

16. Total expenditure

Section 11 described the concept of general government final consumption, reflecting the contribution government makes as a consumer of final goods and services for individual and collective consumption. Whilst useful in illustrating the scope for government to stimulate demand directly, it does not tell the full story. For a start the measure does not include GFCF of government which is an area where the scope to stimulate demand is considerable. But it also excludes other components of spending by government not recorded as final consumption, for example, debt interest payments, and cash transfers, such as social benefits, which, collectively, better reflect the size of government and its ability to stimulate demand, without changing taxes say, both directly and indirectly. The concept that best reflects this overall expenditure is referred to as *general government expenditure*. It reflects the total amount of expenditure by government that needs to be financed via revenues, such as taxation, and borrowing.

Definition

Total general government expenditure (GGE) is equivalent to expenditures by general government on the following items: intermediate consumption, compensation of employees, subsidies, social benefits and social transfers in kind (via market producers), other current transfers, property income, capital transfers (payable), the adjustment for the net equity of households in pension funds reserves, gross capital formation and net acquisition of non-financial non-produced assets. It also includes taxes on income and wealth any other taxes on production that government may be required to pay.

Many of the transactions are better recorded on a consolidated basis (i.e. transactions between general government sub-sectors are netted out) to avoid exaggerating the role of general government. Items that are usually consolidated include: debt interest (part of property income), and capital transfers (except capital taxes payable) and other current transfers.

The government sector covers all units producing (all or mostly) non-market goods and services that are publicly owned. Publicly owned units producing (all or mostly) market goods and services are not in the government sector but are instead recorded as public corporations.

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. How significant this is for international comparisons of GGE ultimately depends on the share of goods and services provided to the market, as general government expenditure will still record payments to the hospitals for these 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.

For most general government expenditures there is little scope for ambiguity in treatment and the quality of underlying data is very good, so the level of comparability is generally good.

Data for all countries are on a consolidated basis, except Canada (which consolidates only current transfers) and New Zealand. Consolidation usually occurs between government sub-sectors (central, local, state and social security funds) but for Austria it is also done within sub-sectors and in Sweden intermediate consumption is also consolidated.

Source

- OECD (2009), *National Accounts of OECD Countries 2009, Volume II, Detailed Tables*, OECD Publishing, http://dx.doi.org/10.1787/na_vol_2-2009-en-fr.

Online database

- OECD (2009), “General government accounts: main aggregates”, *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00020-en>.

Further reading

- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF, Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

Table 16.1. Total general government expenditure

	Percentage of GDP														
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Australia	37.4	36.7	35.5	35.3	34.8	36.0	35.6	34.9	34.8	35.1	34.6	34.4	34.1	..	
Austria	56.3	56.0	53.7	54.0	53.7	52.1	51.6	51.0	51.5	54.0	50.1	49.6	48.8	48.9	
Belgium	52.1	52.5	51.2	50.4	50.2	49.2	49.3	50.0	51.3	49.6	52.3	48.6	48.4	50.1	
Canada	48.5	46.6	44.3	44.8	42.7	41.1	42.0	41.2	41.2	39.9	39.3	39.4	39.1	..	
Czech Republic	54.5	42.6	43.2	43.2	42.3	41.8	44.4	46.3	47.3	45.1	45.0	43.8	42.6	42.9	
Denmark	59.2	58.8	56.6	56.2	55.4	53.6	54.2	54.6	55.1	54.6	52.8	51.6	51.0	51.9	
Finland	61.5	59.9	56.2	52.6	51.5	48.3	47.8	48.8	50.1	50.1	50.3	48.7	47.3	49.0	
France	54.4	54.5	54.1	52.7	52.6	51.6	51.6	52.6	53.3	53.2	53.4	52.7	52.3	52.7	
Germany	54.8	49.3	48.4	48.0	48.1	45.1	47.6	48.1	48.5	47.1	46.8	45.4	43.7	43.7	
Greece	45.7	44.1	44.9	44.3	44.4	46.7	45.3	45.1	44.7	45.4	43.8	42.8	44.4	46.3	
Hungary	55.6	50.6	49.2	50.4	48.4	46.9	47.3	51.2	49.4	48.7	50.1	52.0	49.8	49.2	
Iceland	42.7	42.2	40.7	41.3	42.0	41.9	42.6	44.2	45.6	44.0	42.2	41.6	42.5	58.3	
Ireland	41.1	39.1	36.7	34.5	34.1	31.3	33.2	33.5	33.2	33.5	33.7	34.2	36.2	42.0	
Italy	52.5	52.4	50.2	49.2	48.2	46.2	48.0	47.4	48.3	47.7	48.2	48.7	47.9	48.7	
Japan	..	36.8	35.7	42.5	38.6	39.0	38.6	38.8	38.4	37.0	38.4	36.2	36.0	..	
Korea	..	..	..	..	..	22.4	23.9	23.6	28.9	26.1	26.6	27.7	28.6	..
Luxembourg	39.7	41.1	40.6	41.1	39.2	37.6	38.1	41.5	41.8	42.6	41.5	38.3	36.2	37.7	
Mexico	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Netherlands	56.4	49.4	47.5	46.7	46.0	44.2	45.4	46.2	47.1	46.1	44.8	45.5	45.5	45.9	
New Zealand	41.6	40.9	41.4	41.1	40.4	38.7	37.9	37.2	37.7	37.6	38.5	39.5	39.7	..	
Norway	50.9	48.5	46.8	49.1	47.7	42.3	44.1	47.1	48.2	45.4	42.1	40.5	40.9	40.0	
Poland	47.7	51.0	46.4	44.3	42.7	41.1	43.8	44.2	44.6	42.6	43.4	43.9	42.2	43.3	
Portugal	43.4	44.1	43.2	42.8	43.2	43.1	44.4	44.3	45.5	46.5	47.6	46.3	45.8	46.0	
Slovak Republic	48.6	53.7	49.0	45.8	48.1	52.2	44.5	45.0	40.1	37.6	38.0	36.9	34.4	34.7	
Spain	44.4	43.2	41.6	41.1	39.9	39.1	38.6	38.9	38.4	38.9	38.4	38.4	39.2	41.1	
Sweden	65.1	63.0	60.9	58.8	58.6	55.6	55.5	56.7	57.0	55.6	55.2	54.1	52.6	53.1	
Switzerland	35.0	35.3	35.5	35.8	34.3	35.1	34.8	36.2	36.4	36.0	35.3	33.5	32.2	..	
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	43.9	42.3	40.5	39.5	38.9	39.0	40.1	41.0	42.0	43.0	44.1	44.2	44.0	47.5	
United States	37.1	36.6	35.5	34.6	34.2	33.9	35.0	35.9	36.3	36.0	36.3	36.0	36.7	38.8	
Euro area	..	..	..	48.5	48.1	46.3	47.3	47.6	48.1	47.5	47.4	46.6	46.0	46.7
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..


