

The OECD Social Expenditure database (SOCX)

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SOCX via www.oecd.org/els/social/expenditure

Outline of presentation

- What is SOCX ?
background, structure, sources, definition
- How do countries compare in SOCX?
 - Trends and composition of public spending, impact on poverty
 - Private spending and the impact of the tax system
- Other social expenditure databases:
EUROSTAT-Esspross , ILO-SSI , ADB-SPI
- Social spending and the economic crisis

What is SOCX ?

- Developed in the 1990s, SOCX is a tool to
 - monitor trends in social expenditure
 - analyse changes in the composition of social expenditure
- SOCX includes reliable and internationally comparable statistics on public and private social expenditure
 - at the programme level
- SOCX covers 34 OECD countries,
 - with spending figures from 1960-80 to 2007

The structure of SOCX

1.0.0.0	OLD AGE
1.1.0.0	Cash benefits
1.1.1.0	Pension
1.1.2.0	Early retirement pension
1.1.3.0	Other cash benefits
1.2.0.0	Benefits in kind
1.2.1.0	Residential care / Home-help services
1.2.2.0	Other benefits in kind
2.0.0.0	SURVIVORS
2.1.0.0	Cash benefits
2.1.1.0	Pension
2.1.2.0	Other cash benefits
2.2.0.0	Benefits in kind
2.2.1.0	Funeral expenses
2.2.2.0	Other benefits in kind
3.0.0.0	INCAPACITY-RELATED BENEFITS
3.1.0.0	Cash benefits
3.1.1.0	Disability pensions
3.1.2.0	Pensions (occupational injury and disease)
3.1.3.0	Paid sick leave (occupational injury and disease)
3.1.4.0	Paid sick leave (other sickness daily allowances)
3.1.5.0	Other cash benefits
3.2.0.0	Benefits in kind
3.2.1.0	Residential care / Home-help services
3.2.2.0	Rehabilitation services
3.2.3.0	Other benefits in kind
4.0.0.0	HEALTH
4.2.0.0	Benefits in kind

5.0.0.0	FAMILY
5.1.0.0	Cash benefits
5.1.1.0	Family allowances
5.1.2.0	Maternity and parental leave
5.1.3.0	Other cash benefits
5.2.0.0	Benefits in kind
5.2.1.0	Day care / Home-help services
5.2.2.0	Other benefits in kind
6.0.0.0	ACTIVE LABOUR MARKET PROGRAMM
6.0.1.0	Employment service and administration
6.0.2.0	Labour market training
6.0.3.0	Youth measures
6.0.4.0	Subsidised employment
6.0.5.0	Employment measures for disabled
7.0.0.0	UNEMPLOYMENT
7.1.0.0	Cash benefits
7.1.1.0	Unemployment compensation / severance pay
7.1.2.0	Early retirement for labour market reasons
7.2.0.0	Benefits in kind
8.0.0.0	HOUSING
8.1.0.0	Cash benefits
8.1.1.0	Housing allowances
8.1.2.0	Other cash benefits
8.2.0.0	Benefits in kind
8.2.1.0	Housing assistance
8.2.2.0	Other benefits in kind
9.0.0.0	OTHER SOCIAL POLICY AREAS
9.1.0.0	Cash benefits
9.1.1.0	Income maintenance
9.1.2.0	Other cash benefits
9.2.0.0	Benefits in kind
9.2.1.0	Social assistance
9.2.2.0	Other benefits in kind

SOCX: Sources

- All (34) OECD countries: use of 3 OECD databases:
 OECD Health data (4. Health)
 OECD Active Labour Market Programmes database (6.ALMP)
 OECD Education database (pre-school spending within 5.2.1 childcare)
- ...
- 21 E-U countries + 3: Iceland Norway Switzerland
 based mainly from ESSPROS database
 (from Eurostat - the European Statistical Office)
- + 10 non Europeans: AUS CAN CHL ISR **JPN** KOR MEX NZL TUR USA
 based from an OECD questionnaire sent to delegates in
 Social Affairs Ministries

