How governments revenue & spending influences GDP per capita?

General government deficit

Looking at 2018 data, we can see that there is medium correlation (**0.45 - medium**) between deficit of countries and its GDP per capita. Deficit is defined as the balance of income and expenditure of government. "Net lending" means that government has a surplus, and is providing financial resources to other sectors (positive percentage), while "net borrowing" means that government has a deficit, and requires financial resources from other sectors (negative percentage).

Although the correlation is medium, it is interesting to notice that usually the countries with higher GDP per capita incur in less deficit.

fig. 6.10 - GDP / capita vs. deficit in countries