

20. Financial assets and liabilities

The amount of financial assets and liabilities held by government has significant political and economic importance. The assets reflect a source of additional income available to government and a source of funds that it can draw on without necessarily increasing liabilities, for example as an additional lever to protect its currency when money markets exert prohibitive upward pressure on bond yields say. The liabilities reflect the debts accumulated by government and, so, provide an indication of the structural nature of debt interest payments (which add to government deficit). This matters because, in general, the higher the liabilities the higher the perceived risk of default (and therefore the higher the risk premium required by the market). Typically, this cycle can eventually force governments to either cut spending or raise taxes. General government gross debt's importance, and, in particular, the importance of sustainable levels of debt, is reflected in the European Maastricht criteria, where it is one of the two measures referred to in the Excessive Deficit Procedure.

Definition

The SNA defines the following as financial assets: Monetary gold and Special Drawing Rights; Currency and deposits; Securities other than shares; Shares and other equity; Loans; Insurance technical reserves; and Other accounts receivable/payable.

The valuations of both assets and liabilities in the balance sheets should be at the market prices at the end of the year and preferably with the accounts consolidating assets and liabilities between all general government sectors.

The measure used by the European Commission as part of the excessive debt procedure (General Government Gross Debt) is also consolidated but is based on nominal valuations, that is, the amount contractually agreed to be repaid by government on maturity. It also excludes any liabilities relating to Shares and other equity, Insurance technical reserves, and Other accounts payable and also Financial derivatives (part of Securities other than shares).

Comparability

All countries follow the 1993 SNA.

Data are not consolidated for: Canada, Czech Republic, Iceland, Japan, Korea, Switzerland and United Kingdom.

Source

- OECD (2008), *National Accounts of OECD Countries 2008, Volume IIIb, Financial Balance Sheets: Stocks*, OECD Publishing, http://dx.doi.org/10.1787/na_vol_3b-2008-en-fr.

Online databases

- OECD (2009), "Financial balance sheets: consolidated stocks", *OECD National Accounts Statistics (database)*, <http://dx.doi.org/10.1787/data-00024-en>.
- OECD, "Financial balance sheets: non consolidated stocks", *OECD National Accounts Statistics (database)*, <http://dx.doi.org/10.1787/data-00025-en>.

Further reading

- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/9789264027657-en>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF, Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