Code	Title E	COUNTRY	SOURCE	BRANCH	TYPEXP	TYPROG	NPROG	SOCX1980	SOCX2005	SOCX2006	SOCX2007	SOCX2008	SOCX2009	SOCX2010
392.10.1.0.0.	OLD AGE	392	10	1	0	0	0	7 482 490.30	43 367 844.75	44 049 036.35	45 072 299.98	0.00	0.00	0.00
392.10.1.1.0.	Cash benefits	392	10	1	1	0	0	7 225 494.07	37 322 992.36	37 783 669.41	38 645 886.57	0.00	0.00	0.00
392.10.1.1.1	Pension	392	10	1	1	1	0	7 222 926.93	37 253 563.62	37 719 732.94	38 436 116.18	0.00	0.00	0.00
392.10.1.1.1.	National pension	392	10	1	1	1	1	2 203 130.1	13 412 802.8	13 831 111.6	14 648 853.6			
392.10.1.1.1.	Employees' pension insurance	392	10	1	1	1	2	2 661 274.5	17 869 382.5	17 965 761.0	17 888 036.0			
392.10.1.1.1.	Agricultural, forestry and fishery organisation emp	392	10	1	1	1	3	59 824.5	796 118.0	761 495.3	728 027.3			
392.10.1.1.1.	Promotion and Mutual Aid corporation for Private	392	10	1	1	1	4	19 461.4	195 435.5	200 703.8	206 010.0			
392.10.1.1.1.	Seamen's insurance	392	10	1	1	1	5	65 260.2	1 800.0	1 590.1	1 449.5			
392.10.1.1.1.	National public service mutual aid association	392	10	1	1	1	6	420 474.6	1 308 619.2	1 299 275.5	1 296 089.3			
392.10.1.1.1.	Existing Association, etc	392	10	1	1	1	7	467 873.8	2 367.6	2 201.0	5 967.0			
392.10.1.1.1.	Local public employees' mutual aid association	392	10	1	1	1	8	974 631.7	3 567 375.3	3 568 713.3	3 582 708.8			
392.10.1.1.1.	Yahata mutual aid association, etc.	392	10	1	1	1	9	23 255.9	7 048.5	6 641.8	5 860.8			
392.10.1.1.1.	National public employees' pension (Gratuity)	392	10	1	1	1	10	127 505.9	38 765.2	34 335.1	30 951.4			
392.10.1.1.1.	Local public employees' pension (Gratuity)	392	10	1	1	1	11	200 234.3	53 849.1	47 904.4	42 162.5			

What is 'social' spending ?

2 criterias :

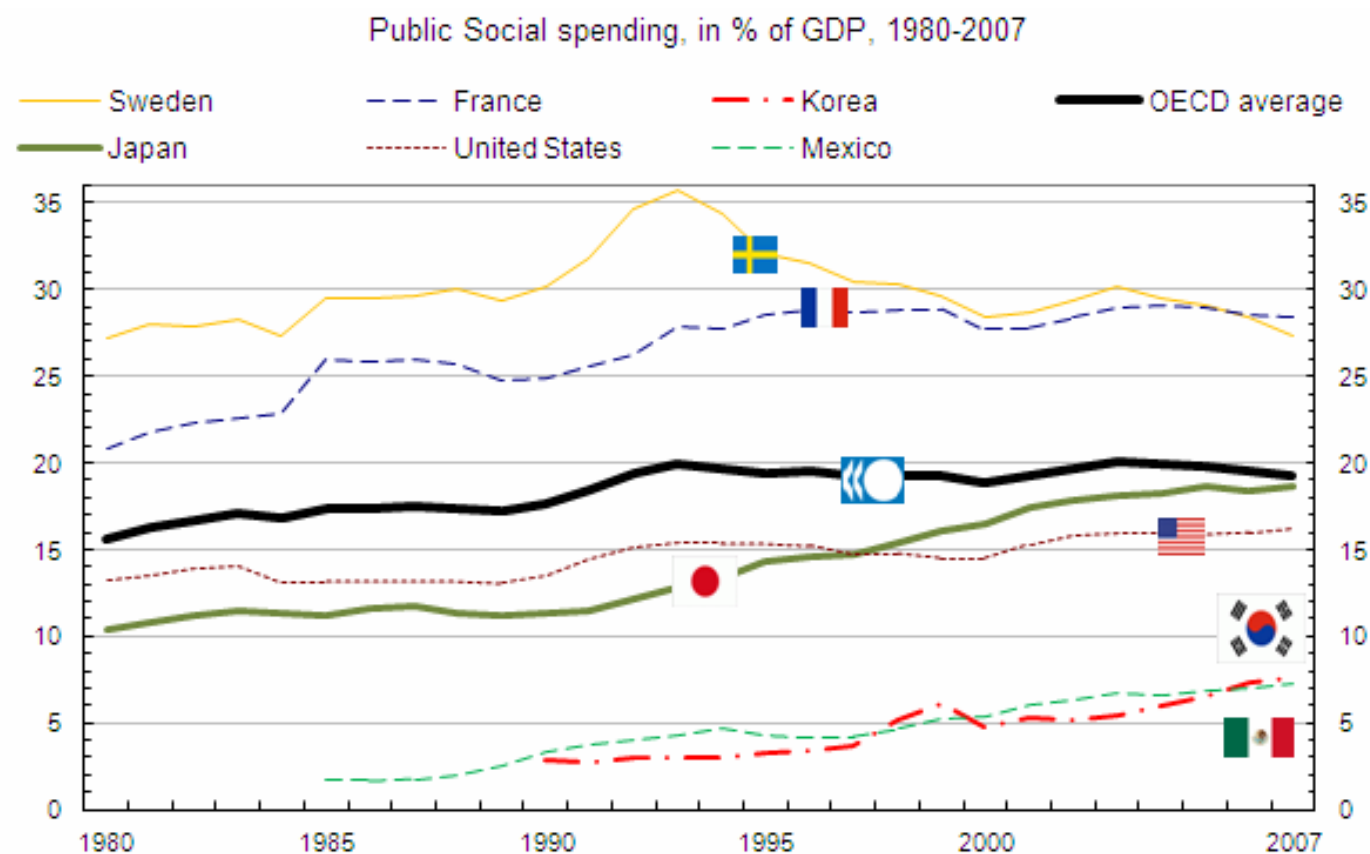
- Provision of support (cash, in-kind, fiscal) by public and private institutions to households during circumstances which adversely affect their welfare.
 - public: financial flows controlled by General Government (central + local governments + social security funds)
 - Private:
 - mandatory: stipulated by legislation
(i.e. employer provided sickness benefits)
 - voluntary: stipulated by collective agreement
(i.e. occupational pensions funds, private health)
- Social spending have to involve :
 - interpersonal re-distribution
or
 - compulsory participation

