

General government gross debt

Public debt levels have significant implications for the stability of public finances and the economy as a whole. Government debt can be raised to finance current expenditures or invest in physical capital, but it comes at a cost in the form of interest payments and should be based on the objective appraisal of economic capacity gaps, infrastructural development needs and sectoral/social priorities as well as a prudent assessment of costs and benefits.

Public debt levels have risen substantially as a result of COVID-19. In 2019, general government gross debt averaged 109% of GDP across OECD countries. In 2020, this rose in all 26 countries with data available, as they operated large budget deficits to pay for their COVID-19 response measures. In 19 countries, debt rose by more than 10% of GDP, a very large rise for a single year. Among the 22 OECD and EU member countries (OECD-EU), general government gross debt rose from 97% of GDP in 2019 to 115% in 2020. The largest increase was in Greece (+36 p.p.), which also has the highest debt of these countries (236% of GDP) and the smallest was in Luxembourg (+3 p.p.) which has the second lowest public debt among these countries, at 33% of GDP (Figure 2.8).

General government gross debt also rose sharply in per capita terms. In 2019, general government gross debt per capita averaged USD 56 961 PPP across OECD countries. In 2020, it rose in all 26 countries with data available, and by more than USD 3 000 PPP per capita in nominal terms in 22 countries. This is notably faster than in recent years. For example, among OECD-EU countries, per capita debt rose by just under USD 2 000 PPP per capita a year during 2007-19 on average. In 2020, it rose by almost USD 5 400 PPP per capita, to just under USD 52 000 PPP per capita. (Figure 2.9; see Online Figure G.2 for changes in real terms debt per capita).

Most public debt owed by OECD countries (83.5%) is in the form of debt securities, that is, government bonds or similar instruments. In 32 of 36 OECD countries, more than 50% of public debt is in the form of debt securities. Only in Estonia, Greece and Norway is more than 50% in the form of loans. (Figure 2.10).

Methodology and definitions

Data are derived from the OECD National Accounts Statistics (database) and the Eurostat Government Finance Statistics (database), which are based on the System of National Accounts (SNA). The 2008 SNA framework has been implemented by all OECD countries (see Annex A).

Debt is defined as a specific subset of liabilities identified according to the types of financial instruments included or excluded. Generally, it is defined as all liabilities that require payment or

payments of interest or principal by the debtor to the creditor at a date or dates in the future. All debt instruments are liabilities but some liabilities, such as shares, equity and financial derivatives, are not debt. Debt is thus the sum of the following liability categories, whenever available/applicable in the financial balance sheet of the general government sector: currency and deposits, debt securities, loans, and other liabilities (i.e. insurance, pension and standardised guarantee schemes, other accounts payable and, in some cases, special drawing rights). According to the SNA, most debt instruments are valued at market prices, when appropriate (although some countries might not apply this valuation, particularly for debt securities).

Countries' treatment of government liabilities in respect of their employee pension plans varies, making international comparability difficult. Some OECD countries, such as Australia, Canada, Colombia, Iceland, Sweden and the United States, record employment-related pension liabilities, funded or unfunded, in government debt data. For those countries, the government debt ratio is adjusted by excluding these unfunded pension liabilities (see the StatLinks for more information). Government debt here is recorded on a gross basis, not adjusted by the value of government-held assets. The SNA debt definition used here differs from the definition applied under the Maastricht Treaty, which is used to assess EU fiscal positions (Online Figure G.3, in Annex G). For information on the calculation of government debt per capita, see General government revenues.

Further reading

OECD (2021), *Sovereign Borrowing Outlook 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/4f246e82-en>.

OECD (2021), "Structural policies to deliver a stronger, more resilient, equitable and sustainable COVID-19 recovery", in *Economic Policy Reforms 2021: Going for Growth*. OECD Publishing, Paris, <https://doi.org/10.1787/92b58feb-en>.

Figure notes

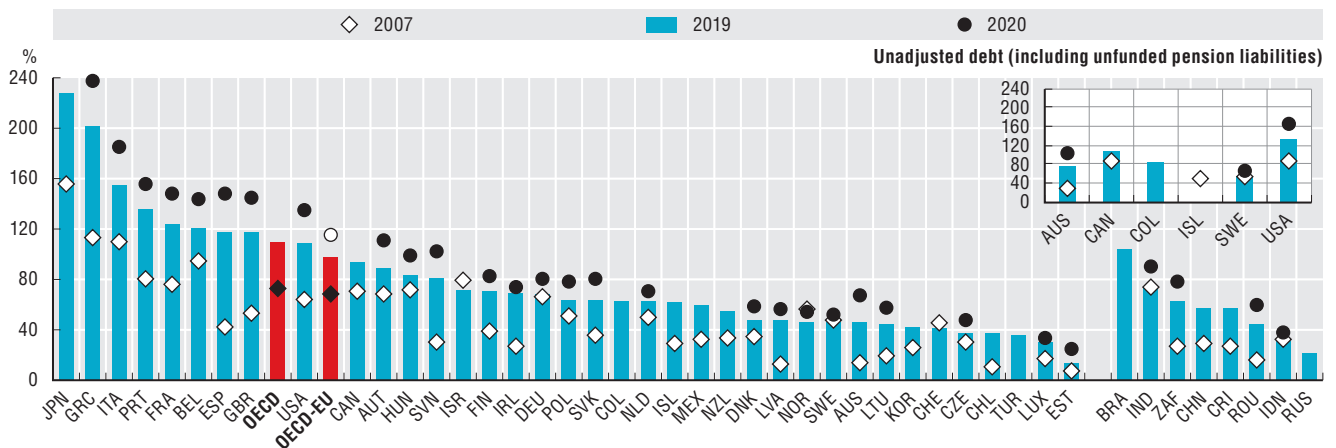
Data for Australia, Canada, Colombia, Iceland, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). Data for Colombia, Mexico and Turkey are not included in the OECD average. Data for Israel and Korea are for 2018 rather than 2019. Data for Brazil are for 2017 rather than 2019.

