

## 6 Public Finances

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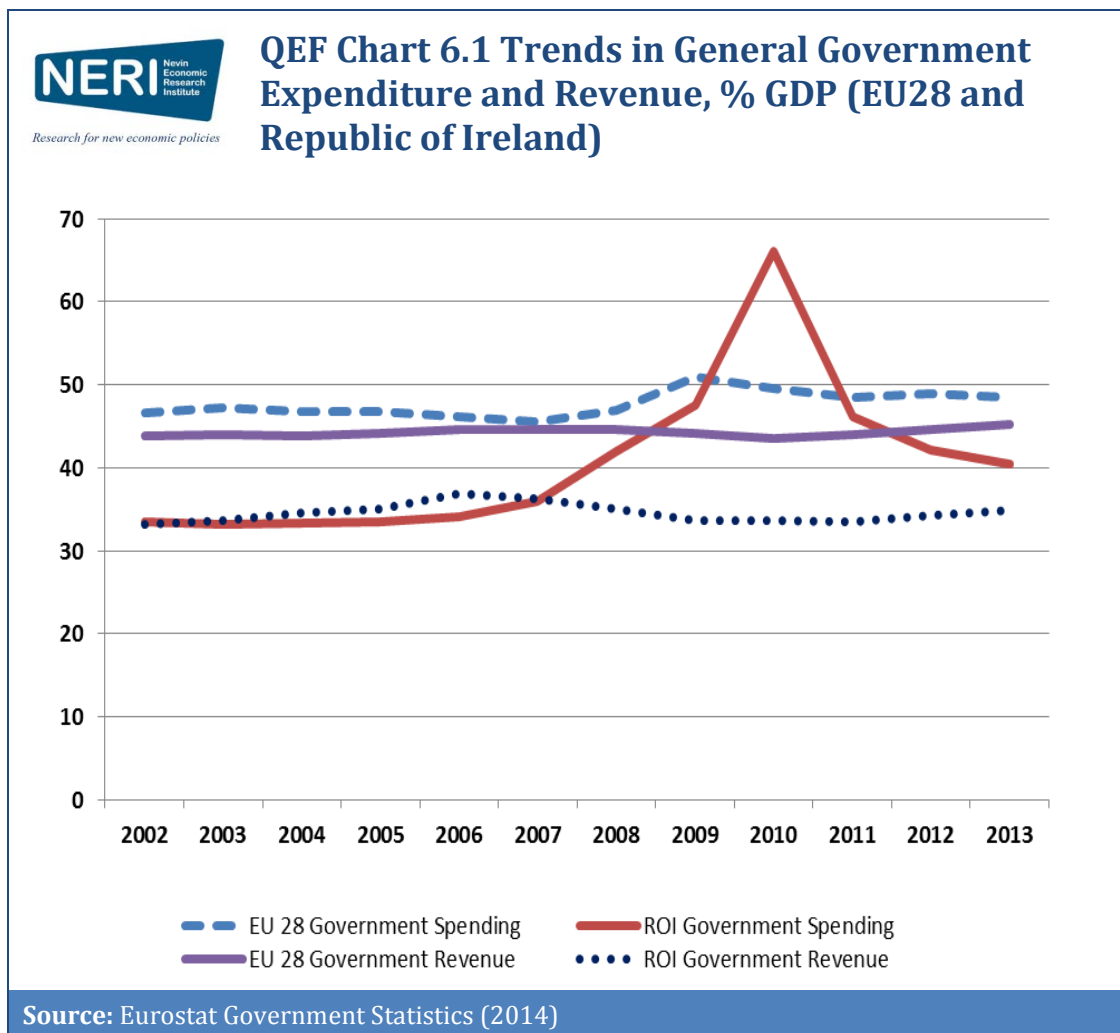


