

General Government consolidated account and main aggregates

ESA95 - 1980-2009

The effects that the crisis had on public financing in advanced economies did not fully manifest themselves until 2009, even though they had been already evident in 2008, causing a reduction of revenue, increased expenditures and a worsening balance of public account.

In 2009, the consolidated economic account of Governments in Italy showed a worsening of the ratio between **net borrowing and GDP**, which almost doubled that of the previous year (from 2.7% to 5.3%). In absolute terms, borrowing amounted to 80,800 million euros, 38,225 million euros higher than in 2008.

For the first time since 1991, the **primary balance** (borrowing as a net of interest payments) was negative (-0.6% of GDP), -3.1 percentage points compared to 2008. Thanks to lower interest rates, the incidence of interest due on GDP fell to 4.7% (5.2% in 2008). The balance of current accounts was also negative: the deficit amounted to 31,129 million euros; the balance fell by -2.0% relative to GDP.

Total government expenditures, calculated as a net of the production of marketable services and the gross of amortizations, was +3.1% showing a decline compared to 2008 (+3.6%). Its incidence on GDP was 52.5%.

Compensation of employees, accounting for about one fifth of total expenditure, rose by 1%: a much slower pace than in 2008 (3.6%).

Expenditures for **intermediate consumption** rose by 7.5% continuing the trend of previous years; **social benefits**, which are mostly about expenditures for subsidized healthcare services, increased by 4.0% against a variation of 2.2% registered in 2008. As a consequence, **final consumption** expenditures by General Governments increased by 3.3%.

The most significant contribution of expenditure growth in Italy, as in other EU countries, came from **social benefits in cash** (pensions, subsidies, etc.). In 2009, they have marked an incidence of over 36% on expenditures and a growth of 5.1% compared to 2008, due to the effect that the crisis had on various social shock absorbers (unemployment benefits, short allowance pay, special bonus for low income families).

Capital expenditures, following on two years of strong decline, registered a 12.7% increase. The recovery can be attributed to the anti-crisis measures issued in 2008 and 2009, which allowed for earmarking of about 5 billion euros of additional resources for public investing and contributions to businesses. In 2009, **total revenue** fell by 1.9%, upsetting the growth tendency witnessed in recent years. However, due to the fall in GDP, the impact on the latter is 47.2%, an increase over the previous year (46.7%). The most significant component of total revenue (over 90%) is represented by the levy of taxation (social taxes and contributions).

The total **tax burden** to GDP rose from 42.9% in 2008 to 43.2% in 2009. This increase is attributable to extraordinary taxes, like the so-called "scudo fiscale" (tax shield) for a total of about 5 billion , and *one-off* payments of substitute tribute taxes, in several different economic sectors. All other components of tax levies registered declines: indirect taxes of 4.2%, direct taxes of 7.1% and effective social contributions of 0.5%.