Also:

- SOCX includes capital investment on an accruals basis
- SOCX generally excludes: administrative costs, loans

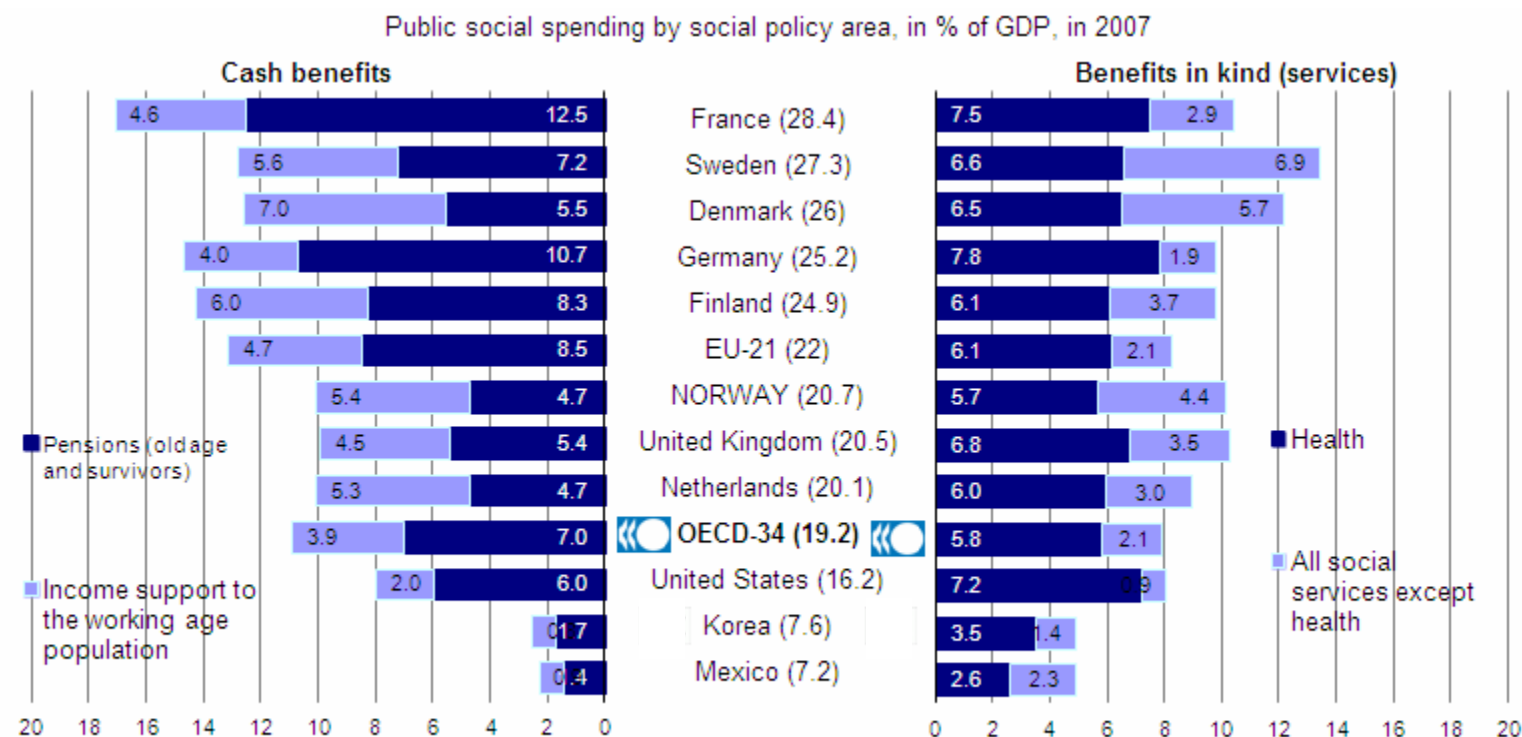
Trends in social protection

More important public social effort in Europe



