The wealthiest of the Group of 20 countries said they would halve their government deficits by the year 2013 and "stabilize" their debt loads by 2016, a signal to international markets and domestic political audiences they are taking seriously the need to wean themselves from stimulus spending.

Expectations were limited for the Toronto session, largely because most of the issues of financial regulation weren't scheduled for completion until the end of the year at the Seoul summit. But the conference became a way for major nations to try to address fears in the market that government spending was spinning out of control.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The meeting's concluding statement, a compromise between two competing visions of the international economy, masked divisions between the U.S. and Europe evident in the run-up to the summit. The U.S. has warned that moving too fast to cut deficits and reduce stimulus spending could risk another global recession. European nations, especially Germany, have cautioned that moving too slowly could produce unsustainable debt loads, higher interest rates and even defaults.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The meeting's concluding statement, a compromise between two competing visions of the international economy, masked divisions between the U.S. and Europe evident in the run-up to the summit. The U.S. has warned that moving too fast to cut deficits and reduce stimulus spending could risk another global recession. European nations, especially Germany, have cautioned that moving too slowly could produce unsustainable debt loads, higher interest rates and even defaults.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The meeting's concluding statement, a compromise between two competing visions of the international economy, masked divisions between the U.S. and Europe evident in the run-up to the summit. The U.S. has warned that moving too fast to cut deficits and reduce stimulus spending could risk another global recession. European nations, especially Germany, have cautioned that moving too slowly could produce unsustainable debt loads, higher interest rates and even defaults.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The meeting's concluding statement, a compromise between two competing visions of the international economy, masked divisions between the U.S. and Europe evident in the run-up to the summit. The U.S. has warned that moving too fast to cut deficits and reduce stimulus spending could risk another global recession. European nations, especially Germany, have cautioned that moving too slowly could produce unsustainable debt loads, higher interest rates and even defaults.

The weekend G-20 meeting suggested the world economy has moved into a new phase since the financial crisis was in full flow. Then, these industrialized and developing nations focused heavily on promoting stimulus spending. Now, countries at least rhetorically are preoccupied by deficits and debts as a key to sustaining growth.

The meeting's concluding statement, a compromise between two competing visions of the international economy, masked divisions between the U.S. and Europe evident in the run-up to the summit. The U.S. has warned that moving too fast to cut deficits and reduce stimulus spending could risk another global recession. European nations, especially Germany, have cautioned that moving too slowly could produce unsustainable debt loads, higher interest rates and even defaults.
The statement characterized the recommended pace of deficit cutting as "growth friendly" — meaning it was supposed to demonstrate a will to reduce deficits, but didn’t envision stepping too quickly off the accelerator. India, Brazil, China and other emerging countries were wary of undermining global growth especially in the U.S., the world’s largest economy.

Chinese President Hu Jintao said, "We must act in a cautious and appropriate way concerning the timing, pace and intensity of an exit from the economic stimulus packages and consolidate the momentum of recovery of the world economy."

A G-20 statement called the global recovery "uneven and fragile" and said that to sustain growth, "we need to follow through on delivering existing stimulus plans, while working to create the conditions for robust private demand."

"The conversations were by and large pretty nuanced," said a senior U.S. official. "A variety of countries were saying, ‘Let’s be careful about the impact of synchronized withdrawal [of stimulus] but also be on the path of announcing to restoring strong public finances.’"

Germany, which has held itself out as the champion of austerity, took some potshots. German Finance Minister Wolfgang Schäuble used an interview in the French newspaper Le Monde to throw a jab at the U.S., saying Mr. Obama’s giant stimulus spending has had little impact on the country’s jobless rate, which remains well above 9%.

By Sunday, German Chancellor Angela Merkel was declaring solidarity with the U.S. and other nations.

French President Nicolas Sarkozy, meanwhile, seemed less than committed to the deficit-reduction goal, calling "a compromise, a point of equilibrium" rather than an "instruction from the G-20."

According to documents passed among G-20 countries, the U.S. and Germany, as well as France, Britain and Canada, are on similar paths of halving their deficits; the G-20 summit gave them a way of making those commitments more clear.

The U.S. estimates it will reduce its deficit to 4.2% of gross domestic product by 2013 from 10.1% currently, while Germany is looking at a 3% deficit in 2013, down from 5.5% in 2010. But the U.S. depends more on economic growth to reach its goal than does Germany, which is expected to grow at a slower pace.

They might have to make deeper cuts in deficits to comply with its pledge. A White House statement said that government debt in the fiscal year ending Sept. 30, 2015, would be at an "acceptable level." President Obama said that next year he would present "very difficult choices" to the country in an effort to meet deficit goals.

The president cited his disappointment with the U.S. tax code. "Next year, when I start presenting some very difficult choices to the country, I hope some of these folks who are hollering about deficits and debt step up, ‘cause I’m calling their bluff," Mr. Obama said.

"Historically, summit commitments have helped countries to do what they wanted to do anyhow," said Ted Truman, a former Obama administration official who is now an economist at the Peterson Institute of International Economics. In the 1990s, he said, U.S. commitments in international forums to reduce its budget deficit "was widely viewed as maintaining the focus of deficit hawks on the issue," he said—although similar pressure didn’t work in the 1980s.

