

IMF Says Global Debt at Record High of \$152 Trillion



Washington, October 15 (RHC)-- The International Monetary Fund (IMF) says the global debt has risen to an all-time high of around \$152 trillion, warning that this could trigger a new financial crisis.

"At 225% of world GDP, the global debt is currently at an all-time high. Two-thirds, amounting to about \$100 trillion, consists of liabilities of the private sector which can carry great risks when they reach excessive levels," the IMF said. In 2002, global debt stood at 200% of the global GDP.

"The sheer size of debt could set the stage for an unprecedented private deleveraging process that could thwart the fragile economic recovery," Russia Today has quoted the Washington-based fund as announcing. The IMF emphasized that levels of private debt are now high in both developed economies and a few large emerging markets such as China and Brazil.

"On average, private debt ratios in advanced economies reached a turning point in 2012, with the largest reductions since then registered in those countries that entered the crisis with high debt levels. In some cases, however, private debt has continued to accumulate at a fast pace-notably, Australia, Canada, and Singapore," RT.com further quoted the IMF as saying.

There's no unanimity on what levels of debt-to-GDP should be considered as a threat to the global financial stability, the fund added. At the same time, financial crises are associated with excessive private

debt in both advanced and emerging economies. The IMF also concluded that high debt leads to weaker growth in the end even without a crisis.

"Excessive private debt is a major headwind against the global recovery and a risk to financial stability. Financial recessions are longer and deeper than normal recessions," IMF Fiscal Affairs Director Vitor Gaspar told a news conference.

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