

COLEGIO UNIVERSITARIO DE ESTUDIOS FINANCIEROS

DEGREE IN BUSINESS ADMINISTRATION AND MANAGEMENT

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BUDGETARY STABILITY IN SPAIN

MAIN GENERAL GOVERNMENT

EXPENDITURE AND COMPARISON WITH

GERMANY

Author: Amatriaín González-Campos, Rocío

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1. INTRODUCTION

Spain is a social and democratic state under the rule of law whose form of government is a parliamentary monarchy. The President of the Government has to watch over the growth of the nation and the welfare of its citizens. In order to achieve these objectives, the government is responsible for drawing up annual general budgets, which include the planned expenditure and the estimated income of the Central Administration each year, that is to say, they measure the credits that will be used as a maximum for different items of expenditure, as well as collection forecasts and the estimation of funds coming from other sources of income. The objective of these budgets is budgetary stability and financial sustainability, which in Spain guarantee economic growth, the elimination of the public deficit and the promotion of employment.

Currently, these objectives have been affected by the crisis that hit Spain in 2008 and from which it has not been able to recover. Public spending increases uncontrollably, and current public debt is well above the rest of the European economies, such as Germany. This situation is a fact that should not remain impassive to society as it is part of the socio-economic history of our country. For this reason, the subject of this work is to analyze the expenditure items of the Public Administrations, their evolution from the years prior to the crisis until 2017, with a comparison with the expenditure items of Germany, with special mention to the budgetary stability of Spain and its regulation.

This work is structured in five different chapters. The first chapter introduces the Spanish Public Sector; its administrations, their regulation and the concept of General Government Budgets. The second chapter, public expenditure, explains what non-financial expenditure is by making a general analysis of the expenditure items for 2017 and prepares an analysis of the evolution from 2006 to 2017. The third chapter, resources, gives an overview of the non-financial income of the State. The fourth chapter focuses on budgetary stability in Spain in accordance with the law (Ley Orgánica 2/2012). And finally, chapter 5 compares Spain's expenditure items with those of Germany for expenditure related to Education, Health, Defense and R&D investments.

2. PUBLIC SECTOR

2.1. DEFINITION

The public sector is an indispensable element in developed economies that intervenes by means of three ways. In the past years, it has suffered numerous transformations in response to the needs that concerned the most to the State. Those needs are an institutional framework that establishes the boundaries to the different economic agents, the resources offered through the public finance and the activities of public organizations in the business world.

After the economic crisis that affected all countries, specially Spain, the principal role of the State is to create and maintain an institutional framework. All economic agents need to face some “transaction costs” that refer to the price they need to pay to make the market work. Even the State intervenes in the market via the treasury department besides all its duties in the private sector. (García Delgado & Myro, 2017)

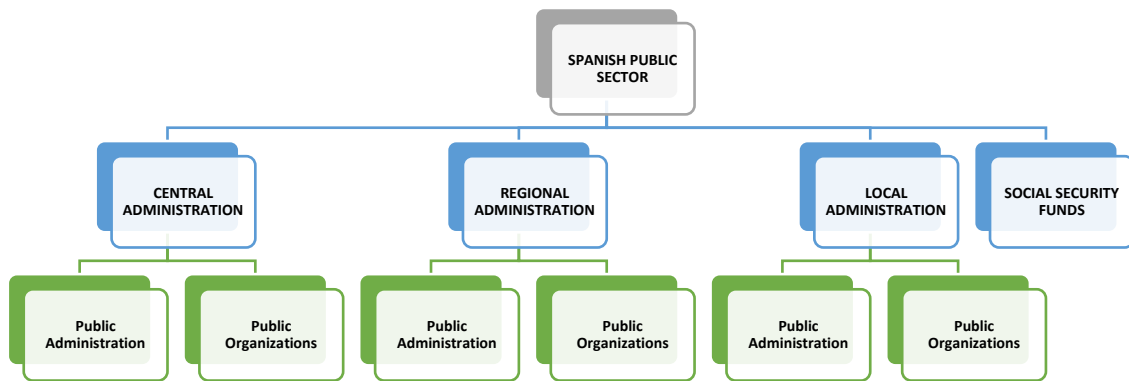
2.2. A DECENTRALIZED STATE: ADMINISTRATIONS

The Spanish public sector is decentralized and divided into three levels of government: central, autonomous and local. This statement of decentralization is recognized in the Spanish Constitution of 1978. Both the autonomous and local administrations have full financial independence to decide and approve their own budgets. (Ministerio de Hacienda y Funciones Públicas, 2016)

According to the sectoral classification rules defined in the SEC 2010 (European System of Accounts), *“The Public Administration sector is broken-down into four sub-sectors: Central Administration, Regional Administration, Local Administration and Social Security Funds”*. (IGAE, 2017)

Each sub-sector is organized in Public Administrations and Public Organizations (Figure 2.1). The Public Administrations are finance by the income obtained by the tax system, reflected in the budgets. These do not act by the criteria of the market but by those of authority. However, public companies seek to achieve certain strategic objectives such as good positioning in some key sectors through their participation in markets.

Figure 2.1: The Structure of the Public Sector



SOURCE: Own elaboration. Information from (García Delgado & Myro, 2017)

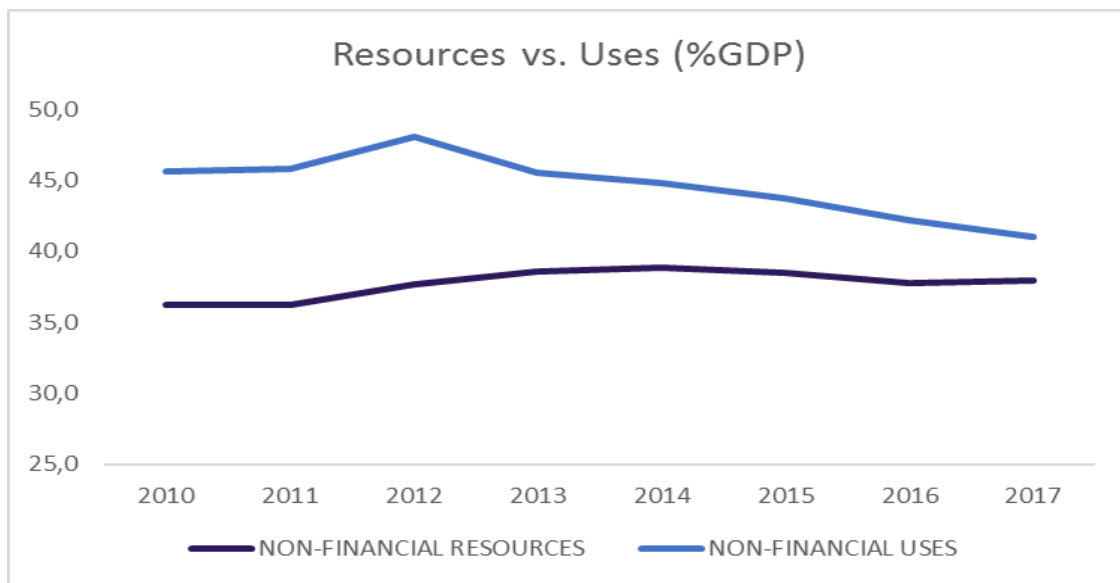
The different bodies that make up the different administrations are:

- For the Central Administration, those autonomous entities performing purely administrative functions, certain commercial companies, business entities and public bodies which are to be considered as belonging to the sub-sector.
- For the Regional or Autonomous Administration, it is integrated by the General Administration of each of the seventeen autonomous regions of Spain; alongside of those autonomous entities performing purely administrative functions, some universities. Furthermore, some commercial companies, business entities and public bodies which are considered as belonging to the sub-sector.
- For the local Administration, which is the most numerous of all sub-sectors, all city Councils, foral and provincial Councils, island Councils, Commonwealths, Metropolitan Areas, other local entities and all public bodies performing functions of an administrative nature.

Finally, before explaining the bodies that make up the Social Security Funds, *“The Social Security Reserve Fund arises as a result of the institutional requirement for the Social Security system to establish special stabilization and reserve funds to meet future needs for contributory benefits arising from deviations between Social Security income (for worker’s contributions) and expenditure (in contributory pensions).”* (Ministerio de Trabajo Migraciones y Seguridad Social, 2019) This sub-sector clusters the different public, central and regional institutional units whose function consists on managing all activities related with the social protection system in our country. (IGAE, 2017)

The main General Government indicators are the public deficit and the tax burden. Public deficit refers to the financing needs of public administrations. Revenues and expenditures are presented statistically in millions of euros and as a percentage of GDP (Gross Domestic Product). When calculating the difference between non-financial resources (revenues) and non-financial uses (expenditures), the financing capacity or need of these administrations is obtained.

Figure 2.2: Resources vs. Uses (%GDP)



SOURCE: Own elaboration. Data from: IGAE, 2017

The figure above (Figure 2.2) represents the difference between revenues and expenses of the government in the past years where you can observe that even there is a funding need every year, it is gradually decreasing from a debt of 102,176 million euros in 2010 to a debt of 35,395 million in 2017. Even the Spanish situation have not always been the best in Europe, this disproportionate level of debt is due to the economic and financial crisis of 2008 that Spain suffered to the point of having to ask the European Union for a bailout in 2012. This event can be appreciated in the table where the necessity of funding is represented as a percentage of the GDP. The need of funding increased from a 3.3% in 2011 to a 6.8% in 2012. Also, between 2011 and 2012 the GDP decreased 30,634 million euros which lead to the decision of asking for the bailout.

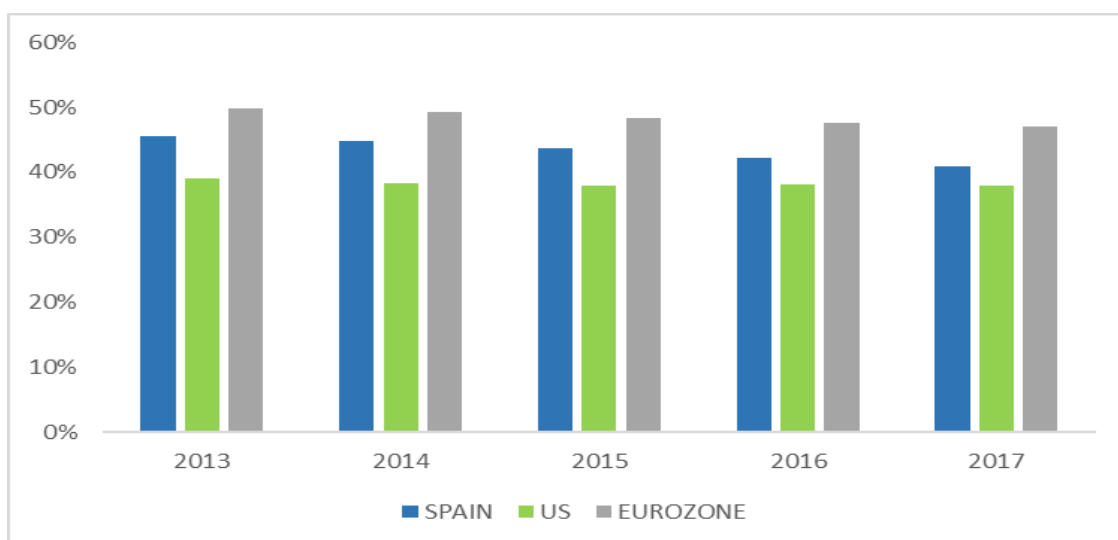
2.3. REGULATIONS AND TREASURY DEPARTMENT

During the period of Franco's regime, Spain was characterized by a weak treasury department and a high interventionism in relation to regulations. A new institutional framework was needed based in the change to a modern treasury department to achieve a wider and fairer sector and to liberalize all basic regulations that affected the private sector. The two main factors that made these changes possible were the transition to a new political regime with the creation of the Spanish Constitution of 1978 and afterwards, the Spanish integration in the European Union that applied the Unic Market regulation in 1992 and the Monetary Union. These evolutionary steps allowed Spain to carry out a fiscal reform and to deregulate the system.

