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FIRST EUROPEAN SOCIAL BUDGET

(1970 - 1975)

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NOTE TO THE READER

Economic or social forecasts are always subject by their very nature to a greater or lesser degree of uncertainty. This uncertainty is compounded when the political, economic or social context in which they are formulated changes suddenly.

For this reason, the events which characterized the end of 1973, in particular the energy crisis and the rise in raw material prices, have weakened the credibility of medium-term economic or social forecasts developed before these events. Such is the case with the forecasts in the first European Social Budget.

This consideration should always be kept in mind by the reader when examining the comparisons in this Budget.

Brussels, July 1974

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I

FOREWORD

- I. 1. The main purpose of the first European Social Budget is to set out the implications of the present trends in the Member States, up to 1975, in the development of expenditure and receipts for several sectors of social policy (social security being the largest component) in the context of anticipated economic developments.
2. The word 'Budget' should not therefore be taken to mean here a Budget in the strict sense in which it is used in public finance, that is to say a means of authorising expenditure and the receipts to finance this expenditure. The European Social Budget does not do this. It can be thought of as covering a wider field than the usual Budget in the sense that it shows in whole or in part the receipts and expenditure of numerous administrative entities or organisations very different in composition - certain of which would feature in a normal Budget - and it also contains, in contrast to a usual Budget, a retrospective section. Its prospective section is more limited than a normal Budget in that it has no power of constraint.
3. In order to develop the first European Social Budget, projections were prepared in each Member State on the basis of existing legislation. The projections thus provide an indication of the situation which would occur if no change took place in legislation or policy in the field covered by the Social Budget. The development of expenditure on social protection is the result of demographic or economic factors (particularly prices and earnings and changes in the structure of employment), of improvements in the facilities offered and increased use of them. (In order to take account of developments in legislation which occurred during the preparation of the forecasts, a somewhat liberal interpretation had to be given to the assumption of existing legislation.)

II

4. Based on these considerations, the projections in the European Social Budget tend to give a minimum estimate of expenditure on the economic assumptions used, and cannot be taken to represent either future objectives of national policy or the policy choices of Governments.
5. Whatever their basis, economic or social projections are always subject to a greater or lesser degree of uncertainty. This uncertainty is compounded when the political, economic or social context in which they are formulated changes suddenly. For this reason, the events which characterized the end of 1973 - in particular price inflation made worse by the rise in raw material prices - have seriously weakened the credibility of short or medium term economic forecasts developed before these conditions, or before the full repercussions were realized.
6. The first Social Budget exhibits the faults of all projects which are just beginning. More details about the problems involved in its development will be given in Chapter II. The double handicap - of internal and external problems - means that caution should be used in interpreting the comparisons sketched out in this report.
7. The projections do provide information which can be used in developing national policy and action in the social field. On the Community level, the comparison of the nine national projections is valuable both for further national work on the European Social Budget and for the development of Community agreement in the area of policy on social protection.

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III

- II. 8. The fulfilment of the mandate given to the Commission by the Council of Ministers in the session held on 9 November 1972, regarding the development of the European Social Budget, was carried out in two stages:
- The preparation by governmental experts from the Member States of national reports⁽¹⁾ according to a common plan. These national reports contain a description of the legislative development from 1970 to 1973 (inclusive), some details of the methodology used in developing forecasts for 1975, and a series of detailed tables - following a model adopted in common - of expenditure and receipts for the systems of various types covered by the first Social Budget. The tables are for 1970 and 1972 (the past period) and 1975 (the forecasts).
9. - On the basis of these national reports, the Commission drew up the first European Social Budget overall report, submitted to the national delegations for their comments. The report thus constituted examines the trends in the development of expenditure and receipts in the Member States for the sectors mentioned earlier using both a total and sectoral approach.
10. Apart from the assumption of existing legislation, economic assumptions regarding prices, earnings and employment during the period 1973 to 1975 were provided either by national experts or by the Commission. These trends are compared to trends in the period immediately preceding: 1970 to 1972.

.../...

(1) The participating experts were given copies of each of these reports, either in the original language or translated into English, German or French as required.

IV

- III. 11. The first European Social Budget outlines the similarities and differences in the pattern of expenditure and receipts in the Member States and the apparent change of trends in their development.

Bearing in mind all the necessary reserves, it provides indispensable if limited information to those responsible for social and economic policy in the Member States and in the Community institutions.

12. More rapid and complete knowledge of social developments over time is becoming a necessity, recognized more and more by the Community and national authorities, whose object is to promote social progress via co-ordination between the economies of the Member States.

It is not therefore surprising that the Council should have included the following in its resolution of January 1974 ⁽¹⁾ in respect of the European Social Budget:

"..... to persevere with and expedite the implementation of the European Social Budget."

13. The Commission for its part intends to respond rapidly and fully to the Council's request, and in particular to strive towards an elimination of existing elements of uncertainty, which are discussed in Chapter II. These elements should be borne in mind when examining the comparisons presented in this report.

.../...

(1) Concerning the Social Action Programme of the Community for the period 1974 to 1976, O.J.E.C. No. C. 13, 12-2-1974, p. 3

CHAPTER I

INTRODUCTION

A) Preliminary observations

14. The first European Social Budget follows from forecasting work in the field of social security which has been going on for several years, organised by the Commission of the European Communities with the help of independent experts. As regards previous work, the study on the financial evolution of social security from 1965 to 1975 (published during 1971) can be mentioned, as well as the revision of the data contained in the report as an "updating" (1970-1972-1975) which appeared in 1972.⁽¹⁾

15. Based on the experience gained in these exercises, and on other overall or specific studies of social security, the Commission submitted to the Council of Ministers a series of propositions, some of which were aimed at developing, enlarging and putting on a more permanent basis the work already undertaken. The Commission thought it necessary to provide data in the social field corresponding to the medium-term economic forecasts which are developed in liaison with experts from the member states.

16. At a meeting on 26 November 1970, the Council gave a favourable welcome to these propositions and requested the Commission "to submit to it a programme of work which would allow the Commission to prepare each year, in co-operation with governmental experts from the member states, a European Social Budget". This work programme was sent by the Commission to the Council in September 1972.

.../...

(1) Each study comprises an overall report and the national reports on which it is based.

Note: In order to facilitate the presentation of tables in the present document, countries will be referred to by initials as follows: B = Belgium, DK = Denmark, F = France, D = Germany, IR = Ireland, I = Italy, L = Luxembourg, N = Netherlands, UK = United Kingdom.

The latter took a decision on the first Social Budget in its meeting of 9 November 1972, the complete text of which follows: (1)

The Council acts on the proposal made by the Commission to the Council:

- the report on the medium-term forecasts on social expenditure and its financing in the member states of the Community (doc. 1104/72(SOC 131)) and
- on the draft of a working programme to work out the European Social Budget, and gives its compliments on the work accomplished in fulfilment of the mandate given by the Council in its session of 26 November 1970 (doc. R/1900/72(SOC 193)).

17. The Council observes that the objective of establishing a European Social Budget such as defined by its decision of 26 November 1970 can only be reached by successive stages, in so far as concerns the contents and the period covered by each of these budgets.

As regards the first stage, the Council agrees, without prejudice to the decisions which must be taken for the ensuing stages, to the following:

- a) The first European Social Budget will be based on the present contents of the Social Accounts of the Community and will relate, for the retrospective part, to the period 1970-1972, and to the estimates for the period 1973-1975; the Commission will establish this Budget in liaison with the national experts;

(1) Extract from the decisions taken by the Council during its 214th session held on November 9th 1972. (doc. R/2746/72 (Soc 275) page 13)

- b) The Commission is invited to undertake in liaison with the national experts, studies to examine ways of extending the social budget, notably in the fields of adult vocational training and social housing, and to present to the Council, should the occasion arise, proposals which prove necessary;
- c) The Committee of Permanent Representatives is instructed to examine the proposals formulated by the Commission in Chapter II of the draft for a working programme studied above in order that the necessary decisions can be taken rapidly.

18. The first Social Budget, which is designed to meet the request in point a. of the mandate, is not therefore the completion of previous work but rather their enlargement. It is also the first attempt at a comparison on a Community basis between the nine member states, the previous studies being confined to the original six member states.

Finally and above all, it constitutes the first attempt at the difficult but necessary task of fashioning a valid measuring and forecasting instrument for social policy.

B) The basic elements of the first European Social Budget

19. With a view to effectively following up the Council mandate mentioned above, the Commission organised several meetings of government experts during 1973.

Those held in the first half of 1973 resulted in common definitions, based on the mandate, of the basic elements and of the methods necessary to produce national reports which would allow a comparison at Community level of past (19) to 1972) and future (1973 to 1975) development of social expenditure (1) of the nine member states. Such a comparison, however, would only be possible and meaningful if the national reports are designed so as to guarantee their

.../...

(1) As contained and defined in the Social Accounts for 1972.

comparability: this was facilitated by the liaison established in the Council mandate between the European Social Budget and the Social Accounts.

20. There were two elements in common from the start for the Social Accounts and the European Social Budget: the framework and the contents.

1. The framework used to collect national data (previous and forecast) was based on the statistical framework developed by the Statistical Office of the European Communities for use in the Social Accounts.⁽¹⁾ It has, however, been simplified to take account of somewhat different objectives. The Social Accounts are designed to allow a detailed analysis of past trends - and only these trends - on the basis of common methods, definitions and classifications. While the European Social Budget keeps to these definitions and classifications,⁽²⁾ its main object is to provide basic information necessary for decision-making. To this end, it shows changes over time and future medium-term development of the typical national financial variables relevant to the categories of social expenditure considered.

2. The contents.

21. As is the case with the Social Accounts, the first Social Budget is far from covering all expenditure of a social nature in each of the member states. Like the former, it takes into consideration only expenditure corresponding to the definition accepted when the Social Accounts were developed:

"Any expenditure designed to indemnify individuals (or households) against the occurrence or existence of certain risks or needs, insofar as this expenditure gives rise to the intervention of a 'third party', but without their being any simultaneous, equivalent counterpart provided in exchange by the beneficiary."

and, among this expenditure, only current expenditure (excluding, therefore, capital expenditure).

.../...

(1) Social Accounts, SOEC 1967, No 5 (social statistics series).

(2) More details - apart from those mentioned in note 1 above - can be found in No 2, 1972, social statistics - social accounts 1962-1970, particularly the methodological appendix.

22. As in the Social Accounts, it provides details of the expenditure (as defined above) corresponding to the following risks or needs:

- sickness
- old age, death, survivors
- invalidity
- employment injuries and occupational diseases
- unemployment
- family needs (including maternity)
- miscellaneous (mainly comprising expenditure on physical or mental infirmity and expenditure resulting from political events or natural catastrophies).

23. As well as expenditure, information is provided on receipts or financing by the following groups of institutions or systems:

- systems in group A (social assurance or insurance)
- systems in group B (employers' voluntary benefits)
- systems in group C (benefits paid to victims of war or other political incidents or natural catastrophies)
- systems in group D (other social measures).

