

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 gross fixed capital formation 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 and 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 other 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.

In Figure 16.1, “social benefits and social transfers in kind” is to be completed by “for products supplied to households via market producers”.

Source

- OECD (2012), *National Accounts of OECD Countries*, OECD Publishing, <http://dx.doi.org/10.1787/2221433x>.

Online database

- OECD (2012), “General Government Accounts: Main aggregates”, *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00020-en>.

Further reading

- 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, World Bank and Eurostat (eds.) (1993 and 2008), *System of National Accounts*, United Nations, Geneva, <http://unstats.un.org/unsd/nationalaccount/sna.asp>.

Table 16.1. **Total general government expenditure**
Percentage of GDP

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	35.0	34.5	35.6	35.1	34.5	34.7	34.7	33.9	33.7	33.6	36.1	36.9	..	..
Austria	53.7	53.4	51.9	51.3	50.7	51.3	53.8	50.0	49.1	48.6	49.3	52.6	52.6	50.5
Belgium	50.4	50.1	49.1	49.1	49.8	51.0	49.2	51.9	48.5	48.2	49.8	53.7	52.5	53.3
Canada	44.8	42.7	41.1	42.0	41.2	41.2	39.9	39.3	39.4	39.4	40.0	44.4	44.1	..
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	43.0	42.2	41.6	43.9	45.6	50.0	43.3	43.0	42.0	41.0	41.1	44.7	43.7	43.0
Denmark	56.3	55.5	53.7	54.2	54.6	55.1	54.6	52.8	51.6	50.8	51.5	58.1	57.7	57.6
Estonia	39.2	40.1	36.1	34.8	35.8	34.8	34.0	33.6	33.6	34.0	39.7	45.5	40.7	38.3
Finland	52.9	51.7	48.3	48.0	49.0	50.3	50.2	50.3	49.2	47.4	49.2	56.1	55.8	54.8
France	52.8	52.6	51.7	51.7	52.9	53.4	53.3	53.6	53.0	52.6	53.3	56.8	56.6	56.0
Germany	48.0	48.2	45.1	47.6	47.9	48.5	47.1	46.9	45.3	43.5	44.1	48.2	47.7	45.3
Greece	44.7	44.9	47.2	45.8	45.5	45.1	45.9	44.6	45.3	47.5	50.6	54.0	51.5	51.8
Hungary	51.2	49.2	47.8	47.8	51.5	49.7	49.1	50.1	52.2	50.7	49.2	51.4	49.8	49.6
Iceland	41.3	42.0	41.9	42.6	44.3	45.6	44.0	42.2	41.6	42.3	57.7	51.0	51.5	47.3
Ireland	34.8	34.3	31.2	33.2	33.5	33.2	33.6	33.8	34.4	36.8	43.1	48.7	66.1	48.1
Israel ¹	54.7	53.5	51.6	53.9	55.3	54.0	50.8	49.4	47.8	46.5	46.0	45.8	45.1	44.6
Italy	48.9	47.9	45.9	47.7	47.1	48.1	47.5	47.9	48.5	47.6	48.6	51.9	50.4	49.9
Japan	..	..	..	..	..	..	..	36.4	36.0	35.8	36.9	41.9	40.8	..
Korea	24.1	23.2	22.4	23.9	23.6	28.9	26.1	26.6	27.7	28.7	30.4	33.1	30.1	..
Luxembourg	41.1	39.2	37.6	38.1	41.5	41.8	42.6	41.5	38.6	36.3	39.1	44.6	42.8	42.0
Mexico	..	..	..	..	..	19.1	18.3	19.1	19.7	20.5	25.7	23.3	23.3	..
Netherlands	46.7	46.0	44.2	45.4	46.2	47.1	46.1	44.8	45.5	45.3	46.2	51.4	51.2	49.8
New Zealand	40.2	39.5	37.8	37.1	36.5	36.8	36.7	37.8	39.0	38.8	41.6	42.3	..	..
Norway	49.1	47.7	42.3	44.1	47.1	48.2	45.1	41.8	40.0	40.3	39.8	46.7	45.5	44.5
Poland	44.3	42.7	41.1	43.8	44.3	44.7	42.6	43.4	43.9	42.2	43.2	44.6	45.4	43.6
Portugal	41.4	41.5	41.6	43.2	43.1	44.7	45.4	46.6	45.2	44.4	44.8	49.8	51.3	49.4
Slovak Republic	45.8	48.1	52.1	44.5	45.1	40.1	37.7	38.0	36.5	34.2	34.9	41.5	40.0	38.2
Slovenia	45.4	46.2	46.5	47.3	46.2	46.2	45.7	45.3	44.6	42.4	44.3	49.1	50.3	50.7
Spain	41.1	39.9	39.2	38.7	38.9	38.4	38.9	38.4	38.4	39.2	41.5	46.3	46.3	45.2
Sweden	58.8	58.1	55.1	54.5	55.6	55.7	54.2	53.9	52.7	51.0	51.7	54.9	52.3	51.1
Switzerland	35.4	34.7	35.6	34.8	36.9	36.3	35.9	35.2	33.2	32.1	32.1	34.1	33.8	33.8
Turkey	..	..	..	..	..	..	..	..	33.0	34.5	34.8	40.5	39.0	..
United Kingdom	39.3	38.9	36.8	40.2	41.4	42.2	43.1	43.8	44.0	43.7	47.7	51.3	50.4	48.6
United States	34.6	34.2	33.9	35.0	35.9	36.3	36.1	36.3	36.0	36.8	39.1	42.8	42.7	41.7
Euro area	48.4	48.0	46.2	47.2	47.5	48.0	47.4	47.3	46.7	46.0	47.1	51.2	50.9	49.4
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..