Table 20.1. Financial assets and liabilities of general government

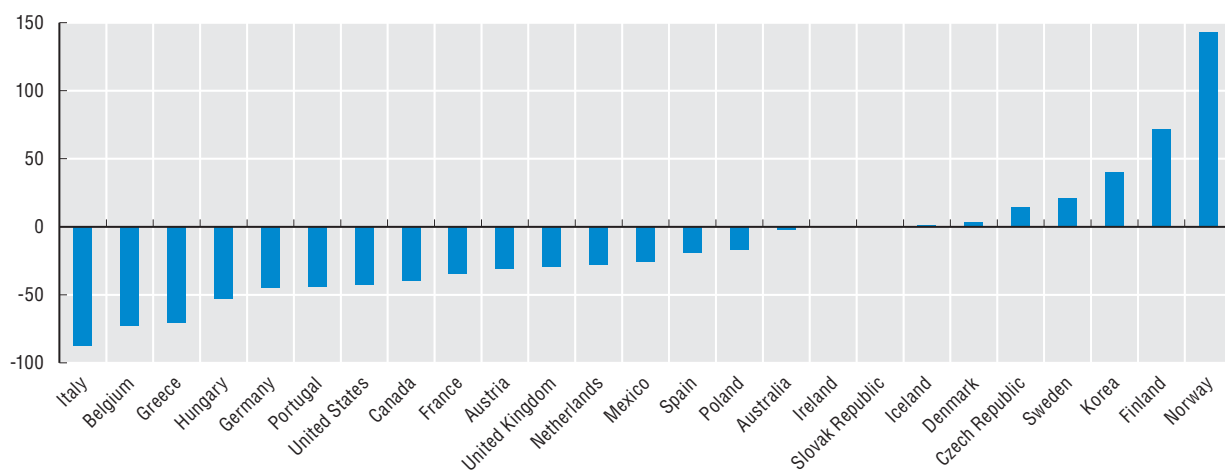
Percentage of GDP

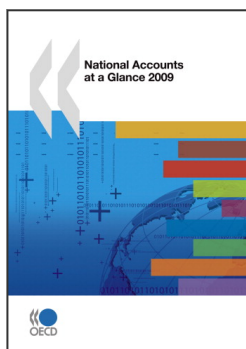
	Financial assets								Liabilities							
	2002	2003	2004	2005	2006	2007	2008	2002	2003	2004	2005	2006	2007	2008		
Australia	29.8	26.5	26.3	25.5	25.4	25.7	..	34.4	31.8	30.2	29.3	28.6	27.4	..		
Austria	36.0	35.2	32.8	32.8	32.8	31.2	..	73.1	71.3	70.7	70.5	66.2	61.9	..		
Belgium	15.2	13.2	14.6	14.0	14.4	14.8	19.6	108.3	103.5	98.3	96.0	91.4	87.6	93.1		
Canada	47.2	47.8	47.2	50.9	51.7	50.3	..	113.4	107.7	101.0	99.5	95.3	89.7	..		
Czech Republic	55.1	47.8	48.4	47.7	46.0	48.0	..	39.2	40.6	39.0	36.5	35.1	34.1	..		
Denmark	34.9	36.0	38.0	33.4	35.1	34.3	..	55.4	53.6	50.1	42.4	37.7	31.2	..		
Finland	80.8	90.9	97.4	106.3	112.9	112.6	..	49.4	51.3	51.5	48.5	45.2	41.4	..		
France	25.6	27.4	28.8	32.7	34.1	35.6	..	67.5	71.6	74.0	75.9	71.6	70.0	..		
Germany	21.3	21.8	21.1	21.2	21.2	20.9	..	62.2	65.4	68.4	71.0	69.3	65.4	..		
Greece	22.6	24.8	26.5	29.2	30.2	33.6	28.8	117.2	112.0	114.2	114.5	107.9	103.9	102.8		
Hungary	24.1	24.2	23.5	22.6	20.2	19.3	..	60.7	61.8	65.0	68.8	71.9	72.0	..		
Iceland	45.5	42.1	38.3	40.4	51.2	56.0	..	74.0	72.8	65.9	54.0	59.1	55.2	..		
Ireland	21.2	22.5	23.7	26.2	27.6	28.7	37.1	35.2	34.1	32.7	32.7	28.8	28.3	48.5		
Italy	23.6	24.1	24.8	26.3	26.5	25.4	..	119.4	116.9	117.2	119.8	116.8	112.5	..		
Japan	91.1	96.7	99.9	109.0	108.0	..	..	165.0	174.9	182.5	191.0	191.2	..	..
Korea	51.3	50.2	53.9	60.1	64.5	67.2	..	19.0	19.2	22.5	24.5	27.6	27.2	..		
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	2.0	2.8	2.8	2.9	2.6	3.4	..	31.9	33.1	31.0	30.3	29.2	28.8	..		
Netherlands	25.4	25.6	24.6	26.1	23.3	24.1	..	60.3	61.9	62.2	61.1	54.7	51.8	..		
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	121.5	145.4	157.5	171.8	197.2	201.0	181.1	40.6	50.2	52.7	49.1	60.5	58.4	55.7		
Poland	33.0	32.7	33.8	34.6	35.5	34.7	..	55.0	55.3	54.6	56.4	55.9	51.6	..		
Portugal	31.9	30.8	28.4	29.0	29.1	27.0	27.4	66.5	68.0	70.6	74.0	73.1	71.1	75.2		
Slovak Republic	48.5	46.5	40.3	33.6	27.4	33.0	..	50.2	48.2	47.0	38.5	34.0	32.4	..		
Spain	20.0	18.5	18.7	20.4	22.2	23.2	24.0	60.3	55.4	53.4	50.6	46.2	42.1	47.0		
Sweden	53.9	56.5	58.8	63.8	68.6	68.0	..	60.5	59.8	59.5	59.7	52.5	47.1	..		
Switzerland	41.5	41.1	40.2	39.7	36.8	..	..	57.2	57.0	57.9	56.4	50.2	..	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	25.2	24.7	25.0	26.3	25.6	24.8	..	48.8	48.5	50.7	53.5	53.3	53.8	..		
United States	19.5	19.5	19.0	18.8	19.2	19.6	22.9	57.2	60.5	61.5	61.7	61.2	62.2	70.6		
Euro area	..	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..

StatLink  <http://dx.doi.org/10.1787/741300703822>

Figure 20.1. Financial net worth of general government

Percentage of GDP, 2007

StatLink  <http://dx.doi.org/10.1787/740437381684>



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