If the European Social Budget has these essential elements in common with the Social Accounts (framework and contents), it contains other different aspects - in particular the period covered and in consequence the inclusion of forecasts.

3. Period covered by the European Social Budget

24. In contrast with the Social Accounts which only cover past periods, the European Social Budget takes into account the medium-term future. The whole point of it is to fix attention on the future. For this reason, as well as covering 1970-1972, the first exercise in providing such a Budget was also designed to cover 1973-1975.

CHAPTER II

DEVELOPMENT OF PROJECTIONS

A) Data and assumptions used in the projections

25. Two types of assumption were used in developing national projections of expenditure and receipts from 1973 to 1975. It was agreed that corresponding economic and demographic data relative to the period 1970-1972 would be indicated for comparative purposes.

1. Assumption on legislation

26. In the present exercise, this assumption was fixed by the Council with reference to its thoughts expressed on 26 November 1970. It was decided to use the assumption of legislation in force at the time Social Budget figures were being developed. A date was chosen to this effect by the Commission and the representatives of the member states: 1 January 1973. However, the need to take into account the development of laws and regulations on the one hand and of measures which were practically certain to become law during the period on the other, plus the internal dynamization of social legislation, led to a decision to fix the final date at the end of 1973. All the national projections were therefore made on this basis, taking into account the development of social legislation during 1973 and extending it to 1975.

2. Economic and demographic assumptions

27. In order to integrate forecasts of social expenditure into the framework of economic development, it was necessary to use certain assumptions developed in this framework, and in particular data relating to:

.../...

- consumer prices
- earnings
- the working population
- the total population

a. Economic assumptions (prices and earnings)

28. In the present exercise, for both prices and earnings, certain countries used their own assumptions developed nationally (Belgium, Germany, Luxembourg, the Netherlands, and United Kingdom); others made use of the Commission's services, which provided them with technical data (Denmark and Ireland); and finally two countries used their own assumptions in some instances and the Commission's in others (France and Italy).

The following table (Table 1) gives a comparison between assumptions relating to the period 1973-1975 and statistics for 1970-1972.

Table 1

<u>ANNUAL RATES of</u>	B	DK	D	F	IR	I	L	N	UK
a. <u>Consumer prices</u>									
1970/1972	4.9	6.4	5.5	5.7	8.6	6.4	4.9	7.7	7.3
1972/1975	5.4	5.5	5.1	6.6	8.5	8.5	5.7	7.3	5.2
b. <u>Earnings per head</u>									
1970/1972	13.0	11.4	10.6	10.0	17.2	12.0	8.3	12.2	12.0
1972/1975	12.0	10.5	10.7	11.6	13.5	13.8	9.0	11.4	6.6

Moreover, these economic assumptions were established at different periods, most of them in the first half of 1973, the others in the autumn of 1973. None of them, of course, took into account the repercussions of the rise in raw material prices and the higher rate of inflation.

b. Demographic assumptions

29. The changes in the total population and in the working population is given in the following table (Table 2) in index form:

Table 2

Indices	1970-1972 (1970 = 100)		1972-1975 (1972 = 100)	
	Total population	Working population	Total population	Working population
B	100.8	101.3	100.8	100.6
DK	101.4	101.0	101.5	101.8
D	101.7	99.3	100.1	100.4
F	101.9	102.3	103.2	103.6
IR	102.4	99.3	103.6	100.6
I	101.3	99.7	101.5	100.0
L	102.5	105.2	102.5	103.8
N	101.9	101.3	102.2	100.8
UK	100.7	99.5	100.6	100.6

.../...

Changes in the age structure of the population are shown by the following table (Table 3):

Table 3

Total population in main age groups
(total for each year = 100%)

Country	1970			1972			1975		
	Age groups			Age groups			Age groups		
	0-19	20-64	65 and over	0-19	20-64	65 and over	0-19	20-64	65 and over
B	31.1	55.5	13.4	30.8	55.6	13.6	30.3	55.9	13.8
DK	31.0	56.8	12.2	30.6	56.8	12.6	30.1	56.8	13.1
D	29.8	57.0	13.2	29.7	56.0	14.3	29.2	55.9	14.9
F	33.2	54.0	12.8	32.8	54.2	13.0	32.5	54.3	13.2
IR	40.3	48.6	11.1	40.3	48.6	11.1	40.3	48.5	11.2
I	31.7	57.7	10.6	31.5	57.6	10.9	31.7	56.6	11.7
L	29.3	58.1	12.6	28.9	58.3	12.8	28.2	58.1	13.7
N	35.7	54.1	10.2	35.0	54.6	10.4	34.0	55.2	10.8
UK	31.0	56.0	13.0	31.1	55.5	13.4	31.1	55.2	13.7

The population group of those aged under 20 is relatively more important in Ireland, the Netherlands and in France. It decreases relatively in Belgium, Denmark, France, Germany, Luxembourg and the Netherlands, but remains stable in Ireland and Italy. Except for Belgium, France and the Netherlands, the proportion of the population in the 20 to 64 age group tends to remain unchanged or to decrease. It forms a smaller proportion in France, Ireland and in the Netherlands.

The population aged 65 and over represents a growing proportion of the total population. The increase is relatively rapid in Italy, Luxembourg, the Netherlands, very rapid in Germany, and more moderate in the other countries.

B) Methodology and presentation

1. Benefits

30. The development of the amount of expenditure for any one category of benefits can be represented by an index obtained by calculating the product of three factors representing:

- the demographic changes (in the number of beneficiaries)
- the total amount of benefits per head paid as a result of changes in their rate of use or consumption (this refers to benefits in kind in various categories such as sickness, invalidity, maternity and employment injuries)
- the value of a unit of benefit (cost of hospitalisation per day, of a medical consultation or visit, etc) or of a basic benefit taking into account changes in rates (which may be linked to changes in price or wage levels) or the methods of uprating applied to certain benefits.

31. The national delegations worked out their projections of expenditure, and particularly of benefits which account for the larger part of total expenditure, by taking account of the legislative measures in force and very likely prolongations, as has already been explained. In certain cases, trends observed over previous years have been taken into account, as well as publicly announced commitments to future action.

In this connection, a distinction must be made between the treatment of benefits in group A and those in groups C and D.

.../...

The majority - if not the whole - of the factors set out above played a part in the valuation of benefits of systems in group A. (These systems by themselves represent between 82% and 98% of the amounts covered in the first European Social Budget). Although the same factors affect systems in groups C and D, financed for the most part by the public sector (state and local authorities), usually an extra constraint resulting from considerations of budgetary balancing comes into play.

32. The analysis which follows will therefore be restricted mainly to benefits provided by systems in group A through the main functions.

Sickness, maternity, invalidity, employment injuries and occupational diseases

For the benefits relating to these functions, the national delegations took into account an increase in the number of beneficiaries, an increase in the consumption of care (benefits in kind) and changes in wage levels or prices as appropriate for benefits in cash.

Old age and invalidity

33. As regards the valuation of benefits in cash for these two functions, the national delegations took into account, besides the demographic factor, the uprating principles already outlined for a future date in the period covered by the projections (1973-1975), in the national legislations. For each country, the method of valuing these benefits can be sketched out:

Belgium

Automatic uprating based on the index of consumer prices, and adaptation to economic development by means of a coefficient of increase.

Denmark

Legislation allows only for automatic adaptation to the price level.

.../...

Germany

The annual uprating of pensions is fixed by legislation which takes into account the development of wage levels in the three previous years. As is the case in the Social Budget worked out each year by the Federal Government, the calculations have been carried out as if the uprating was automatic.

France

Automatic annual uprating taking into account the development of wage levels in the case of contributory pensions, and uprating by legal instrument sometimes twice a year for non-contributory old age pensions.

Ireland

Yearly adjustment to compensate for inflation and maintain the growth in real value.

Italy

Automatic adjustment to changes in the cost of living.

Luxembourg

Automatic uprating based on the cost of living index, and periodic adjustment to changes in wage levels by legal instrument or regulation. (This adjustment should be carried out at least every five years. That intended for 1975 has not been taken into consideration in this country's projections.)

Netherlands

Automatic adjustment based on the wage index.

United Kingdom

Annual uprating with as a minimum objective the maintaining of the real value of benefits.

2. Receipts

34. As far as systems in group A are concerned, the national delegations worked out the receipts for each of the various systems separately, taking into account the relevant demographic trends and assumptions about the variations in wage levels. They also took into account the principles of

budgetary balancing, where an important part of the receipts came from the budgets of the state and local authorities, as well as the provisions in the national legislations designed to keep a balance between the receipts and expenditure by adopting a method of adjusting to achieve a balance.

In cases where a ceiling on the amount of wages taken into account in assessing contributions exists, the changes in these ceilings have been aligned with changes in wage levels. This process results in some delay in changes of ceilings in relation to changes in wage levels.

The receipts for systems in groups C and D correspond in general to the amounts of expenditure for these systems, since these systems develop in line with budget forecasts.

C) Observations on the projections in the European Social Budget

35. Observations of a general character have been made in the Foreword, and these will now be set out with more precision before going on to Chapter II, devoted to the "Main Results" of the comparison at Community level between the projections in the national reports.

More precision is particularly needed on two important and complementary aspects:

- the development of the national projections
- their degree of comparability.

1) The development of the national projections

36. Economic forecasts, of an official or semi-official kind, are available in all the nine countries. In comparison, the situation with regard to social forecasts is less satisfactory, although in recent years a considerable effort has been directed to this end.

Several countries already had either a social budget (Germany and France) or had decided to create one (the Netherlands) some time before the beginning of work on the European Social Budget.

Moreover, if France and the Netherlands had social forecasts available for their economic and social planning, they were not the only countries in this situation, being joined by Belgium and Italy. Other countries (Denmark and the United Kingdom) developed such forecasts as part of the planning of public expenditure (in the short or medium term). Finally, other countries had begun to develop similar forecasts (Luxembourg via forecasts of public financing and for most of social security, Ireland on the occasion of its third economic and social development plan).

37. During the development of the projections to be used in the European Social Budget the national delegations were obliged, by the force of events, to reconsider the forecasting work in this area in each of their countries and often had to choose new methods.

In these circumstances a comparison between the projections in the European Social Budget and the forecasts mentioned above, which are designed to meet objectives set by the various governments, might be somewhat misleading.

For other reasons, too, prudence should be used in interpreting the indications given by the Community comparison as set out in the European Social Budget in its present state.

2) Degree of comparability between the national projections

38. In spite of the efforts made in the course of several meetings in 1973 to arrive at a common definition of the elements constituting the European Social Budget, differences of interpretation have crept into the national reports, the basis of the present overall report.

These differences concern essentially the following points:

- the field covered
- the legislative assumption
- the economic assumptions
- the period covered

.../...

a. The field covered

39. It should be noted that for 1970 and 1972 the data (total or partial) provided by the national delegations for the Social Budget and for the Social Accounts are not always the same. In some cases, significant differences exist. As well, the homogeneity of the data provided in particular for systems in group D (referred to as "Other Social Actions") may be questioned.

