

**THE DRAWBACKS OF WELFARE EFFORT IN MEASURING
SOCIAL SPENDING TRENDS**

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The drawbacks of *Welfare Effort* in Measuring Social Spending Trends

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Abstract

The welfare effort (social spending as a percentage of GDP) has conventionally been the preferred measure for comparisons in space and time of the level of development of welfare states. However, frequent mentions are made in the relevant literature of the drawbacks of this measure as an empirical reference (e.g. it can be demonstrated that in certain conditions it provides a distorted picture of the relative levels of development of social protection systems). This study sets out to determine the extent of the shortcomings of the welfare effort measure for quantifying the relative standards of social protection.

The drawbacks of welfare effort in measuring Social Spending Trends

1 Introduction

For over 30 years it has been claimed that the welfare state is in crisis. We now have more information on events in the last quarter of the 20th century, which may be sufficient for us to draw up a practically definitive assessment of this topic. However, it is difficult to find evidence in the relevant literature of any basic consensus on recent trends in welfare states. In a similar context of lack of consensus concerning the determinant factors in the development of the welfare state between the end of the Second World War and the recession of the 1970s, O'Connor & Brym (1988) claimed to have found the cause of that lack of consensus in the fact that the various theories sought empirical support for their assertions based on different measures and indicators which therefore provided different pictures and led to different conclusions concerning the relative development of welfare states.

In research into the consequences of the crisis of welfare states there is also a curious link between the type of measures used and the conclusions drawn from analyses. For example, most studies that postulate the resilience of the welfare state use a measure of the weight of social spending in the economy (welfare effort measured in terms of social spending as a percentage of GDP), while those that highlight the magnitude of cutbacks base their conclusions on the degree to which social needs are covered by social welfare provisions.

Welfare effort is by far the most widely used measure in empirical literature for gauging trends in welfare states. Since the papers by Wilensky (1975), most classical research on the determining factors in the expansion of social protection has used this measure as a dependent variable (Pampel & Williamson, 1988; Schmidt, 1997; Huber Ragin & Stephens, 1993; Hicks & Swank, 1992; O'Connor, 1988; Schmidt, 1983; Stephens, 1979; Cameron, 1978); and many more recent contributions to the field have followed suit (Alesina & Glaeser, 2004; Iversen, 2001). Similarly, welfare effort has played a leading role in debates on the retrenchment of the welfare state and the consequences of globalisation for public-sector policies in developed countries (Castles, 2001; Pierson, 1996; Alber, 1988). In this context, the present study has been developed to point out the evident shortcomings of using welfare effort alone to describe social spending trends, and as a result to compare the hypotheses concerning trends in the welfare state.

2 Changes in magnitude of social protection described via *welfare effort*. 1980-2001

Table 1. Public social spending as a percentage of GDP

Country	1980	1990	2001	1990-2001	1980-2001
Australia	11.3	14.2	18.0	3.8	6.7
Canada	14.3	18.6	17.8	-0.8	3.5
USA	13.3	13.4	14.8	1.3	1.5
Ireland	17.0	18.6	13.8	-4.9	-3.2
New Zealand	17.2	21.9	18.5	-3.4	1.3
UK	17.9	19.5	21.8	2.3	3.9
Liberal*	14.0	14.7	15.9	1.1	1.9
Denmark	29.1	29.3	29.2	-0.1	0.2
Finland	18.5	24.8	24.8	0.0	6.3
Norway	17.9	24.7	23.9	-0.8	6.0
Sweden	28.8	30.8	29.8	-1.0	1.0
Social-democratic*	25.0	28.0	27.3	-0.8	2.3
Germany	23.0	22.8	27.4	4.6	4.4
Austria	22.5	24.1	26.0	1.9	3.5
Belgium	24.1	26.9	27.2	0.3	3.1
France	21.1	26.6	28.5	1.8	7.3
The Netherlands	26.9	27.6	21.8	-5.9	-5.2
Conservative*	22.7	24.9	27.1	2.2	4.4
Spain	15.9	19.5	19.6	0.0	3.7
Greece	11.5	20.9	24.3	3.4	12.9
Italy	18.4	23.3	24.4	1.2	6.0
Portugal	10.9	13.9	21.1	7.2	10.2
Southern Europe*	16.9	21.7	22.8	1.0	5.8
Japan	10.2	11.2	16.9	5.7	6.7
Switzerland	14.2	17.9	26.4	8.5	12.2
All*	16.3	17.4	18.9	1.5	2.7
Coefficient of variation **	30.8	24.7	20.6	-	-

Sources: SOCX database (1980-2001), OECD.

*The figures given for each family or regime and for the "All" category indicate the level of spending as a whole in the aggregate category in question, measured in US dollars as a percentage of aggregate GDP in the same accounting unit.

** The coefficient of variation is expressed in percentage terms.

This heading is intended to assess the validity of changes in the welfare effort as a measure of the scope of the welfare state reforms during the crisis period.

Table 1 gives a general view of the performance of welfare effort between 1980 and 2001. An analysis of these data results in the following conclusions, among others:

- No generalised reduction in welfare effort is observed. Indeed if the countries are considered as a whole, effort increases by 2.7% over the full period, which can be seen as evidence of the health of the welfare state in the developed world.
- Some correction in welfare effort is observed in some countries, e.g. Ireland and the Netherlands.
- The frequency of spending cuts is higher in the nineties. Strikingly, three of the four countries representing the Social-democratic world make corrections in this decade, which would support the thesis that adjustments are taking place in the countries with the most highly-developed welfare states.