Nowadays, two thirds of all the Spanish economic regulations were implemented by European decisions. Because of this dependency of the European system, Spain is an open economy with more flexible markets and the treasury department is similar to the other developed countries. All regulatory changes have made the Administration more transparent and less discretionary, as well as, simplifying the administrative procedures and creating regulatory institutions such as the National Commission on Markets and Competence (CNMC in Spain). (García Delgado & Myro, 2017)

As mentioned above, the other instrument of public power in the economy is the Treasury Department whose two main elements are revenues and expenses. Generally, the proportion of interventionism is measured by relating public expenditure to GDP. In relation to expenditure, discretionary fiscal policy is that which allows public powers to change the annual decision to increase, reduce, or maintain the expenditure assumed by the State. On the other hand, concerning GDP, the automatic component of public expenditures is the one referring to the reduction of tax collection (public sector revenue). In Spain, it represented a 40.99 percent in 2017 (Ministerio de Hacienda y Funciones Públicas, 2016), around 7 points below the Eurozone average (47.9 percent) (Trading Economics, 2018) but higher than that of the United States (38.0 percent) (Trading Economics, 2018), which places Spain in between the most liberal American position and the most interventionist position of Europe. (Figure 2.3)

Figure 2.3: Proportion of Interventionism



Source: Own Elaboration. Data from: IGAE (2017) and Trading Economics (2019)

2.4. GENERAL GOVERNMENT BUDGET

The General Government Budgets are an important source of information and contains an extensive and detailed documentation of the activities of the State public sector. It is the document that collects all the expected revenues and expenses of the State public sector. According to the General Budgetary Law 47/2003 of November 26, in the article number 32, the General Government Budgets are defined as *“the quantified, joint and systematic expression of the rights and obligations to be liquidated during the year by each of the bodies and entities that form part of the State public sector.”* (Ministerio de Hacienda y Funciones Públicas, 2016). It collects all the income received from taxes, fees and other sources and the expenses of the central administration of the state. the difference between these revenues and expenses is what determines the deficit of the State.

In terms of regulation, the General Budgets must follow the rules dictated by the Spanish Constitution of 1978 in the Article 134, the recently mentioned General Budgetary Law (Law 47/2003, of November 26) and the Organic Law 2/2002, of April 27 about budgetary stability and financial sustainability.

The preparation of the General Budgets corresponds to the Government, while their examination and approval is the responsibility of the Courts. The elaboration

process consists on several phases. In the first phase, known as Stability Program Update, a report and diagnosis of the Spanish economic situation is prepared and presented to the European Union in order to formulate three-year budget projections. In the second phase, the budgetary objectives are drawn up by the Ministry of Economy, Industry and Competitiveness and consulted with the National Statistics Institute (NSI) and the Bank of Spain, and it is called: Report on the situation of the Spanish economy. The Order of elaboration of the General Government Budgets is the third phase that takes place after de Ministry of Finance and Civil Service publishes the regulations to elaborate the budgets for the following year. Afterwards, an agreement on the objectives of budgetary stability and of public debt and the limit of non-financial expenditure of the State is made with targets to three years, pending to be approved. To complete the process, the draft budget law is approved, the budget plan is established and, as a final phase, the General Government Budget Law is approved, which will enter into force on January 1. (Ministerio de Hacienda y Funciones Públicas, 2016)

The main priority of the budgetary policy is to achieve the fiscal or tax consolidation which consists on decreasing the public deficit. To achieve the reduction objectives reductions of expenditure and rises of tax levels have been done. (García Delgado & Myro, 2017)

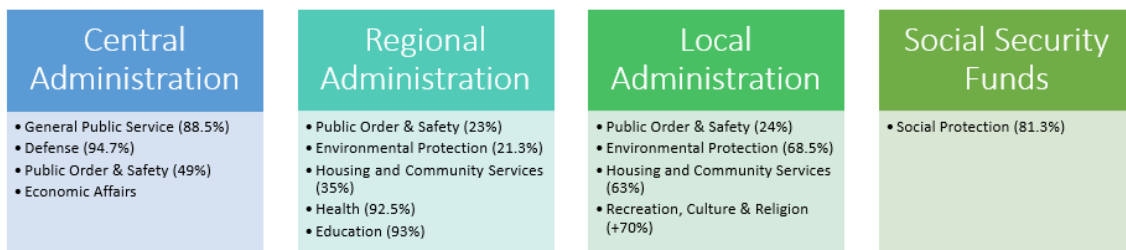
Besides of the Spanish own economy, Spain faces the expenses of the European Union, as do the rest of the member countries. It does so through a series of annual contributions that make up the European Budget. In the past years, Spain has been favored for being a member of the EU because the resources received from it have been higher than the money given to finance their expenses.

3. EXPENDITURE

3.1. DEFINITION. NON-FINANCIAL EXPENDITURES

An expense is a transaction in which a resource is needed to be able to use it. In order to be able to do this, you need a source of funds. The principal source of funds used to finance all public expenditure comes from all taxes collected from taxpayers.

Figure 3.1: First Level Organization of Expenditure



Source: Own Elaboration. Info and data from (COFOG, 2019)

As showed in the figure above (Figure 3.1) Expenditure can be organized and classified according to National Public Accounts and is specified in the Classification of the Functions of Public Administrations (COFOG) published by the United Nations in 2000. Expenditure is grouped in three levels. The first one generates a division in 10 divisions according to the functionality of the expense. These divisions are: (01) General Public Services, (02) Defense, (03) Public Order and Safety, (04) Economic Affairs, (05) Environmental Protection, (06) Housing and Community Services, (07) Health, (08) Recreation, Culture and Religion, (09) Education and (10) Social Protection. The second level organizes 10 divisions into a maximum of 9 groups according to their subfunctions. Finally, the third level corresponds to the classes of each of the above groups, although these classifications do not apply in all countries. (IGAE, 2017) Each division is responsibility of one or more administrations (The actual percentage is showed in the figure above (Figure 3.1). In this way, the Central Administration concentrates its expenditure mainly on General Public Services, Defense and Economic Affairs. Also, but to a lesser extent, on Public order and Safety as this is competence of the three administrations at different levels. In the case of the Regional Administration, their main expenditures are concentrated in Education and Health. It also spend on Housing and

Community Services, Public Order and Safety and on Environmental Protection. Regarding the Local Administration, its most characteristic expenses focus on Recreation, Culture and Religion, Environmental Protection and Housing and Community Services, although it also invests in Public Order and Safety. Finally, the Social Security Fund is the main responsible of the Social Protection division, bearing in mind that the Central Administration oversees the State's passive pensions.

Another way of grouping non-financial uses is according to the criteria established by the European System of Accounts (SEC-2010) for valuation methodology, imputation of operations and institutional delimitation. This classification is stipulated in the Regulation (EU) 549/2013 of the European Parliament and of the Council, of 21 May. In addition, they are regulated by the rules set out in the "Manual on public deficit and public debt" that explains the mechanism for using SEC-2010. (IGAE, 2017)

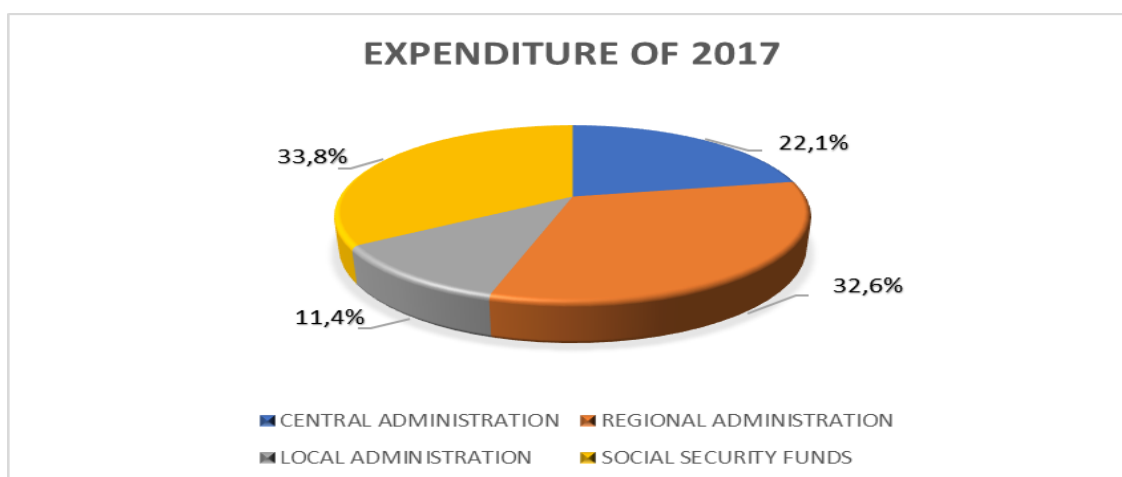
All expenditures are regulated in article 12 (Expenditure Rule) of chapter 2: Budgetary Stability and financial sustainability of Organic Law 2/2012, of 27 April, published in the Official State Gazette on the 30th of April 2012. (BOE, 2012)

3.2. DESCRIPTION AND ANALYSIS OF GENERAL EXPENSES OF 2017

As mentioned in the previous section, the classification of non-financial expenses in budgets can be classified according to the functionality of the expense by dividing it into 10 divisions, or according to the valuation criteria of the European System. In this section, we are going to focus on the expenses of 2017. It will describe the expenditure of public administrations in the year 2017, focusing on three different points of view: according to the proportion corresponding to each sub-sector, observing the distribution of total consolidated expenditure and analyzing the distribution of resources for use in Ministries.

Firstly, as you can see in the graph above (Figure 3.2), the percentage of expenditure that corresponds to each administration is expressed. As explained in the section about the public sector, the Public Administration is divided into 4 sub-sectors, represented in this graph.

Figure 3.2: Expenditure of 2017



Source: Own elaboration. Data from IGAE. Ministerio de Hacienda

The expenditure of regional and local administrations as a whole represents 34% of total expenditure, which demonstrates the decentralization of the Spanish State. After the social security funds (33,8%), the highest percentage corresponds to the regional administration (32,6%). This administration was created as a result of the new organization in Autonomous Communities following the Spanish Constitution of 1978. It constitutes a large part of the expenditure since there are many public expenditures that now fall under the competence of the Autonomous Communities and are no longer assumed by the Central State.

Table 3.1: Consolidated General Government Budgets. Statement of expenditure

Million euros				
CONCEPTS	2016	%T.E.	2017	%T.E.
Labour Costs	22,433.80	5.1	22,080.46	5.0
Current expenditure on goods and services	7,806.54	1.8	7,812.71	1.8
Financial costs	33,554.52	7.7	32,266.24	7.3
Current transfers	233,681.08	53.6	237,947.66	53.7
CURRENT OPERATIONS	297,475.93	68.2	300,107.07	67.7
Contingency fund and other unexpected events	2,468.03	0.6	2,381.74	0.5
Real investments	5,177.60	1.2	6,658.92	1.5
Capital transfers	9,362.44	2.1	9,295.97	2.1
CAPITAL OPERATIONS	14,540.04	3.3	15,954.90	3.6
TOTAL NON-FINANCIAL OPERATIONS	314,484.00	72.1	318,443.70	71.9
Financial assets	37,372.30	8.6	36,667.48	8.3
Financial liabilities	84,513.73	19.4	88,022.15	19.9
TOTAL FINANCIAL OPERATIONS	121,886.02	27.9	124,689.63	28.1
TOTAL BUDGET	436,370.02		443,133.33	

SOURCE: Own elaboration. Data from Presentación del Proyecto de Presupuestos Generales del Estado 2017

As we can see above, in Table 3.1, which represents the overall structure of the consolidated expenditure budget, non-financial operations represent 71.9 percent, having reached the figure of 318,44 million euros. This represents an increase of 1.3 percent over 2016 when these expenses amounted to 314,484 million euros, representing 72.1 percent of total expenditure. Within non-financial operations, the Spanish State allocates more resources to transfers, both current (237,947.66 million euros) and capital (15,954.90 million euros) which represent 55.8 percent of the total expenditure planned for 2017. The labour costs represent a considerable amount (22,080.46 million euros) even it only represents a 5% of the expenditure, to be distributed among the ten divisions making up the abovementioned classification of expenditure in order to pay public employees their salaries. This money is mainly addressed to families, namely non-contributory pensions, scholarships and student grants and the State's obligations such as contributions to the European budget. The last expenditure to be taken into account in the table is the contingency fund and other unexpected events, which only represents the 0.5 percent of the total expenditure. This expense refers to the amount of money that is set aside for, in case there is some unforeseen event to be able to meet that payment with those funds.