Certain countries in fact put under this heading measures which other countries do not take into account or which strictly speaking should not at the moment be included (functions such as professional training of adults or public housing, which have not yet been integrated into the Social Accounts). Insofar as systems in group D represent an important element in certain countries - as will be illustrated later - the comparability of the whole is weakened.

40. The point should be made that the exclusion of certain types of social expenditure - in particular on education and all capital spending - will have different effects for different countries, depending on the system in force. For example, where hospitals are public institutions, figures for current expenditure will underestimate the total expenditure on health, while where they are owned by private establishments, religious or charitable bodies, current payments may include all expenditure, including an allowance for capital costs. Family allowances, too, may to a certain extent replace educational services, and the part played by each may vary between countries.

b. The legislative assumption

41. During the first stage in the development of the projections, before the summer of 1973, it was agreed that the delegations would work on the basis of legislation in effect on 1 January 1973. It was necessary to choose a common point of departure, even if that meant for some countries not taking

.../...

into consideration projected reforms which although certain had not yet been officially passed as legislation.

This position became difficult to defend when, for various circumstances, not all the national projections could be ready at the same time. It was therefore decided, in order to stick close to the reality of social affairs, to revise these projections and include the changes which had occurred during 1973. Even so, certain delegations were not able to carry out this agreement and took as the date of existing legislation an earlier date (summer 1973).

42. The use of a common legislative assumption does not necessarily mean that the resulting projections are fully comparable. Where a new piece of legislation is required for an increase in expenditure (as is sometimes the case for cash benefits) the rate of increase used in projections will probably be much smaller than in those cases where increases can be made by administrative decision.

c. Economic assumptions

43. Here again, the economic assumptions refer to situations in existence at different dates. For certain countries the assumptions were formulated in the first half of 1973, and in autumn for other countries. In all cases, as previously mentioned, it was not possible to modify the economic assumptions to take into account the effects of the energy crisis and the acceleration of inflation which marked the end of 1973.

d. The period covered

44. The period considered in the national reports begins and ends at a different date according to whether the financial year begins on 1 January or 1 April.

.../...

(Denmark, the United Kingdom and Ireland. For this latter country, the financial year will begin on 1 January in 1975.) There is therefore no absolute homogeneity as regards time in the Community comparisons.

TWO CONCLUSIONS CAN BE DRAWN FROM THESE OBSERVATIONS

FIRST, TO STRENGTHEN THE CREDIBILITY OF THE EUROPEAN SOCIAL BUDGET, AN EFFORT MUST BE MADE AS SOON AS POSSIBLE TO RESOLVE THE DIFFERENCES WHICH HAVE BEEN OUTLINED ABOVE.

SECOND, THE EXISTENCE OF THESE DIFFERENCES SHOULD BE BORNE IN MIND WHEN CONSIDERING THE COMPARISONS DRAWN IN THE FOLLOWING CHAPTERS.

CHAPTER III

MAIN FINDINGS.

A) Institutional coverage of social security (1)

45. The main effort in social protection is carried out through systems in group A (that is, insurance or social security). Between 82% and 92% of this protection is carried out through these systems, which are much more important than systems in group D (other social measures or social aid), systems in group C (benefits to victims of political events or natural disasters) and finally systems in group B (voluntary payments by employers).

The division of the amount of protection between these various types of systems can be seen in Table 4 (overleaf) for the years chosen for the first Social Budget, 1970, 1972 and 1975.

46. The first observation to be made is the relative importance in Ireland and the United Kingdom of the systems in group D (between 14% and 18% of the whole) compared to the seven other countries (from 1.5% in Denmark to 9% in the Netherlands). This marked difference reflects differences in approaches to social protection.

A second observation is that the development from 1970 to 1975 features the maintenance of this difference between the two groups of countries at the same time as an increase in the importance of systems in group A at the expense of those in group D, except for the Netherlands where the opposite occurred, and in Ireland and the United Kingdom where the relationship between the two groups remained almost constant.

.../...

(1) The field of which was detailed in the introduction, page 5.

Systems in group C saw their relative importance remaining constant (Denmark, the Netherlands) or decreasing, mainly in those countries (Belgium, Germany, France, Italy) where benefits were the highest.

Finally, the present lack of information - for most countries - about systems in group B does not permit any further analysis.

B) Social expenditure and gross national product

47. If the relationship between the amount of social expenditure (for all systems) and the gross national product (at market prices) is examined, marked differences are apparent between countries both for 1970 and 1972 (recorded statistics) and for 1975 (projections which, however, include to some extent indications of normative development according to certain objectives). These differences are the result of two different approaches to social protection, and are illustrated in Table 5 (overleaf).

There is a first group of countries where the amount of social protection is at least 20% of GNP, such as Denmark, Germany, Italy, the Netherlands (this latter country being somewhat different from the three others). A second group devotes between 18.0% and 19.5% to this protection: Belgium, France and Luxembourg.⁽¹⁾ The third group, finally, devotes a distinctly lower percentage (the dominant approach on the part of the Government being that of guaranteeing a basic level of protection to all the population). Table 6 gives a ranking of the various countries and the changes in their relative positions (problems of comparability exist for Ireland and the United Kingdom, as mentioned in paragraph 40).

.../...

(1) The highest percentage for Luxembourg is in 1972 and not in 1975. An explanation of this fact is given on page 36, paragraph 65.

EXPENDITURE AND BENEFITS AS A % OF THE GROSS NATIONAL PRODUCT
(at market prices)

Table 5

	Years	B	DK	D	F	IR	I	L	N	UK
TOTAL	1970	18.0	19.7	20.1	18.3	12.9	18.4	17.3	20.7	16.0
EXPENDITURE	1972	19.3	20.8	21.5	18.7	13.0	22.2	19.5	23.1	16.7
	1975	19.4	22.9	22.1	19.3	15.3	23.0	18.1	26.3	16.4
TOTAL	1970	17.0	19.2	18.9	17.2	12.4	17.0	16.7	20.0	15.4
BENEFITS	1972	18.3	20.2	20.2	17.6	12.9	20.3	18.8	22.4	16.1
	1975	18.4	22.3	20.7	18.1	14.7	21.0	17.4	25.5	15.8

EXPENDITURE AS A % OF THE GROSS NATIONAL PRODUCT

Table 6

1970	1972	1975
N : 20.7	N : 23.1	N : 26.3
D : 20.1	I : 22.2	I : 23.0
DK : 19.7	D : 21.5	DK : 22.9
I : 18.4	DK : 20.8	D : 22.1
F : 18.3	L : 19.5	B : 19.4
B : 18.0	B : 19.3	F : 19.3
L : 17.3	F : 18.7	L : 18.1
UK : 16.0	UK : 16.7	UK : 15.8
IR : 12.9	IR : 13.0	IR : 15.3

./.

48. If the analysis was confined only to benefits, the above picture would not be altered, except that the percentages would be lower.

A divergence nevertheless exists between the various countries and in particular between those high on the scale and those at the bottom end (a divergence equal in 1972 to 10.1 percentage points for expenditure, 9.5% for benefits, and a similar divergence in 1975) and this gap underlines one difficulty of harmonization in this field.

49. Although the differences in the relationship between direct and indirect taxes in these same countries should be borne in mind, it seemed useful to introduce another point of comparison: the national income (net national product at factor cost), as in Table 7 below.

Table 7

Expenditure and benefits as % of national income (1)

	B	DK	D	F	IR	I	L	N	UK
Total Expenditure									
1970	22.9	24.9	26.0	23.9	16.7	22.7	23.0	25.4	20.9
1972	24.2	26.5	28.0	24.3	17.3	27.0	25.8	28.6	21.4
1975	24.2	29.2	28.8	25.1	19.5	28.4	24.0	32.6	21.5
Total Benefits									
1970	21.6	24.2	24.5	22.5	16.1	21.0	22.1	24.5	20.1
1972	22.9	25.8	26.3	22.9	16.6	24.6	24.9	27.6	20.6
1975	23.0	28.5	27.0	23.5	18.8	25.9	23.1	31.6	20.8

Except for the Netherlands which has the highest percentage (with 28.6% in 1972 and 32.6% in 1975), certain changes in the order of classification occur for other countries, which do not affect the preceding remarks.

.../...

(1) Net national product at factor cost

Whatever the comparison chosen, GNP or National Income, a continuous increase in the percentage devoted to expenditure (or benefits) can be seen for past years, and this tendency will continue in the near future.

C) Expenditure and benefits per head (1)

50. It seemed interesting to complement the macro-economic analysis with an analysis of protection at the level of individuals. Only a rudimentary analysis can, of course, be carried out, dealing with an average individual who does not exist in reality but who nevertheless provides a reference point for the level of protection in the member States.

Two tables (Tables 8 & 9) on expenditure and benefits per head have been drawn up.

51. Table 8 illustrates that the member States fall into three distinct groups, whose composition is little different from that commented on earlier under 'B'. Germany and Denmark (and in 1975 the Netherlands) are clearly apart, whilst Italy - which belonged to the first group in the previous comparison - is now in the third group.

.../...

(1) These are calculated in units of account on the basis of the exchange rates between national currency as indicated by the Statistical Office of the Communities for 1970 and 1972. Reference will be made to this subject in Annex V. For 1975, the hypothesis of no change in parity since 1972 was used.

EXPENDITURE PER HEAD (in units of account)

Table 8

EXPENDITURE PER HEAD	1970	1972	1975	B	DK	D	F	IR	I	L	N	UK
				484.8	629.4	620.6	526.3	174.6	320.6	520.1	501.6	356.4
				645.1	810.1	826.4	652.2	238.2	446.9	667.8	724.5	458.1
				893.6	1,166.7	1,138.7	932.3	435.3	684.3	880.9	1,127.8	602.3

BENEFITS PER HEAD (in units of account)

Table 9

BENEFITS PER HEAD	1970	1972	1975	B	DK	D	F	IR	I	L	N	UK
				456.2	614.5	583.6	495.6	168.1	297.5	500.5	484.0	343.1
				610.4	788.9	776.6	614.9	228.6	408.3	643.6	701.7	441.8
				849.0	1,138.4	1,068.5	872.4	419.5	623.5	849.9	1,092.9	580.7

....

D) Expenditure

The following comments cover expenditure by type and benefits by function.

1. Expenditure by type (Table 10)

52. Benefits comprise around nine-tenths of total expenditure. They can be divided into benefits in cash and in kind, the former being much more important (due in particular to the importance of old age pensions).

- a. Benefits in kind, which cover mainly the maintenance or recovery of health, form a very variable percentage of expenditure according to the country, and a percentage which is constantly increasing in most of them.

Their most important role seems to be in those countries where a national health service exists (United Kingdom, Ireland and Denmark). The other countries, except for Luxembourg, spend a similar percentage in this way (of the order of 20% to 25%).

- b. Cash benefits represent around 60-80% of total expenditure, but their relative importance is not increasing in any country and tends to diminish in a certain number of countries (Denmark, Ireland, United Kingdom, Italy and the Netherlands) even though this always be explained by their social policy.