- Elsewhere, by contrast - especially in the Southern Europe area -, there have been major increases in social protection effort. Three of these countries joined what is now the European Union in the 1980s after emerging from long periods of dictatorship. At the time of their incorporation into the process of European integration all three had relatively backward economies and were still consolidating the democratic credentials of their political systems. The increase in social spending in these countries over the 20 years of the study period can be interpreted in the context of a process of adaptation and homologation to bring them into line with their more highly developed neighbours in Europe.
- The combination of downward adjustments in the countries with the highest spending levels in the initial period and strong upward adjustments in other countries results in a narrower dispersal of welfare effort across countries.
- In short, an analysis of changes between 1980 and 2001 provides a relatively optimistic picture of the future of welfare states. Reductions in welfare effort are observed in only two of the 21 countries considered, and the average level continues to rise. However, there are elements that indicate otherwise: at first glance the data give the impression that a more widespread adjustment took place at the end of the period under study. Between 1990 and 2001 reductions are observed in seven countries, including three from the social-democratic world: Denmark, Norway and Sweden.

The above conclusions will be familiar to readers accustomed to the literature on the recent history of the welfare state. Indeed, some of them have become clichés of that literature. Our next question takes a very different tack: to what extent do these conclusions depend on the way in which measurements were taken?

3 The drawbacks of welfare effort as a measure

Welfare effort is by far the most widely used measure in empirical literature on the relative levels of development of social policies. Its attractiveness probably lies in the readily apparent advantages of aggregation, availability and comparability with other measures that refer to GDP. However, it has major shortcomings which limit its usefulness and make maximum caution advisable in interpreting it.

First of all, it may be unsuitable as a measure of the level of development of social policy, i.e. changes in the measure may be caused by factors other than increases in social rights, e.g. the demographics of the population, so an increase in social spending measured in relation to GDP does not necessarily indicate an improvement in social citizenship status (Korpi, 1989: 314). Clayton & Pontusson make a similar complaint concerning welfare effort, stating that "such measures fail to take account of changes in societal welfare needs" (1998: 70).

Secondly, welfare effort shows changes in social spending and GDP simultaneously, so it is influenced by the performance of the denominator.

These shortcomings have been described frequently in the relevant literature, so it seems logical to wonder how far the relative trends in welfare effort are the result of factors other than the way in which systems deal with and provide for the social needs of citizens. Surprisingly, as far as we are aware, the relevant literature contains no systematic attempts to determine this. An initial proposal along these lines is made below, based on a fairly straightforward relationship between welfare effort and its immediate determinants:

$$\frac{SS}{GDP} = \frac{SS}{Dep\ Pop} \times \frac{Dep\ Pop}{Pop} \times \frac{Pop}{GDP}$$

where:

- "SS" is social spending.

- “DepPop” is the dependent population calculated as the sum of those aged 65 or more and the unemployed population.
- “Pop” is the total population.
- and “GDP” is gross domestic product.

The identifying elements can be renamed as follows:

$$\text{Welfare effort} = \frac{SS}{GDP}; \text{Welfare Standard} = \frac{SS}{\text{Dep Pop}}; \text{Incidence} = \frac{\text{Dep Pop}}{\text{Pop}}; \frac{1}{\text{Income}} = \frac{\text{Pop}}{GDP}$$

and can therefore be rewritten as:

$$\text{Effort} = \text{Welfare Standard} \times \text{Incidence} \times \frac{1}{\text{Income}} \quad (1)$$

This expression highlights the fact that the social spending effort in a given country depends not only on the extent to which protection systems cover situations in need but also on other factors. More specifically, welfare effort is:

- directly proportional to the standards of spending (measured in spending per dependent);
- directly proportional to the incidence of situations covered by protection;
- indirectly proportional to income in the country: all else being equal, the lower the income is the greater the effort is.

The welfare effort for each country is the result of its situation in each of these immediate determinants. A lower level of effort may, a priori, be due to a low incidence or to a high level of income per capita, and not chiefly to any failure to protect persons suffering social contingencies. On the other hand, a relatively high welfare effort could be due to low levels of prosperity or to a higher incidence of social need. In other words, identical welfare effort levels may conceal very different situations.

To determine the extent to which these situations are found in the OECD 21 group, the determinants of the welfare effort in each country are calculated in relative terms¹. The reference used in all cases is the value of the determinants calculated for the 21 countries considered as a whole. Deviations in welfare effort can be expressed as the sum of the deviations in each of the determinants plus the crossed products of those deviations. In view of the data obtained, some of the conclusions drawn at first sight from the analysis of welfare effort need to be qualified.

