

21. Gross saving and net lending/net borrowing

The concepts of saving and net-lending are introduced in Sections 7 and 9 respectively. However they are reintroduced in this section on General Government to reflect the particular importance these concepts have in the area of government finances. Saving is typically associated with the “Golden Rule” concept, namely that government current expenditures minus current receipts (such as taxes) should net out over the course of an economic cycle. Net lending/borrowing reflects the fiscal position after accounting for capital expenditures. Net-lending means that government is providing financial resources to other sectors and net-borrowing means that government requires financial resources from other sector.

It's important to note in this context that whilst general government saving and net lending/borrowing are important concepts in the SNA accounting framework and provide the basis for sound international comparisons, they are not necessarily the key fiscal measures targeted by governments. Some countries for example manage their budgets using broader notions that incorporate the positions of public corporations and others focus on more narrow concepts such as central government. The European Commission uses the net-lending concept to monitor government fiscal surpluses/deficits with an additional adjustment to reflect net streams of interest payments resulting from swaps arrangements and forward rate agreements.

Definition

Gross Saving = Disposable income (operating surplus plus taxes on production and imports received minus subsidies payable plus property income received minus property income payable plus net taxes on income and wealth received plus social contributions receivable plus other current transfers receivable minus other current transfers payable minus social benefits and social transfers in kind payable minus the adjustment for the change in net equity of households on pension funds)
minus general government final consumption.

Net-lending = Gross saving plus net capital transfers (receivable minus payable) minus gross capital formation minus acquisitions less disposals of non-produced non-financial assets
= Total general government revenue minus total general government expenditure
= net acquisition of financial assets minus net incurrence of liabilities.

Comparability

The biggest issue affecting comparability across countries concerns the scope of the government sector. In many countries, hospitals, for example, are classified outside of the government sector and are instead recorded as public corporations; on the grounds that they charge market prices for their services. This is an important point as the guidance provided in the SNA on the delineation of units between market and non-market providers (which refers to most output being non-market) provides scope for differences in country practices. EU countries have adopted a 50% rule for “most” in this context.

Another potential area where comparability may be affected relates to the determination of public ownership. The SNA requires that “control” be the determining factor and describes a number of criteria that can be used to assess this requirement. Recognising that this is non-trivial it includes a practical recommendation that a 50% rule relating to share ownership should be adopted. However, in practice, countries may still choose to measure ownership on the basis of the determining criteria.

Generally however the comparability of net-lending/borrowing and saving figures for countries is very high.

Source

- OECD (2011), *National Accounts of OECD Countries*, Vol. 2011/2, OECD Publishing, http://dx.doi.org/10.1787/na_ma_dt-v2011-2-en.

Online databases

- OECD (2011), “Detailed National Accounts: Simplified non-financial accounts”, *OECD National Accounts Statistics (Database)*, <http://dx.doi.org/10.1787/data-00010-en>.

Further reading

- Eurostat (2002), *ESA95 Manual on Government Deficit and Debt*, European Communities, Luxembourg.
- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/9789264027657-en>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF and Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

21. Gross saving and net lending/net borrowing

Table 21.1. **Gross saving and net lending/net borrowing of general government**
Percentage of GDP