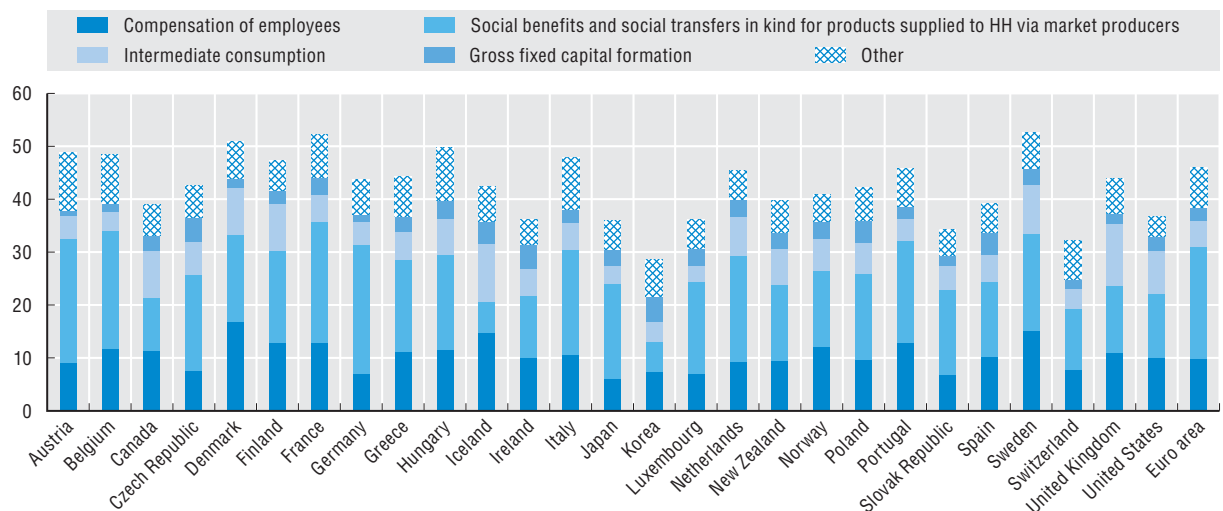
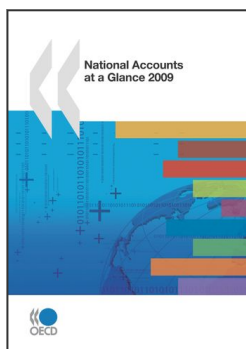
StatLink  <http://dx.doi.org/10.1787/741237124338>

Figure 16.1. Total general government expenditure by main component

Percentage of GDP, 2007

StatLink  <http://dx.doi.org/10.1787/740255035375>



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