## Indicator 6.1 Trends in General Government Expenditure and Revenue (EU28 and Republic of Ireland)

### Indicator defined

Total General Government Expenditure and Revenue as a percentage of GDP

Data is the latest available as of 14 November 2014



## QEF Table 6.1 General Government Revenue, % GDP (EU28 and Republic of Ireland)

Year	EU28 Government Spending	ROI Government Spending	EU28 Government Revenue	ROI Government Revenue
2004	46.7	33.3	43.8	34.6
2005	46.7	33.5	44.2	35.1
2006	46.2	34.1	44.6	36.9
2007	45.5	36.0	44.6	36.2
2008	47.0	42.0	44.6	35.0
2009	51.0	47.6	44.1	33.7
2010	49.9	66.1	43.5	33.6
2011	48.5	46.1	44.0	33.5
2012	48.9	42.2	44.6	34.2
2013	48.5	40.5	45.3	34.8

Source: Eurostat Government Statistics (2014)

### Interpretation

Public expenditure relating to bank recapitalisation in each of the three years 2009, 2010 and 2011 is included in the figures for Government spending in the above table and chart.

Levels of government revenue and government spending measured as a percentage of GDP are substantially lower in the Republic of Ireland than they are in the EU28 as a whole.

### Technical Notes

Total General Government Revenue includes taxes and other receipts of public authorities

### Source(s)

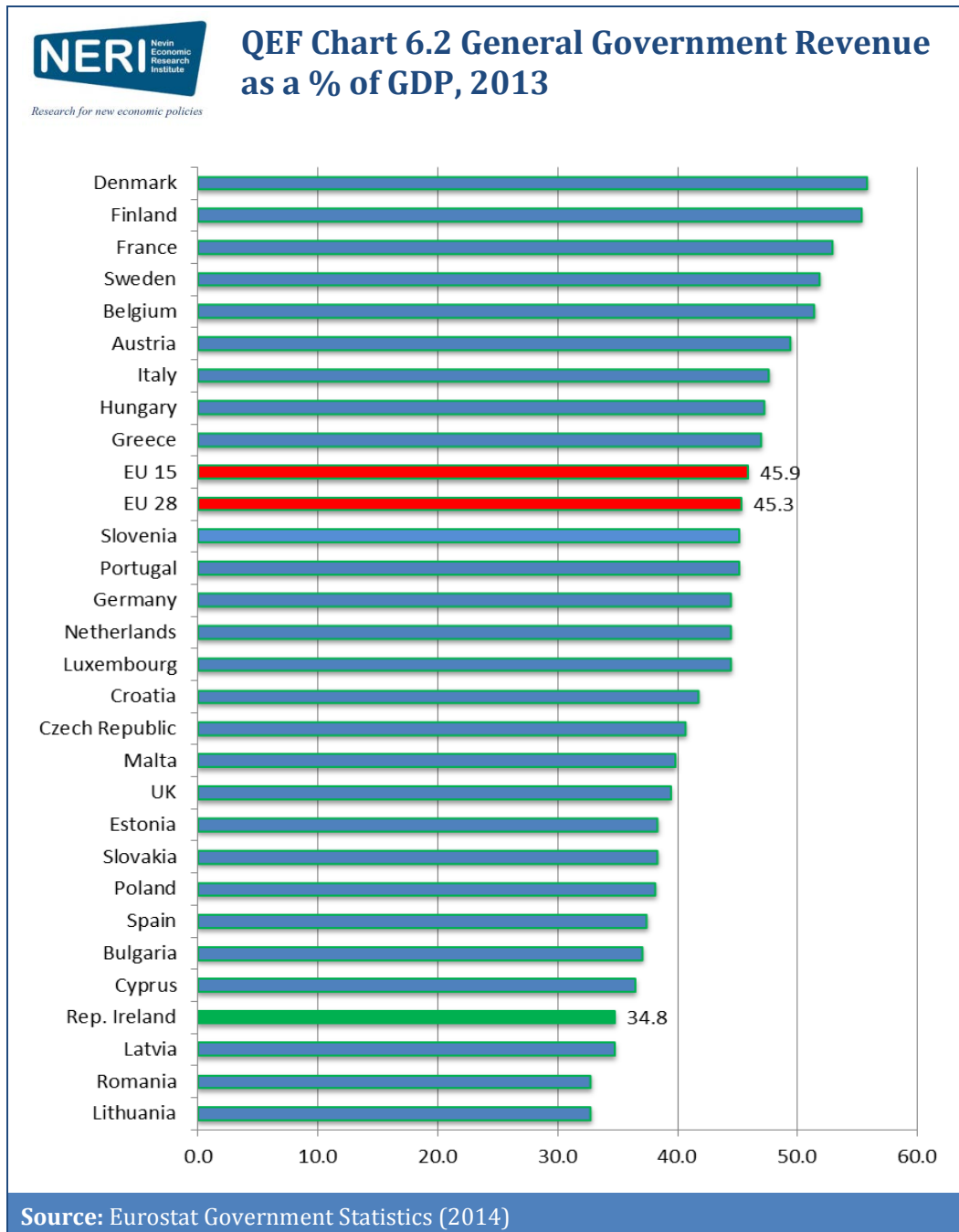
Eurostat online database available at: <http://epp.eurostat.ec.europa.eu> (gov\_a\_main)

