Data on gross public liabilities comes from the OECD. Data on spreads refers to the spread against the 10 year German Bund and was obtained from Datastream. Data on sovereign bond holdings comes from our sample countries' Central Banks.
Sovereign debt maturity structure

Average term to maturity

Short term debt over total debt
Sovereign debt holders: Germany vs. Spain

![Graph showing sovereign debt holders comparison between Germany and Spain, with time series from March 2000 to March 2012. The graph displays the percentage of residents and non-residents for both countries.](image)
Public credit, private credit & sovereign spreads

Germany

Spain

- Red: Public sector credit over private sector credit
- Dashed: Spread (RHS)
Public sector credit over private sector credit

Spread (RHS)
Data on yields on corporate loans and consumption loans for households come from Haver Analytics. Yields were calculated by pooling together all deals, regardless their size and maturity. Unfortunately data for Greek corporates was unavailable. All the spreads a measured against the benchmark 10 years German Bund, also obtained from Datastream.
Questions

1. Why have sovereign spreads increased so much?

2. Why, in the midst of a deep recession, have the private sectors of GIIPS purchased the debts of their sovereigns?

3. What are the economic consequences of these domestic purchases of debt?

4. What are the key inefficiencies that these purchases generate?

5. What is the right set of policies to address them?

6. What difference does it make that GIIPS belong to the Eurozone?

7. Is there a role for Europe-wide policy?