

## 10. PUBLIC REVENUES AND PRODUCTION COSTS

### General government gross debt

Governments accumulate debt to finance expenditures greater than their revenues. 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. As a result of the COVID-19 pandemic, many OECD countries increased spending through stimulus packages and interventions to support households and businesses, thereby incurring public debt.

Government debt reached on average 121% of GDP across OECD countries in 2021 (Figure 10.9). Between 2019 and 2021 average debt levels as a share of GDP increased by 14.1 percentage points. Debt levels increased in 36 out of 37 OECD countries with available information. The only exception was Ireland, where public debt fell by 3.2 p.p. During the COVID-19 pandemic, Ireland's fiscal policy had enough room to react to the crisis forcefully and although spending rose, strong revenue growth, including from excess corporate tax receipts, meant budget balances did not deteriorate as much as elsewhere in the OECD (OECD, 2022).

Between 2007 and 2021, with some corrections for specific years, the average trend in OECD countries and the largest economies has been for public debt to steadily increase, with spikes in 2009 following the global financial crisis (12.3 p.p. increase over 2008), and in 2020 during the COVID-19 pandemic (20 p.p. increase over 2019). Since 2021, debt levels have generally fallen in the OECD-EU countries and the United States (Figure 10.10). While the economic outlook shows some positive signs, the recovery remains fragile (OECD, 2023).

Per capita gross debt reached on average USD 64 845 PPP in 2021 (Figure 10.11). Most government gross debt across OECD countries in 2021 is held in debt securities, which account for 83.8% of all public debt on average, ranging from 92% in the United States to 22.8% in Greece. Loans account for 7.4% on average across OECD countries, but make up a much larger part of the liability in countries like Greece (68%), Norway (54.7%) and Estonia (45.7%) (see Online Figure G.5.2).

#### 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 C). 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, New Zealand, 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.5.4 in Annex G). For information on the calculation of government debt per capita, see General government revenues.

#### Further reading

OECD (2023), *OECD Economic Outlook, Interim Report March 2023: A Fragile Recovery*, OECD Publishing, Paris, <https://doi.org/10.1787/d14d49eb-en>.

OECD (2022), *OECD Economic Surveys: Ireland 2022*, OECD Publishing, Paris, <https://doi.org/10.1787/46a6ea85-en>.

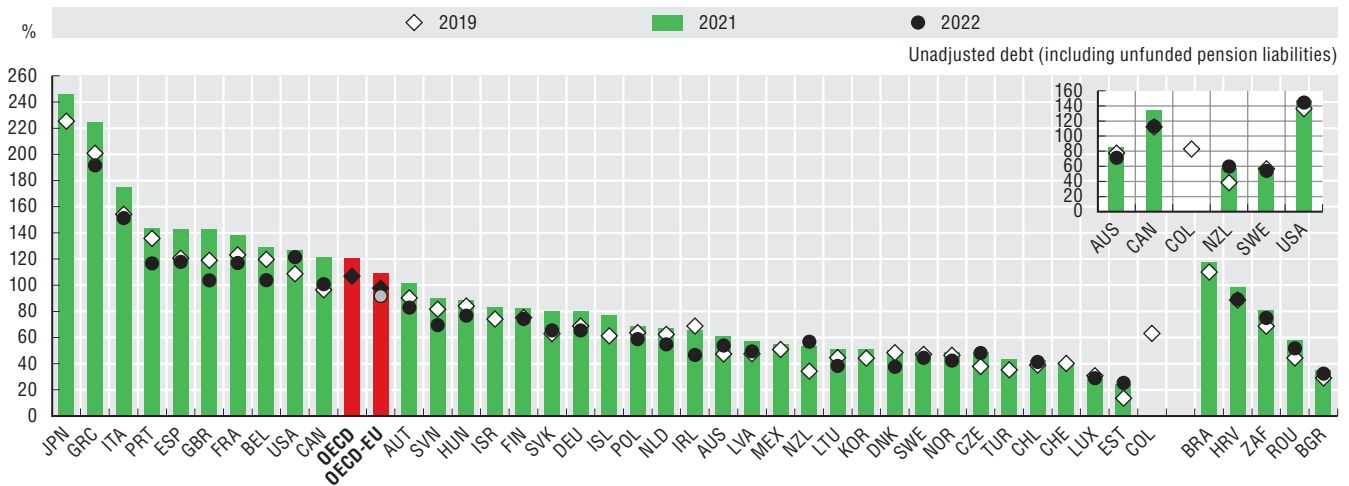
#### Figure notes

Data for Australia, Canada, Colombia, Iceland, New Zealand, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). Data for Colombia and Mexico are not included in the OECD average.

10.9 and 10.11. Data for Costa Rica are not available. Data for 2019 and 2021 for Iceland are based on OECD estimates. Data for Brazil are for 2020 rather than 2021.