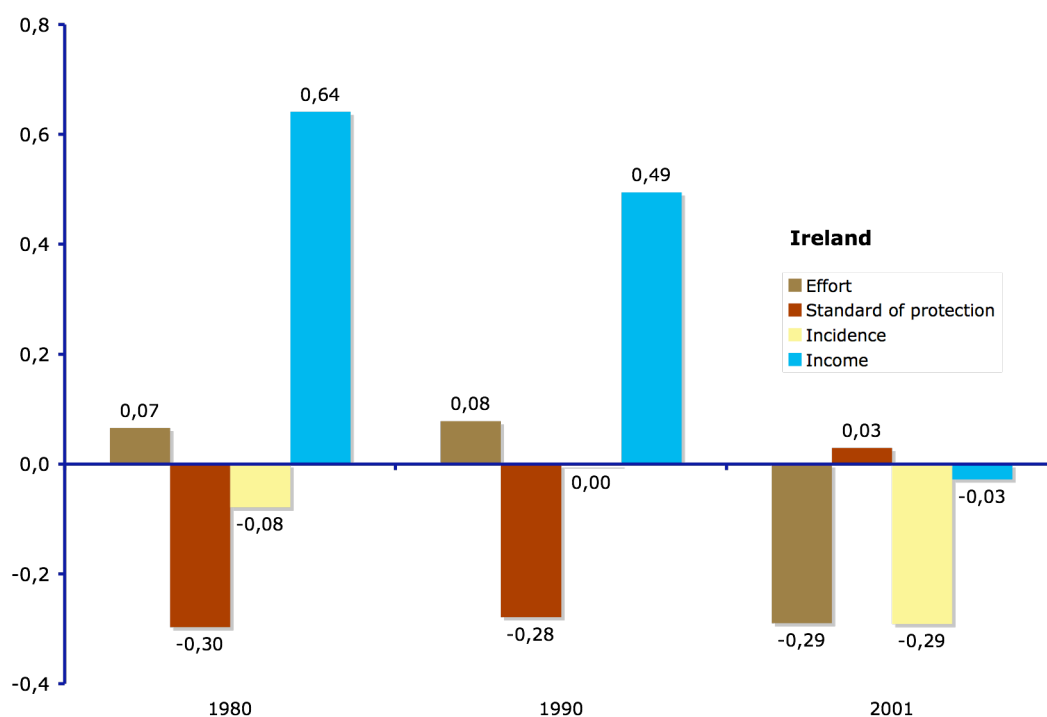
The general situation reveals a trend towards stability in welfare effort, especially from 1990 onwards. But that trend coincides with an increase in objective situations of need over the whole period (incidence). When the same resources must meet an increased volume of social needs the result is a fall in the standard of protection, at least in relative terms. This can be seen in public social spending per dependent (Table 3), where the rate of increase slows particularly as from 1990, and in the generosity measure (Table 5), where generalised reductions are observed from that time onwards.

According to welfare effort, there is a fall of 36 percentage points in the relative position of Ireland in the period 1980-2001. However, the reasons for this drop do

¹ The results are shown in tables 3 to 8 in the data annex. In all these tables GDP and public social spending are measured in current PPP units referred to the dollar. The annex also contains tables showing trends in public social spending per dependent (Table 3), the percentage represented by the dependent population or incidence (Table 4) and the ratio of welfare effort to incidence measure, or generosity measure (Table 5).

not lie in a worsening of the attention given to each situation covered by protection: indeed, Ireland's position improves substantially in this aspect, climbing from 30 points below the average figure in 1980 to three points above it in 2001 (see Illustration 1). The absolute and relative reductions in effort levels in Ireland are explained by the reduction in the incidence of situations covered by protection and the considerable economic growth that the country enjoyed over the period considered. In the Netherlands, however, the situation is very different and the results for welfare effort do correspond with the figures for standards of protection.

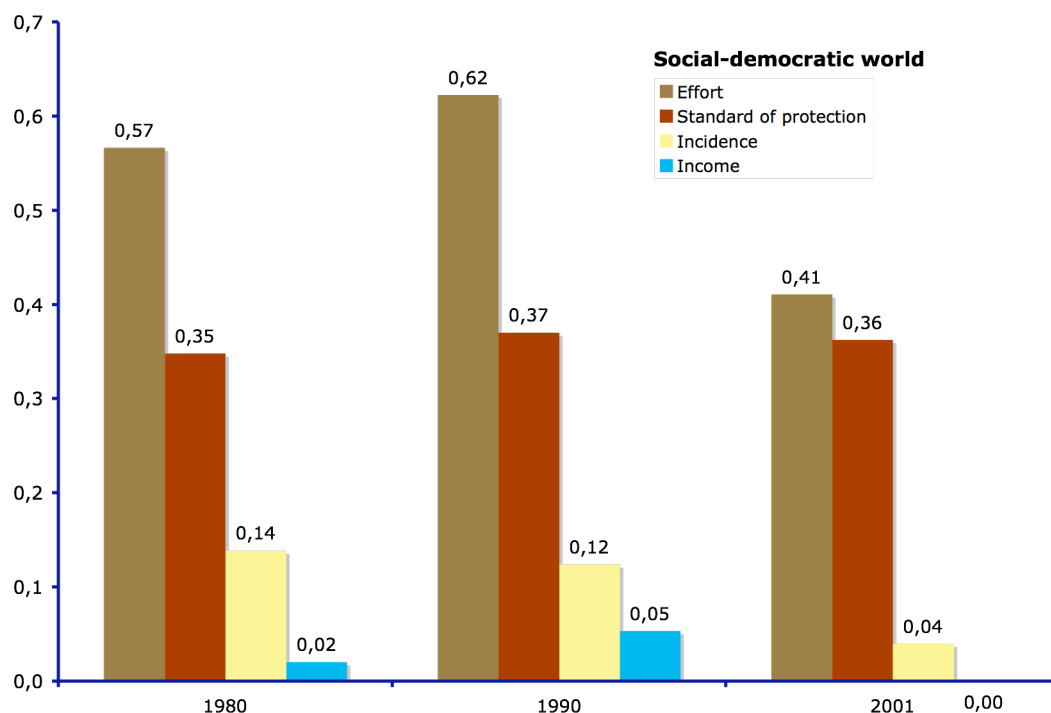
Illustration 1. Deviations in effort, standards of protection, incidence and income measures for Ireland.



Source: As for tables in annex.

The second conclusion obtained from the analysis of welfare effort is that adjustments were concentrated in the Social-democratic world. Perhaps the most striking case is Denmark, which is one of the bastions of social democracy but nevertheless has the dubious honour of having the third smallest growth in effort (after Ireland and the Netherlands) in any of the countries studied over the 21-year period. This conclusion is less clear when the immediate determinants of welfare effort are considered. Over the period as a whole the fall in the relative effort level conceals the fact that in Denmark and Norway the standard of protection rises not only in absolute terms but also relative to the trend in the group of countries analysed as a whole, and in Finland it remains steady. In the case of Denmark this rise is not reflected in welfare effort due to the considerable reduction in relative incidence levels for the contingencies of old age and unemployment. The effect is even more striking if the analysis is limited to the 1990s. This case and that of Ireland provide the clearest examples of just how unfortunate appreciations based exclusively on welfare effort can be.

