

GOVERNMENT DEBT

The accumulation of government debt is a key factor for the sustainability of public finances. Changes in government debt over time reflect the effects of both government deficits and of financial transactions that fall outside the boundaries of the government appropriation account.

Definition

Government debt can be measured in terms of either the government's gross financial liabilities or its net financial liabilities, i.e. gross financial liabilities less financial assets. The data shown here refer to gross financial liabilities as a percentage of GDP. For most countries, gross financial liabilities refer to the liabilities (short and long-term) of all the institutions in the general government sector, as defined in the 1993 *System of National Accounts* (SNA) or in the 1995 *European System of Accounts* (ESA).

This definition differs from the definition of debt applied under the Maastricht Treaty. First, gross debt according to the Maastricht definition excludes trade credits and advances, as well as shares and insurance technical reserves. Second, government bonds according to the Maastricht definition are valued at nominal rather than market value (or issue price plus accrued interest) as required by the SNA rules. The United States and Canada also value government bonds at their nominal value.

The general government sector consists mainly of central, state and local government units together with social security funds controlled by those units. In principle, debts within and between different levels of government are consolidated. In other terms, a loan from one level of government to another represents both an asset for the first level and a liability for the second, and they cancel out (i.e. it is "consolidated") for the general government sector as a whole. See the OECD Economic Outlook Sources and Methods (www.oecd.org/eco/sources-and-methods) for more details.

Comparability

The comparability of data on government debt can be affected both across countries, through national differences in implementing SNA/ESA definitions, and within a country, due to and by changes in how SNA/ESA definitions are implemented over time.

For Brazil, the debt statistics exclude government securities held by the central bank and include repurchase agreements issued by the Central Bank.

Overview

In 2008, government debt as a share of GDP was highest in Japan, at 172.1%, with Greece and Italy also showing debt ratios above 100%. Australia, Korea, Luxembourg and New Zealand were the only countries to boast government debt to GDP ratios below 30% in 2008.

Government debt as a percentage of GDP increased in most countries from 1990 to 1996, while it declined in several countries during the period 1997 to 2007 (with the exceptions of Japan, Korea, France, Germany, Greece and Portugal). In 2008, government debt as a percentage of GDP increased in the majority of OECD countries due to the financial crisis. The most significant increases were those recorded in Iceland (from 53.6% of GDP in 2007 to 96.3% of GDP in 2008) and Ireland (rising from 28.3% of GDP in 2007 to 48.5% of GDP in 2008).

Sources

- OECD (2008), *OECD Economic Outlook*, Nov. No. 84 – Vol 2008/2, OECD, Paris.

Further information

Analytical publications

- OECD (2002), *Debt Management and Government Securities Markets in the 21st Century*, OECD, Paris.
- OECD (2006), *Credit Risk and Credit Access in Asia*, OECD, Paris.
- OECD (2008), *OECD Economic Surveys*, OECD, Paris.

Statistical publications

- OECD (2008), *Central Government Debt*, OECD, Paris.
- OECD (2010), *National Accounts of OECD Countries*, OECD, Paris.

Methodological publications

- OECD (2008), *OECD Glossary of Statistical Terms*, OECD, Paris.

Online databases

- OECD National Accounts Statistics.
- OECD Economic Outlook Statistics.

Web sites

- OECD Economic Outlook – Sources and Methods, www.oecd.org/eco/sources-and-methods.



