

General government gross debt

Public debt levels have significant implications for the stability of public finances and the economy as a whole. While government debt can be raised for financing current expenditures or investing in physical capital, it comes with 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.

In 2017, the government gross debt in OECD countries amounted to 110% of GDP on average. The average level of government gross debt level increased in OECD countries by 37.3 p.p. between 2007 and 2017. This rise is explained by the economic slowdown, expansionary countercyclical fiscal policy, as well as exceptional rescue operations of financial institutions that prevailed in many countries until the early 2010s. On the other hand, Estonia (13%) and Chile (29.6%) reported the lowest debt levels in 2017.

The largest increases in gross debt growth occurred in Greece (75.9 p.p.) and Spain (72.8 p.p.) from 2007 to 2017. In the case of Greece, debt is stabilising as the government has achieved significant primary surpluses over the past couple of years. However, reducing debt levels will require additional reforms to boost GDP growth, maintaining large, but realistic primary surpluses and additional debt restructuring, e.g. by locking in at currently low interest rates (OECD 2018a). In Spain, public debt is falling, as evidenced by the 1.3 p.p. reduction between 2018 and 2017; recent improvements are due to favourable economic conditions. However, as the recovery continues, the government should stick to medium-term fiscal targets to ensure a durable reduction of public debt (OECD 2018b).

Per capita government gross debt has increased at an annual rate of 5% since 2007 across OECD countries reaching USD 53 641 PPP on average in 2017. Still, in the past few years the trend is slowly reverting as shown by the average decrease of the debt-to-GDP ratio of 2.2 p.p. in 2017 as compared to 2016. Most government gross debt in OECD countries is held in debt securities (83.0%), followed by loans (8.6%).

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 interests 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 obtained as the sum of these 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 as well as, 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, in particular for debt securities).

The treatment of government liabilities in respect of their employee pension plans varies across countries, making international comparability difficult. Some OECD countries, such as Australia, Canada, Iceland, Sweden and the United States, record employment-related pension liabilities, funded or unfunded, in government debt data. For those countries, an adjusted government debt ratio is calculated by excluding these unfunded pension liabilities. Additional information on this is provided in the StatLinks. Government debt here is recorded on a gross basis, not adjusted by the value of government-held assets. The SNA debt definition differs from the definitions applied under the Maastricht Treaty, which is used to assess EU fiscal positions. For information on the calculation of government debt per capita see General government revenues (page 64).

Further reading

OECD (2018a), OECD Economic Surveys: Greece 2018, OECD Publishing, Paris. http://dx.doi.org/10.1787/eco_surveys-grc-2018-en

OECD (2018b), OECD Economic Surveys: Spain 2018, OECD Publishing, Paris. https://doi.org/10.1787/eco_surveys-esp-2018-en

Figure notes

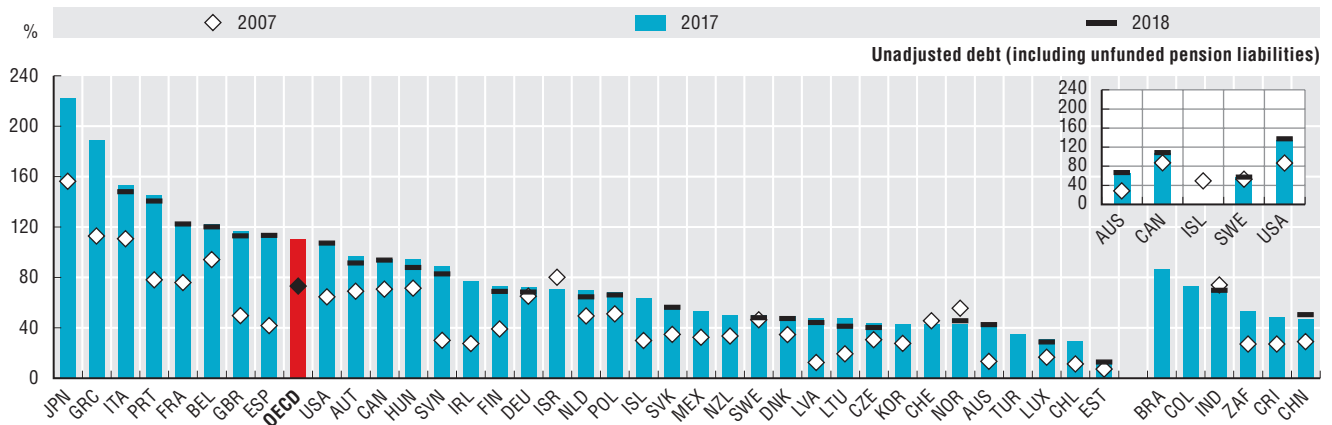
Data for Australia, Canada, Iceland, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). On data for Israel, see <http://doi.org/10.1787/888932315602>. Data for Chile, Mexico and Turkey are not included in the OECD average. Data for Colombia and Russia are for 2016, data for Brazil are for 2015 rather than 2017.