## Indicator 6.2 Government Revenue as % of GDP (EU28 and Republic of Ireland)

### Indicator defined

Total General Government Revenue as % of GDP

Data is the latest available as of 14 November 2014



## QEF Table 6.2 Government Revenue as a % of GDP, 2013

Country	%	Country	%
Lithuania	32.8	Netherlands	44.5
Romania	32.8	Germany	44.5
Latvia	34.8	Portugal	45.2
<b>Rep. Ireland</b>	<b>34.8</b>	Slovenia	45.2
Cyprus	36.5	<b>EU 28</b>	<b>45.3</b>
Bulgaria	37.1	<b>EU 15</b>	<b>45.9</b>
Spain	37.5	Greece	47.0
Poland	38.2	Hungary	47.3
Slovakia	38.4	Italy	47.7
Estonia	38.4	Austria	49.5
United Kingdom	39.5	Belgium	51.5
Malta	39.8	Sweden	51.9
Czech Republic	40.7	France	53.0
Croatia	41.8	Finland	55.4
Luxembourg	44.5	Denmark	55.9

**Source:** Eurostat Government Statistics (2014)

### Interpretation

The Republic of Ireland has the joint third lowest level of government revenue in the EU28 measured as a percentage of GDP. Irish government revenue in 2013 was 10.5 percentage points below the EU28 average measured as a percentage of GDP.

Gross National Income (GNI) can be used as an alternative to GDP when comparing countries. However, where using GNI it is necessary to deduct an estimate for corporate taxes on repatriated profits which appears as part of GDP but not GNI.

### Technical Notes

Total General Government Revenue includes taxes and other receipts of public authorities

