
Pre-Budget 2002 Open Forum

Dr Aidan Kane
“Fiscal Policy in Context”

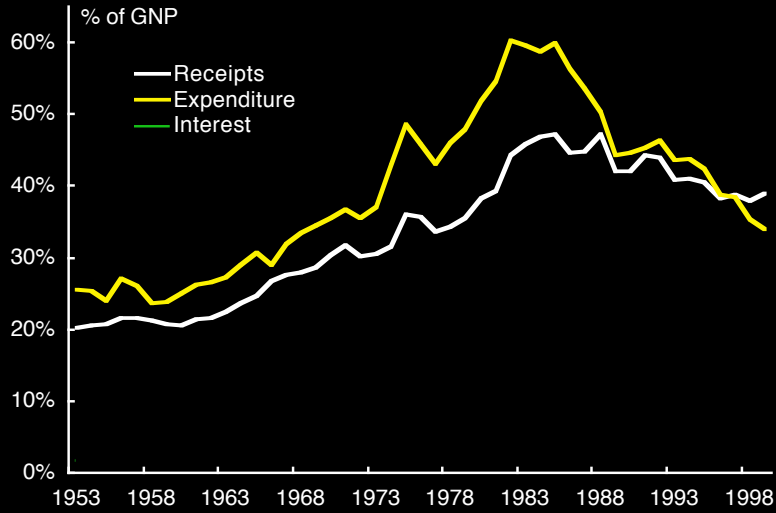
Department of Economics
NUI, Galway
November 2001

‘Fiscal Policy in Context’

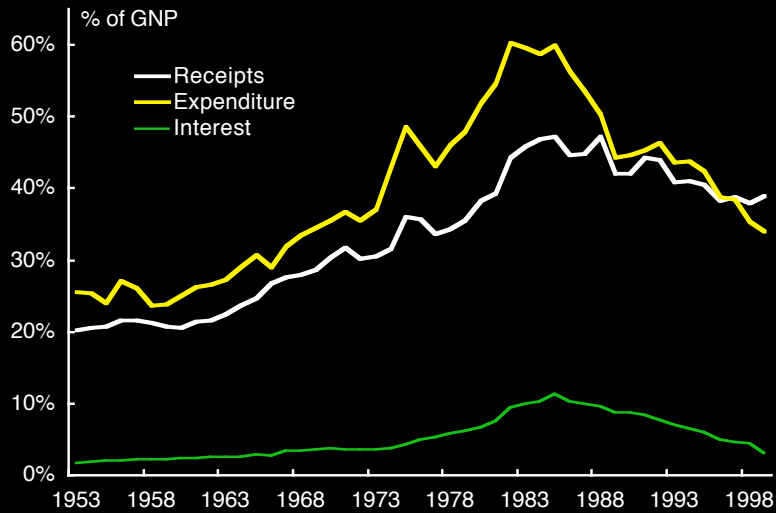
Aidan Kane

- Revenue, Expenditure levels over time
- Components of Expenditure
- A closer look at deficits
- Tax receipts this year
- Budget 2002: a return to deficits?