	Gross saving							Net lending/net borrowing						
	2004	2005	2006	2007	2008	2009	2010	2004	2005	2006	2007	2008	2009	2010
Australia	4.4	4.9	4.7	5.0	0.6	-0.3	..	1.1	1.6	1.3	1.5	-3.2	-5.4	..
Austria	1.9	1.3	1.4	2.5	2.3	-0.5	-0.4	-4.6	-1.8	-1.7	-1.0	-1.0	-4.1	-4.4
Belgium	1.3	1.5	1.9	1.8	0.7	-3.2	-2.1	-0.4	-2.8	0.1	-0.3	-1.3	-5.9	-4.2
Canada	3.5	4.4	4.6	4.5	2.9	-0.9	-1.2	0.9	1.5	1.6	1.4	-0.4	-4.9	-5.6
Chile	5.9	8.0	11.5	11.9	7.7	0.7	..	2.9	5.3	8.9	8.8	3.3	-3.4	..
Czech Republic	3.9	3.5	3.5	4.5	3.2	-0.9	-0.6	-2.8	-3.2	-2.4	-0.7	-2.2	-5.8	-4.8
Denmark	3.3	6.5	6.6	6.5	5.5	-0.7	-0.4	1.9	5.0	5.0	4.8	3.3	-2.8	-2.8
Estonia	5.1	5.3	6.8	7.6	3.2	1.9	2.2	1.6	1.6	2.5	2.4	-2.9	-2.0	0.3
Finland	4.9	5.1	6.2	7.7	6.7	0.2	-0.2	2.2	2.7	4.0	5.3	4.2	-2.7	-2.8
France	-0.2	0.3	1.3	1.1	0.6	-3.4	-3.4	-3.6	-3.0	-2.4	-2.8	-3.3	-7.6	-7.1
Germany	-1.2	-0.9	0.7	2.5	2.4	-0.6	-0.8	-3.8	-3.3	-1.7	0.2	-0.1	-3.2	-4.3
Greece	-3.0	-2.9	-3.8	-4.4	-6.5	-11.9	-8.9	-7.5	-5.6	-6.0	-6.8	-9.9	-15.8	-10.8
Hungary	-2.1	-3.2	-4.1	-0.4	-0.2	-1.6	-2.3	-6.5	-7.9	-9.4	-5.1	-3.7	-4.5	-4.3
Iceland	4.7	8.7	10.8	10.1	4.6	-5.3	-2.6	0.0	4.9	6.3	5.4	-13.5	-10.0	-10.1
Ireland	4.5	4.8	6.1	4.1	-1.4	-7.8	-7.9	1.4	1.7	2.9	0.1	-7.3	-14.2	-31.3
Israel ¹	-3.3	-2.4	0.0	1.3	-0.5	-3.1	-1.9	-6.0	-4.8	-2.4	-1.3	-3.4	-6.0	-4.6
Italy	-0.5	-0.8	1.3	2.2	0.8	-2.0	-1.5	-3.6	-4.5	-3.4	-1.6	-2.7	-5.4	-4.5
Japan	-2.6	-1.4	0.1	0.3	-0.4	-6.2	..	-6.2	-6.7	-1.6	-2.4	-2.2	-8.7	..
Korea	9.8	9.8	10.0	10.6	9.4	6.8	..	2.7	3.4	3.9	4.7	3.0	-1.1	..
Luxembourg	4.5	5.7	6.5	8.0	7.1	4.1	4.2	-1.1	0.0	1.4	3.7	3.0	-0.9	-1.1
Mexico	2.4	2.9	2.7	2.1	3.0	0.4	..	0.5	0.4	0.2	-0.5	-2.5	-1.3	..
Netherlands	1.4	2.8	3.5	3.4	4.1	-0.7	-0.6	-1.8	-0.3	0.5	0.2	0.5	-5.6	-5.0
New Zealand	7.1	7.9	8.6	7.5	4.2	1.2	..	4.1	4.6	5.2	4.4	0.4	-2.5	..
Norway	14.0	17.7	21.2	20.6	22.3	14.3	13.8	11.1	15.1	18.4	17.5	19.1	10.7	10.6
Poland	-1.5	-0.2	0.7	2.5	1.3	-1.8	-2.8	-5.4	-4.1	-3.6	-1.9	-3.7	-7.3	-7.8
Portugal	-2.2	-3.0	-1.7	-0.7	-1.4	-7.0	-6.8	-3.4	-5.9	-4.1	-3.2	-3.7	-10.2	-9.8
Slovak Republic	0.3	1.0	-0.2	0.7	1.0	-3.7	-4.7	-2.4	-2.8	-3.2	-1.8	-2.1	-8.0	-7.7
Slovenia	2.2	2.5	2.8	4.7	3.6	-0.5	-0.8	-2.3	-1.5	-1.4	0.0	-1.9	-6.1	-5.8
Spain	4.3	5.4	6.7	6.8	0.7	-5.2	-4.3	-0.1	1.3	2.4	1.9	-4.5	-11.1	-9.2
Sweden	3.3	5.1	5.3	6.7	5.4	2.6	3.4	0.4	1.9	2.2	3.6	2.2	-0.9	-0.1
Switzerland	1.6	2.3	3.7	4.5	5.5	3.7	3.3	-1.8	-0.7	0.8	1.7	2.3	1.0	0.6
Turkey	..	..	4.5	2.7	2.0	-2.5	..	..	..	0.8	-1.2	-2.2	-6.7	..
United Kingdom	-1.2	-1.1	-0.2	-0.3	-1.6	-6.6	-6.6	-3.5	-3.4	-2.7	-2.8	-5.0	-11.3	-10.2
United States	-1.9	-0.7	0.2	-0.2	-3.4	-7.9	-7.6	-4.4	-3.2	-2.0	-2.8	-6.4	-11.5	-10.6
Euro area	0.2	0.6	1.9	2.6	1.4	-2.6	-2.3	-3.0	-2.5	-1.4	-0.7	-2.0	-6.3	-6.0
OECD-Total