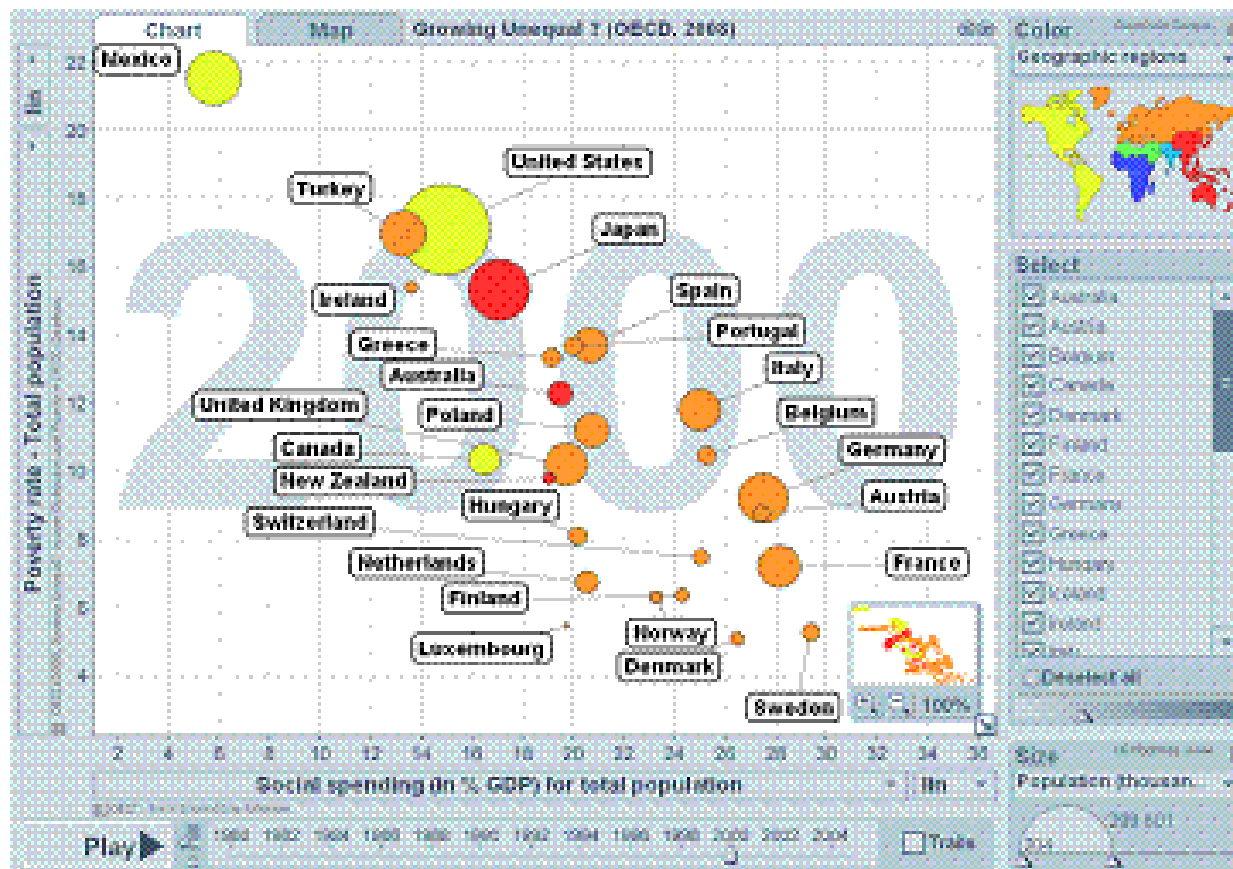
Composition of social protection

Generally, most spending is on pensions and health...
... and on social services in Nordic countries



Source: The OECD Social Expenditure database (SOCX via www.oecd.org/els/social).

