

## SOCIAL EXPENDITURE

Social expenditures are a measure of the extent to which countries assume responsibility for supporting the standard of living of disadvantaged or vulnerable groups.

### Definition

Social expenditure comprises cash benefits, direct in-kind provision of goods and services, and tax breaks with social purposes. Benefits may be targeted at low-income households, the elderly, disabled, sick, unemployed, or young persons. To be considered “social”, programmes have to involve either redistribution of resources across households or compulsory participation. Social benefits are classified as public when general government (that is central, state, and local governments, including social security funds) controls the relevant financial flows. All social benefits not provided by general government are considered private. Private transfers between households

### Overview

Gross public social expenditure increased from about 16% in 1980 to 18% in 1990 and to 22% of GDP in 2014 across OECD countries. Since 2009 and after the global financial crisis it has stayed around this level. Spending was highest, at over 30% of GDP, in France and Finland, and lowest, at 10% of GDP or below, in Chile, Korea and Mexico. Keeping measurement-related differences in mind, non-OECD countries have lower levels of social protection than OECD countries, particularly Indonesia and India. The three biggest categories of social transfers are pensions (on average 8% of GDP), health (6%) and income transfers to the working-age population (5%). Public spending on other social services exceeds 5% of GDP only in the Nordic countries, where the public role in providing services to the elderly, the disabled and families is the most extensive.

In 2011, gross private social spending was highest (at just over 10% of GDP) in the United States and lowest (at less than 1% of GDP) in the Czech Republic, Estonia, Hungary, Mexico, New Zealand, Poland, Spain and Turkey.

Moving from gross public to net total social expenditure not only leads to greater similarity in spending levels across countries it also changes the ranking among countries. Austria, Greece, Finland, Slovenia, Luxembourg, New Zealand and Poland drop 5 to 10 places in the rankings while Australia, Canada, Japan, the Netherlands and the United Kingdom move up the rankings by 5 to 10 places. As private social spending is so much larger in the United States compared with other countries its inclusion moves the United States from 23rd to 2nd place when comparing net total social spending across countries.

are not considered as “social” and not included. Net total social expenditure includes both public and private expenditure. It also accounts for the effect of the tax system by direct and indirect taxation and by tax breaks for social purposes.

### Comparability

For cross-country comparisons, the most commonly used indicator of social support is gross (before tax) public social expenditure relative to GDP. Measurement problems do exist, particularly with regard to spending by lower tiers of government, which may be underestimated in some countries. Public social spending totals reflect detailed social expenditure programme data till 2011-12, national aggregated for 2012-13 and estimates for 2014.

Data on private social spending are often of lesser quality than for public spending.

No data on net expenditure are currently available for Switzerland. Net data for New Zealand and Poland have been estimated on the basis of information available for 2009.

For non-OECD countries, data are not strictly comparable with OECD countries.

### Sources

- OECD (2015), *Social Expenditure Statistics* (Database).

### Further information

#### Analytical publications

- Adema, W., P. Fron and M. Ladaique (2011), “Is the European Welfare State Really More Expensive? Indicators on Social Spending, 1980-2012; and a Manual to the OECD Social Expenditure Database (SOCX)”, *OECD Social, Employment and Migration Working Papers*, No. 124.
- OECD (2015), *Integrating Social Services for Vulnerable Groups*, OECD Publishing.
- OECD (2011), *Doing Better for Families*, OECD Publishing.

#### Statistical publications

- OECD (2014), *Society at a Glance: Asia/Pacific*, OECD Publishing.
- OECD (2014), *Society at a Glance: OECD Social Indicators*, OECD Publishing.

#### Websites

- Mental health and work, [www.oecd.org/employment/emp/mental-health-and-work.htm](http://www.oecd.org/employment/emp/mental-health-and-work.htm).
- OECD Family Database, [www.oecd.org/social/family/database.htm](http://www.oecd.org/social/family/database.htm).
- Social and welfare issues, [www.oecd.org/social](http://www.oecd.org/social).
- Social Benefit Recipients Database (SOCR) (supplementary material), [www.oecd.org/social/soc/recipients.htm](http://www.oecd.org/social/soc/recipients.htm).
- Social Expenditure Database (SOCX) (supplementary material), [www.oecd.org/social/expenditure.htm](http://www.oecd.org/social/expenditure.htm).