Illustration 2. Deviations in effort, standards of protection, incidence and income measures for the Social-democratic world.

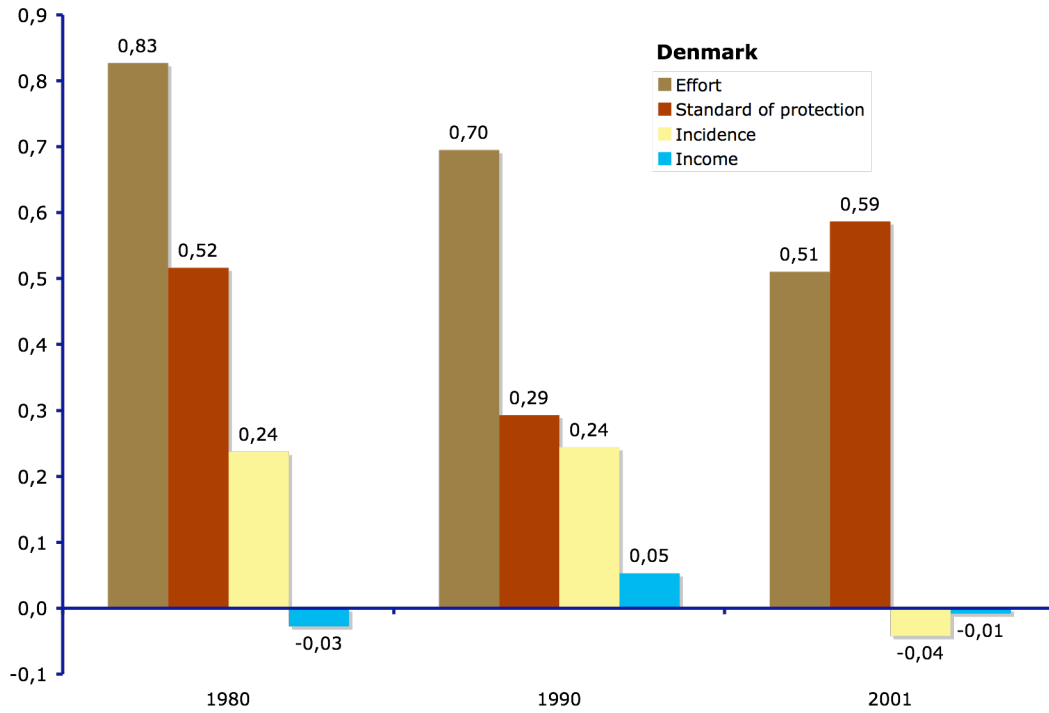


Source: As for tables in annex.

In southern Europe the situation is similar. If welfare effort levels alone are considered, the conclusion drawn is that the biggest rise in spending in relative terms takes place among this group of countries, with rises in every country in the group. However, more detailed observation reveals that improvements in adjusted standards are actually far more modest, and that the major rise in effort is due largely to the increased incidence of the situations covered by protection. A look at events in each country reveals two very different paths: on the one hand there are relative improvements in the standard of protection in Portugal and Greece, particularly in the former, while on the other hand standard decreases in Spain and Italy (following a slight improvement up to 1990 in the latter). The final result in terms of effort is made to look better than it actually is by the trend in incidence and per capita income.

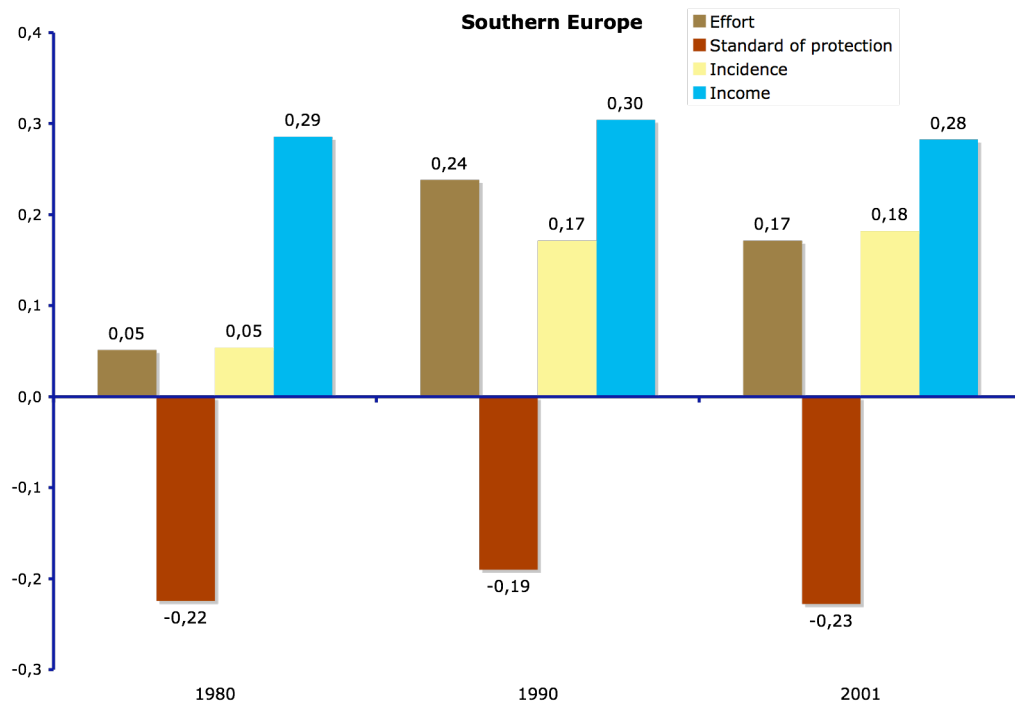
Finally, the conclusion on the convergence of protection systems must also be qualified. A comparison between Table 1 and Table 3 in the data annex shows that the reduction in coefficients of variation is far greater under welfare effort than under the standard of protection measure. Furthermore, illustration 5 shows an increase of the dispersion in the indicator of incidence. This means that is the quality itself of the welfare effort measure which is worsening.

