

GOVERNMENT DEFICITS

Government deficits or surpluses are commonly assessed using the net borrowing (or net lending) figures of the general government sector in the national accounts. During the period between 1991 and 2005, governments in most OECD countries have recorded deficits but in 2006 half of the OECD countries recorded general government surpluses. Government deficits have to be met by borrowing from residents or foreigners.

Definition

The net borrowing/net lending of the general government is the balancing item of the non-financial accounts (according to the 1993 *System of National Accounts*). It is also equal to the difference between total revenue and total expenditure, including capital expenditure (in particular, gross fixed capital formation). The main revenue of general government consists of tax, social contributions, dividends and other property income. The main expenditure items consist of the compensation of civil servants, social benefits, interest on the public debt, subsidies and gross fixed capital formation. A negative figure indicates a deficit.

The data in the table are on a national accounts basis and may differ from the numbers reported to the European Commission under the excessive deficit procedure (EDP) for some EU countries and for some years.

Long-term trends

Government deficits are sensitive to the economic cycle as well as to government taxation and spending policies. For the OECD as a whole, deficits as a percentage of GDP reached a peak in 1993 but then fell steadily over the next six years and had turned into surpluses (net lending) at the peak of the economic cycle in 2000. Since then, deficits have been growing and the deficit to GDP ratio had become high in 2003 for most of the larger member countries including France, Germany, the United Kingdom, the United States and, especially, Japan. In 2004-2006 the deficit to GDP ratios were reduced in most countries with the exception of Hungary, Italy, Portugal and the Slovak Republic.

In the run-up to monetary union, EU countries that expected to adopt the Euro followed fiscal policies aimed at reducing government deficits. Deficit reduction policies were successfully implemented in several other countries, including New Zealand since 1994 and Australia, Denmark, Finland and Sweden since 1998. Korea is the only country which has recorded surpluses throughout the period, although Norway has had surpluses in most years since 1990.

Comparability

Data in this table are based on the 1993 System of National Accounts or on the 1995 European System of Accounts so that all countries are using a common set of definitions. In several OECD countries the accounts for 2000, 2001 or 2002 were affected by the sale of mobile telephone licenses, recorded in national accounts as a negative expenditure (the sale of an asset) thereby reducing the deficit. To ensure comparability very large one-offs were excluded from the data in a few cases (Germany and Netherlands in 1995, Japan in 1998).

Source

- OECD (2007), *OECD Economic Outlook: December No. 82 – Volume 2007 Issue 2*, OECD, Paris.

Further information

Analytical publications

- OECD (2007), *OECD Economic Surveys*, OECD, Paris.

Statistical publications

- OECD (2007), *National Accounts of OECD Countries*, OECD, Paris.

Online databases

- *National Accounts*.
- *OECD Economic Outlook Statistics*.


Websites

- *OECD Economic Outlook – Sources and Methods*, www.oecd.org/eco/sources-and-methods.