### Source(s)

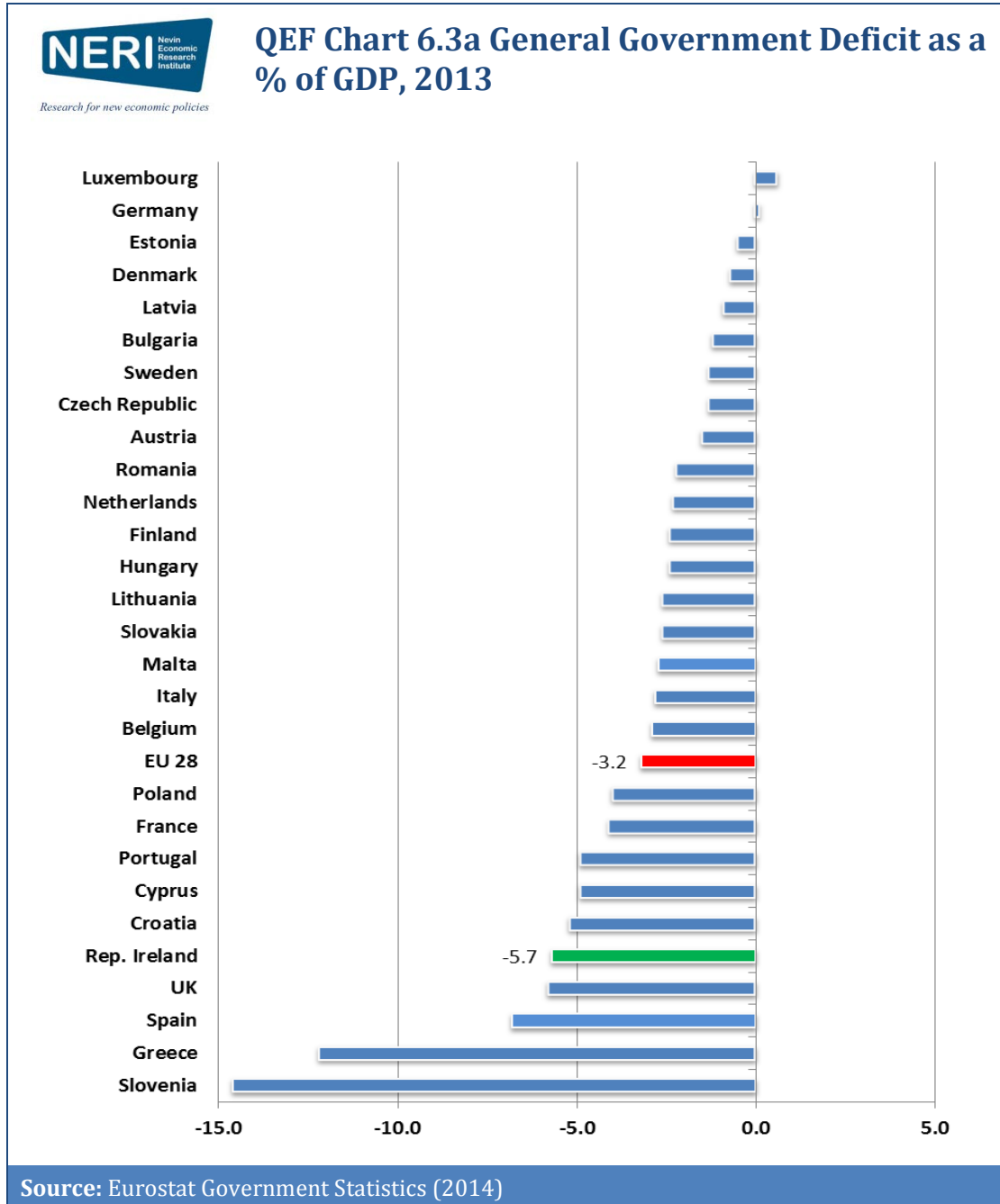
Eurostat online database available at: <http://epp.eurostat.ec.europa.eu> (gov\_a\_main)

## Indicator 6.3a General Government Deficit as % of GDP (EU member states)

### Indicator defined

Total General Government Deficit as % of GDP

Data is the latest available as of 14 November 2014



## QEF Table 6.3a General Government Deficit as % of GDP, 2013

Country	%	Country	%
Slovenia	-14.6	Lithuania	-2.6
Greece	-12.2	Hungary	-2.4
Spain	-6.8	Finland	-2.4
United Kingdom	-5.8	Netherlands	-2.3
<b>Rep. Ireland</b>	<b>-5.7</b>	Romania	-2.2
Croatia	-5.2	Austria	-1.5
Cyprus	-4.9	Czech Republic	-1.3
Portugal	-4.9	Sweden	-1.3
France	-4.1	Bulgaria	-1.2
Poland	-4.0	Latvia	-0.9
<b>EU 28</b>	<b>-3.2</b>	Denmark	-0.7
Belgium	-2.9	Estonia	-0.5
Italy	-2.8	Germany	0.1
Malta	-2.7	Luxembourg	0.6
Slovakia	-2.6		

**Source:** Eurostat Government Statistics (2014)

### Interpretation

The Maastricht rules require EU member states to have a government deficit of no more than 3% of GDP. The latest estimates of the General Government Balance (the headline deficit) for 2013 shows that 10 out of 27 member states were in excess of this figure. In the case of the Republic of Ireland, in 2013, the 'headline' government deficit was estimated to be 5.7%. This was the fifth highest rate in the EU.

### Technical Notes

The General Government Deficit (or General Government Balance) is the difference between General Government Expenditure and General Government Revenue in any given year. An excess of expenditure over revenue is expressed as a percentage of GDP and is shown as a negative value.