As mentioned in the previous section, expenses are regulated by the Organic Law 2/2012, of 27 April. In addition to this regulation, when elaborating the General Government Budget, a spending policy is established in order to be able to consider the objectives of the budget and thus be able to address them. The 2017 General Government Budget consists of 26 spending policies that can be grouped into 5 areas: basic public services, protection and social promotion actions, production of preferential public goods, economic actions and general actions. (Ministerio de Hacienda y Funciones Públicas, 2016)

The area of basic public services has increased its spending by 7.6 percent on justice through the modernization of the system, reaching a total amount of 16.918 million euros in this area. The policy of social services and social promotion is highly related to expenditure on employment promotion which has increased by 5.5 percent compared to the previous year and to expenditure on the system of autonomy and dependency aid which has increased by 4.9 percent, in addition to expenditure on the

protection of the family and the care of child poverty. These expenditures are related to the 1.7 percent increase in the amount allocated to education in order to provide more material and better-quality teaching to the education system. Moving on to economic actions related to benefits, credits have risen to 27.655 million euros. This is a fairly positive figure given the uncertainty and mistrust of the Spanish credit system some years ago. Furthermore, spending in the area of general actions has decreased since the allocations for these funds of the autonomous communities have been cut by 9.6 percent compared to 2016. (Ministerio de Hacienda y Funciones Públicas, 2016)

All the divisions that make up the classification of expenditure are distributed among the sections that constitute the state in which are, among others, the house of His Majesty the King, courts, tribunals, public debt, the thirteen ministries, compensation and contingency funds, financial relations with the European Union and financing systems of territorial entities. The following table shows how this expenditure is divided among the ministries, excluding the special programs of the Ministry of Defense and Social Security contributions, as well as the state employment service.

Table 3.2: Budget of state expenditures. Economic Distribution of Ministry Expenditures

CONCEPTS	Million euros				
	2016	%T.E.	2017	%T.E.	%variation
Labour Costs	16,578.77	22.4	16,134.73	21.8	-2.7
Active workforce	14,629.67	19.8	14,133.71	19.1	-3.4
Mutualism	1,949.10	2.6	2,001.02	2.7	2.7
Current expenditure on goods and services	2,985.17	4.0	2,943.41	4.0	-1.4
Financial costs	23.61	0.0	49.48	0.1	109.5
Current transfers	9,577.14	13.0	9,410.16	12.7	-1.7
CURRENT OPERATIONS	29,164.69	39.5	28,537.77	38.6	-2.1
Contingency fund and other services	0.15	0.0	15.00	0.0	-
Real investments	3,622.83	4.9	3,503.71	4.7	-3.3
Capital transfers	7,895.08	10.7	7,541.71	10.2	-4.5
CAPITAL OPERATIONS	11,517.91	15.6	11,045.42	14.9	-4.1
TOTAL NON-FINANCIAL OPERATIONS	40,682.75	55.0	39,598.19	53.5	-2.7
Financial assets	33,239.60	45.0	34,395.27	46.5	3.5
Financial liabilities	0.37	0.0	0.37	0.0	0.0
TOTAL FINANCIAL OPERATIONS	33,239.97	45.0	34,395.65	46.5	3.5
TOTAL BUDGET	73,922.72		73,993.84		0.1

Source: Own Elaboration. Data from: Presentación del Proyecto de Presupuestos Generales del Estado 2017

The first observation that can be made from the table above (Table 3.2) is the 2.7 percent decrease in available ministry spending on non-financial operations. In terms of

active workforce costs, it has been affected compared to 2016 as a percentage of the 2012 bonus payrolls was included that year, representing a difference of 2.7 percent in 2017. Speaking of current expenditure on goods and services, the change, which represents a decrease of 1.4 percent, is due to the decrease in electoral expenses since there were autonomous elections in 2016. In terms of financial expenses, due to the recovery of the credit quality and confidence in the Spanish economy due to the fiscal consolidation carried out by the government in recent years, interest rates have decreased allowing a reduction in spending of 3.8 percent over the previous year. It should also be noted that current transfers, which amount to 9,410.16 million euros, are mostly distributed among passive pensions (16.3 percent of the total). In 2017, 13,944 million are allocated, which is 2.5 percent more than the previous year. Of all the money earmarked for current transfers, 12,916 million correspond to Spain's contribution to the European Union Budget. In general, it can be concluded that the expenses of non-financial operations have decreased with respect to 2016 while those of financial operations have increased by 3.5 percent resulting in an increase of 0.1 percent in total expenditure, reaching the figure of 73,993.84 million euros.

3.3. HISTORICAL EVOLUTION (2006-2017)

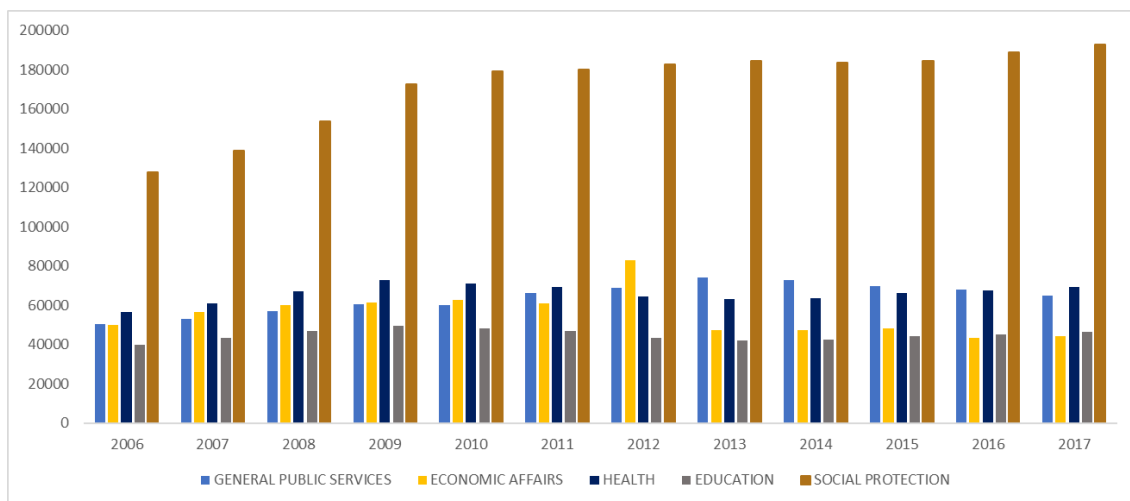
In the period between 2006 and 2017 the Spanish economy has undergone numerous changes marked by the serious economic crisis that lasted from 2008 to 2014 with the ransom requested by Spain to the European Union in 2012. Although these may be the most indicated dates at a superficial level, there are still consequences derived from that crisis such as the high level of debt that the nation has and the high unemployment rate that positions Spain as one of the highest in Europe.

Aside from economic events, given that budgets are made annually and are prepared by the government, differences can be observed in those years in which the Socialist Party (PSOE) was at the head of the government and the Conservative Party (PP) was in the opposition side, and vice versa. It is true that budgets must be approved and, to do so, the opposition must vote in favor. However, it is proper that each party has some preferences in spending, always within the law.

In this section, an historical evolution of the General Government Budget Non-Financial Expenditure will be analyzed from the point of view of the ten divisions as a percentage of total expenditure from 2006 to 2017 and on the spending of Public Administrations as a percentage of GDP.

The following figures (Figure 3.3 and Figure 3.4) show the investment (in millions of euros) made by the state with public money in the different divisions in which budget expenditure is classified. The most noteworthy observation is the great difference between Social protection expenditure with respect to the rest of the division's expenditure, having grown from 127,895 million in 2006 to 193,057 million in 2017, which represents a growth of approximately 51 percent. This is the reason why this expenditure is used as a reference in both diagrams. The other expenditures are grouped in two: the first figure (Figure 3.3) represents those that oscillates between 40,000 and 80,000 million and the second one (Figure 3.4), those that are between 4,000 and 23,000 million.

Figure 3.3: Divisions Spending I (M. €)

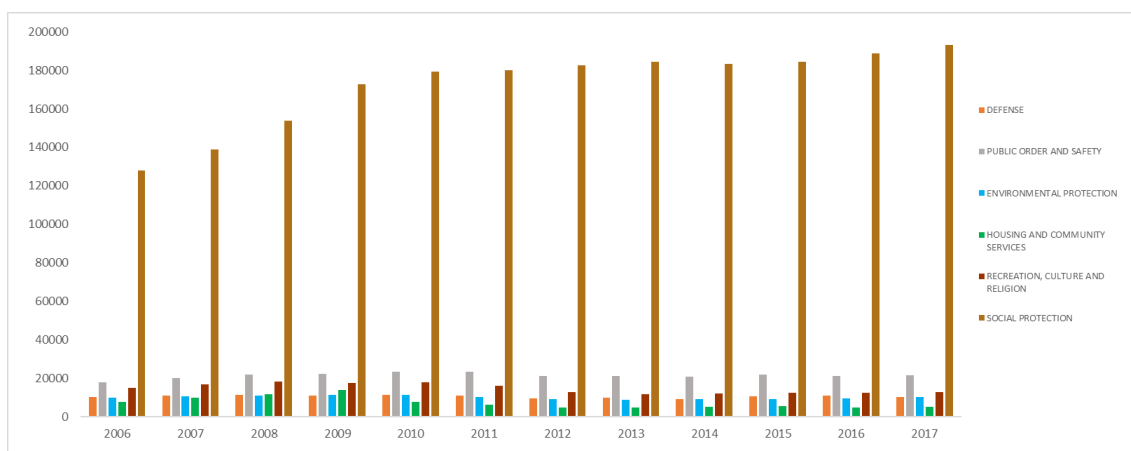


Source: Own Elaboration. Data from: (IGAE, 2017)

The graph above (Figure 3.3) one covers all expenditure relating to Education, Health, Economic affairs and General public services. Overall, all expenditures have maintained a common evolutionary trend with changes, at different scales, in 2009 where most have a peak. In particular, it is worth noting the increase in spending on General public services because of the crisis to cover the Nation's general expenses. In addition, the evolution of spending on Economic affairs is striking given that, between

2011 and 2012 it grows sporadically while the following year it experiences a radical fall. This is due to the fact that it is the division that is most related to all events related to the crisis, such as the late reaction of the Spanish Government to face the crisis in which it was submerged, the problems related with the closure of big companies and the increase in the number of unemployed people, the distrust of Spaniards in the economy which led to an economic slowdown and the lack of confidence in the credit system, or the rescue by the European Union which meant a great injection of money into the Spanish economy.