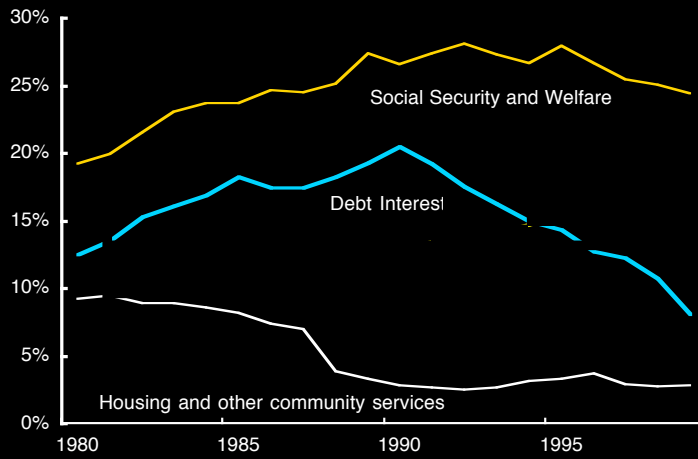
Central Government Finances 1953–99



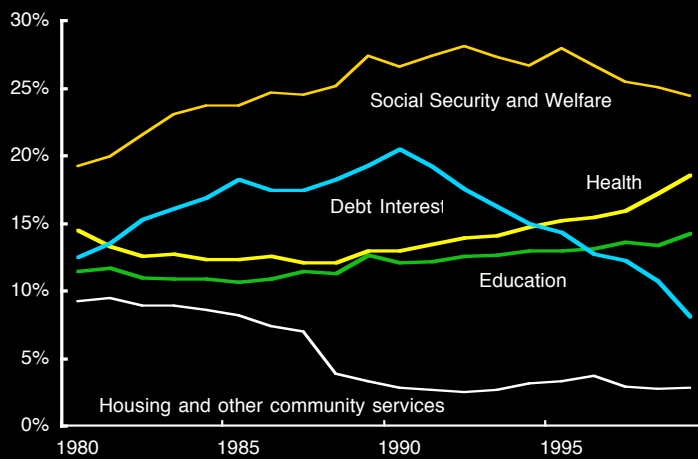
Central Government Finances 1953–99



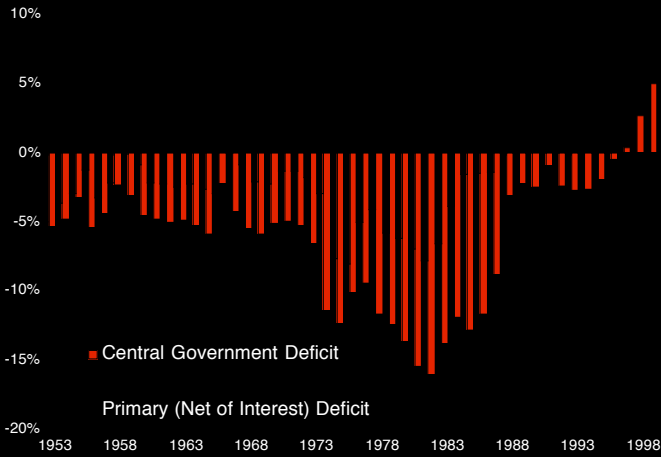
Breakdown of Central Government Expenditure since 1980



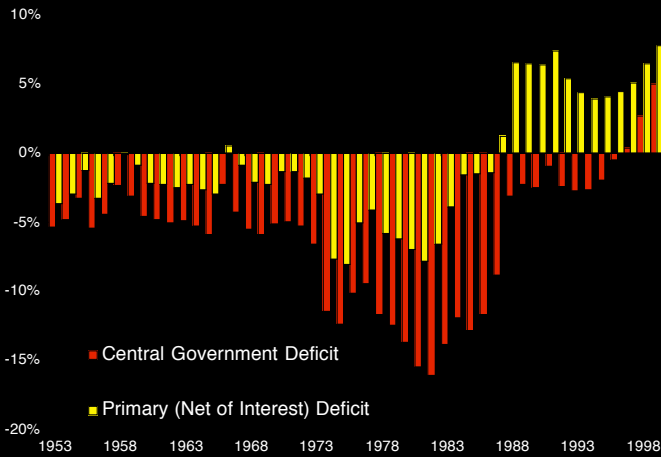
Breakdown of Central Government Expenditure since 1980



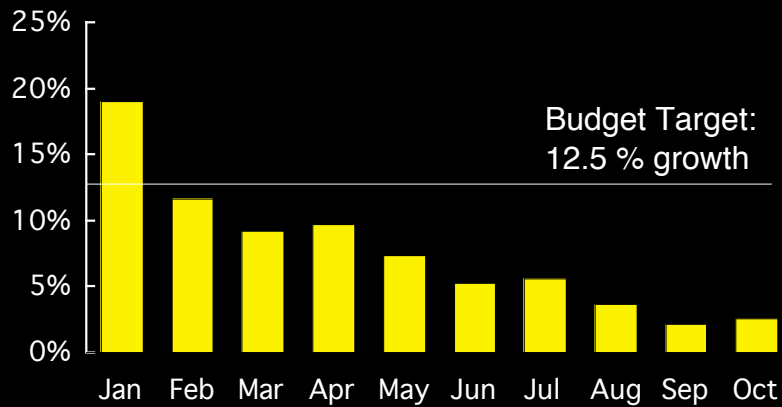
Central Government Deficits/Surpluses 1953-99 (as % of GNP)



Central Government Deficits/Surpluses 1953-99 (as % of GNP)



Tax Revenue 2001, compared to 2000
(year on year % change)



A return to deficits?

IR£ billion	2001	2002
Current Expenditure	22.9	25.3
Capital Expenditure	4.8	5.4
Total	27.7	30.7
Current Receipts	27.6	28.9
Capital Receipts	1.2	0.9
Total	28.8	29.8
Exchequer Surplus/Deficit	1.12	-0.91



You're facing a budget deficit of £1 billion.
What do you do?

- A. raise taxes?
- B. cut expenditure?
- C. both?
- D. neither

Cheer up

- Debt/GNP ratio is OK at c. 45%
- Use another definition of the deficit
- The General Government Balance
- Exchequer Deficit – £913 million
- Various 'adjustments' + £490 million
- Pensions Reserve Fund + £1070 million
- General Govt Surplus = £647 million