### Source(s)

Eurostat online database available at: <http://epp.eurostat.ec.europa.eu> (gov\_dd\_edpt1 and gov\_a\_main)



## Indicator 6.3b Estimated General Government Structural Deficit as % of GDP (EU member states)

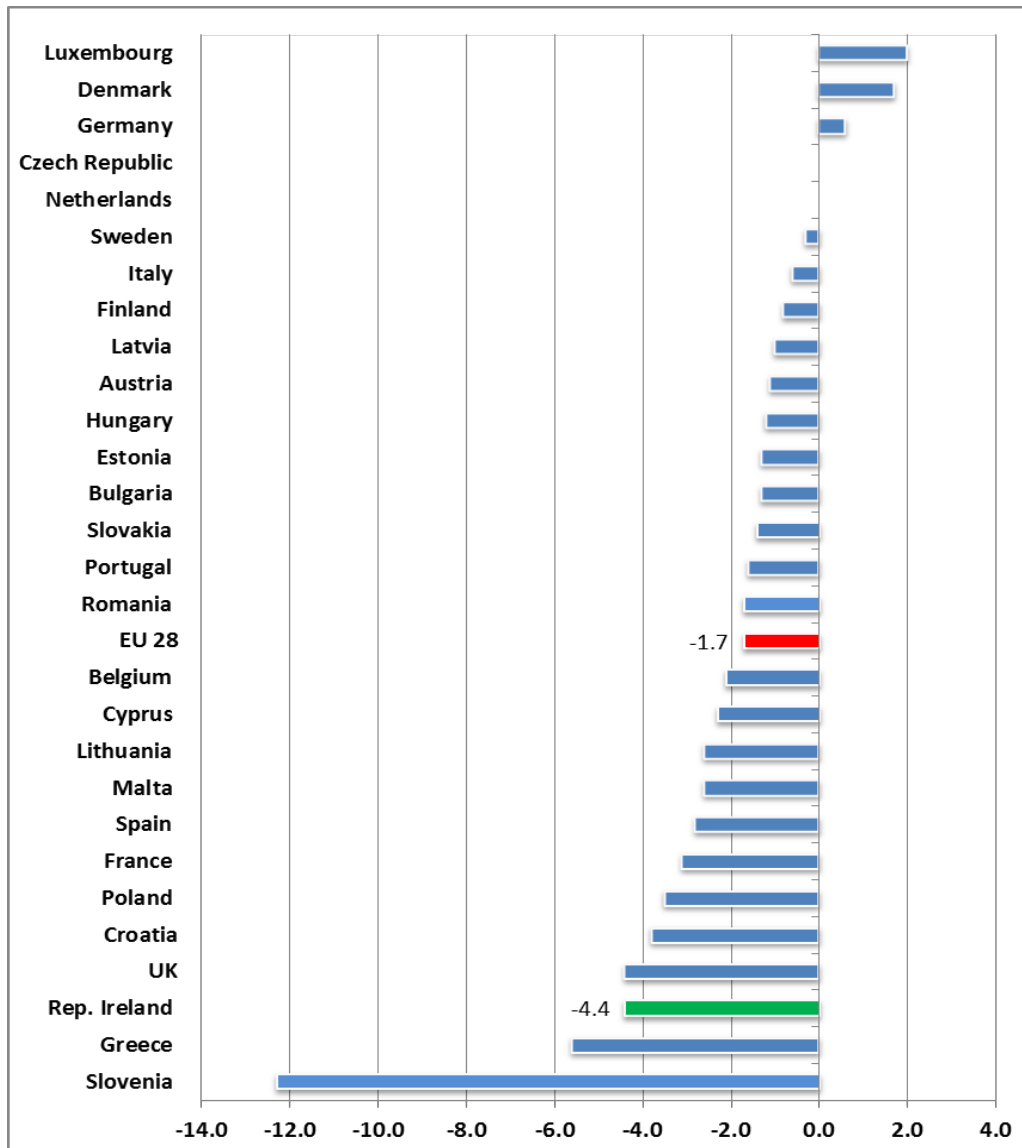
### Indicator defined

Total General Government Structural Deficit as % of GDP

Data as of 14 November 2014



### QEF Chart 6.3b General Government Structural Deficit as a % of GDP, 2013 (Commission Estimate)



Source: Eurostat Commission (2014)