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


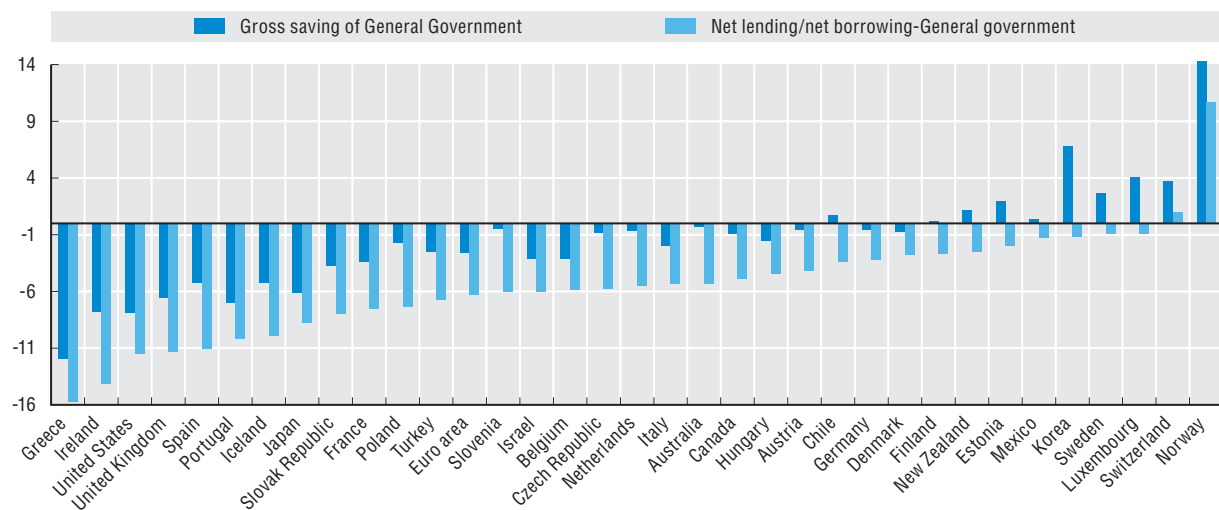
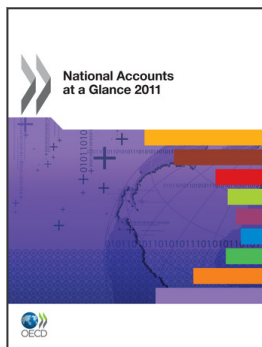
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Figure 21.1. **Gross saving and net lending/net borrowing**
Percentage of GDP, 2009



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

StatLink  <http://dx.doi.org/10.1787/888932549625>



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