

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 are not considered as “social” and not included here. Net

Overview

Gross public social expenditure increased from about 16% in 1980 to 18% in 1990 and to 22% of GDP in 2009 across OECD countries. Since this date and after the global financial crisis it has stayed around this level. Spending was highest, at over 30% of GDP, in France and Denmark, and lowest, at below 10% of GDP, in Korea and Mexico. Keeping measurement-related differences in mind, non-OECD countries have lower levels of social protection than OECD countries, particularly in Indonesia and India. The three biggest categories of social transfers are pensions (on average 8% of GDP), health (7%) 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 2009, 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. Estonia, Denmark, Finland, Luxembourg, Norway, Poland and Spain drop 5 to 10 places in the rankings while Canada, Iceland, Japan, 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.

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 2009, national aggregated for 2010-12 and estimates for 2013.

Data on private social spending are often of lesser quality than for public spending. Private data for Israel refer to private health insurance only.

No data on net expenditure are currently available for Greece, Hungary, Switzerland and Turkey. Net data for Iceland, Luxembourg and Mexico have been estimated using data on direct tax rates of benefit income for 2007. In the absence of information on direct taxation of benefit income in Slovenia, net total social spending is overestimated for this country, and therefore it is not included in the OECD average.

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

Sources

- OECD (2013), *Social Expenditure Statistics (Database)*.
- For non-OECD countries: OECD (2014), *Society at a Glance: OECD Social Indicators*, OECD Publishing.

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 (2011), *Doing Better for Families*, OECD Publishing.

Statistical publications

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

Websites

- OECD Family database, www.oecd.org/social/family/database.
- Sickness, Disability and Work (supplementary material), www.oecd.org/els/disability.
- Social and Welfare Issues, www.oecd.org/social.
- Social Expenditure (supplementary material), www.oecd.org/social/expenditure.htm.