Illustration 3. Deviations in effort, standards of protection, incidence and income measures for Denmark



Source: As for tables in annex.

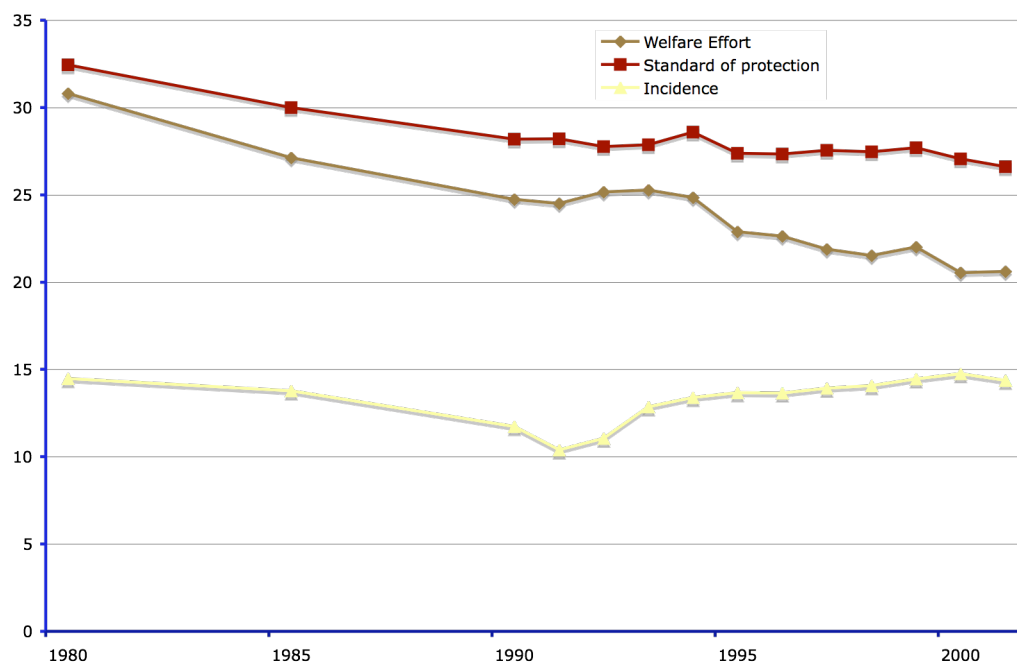
Illustration 4. Deviations in effort, standards of protection, incidence and income measures for Southern Europe



Source: As for tables in annex.

Two interconnected conclusions can be drawn from the evidence in this heading: one of them positive and the other normative. Firstly, the performance of welfare effort is conditioned by economic and socio-demographic variables that may, and indeed do, hinder the full and exact representation of the extent to which reforms in social policies have affected the way in which social needs are covered. Secondly, bearing in mind this evidence it seems inadvisable to use welfare effort when the intention is precisely to measure the consequences of the crisis on the level of attention provided in each country through social protection mechanisms.

Illustration 5. Evolution of coefficients of variation in welfare effort and standard of protection.



Source: As for tables in annex.

4 Alternatives to welfare effort

One practical way of solving the problems posed by welfare effort is to supplement it with other measures that better express changes over time in protection systems. Table 2 shows an exhaustive list of possibilities for constructing measures of the various dimensions of social protection systems.

One idea is to use synthetic standard of protection measures. The standard of social protection is intuitively understood to be linked to the speed and effectiveness with which protection services deal with the various risk situations incurred by the citizens of a country as a result of events that fall under their area of authority, and the extent to which they manage to re-establish the quality of life that those citizens enjoyed prior to the appearance of the contingencies in question. Two of the most widely used standard of protection measures are social spending per capita and social spending per dependent (Alsasua et al., 2007 & 2001; Castles, 2004; Clayton & Pontusson, 1998). Both these measures were used in the previous section of this article. Although they are better suited than welfare effort to measuring the degree of protection provided by institutions, they both have serious drawbacks. Population numbers are not the most appropriate yardstick for measuring the needs covered by protection systems, and nor is the “dependent

population”, because it fails to take into account that some of the contingencies that protection systems were designed to cover are not directly concerned with unemployment or old-aged. Moreover, this measurement wrongly assumes that the needs of an old person are the same (or at least that both sets of needs can be met with the same volume of resources) as those of an unemployed person. The problems of synthetic standard of protection measures can be said to stem from the fact that it is not possible to work with a single, homogenous measurement for all the contingencies that social protection institutions were designed to cover.

A second option that has enjoyed considerable support in the relevant literature is to work with replacement rates. These rates measure the extent to which cash benefits restore the purchasing power of individuals and households that have suffered contingencies such as sickness, unemployment or retirement. Replacement rates and other indices based on the same measurements have been used to describe the extent of the retrenchment of social policies during the period of crisis, to detect the diverse natures of welfare states and to assess the hypothesis of convergence of social protection systems (Scruggs, 2006; Allan & Scruggs, 2004; Korpi & Palme, 2003; Montanari, 2001; Korpi, 1989). They have been used mainly by authors who consider that the volume of resources consumed is merely an epiphenomenon of social protection systems, a by-product of their operation that does not reflect their essential substance, to wit the extent to which they specify and protect the social rights of citizens in a political community and the extent to which they free those citizens from their dependence on the labour market and the circumstances that prevail in that market (Esping-Andersen, 1990; Korpi, 1989). Replacement rates are a highly precise measurement in this context, because they report on the extent to which an individual and his/her family can maintain their purchasing power when they are unable for any given reason (e.g. sickness, unemployment or old age) to obtain the income provided previously by their participation in the labour market.