2. Social benefits by function

53. Table 11 illustrates the sub-divisions of benefits for social protection. (Certain functions which appear in the Social Accounts - physical or mental infirmity, political events and natural catastrophes - have not been incorporated in the European Social Budget and are included mainly in the functions 'invalidity' and 'miscellaneous'. As a result, there exist discrepancies which are on occasion substantial between percentages for 1970 and 1972 shown in the European Social Budget and those in the Social Accounts.)

In all countries, old age occupies the most important place, followed by sickness. Two other functions take third place: invalidity (Italy), the Netherlands and the United Kingdom) and family benefits (in the other countries).

These four functions by themselves make up the greater part of social benefits, and the following analysis will be confined to them.

a. Old age

54. The relative importance of benefits paid for this purpose in relation to total benefits seems likely to continue to diminish in the Netherlands, Denmark and to a lesser extent in Ireland and Italy. An increase seems likely, to a greater extent in Belgium and France than in Luxembourg and the United Kingdom.

In spite of these considerations, the function is still much ahead of sickness in most countries, except for Denmark and Italy where the two functions are becoming of equal importance.

b. Sickness

55. In every country a tendency - seen in the past - towards an increase in the expenditure on this function seems likely to be maintained in future years so that it will come to make up almost a third of total benefits (Denmark, Germany and Italy). For the other countries, sickness benefits represent about a quarter of the total, except for Luxembourg, where they are less than 20%.

c. Family

56. For this function, family allowances are the most important form of expenditure covered in the report, but it is recognised that income tax concessions are an important form of assistance to families in some countries.

The first observation to be made is the constant diminution, for every country except Ireland, in the importance of this function. This tendency seems likely to continue in future.

A second observation is that the countries can be divided into two groups according to the importance given to this function in their objectives. Among one group of countries (Belgium, Denmark, France and Ireland) family benefits amount to between 15-16% of total benefits; in the other countries, a

.../...

percentage between 6% and 11%.

d. Invalidity

57. This function occupies third place in importance by itself in Italy and the Netherlands; equal third, or almost, with family benefits in Germany, Denmark and the United Kingdom; fourth place in Belgium, France, Ireland and Luxembourg.

E) Receipts

58. Viewed from whatever angle, either by type or by source (or sector from which they are collected), it can be seen that the countries are essentially split in two groups, according to the importance placed in financing on receipts coming from the State and local authorities or on receipts from employers and workers.

1. Receipts by type (Table 12)

In general, contributions represent the greatest proportion of total receipts in the six original member States, whereas it is the State and local authorities in the new members. The United Kingdom, in fact, is mid-way between these two groups, the two main sources of finance being almost equal in importance (a fact which will be brought out more clearly in a further analysis).

a. Employers' contributions

59. The share of enterprises (private and public) is great in France, Italy and Germany (the percentage varying between 51% and 68%). It is less, while still important (above 43%) in Belgium and the Netherlands and it is slightly lower for the United Kingdom and Luxembourg (around 35-37%). It is very low for Ireland (around 20%) and Denmark (10%).

.../...

b. Workers' contributions

60. Differences in national legislation on social protection affect statistics (and therefore projections) and make it difficult to distinguish between employees, self-employed and those entitled to a pension (or inactive). Workers' contributions as a whole will therefore be discussed.

It can be seen that, in every member State, they represent a lower share (often very much lower) in financing than do employers' contributions.

They are important for the Netherlands (where they make up around 36% of total receipts and thus are fairly near the level of employers' contributions: 43%). They represent a quarter of the finance in Luxembourg and Germany, a fifth in France and Belgium, a lower percentage in the United Kingdom (17%), lower still in Italy and Ireland (between 13-14%) and almost insignificant in Denmark (if the downward tendency is maintained in future).

c. Taxes and subsidies (from the State and local authorities)

61. The rank order among the member States is on this occasion the inverse of that for employers' contributions.

Far in front are Denmark (more than 80%) and Ireland (around 65%), followed by the United Kingdom with 38-39%, and a group where the percentage is lower. Within this group, a distinction can be drawn between Luxembourg⁽¹⁾ and Belgium (29-30%), Germany and Italy (20-22%) and France and the Netherlands (10-12%).

d. Income from capital and other receipts

62. The heterogeneity of this heading, which is of little importance in the receipts, prevents valid analysis.

.../...

(1) In the case of Luxembourg, the participation of the State and local authorities includes also interest on public debt certificates under the next heading.

The only observation is the distinction between countries where its percentage is significant (around 6-8% in the Netherlands, Luxembourg, the United Kingdom and Italy) and the rest where it is less or insignificant (between 3% and 0.2%).

2. Receipts by source (Table 13)

63. The main points made in 1) above remain valid, although this viewpoint does bring out certain changes.

- a. The item "Government" groups together the total resources passing through the budgets of the State and local authorities (taxes, subsidies and contributions of the State and local authorities as employers). The percentage represented by this item is thus greater for every country in comparison to the previous analysis. The rank order of countries, however, remains unchanged.
- b. The heading "Enterprises" (contributions and benefits of private employers) decreases as the above item increases, again in comparison with the analysis under 1). The order remains almost the same, with Germany preceding Belgium, and Luxembourg coming before the United Kingdom.

The projections for 1975 (based on constant legislation) do not greatly alter these observations.

CHAPTER IV

TRENDS IN EXPENDITURE AND RECEIPTS (1)

In this chapter, the major part of the comparison will be devoted to development in current prices (parts A and B)

It was thought, however, that a brief comparison on the basis of constant prices (part C) would be interesting and useful.

A) Trends in expenditure, at current prices

Expenditure by type will be examined first, then benefits by function.

1. Trends in the main items of expenditure (Table 14)

64. For six of the countries, the upward trend in total expenditure between 1972 and 1975 is less marked than that between 1970 and 1972. In France and Ireland it was, on the other hand, more marked. It is not easy to explain these divergent tendencies. The most that could be said, for the latter two countries, is that important changes which took place in 1973 have been incorporated into the 1975 projections to a greater extent than in other countries. As well, the changes which occurred in 1973 did not have the same effect everywhere. It is, however, difficult to isolate the effects of these changes in 1973 from the various economic assumptions and the differing implications of the legislative assumption.

65. It can also be seen that during 1973-1975 total expenditure (excluding transfers) increases less rapidly than the national income in

.../...

(1) Since the two periods for comparison (1970-1972 and 1972-1975) are not of the same length, the trends in expenditure and receipts have been indicated by an annual average rate of change rather than by indices.

TRENDS IN EXPENDITURE BY TYPE (annual rates)

Table 14

	B	Dk	D	F	Ir	I	L	N	U.K.	
BENEFITS IN KIND	1970/72	17.1	14.5	19.8	16.3	21.4	16.5	13.7	25.5	13.0
	1972/75	13.3	13.3	13.1	15.8	24.4	22.5	10.9	20.4	11.6
	1970/75	14.7	13.7	15.7	16.0	23.0	19.3	12.0	22.2	12.2
BENEFITS IN CASH	1970/72	14.2	13.4	12.0	11.6	16.2	18.1	13.2	18.5	14.0
	1972/75	11.8	13.8	10.8	13.8	24.2	14.0	10.5	15.7	8.8
	1970/75	12.8	13.6	11.2	12.9	20.9	15.6	11.6	16.7	10.8
TOTAL BENEFITS	1970/72	14.6	14.7	13.7	12.5	18.0	18.5	13.2	19.8	13.8
	1972/75	11.9	13.6	11.3	13.5	24.0	15.7	10.6	16.7	9.8
	1970/75	13.0	14.0	12.3	13.1	21.5	16.8	11.7	18.0	11.4
ADMINISTRATIVE AND OTHER COSTS	1970/72	8.8	21.5	14.4	11.2	23.6	31.0	11.1	14.9	11.1
	1972/75	9.1	10.5	12.0	18.3	19.9	16.8	9.6	15.4	10.2
	1970/75	9.0	14.6	13.0	15.5	21.2	22.2	10.2	15.3	10.5
TOTAL EXPEN- DITURE (excluding transfers)	1970/72	14.3	14.8	13.8	12.4	18.3	19.4	13.2	19.7	13.8
	1972/75	11.8	13.5	11.3	13.8	23.8	15.8	10.6	16.7	9.8
	1970/75	12.8	14.0	12.3	13.2	21.5	17.2	11.6	17.9	11.3

in Luxembourg, ⁽¹⁾ at a similar rate in Belgium, and more rapidly in the other countries, even though the growth of expenditure from 1970 to 1972 was greater than that of the national income for every country. ⁽²⁾

If changes in the economic situation of any of the countries were ignored, it might be thought that these different trends between the two periods are due, in part, to the economic assumptions used in the calculation of national income for 1975, which corresponds to either a more rapid or less rapid rate of expansion according to the country than in the past.

66. The observation may equally be made that during 1973-1975, benefits in kind may be expected to grow less rapidly than benefits in cash in Denmark, and more rapidly in the other countries.

This picture changes slightly with reference to the period 1970-1972, since Denmark, Italy and the United Kingdom experienced a less rapid growth.

2. Trends in the main functions (Table 15)

67. For each country, the trend in the benefits corresponding to the various functions, itemised in the following table, for 1973-1975 is either more rapid, less rapid, or the same as in 1970-1972. An examination of the trend for each main function reveals the following:

.../...

(1) This particular trend is a result, on the one hand, of the fact that 1972 saw the beginning of periodical adjustments in pensions to the general level of earnings, even though these adjustments had not been incorporated into the projections for 1975. On the other hand, the very great increase in gross national product during 1972 to 1975 had an effect, this being due among other reasons to the particularly favourable situation in Luxembourg's industrial sector (mainly the steel industry).

(2) Further discussion of this point will be found in Chapter VII, 'Concluding Remarks', section II, paragraph 94.

TRENDS IN BENEFITS BY FUNCTION (annual rates)

Table 15

	B	DK	D	F	IR	I	L	N	U.K.
SICKNESS	1970/72	12.9	19.5	15.6	19.0	18.0	14.7	20.5	12.8
	1972/75	18.0	12.5	15.6	23.9	24.0	11.0	17.0	11.1
	1970/75	16.0	15.3	15.6	21.9	21.6	12.5	18.4	11.8
OLD AGE	1970/72	13.7	12.2	13.6	18.4	20.4	14.1	16.2	14.7
	1972/75	12.8	11.7	15.0	22.4	12.7	10.9	15.2	10.3
	1970/75	13.1	11.9	14.5	20.7	15.7	12.2	15.6	12.0
INVALIDITY	1970/72	18.0	8.7	6.6	21.9	19.2	12.5	29.0	15.0
	1972/75	14.5	10.7	14.7	22.2	16.8	9.2	22.9	10.9
	1970/75	16.0	9.9	11.4	21.7	17.7	10.5	25.1	12.5
EMPLOYMENT INJURY OCCUPA- TIONAL DISEASE	1970/72	11.1	13.5	11.6	25.5	19.3	8.8	-	7.0
	1972/75	- 12.0	10.8	14.1	28.4	21.0	11.7	-	11.2
	1970/75	- 4.6	11.8	13.1	27.1	20.4	10.5	-	9.5
UNEMPLOYMENT	1970/72	25.0	62.0	20.1	17.7	50.0	9.5	40.0	24.1
	1972/75	13.8	2.3	18.5	26.5	- 0.1	10.1	16.7	- 3.7
	1970/75	18.2	19.2	19.2	22.9	14.9	9.9	23.9	6.6
MATERNITY	1970/72	20.7	9.2	29.2	12.6	4.9	11.6	16.1	7.3
	1972/75	11.2	9.8	12.7	29.2	16.2	9.3	10.8	7.1
	1970/75	14.9	9.6	19.1	21.0	11.5	10.2	12.9	7.2
FAMILY BENEFITS	1970/72	14.4	6.7	6.4	10.6	4.4	10.1	14.9	6.4
	1972/75	8.4	6.0	11.2	30.1	1.5	8.6	11.6	7.6
	1970/75	10.7	6.2	9.3	27.8	2.6	9.2	12.9	7.2

Sickness

More rapid in Denmark, Ireland and Italy, less in the other six countries.

