General government gross debt

Governments accumulate debt to finance expenditures above their revenues. As a result of the crisis, many OECD countries raised spending via stimulus packages and interventions to support financial institutions, therefore incurring public debt. In many OECD countries revenue collections also decreased, adding pressure to public finances.

In 2013, the average debt level in OECD countries reached 109.3% of GDP. Between 2007 and 2013, debt increased by 34.7 p.p. across OECD countries, with general government debt increasing except in Israel, Sweden, Switzerland and Norway. The highest increases were in Ireland, Greece and Portugal, countries severely affected by the crisis and targeted by special EU financial rescue programmes. From 2013 to 2014, debt decreased in Czech Republic, Ireland, Norway and Slovak Republic, while the highest increases in debt occurred in Slovenia, Spain, Italy and Belgium. Between 2007 and 2013, the annual average growth rate of real government debt per capita in OECD countries was 6.7%, reaching an average of USD 42 863 PPP in 2013. Nonetheless, debt per capita varies widely, from USD 86 682 PPP in Japan to USD 3 491 PPP in Estonia. However, in Japan, the majority of government debt is domestically owned, which has contributed to a stable issuance.

Public debt instruments have different types; the most common are loans granted by financial institutions or debt securities, which are bonds issued by governments. In OECD countries debt securities represented on average 77% of overall debt in 2013, ranging from around 90% in Korea and Israel to 11% in Estonia. In contrast, in Greece (74.6%) and Estonia (63.5%) the majority of debt was represented in loans.

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are based on the *System of National Accounts* (SNA). The SNA framework was revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A). Debt is a commonly used concept, 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 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; insurance, pension and standardised guarantee schemes; and other accounts payable, as well as, in some cases special drawing rights (SDRs) (the last two included under other liabilities in Figure 2.10). 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. In the 1993 SNA, only the funded component of the government employee pension plans was reflected in its liabilities. However, the 2008 SNA recognises the importance of the liabilities of employers' pension schemes, regardless of whether they are funded or unfunded. For pensions provided by government to their employees, countries have some flexibility in recording unfunded liabilities in the core tables; this has also been followed by the ESA 2010, its European equivalent (although a new supplementary table will be added showing liabilities and associated flows of all pension schemes, whether funded or unfunded). Some OECD countries, e.g. Australia, Canada, Iceland, Sweden and the United States (including others whose data source is the IMF *Economic Outlook*), record employment-related pension liabilities, funded or unfunded, in government debt data. For those countries (except non-OECD ones), an adjusted government debt ratio is calculated by excluding from the debt these unfunded pension liabilities. 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 definition applied under the Maastricht Treaty, which is used to assess EU fiscal positions.

For information on the calculation of government debt per capita see the "methodology and definitions" section of the government revenues indicator. Figure 2.11, "Annual average growth rate of real government debt per capita, 2007-13, 2009-13 and 2009-14", available online at *http://dx.doi.org/10.1787/888933248150*.

Figure notes

Data for New Zealand are not available. Data for Korea and Switzerland are for 2012 rather than 2013.

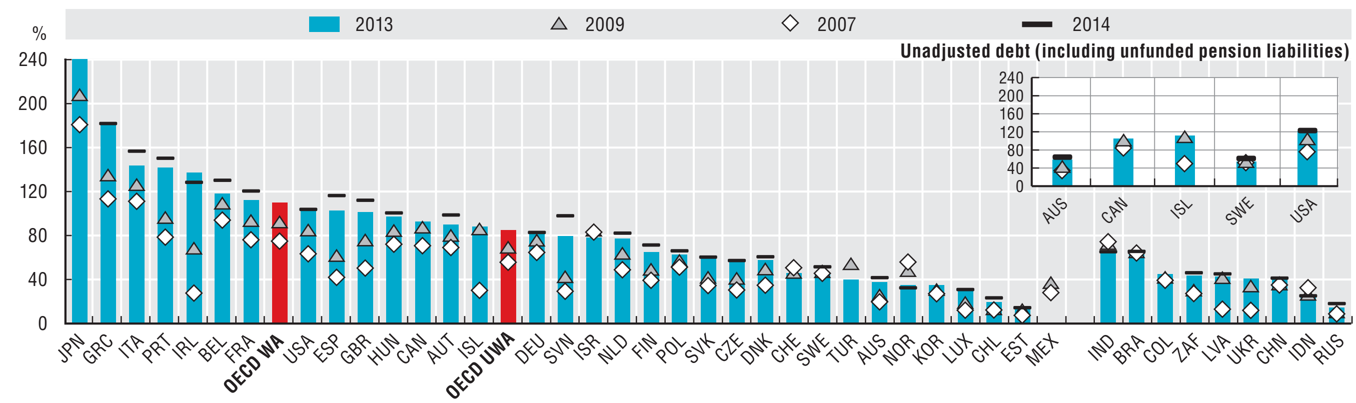
2.8: Data for Turkey are not included in the OECD average because of missing time-series.