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


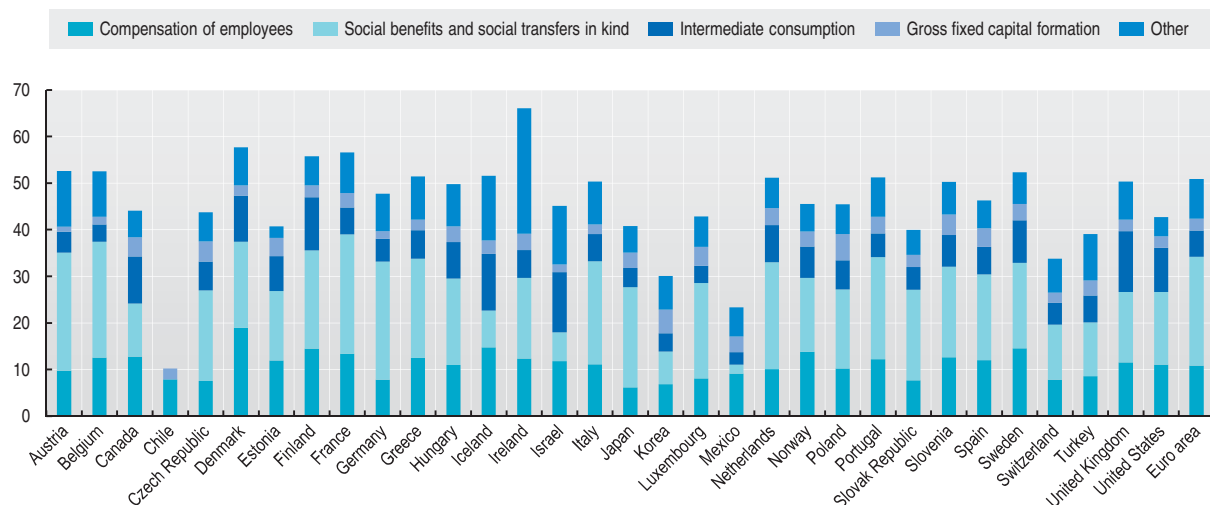

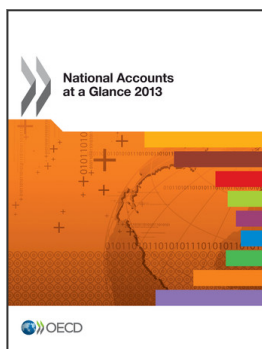
StatLink  <http://dx.doi.org/10.1787/888932762748>

Figure 16.1. **Total general government expenditure by main component**
Percentage of GDP, 2010



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

StatLink  <http://dx.doi.org/10.1787/888932762045>



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