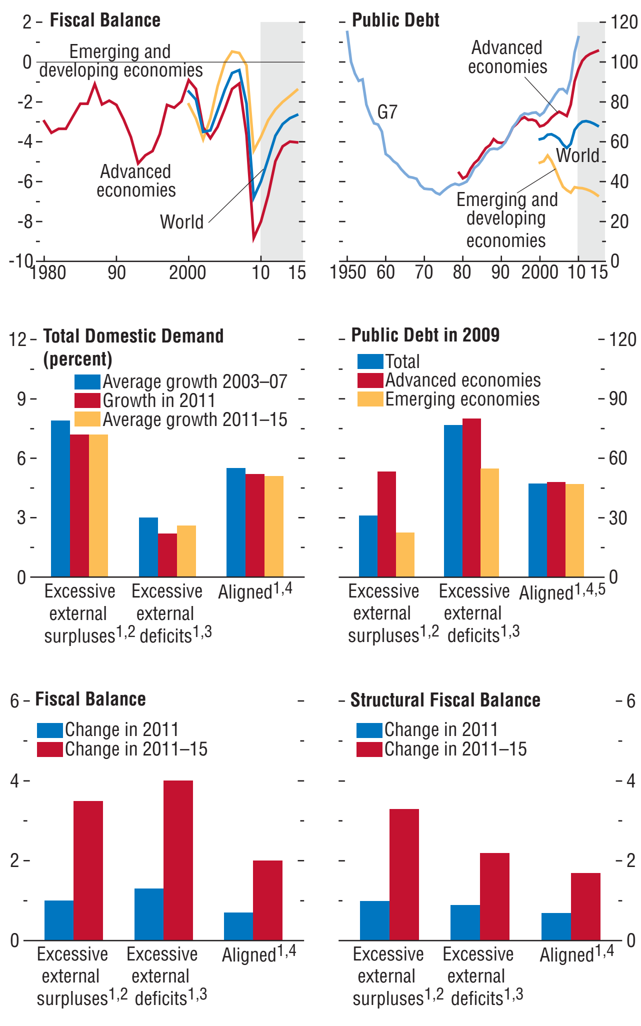
Figure 1.12. General Government Fiscal Balances and Public Debt

(Percent of GDP, unless noted otherwise)

Fiscal policy will become contractionary in 2011, following significant expansion mostly during 2009. Nonetheless, public debt ratios are projected to continue to rise, unless further action is taken. Although fiscal and household consolidation can be expected to lower demand in advanced economies, domestic demand in key emerging economies is not projected to compensate for this. Similarly, the change in fiscal policies in emerging and advanced economies with low debt and external surpluses is not expected to differ much from policy elsewhere.



Source: IMF staff calculations.

[1]Based on the IMF staff's Consultative Group on Exchange Rate Issues (CGER). CGER countries include Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Czech Republic, euro area, Hungary, India, Indonesia, Israel, Japan, Korea, Malaysia, Mexico, Pakistan, Poland, Russia, South Africa, Sweden, Switzerland, Thailand, Turkey, United Kingdom, and United States. For a detailed discussion of the methodology for the calculation of exchange rates' over- or undervaluation, see Lee and others (2008).

[2]These economies account for 19.4 percent of global GDP.

[3]These economies account for 21.6 percent of global GDP.

[4]These economies account for 44.0 percent of global GDP.

[5]Excludes Japan.