Table 2. Types of measure for measuring the dimensions of social protection systems.

Dimension\Type of measure	Synthetic measures	Specific measures
Welfare Effort	Social spending as a percentage of GDP	X
Standards of protection	Social spending per capita or social spending per dependent Measurements concerned with social spending per capita	Simple indices, e.g. spending on old age per person aged 65 or over Replacement rates for benefits that replace income
Coverage	X	Coverage of certain benefits (health)

Source: Own elaboration.

Using replacement rates solves some of the problems of the measures described above, but also introduces new ones.

- The main drawback of replacement rates is probably that they can only be applied to benefits that replace income. A large part of the social protection system - including such important areas as disability, housing, social exclusion and healthcare - falls outside the resulting description. In other words, comparisons based on replacement rates fail to take part of social spending into

account, so the conclusions drawn from them must be considered as partial at best.

- Moreover, the quality of the results of these measures is affected by the substitutability of some benefits. The problem of substitutability arises when more than one action can be taken to resolve the same type of social need, e.g. retirement pensions and other benefits in kind linked to old-age. In the presence of substitutability, considering close aggregates of benefits may reduce the quality of measurements. For example, Scruggs (2006) finds that the replacement rates of standard pensions are higher in the conservative world than in the social-democratic world². This occurs because in the latter much of the attention received by the elderly is provided through benefits in kind linked to residential care or care in the home. When total spending on old age is considered rather than spending on pensions alone, the volume of resources dedicated per elderly person in social-democratic countries exceeds the figure in conservative countries³.
- Finally, the usefulness of replacement rates is limited by the implicit difficulty of obtaining data for analysis. The Swedish Institute of Social Research is conducting a programme to construct an extensive database containing series for the replacement rates of the main financial benefits. Nevertheless, to date this information has not been disclosed to the rest of the Academy (Castles, 2002: 616; however, see Scruggs: *Comparative Welfare Entitlements Dataset* - <http://www.sp.uconn.edu/~scruggs/wp.htm>).

However, there are other possibilities available regarding the construction of measures that have not been considered so frequently. For instance, it is possible to use simple indexes by working with social expenditure oriented to a specific population group or a specific risk. For example, the social expenditure devoted to the old age function that a country invests in each person aged 65 or more, can also be figured out. This indicator can be improved by relating the result obtained to a wage reference, for example, the manual worker's average wage. When calculating the overall spending related to old-age people, this type of measures solves the problems provoked by the substitutability of benefits just on a partial basis that do affect substitution rates.

A more definitive solution results from using a synthetic indicator that is not affected by the of substitutability problems, and that is able to properly eliminate the effects of the socio-demographic factors giving rise to the objective demand of benefits in each country and year.

An indicator of this type could be referred to as synthetic measure for standards of protection. To calculate it, it is necessary:

- To bring together a set of measures that can measure reasonably well the objective situations of need that trigger action by social protection systems. The relationship between these variables and social spending per capita must be checked empirically in the geopolitical framework of reference of the analysis.
- To quantify the impact of objective needs on aggregate social spending.
- If these two objectives are met there should be nothing to prevent a spending pattern from being established. Such a pattern indicates the relationship

² In 2002 the average replacement rate in conservative countries (Austria, Belgium, France, Germany, Italy and the Netherlands) was put by this author at 67%, compared to 60% in social-democratic countries (Denmark, Finland and Sweden) (Scruggs, 2006: Table 1).

³ According to our own calculations, average spending per person aged 65 and over in 2002 was 77% of the average salary of manual workers in conservative countries, and 84% in social-democratic countries.

between the objective conditions of demand and theoretical social spending. If a country is perfectly adjusted to this spending rule, actual per capita spending on its social protection system should be identical to theoretical spending. If actual spending is lower than the figure resulting from the rule, that country can be said to have a lower relative propensity to social spending, and if it is higher the propensity is also higher.

This type of measure has been successfully applied in some recent works (Olaskoaga, Aláez y Díaz de Basurto; 2008; Alsasua, Bilbao y Olaskoaga, 2007) its main advantage being that it offers a different view, and probably a most realistic one, of the recent development of the welfare states in the Western world (Olaskoaga, 2008).

Conclusions

This article contains a brief outline of the pros and cons of welfare effort and other measures available for comparing the relative state of development of social policies.

No doubt, the welfare effort has been the one most frequently used in literature, but it may be said to have serious drawbacks, the main consequence of which is that the image obtained from it does not match reality. For instance, the welfare effort overvalues the effect of the social expending cuts in those countries, for example Denmark, where the incidence has been reduced in relative terms, or in those such as Ireland where the economic growth has been faster. On the other hand, the welfare effort overestimates the convergence of the Southern European countries towards the expenditure level of their neighbouring northern countries, since it disregards the fact that in most of the former, the incidence of the social problems shows a higher increase than in other countries.

Summing up, in the light of the drawbacks relating to the welfare effort measure, this article recommends the use of a wider range of measures. The most intelligent attitude is not to rule out any alternative, since a diversity of approaches may be considered as a virtue in a problem such as this one, where no single optimum solution can be seen

In fact, this article shows that there is room to design measures other than those most frequently used in literature. More specifically, one cannot overlook the possibility that the use of these measures might give rise to different conclusions on the recent development of the welfare state from a political, sociological and economic viewpoint.