Figure 3.4: Divisions Spending II (M. €)



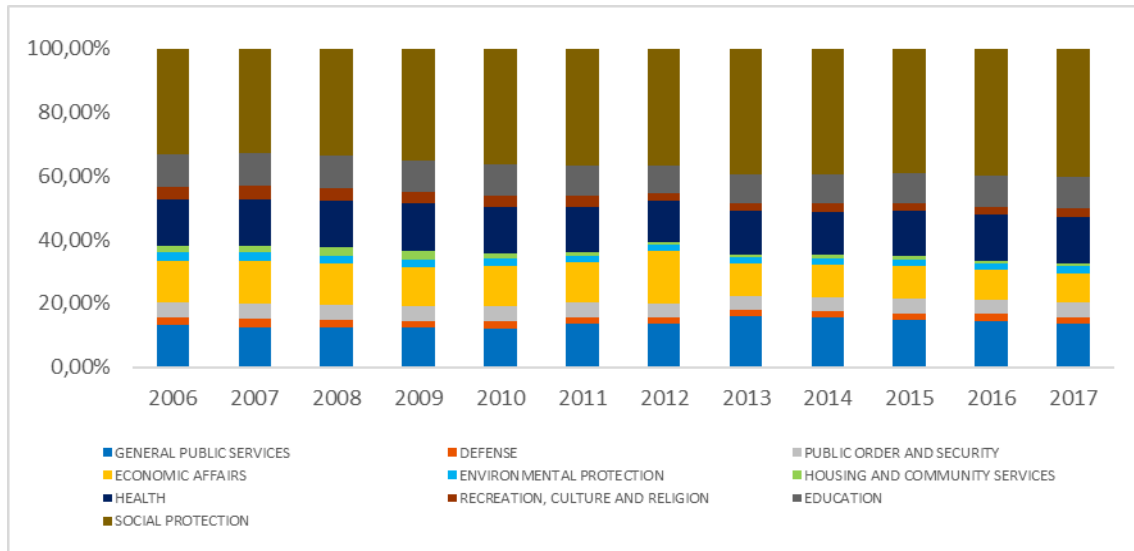
Source: Own Elaboration. Data from: (IGAE, 2017)

The graph above (Figure 3.4), which compares Social Protection expenditure to the second group just mentioned, represents the expenses related with Housing and Community services, Defense, Environmental protection, Recreation, Culture and Religion and, Public order and Safety. These expenses are not so high, among other things, since the majority are not the responsibility of the Central State but of each Autonomous Community as showed on Figure 3.1 at the beginning of the section.

To continue analyzing the evolution of expenditure made by the government there is the following diagram (Figure 3.5), which contains the same information as the two previous graphs but expresses the result as a percentage of total expenditure, showing which monetary proportion is allocated to each division each year from 2006 to 2017. As mentioned above, the divisions that suffered most from changes in terms of contributions are the General public services, which in 2006 accounted for 33.17 percent of spending and increased to 40.38 percent in 2017. Also, the Economic affairs division,

which, on the contrary, fell from 12.98 percent in 2006 to 9.29 percent in 2017, having reached 16.56 percent of spending in 2012.

Figure 3.5: Percentage of Spending on each division



Source: Own Elaboration. Data from: (IGAE, 2017)

After having analyzed the evolution of expenditure according to its distribution among the different divisions, a table will be analyzed containing data between 2013 and 2017 on the general distribution of non-financial expenditure as a percentage of GDP without considering any specific sectoral classification. The general classification of expenses regardless of the division or the sector to which they are attributed is organized according to different costs; the costs of workers, consumption, interests, current and capital transfers, taxes of the country itself or of the European Union such as VAT¹ or GNI², investments, etc.

Before proceeding to the detailed analysis of the table below (Table 3.3), it must be taken into account given that the GDP that is used each year is different, the percentage with respect to each may not represent the effect on that the total amount has experienced. The percentage with respect to the GDP may have decreased and the total amount spent could have increased or vice versa. However, looking at the non-

¹ VAT: Value Added Tax. "Value Added Tax is an indirect tax levied on the final domestic consumption of goods and services produced both domestically and abroad. In Spain there are three types of VAT: general, reduced and super-reduced" (Gastón Lorente, 2018)

² GNI: Gross National Income. "Gross National Income is the sum of a nation's gross domestic product and the net income it receives from overseas." (Kenton, 2019)

financial expenditure carried out by the Public Administration sector, they represent 41 percent of the GDP, a figure which, despite being higher in total amount in comparison with 2013, represents 4.5 percent less. If current expenditures are observed, it can also be appreciated that the percentage of this expenses with respect to GDP is lower (38.4 in 2017, 39.5 in 2016 and 42.2 in 2013) but they have progressively increased in the conditions of social benefits and the increase of salaried workers due to the employment created in recent years. However, capital expenditure, which represents a much smaller proportion in the composition of non-financial expenditures, has been declining gradually over the past five years, reaching a negative variation of 0.7 percent from 2013. Exceptionally, in 2015 there is an increase in expenditure on gross fixed capital formation from 2.1 to 2.5 percent of GDP due to the increase in the costs of capital formation.

Table 3.3: Non-Financial Expenditure of Public Administrations as a % of GDP

	%GDP						
CONCEPTS	2013	2014	2015	2016	2017	Variation 16-17	Variation 13-17
Labour Costs	11.2	11.1	11.1	10.8	10.6	-0.3	-0.6
Intermediate consumption	5.3	5.3	5.3	5.1	5.0	-0.1	-0.3
Subsidies	1.0	1.1	1.1	1.0	1.0	0.0	0.0
Interest	3.5	3.5	3.1	2.8	2.6	-0.2	-0.9
Social benefits other than social transfers in kind	16.6	16.5	15.8	15.5	15.3	-0.2	-1.4
Social transfers in kind acquired on the market	2.7	2.7	2.6	2.6	2.6	0.0	-0.2
Current international cooperation	0.2	0.2	0.1	0.1	0.1	0.0	-0.1
Other current transfers	0.5	0.5	0.5	0.5	0.5	0.0	0.0
EU own resources: VAT and GNI	1.0	0.9	0.9	0.9	0.7	-0.2	-0.3
Other current uses	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Current expenditure	42.2	41.8	40.5	39.5	38.4	-1.1	-3.8
Gross fixed capital formation	2.2	2.1	2.5	1.9	2.0	0.1	-0.2
Aids to investment and other capital transfers	1.0	0.8	0.7	0.7	0.6	-0.2	-0.5
Other capital uses	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Capital expenditure	3.4	3.0	3.3	2.7	2.7	-0.1	-0.7
Non-Financial Expenditure	45.6	44.8	43.8	42.2	41.0	-1.2	-4.5
Aids to financial institutions	0.5	0.2	0.1	0.3	0.1	-0.2	-0.4
Non-Financial Expenditure without aids	45.1	44.6	43.7	41.9	40.9	-1.0	-4.1

GDP used:

1,025,693 1,037,820 1,079,998 1,118,522 1,163,662

Source: Own Elaboration. Data from: Intervención General de la Administración del Estado, 2019

As a summary of the evolution of the Spanish budgetary expenditure, it can be concluded that most of it has depended on the macroeconomic situation that has

affected the country. Noticing that current expenditure always represents a much higher proportion than the capital expenditures, we can see moments with less aggressive spending in the years prior to the crisis (2006-2007) as well as in the last year (2016-2017), when it is stabilizing again and times when spending has been distributed in a more strategic and concentrated way in order to cover the great losses and cuts that Spain had suffered due to the global economic crisis that affected it in a particular and deep way.

4. RESOURCES (DEFINITION AND GENERAL OVERVIEW OF NON-FINANCIAL RESOURCES)

The resources are the income that the State has. Non-financial resources are basically those collected by taxes collected by the State from citizens and businesses. These taxes are personal income tax, corporation tax, VAT (Value Added Tax) and other special taxes. (La Información, 2016)

A way of grouping and determining the actual data to classify non-financial resources is according to the criteria established by the European System of Accounts (SEC-2010) for valuation methodology, imputation of operations and institutional delimitation. This classification is stipulated in the Regulation (EU) 549/2013 of the European Parliament and of the Council, of 21 May. In addition, they are regulated by the rules set out in the “Manual on public deficit and public debt” that explains the mechanism for using SEC-2010. (IGAE, 2017)

Table 4.1: Non-Financial Resources of Public Administrations

CONCEPTS	2016	%	2017	%	Million euros %variation
Taxes and social contributions	382,648	90.75	402,263	91.20	5.1
tax on production and imports	129,293	30.66	134,863	30.57	4.3
VAT	72,129	17.11	75,715	17.17	5.0
Others	57,164	13.55	59,148	13.4	3.5
Income tax, wealth tax, etc.	110,770	26.27	118,814	26.94	7.3
Capital tax	6,412	1.52	5,678	1.29	-11.4
Social contributions	136,173	32.30	142,908	32.40	4.9
Property revenues	8,301	1.97	7,242	1.64	-12.8
Dividends and other revenues	5,169	1.23	4,671	1.06	-9.6
Interest	3,132	0.74	2,571	0.58	-17.9
Other resources	30,683	7.28	31,594	7.16	3.0
sales of goods and services	24,529	5.82	24,405	5.53	-0.5
Other current transfers	7,654	1.82	7,668	1.74	0.2
Capital transfers	-1,500	-0.36	-479	-0.11	-68.1
Total Non-Financial Resources	421,632		441,099		

Source: Own Elaboration. Data from: (IGAE, 2017)

As you can see in the table above (Table 4.1); non-financial resources are classified in a first level in: Taxes and social contributions, Property income and Other resources. In 2017, these resources in Public Administrations have experienced an increase of 4.6 percent over the previous year, reaching 441,099 million euros. In relation to GDP, they represent 37.9% due to the increase in fiscal resources, taxes and social contributions

with respect to 2016. Property revenue fell by 12.8 percent to 7,242 million euros, while interest fell by 17.9 percentage points compared to the previous year. The rest of resources increased by 3.0 per cent, with the sale of goods and services being the main factor, despite having fallen by 0.5 per cent to 24.405 million euros.

5. BUDGETARY STABILITY

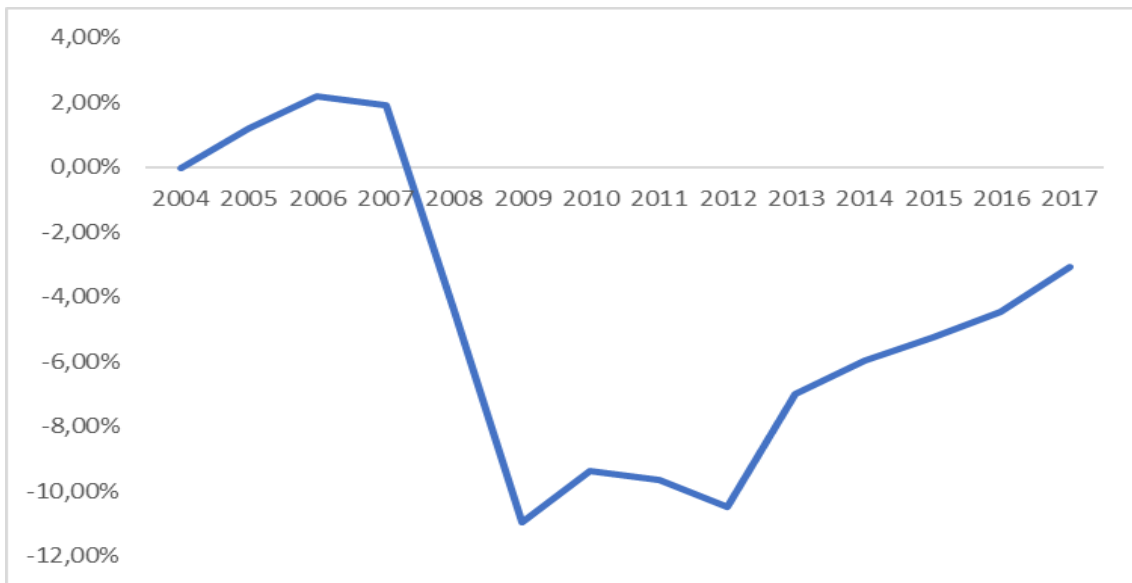
Budgetary stability is the goal of any economy. In Spain, it is necessary in order to foster economic growth and job creation as well as ensuring fiscal consolidation. This consists of the reduction of public debt and the elimination of the public deficit. The current law arose as a result of the global economic crisis of 2008 that affected the Spanish economy leaving the highest unemployment rate in the OECD³, the Budgetary Stability Law of that time had to be reformed. This law sets out the principles that annual budgets must comply with in order to guarantee budgetary stability and financial stability. Its main objectives are to guarantee the financial sustainability of Public Administrations, to strengthen confidence in the stability of the Spanish economy and to reinforce Spain's commitment to the European Union in relation to budgetary stability. (Ley Orgánica 2/2012, of 27 April) In this section, the stability of budgets will be analyzed by evaluating the capacity or need of funding of the Spanish Government in recent years and the evolution of its public debt. (IGAE, 2017)

Since the transition⁴, general government budgets have been balanced with deficits on an annual basis. However, after Spain joined the Economic and Monetary Union (EMU), the deficit was reduced until reaching a budget surplus between 2005 and 2007. After this positive discipline of the Spanish economy, as you can see in the graph below (Figure 5.1), a disaster occurred due to the devastating effects of the 2008 crisis, which left the highest deficit ever reached in 2009, reaching 11 percent of GDP. Over the next two years it declined slowly until it increased again in 2012 due to the operations needed to carry out the restructuring of the banking system. The fiscal consolidation process mentioned above is reflected in the reduction of the public deficit to 3.08 percent in 2017.