## QEF Table 6.3b General Government Structural Deficit as a % of GDP, 2013 (Commission Estimate)

Country	%	Country	%
Slovenia	-12.3	Slovakia	-1.4
Greece	-5.6	Bulgaria	-1.3
<b>Rep. Ireland</b>	<b>-4.4</b>	Estonia	-1.3
UK	-4.4	Hungary	-1.2
Croatia	-3.8	Austria	-1.1
Poland	-3.5	Latvia	-1.0
France	-3.1	Finland	-0.8
Spain	-2.8	Italy	-0.6
Malta	-2.6	Sweden	-0.3
Lithuania	-2.6	Netherlands	0.0
Cyprus	-2.3	Czech Republic	0.0
Belgium	-2.1	Germany	0.6
<b>EU 28</b>	<b>-1.7</b>	Denmark	1.7
Romania	-1.7	Luxembourg	2.0
Portugal	-1.6		

**Source:** Eurostat Government Statistics (2014)

### Interpretation

One of the rules contained in the 2012 EU Fiscal Compact stipulates that a Government's 'structural deficit' should not be greater than 0.5% of GDP for countries that have a debt-to- GDP ratio of over 60%.

### Technical Notes

The structural balance cannot be observed directly and estimates for this variable are often subject to substantial revisions. Calculation is based on the estimated gap between 'potential output' in the economy (where the economy is at its potential capacity) and the actual level of output. Potential output is estimated with reference to such factors as the degree of spare capacity in an economy, the level of technology in a country, the total stock of capital and the potential supply of labour. The measure of the potential supply of labour, and therefore the structural deficit, depends on what economists refer to as the 'Non-Accelerating Wage Rate of Unemployment' (NAWRU) – the level of unemployment for which wages do not accelerate. The difference between actual and potential GDP is referred to as the 'output gap'. The value of the output gap is negative when potential GDP exceeds actual GDP. Economists use the estimated output gap to derive a value for the cyclical component of the Government deficit.

