

Financial net worth of general government

The differences between all assets and outstanding liabilities held by government constitute its financial net worth, which summarises the government's ability to fully honour its obligations – as assets complement expected future revenues that could be sold and used to pay down outstanding debts (also viewed as a broad description of net government debt). Positive net financial worth means that the health of public finances doesn't imperil fiscal sustainability, while worsening of financial net worth is a sign of a fragile fiscal position that requires either tax increases, reductions in expenditures, or a combination of both.

In 2015, the financial net worth of general government across OECD countries averaged a negative 72% of GDP, meaning that for every 1% of GDP in government assets, governments owed 1.72% of GDP. The country with the lowest financial net worth in 2015 was Greece with -148.1% of GDP, followed by Italy (-132.5%), Japan (-126.1%) and Portugal (-109.4%), while seven countries registered a positive financial net worth; among them Norway (284.4%), Finland (53.5%), Luxembourg (49.5%), Estonia (42%) and Sweden (27.6%) reported the highest figures.

Since the financial crisis, the financial net worth deteriorated across OECD countries, decreasing 31.7 p.p. between 2007 and 2015 reflecting the combination of negative growth, larger deficits and higher public debt. The largest decrease was Greece (-67 p.p.), followed by Spain (-64.3 p.p.), while the largest increase was in Norway, which went from positive 139.8% in 2007 to 284.4% in 2015. Apart from Norway, only three countries have improved their financial net worth levels since 2007: Estonia (+13.5 p.p.), Sweden (+6.6 p.p.) and Switzerland (+2.9 p.p.).

Between 2015 and 2016, the most noteworthy changes were in United Kingdom, where the financial net worth moved from -82.4% to -92.8% of GDP, followed by Slovenia (-3.4 p.p.), Portugal (+4.9 p.p.) and Norway (+4.7 p.p.). The larger negative financial net worth in the United Kingdom and Slovenia was due to the relevant impact on debt securities for the first and to the reduction in assets in the latter, whereas higher positive financial net worth in Portugal and Norway was caused by increases in assets held by governments.

Finally, financial net worth per capita averaged USD -32 692 PPP in 2015 among OECD countries, which worsened as compared to the 2009 level (USD -20 637 PPP). Japan had the largest negative per capita financial net worth in 2015 with USD -51 359 PPP, while the country with the highest positive per capita net worth is Norway with USD 176 378 PPP.

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are on the *System of National Accounts* (SNA), a set of internationally agreed concepts,

definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). The financial net worth of the general government sector is the total value of its financial assets minus the total value of its outstanding liabilities. The SNA defines the financial assets and the corresponding liabilities where applicable/available in the financial balance sheet of the institutional sector: monetary gold and SDRs; currency and deposits; debt securities; loans; equity and investment fund shares; insurance, pension and standardised guarantee schemes; financial derivatives and employee stock options; and other accounts receivable/payable. According to the SNA, stocks of financial assets and liabilities are valued at market prices, when appropriate (although some countries might not apply this valuation, in particular for debt securities). Data are based on consolidated financial assets and liabilities except for Chile, Brazil and Russia. This indicator can be used as proxy measure for net government debt as, similarly to the definition of gross debt, the net debt can be restricted to gross debt minus financial assets corresponding to debt instruments (concept as defined in the *Public Sector Debt Statistics: Guide for Compilers and Users*). The institutional set-up of recording unfunded liabilities of government employees can have an impact on financial net worth of general government in diverse countries, making international comparability difficult. This is the case for some OECD countries such as Australia, Canada, Iceland, Sweden and the United States. For that reason, in analogy to the government gross debt an adjusted financial net worth is calculated for these countries. For information on the calculation of financial net worth per capita please see the section of government revenues indicator.

Further readings

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, http://dx.doi.org/10.1787/na_glance-2015-en

Figure notes

Data for Australia, Canada, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities).

