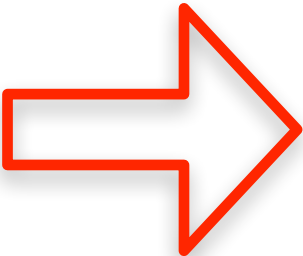




# Government Budget Deficit/Surplus

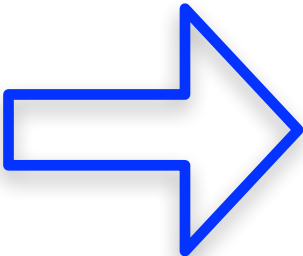
If Spending > Tax revenue

The Government  
has a Budget  
Deficit



If Tax Revenue  $>$  Spending

The Government  
has a Budget  
Surplus





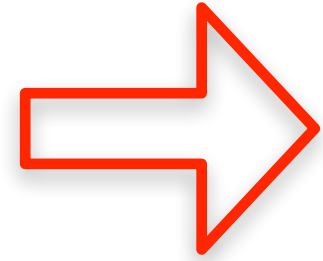


Careful!

To calculate the Budget  
Deficit Government Spending  
**does** include transfer  
payments!!

Deficit/Surplus = Government Spending + Transfers - Tax Revenue

# Government Budget Deficit/Surplus

If **Spending** > Tax revenue  The Government has a Budget **Deficit**

Careful!  
To calculate the Budget Deficit Government Spending **does** include transfer payments!!

If **Tax Revenue** > Spending  The Government has a Budget **Surplus**

$$\text{Deficit/Surplus} = \text{Government Spending} + \text{Transfers} - \text{Tax Revenue}$$