³ OECD: "The Organisation for Economic Co-operation and Development is an international intergovernmental body of which 37 countries are members. They work together to better address economic, social and governance challenges, to seize new opportunities more efficiently and to coordinate local and international policies." (Ministerio de Asuntos Exteriores Unión Europea y Cooperación, 2019)

⁴ Spanish Transition: Historical period in which Spain goes through a series of transformations that pursued the objective of democratizing the country, after the death of the dictator Francisco Franco.

Figure 5.1: Public Deficit (%GDP)



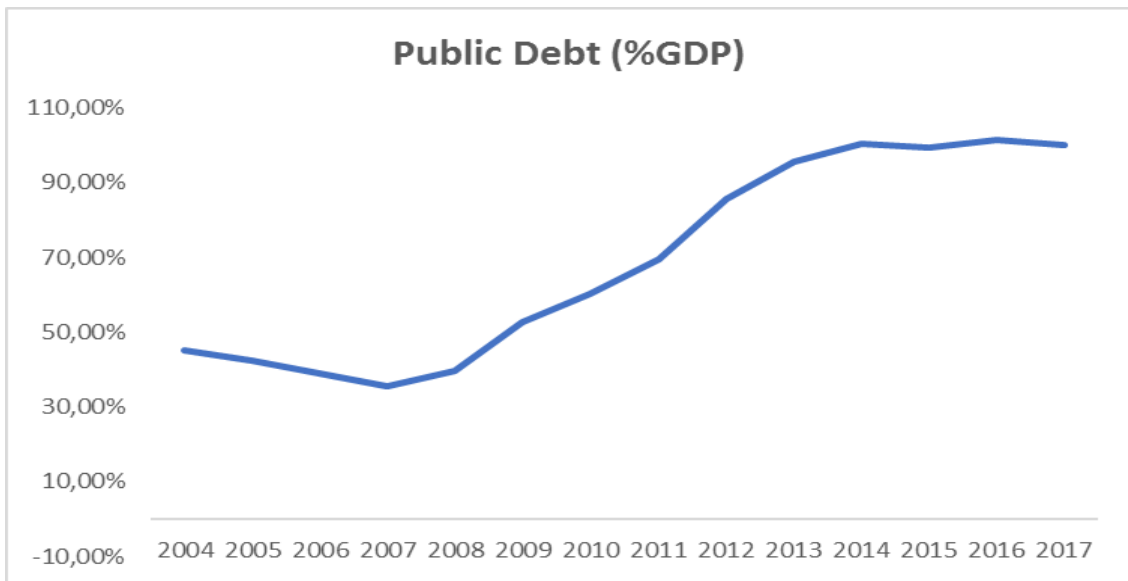
Source: Own Elaboration. Data from: Datosmacro.com, 2019)

Within the explanation of the deficit, it is worth highlighting the existence of the term: “Structural public deficit”. It is a deficit that is linked to discretionary policies adopted by governments instead of being related to the economic cycle. When we speak of a structural balance, it corresponds to the balance that the economy would reach if it achieved its potential GDP⁵.

In addition to the deficit, the evolution of public debt should be highlighted. It is calculated by the difference between the resources and the expenditure of the State and can also be named as the capacity or need of funding previously mentioned. As it is showed in the graph below (Figure 5.2), in recent years it has grown to reach 101.3 percent of GDP in 2016 and fell by 1.3 points in 2017. The comparison of the 2016 public debt with that of 8 years earlier (the beginning of the economic crisis) is almost 62 percentage points. According to data just published but not represented in the graph, in 2018 the Spanish public debt corresponds to 97.4% of GDP. (IGAE, 2019)

⁵ The difference between effective (regularly used) and potential GDP is known as output gap, from which the balance decomposes into cyclical and structural. (García Delgado & Myro, 2017)

Figure 5.2: Public Debt (%GDP)

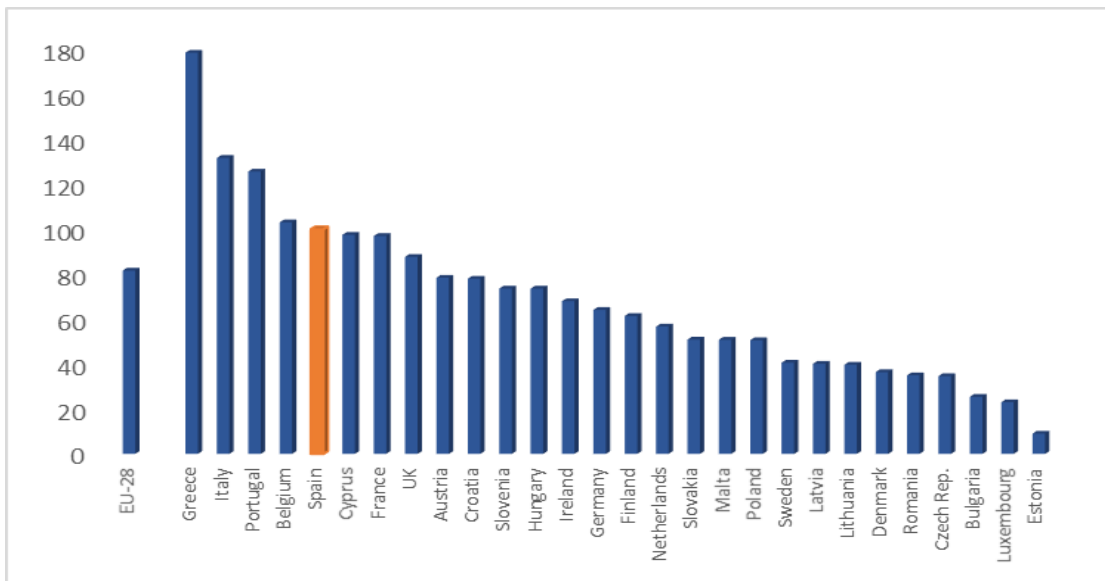


Source: Own Elaboration. Data from: (Banco de España, 2017)

In the years in which Spain was affected by the global crisis, the sharp fall in economic activities produce, partly by citizens' lack of confidence in the system because of the situation, affected very negatively the revenue of the Public Administrations while expenditure hardly underwent any change. This lack of action led to an increase in the deficit each year. Furthermore, the banking crisis in Spain arose, in which the government and, to a greater extent, the European Union made great contributions to save those banking institutions that needed it in 2012 by making the level of debt over GDP excessively high. This intervention made by the European Union is known as the financial bailout of 2012.

As a brief comparison that shows the situation of Spain's public debt in relation to the rest of the European Union countries, the following graph (Figure 5.3) represents the percentage of public debt that each country has as a percentage of GDP. Observing the graph, it can be concluded that Spain is the fifth country with highest debt after Belgium and before Cyprus.

Figure 5.3: European Countries Public Debt of 2017 (%GDP)

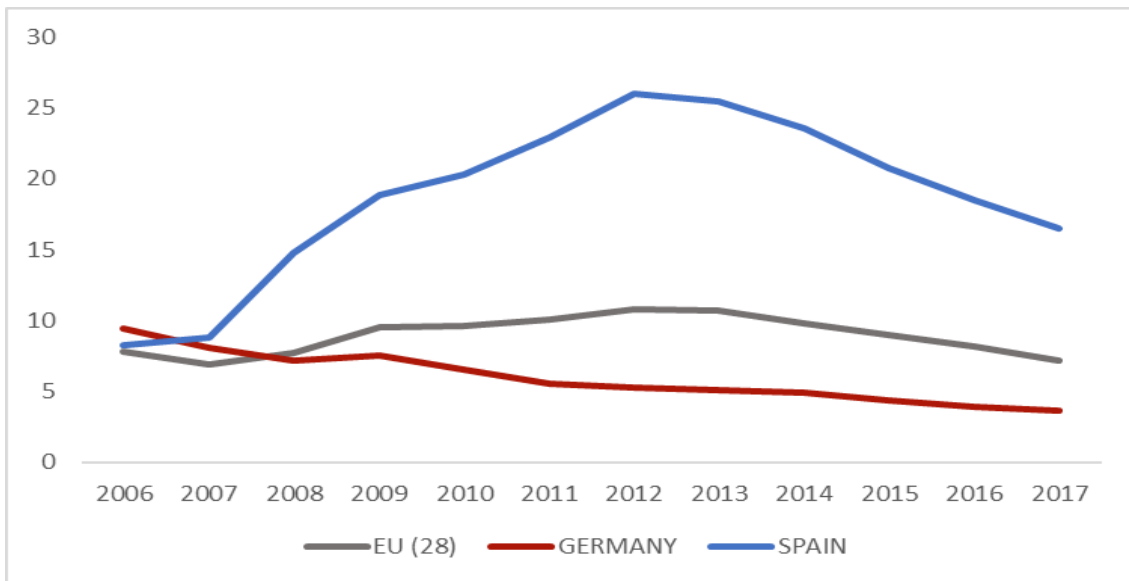


Source: Own Elaboration. Data from: (Eurostat, 2018)

Having dealt with the main problems that make Spain not a budget-stable country, we must refer to the budgetary stability law which has as its ultimate objective the creation of employment. Now, it will be seen, in general term, unemployment in recent years. The unemployment rate is calculated by dividing the number of unemployed people in the labor force by the total active population.

In the graph below (Figure 5.4) is represented the unemployment rate in Spain compared to Germany and the average of the countries of the European Union. It can be seen how the rate in Spain is soaring having reached 25.5 percent in 2013 although in 2017 it had fallen 9 percentage points overt that year. On the other hand, Germany's unemployment rate is striking since it was only above the Spanish rate in 2006 with 9.4 percent compared to 8.3 percent in Spain, its highest rate since 2006. Looking at the average unemployment rate in the countries of the Union, it can be seen how Germany approaches the average with the highest rate after Greece (18%). Since 2013 measures are being carried out to promote employment and reduce the number of unemployment just as new jobs are being created even if they are not under the best wage and temporary conditions.

Figure 5.4: Unemployment Rate



Source: Own Elaboration. Data from Eurostat, 2018

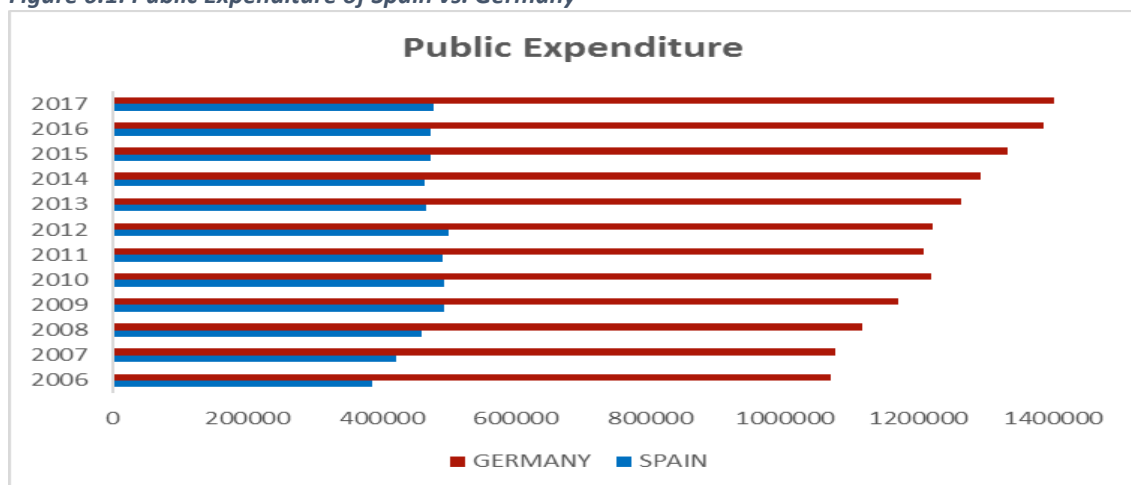
Finally, it can be concluded that Spain's objective of budgetary stability and financial sustainability is not what was expected after the major events that occurred between 2008 and 2012, but it is gradually being reduced. According to data just published about 2018, the unemployment rate has been reduced from 16.5 percent in 2017 to 14.3 percent. (Eurostat, 2019)

6. COMPARISON WITH EXPENDITURE IN GERMANY

Throughout the document it has been observed and analyzed how the Spanish Government spends and how it is stable in budgetary terms and financially sustainable by studying the scope of its objectives of deficit, public debt and employment. In order to obtain an external perspective of the economy, this section will compare Spain's spending in certain divisions with that of Germany. These expenses will be those incurred in health and education, since in Spain they represent a large part of the expenditure, and on the other hand, defense expenditure, since in Spain the proportion is lower. Besides, due to the rapid evolution of the economic, political and social world, the investment of both countries in R&D⁶ will also be analyzed as it is a significant expense at the moment.