Accounts and main aggregates of general government. 1980-2009

Years	Current expenditure	Capital expenditure	Total expenditure	Total expenditure excluding interests	Current revenue	Capital revenue	Total revenue	Balance on current accounts	Balance on capital accounts	Primary balance	Net borrowing
Millions of euros at current prices											
1980	75,030	9,076	84,106	75,103	69,464	474	69,938	-5,566	-8,602	-5,165	-14,168
1981	98,248	12,120	110,368	97,959	83,057	823	83,880	-15,191	-11,297	-14,079	-26,488
1982	121,623	14,389	136,012	117,121	104,830	2,398	107,228	-16,793	-11,991	-9,893	-28,784
1983	149,660	16,061	165,721	139,568	127,840	4,026	131,866	-21,820	-12,035	-7,702	-33,855
1984	171,336	18,374	189,710	157,615	143,840	1,913	145,753	-27,496	-16,461	-11,862	-43,957
1985	193,956	22,040	215,996	179,796	161,562	1,224	162,786	-32,394	-20,816	-17,010	-53,210
1986	216,343	25,056	241,399	199,689	183,190	1,408	184,598	-33,153	-23,648	-15,091	-56,801
1987	232,932	27,554	260,486	219,428	199,437	1,216	200,653	-33,495	-26,338	-18,775	-59,833
1988	262,539	30,653	293,192	245,301	227,880	1,527	229,407	-34,659	-29,126	-15,894	-63,785
1989	296,928	32,376	329,304	271,205	254,658	2,184	256,842	-42,270	-30,192	-14,363	-72,462
1990	336,478	37,025	373,503	302,776	291,659	1,596	293,255	-44,819	-35,429	-9,521	-80,248
1991	379,761	36,448	416,209	329,296	326,443	2,598	329,041	-53,318	-33,850	-2,555	-87,168
1992	412,775	35,390	448,165	349,631	347,487	17,047	364,534	-65,288	-18,343	14,903	-83,631
1993	435,572	34,370	469,942	364,902	379,392	7,220	386,612	-56,180	-27,150	21,710	-83,330
1994	440,744	31,422	472,166	372,462	388,871	3,502	392,373	-51,873	-27,920	19,911	-79,793
1995	457,130	42,583	499,713	389,919	421,557	7,922	429,479	-35,573	-34,661	39,560	-70,234
1996	491,096	37,095	528,191	412,580	454,078	4,283	458,361	-37,018	-32,812	45,781	-69,830
1997	492,407	35,563	527,970	430,522	489,815	10,105	499,920	-2,592	-25,458	69,398	-28,050
1998	493,735	41,072	534,807	448,525	496,829	7,497	504,326	3,094	-33,575	55,801	-30,481
1999	498,171	44,335	542,506	468,139	517,334	5,622	522,956	19,163	-38,713	54,817	-19,550
2000	519,569	30,814	550,383	474,822	535,377	5,044	540,421	15,808	-25,770	65,599	-9,962
2001	548,765	52,077	600,842	522,078	558,872	3,469	562,341	10,107	-48,608	40,263	-38,501
2002	567,051	46,932	613,983	542,464	571,231	5,667	576,898	4,180	-41,265	34,434	-37,085
2003	590,664	57,809	648,473	580,123	579,569	22,290	601,859	-11,095	-35,519	21,736	-46,614
2004	612,820	54,979	667,799	602,030	607,047	12,180	619,227	-5,773	-42,799	17,197	-48,572
2005	634,731	58,668	693,399	627,334	625,682	6,285	631,967	-9,049	-52,383	4,633	-61,432
2006	655,889	74,511	730,400	661,822	676,614	4,383	680,997	20,725	-70,128	19,175	-49,403
2007	685,091	62,516	747,607	670,481	719,882	4,534	724,416	34,791	-57,982	53,935	-23,191
2008	716,268	58,368	774,636	693,475	728,355	3,706	732,061	12,087	-54,662	38,586	-42,575
2009	733,084	65,770	798,854	727,566	701,955	16,099	718,054	-31,129	-49,671	-9,512	-80,800
Percentage to GDP											
1980	36.9	4.5	41.4	36.9	34.2	0.2	34.4	-2.7	-4.2	-2.5	-7.0
1981	40.3	5.0	45.3	40.2	34.1	0.3	34.4	-6.2	-4.6	-5.8	-10.9
1982	42.3	5.0	47.3	40.7	36.5	0.8	37.3	-5.8	-4.2	-3.4	-10.0
1983	44.7	4.8	49.5	41.7	38.2	1.2	39.4	-6.5	-3.6	-2.3	-10.1
1984	44.8	4.8	49.6	41.2	37.6	0.5	38.1	-7.2	-4.3	-3.1	-11.5
1985	45.1	5.1	50.3	41.8	37.6	0.3	37.9	-7.5	-4.8	-4.0	-12.4
1986	45.5	5.3	50.8	42.0	38.6	0.3	38.9	-7.0	-5.0	-3.2	-12.0
1987	44.8	5.3	50.1	42.2	38.4	0.2	38.6	-6.4	-5.1	-3.6	-11.5
1988	45.5	5.3	50.8	42.5	39.5	0.3	39.7	-6.0	-5.0	-2.8	-11.0
1989	46.8	5.1	51.9	42.8	40.2	0.3	40.5	-6.7	-4.8	-2.3	-11.4
1990	48.0	5.3	53.3	43.2	41.6	0.2	41.8	-6.4	-5.1	-1.4	-11.4
1991	49.6	4.8	54.3	43.0	42.6	0.3	43.0	-7.0	-4.4	0.0	-11.4
1992	51.2	4.4	55.6	43.4	43.1	2.1	45.2	-8.1	-2.3	1.8	-10.4
1993	52.5	4.1	56.6	44.0	45.7	0.9	46.6	-6.8	-3.3	2.6	-10.0
1994	50.2	3.6	53.8	42.4	44.3	0.4	44.7	-5.9	-3.2	2.3	-9.1
1995	48.3	4.5	52.7	41.2	44.5	0.8	45.3	-3.8	-3.7	4.2	-7.4
1996	48.9	3.7	52.6	41.1	45.2	0.4	45.7	-3.7	-3.3	4.6	-7.0
1997	47.0	3.4	50.3	41.1	46.7	1.0	47.7	-0.2	-2.4	6.6	-2.7
1998	45.2	3.8	49.0	41.1	45.5	0.7	46.2	0.3	-3.1	5.1	-2.8
1999	44.2	3.9	48.1	41.5	45.9	0.5	46.4	1.7	-3.4	4.9	-1.7
2000	43.6	2.6	46.2	39.9	44.9	0.4	45.4	1.3	-2.2	5.5	-0.8
2001	43.9	4.2	48.1	41.8	44.8	0.3	45.0	0.8	-3.9	3.2	-3.1
2002	43.8	3.6	47.4	41.9	44.1	0.4	44.5	0.3	-3.2	2.7	-2.9
2003	44.2	4.3	48.6	43.4	43.4	1.7	45.1	-0.8	-2.7	1.6	-3.5
2004	44.0	4.0	48.0	43.3	43.6	0.9	44.5	-0.4	-3.1	1.2	-3.5
2005	44.4	4.1	48.5	43.9	43.8	0.4	44.2	-0.6	-3.7	0.3	-4.3
2006	44.2	5.0	49.2	44.6	45.6	0.3	45.8	1.4	-4.7	1.3	-3.3
2007	44.3	4.0	48.4	43.4	46.6	0.3	46.9	2.3	-3.8	3.5	-1.5
2008	45.7	3.7	49.4	44.2	46.5	0.2	46.7	0.8	-3.5	2.5	-2.7
2009	48.2	4.3	52.5	47.8	46.2	1.1	47.2	-2.0	-3.3	-0.6	-5.3

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