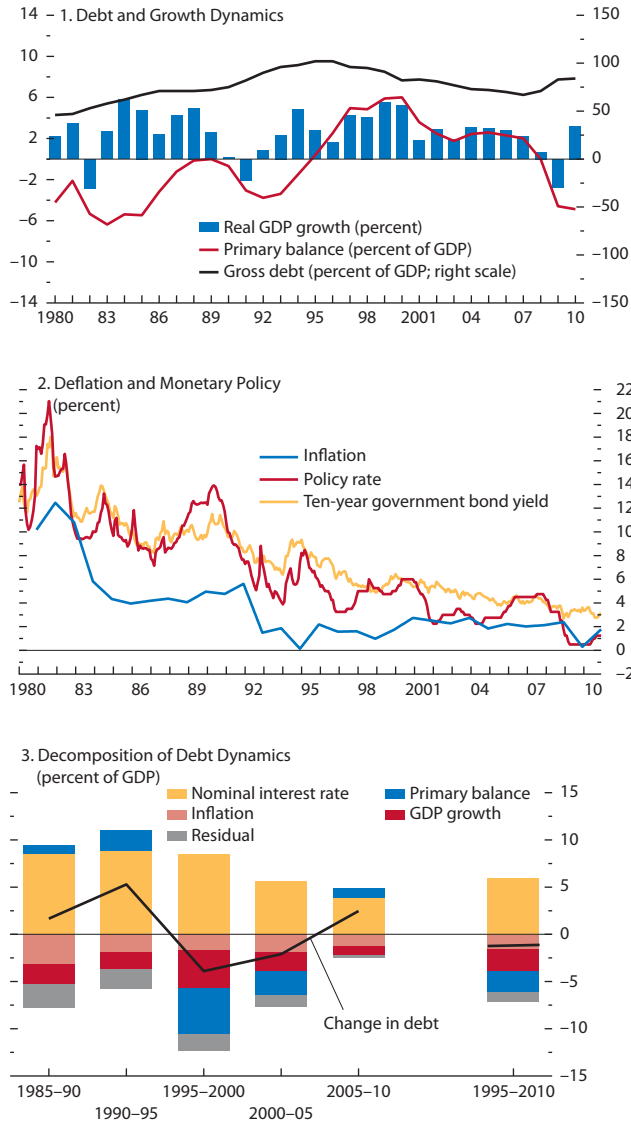


Figure 3.12. Canada: Fiscal Consolidation after 1985

Canada went through two distinct consolidation phases in the 1980s and 1990s, the latter leading to larger primary surpluses and declining debt. The 1990s debt reduction was also supported by strong growth.



Sources: Abbas and others (2010); Thomson Reuters Datastream; Haver Analytics; and IMF staff calculations.
 Note: The decomposition of debt dynamics is based on a linearized version of