Government net borrowing/net lending

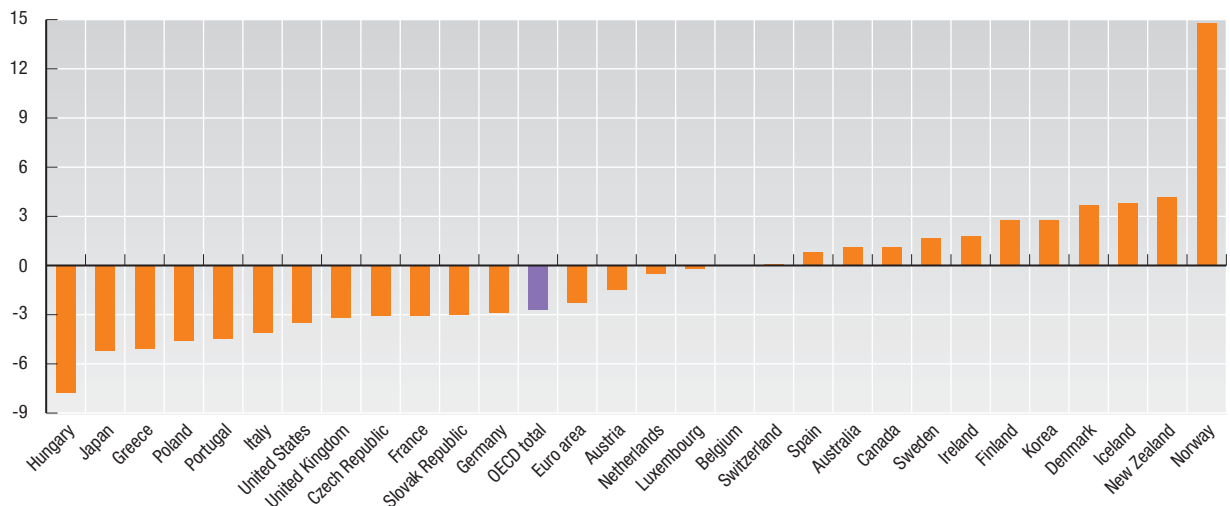

As a percentage of GDP

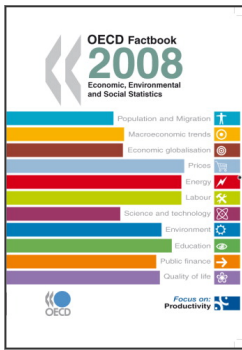
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------|-------|-------|-------|------|------|------|------|-------|------|------|------|------|------|------|
| Australia | -4.4 | -4.5 | -3.7 | -2.4 | -0.7 | 1.6 | 2.3 | 0.5 | 0.1 | 0.6 | 1.7 | 0.9 | 1.2 | 1.2 |
| Austria | -4.4 | -4.8 | -5.7 | -4.0 | -1.8 | -2.4 | -2.3 | -1.6 | -0.1 | -0.7 | -1.8 | -1.3 | -1.7 | -1.5 |
| Belgium | -7.3 | -5.0 | -4.4 | -3.8 | -2.1 | -0.8 | -0.5 | 0.1 | 0.5 | 0.0 | 0.0 | -0.1 | -0.1 | 0.2 |
| Canada | -8.7 | -6.7 | -5.3 | -2.8 | 0.2 | 0.1 | 1.6 | 2.9 | 0.7 | -0.1 | -0.1 | 0.8 | 1.6 | 1.0 |
| Czech Republic | .. | .. | -13.4 | -3.3 | -3.8 | -5.0 | -3.7 | -3.7 | -5.7 | -6.8 | -6.6 | -2.9 | -3.5 | -2.9 |
| Denmark | -3.8 | -3.3 | -2.9 | -1.9 | -0.5 | 0.0 | 1.4 | 2.3 | 1.2 | 0.2 | -0.1 | 1.9 | 4.6 | 4.7 |
| Finland | -8.3 | -6.7 | -6.2 | -3.5 | -1.2 | 1.7 | 1.6 | 6.9 | 5.0 | 4.1 | 2.3 | 2.1 | 2.5 | 3.7 |
| France | -6.4 | -5.4 | -5.5 | -4.0 | -3.3 | -2.6 | -1.8 | -1.5 | -1.6 | -3.2 | -4.1 | -3.6 | -3.0 | -2.6 |
| Germany | -3.0 | -2.3 | -3.2 | -3.3 | -2.6 | -2.2 | -1.5 | 1.3 | -2.8 | -3.6 | -4.0 | -3.8 | -3.4 | -1.6 |
| Greece | -11.9 | -8.3 | -9.1 | -6.6 | -5.9 | -3.8 | -3.1 | -3.7 | -4.4 | -4.8 | -5.7 | -7.2 | -5.2 | -2.8 |
| Hungary | -6.8 | -11.4 | -7.7 | -6.0 | -7.4 | -8.5 | -5.3 | -3.0 | -4.1 | -8.9 | -7.2 | -6.4 | -7.8 | -9.3 |
| Iceland | -4.5 | -4.7 | -3.0 | -1.6 | 0.0 | -0.4 | 1.1 | 1.7 | -0.7 | -2.6 | -2.8 | 0.0 | 4.9 | 6.3 |
| Ireland | -2.7 | -2.0 | -2.1 | -0.1 | 1.4 | 2.3 | 2.6 | 4.7 | 1.0 | -0.4 | 0.4 | 1.4 | 1.2 | 2.9 |
| Italy | -10.1 | -9.1 | -7.4 | -7.0 | -2.7 | -3.1 | -1.8 | -0.9 | -3.1 | -3.0 | -3.5 | -3.5 | -4.3 | -4.5 |
| Japan | -2.4 | -4.2 | -5.1 | -5.1 | -4.0 | -5.8 | -7.4 | -7.6 | -6.3 | -8.0 | -7.9 | -6.2 | -6.4 | -2.9 |