## Public, private and total net social expenditure

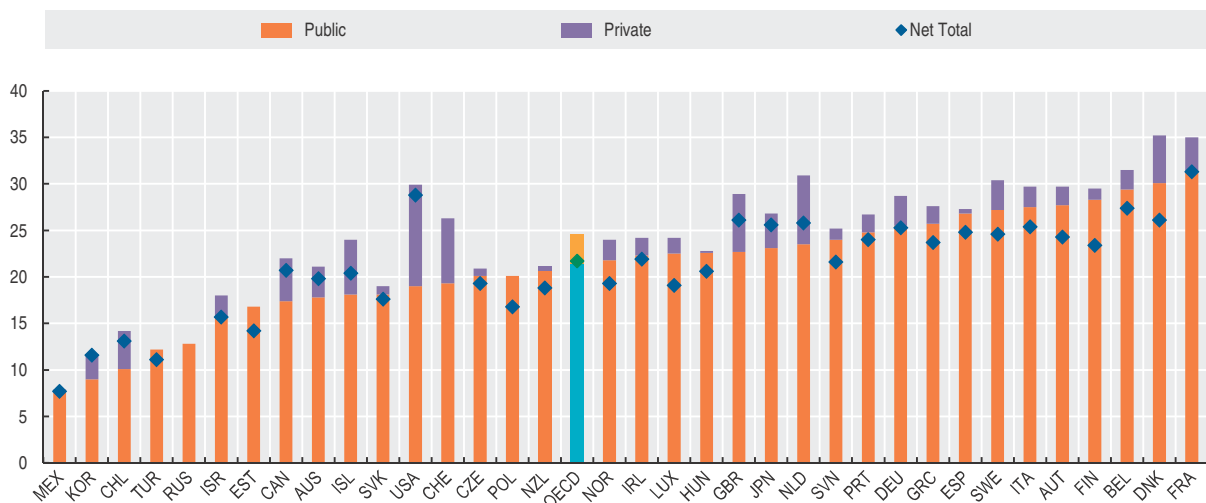
As a percentage of GDP

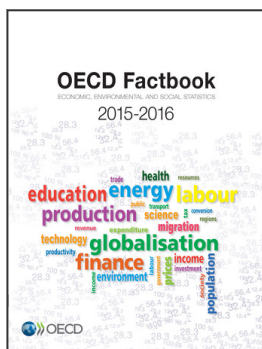
	Public expenditure								Private expenditure				Total net expenditure
	1990	2000	2009	2010	2011	2012	2013	2014	1990	2000	2010	2011	2011
Australia	13.1	17.2	17.4	17.2	17.8	18.3	19.0	19.0	0.9	4.4	3.1	3.3	19.8
Austria	23.4	26.1	28.6	28.6	27.7	27.9	28.3	28.4	2.2	1.9	2.0	2.0	24.3
Belgium	24.9	24.5	29.1	28.8	29.4	30.3	30.9	30.7	1.6	1.7	2.0	2.1	27.4
Canada	17.6	15.8	18.5	17.9	17.4	17.4	17.2	17.0	3.2	4.9	4.7	4.6	20.7
Chile	9.8	12.7	11.2	10.5	10.1	10.2	10.0	..	0.5	1.2	4.0	4.1	13.1
Czech Republic	14.6	18.8	20.3	19.9	20.1	20.2	20.5	20.6	..	0.3	0.7	0.8	19.3
Denmark	25.0	26.0	29.7	29.9	30.1	30.2	30.2	30.1	2.1	2.4	4.8	5.1	26.1
Estonia	..	13.8	19.8	18.8	16.8	16.2	16.1	16.3	..	..	0.0	0.0	14.2
Finland	23.8	23.3	28.3	28.7	28.3	29.4	30.6	31.0	1.1	1.2	1.2	1.2	23.4
France	24.9	28.4	31.5	31.7	31.4	31.5	32.0	31.9	1.9	2.6	3.6	3.6	31.3
Germany	21.4	26.2	27.6	26.8	25.5	25.4	25.6	25.8	3.0	3.1	3.2	3.2	25.3
Greece	16.5	19.2	24.4	24.2	25.7	26.1	24.3	24.0	2.1	2.1	1.9	1.9	23.7
Hungary	..	20.5	24.7	23.5	22.6	22.3	22.1	22.1	..	0.0	0.3	0.2	20.6
Iceland	13.5	15.0	18.5	17.9	18.1	17.5	17.1	16.5	3.0	4.2	5.8	5.9	20.4
Ireland	17.2	13.1	23.4	23.3	22.3	22.0	21.9	21.0	1.4	1.3	1.9	1.9	21.9
Israel	..	16.8	15.8	15.7	15.6	15.5	15.5	..	..	2.3	2.4	2.4	15.7
Italy	21.4	23.3	27.8	27.8	27.5	28.1	28.7	28.6	2.1	1.8	2.2	2.2	25.4
Japan	11.1	16.3	22.0	22.1	23.1	..	..	..	0.2	3.6	3.5	3.7	25.6
Korea	2.8	4.8	9.4	9.0	9.0	9.6	10.2	10.4	0.4	2.7	2.4	2.7	11.6
Luxembourg	19.1	19.6	24.3	23.0	22.5	23.4	23.4	23.5	..	0.1	1.7	1.7	19.1