5 Data annex

Table 3. Standards of protection. Public social spending per dependent * in 1995 dollars.**

Country	1980	1990	2001	1990-2001	1980-2001
Australia	14,741	18,239	27,354	9,115	12,613
Canada	18,914	23,289	25,701	2,412	6,787
USA	18,522	22,456	31,181	8,725	12,659
Ireland	13,774	17,272	31,331	14,059	17,557
New Zealand	22,342	22,944	23,544	600	1,202
UK	14,890	18,849	27,728	8,879	12,839
Liberal*	17,655	21,595	29,875	8,281	12,221
Denmark	44,100	45,956	65,608	19,652	21,509
Finland	27,155	44,833	40,231	-4,602	13,076
Norway	26,706	37,608	56,464	18,856	29,758
Sweden	38,281	45,857	48,671	2,814	10,390
Social-democratic*	35,677	44,121	51,574	7,453	15,897
Germany	35,980	42,012	42,130	117	6,150
Austria	30,884	39,936	49,980	10,044	19,096
Belgium	29,260	37,158	39,986	2,828	10,726
France	27,118	38,367	43,253	4,887	16,135
The Netherlands	41,332	42,481	44,878	2,397	3,547
Conservative*	32,402	40,238	42,873	2,635	10,471
Spain	11,231	13,590	16,208	2,618	4,977
Greece	8,694	13,605	15,291	1,686	6,597
Italy	17,165	21,663	23,886	2,223	6,721
Portugal	5,337	8,731	14,654	5,923	9,317
Southern Europe*	13,551	17,283	19,791	2,508	6,239
Japan	29,038	34,495	36,558	2,063	7,520
Switzerland	39,292	53,755	70,943	17,189	31,651
All*	22,393	27,422	33,283	5,861	10,891
Coefficient of variation **	44.8	42.3	41.5		

Sources: a) For social spending: OECD, SOCX.

b) For population: OECD, Health Data.

c) For unemployed population: OECD, LFS.

* The figures given for each family or regime and for the "All" category indicate the level of spending as a whole in the aggregate category in question, measured in US dollars.

** The coefficient of variation is expressed in percentage terms.

*** "Dependent population" is understood to mean the population aged 65 and over plus the unemployed population.

Table 4. Incidence. Unemployed population plus population aged 65 and over (as a percentage of the total population)

Country	1980	1990	2001	1990-2001	1980-2001
Australia	12.3	14.5	15.9	1.3	3.6
Canada	13.0	15.4	16.4	1.0	3.4
USA	14.7	15.3	14.8	-0.6	0.1
Ireland	13.4	16.3	12.9	-3.4	-0.5
New Zealand	10.6	14.8	14.5	-0.3	3.9
UK	17.6	19.2	18.2	-0.9	0.6
Liberal*	14.9	15.9	15.4	-0.5	0.5
Denmark	18.0	20.3	17.4	-2.9	-0.6
Finland	14.4	15.0	19.6	4.6	5.3
Norway	15.5	19.0	16.9	-2.1	1.3
Sweden	17.4	18.8	20.2	1.4	2.8
Social-democratic*	16.6	18.3	18.8	0.5	2.3
Germany	17.0	17.6	21.4	3.8	4.5
Austria	16.2	16.6	17.3	0.7	1.1
Belgium	17.5	18.6	21.1	2.5	3.6
France	16.7	18.0	20.1	2.1	3.4
The Netherlands	13.8	16.3	15.0	-1.3	1.2
Conservative*	16.6	17.6	20.2	2.5	3.6
Spain	15.3	20.1	21.5	1.5	6.2
Greece	14.1	16.8	21.1	4.2	6.9
Italy	15.9	19.5	21.9	2.4	6.1
Portugal	14.9	15.9	18.5	2.6	3.6
Southern Europe*	15.4	19.1	21.4	2.3	6.0
Japan	10.1	13.1	20.6	7.5	10.6
Switzerland	14.4	15.3	17.5	2.2	3.1
All*	15.5	17.0	17.7	0.7	2.2
Coefficient of variation **	14.5	11.7	14.4	-	-

Sources: a) For population: OECD, Health Data.

b) For unemployed population: OECD, LFS.

** The coefficient of variation is expressed in percentage terms.

*** "Dependent population" is understood to mean the population aged 65 and over plus the unemployed population.

Table 5. Generosity*.**

Country	1980	1990	2001	1990-2001	1980-2001
Australia	92.7	98.6	114.0	15.4	21.3
Canada	109.8	120.5	108.8	-11.7	-1.0
USA	90.6	87.7	99.9	12.2	9.3
Ireland	126.4	114.5	107.0	-7.5	-19.4
New Zealand	162.0	149.8	128.8	-21.0	-33.2
UK	101.7	102.5	119.1	16.6	17.5
Liberal*	94.0	92.7	102.6	9.9	8.6
Denmark	161.5	144.4	168.3	23.9	6.8
Finland	129.2	164.8	126.2	-38.5	-2.9
Norway	115.2	130.2	141.6	11.4	26.3
Sweden	165.2	164.1	147.3	-16.7	-17.9
Social-democratic*	150.7	152.9	144.8	-8.1	-5.9
Germany	135.5	129.5	128.0	-1.6	-7.6
Austria	138.9	145.3	148.2	2.9	9.4
Belgium	137.3	144.9	129.1	-15.8	-8.3
France	129.5	151.5	145.6	-5.9	16.1
The Netherlands	195.0	169.7	144.9	-24.8	-50.1
Conservative*	138.5	142.4	135.6	-6.7	-2.8
Spain	103.8	97.4	89.9	-7.5	-13.8
Greece	82.7	127.3	115.4	-11.8	32.8
Italy	117.6	119.3	112.5	-6.8	-5.1
Portugal	72.8	87.7	114.3	26.6	41.4
Southern Europe*	110.4	113.6	106.3	-7.3	-4.1
Japan	101.0	85.2	81.8	-3.3	-19.2
Switzerland	99.7	117.0	151.3	34.3	51.6
All*	111.8	106.8	104.5	-2.2	-7.3
Coefficient of variation **	24.5	20.6	17.1	-	-

Sources: a) For social spending: OECD, SOCX.

b) For population: OECD, Health Data.

c) For unemployed population: OECD, LFS.