| Korea | 2.2 | 2.9 | 3.8 | 3.4 | 3.3 | 1.6 | 2.7 | 5.4 | 4.6 | 5.4 | 0.4 | 2.5 | 3.0 | 3.0 |
| Luxembourg | 1.5 | 2.5 | 2.4 | 1.2 | 3.7 | 3.4 | 3.4 | 6.0 | 6.1 | 2.1 | 0.5 | -1.2 | -0.1 | 0.7 |
| Netherlands | -2.8 | -3.5 | -4.3 | -1.9 | -1.2 | -0.9 | 0.4 | 2.0 | -0.3 | -2.0 | -3.1 | -1.8 | -0.3 | 0.5 |
| New Zealand | -0.4 | 3.1 | 2.9 | 2.9 | 1.7 | 0.1 | -0.2 | 1.6 | 2.1 | 3.2 | 3.8 | 4.3 | 4.5 | 3.8 |
| Norway | -1.4 | 0.3 | 3.2 | 6.3 | 7.6 | 3.3 | 6.0 | 15.4 | 13.3 | 9.2 | 7.3 | 11.1 | 15.2 | 18.0 |
| Poland | .. | .. | -4.4 | -4.9 | -4.6 | -4.3 | -2.3 | -3.0 | -5.1 | -5.0 | -6.3 | -5.7 | -4.3 | -3.8 |
| Portugal | -7.7 | -7.4 | -5.2 | -4.5 | -3.4 | -3.0 | -2.7 | -3.0 | -4.3 | -2.9 | -3.0 | -3.4 | -6.1 | -3.9 |
| Slovak Republic | .. | -8.7 | -3.4 | -9.8 | -6.2 | -5.3 | -7.1 | -12.2 | -6.5 | -8.2 | -2.8 | -2.4 | -2.8 | -3.7 |
| Spain | -7.3 | -6.8 | -6.5 | -4.9 | -3.4 | -3.2 | -1.4 | -1.0 | -0.7 | -0.5 | -0.2 | -0.4 | 1.0 | 1.8 |
| Sweden | -11.3 | -9.2 | -7.4 | -3.4 | -1.7 | 1.2 | 1.2 | 3.8 | 1.7 | -1.5 | -1.1 | 0.6 | 2.1 | 2.3 |
| Switzerland | -2.7 | -1.9 | -1.2 | -1.4 | -2.4 | -1.5 | 0.0 | 2.3 | 0.9 | 0.1 | -1.2 | -1.1 | 0.4 | 1.1 |
| United Kingdom | -7.9 | -6.7 | -5.8 | -4.1 | -2.1 | 0.1 | 1.1 | 4.0 | 0.9 | -1.7 | -3.3 | -3.3 | -3.5 | -2.8 |
| United States | -4.9 | -3.6 | -3.1 | -2.2 | -0.8 | 0.4 | 0.9 | 1.6 | -0.4 | -3.8 | -4.8 | -4.4 | -3.6 | -2.6 |
| Euro area | -5.7 | -4.9 | -5.0 | -4.2 | -2.7 | -2.3 | -1.4 | 0.0 | -1.8 | -2.6 | -3.1 | -2.9 | -2.5 | -1.6 |
| OECD total | -4.9 | -4.2 | -4.0 | -3.1 | -1.8 | -1.3 | -0.8 | 0.2 | -1.3 | -3.2 | -4.0 | -3.4 | -2.9 | -1.8 |

StatLink  <http://dx.doi.org/10.1787/275262656545>

Government net borrowing/net lending

As a percentage of GDP, average 2004-2006

StatLink  <http://dx.doi.org/10.1787/270532823007>



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