The first point to emphasize between Spain and Germany is the total public expenditure that each country has as can be seen in the graph below (Figure 6.1). It is true that each country has a different income but it can be seen how the years immediately following the outbreak of the crisis (2008-2010), Germany increased its public spending to address the losses and problems arising from it reaching 1,219,219 million euros while Spain was more reluctant to take immediate action spending about 493,202 million and, in fact, is seen as having reduced its public spending in recent years spending 478,126 million compared to 1,439,839 million euros spent in Germany.

Figure 6.1: Public Expenditure of Spain vs. Germany

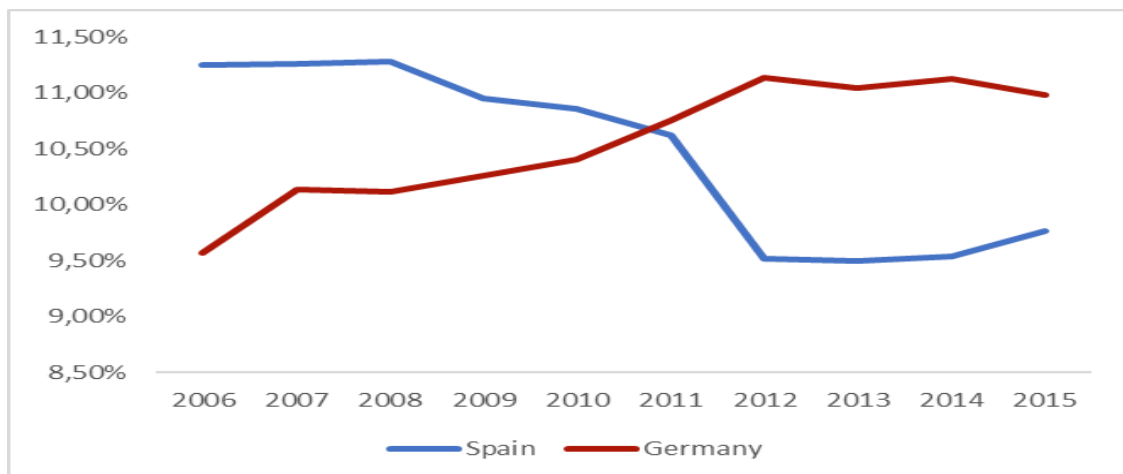


Source: Own Elaboration. Data from: Datosmacro.com, 2019

⁶ R&D: Research and Development investment

Moving to country-specific expenditures, it can be appreciated how the following two graphs show information on both countries' expenditures on Education. The first one (Figure 6.2), shows it as a proportion of total expenditure while the second one (Figure 6.3) shows it as a percentage of GDP. In both graphs it can be concluded the same observation: Spain invested more than Germany in this aspect until 2011 where Germany continues to increase its expenditure up to 11.2 percent of total expenditure in 2012 while Spain reduces it considerably to represent 9.5 percent of its expenditure (Figure 6.2), its lowest investment in this division so far. Continuing to look at this graph concretely, one can see perfectly how each country reacts to the crisis. In 2013 Spain reached its lowest investment (9.5 percent), which reached 44,395,500 million euros. From that year on, taking into account that Germany is well above Spain in relation to spending on Education, both remain stable in their level of spending.

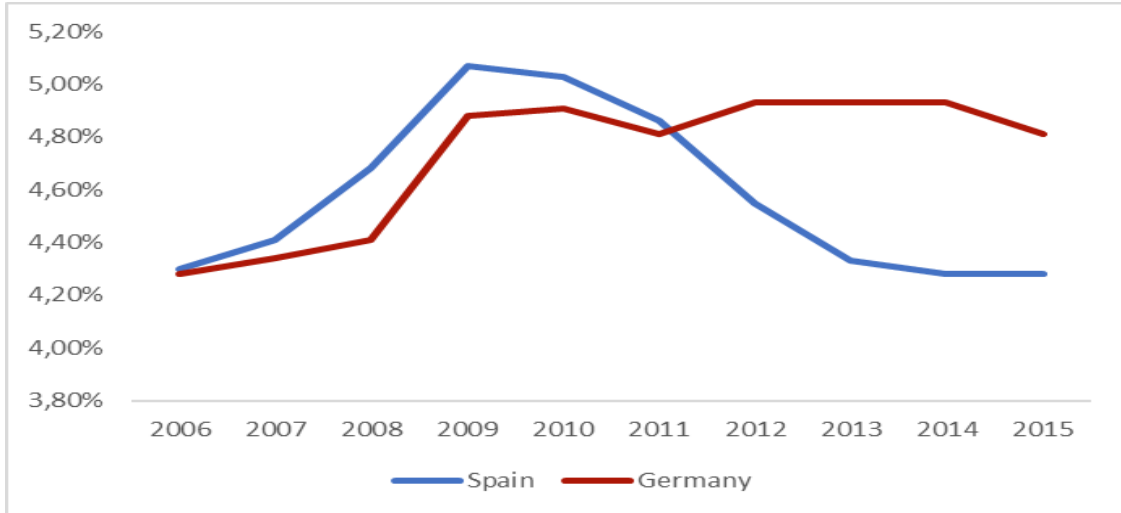
Figure 6.2: Education Expenditure: Spain vs. Germany (% of total spending)



Source: Own Elaboration. Data from: Datosmacro.com, 2019

Focusing on the comparison between spending as a percentage of GDP, it can be analyzed the importance that both countries give to education since, in the year immediately following the crisis, as much as the GDP of both countries has been reduced, the amount of public money in millions of euros allocated to education remains stable, which represents a higher percentage of their GDP, amounting to 5.07 percent in Spain and 4.88 in Germany. Due to Spain's late reaction to the crisis, its GDP fell sharply from 2012 onwards so, as seen in the previous graph (Figure 6.2) its spending was reduced, also reflecting a large reduction as a percentage of GDP (4.33 percent in 2013).

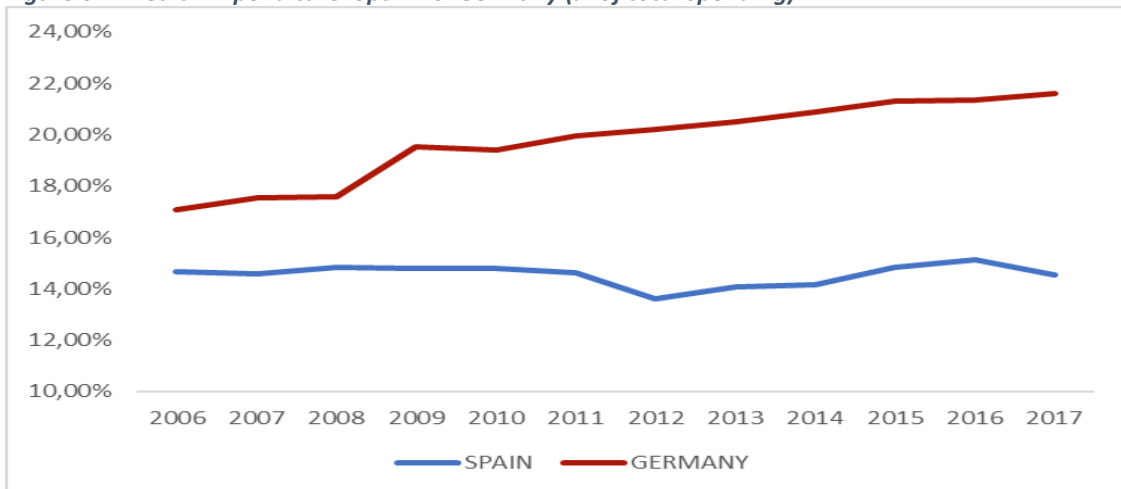
Figure 6.3: Education Expenditure: Spain vs. Germany (% of GDP)



Source: Own Elaboration. Data from: datosmacro.com Expansion, 2019

Another of the sectors that have a great relevance in Spain and for which it stands out internationally is Health. As with spending on Education, these investments will be compared between Germany and Spain as a percentage of total public spending (Figure 6.4) and as a percentage of GDP (Figure 6.5).

Figure 6.4: Health Expenditure: Spain vs. Germany (% of total spending)



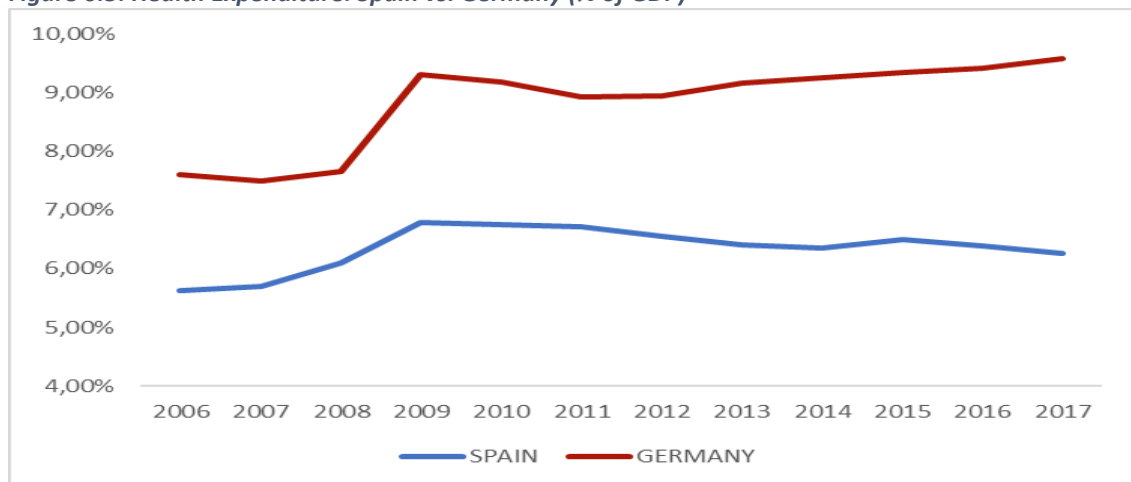
Source: Own Elaboration. Data from: Datosmacro.com, 2019

In this case, looking at both graphs, we can see that expenditure in Germany is higher than in Spain in the period analyzed (2006-2017). However, in comparison with Spain's spending on education, it can be seen that it has remained stable in the years following the crisis, which means that, despite going through difficult times in the economy, the resources allocated to Health did not suffer significantly. Since 2006, expenditure in Germany has increased by 130.748 million euros, which represents an increase of 4.5 percent of total expenditure (Figure 6.4) and 2 percent more in proportion

to GDP (Figure 6.5) while in Spain, expenditure in 2017 differs from that of 2006 by 16.169.3 million, which represents an increase of 0.5 percent in proportion to total expenditure (Figure 6.4) and, as in Germany, 2 percent of GDP (Figure 6.5).

Through these observations and considering the international opinion about Spanish health, it can be concluded that although it has a lower investment than Germany in total figures, it invests the same percentage of its GDP, which reflects the importance and quality that this sector has in the Spanish nation.

