

## **On the determinants of firms' surpluses and deficits**

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According to standard macroeconomic theory and national accounts manuals, households are expected to be net lenders while firms are expected to be net borrowers. However in last years, firms often acted as intermediaries rather than borrowers. For instance in the UK, Germany and the Netherlands firms have been experimenting persistent surpluses. This is quite a new phenomenon for industrial economies and there is little exploration of the underlying causes. The research question of the paper refers to the determinants of firms' surpluses and deficits. We use panel data methods and our data are the annual flow-of funds of the main industrial countries over the period 1995-2014. Among the various interpretations we focus on the role played by capital liberalization and global saving glut in explaining firms' surpluses and deficits.