*The figures given for each family or regime and for the "All" category indicate the level of spending as a whole in the aggregate category in question, measured in US dollars as a percentage of aggregate GDP in the same accounting unit.

** The coefficient of variation is expressed in percentage terms.

*** The generosity measure is the ratio of the standard of protection measure to welfare effort, expressed as the percentage of GDP devoted to social spending per percentage point of the dependent population.

Table 6. Deviations with regard to OECD-21. 1980

Country	Deviation in effort	Deviation in standard of protection	Deviation in incidence	Deviation in income **
Australia	-0.29	-0.18	-0.16	0.04
Canada	-0.10	0.12	-0.10	-0.10
USA	-0.17	-0.02	0.01	-0.16
Ireland	0.07	-0.30	-0.08	0.64
New Zealand	0.08	0.22	-0.27	0.21
UK	0.13	-0.20	0.21	0.16
Liberal*	-0.12	-0.05	0.02	-0.09
Denmark	0.83	0.52	0.24	-0.03
Finland	0.17	0.07	-0.01	0.10
Norway	0.13	-0.01	0.07	0.06
Sweden	0.81	0.53	0.20	-0.01
Social-democratic*	0.57	0.35	0.14	0.02
Germany	0.44	0.35	0.17	-0.08
Austria	0.41	0.26	0.11	0.01
Belgium	0.52	0.22	0.21	0.03
France	0.33	0.13	0.12	0.04
The Netherlands	0.69	0.76	-0.05	0.01
Conservative*	0.43	0.29	0.13	-0.02
Spain	0.00	-0.37	0.05	0.51
Greece	-0.28	-0.46	-0.05	0.41
Italy	0.16	-0.02	0.08	0.10
Portugal	-0.32	-0.65	0.03	0.93
Southern Europe*	0.05	-0.22	0.05	0.29
Japan	-0.36	-0.18	-0.31	0.13
Switzerland	-0.11	0.22	-0.02	-0.25

Sources: As for Tables 3-5.

* The figures for each family are not obtained as simple averages for the countries involved but rather by re-calculating welfare effort levels and their determinants for each aggregate.

** The "Deviation in Income" column shows the deviations for the inverse value of income per capita. Positive figures in this column indicate under-average per capita income levels.

*** By contrast with Tables 3-5, here GDP and public social spending are measured in current PPP units referring to the dollar.

Table 7. Deviations with regard to OECD-21. 1990

Country	Deviation in effort	Deviation in standard of protection	Deviation in incidence	Deviation in income **
Australia	-0.18	-0.20	-0.12	0.16
Canada	0.08	0.13	-0.05	0.01
USA	-0.22	-0.03	-0.06	-0.15
Ireland	0.08	-0.28	0.00	0.49
New Zealand	0.27	0.02	-0.10	0.38
UK	0.13	-0.17	0.17	0.17
Liberal*	-0.15	-0.05	-0.03	-0.08
Denmark	0.70	0.29	0.24	0.05
Finland	0.43	0.45	-0.08	0.07
Norway	0.43	0.14	0.16	0.08
Sweden	0.78	0.50	0.15	0.03
Social-democratic*	0.62	0.37	0.12	0.05
Germany	0.32	0.29	0.08	-0.06
Austria	0.39	0.33	0.02	0.03
Belgium	0.56	0.27	0.14	0.08
France	0.54	0.31	0.08	0.09
The Netherlands	0.60	0.48	0.00	0.08
Conservative*	0.44	0.32	0.07	0.02
Spain	0.13	-0.38	0.23	0.48
Greece	0.21	-0.31	0.01	0.74
Italy	0.35	0.01	0.20	0.11
Portugal	-0.20	-0.54	-0.03	0.78
Southern Europe*	0.24	-0.19	0.17	0.30
Japan	-0.35	-0.21	-0.19	0.01
Switzerland	0.04	0.36	-0.06	-0.19

Sources & notes: as for table 6.

Table 8. Deviations with regard to OECD 21. 2001

Country	Deviation in effort	Deviation in standard of protection	Deviation in incidence	Deviation in income **
Australia	-0.07	0.01	-0.13	0.06
Canada	-0.08	0.04	-0.10	-0.02
USA	-0.24	0.13	-0.18	-0.17
Ireland	-0.29	0.03	-0.29	-0.03
New Zealand	-0.04	-0.12	-0.21	0.37
UK	0.13	0.04	0.01	0.07
Liberal*	-0.17	0.10	-0.15	-0.12
Denmark	0.51	0.59	-0.04	-0.01
Finland	0.28	0.07	0.08	0.10
Norway	0.24	0.67	-0.07	-0.21
Sweden	0.54	0.28	0.12	0.08
Social-democratic*	0.41	0.36	0.04	0.00
Germany	0.42	0.05	0.18	0.14
Austria	0.34	0.36	-0.03	0.02
Belgium	0.41	0.13	0.17	0.07
France	0.47	0.25	0.08	0.09
The Netherlands	0.12	0.34	-0.17	0.01
Conservative*	0.40	0.15	0.10	0.10
Spain	0.01	-0.38	0.20	0.36
Greece	0.26	-0.37	0.16	0.70
Italy	0.26	-0.08	0.20	0.14
Portugal	0.09	-0.34	0.02	0.62
Southern Europe*	0.17	-0.23	0.18	0.28
Japan	-0.13	-0.30	0.14	0.09
Switzerland	0.37	0.44	-0.04	-0.02

Sources & notes: As for table 6.

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