G.5.2 (Structure of government gross debt by financial instruments, 2021 and 2022) and G.5.3 (Annual growth rate of real government debt per capita, 2019-20, 2020-21 and 2021-22) are available online in Annex G.

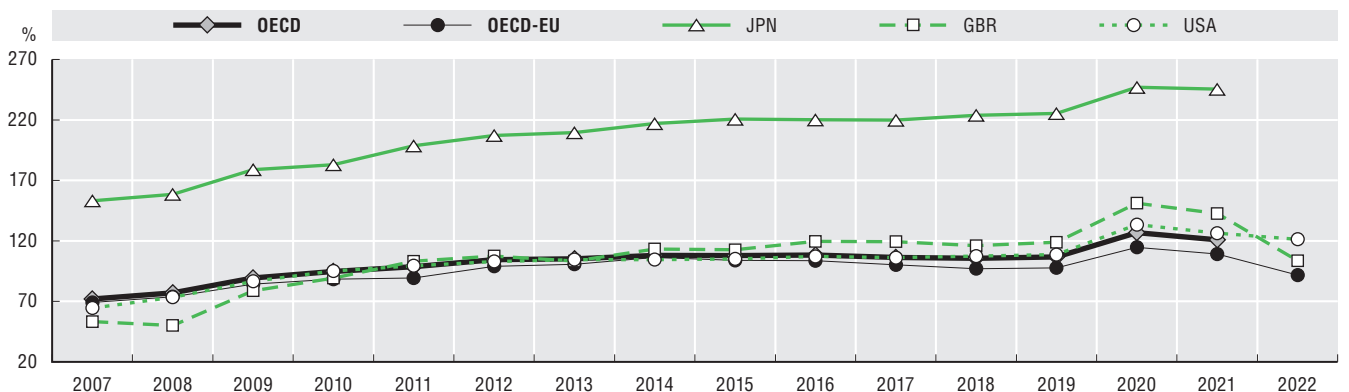
### 10.9. General government gross debt as a percentage of GDP, 2019, 2021 and 2022



Source: OECD National Accounts Statistics (database).

StatLink <https://stat.link/2tqxf>

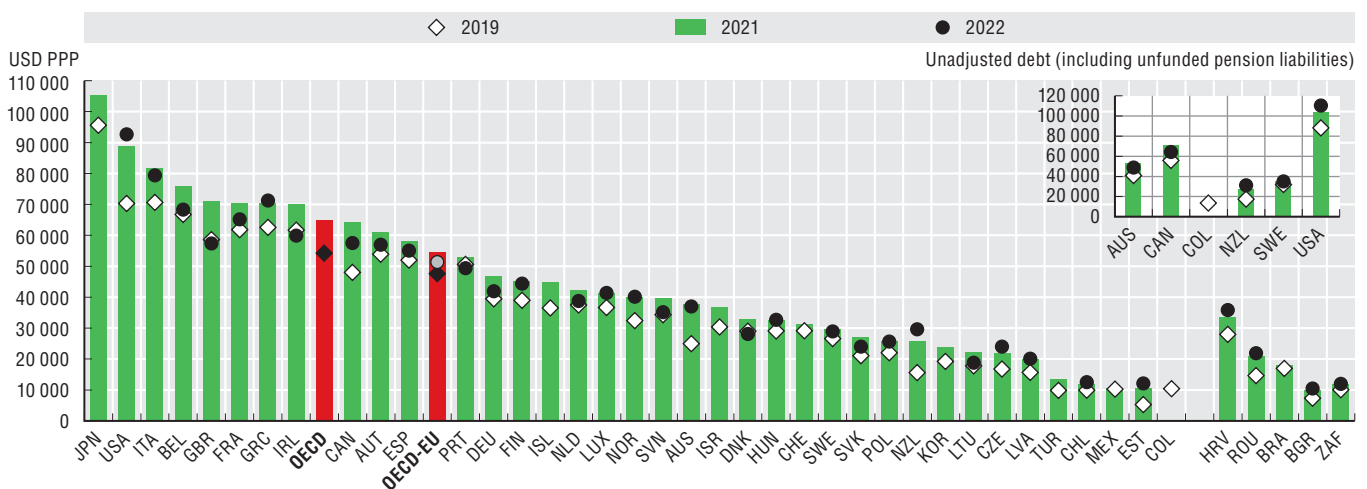
### 10.10. General government gross debt as a percentage of GDP, OECD and largest OECD economies, 2007 to 2022



Source: OECD National Accounts Statistics (database).

StatLink <https://stat.link/zu5ic9>

### 10.11. General government gross debt per capita, 2019, 2021 and 2022



Source: OECD National Accounts Statistics (database).

StatLink <https://stat.link/v5lupm>



**From:**  
**Government at a Glance 2023**

**Access the complete publication at:**

<https://doi.org/10.1787/3d5c5d31-en>

**Please cite this chapter as:**

OECD (2023), "General government gross debt", in *Government at a Glance 2023*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/0b80fdc0-en>

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