Mexico	3.2	5.0	7.7	7.8	7.7	7.9	..	..	0.1	0.1	0.2	0.2	7.7
Netherlands	25.6	19.8	23.1	23.7	23.5	24.1	24.6	24.7	6.1	7.3	7.4	7.4	25.8
New Zealand	21.2	18.9	21.0	21.0	20.7	21.0	20.8	..	0.2	0.5	0.5	0.5	18.8
Norway	21.9	20.8	22.8	22.4	21.8	21.7	22.0	22.0	1.9	2.0	2.1	2.2	19.3
Poland	14.9	20.3	20.7	20.7	20.1	20.1	20.7	20.6	..	..	0.0	0.0	16.8
Portugal	12.4	18.6	25.3	25.2	24.8	24.8	25.8	25.2	0.9	1.5	1.8	1.9	24.0
Slovak Republic	..	17.8	18.5	18.4	18.1	18.3	18.7	18.4	..	0.8	1.0	0.9	17.6
Slovenia	..	22.8	23.0	23.9	24.0	24.0	23.8	23.7	..	0.0	1.1	1.2	21.6
Spain	19.7	20.0	26.1	26.7	26.8	27.1	27.3	26.8	0.2	0.3	0.5	0.5	24.8
Sweden	28.5	28.2	29.4	27.9	27.2	27.7	28.2	28.1	1.2	2.6	3.2	3.2	24.6
Switzerland	12.8	17.2	19.7	19.5	19.3	19.7	19.9	19.4	4.4	6.6	7.0	7.0	..
Turkey	5.5	..	13.2	12.6	12.2	12.3	12.5	..	..	..	..	..	11.1
United Kingdom	16.3	18.4	23.9	22.8	22.7	23.0	22.5	21.7	5.0	7.6	6.2	6.2	26.1
United States	13.1	14.2	18.5	19.3	19.0	18.7	18.6	19.2	7.3	8.8	10.8	10.9	28.8
EU 28	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	17.5	18.6	21.9	21.7	21.4	21.6	21.7	21.6	..	2.9	3.2	3.2	21.7
Brazil	..	..	..	16.7	..	..	..	..	..	..	..	..	..
China	..	..	7.0	..	..	9.0	..	..	..	..	..	..	..
India	..	..	2.7	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	2.0	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	..	12.8	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	8.7	..	..	..	..	..	..	..

1 2 <http://dx.doi.org/10.1787/888933336616>

## Public, private and total net social expenditure

As a percentage of GDP, 2011

1 2 <http://dx.doi.org/10.1787/888933335530>



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