« Social » countries have lower relative poverty rates

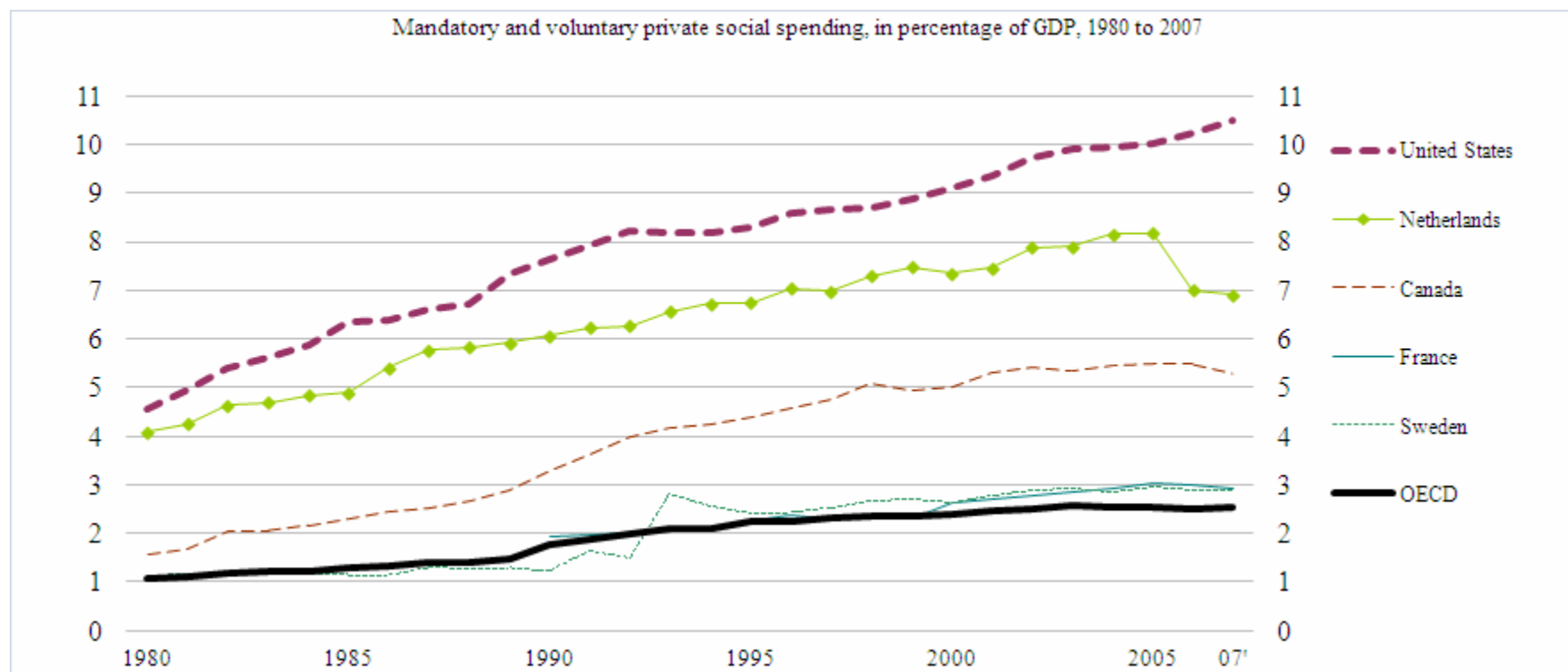


Definition of Relative poverty rate:

% of persons living in a household with disposable income less than 50% median income.