2.8 and 2.9: Data for Mexico are not included in the OECD average due to missing time-series.

2.10: Data for Mexico are not available. Data for Australia, Canada, Iceland, Sweden and the United States are not adjusted for the unfunded pension liabilities.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

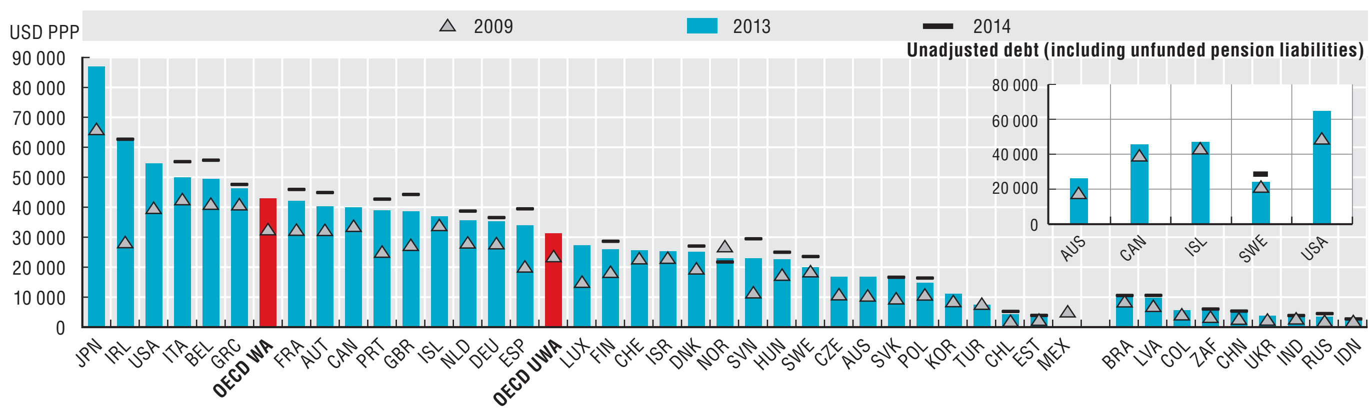
2.8. General government debt as a percentage of GDP, 2007, 2009, 2013 and 2014



Sources: *OECD National Accounts Statistics* (database); *Eurostat Government Finance Statistics* (database). Data for the other major economies and Russia are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248129

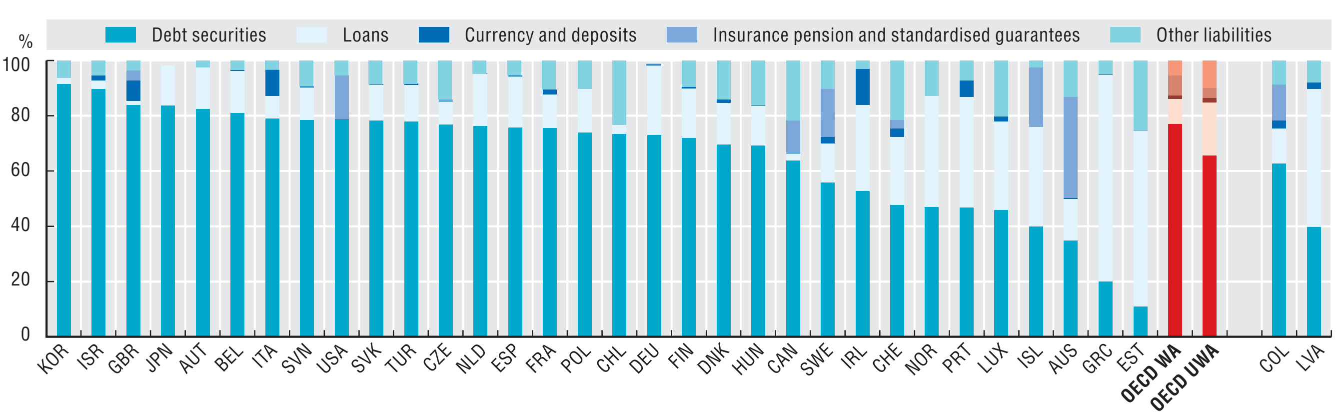
2.9. General government debt per capita, 2009, 2013 and 2014



Sources: *OECD National Accounts Statistics* (database); *Eurostat Government Finance Statistics* (database). Data for the other major economies and Russia are from the *IMF Economic Outlook* (April 2015).

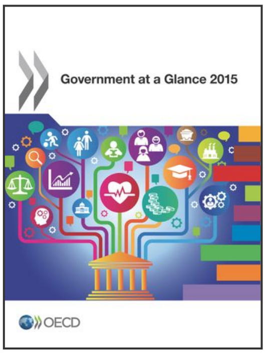
StatLink http://dx.doi.org/10.1787/888933248134

2.10. Structure of government debt by financial instruments, 2013



Sources: *OECD National Accounts Statistics* (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933248145



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