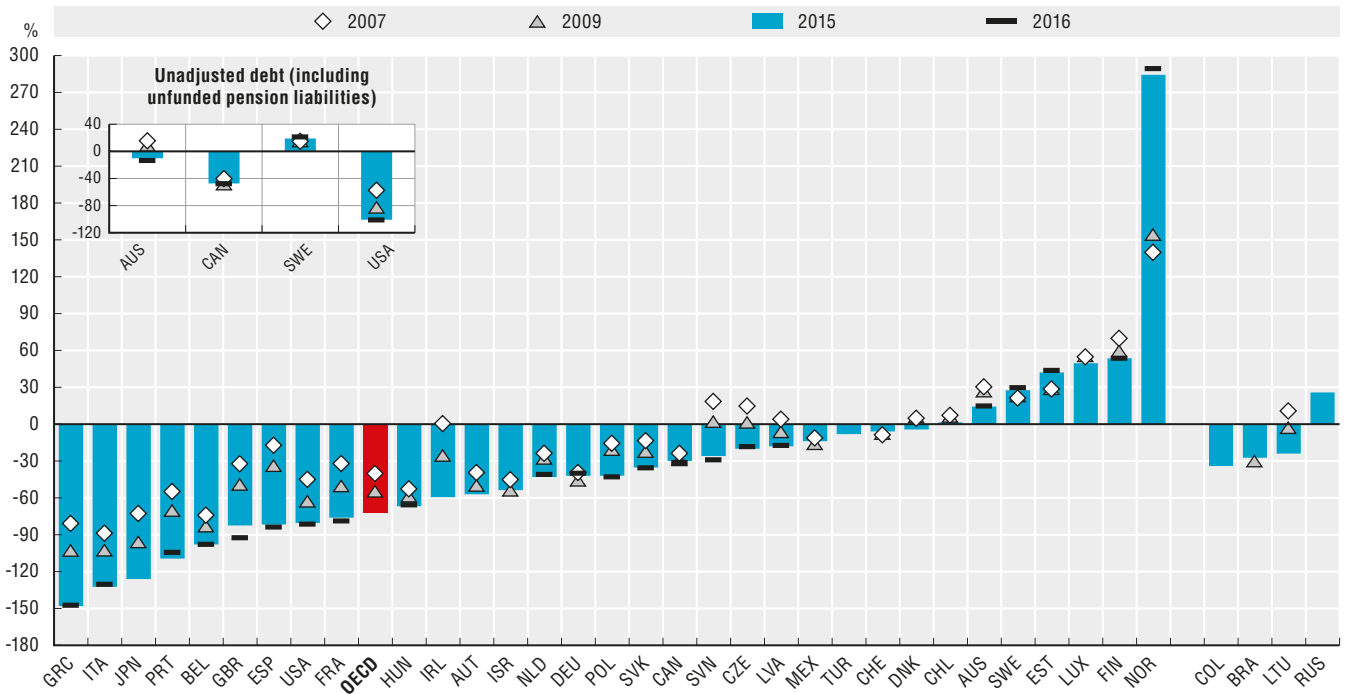
Data for Iceland and Korea and New Zealand are not available.

Data for Turkey and Mexico are not included in the OECD average due to missing time-series or statistical discrepancies in the recording of financial instruments.

Data for Brazil are for 2014 rather than 2015.

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

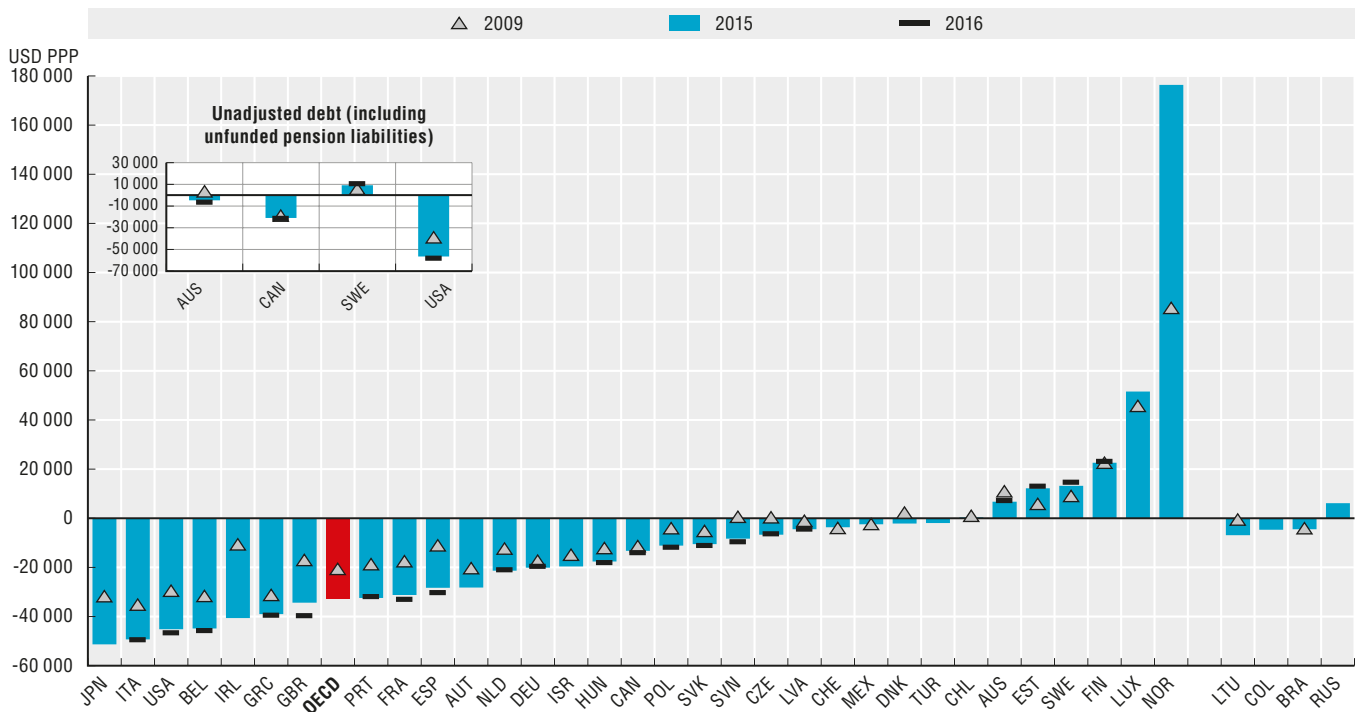
2.13. General government financial net worth as a percentage of GDP, 2007, 2009, 2015 and 2016



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

StatLink <http://dx.doi.org/10.1787/888933531554>

2.14. General government financial net worth per capita, 2009, 2015 and 2016



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

StatLink <http://dx.doi.org/10.1787/888933531573>



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