### Source(s):

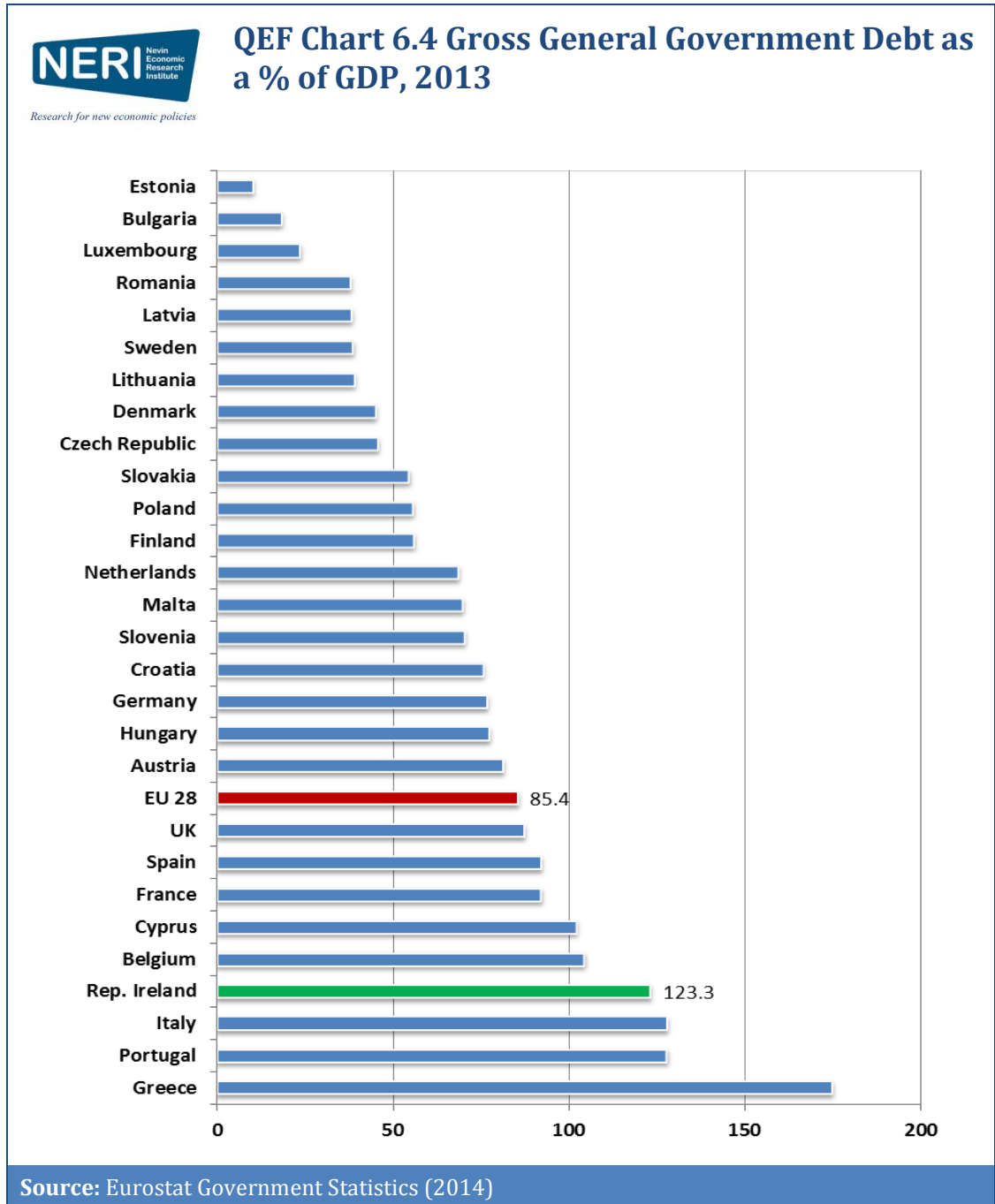
European Commission (2014) Cyclical Adjustment on Budget Balances – Autumn 2014 ([http://ec.europa.eu/economy\\_finance/db\\_indicators/gen\\_gov\\_data/documents/2014/ccab\\_autumn\\_en.pdf](http://ec.europa.eu/economy_finance/db_indicators/gen_gov_data/documents/2014/ccab_autumn_en.pdf))

## Indicator 6.4 Gross General Government Debt as % of GDP (EU member states)

### Indicator defined

Gross General Government Debt as % of GDP

Data is the latest available as of 14 November 2014



## QEF Table 6.4 General Government Debt as % of GDP, 2013

Country	%	Country	%
Greece	174.9	Malta	69.8
Portugal	128.0	Netherlands	68.6
Italy	127.9	Finland	56.0
<b>Rep. Ireland</b>	<b>123.3</b>	Poland	55.7
Belgium	104.5	Slovakia	54.6
Cyprus	102.2	Czech Republic	45.7
France	92.2	Denmark	45.0
Spain	92.1	Lithuania	39.0
United Kingdom	87.2	Sweden	38.6
<b>EU 28</b>	<b>85.4</b>	Latvia	38.2
Austria	81.2	Romania	37.9
Hungary	77.3	Luxembourg	23.6
Germany	76.9	Bulgaria	18.3
Croatia	75.7	Estonia	10.1
Slovenia	70.4		

**Source:** Eurostat Government Statistics (2014)

### Interpretation

A rule contained in the 2012 EU Fiscal Compact stipulates that where the gross general government debt-to-GDP ratio exceeds 60% countries must reduce it by 1/20 of the excess per annum. In 2013 the Republic of Ireland was one of 16 EU member states that were above the 60% threshold at 123.3% of GDP.

### Technical Notes

Gross General Government Debt is defined as the total consolidated gross debt at nominal value at the end of the year in the following categories of government liabilities (as defined in ESA95): currency and deposits (AF.2), securities other than shares excluding financial derivatives (AF.3, excluding AF.34), and loans (AF.4).

### Source(s)

Eurostat online database available at: <http://epp.eurostat.ec.europa.eu> (gov\_a\_main)