Alleged Spy Claimed Official Was Adviser
Cyprus Believes Spy Suspect Has Fleed
Israel’s Foes Adopt New Protest Tactics
U.S. Adds Its Own Iran Sanctions
Fugitive Rwandan Pastor Arrested

Most Popular
1. Accused Spy: From Russia With Gripes
2. Premium Rules Could Be Game Changer
3. Opinion: The Obama Tax Trap
5. Opinion: Noonan: A Cold Man’s Warm Words

Latest Tweets
*Alleged Spy Claimed Official Was Adviser http://on.wsj.com/laEm3c5*
1 hrs 35 min ago from WSJEuropeBiz (WSJ Europe Business)

*Browner Backs No Cap for Spill Liability: Obama adviser Carol Browner said companies drilling for oil offshore... http://on.wsj.com/cTsfgd*
2 hrs ago from WSJEurope (WSJ Europe News)

*Apple Plans Update for iPhone Glitch: Apple said the signal-strength display of its iPhone is faulty and plans... http://on.wsj.com/cOMrj* 2 hrs 35 min ago from WSJEurope (WSJ Europe News)

*Dana Shares Jump on Possible Bid http://on.wsj.com/bGQW7V* 4 hrs 7 min ago from WSJ.com (WSJ U.K.)

*Alleged Spy Claimed Official Was Adviser: The alleged Russian secret agent who posed as a Canadian entrepreneur... http://on.wsj.com/987baS* 4 hrs 18 min ago from WSJEurope (WSJ Europe News)

Latest Headlines
Job Hunters Find No Grad-School Boost
U.S. Sheds Jobs
Chicago Approves Tough New Handgun Restrictions
Second University Review Clears Climate Scientist
Judge Grants Spy Suspect Bail
Obama: Economic Growth Is Too Slow
Petraeus Arrives in Kabul
Hatch Opposes Kagan’s Supreme Court Nomination
Browner Backs No Cap for Spill Liability
Cuban Drilling Threatens Fla. Beaches

More Headlines
The G-20 said it remained committed to the so-called rebalancing effort, started at the Pittsburgh G-20 summit in September 2009. In that exercise, countries with trade surpluses—especially China—were expected to commit to policy changes to reduce exports and boost domestic consumption, while trade-deficit countries—especially the U.S.—were expected to do the opposite in the so-called rebalancing initiative. The overall goal is to reduce dependence on recession-scared U.S. consumers who are likely to spend less on imports than they did before the financial crisis.

In an economic simulation prepared for the G-20, the IMF estimated that if the U.S. and other wealthy countries slash budget deficits somewhat deeper than they are planning and China and other large emerging boost domestic consumption more strongly, global growth would expand 2.5% faster than it otherwise would in five years.

IMF Managing Director Dominique Strauss-Kahn praised the meeting’s progress on Sunday, noting “I am encouraged by the conclusions of the G-20 Summit, including the active engagement of the leaders in developing the G-20 framework for strong, sustainable and balanced growth.”

The Toronto summit was dogged by some of the largest demonstrations targeting an international economic meeting since the Seattle World Trade Organization riots of 1999. About 600 people were arrested in protests that started off peacefully but disintegrated into roving bands of violent youths. Some news briefings were interrupted by the violence, but the fights were far from where the leaders were meeting and didn’t disrupt negotiations, as occurred in Seattle.

The Indian government said Friday, just ahead of the summit, it would sharply reduce consumer subsidies for gasoline and kerosene. That would lower government spending and boost energy efficiency, complying with a longtime G-20 goal of reducing energy subsidies.
Much of the agenda, especially efforts to tighten capital and liquidity standards and other financial regulations won't be decided until the next G-20 leaders session in Seoul in November.

"What's left over for Seoul?" asked Hyun Song Shin, an adviser to South Korea's president. "Everything."

The G-20 toughened its ambitions, noting it wanted a level of capital that would enable banks to handle "without extraordinary government support — stresses of a magnitude associated with the recent financial crisis." Previously, the G-20 hadn't set a qualitative goal.

But there remains hard bargaining ahead, particularly on setting a specific number as to how much capital is sufficient. A meeting in Basel, Switzerland, in July is aiming to make progress on that issue. Mario Draghi, chairman of the Financial Stability Board, which is working on the regulations, in a letter to G-20 leaders, noted that "good progress has been made in recent weeks towards new global standards to strengthen bank capital and liquidity, and limit leverage."

U.S. and European countries remain divided on an international leverage ratio and on whether to recommend taxes on banks. The U.S., Germany, U.K. and France back a levy to pay for the costs of bailouts while countries including Canada, Brazil and India, which didn't have to lay out public funds to recapitalize banks, oppose the idea.

President Obama added to the Seoul agenda when he said he wanted to rework parts of the Korean Free Trade Agreement during negotiations with South Korea and have a deal in hand by the Seoul summit.

—Nirmala Menon, Monica Gutschi and Ian Talley contributed to this article.

Write to Ian Talley at ian.talley@dowjones.com, Nathalie Boschat at nathalie.boschat@dowjones.com and Mark H. Anderson at mark.anderson@dowjones.com

Divisions Remain on Financial Regulations
Agenda: Bond Vigilantes Are in Charge
G-8 Warns Recovery Remains Fragile
G-20 Dispatches | Photos | Full Coverage

Debt Reduction By 50%
Reduce Debt & Be Debt Free. Payoff In 24-48 Months.
www.newdebtrelief.com
Debt Reduction Help
Reduce Debt up to 50% & Be Debt Free! Get Free Savings Quote.
www.FreedomDebtHelp.com

What's Your Credit Score?
728 is an Excellent Score - Find Yours at CreditReport.com™ for $0.
www.CreditReport.com

---

What's Your Credit Score?
728 is an Excellent Score - Find Yours at CreditReport.com™ for $0.
www.CreditReport.com