Old age

Belgium, France and Ireland experience a more rapid movement; it is less rapid in the six other countries.

Invalidity

The only difference from the trends for old age occurs in Germany (a more rapid development).

Family

More rapid for France, Ireland and the United Kingdom, less rapid for the other countries. It is noticeable that this latter function grows less rapidly than do sickness and old age, except in Ireland, even if in several countries there seems to be an effort to catch up.

B) Trends in receipts, at current prices (Table 16)

68. For total receipts, the trend during 1973-1975 is less rapid than that during 1970-1972 in Belgium, Denmark, Germany, Italy, the Netherlands and the United Kingdom; it is almost the same in France and Luxembourg and more rapid in Ireland. The deceleration in the trend for the majority of countries is due to the economic assumptions employed - a lower rate of inflation in 1973-1975 than in 1970-1972. However, different tendencies become apparent when the constituent components of financing rather than the total are examined.

.../...

1. Trend in receipts according to their type (Table 16)

a. Contributions

69. If the period 1970-1972 could be characterised by a more rapid growth in households' contributions than in employers' contributions for eight countries, and a less rapid growth in Belgium, then these tendencies are reversed in the period 1973-1975, in the sense that the number of countries experiencing an acceleration in the growth of employers' contributions relative to households' contributions jumps from one to six (Denmark, France, Ireland, Italy, the Netherlands and the United Kingdom) whereas an inverse trend occurs in the other three countries.

b. Taxes and subsidies

70. In the majority of countries, apart from Denmark and Ireland, there is a less rapid development during 1973-1975 than 1970-1972

If the trend for the item "contributions" is compared to that of "taxes and subsidies", it can be seen that this latter item grew more rapidly from 1970 to 1972 in most countries (except France, Germany and Ireland), while the opposite occurs during 1973 to 1975, when a greater effort in financing was particularly demanded via contributions, in most countries except for the Netherlands (a slight increase in financing by the public sector) and for Denmark and the United Kingdom (a slight decrease).

Differences in trends for receipts over the period 1973-1975 could be attributed, at least in part, to the differential impact of the assumption of constant legislation on the two sources of finance.

.../...

TRENDS IN RECEIPTS BY TYPE (Annual rates of change)

Table 16

	B	Dk	D	F	If	I	L	F	D.K.
Employers Contributions and direct benefits including :	1970/72	13.4	14.0	12.6	17.7	10.0	10.5	16.6	13.8
	1972/75	11.4	11.6	13.0	28.7	14.6	11.3	17.0	12.8
	1970/75	12.1	12.6	12.8	24.2	12.8	11.0	16.8	13.1
	1970/72	15.3	14.5	12.8	16.3	9.9	9.9	15.7	12.0
- Enterprises	1972/75	11.4	12.0	13.9	30.0	14.5	10.8	18.0	12.9
	1970/75	12.9	13.0	13.5	27.8	12.6	10.4	17.0	12.5
	1970/72	3.3	12.9	11.6	19.7	10.4	12.3	16.8	18.5
	1972/75	11.3	10.4	10.0	16.7	15.3	12.7	14.5	12.3
- Government	1970/75	8.0	11.4	10.6	18.0	13.3	12.5	16.2	14.9
	1970/72	9.5	14.5	12.9	25.1	11.7	10.6	18.1	14.5
	1972/75	12.9	12.0	11.6	17.6	13.1	11.6	16.7	6.9
	1970/75	11.5	13.0	12.2	20.6	12.5	11.1	17.2	9.9
Households including :	1970/72	8.4	14.7	13.6	25.1	14.3	13.0	17.6	14.5
	1972/75	12.1	12.0	13.0	17.5	14.6	11.7	16.5	6.7
	1970/75	10.6	13.0	13.2	19.7	14.5	12.2	16.9	9.8
	1970/72	15.2	7.6	10.3	-	- 4.0	- 3.2	20.0	13.5
- Self-employed	1972/75	16.5	11.6	6.5	-	- 1.0	10.6	17.6	12.1
	1970/75	16.0	9.9	8.0	-	- 2.2	4.8	18.5	12.7
	1970/72	16.2	10.6	16.7	-	1.3	14.3	23.1	20.2
	1972/75	7.8	10.6	10.0	-	0.0	12.9	19.2	- 5.5
- Non-employed	1970/75	11.1	10.6	12.7	-	0.5	13.5	20.6	4.1
	1970/72	18.4	11.7	8.8	16.0	18.8	13.2	19.5	15.6
	1972/75	10.5	10.6	8.2	23.5	8.3	9.6	17.6	8.1
	1970/75	13.6	11.1	8.4	20.4	12.4	11.0	18.3	11.0
Taxes and government subsidies	1970/72	0.9	8.4	7.5	17.1	23.6	8.6	18.6	9.0
	1972/75	4.4	6.0	11.4	21.7	8.6	10.2	17.8	8.3
	1970/75	3.0	6.9	9.8	19.7	14.3	9.6	18.2	8.6
	1970/72	13.6	14.5	12.1	17.6	13.2	11.1	17.6	14.3
Income from capital and other receipts	1972/75	10.9	11.3	12.2	23.8	12.4	10.8	17.0	9.5
	1970/75	12.0	12.2	12.1	21.2	12.7	10.9	17.2	11.4
	1970/72	13.6	13.8	12.2	21.2	12.7	10.9	17.2	11.4

2. Trend in receipts according to their source (Table 17)

71. This comparison is interesting because the different classification of the various receipts indicates the proportion which flows through the budgets of the State and local authorities (taxes + subsidies + contributions of the State and local authorities as employers) and that proportion of contributions borne by private enterprises or households.

As far as the sector "Government", is concerned, the increase for 1970-1972 is less rapid in two countries (Denmark and Ireland) than in 1973-1975, and more rapid for the seven other countries. This confirms the above analysis under 1).

72. The "Enterprises" sector shows a slower rate of increase in 1973-1975 compared to 1970-1972 in Belgium and Germany, and an acceleration in the other seven countries.

Finally, the "Household" sector develops faster for three countries (Belgium, Italy and Luxembourg) and slower for the six others.

In fact, the pattern here is similar, with minor variations, to that illustrated above in point 1).

C) The trends in expenditure and receipts at constant prices

73. A more precise comparison than those under sections A and B above may be provided by examining social expenditure and its financing in real terms. There is perhaps a greater need for this type of comparison in a context of rapid inflation.

For this exercise, only one method of deflation to real terms was available: the general consumer price index.

TRENDS IN RECEIPTS BY SOURCE (annual rates)

Table 17

	B	Exc	D	F	Ir	I	L	N	U.K.
ENTERPRISES									
1970/72	15.3	12.7	14.5	12.8	16.3	9.9	9.9	15.7	12.0
1972/75	11.4	18.4	12.0	13.9	30.0	14.5	10.8	18.0	12.9
(Employers contributions and direct benefits)	12.9	16.1	13.0	13.5	27.6	12.6	10.4	17.0	12.5
GOVERNMENT									
1970/72	15.2	14.9	12.2	10.4	16.5	16.4	12.9	19.1	14.7
1972/75	11.0	15.3	10.5	9.2	22.9	10.3	10.4	16.0	10.3
including :	12.7	15.1	11.2	9.7	20.2	12.7	11.4	17.3	12.0
EMPLOYERS CONTRIBUTIONS									
1970/72	3.3	9.0	12.9	11.6	19.7	10.4	12.3	18.8	18.5
1972/75	11.3	11.1	10.4	10.0	16.7	15.3	12.7	14.5	12.3
1970/75	8.0	10.3	11.4	10.6	19.0	13.3	12.5	16.2	14.9
- TAXES AND SUBSIDIES									
1970/72	18.4	15.2	11.7	8.8	16.0	18.8	13.2	19.5	15.6
1972/75	10.5	15.5	10.6	8.2	23.5	8.3	9.6	17.6	8.1
1970/75	13.6	15.4	11.1	8.4	20.4	12.4	11.0	18.3	11.0
HOUSEHOLDS									
1970/72	9.5	13.0	14.5	12.9	25.1	11.7	10.6	18.1	14.5
1972/75	12.9	-23.0	12.0	11.6	17.6	13.1	11.6	16.7	6.9
including :	11.5	-13.0	13.0	12.2	20.6	12.5	11.1	17.2	9.9
- EMPLOYEES									
1970/72	8.4	-	14.7	13.6	25.1	14.3	13.0	17.6	14.5
1972/75	12.1	-	12.0	13.0	17.5	14.6	11.7	16.5	6.7
1970/75	10.6	-	13.0	13.2	19.7	14.5	12.2	16.9	9.8
- SELF-EMPLOYED									
1970/72	15.2	-	7.6	10.3	-	- 4.0	- 3.2	20.0	13.5
1972/75	16.5	-	11.6	6.5	-	- 1.0	10.6	17.6	12.1
1970/75	16.0	-	9.9	8.0	-	- 2.2	4.8	18.5	12.7
- NON-EMPLOYED									
1970/72	16.2	-	10.6	16.7	-	1.3	14.3	23.1	20.2
1972/75	7.8	-	10.6	10.0	-	0.0	12.9	19.2	- 5.5
1970/75	11.1	-	10.6	12.7	-	0.5	13.5	20.6	4.1
- OTHER SECTORS									
1970/72	0.9	10.9	8.4	7.5	17.1	23.6	8.6	18.6	9.0
1972/75	4.4	2.9	6.0	11.4	21.7	8.6	10.2	17.8	8.3
1970/75	3.0	6.0	6.9	9.8	19.7	14.3	9.6	18.2	8.6
TOTAL RECEIPTS									
1970/72	13.6	14.5	13.5	12.1	17.6	13.2	11.1	17.6	14.3
1972/75	10.9	13.3	11.3	12.2	23.8	12.4	10.8	17.0	9.5
1970/75	12.0	13.8	12.2	12.1	21.2	12.7	10.9	17.2	11.4

It has been used to provide an indication of the trend of social expenditure in real terms (by dividing the rate of increase in expenditure by the rate of increase in consumer prices mentioned on page 7).

