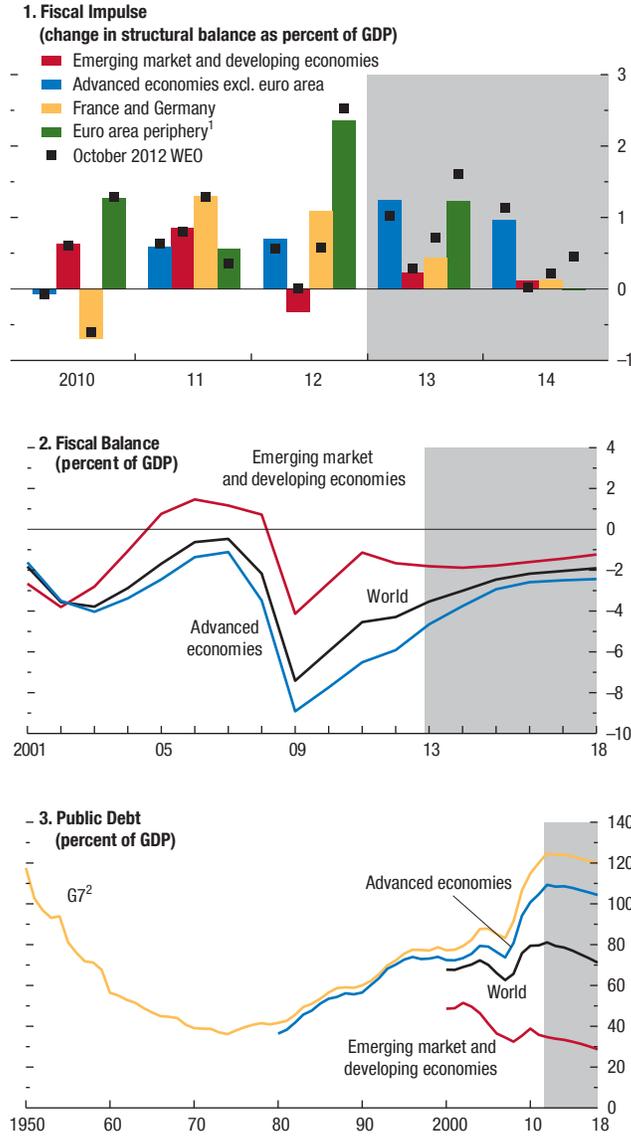


Figure 1.7. Fiscal Policies

Fiscal policy will remain tight in advanced economies and broadly neutral in emerging market and developing economies. The pace of tightening will drop noticeably in the euro area during 2013–14. In advanced economies, debt ratios are forecast to stabilize soon but rise again in the medium term because of entitlement spending. In emerging market and developing economies, debt ratios are projected to continue to decline because of strong growth and low interest rates.



Source: IMF staff estimates.

¹Greece, Ireland, Italy, Portugal, Spain.

²G7 comprises Canada, France, Germany, Italy, Japan, United Kingdom, and United States.