Public, private and total net social expenditure

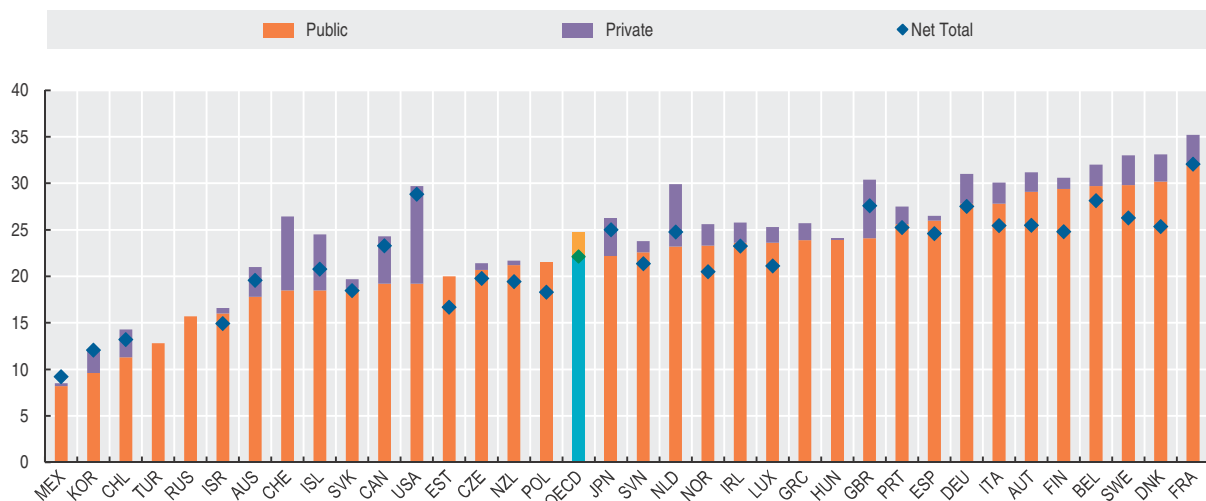
As a percentage of GDP

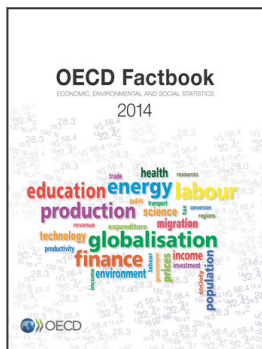
	Public expenditure								Private expenditure				Total net social expenditure
	1990	2000	2008	2009	2010	2011	2012	2013	1990	2000	2008	2009	2009
Australia	13.2	17.3	17.8	17.8	17.9	18.2	18.8	19.5	0.8	4.4	3.3	3.2	19.6
Austria	23.8	26.6	26.8	29.1	28.9	27.9	27.9	28.3	2.3	1.9	2.0	2.1	25.5
Belgium	24.9	25.3	27.3	29.7	29.5	29.7	30.5	30.7	1.6	1.7	2.2	2.3	28.1
Canada	18.1	16.5	17.6	19.2	18.7	18.1	18.1	18.2	3.3	5.0	4.9	5.1	23.3
Chile	9.9	12.8	9.6	11.3	10.8	10.4	10.2	..	0.6	1.2	2.9	3.0	13.2
Czech Republic	15.3	19.1	18.1	20.7	20.8	20.8	21.0	21.8	..	0.4	0.5	0.7	19.8
Denmark	25.1	26.4	26.8	30.2	30.6	30.6	30.8	30.8	2.1	2.4	2.7	2.9	25.4
Estonia	..	13.9	15.8	20.0	20.1	18.2	17.6	17.7	..	..	..	..	16.7
Finland	24.1	24.2	25.3	29.4	29.6	29.2	30.0	30.5	1.1	1.2	1.1	1.2	24.8
France	25.1	28.6	29.8	32.1	32.4	32.0	32.5	33.0	1.9	2.7	2.9	3.1	32.1
Germany	21.7	26.6	25.2	27.8	27.1	25.9	25.9	26.2	3.1	3.0	3.0	3.2	27.5
Greece	16.6	19.3	22.2	23.9	23.3	24.4	24.1	22.0	2.1	2.1	1.7	1.8	..
Hungary	..	20.7	23.1	23.9	22.9	21.9	21.6	21.6	..	..	0.2	0.2	..
Iceland	13.7	15.2	15.8	18.5	18.0	18.1	17.6	17.2	3.0	4.2	5.3	6.0	20.8
Ireland	17.3	13.4	19.7	23.6	23.7	23.3	22.4	21.6	1.4	1.3	1.6	2.2	23.2
Israel	..	17.2	15.5	16.0	16.0	15.8	15.8	15.8	..	0.3	0.6	0.6	14.9
Italy	19.9	23.1	25.8	27.8	27.7	27.5	28.0	28.4	3.9	2.1	2.2	2.3	25.5
Japan	11.1	16.3	19.8	22.2	22.3	..	..	..	0.3	3.8	3.7	4.0	25.0
Korea	2.8	4.8	8.4	9.6	9.2	9.1	9.3	..	0.4	2.7	2.2	2.4	12.1
Luxembourg	19.1	20.9	20.8	23.6	23.0	22.6	23.2	23.4	..	0.1	1.1	1.7	21.1
Mexico	3.3	5.3	7.4	8.2	8.1	7.7	7.4	..	0.1	0.1	0.2	0.3	9.2
Netherlands	25.6	19.8	20.9	23.2	23.4	23.4	24.0	24.3	6.0	7.4	6.3	6.7	24.8
New Zealand	21.5	19.0	19.8	21.2	21.3	21.4	22.0	22.4	0.2	0.5	0.5	0.5	19.4
Norway	22.3	21.3	19.8	23.3	23.0	22.4	22.3	22.9	1.8	2.1	1.9	2.3	20.5
Poland	14.9	20.5	20.3	21.5	21.8	20.5	20.6	20.9	..	..	..	..	18.3
Portugal	12.5	18.9	23.1	25.6	25.4	25.0	25.0	26.4	0.8	1.5	2.0	1.9	25.3
Slovak Republic	..	17.9	15.7	18.7	19.1	18.1	18.3	17.9	..	0.8	1.0	1.0	18.5
Slovenia	..	21.8	19.7	22.6	23.6	23.7	23.7	23.8	..	..	1.1	1.2	21.4
Spain	19.9	20.2	22.9	26.0	26.7	26.4	26.8	27.4	0.2	0.3	0.5	0.5	24.6
Sweden	30.2	28.4	27.5	29.8	28.3	27.6	28.1	28.6	1.2	2.6	3.0	3.2	26.3
Switzerland	13.5	17.8	18.5	..	20.6	19.5	18.8	19.1	5.3	8.3	7.9	..	..
Turkey	5.7	..	10.7	12.8	..	..	..	..	..	..	..	..	..
United Kingdom	16.7	18.6	21.8	24.1	23.8	23.6	23.9	23.8	5.0	7.7	5.7	6.3	27.6
United States	13.6	14.5	17.0	19.2	19.8	19.6	19.7	20.0	7.6	9.1	10.6	10.5	28.8
EU 28	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	17.6	18.9	19.9	22.1	22.1	21.7	21.8	21.9	..	..	..	..	22.1
Brazil	..	..	..	..	14.4	..	..	..	..	..	..	..	..
China	6.5	9.0
India	4.6
Indonesia	2.1
Russian Federation	15.7
South Africa	8.1

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Public, private and total net social expenditure

As a percentage of GDP, 2009

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