The same index has been used for the sake of uniformity to work out the trend in receipts.

It would be more useful, however, if this track is to be explored further, to choose methods more appropriate to the various main categories of benefits and types of finance.

1. Expenditure (excluding transfers)

74. An examination of rates for total expenditure expressed in constant price terms shows that they are lower than those in current prices. As well, a change in the order in which the countries are ranked occurs, and the effects of recent measures affecting purchasing power are thus shown more clearly. This change is more marked for 1970-1972 than 1973-1975.

Total expenditure (excluding transfers)	B	DK	D	F	IR	I	L	N	UK
<u>1970-1972</u>									
constant prices	8.9	8.0	7.8	6.3	8.8	13.7	7.8	11.2	6.0
current prices	14.3	14.8	13.8	12.4	18.3	19.4	13.2	19.7	13.8
<u>1973-1975</u>									
constant prices	6.0	7.6	5.9	6.7	14.0	7.1	4.6	8.8	4.3
current prices	11.8	13.5	11.3	13.8	23.8	15.8	10.6	16.7	9.8

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2. Receipts (transfers excluded)

75. The remarks made above for expenditure can be applied for the most part to the trend in receipts, shown in the following table.

Total receipts (transfers excluded)	B	DK	D	F	IR	I	L	N	UK
<u>1970-1972</u>									
constant prices	8.3	7.7	7.5	6.0	8.2	8.0	5.9	9.2	6.5
current prices	13.6	14.5	13.5	12.1	17.6	13.2	11.1	17.6	14.3
<u>1973-1975</u>									
constant prices	5.2	7.4	5.9	5.2	14.0	3.7	4.8	9.0	4.1
current prices	10.9	13.3	11.3	12.2	23.8	12.4	10.8	17.0	9.5

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CHAPTER V

COMPARISON OF EXPENDITURE AND RECEIPTS WITH
NATIONAL INCOME AND GROSS NATIONAL PRODUCT

The trends in national income and gross national product are very similar. Therefore a comparison between expenditure (or receipts) and national income, on the one hand, and gross national product on the other, will lead to similar conclusions. ⁽¹⁾

A) Expenditure (as a percentage of national income)

1. Expenditure in kind (Table 18)

76. Taking total expenditure (excluding transfers) at current prices expressed as a percentage of national income, the spread of variation in the percentages for each country becomes increasingly wider from 1970 to 1975. ⁽²⁾ Reasons for this pattern must be sought firstly in the modifications in legislation relative to social protection in certain countries between 1970 and 1972, which affect forecasts for 1975.

Added to this, there is the important increase - to a greater or lesser extent according to which country is considered - in benefits in kind compared to national income. Between 1970 and 1975, this increase is of the order of 10% for the United Kingdom, 20% for Belgium, Denmark, France; 25% for Luxembourg and Ireland, 30% in Germany, 40% in Italy, and 50% for the Netherlands.

Finally, the fraction of national income corresponding to benefits in cash ⁽³⁾ increases from 1970 to 1972 and from 1973 to 1975 (except in

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- (1) In the first case, this refers to net national product (at factor prices) and in the second, gross national product (at market prices).
- (2) With the exception of Luxembourg. The explanation of this has already been given (see note (1) bottom of page 36 - Chapter IV).
- (3) The benefits under the heading "Miscellaneous" which include different proportions of benefits in cash from country to country are not examined in the present chapter.

TRENDS IN EXPENDITURE AS % OF NATIONAL INCOME

Table 18

	B	Dk	D	F	Ir	I	L	N	U.K.
BENEFITS - in kind (1)	1970	4.2	6.8	4.8	5.3	4.7	5.5	3.2	5.0
	1972	4.7	7.2	5.8	5.8	5.1	6.3	4.2	6.1
	1975	4.9	8.0	6.2	6.3	5.8	7.6	4.0	6.5
- in cash (1)	1970	16.4	17.4	18.8	15.0	11.4	14.0	18.4	19.5
	1972	17.3	18.6	19.6	15.1	11.0	16.3	20.7	21.5
	1975	17.3	20.5	19.9	15.6	12.7	16.4	19.1	23.9
TOTAL BENEFITS (2)	1970	21.6	24.2	24.5	22.5	16.1	21.0	22.1	24.5
	1972	22.9	25.8	26.3	22.9	16.6	24.6	24.9	27.6
	1975	23.0	28.5	27.0	23.5	18.8	25.9	23.1	31.6
ADMINISTRATIVE AND OTHER COSTS	1970	1.3	0.7	1.5	1.4	0.6	1.6	0.9	0.9
	1972	1.3	0.7	1.7	1.4	0.7	2.3	0.9	1.0
	1975	1.2	0.7	1.8	1.6	0.7	2.5	0.9	1.0
TOTAL EXPENDITURE (excluding transfers)	1970	22.9	24.9	26.0	23.9	16.7	22.7	23.0	25.4
	1972	24.2	26.5	28.0	24.3	17.3	27.0	25.8	28.6
	1975	24.2	29.2	28.8	25.1	19.5	28.4	24.0	32.6

(1) Excluding miscellaneous benefits
 " " " " " "
 (2) Including

TRENDS IN EXPENDITURE AS % OF G.N.P.

Table 19

	B	Dk	D	F	Ir	I	L	N	U.K.
BENEFITS (1)									
- in kind	3.3	5.4	3.7	4.1	3.6	4.5	2.8	4.1	4.6
	3.7	5.7	4.4	4.4	4.0	5.1	3.2	5.0	4.8
	3.9	6.2	4.8	4.8	4.6	6.2	3.0	6.2	4.9
- in cash	12.9	13.5	14.5	11.5	8.8	11.4	13.9	15.9	10.4
	13.8	14.2	15.1	11.6	8.5	13.4	15.6	17.4	10.9
	13.8	15.8	15.2	12.0	9.9	13.3	14.4	19.2	10.5
TOTAL BENEFITS (2)	17.0	19.2	18.9	17.2	12.4	17.0	16.7	20.0	15.4
	18.3	20.2	20.2	17.6	12.5	20.3	18.8	22.4	16.1
	18.4	22.3	20.7	18.1	14.7	21.0	17.4	25.5	15.8
ADMINISTRATIVE AND OTHER COSTS	1.0	0.5	1.2	1.1	0.5	1.3	0.6	0.7	0.6
	1.0	0.5	1.3	1.1	0.5	1.9	0.7	0.7	0.6
	1.0	0.6	1.4	1.2	0.6	2.0	0.7	0.8	0.6
TOTAL EXPENDITURE (excluding transfers)	18.0	19.7	20.1	18.3	12.9	18.4	17.3	20.7	16.0
	19.3	20.8	21.5	18.7	13.0	22.2	19.5	23.1	16.7
	19.4	22.9	22.1	19.3	15.3	23.0	18.1	26.3	16.4

(1) Excluding miscellaneous benefits

(2) Including " "

Luxembourg and the United Kingdom). These two countries, exceptions during 1973-1975 (to a greater or lesser extent) to the general tendency, may have their figures for 1975 affected by the technical assumptions used by the experts regarding the legislation on the adjustment of benefits to changes in prices and earnings.

Table 19 traces the development with reference to gross national product.

2. Benefits by function (Tables 20 and 21)

77. As regards the main functions, a comparison between 1970-1972 and 1973-1975 brings out the following points.

- for Sickness, a very large increase in Denmark, Italy and the Netherlands, large in Germany, moderate in Belgium, France and Ireland, more or less stable in Luxembourg and the United Kingdom.
- for Old Age (Death, Survival), the largest function, a greater or lesser increase according to the country concerned.
- for Family, a decrease or a maintained level (in Denmark and the Netherlands).

B) Receipts (as a percentage of National Income)

78. In general, the most important receipts (contributions and benefits from employers, employees' contributions, taxes and subsidies) tend to have their importance maintained or increased (a consequence of constant legislation or the economic assumptions) and are smaller only in rare instances (Denmark: employees' contributions; France: taxes and subsidies).

Table 22 shows up the unique situation in the Netherlands, much ahead of the rest, with Ireland having the lowest figures. Those in the middle fall into two camps: at around 30% of national income (Germany, Denmark) and 25 % (Belgium, France, Luxembourg, Italy and the United Kingdom).

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TRENDS IN BENEFITS AS % OF NATIONAL INCOME

Table 20

	B	Dc	D	F	Ir	I	L	N	U.K.
Sickness	1970	4.7	6.4	5.7	4.6	5.5	3.9	6.6	5.4
	1972	5.3	7.7	6.1	4.8	6.4	4.4	7.5	5.4
	1975	5.4	8.1	6.6	5.5	8.3	4.2	8.6	5.7
Old age	1970	8.0	11.5	8.5	5.9	7.3	12.4	10.0	9.4
	1972	8.4	12.0	8.8	6.2	8.8	14.2	10.6	9.8
	1975	9.1	12.5	9.4	6.7	8.6	13.3	11.7	10.0
Invalidity	1970	1.9	1.9	0.3	1.6	3.0	1.6	3.7	1.6
	1972	1.9	1.9	0.3	1.7	3.5	1.8	4.9	1.6
	1975	1.9	1.9	0.3	1.9	3.8	1.6	6.4	1.7
Employment injury - occupational disease	1970	1.0	1.2	1.0	0.1	0.8	1.5	-	0.3
	1972	1.2	1.3	1.0	0.1	0.9	1.6	-	0.3
	1975	1.1	1.3	1.1	0.1	1.1	1.5	-	0.3
Unemployment	1970	1.0	0.1	0.2	0.9	0.2	0.0	0.8	0.9
	1972	1.2	0.2	0.3	0.9	0.4	0.0	1.1	1.1
	1975	1.1	0.2	0.3	1.1	0.3	0.0	1.3	0.7
Maternity	1970	0.2	0.2	0.3	0.4	0.4	0.1	0.1	0.4
	1972	0.2	0.2	0.3	0.5	0.4	0.1	0.1	0.4
	1975	0.1	0.2	0.4	0.4	0.4	0.0	0.1	0.4
Family benefits	1970	3.9	2.3	4.3	2.7	2.3	2.6	3.3	1.7
	1972	3.8	2.1	4.0	2.5	2.1	2.7	3.4	1.5
	1975	3.5	1.9	3.8	2.8	1.5	2.4	3.4	1.4
Miscellaneous	1970	0.9	0.8	2.2	0.2	1.5	0.1	0.0	0.4
	1972	0.9	0.9	2.1	0.3	2.1	0.1	0.0	0.5
	1975	0.8	0.9	1.6	0.2	1.9	0.1	0.1	0.6
Total benefits	1970	21.6	24.5	22.5	16.1	21.0	22.1	24.5	20.1
	1972	22.9	26.3	22.9	16.6	24.6	24.9	27.6	20.6
	1975	23.0	27.0	23.5	18.8	25.9	23.1	31.6	20.8

TRENDS IN BENEFITS AS % OF G.N.P.

