McKinsey&Company

McKinsey Global Institute

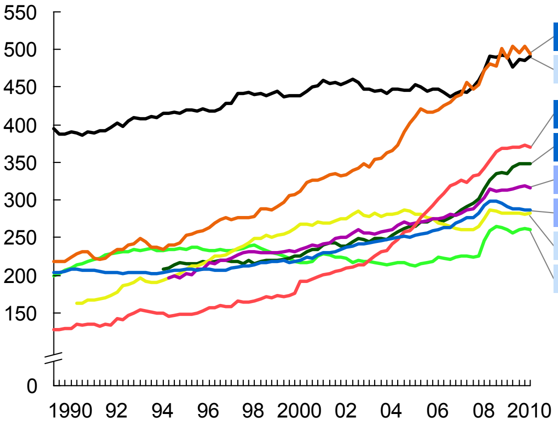
Updated research

Debt and deleveraging: The global credit bubble and its economic consequences

Debt remains high in the world's largest mature economies

Domestic private and public sector debt[1] by country, 1990–2010

% of GDP, quarterly data



■ Rapid growth
■ Moderate growth
■ Slow/negative growth

	Compound annual growth rate (%) 1990–2000[2]	2000–10	Change, 2000–10 Percentage points
United Kingdom	3.4	4.7	182
Japan	1.2	1.1	52
Spain	4.1	6.7	177
France	1.3	4.5	123
Italy	3.0	3.0	82
United States	0.6	2.7	67
Germany	5.6	0.5	15
Canada	0.3	1.9	44

[1] "Debt" defined as all credit market borrowing, including loans and fixed-income securities.

[2] Or longest time period available.

SOURCE: McKinsey Global Institute analysis

In January 2010, the McKinsey Global Institute published *Debt and deleveraging: The global credit bubble and its economic consequences*. That report examined the growth of debt and leverage before the crisis in different countries, the economic consequences of deleveraging, and the practical implications for policy makers, financial regulators, and business executives.

MGI has recently updated the analysis, looking at how total public and private sector debt has evolved relative to GDP for selected economies. The analysis shows that debt ratios in most major economies have now stabilized and in some cases have started to decline—but only slightly. In many countries, while private sector debt has fallen, this has been offset by a significant rise in public sector debt. The pattern and speed of deleveraging vary across the major economies, but it is clear that deleveraging has only just begun.

We will publish a full update to the January 2010 report in the fall of this year.

The 2010 report is available at:
www.mckinsey.com/mgi/publications/debt_and_deleveraging/index.asp