2.9. and 2.10. Data for 2017 for Iceland and data for 2007 for Korea are based on OECD estimates.

2.11. Data for Iceland are not available.

2.12. (Annual growth rate of real government gross debt per capita, 2007-17 and 2017-18) is available online in Annex F.

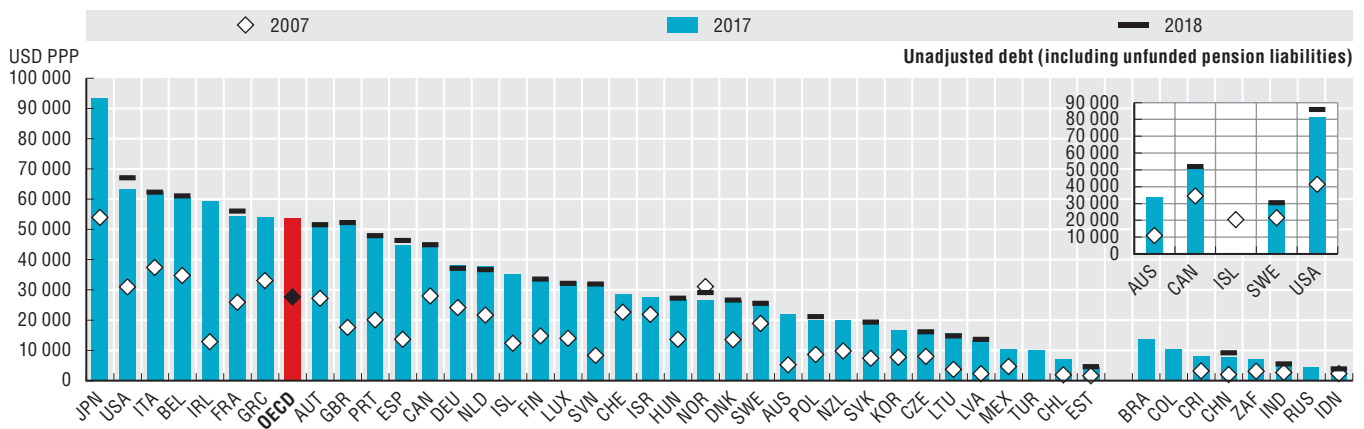
2.9. General government gross debt as a percentage of GDP, 2007, 2017 and 2018



Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database). Data for the other major economies (apart from Brazil) and for Costa Rica are from the IMF Economic Outlook (April 2019).

StatLink <https://doi.org/10.1787/888934031427>

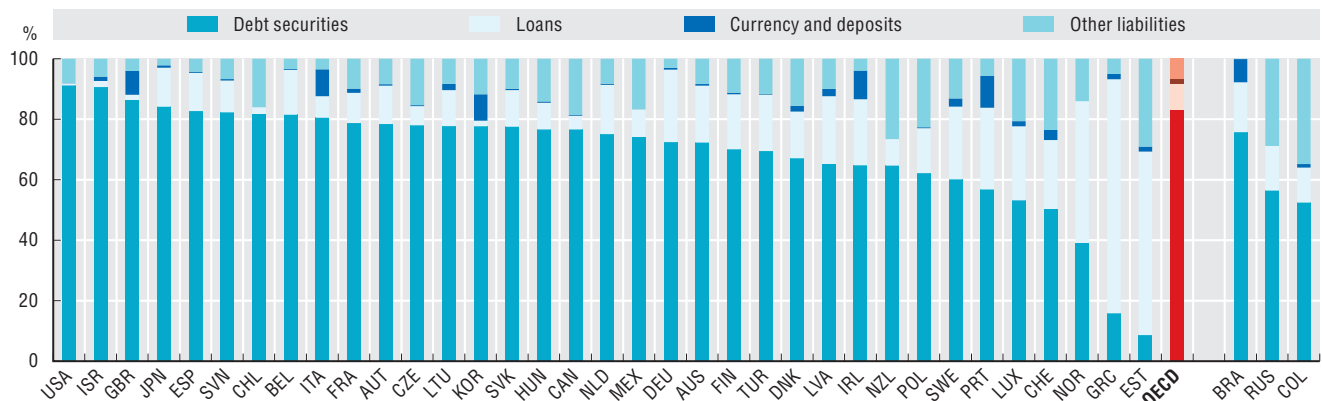
2.10. General government gross debt per capita, 2007, 2017 and 2018



Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database). Data for the other major economies (apart from Brazil) and for Costa Rica are from the IMF Economic Outlook (April 2019).

StatLink <https://doi.org/10.1787/888934031446>

2.11. Structure of government gross debt by financial instruments, 2017



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

StatLink <https://doi.org/10.1787/888934031465>



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