Trends in private social protection

Gross private social spending has increased since 1990



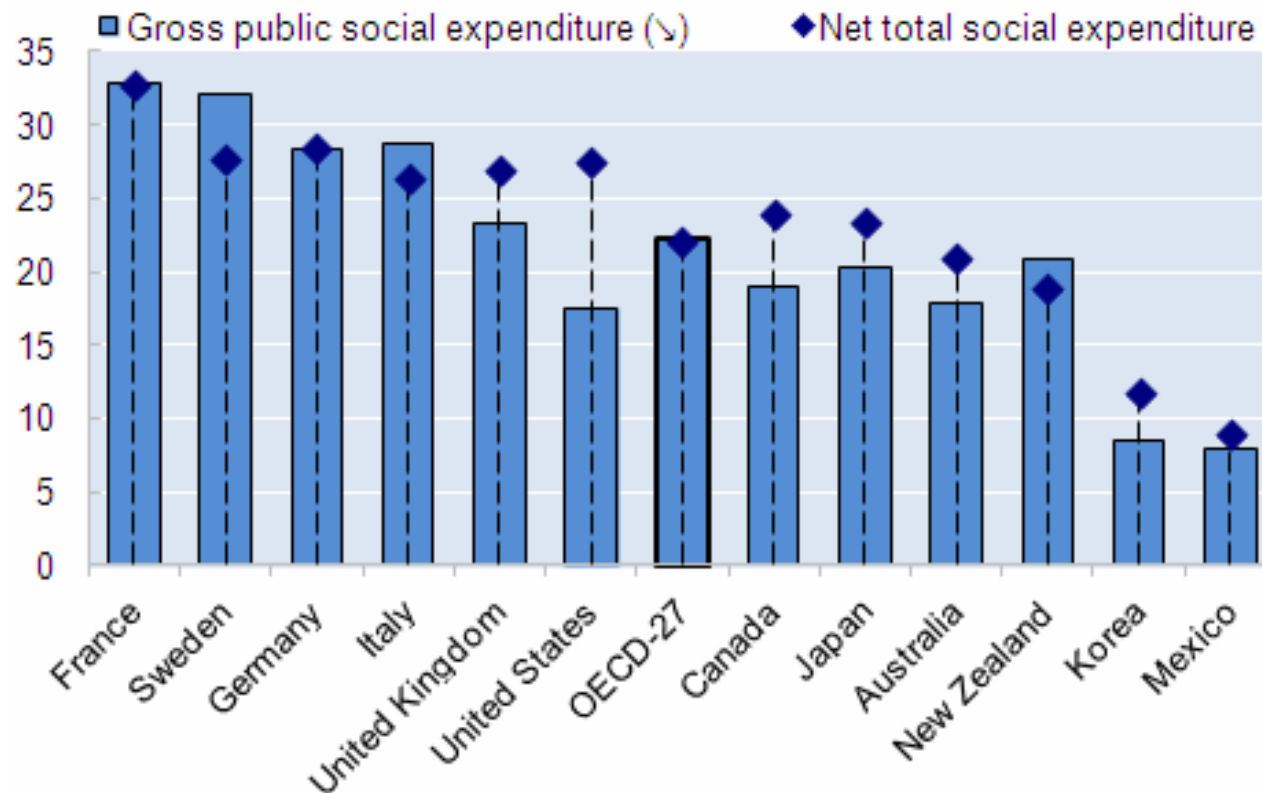
The impact of the tax system

From Gross to Net SOCX (1)

- Based on questionnaire to OECD-Tax delegates
- **Gross social expenditure**
 - Direct taxes and social contributions
 - Indirect taxes on consumption (VAT)
 - + Tax break for social purposes (TBSP)
 - = **Net social expenditure**

The impact of the tax system From Gross to Net SOCX (2)

Social expenditure as a per cent of GDP at factor cost, 2007



Accounting for the impact of the tax system and private spending
reduces differences in spending ratios across countries

Other Social expenditure databases

(1 & 2)

1.

EUROSTAT Esspross

1. Sickness/Health care
2. Disability
3. Old age
4. Survivors
5. Family/children
6. Unemployment
7. Housing
8. Social exclusion



http://epp.eurostat.ec.europa.eu/portal/page/portal/social_protection/introduction

2.

The ILO Social Security Inquiry

Table 1. Schematic description of Sections S_D to S_G of the Scheme Questionnaire

Main function covered	S_D Long-term benefits	S_E Short-term benefits	S_F Unemployment benefits	S_G Means-tested benefits
Old age	Old-age pensions	-	-	Yes if means-tested
Disability	Disability pensions	-	-	Yes if means-tested
Survivors	Survivors' pensions	-	-	Yes if means-tested
Sickness and health	-	Sickness benefits	-	Yes if means-tested
Unemployment	-	-	Unemployment benefits	Yes if means-tested
Employment injury	Disability and survivors' pensions	Sickness benefits	-	Yes if means-tested
Family and children	-	-	-	Yes if means-tested
Maternity	-	Maternity benefits	-	Yes if means-tested
Housing	-	-	-	Yes if means-tested
Basic education	-	-	-	Yes if means-tested
Other income support and assistance (n.e.c.)	-	-	-	Yes if means-tested

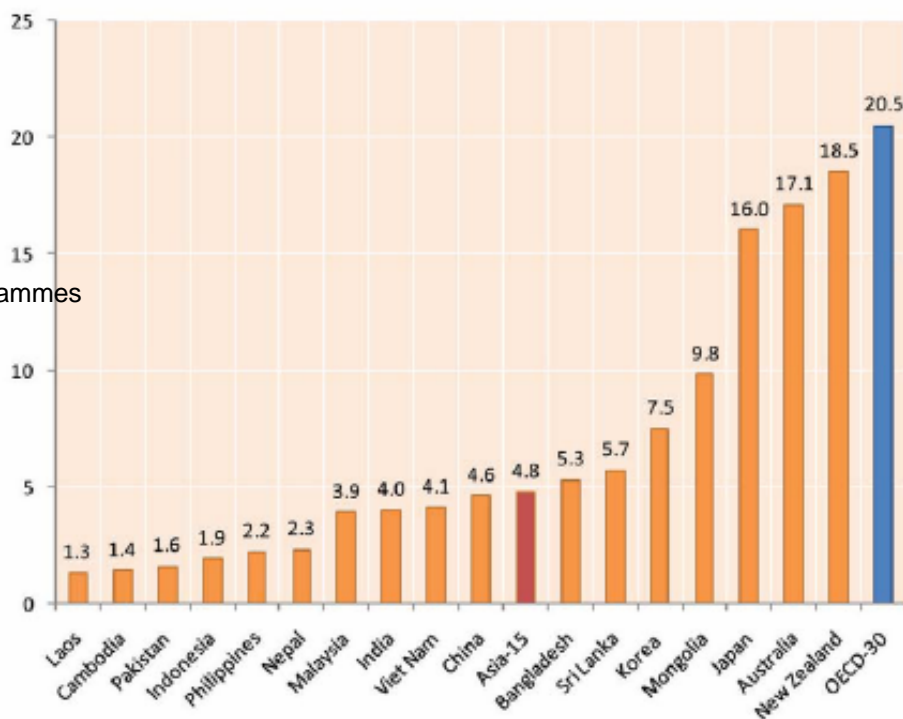
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<http://www.ilo.org/dyn/ilossi/ssmain.home>