2.8 and 2.9. Data for 2019 for Iceland and data for 2007 for Korea are based on OECD estimates.

2.10. Data for Iceland are not available.

G.2. (Annual growth rate of real government gross debt per capita, 2007-19 and 2019-20) is available online in Annex G.

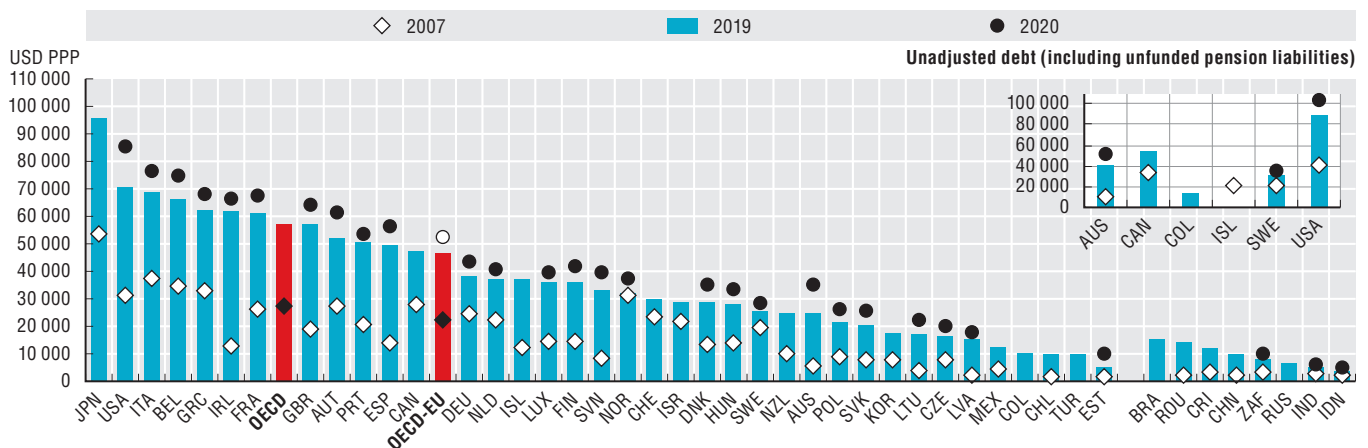
2.8. General government gross debt as a percentage of GDP, 2007, 2019 and 2020



Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database). Data for the OECD key partners (apart from Brazil) and for Costa Rica are from the IMF Economic Outlook (April 2021).

StatLink <https://doi.org/10.1787/888934256767>

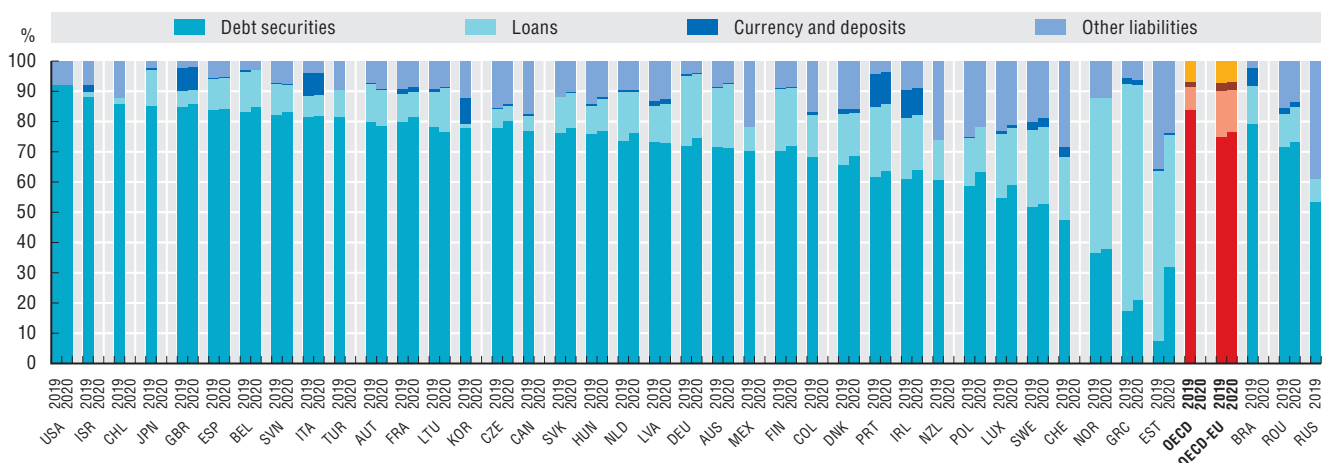
2.9. General government gross debt per capita, 2007, 2019 and 2020



Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database). Data for the OECD key partners (apart from Brazil) and for Costa Rica are from the IMF Economic Outlook (April 2021).

StatLink <https://doi.org/10.1787/888934256786>

2.10. Structure of government gross debt by financial instruments, 2019 and 2020



Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database).

StatLink <https://doi.org/10.1787/888934256805>



<https://doi.org/10.1787/1c258f55-en>

DOI: <https://doi.org/10.1787/806ed057-en>

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