General government gross financial liabilities

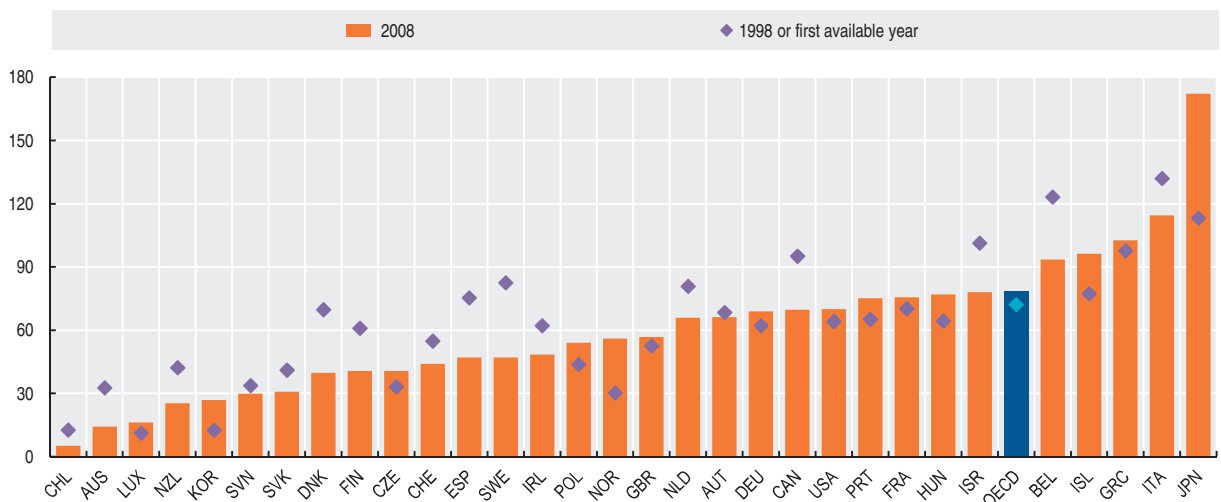
As a percentage of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	42.5	39.6	37.9	32.7	28.4	25.4	22.5	20.5	19.0	17.2	16.9	16.2	15.3	14.3
Austria	69.5	70.3	66.7	68.5	71.2	71.1	72.1	73.2	71.3	70.8	70.8	66.4	62.2	66.2
Belgium	135.4	133.4	128.0	123.2	119.6	113.8	112.0	108.4	103.4	98.5	95.9	91.6	88.1	93.5
Canada	101.6	101.7	96.3	95.2	91.4	82.1	82.7	80.6	76.6	72.6	71.6	69.5	65.0	69.7
Czech Republic	..	..	..	..	..	..	..	33.1	34.9	34.8	34.9	34.6	38.0	40.7
Denmark	79.3	76.6	72.1	69.7	64.1	57.1	55.0	55.4	53.6	50.1	42.4	38.3	31.6	39.8
Finland	65.2	66.0	64.6	60.9	54.7	52.3	49.9	49.5	51.4	51.5	48.5	45.2	41.5	40.7
France	62.7	66.3	68.8	70.3	66.8	65.6	64.3	67.3	71.4	73.9	75.7	70.9	69.9	75.7
Germany	55.7	58.8	60.3	62.2	61.5	60.4	59.7	62.1	65.3	68.7	71.1	69.2	65.3	68.8
Greece	101.1	103.1	100.0	97.7	101.1	114.9	117.7	117.2	112.0	114.2	114.5	107.9	103.9	102.6
Hungary	88.6	75.8	66.4	64.4	66.5	60.9	59.7	60.7	61.7	65.0	68.8	72.1	72.2	77.0
Iceland	..	..	..	77.3	73.6	72.9	75.0	72.0	71.0	64.5	52.6	57.5	53.6	96.3
Ireland	..	..	..	62.2	51.3	40.2	37.4	35.2	34.1	32.7	32.7	28.8	28.3	48.5
Italy	122.5	128.9	130.3	132.0	125.8	121.0	120.2	119.4	116.8	117.3	119.9	117.1	112.5	114.4
Japan	86.2	93.8	100.5	113.2	127.0	135.4	143.7	152.3	158.0	165.5	175.3	172.1	167.1	172.1
Korea	5.2	5.6	7.2	12.6	15.0	15.7	16.6	15.8	17.4	21.3	23.1	26.1	25.7	26.8
Luxembourg	9.5	10.1	10.2	11.2	10.0	9.2	8.2	8.4	7.9	8.6	7.6	11.3	10.9	16.3
Netherlands	89.6	88.1	82.2	80.8	71.6	63.9	59.4	60.3	61.9	62.2	61.1	54.9	52.1	65.8
New Zealand	51.3	44.9	42.3	42.2	39.6	37.4	35.4	33.5	31.4	28.6	27.4	27.0	26.2	25.3
Norway	40.9	36.6	32.1	30.3	31.0	34.2	33.0	40.6	50.2	52.7	49.1	60.5	58.4	56.0
Poland	51.6	51.4	48.3	43.8	46.6	45.4	43.8	55.0	55.3	54.6	54.7	55.1	51.7	54.0
Portugal	68.8	68.4	67.4	65.2	62.1	62.0	63.3	66.5	68.0	70.6	74.0	73.1	71.1	75.2
Slovak Republic	38.2	37.7	39.0	41.1	53.5	57.5	57.0	50.1	48.2	46.9	38.4	33.8	32.2	30.8
Spain	69.3	76.0	75.0	75.3	69.4	66.5	61.9	60.3	55.3	53.4	50.6	46.2	42.1	47.0
Sweden	81.0	84.4	83.2	82.5	73.7	64.7	63.3	60.8	60.0	60.1	60.7	53.6	47.9	47.1
Switzerland	47.7	50.1	52.1	54.9	51.9	52.5	51.3	57.2	57.0	57.9	56.4	50.3	47.2	44.0
United Kingdom	51.6	51.2	52.0	52.5	47.4	45.1	40.4	40.8	41.2	43.5	46.1	45.9	46.9	56.8
United States	70.6	69.8	67.3	64.1	60.4	54.4	54.4	56.7	60.1	61.1	61.3	60.8	61.8	70.0
OECD total	69.6	71.5	71.6	72.0	71.2	68.3	68.5	70.5	72.6	74.3	75.9	74.6	73.1	78.4
Chile	17.8	15.1	13.2	12.7	13.9	13.8	15.1	15.7	13.0	10.7	7.3	5.3	4.1	5.2
Israel	102.4	100.6	99.9	101.3	95.3	85.1	89.9	97.6	99.9	98.2	94.2	85.7	79.4	78.0
Slovenia	..	..	..	..	..	..	33.7	34.8	34.2	35.0	33.9	33.8	30.0	29.8

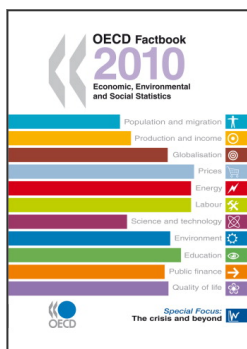
StatLink <http://dx.doi.org/10.1787/826288620551>

General government gross financial liabilities

As a percentage of GDP



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