Other social expenditure databases (3)

ADB – Social Protection Index

EQ3.1 Social expenditure as percentage of GDP, 2004/2005



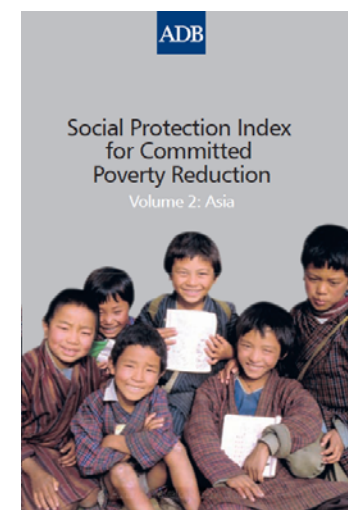
Labour Market Programmes
Social Insurance
Social Assistance
Child Protection

Note: Data for New Zealand, Australia, and OECD-30 average concern public social spending, not total social expenditure.

Sources: ADB (2008), *Social Protection Index for Committed Poverty Reduction, Volume 2 Asia-Pacific Edition*; except Australia, New Zealand, and OECD-30 from OECD, *Social Expenditure Database (SOCX)*.

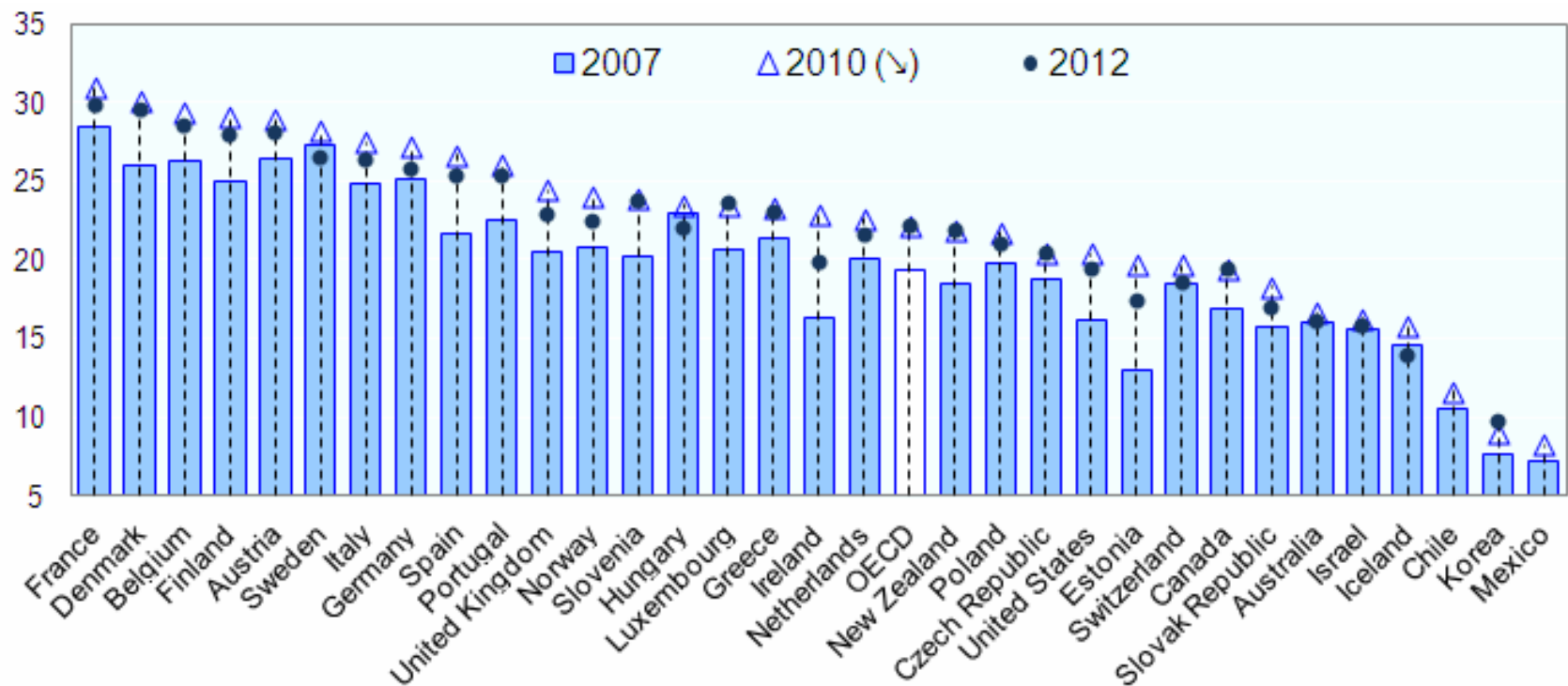


<http://www.oecd.org/els/social/indicators/asia>



Social spending and the crisis (1)

Public social spending –to GDP ratio would increase on average from 19% in 2007 to 22% in 2010/12 (+3% points) across OECD countries (estimations)



