



# Press release

Statistics Netherlands

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## ***Dutch economy in 2000: household deficit, government surplus***

Dutch households spent more than their disposable income in 2000, taking out loans to cover the negative savings resulting from this behaviour. This deficit among households was offset by a large government surplus. The auction of UMTS licences and the large surpluses of the social security funds pushed up the net lending surplus to a record 8.7 billion euro, or 2.2% of GDP. Wages rose slightly faster in 2000. The share of wages in national income rose slightly, according to figures from Statistics Netherlands on the Dutch economy in 2000.

### ***Consumption increase again exceeds increase in household income***

Following a fall of 4.3 billion euro in 1999, the 'free' savings of households in 2000 fell further by 7.5 billion euro. This resulted in negative savings of 2.3 billion euro; in 1999 these 'free' savings were amounted to 5.2 billion euro in the black. Free savings are total savings minus savings under contract (e.g. savings under pension schemes).

The large fall in savings was caused by the strong growth in consumption which by far exceeded households' disposable income. Part of this consumption growth was financed from other means than disposable income, such as house mortgages and consumer credit.

The declining growth of disposable income is mainly connected with higher interest rates. Interest paid by households was two-thirds higher than in 1995. In addition social security contributions increased more quickly than social benefits.

### ***Government surplus to 2.2% of GDP***

The net lending surplus of the government was 8.7 billion euro, or 2.2% of GDP. This is the highest it has ever been. It is also a substantial improvement on 1999, when it was just under 1.8 billion euro. The increase in the surplus was mainly caused by the large increase in the surplus of social security funds and the incidental revenues from the sale of licences for the third generation of mobile telephone communications (UMTS). This put 2.7 billion euro in the state coffers, while the social funds had a surplus of 6.9 billion euro.

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The latter surplus is the result of the favourable economy, which pushed premiums up. Benefits lagged behind, however.

Because tax revenues also increased with GDP, the tax and premium burdens remained at the same level.

Government debt fell to under 227 billion euro in 2000. According to the EMU definition the debt is 56% of GDP and thus well under the EMU norm of 60%.

### ***Economic growth above average in 2000***

These developments all took place against a background of economic growth rates well above the long-term average. In 2000 economic growth in the Netherlands was 3.5%, slightly lower than in 1999, and also slightly down on the earlier published 3.9%. The adjustment primarily concerns financial institutions, where there has been a fall in commissions during the last few months of the year.

The 2000 figure is hardly higher than the EU average, while it was above this average in previous years.

### ***Wages and prices up***

Wage costs per working year rose by 3.9%, slightly up on 1999 (3.7%). The increase was more pronounced in the market sector: from 3.5% to 4.1%.

Wage costs per product unit also rose faster in the market sector: from 2.1% in 1999 to 2.6% in 2000.

The GDP price increase accelerated strongly, from 1.7% in 1999 to 3.7% in 2000. The primary reason for this was the increase in domestic expenditure (consumption, and particularly investment). There is also an impulse from the difference between the developments in export and import prices. In 1999 these terms of trade were negative, while in 2000 the increases hardly differed between import and export prices.

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