Table 21

	B	Dk	D	F	Ir	I	L	N	U.K.
Sickness	1970	3.7	5.0	4.4	3.5	4.5	2.9	5.3	4.1
	1972	4.2	5.9	4.7	3.8	5.3	3.4	6.1	4.2
	1975	4.3	6.2	5.1	4.3	6.8	3.1	6.9	4.3
Old age	1970	6.3	8.9	6.5	4.6	5.9	9.4	8.2	7.2
	1972	6.7	9.2	6.8	4.8	7.3	10.7	8.6	7.6
	1975	7.2	9.5	7.2	5.2	7.0	10.0	9.4	7.6
Invalidity	1970	1.5	1.5	0.2	1.2	2.4	1.2	3.0	1.2
	1972	1.5	1.5	0.2	1.3	2.9	1.3	3.9	1.3
	1975	1.5	1.5	0.2	1.5	3.1	1.2	5.2	1.3
Employment injury occupational disease	1970	0.7	0.9	0.8	0.1	0.6	1.1	-	0.2
	1972	1.0	1.0	0.8	0.1	0.7	1.2	-	0.2
	1975	0.9	1.0	0.8	0.1	0.9	1.1	-	0.2
Unemployment	1970	0.8	0.1	0.2	0.7	0.2	0.0	0.7	0.7
	1972	1.0	0.2	0.2	0.7	0.3	0.0	0.9	0.8
	1975	0.9	0.1	0.2	0.9	0.2	0.0	1.1	0.5
Maternity	1970	0.1	0.2	0.2	0.2	0.3	0.1	0.1	0.3
	1972	0.1	0.3	0.3	0.2	0.3	0.1	0.1	0.3
	1975	0.1	0.3	0.3	0.3	0.3	0.1	0.1	0.3
Family benefits	1970	3.1	2.9	3.3	1.9	1.9	1.9	2.7	1.3
	1972	3.1	3.0	3.0	1.7	1.7	2.0	2.8	1.2
	1975	2.8	2.9	3.0	2.2	1.2	1.8	2.7	1.1
Miscellaneous	1970	0.8	0.3	1.6	0.2	1.2	0.1	0.0	0.3
	1972	0.7	0.4	1.6	0.3	1.7	0.1	0.0	0.4
	1975	0.7	0.3	1.3	0.2	1.5	0.1	0.1	0.4
Total benefits	1970	17.0	19.2	17.2	12.4	17.0	16.7	20.0	15.4
	1972	18.3	20.2	17.6	12.5	20.3	18.8	22.4	16.1
	1975	18.4	22.3	18.1	14.7	21.0	17.4	25.5	15.8

TRENDS IN RECEIPTS AS % OF NATIONAL INCOME

Table 22

	B	Dk	D	F	Ir	I	L	N	U.K.
EMPLOYERS CONTRIBUTIONS AND DIRECT BENEFITS	1970	11.2	13.8	16.4	3.2	13.0	9.3	14.1	8.2
	1972	11.7	15.0	16.8	3.3	13.1	10.0	15.0	8.4
	1975	11.6	15.5	16.9	4.2	13.4	9.4	17.2	9.2
including :									
- ENTERPRISES	1970	9.3	9.7	12.3	1.9	10.6	7.0	10.2	5.9
	1972	10.0	10.6	12.7	1.9	10.7	7.4	10.7	5.9
	1975	9.9	11.1	13.1	2.9	10.9	6.9	12.6	6.4
- GOVERNMENT	1970	1.9	4.1	4.1	1.3	2.4	2.3	3.9	2.3
	1972	1.7	4.4	4.1	1.4	2.4	2.6	4.3	2.5
	1975	1.7	4.4	3.8	1.3	2.5	2.5	4.6	2.8
HOUSEHOLDS	1970	5.1	6.4	5.0	2.1	3.7	6.4	11.5	4.4
including :	1972	4.9	7.0	5.1	2.4	3.9	6.8	12.6	4.6
- EMPLOYEES	1975	5.1	7.4	5.0	2.3	3.8	6.5	14.3	4.3
	1970	4.3	6.3	3.8	2.1	3.1	5.3	9.9	4.2
	1972	4.1	6.9	3.9	2.4	3.4	5.9	10.7	4.3
	1975	4.1	7.3	3.9	2.3	3.5	5.6	12.1	4.0
- SELF-EMPLOYED	1970	0.8	0.1	1.1	-	0.5	1.6	1.2	0.2
	1972	0.8	0.1	1.1	-	0.4	0.9	1.4	0.3
	1975	1.0	0.1	1.0	-	0.3	0.8	1.6	0.3
- NON-EMPLOYED	1970	0.0	0.0	0.1	-	0.1	0.1	0.4	0.0
	1972	0.0	0.0	0.1	-	0.1	0.1	0.5	0.0
	1975	0.0	0.0	0.1	-	0.0	0.1	0.6	0.0
TAXES AND GOVERNMENT SUBSIDIES	1970	6.6	5.9	3.2	11.4	5.6	7.7	3.8	9.3
	1972	7.5	6.1	3.1	11.4	6.6	8.6	4.2	9.9
	1975	7.2	6.2	2.7	12.7	5.7	7.8	5.0	9.5
INCOME FROM CAPITAL AND OTHER RECEIPTS	1970	1.2	1.1	0.5	0.1	1.3	2.3	2.6	2.1
	1972	1.0	1.1	0.4	0.1	1.7	2.4	2.9	2.0
	1975	0.8	0.9	0.4	0.1	1.5	2.2	3.4	1.9
TOTAL RECEIPTS	1970	24.1	27.2	25.1	16.9	23.6	25.7	32.0	24.1
	1972	25.1	29.2	25.4	17.3	25.3	27.8	34.7	24.9
	1975	24.7	30.0	25.0	19.5	24.4	25.9	39.9	24.9

TRENDS IN RECEIPTS AS % OF G.N.P.

Table 23

	B	Dk	D	F	Ir	I	L	N	U.K.
EMPLOYERS CONTRIBUTIONS AND DIRECT BENEFITS including :	1970	8.8	10.7	12.6	2.5	10.5	7.0	11.4	6.3
	1972	9.3	11.5	12.9	2.6	10.8	7.5	12.1	6.6
	1975	9.2	11.9	13.0	3.3	10.9	7.1	13.9	7.0
- ENTERPRISES	1970	7.3	7.5	9.4	1.5	8.6	5.3	8.3	4.5
	1972	8.0	8.2	9.7	1.5	8.8	5.6	8.6	4.6
	1975	7.9	8.5	10.1	2.3	8.8	5.2	10.2	4.9
- GOVERNMENT	1970	1.5	3.2	3.2	1.0	1.9	1.7	3.1	1.8
	1972	1.3	3.3	3.2	1.1	2.0	1.9	3.5	2.0
	1975	1.3	3.4	2.9	1.0	2.1	1.9	3.7	2.1
HOUSEHOLDS including :	1970	4.0	4.9	3.8	1.6	3.0	4.8	9.4	3.4
	1972	3.9	5.4	3.9	1.9	3.2	5.1	10.2	3.6
	1975	4.1	5.6	3.8	1.9	3.1	4.9	11.6	3.2
- EMPLOYEES	1970	3.4	4.8	2.9	1.6	2.6	4.0	8.0	3.2
	1972	3.2	5.3	3.0	1.9	2.8	4.4	8.7	3.4
	1975	3.3	5.5	3.0	1.8	2.8	4.2	9.8	3.0
- SELF EMPLOYED	1970	0.6	0.1	0.8	-	0.4	0.8	1.0	0.2
	1972	0.7	0.1	0.8	-	0.3	0.6	1.1	0.2
	1975	0.8	0.1	0.7	-	0.2	0.6	1.3	0.2
- NON EMPLOYED	1970	0.0	0.0	0.1	-	0.0	0.0	0.4	0.0
	1972	0.0	0.0	0.1	0.1	0.1	0.1	0.4	0.0
	1975	0.0	0.0	0.1	0.1	0.1	0.1	0.5	0.0
TAXES AND GOVERNMENT SUBSIDIES	1970	5.3	16.6	2.5	8.8	4.5	5.8	3.1	7.2
	1972	5.9	17.7	2.3	8.8	5.4	6.5	3.4	7.7
	1975	5.8	20.5	2.1	10.0	4.6	5.9	4.0	7.2
INCOME FROM CAPITAL AND OTHER RECEIPTS	1970	0.9	0.6	0.3	0.1	1.1	1.7	2.2	1.6
	1972	0.9	0.6	0.3	0.1	1.4	1.8	2.4	1.6
	1975	0.6	0.5	0.3	0.1	1.7	1.6	2.7	1.5
TOTAL RECEIPTS	1970	19.0	20.7	19.2	13.0	19.1	19.3	26.1	18.5
	1972	20.0	21.8	19.4	13.4	20.8	20.9	28.1	19.4
	1975	19.7	23.9	19.2	15.3	19.8	19.5	32.2	19.0

Table 23, similar to the previous table, differs in respect of the terms of reference - the gross national product.

79. The two aspects of the overall picture presented in Table 22 can be highlighted by means of further tables.

The first corresponds to receipts flowing through the budgets of the State and local authorities.

As a percentage of National Income

	Years	B	DK	D	F	IR	I	L	N	UK
Receipts provided by State and local authorities (1)	1970	8.5	22.0	10.0	7.3	12.7	8.0	10.0	7.7	11.6
	1972	9.2	23.5	10.5	7.2	12.8	9.0	11.2	8.5	12.4
	1975	8.9	27.2	10.6	6.5	14.0	8.2	10.3	9.6	12.3
(1) Contributions, employer benefits, taxes and subsidies										

80. The second aspect concerns total contributions directly affecting the economy (contributions and benefits of employers - except from the State - and employees' contributions). This distinction avoids any double-counting.

	Years	B	DK	D	F	IR	I	L	N	UK
<u>% of national income</u>										
Employees' and employers' contributions	1970	14.4	3.4	16.1	17.3	4.0	14.3	13.4	21.7	10.3
	1972	14.9	3.5	17.6	17.8	4.3	14.6	14.2	23.3	10.5
	1975	15.0	2.6	18.5	18.1	5.2	14.7	13.4	26.9	10.7
<u>% of gross national product</u>										
Employees' and employers' contributions	1970	11.3	2.7	12.4	13.2	3.1	11.6	10.1	17.7	7.9
	1972	11.9	2.7	13.6	13.6	3.4	12.0	10.7	18.8	8.2
	1975	12.0	2.1	14.1	13.1	5.2	11.9	10.1	22.8	8.2

This indication of the "burden" of social expenditure is also useful in examining the impact on the economy of the overall social and fiscal "burden", the importance of which is shown in the great difference in methods of financing social protection and in the fiscal systems of the nine countries in the Community.

CHAPTER VI

EXPENDITURE AND DEMOGRAPHY

A) Social protection and income redistribution

81. One of the features of social protection is to affect some redistribution of income, particularly towards certain population categories: the aged, families, etc. There is a lack or absence of statistical data and thus of forecasts dealing with income redistribution (between social categories and income levels), particularly with regard to the persons receiving benefits. It is not therefore possible to analyse, in the detail which would be desirable, the very controversial problem of income redistribution which results from social protection and notably from social security and social assistance.