Social spending and the crisis (2)

Recessions have two deleterious effects on the public finance:

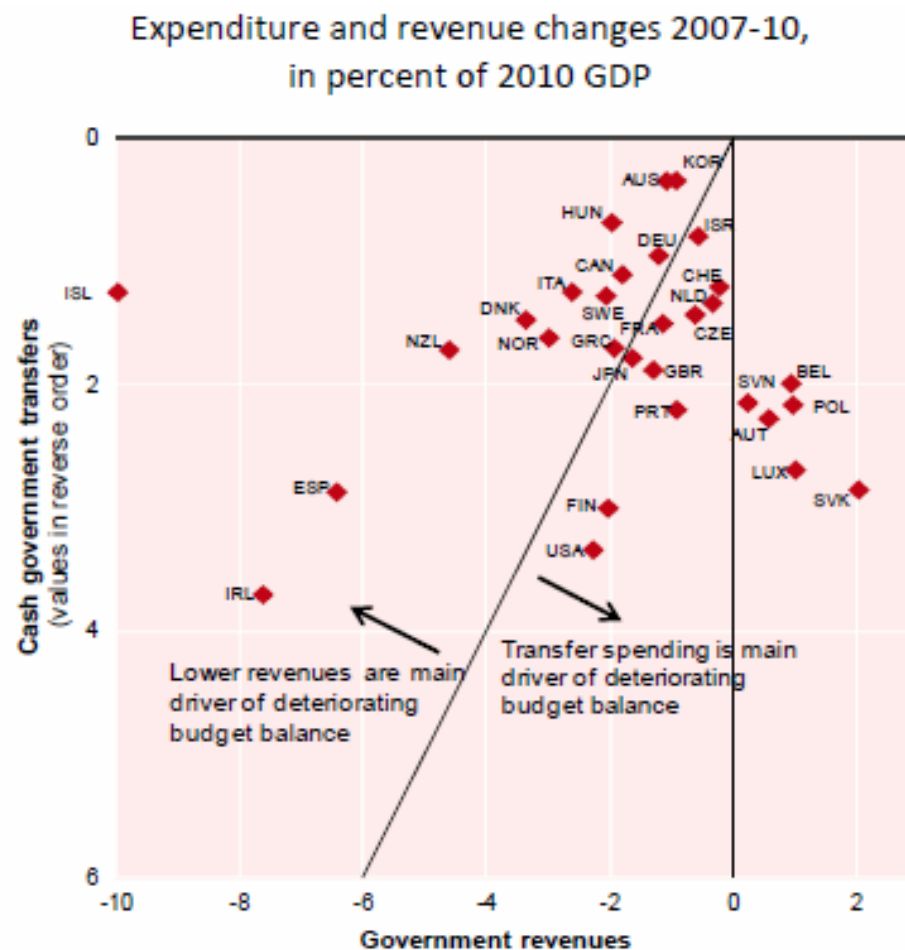
- lower revenues

(*X axis*)

and

- higher benefit expenditures

(*Y axis*)



To remember

SOCX presents reliable and internationally comparable statistics on public and private social expenditure, for OECD countries

See also EUROSTAT-Esspros, ILO-SSI, ADB-SPI

The economic crisis put pressure on public finances, including social protection financing

The OECD SOCX Database can be accessible via

www.oecd.org/els/social/expenditure

- on-line database
- forthcoming Autumn 2011: OECD Working Paper on 1980-2007 SOCX Data (together with Net SOCX estimates for 2007 and Projections of public Social expenditures for 2008-2012)