

# Economics

Literature, Russian Literature



Government Deficit Define the concepts of total government deficit and primary government deficit These are concepts applied in analysing the fiscal policy of a country and refer to the deficit that excludes interest payable which is incurred from the government expenditure. The total deficit includes the payable interests

Explain the rule that guarantees that the government debt/gdp ratio does not grow over time.

Governments usually establish a balanced budget that ensures certain targets are achieved within a given year or several years within an economic cycle. This balanced budget guarantees the debt/GDP ratio. The budgets are designed in a way that they fit within the limits of the government.

Why do some economists argue that government investment in assets should be subtracted from the government deficit? Explain.

Because the profits accrued from assets is different from when someone invests in the FMCG (fast moving consumer goods). According to Keynes, a seasoned economist, this kind of investment should be transforming the output for the government.

What is the structural government deficit? How can it help better track the actual policies carried out by the government?

A structural government deficit puts into consideration tax fluctuations and any expected spending in the economic cycle. This ensures that the government can tackle inflations in reference to this kind of deficit.

Work Cited

Ihori, Toshihiro and Sato, Masakazu, Government Deficit and Fiscal Reform in Japan, Springer Science & Business Media, 2002, pg 9