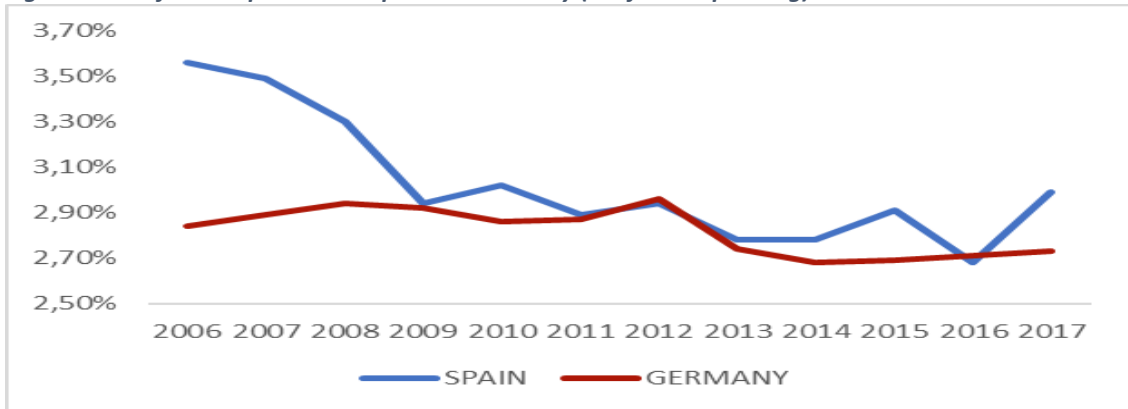
Figure 6.5: Health Expenditure: Spain vs. Germany (% of GDP)



Source: Own Elaboration. Data from: Datosmacro.com, 2019

The last division to compare is Defense. As has been observed throughout the document, specifically in section 4, which discusses expenditure in detail, this division does not receive many resources from those perceived by the Government. At this point they are going to be compared the funds allocated to the same division in Germany. Defense includes all those bodies that exercise their right and duty to defend their homeland. In Spain they are known as the armed forces. As in the divisions mentioned above, expenditure will be analyzed as a proportion of the nation's total expenditure (Figure 6.6) and as a percentage of GDP (Figure 6.7).

Figure 6.6: Defense Expenditure: Spain vs. Germany (% of total spending)

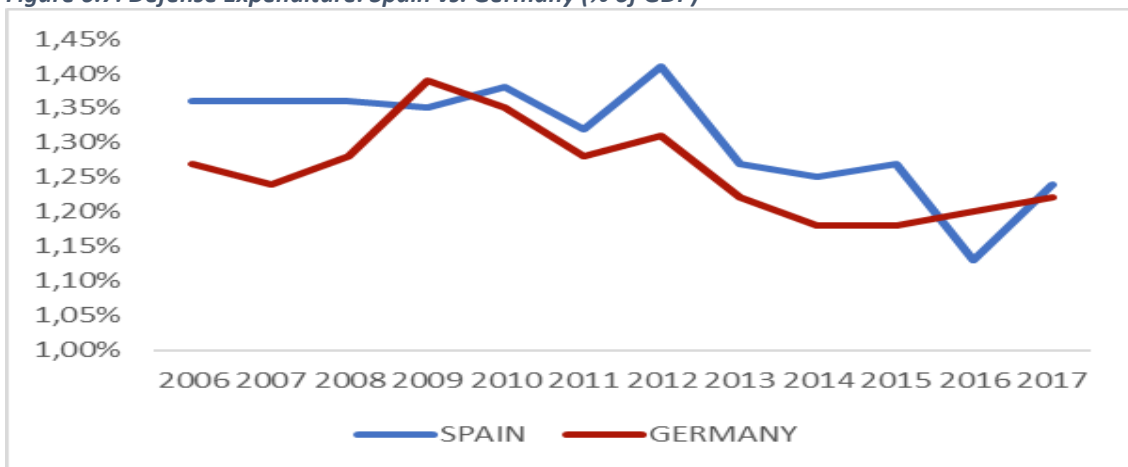


Source: Own Elaboration. Data from: Datosmacro.com, 2019

Looking at the graph that compares Defense expenditure of the total expenditure of both countries (Figure 6.6), it can be seen how approximately the same proportion of their resources is allocated to Defense, which represents a very low proportion ranging from 2.5 to 3 percent at present. The only appreciable difference is that in 2006 Spain allocated 3.56 per cent of its funds to defense while in Germany it represented only 2.84 percent. However, in 2016 spending in both countries was very similar, representing 2.68 percent in Spain and 2.71 per cent in Germany.

Turning to the comparison of both countries in relation to GDP (Figure 6.7) the same conclusions can be drawn as to the representativeness of defense expenditure by both countries. It can also be observed how, just as they represent a low percentage in proportion to the country's total public expenditure, they represent an even lower percentage of GDP, ranging from 1.2 percent to 1.25 in both countries in 2017.

Figure 6.7: Defense Expenditure: Spain vs. Germany (% of GDP)



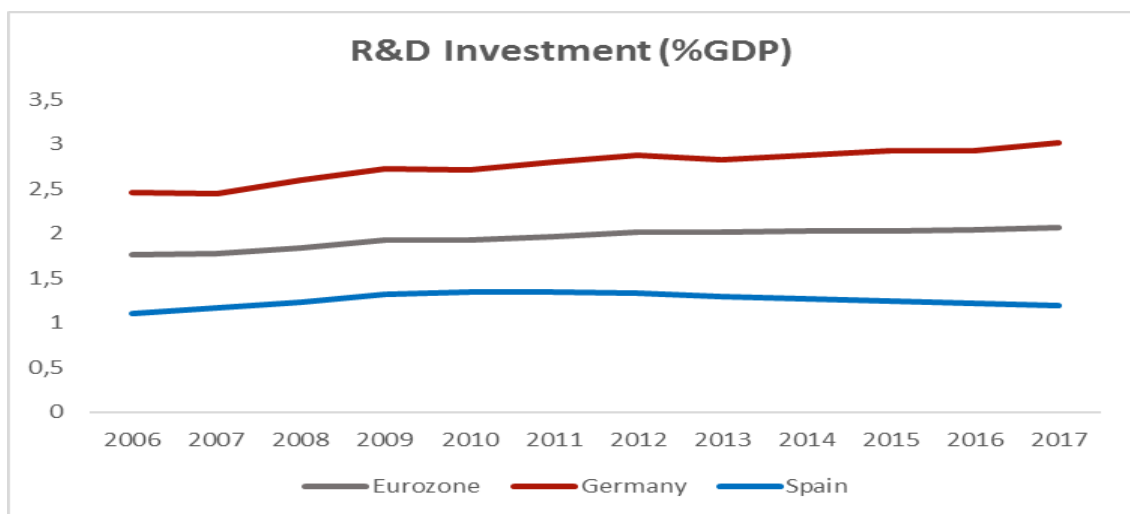
Source: Own Elaboration. Data from: Datosmacro.com, 2019

In relation to the three divisions, it can be seen that, as they account for a greater percentage of spending and have greater relevance in the country, they have suffered more from the consequences of the crisis and political and economic events that have surrounded the countries. Another point of view from which to confront it is that, the divisions to which fewer resources are allocated cannot suffer very drastic cuts since, in that case, they could not be carried out to their main objectives. This is what has happened with the department of defense in both countries, Spain and Germany, as opposed to the departments of Health and Education, bearing in mind that they do not involve the same expenditure in those countries.

To conclude with this comparative section of the Spanish and German economies, it is necessary to compare the funds that each nation allocates to research and development in order to favor economic growth. The following graph shows the resources that both Spain and Germany allocate to this aspect as a percentage of GDP, as well as the relevance that the Eurozone gives it by showing its own investment as a percentage of GDP (Figure 6.8).

At first glance it can be seen how the three series that are being compared show a growing trend over the years in their investment in R&D with Germany allocating the largest part of its resources, 3.02 percent compared to 2.07 in the Eurozone and 1.19 in Spain. Evaluating its evolution in the last 8 years, Germany allocates 0.56 percent more while in the Eurozone it has grown 0.31 percent and in Spain simply 0.09 percent.

Figure 6.8: R&D Investment: Spain vs. Germany (% of GDP)



Source: Own Elaboration. Data from: Eurostat, 2018

In conclusion, although all three have increased their R&D expenditure, Spain still has to increase its investment in order to achieve its economic development objective set out in the law on budgetary stability and financial sustainability.

7. CONCLUSIONS

Having understood what the Spanish public sector is, how it is structured and what its functions are, we understand the need for a strong and consolidated State that faces the nation's expenses in a correct way and always seeking its development, growth and improvement. The fact that the Spanish State is a decentralized State is an advantage in spite of public opinion about the Autonomous Communities since the expenditure, in this case, is divided between the different administrations and not all resides under the responsibility of a single administrative body.

As far as the preparation of budgets is concerned, as this document focuses on expenses, we cannot draw conclusions in its specific way of collecting taxes. As a small contribution based on the brief analysis of the years 2016 and 2017, it could be said that the amount collected in terms of taxes on citizens is appropriate but, even so, it is not enough to cover public expenses. The problem remains that the taxes to be collected cannot be triggered as they would be excessive for the majority of society with medium and low incomes.

In terms of spending, it must be said that Spain is a country that also spends a lot, spends resources that do not have what results in the very high public debt that it has to face and with which it closes its balance year after year. Having observed the evolution of public spending from various points of view and having compared it with Spain, it can be seen that the decline of the Spanish economy began with the global crisis and that the main mistake of the Spanish economy was its reaction to it. As a first observation, the reaction was late as the most drastic changes were noticed in 2012 when it was already impossible to solve the situation. On the other hand, it took a strategy that was not contrary but different to that of other countries such as Germany. In the years immediately following the crisis, countries such as Germany increased their spending so that the different public sectors or bodies dependent on them would not suffer while Spain remained passive until it was too late.

This passive attitude to the situation that personally affected the economy brought with it the situation that persists today, the high public deficit that amounts to 3.08 percent of GDP in 2017 and a public debt that in 2017 is 100 percent of GDP. Therefore,

it can be said that budgetary stability and financial sustainability in Spain is an objective for the future, since the current situation is not favorable, although it is improving little by little as it is a slow process. The decisions taken by the government from now on and the measures adopted in relation to public spending will be decisive in the evolution of the debt and the public deficit. The future of the Spanish economy and, therefore, of Spanish citizens lies in government actions and relations.

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ANNEX

Data for Figure 2.2: Resources vs. Uses (%GDP)

PUBLIC ADMINISTRATIONS (S.13) Non-Financial Operations. SEC 2010. Base 2010										
Million euros										
CODE	CONCEPTS	2010	2011	2012	2013	2014	2015	2016	2017	
TR	NON-FINANCIAL RESOURCES	391.798	387.378	391.330	395.639	403.482	415.736	422.159	442.223	
TE	NON-FINANCIAL USES	493.202	490.592	500.177	467.326	465.424	472.740	472.155	478.126	
B.9	CAPACITY (+) OR NEED (-) OF FUNDING (TR-TE)	-101.404	-103.214	-108.847	-71.687	-61.942	-57.004	-49.996	-35.903	
	NET BALANCE OF THE AID FOR FFI	772	-3.515	-38.289	-3.277	-1.350	-552	-2.387	-508	
	CAPACITY (+) OR NEED (-) OF FUNDING (TR-TE) WITHOUT THE AIDS FOR FFI	-102.176	-99.699	-70.558	-68.410	-60.592	-56.452	-47.609	-35.395	

Percentage of GDP										
CODE	CONCEPTS	2010	2011	2012	2013	2014	2015	2016	2017	
TR	NON-FINANCIAL RESOURCES	36,2	36,2	37,6	38,6	38,9	38,5	37,7	37,9	
TE	NON-FINANCIAL USES	45,6	45,8	48,1	45,6	44,8	43,7	42,2	41,0	
B.9	CAPACITY (+) OR NEED (-) OF FUNDING (TR-TE)	-9,4	-9,6	-10,5	-7,0	-6,0	-5,3	-4,5	-3,1	
	NET BALANCE OF THE AID FOR FFI	0,1	-0,3	-3,7	-0,3	-0,1	-0,1	-0,2	0,0	
	CAPACITY (+) OR NEED (-) OF FUNDING (TR-TE) WITHOUT THE AIDS FOR FFI	-9,5	-9,3	-6,8	-6,7	-5,8	-5,2	-4,3	-3,0	

Data for Figure 2.3: Proportion of Interventionism

	2013	2014	2015	2016	2017
SPAIN	45,56%	44,85%	43,73%	42,20%	41%
US	39,00%	38,30%	37,90%	38,20%	38%
EUROZONE	49,80%	49,20%	48,30%	47,60%	47%

Data for Figure 3.2: Expenditure of 2017

DATE	CENTRAL ADMINISTRATION	REGIONAL ADMINISTRATION	LOCAL ADMINISTRATION	SOCIAL SECURITY FUNDS
2017	22,1%	32,6%	11,4%	33,8%

Data for Figure 3.3 & 3.4: Divisions Spending I (M. €) Divisions Spending II (M. €)

DATE	GENERAL PUBLIC SERVICES	DEFENSE	PUBLIC ORDER AND SAFETY	ECONOMIC AFFAIRS	ENVIRONMENTAL PROTECTION	HOUSING AND COMMUNITY SERVICES	HEALTH	RECREATION, CULTURE AND RELIGION	EDUCATION	SOCIAL PROTECTION	TOTAL
2006	50595	10240	18046	50087	9833	7743	56677	14851	39838	127985	385895
2007	53122	10803	20141	56819	10764	9814	61238	16933	43336	138843	421813
2008	57005	11228	21878	60309	10884	11807	67292	18140	47044	153802	459389
2009	60727	10930	22187	61540	11518	13976	72939	17648	49692	172845	494002
2010	60001	11267	23385	62895	11358	7573	71080	17861	48492	179290	493202
2011	66367	11138	23229	60926	10174	6063	69240	16214	47137	180104	490592
2012	68961	9679	21194	82844	9302	4824	64685	12653	43307	182728	500177
2013	74121	9862	21048	47347	8621	4681	63307	11810	42081	184448	467326
2014	72721	8969	20832	47186	9096	5174	63492	11958	42520	183476	465424
2015	69735	10433	21841	48087	9307	5561	66483	12593	44360	184340	472740
2016	67991	10903	21204	43665	9335	4935	67716	12320	45303	188783	472155
2017	64892	10420	21489	44422	10071	5117	69427	12692	46539	193057	478126

Data for Figure 3.5: Percentage of Spending on each division

DATE	GENERAL PUBLIC SERVICES	DEFENSE	PUBLIC ORDER AND SAFETY	ECONOMIC AFFAIRS	ENVIRONMENTAL PROTECTION	HOUSING AND COMMUNITY SERVICES	HEALTH	RECREATION, CULTURE AND RELIGION	EDUCATION	SOCIAL PROTECTION
2006	13,11%	2,65%	4,68%	12,98%	2,55%	2,01%	14,69%	3,85%	10,32%	33,17%
2007	12,59%	2,56%	4,77%	13,47%	2,55%	2,33%	14,52%	4,01%	10,27%	32,92%
2008	12,41%	2,44%	4,76%	13,13%	2,37%	2,57%	14,65%	3,95%	10,24%	33,48%
2009	12,29%	2,21%	4,49%	12,46%	2,33%	2,83%	14,76%	3,57%	10,06%	34,99%
2010	12,17%	2,28%	4,74%	12,75%	2,30%	1,54%	14,41%	3,62%	9,83%	36,35%
2011	13,53%	2,27%	4,73%	12,42%	2,07%	1,24%	14,11%	3,30%	9,61%	36,71%
2012	13,79%	1,94%	4,24%	16,56%	1,86%	0,96%	12,93%	2,53%	8,66%	36,53%
2013	15,86%	2,11%	4,50%	10,13%	1,84%	1,00%	13,55%	2,53%	9,00%	39,47%
2014	15,62%	1,93%	4,48%	10,14%	1,95%	1,11%	13,64%	2,57%	9,14%	39,42%
2015	14,75%	2,21%	4,62%	10,17%	1,97%	1,18%	14,06%	2,66%	9,38%	38,99%
2016	14,40%	2,31%	4,49%	9,25%	1,98%	1,05%	14,34%	2,61%	9,59%	39,98%
2017	13,57%	2,18%	4,49%	9,29%	2,11%	1,07%	14,52%	2,65%	9,73%	40,38%

Data for Figure 5.1: **Public Deficit (%GDP)**

DATE	DEFICIT (M.€)	DEFICIT (%GDP)
2004	-338	-0,04%
2005	11256	1,21%
2006	22175	2,20%
2007	20792	1,92%
2008	-49343	-4,42%
2009	-118194	-10,95%
2010	-101404	-9,38%
2011	-103214	-9,64%
2012	-108847	-10,47%
2013	-71687	-6,99%
2014	-61942	-5,97%
2015	-57004	-5,27%
2016	-49996	-4,47%
2017	-35903	-3,08%

Data for Figure 5.2: **Public Debt (%GDP)**

DATE	%GDP	GDP
2004	45,30%	861,420
2005	42,30%	930,566
2006	38,90%	1,007,974
2007	35,60%	1,080,807
2008	39,50%	1,116,225
2009	52,80%	1,079,052
2010	60,10%	1,080,935
2011	69,50%	1,070,449
2012	85,70%	1,039,815
2013	95,50%	1,025,693
2014	100,40%	1,037,820
2015	99,40%	1,079,998
2016	101,30%	1,099,617
2017	100,00%	1,129,433

Data for Figure 5.3: European Countries Public Debt of 2017 (%GDP)

Country	Percentage
EU-28	81,6
Greece	178,6
Italy	131,8
Portugal	125,7
Belgium	103,1
Spain	100
Cyprus	97,5
France	97
UK	87,7
Austria	78,4
Croatia	78
Slovenia	73,6
Hungary	73,6
Ireland	68
Germany	64,1
Finland	61,4
Netherlands	56,7
Slovakia	50,9
Malta	50,8
Poland	50,6
Sweden	40,6
Latvia	40,1
Lithuania	39,7
Denmark	36,4
Romania	35
Czech Rep.	34,6
Bulgaria	25,4
Luxembourg	23
Estonia	9

Data for Figure 5.4: Unemployment Rate

DATE	EU (28)	GERMANY	SPAIN
2006	7,8	9,4	8,3
2007	6,9	8,1	8,8
2008	7,7	7,2	14,8
2009	9,5	7,5	18,9
2010	9,6	6,5	20,3
2011	10,1	5,5	22,9
2012	10,8	5,3	26
2013	10,7	5,1	25,5
2014	9,8	4,9	23,6
2015	9	4,4	20,8
2016	8,2	3,9	18,5
2017	7,2	3,6	16,5

Data for Figure 6.1: Public Expenditure of Spain vs. Germany

Date	SPAIN	GERMANY
2006	385895	1069695
2007	421813	1076099
2008	459389	1116223
2009	494002	1170508
2010	493202	1219219
2011	490592	1208565
2012	500177	1221782
2013	467326	1263000
2014	465424	1291848
2015	472740	1332634
2016	472155	1386760
2017	478126	1439839

Data for Figure 6.2 & 6.3: Education Expenditure: Spain vs. Germany (% of total spending) Education Expenditure: Spain vs. Germany (% of GDP)

Date	SPAIN		
	Education Expenditure (M.€)	Education Expenditure (%Public Spending)	Education Expenditure (%GDP)
2006	42.512,60	11,25%	4,30%
2007	46.459,30	11,26%	4,41%
2008	50.880,40	11,28%	4,68%
2009	53.092,20	10,95%	5,07%
2010	52.721,00	10,86%	5,03%
2011	50.828,60	10,62%	4,86%
2012	46.789,60	9,52%	4,55%
2013	44.395,50	9,50%	4,33%
2014	44.417,70	9,54%	4,28%
2015	46.241,50	9,77%	4,28%

Date	GERMANY		
	Education Expenditure (M.€)	Education Expenditure (%Public Spending)	Education Expenditure (%GDP)
2006	102.414,30	9,57%	4,28%
2007	109.150,30	10,14%	4,34%
2008	112.960,90	10,12%	4,41%
2009	120.073,50	10,26%	4,88%
2010	126.775,90	10,40%	4,91%
2011	129.960,60	10,75%	4,81%
2012	136.073,50	11,14%	4,93%
2013	139.474,10	11,04%	4,93%
2014	144.905,70	11,13%	4,93%
2015	146.754,10	10,98%	4,81%

Data for Figure 6.4 & 6.5: Health Expenditure: Spain vs. Germany (% of total spending) Health Expenditure: Spain vs. Germany (% of GDP)

Date	SPAIN		
	Health Expenditure (M.)	Health Expenditure (%Public Spending)	Health Expenditure %GDP
2006	56.649,60	14,68%	5,62%
2007	61.597,80	14,60%	5,70%
2008	68.130,40	14,83%	6,10%
2009	73.130,60	14,80%	6,78%
2010	72.928,30	14,79%	6,75%
2011	71.806,50	14,64%	6,71%
2012	68.115,90	13,62%	6,55%
2013	65.749,40	14,07%	6,41%
2014	65.932,30	14,17%	6,35%
2015	70.211,80	14,85%	6,50%
2016	71.477,20	15,14%	6,39%
2017	72.812,90		6,26%

Date	GERMANY		
	Health Expenditure (M.€)	Health Expenditure (%Public Spending)	Health Expenditure %GDP
2006	181.924,00	17,06%	7,60%
2007	188.242,00	17,53%	7,49%
2008	195.869,00	17,58%	7,65%
2009	229.040,00	19,52%	9,31%
2010	236.883,00	19,41%	9,18%
2011	241.203,00	19,94%	8,92%
2012	246.928,00	20,21%	8,95%
2013	258.790,00	20,50%	9,16%
2014	271.141,00	20,88%	9,25%
2015	284.260,00	21,30%	9,34%
2016	296.289,00	21,36%	9,42%
2017	312.672,00		9,58%

Data for Figure 6.6 & 6.7: **Defense Expenditure: Spain vs. Germany (% of total spending)**
Defense Expenditure: Spain vs. Germany (% of GDP)

Date	SPAIN		
	Defense Expenditure (M.€)	Defense Expenditure (%Public Spending)	Defense Expenditure (%GDP)
2006	13.752,50	3,56%	1,36%
2007	14.660,70	3,49%	1,36%
2008	15.174,30	3,30%	1,36%
2009	14.525,20	2,94%	1,35%
2010	14.882,50	3,02%	1,38%
2011	14.168,00	2,89%	1,32%
2012	14.679,10	2,94%	1,41%
2013	12.986,70	2,78%	1,27%
2014	12.948,00	2,78%	1,25%
2015	13.709,10	2,91%	1,27%
2016	12.675,00	2,68%	1,13%
2017	14.492,20	2,99%	1,24%

Date	GERMANY		
	Defense Expenditure (M.€)	Defense Expenditure (%Public Spending)	Defense Expenditure (%GDP)
2006	30.365,00	2,84%	1,27%
2007	31.090,00	2,89%	1,24%
2008	32.824,00	2,94%	1,28%
2009	34.171,00	2,92%	1,39%
2010	34.925,00	2,86%	1,35%
2011	34.630,00	2,87%	1,28%
2012	36.168,00	2,96%	1,31%
2013	34.593,00	2,74%	1,22%
2014	34.821,50	2,68%	1,18%
2015	35.960,50	2,69%	1,18%
2016	37.785,70	2,71%	1,20%
2017	39.988,00	2,73%	1,22%

Data for Figure 6.8: **R&D Investment: Spain vs. Germany (% of GDP)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EUROZONE	1,76	1,77	1,84	1,93	1,93	1,97	2,01	2,02	2,03	2,03	2,04	2,07
GERMANY	2,46	2,45	2,6	2,72	2,71	2,8	2,87	2,82	2,87	2,92	2,92	3,02
SPAIN	1,1	1,17	1,23	1,32	1,35	1,35	1,33	1,29	1,27	1,24	1,22	1,19