1. 82. It is, however, possible to arrive at an indication of the redistribution of incomes affecting the elderly, by means of old age insurance or assistance; this in spite of the differences between the countries regarding the age of retirement entitlement and the fact that invalidity insurance is linked in several countries to old age insurance (Table 24).

Table 24

	Years	B	DK	D	F	IR	I	L	N	UK
% of those aged 65 years or over in the total population	1970	13.4	12.2	13.2	12.8	11.1	10.6	12.6	10.2	13.0
	1972	13.6	12.6	14.3	13.0	11.1	10.9	12.8	10.4	13.4
	1975	13.8	13.1	14.9	13.2	11.2	11.7	13.7	10.8	13.7
% of expenditure for Old Age - Death - Survival in the national income	1970	8.0	8.7	11.5	8.5	5.9	7.3	12.4	10.0	9.4
	1972	8.4	9.2	12.0	8.8	6.2	8.8	14.2	10.6	9.8
	1975	9.1	9.4	12.5	9.4	6.7	8.6	13.3	11.7	10.0

2. 83. Family benefits have as their object the partial compensation of incomes in favour of the family. The comparison in Table 25 below gives a very brief indication of the extent of this compensation. In fact, the qualifying conditions for receiving family benefits and the age limit after which entitlement ceases vary from country to country. Any overall judgement in this field cannot be formed without taking into account the role played by taxation which tends to favour families with children in many countries.

Table 25

	Years	B	DK	D	F	IR	I	L	N	UK
% of those aged less than 20 years in the total population	1970	31.1	31.0	29.8	33.2	40.3	31.7	29.3	35.7	31.0
	1972	30.8	30.6	29.7	32.8	40.3	31.5	28.9	35.0	31.1
	1975	30.3	30.1	29.2	32.5	40.3	31.7	28.2	34.0	31.1
% of expenditure for family benefits in the national income	1970	3.9	3.7	2.3	4.3	2.7	2.3	2.6	3.3	1.7
	1972	3.8	3.9	2.1	4.0	2.5	2.1	2.7	3.4	1.5
	1975	3.5	3.7	1.9	3.8	2.8	1.5	2.4	3.4	1.4

B) Expenditure per head (1)

84. Chapter III contains data relating to the average cost of social protection per individual in each country (total expenditure covered by the Social Budget divided by the number of inhabitants).

For several reasons, some of which have been set out at the beginning of this chapter, only a very approximate picture is shown there, with different positions for the various sectors of the population covered by social protection.

Chapter III provides as well indications, global but more sectoral, which a comparison at the level of the individual confirms.

.../...

(1) Tables in this section are expressed in terms of European units of account. whose corresponding value in the national currencies is given in Appendix III C.

1. Benefits in kind (all functions) per head in units of account

Table 26

	Years	B	DK	D	F	IR	I	L	N	UK
Benefits	1970	89.6	169.0	115.4	116.7	49.1	78.3	84.7	98.5	103.4
in kind	1972	125.1	216.1	170.7	154.7	70.2	103.9	109.7	155.6	131.1
per head	1975	180.2	309.7	246.4	233.3	130.3	181.9	146.2	264.6	181.0

It should be pointed out that these figures refer to the total population, and in certain countries a part of the population is not covered under sickness, invalidity, employment injury and maternity.

A similar consideration applies to benefits (in cash as well as in kind) per head under sickness (Table 27).

	Years	B	DK	D	F	IR	I	L	N	UK
Sickness	1970	99.5	176.1	153.5	125.4	48.2	78.4	87.0	129.0	92.0
benefits	1972	140.5	219.1	225.6	164.4	66.7	106.5	114.9	189.0	116.4
per head	1975	199.6	354.7	321.4	246.1	122.1	200.7	153.3	296.6	158.6

2. Old age benefits (Table 28)

What is referred to here are benefits corresponding only to the function of old age - death - survival, excluding for certain countries benefits under the function invalidity considered as performing the same role as the old age function, or a complementary role.

These benefits (in units of account) are compared to the population aged 65 or over.

Old age, death, survival benefits per inhabitant aged 65 or over

Table 28

Years	B	DK	D	F	IR	I	L	N	UK
1970	1,258.8	1,825.7	2,076.8	1,456.4	557.4	978.2	2,228.3	1,935.8	1,238.7
1972	1,640.1	2,228.2	2,475.2	1,815.5	764.9	1,346.6	2,856.7	2,577.9	1,570.6
1975	2,421.5	3,029.7	3,305.6	2,634.6	1,338.4	1,768.6	3,566.8	3,731.0	2,044.8

.../...

3. Family benefits (excluding maternity benefits) compared to the population less than 20 years old, in units of account

Table 29

	Years	B	DK	D	F	IR	I	L	N	UK
Family benefits divided by per- sons under 20	1970	266.5	298.3	180.6	287.6	62.1	101.7	196.8	182.1	93.1
	1972	330.9	385.8	211.9	323.6	74.0	109.0	242.8	247.1	104.5
	1975	424.4	492.7	256.2	435.0	163.4	111.6	311.0	346.5	129.3

CHAPTER VII

CONCLUDING REMARKS

- I. 85. The social policies of the Member States, particularly in the field of social protection, may often develop differently as a consequence of the national situation, in which social problems are not the same everywhere, nor felt to the same intensity, nor are they necessarily tackled in the same fashion.

The primary objective of the European Social Budget is therefore to provide a more profound acquaintance with these policies and with their development, so that the national and community authorities will be able to promote social progress in line with economic co-operation among the Member States.

86. Since it gives only a partial view of these policies, the first Social Budget cannot claim to be more than a step towards the realisation of the above objective.

a. It only covers, in fact, current expenditure on social security, aid to victims of political events or natural catastrophies, and other social action. A more widely-based policy of social protection would cover, for example, subsidised housing, vocational training, and even, in certain countries, the whole of education.

These policies also imply the provision of social capital: hospitals, housing schemes, crèches, facilities for the handicapped, etc.).

87. The family policies of the Member States cannot be compared only by looking at family allowances, without at the same time taking into account tax allowances for dependants, as for example in Germany or the United Kingdom.

.../...

Health policy, too, cannot be judged without considering the cost of facilities and equipment for the exercise of medicine and prevention, not included in current expenditure in Denmark and the United Kingdom.

88. It would also seem opportune to mention the question of the economic incidence of policies of social protection and their administration, which affect production, consumption, public finance, the demand for and supply of labour and its state of health, demographic development, community savings, and competition.

89. b. The projections in this Social Budget which covered the period from 1973 to 1975 were established on the assumption of constant legislation, giving an indication of the situation which would occur if no changes occurred in the existing decisions or orientations determining social protection, the development being solely the result of natural or economic factors. In view of the fact that the trend of social legislation has been one of improvement and extension, any evaluation on the basis of constant legislation (in the present case, this refers to legislation in force at the end of 1973 and decisions made at that time) constitutes a minimal estimate for the sectors covered. An example of this can be seen in the case of Italy, where measures taken in 1974 will produce an important divergence from the projections for 1975, which were based on legislation in force at the end of 1973. Total benefits will be increased by approximately 28%.⁽¹⁾ The same consideration would, of course, apply to the other countries.

90. c. Finally, since the projections were developed from assumptions about earnings and prices which today can be seen as much lower than in reality, it is clear that the 1975 projections in the European Social Budget should be revised upwards, irrespective of efforts undertaken by the Member States to control inflation.

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(1) Corresponding to an increase of 1,059,306 million lire in the amount projected for 1975, being made up of an increase of 24% for old age pensions and invalidity, 86% for unemployment, and 45% for family benefits.

II. The first European Social Budget thus provides a partial picture taken at one point in time of social protection and its development in the Member States. It does, however, bring out the characteristics of national policies of social protection, and a short resumé of the most important points mentioned in preceding chapters will now be given. An attempt will be made to provide an explanation or show the implications.

A. Expenditure

91. It can be seen, firstly, that for all countries except Luxembourg in 1973-1975 ⁽¹⁾ social expenditure (in current prices) increases faster than national income. Table 30 below illustrates this trend, already present for years previous to those covered by the Social Budget. It shows the dynamics inherent in national policies of social protection and their continued development, whether in the case of the number of persons, the needs covered, the level of benefits, or the use of services.

Social expenditure and national income (in annual average rates)

Table 30

Social expenditure	B	DK	D	F	IR	I	L	N	UK
1970-1972	14.3	14.8	13.8	12.4	18.3	19.4	13.2	19.7	13.8
1973-1975	11.8	13.5	11.3	13.8	23.8	15.8	10.6	16.7	9.8
1970-1975	12.8	14.0	12.3	13.2	21.5	17.2	11.6	17.9	11.3
National income									
1970-1972	11.0	11.2	9.8	11.4	16.2	9.7	6.9	12.9	12.4
1973-1975	11.7	9.9	10.3	12.7	18.7	13.8	13.3	11.7	9.4
1970-1975	11.5	10.4	10.0	12.2	17.8	12.1	10.7	12.2	10.6

.../...

(1) An explanation of this opposite trend was given in Chapter IV, paragraph 65, footnote (1) on p. 36.

Although in each country the development has been in tune with the general characteristics and basic decisions implied in legislation, trends common to all the countries can be seen regarding the overall proportion of the national income (or of gross national product) devoted to benefits. In particular, a continuous growth of benefits in kind and sickness benefits occurs. The same trend can be discerned for old age, whereas family benefits in contrast seem either to remain a stable or even a reduced proportion. See Table 31.

Benefits as a percentage of the National Income

Table 31

	B	DK	D	F	IR	I	L	N	UK
Benefits (1)									
in kind 1970	4.2	6.8	4.8	5.3	4.7	5.5	3.2	5.0	6.0
1972	4.7	7.2	5.8	5.8	5.1	6.3	4.2	6.1	6.1
1975	4.9	8.0	6.2	6.3	5.8	7.6	4.0	7.7	6.5
Old age 1970	8.0	8.7	11.5	8.5	5.9	7.3	12.4	10.0	9.4
1972	8.4	9.2	12.0	8.8	6.2	8.8	14.2	10.6	9.8
1975	9.1	9.9	12.5	9.4	6.7	8.6	13.3	11.7	10.0
Family benefits 1970	3.9	3.7	2.3	4.3	2.7	2.3	2.6	3.3	1.7
1972	3.8	3.9	2.1	4.0	2.5	2.1	2.7	3.4	1.5
1975	3.5	3.7	1.9	3.8	2.8	1.5	2.4	3.4	1.4

(1) Excluding 'miscellaneous' benefits.

92. This development is not only the result of demographic changes but seems to be the expression of policies placing somewhat more importance on older persons than on families.

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Apart from this qualification, a greater effort is put into old age provisions in Germany, Italy (if it is borne in mind that a large part of the expenditure on invalidity is destined for the elderly), Luxembourg, the Netherlands and the United Kingdom. On the other hand, a particular effort has been via family benefits in Belgium, Denmark, France and the Netherlands.

93. The demographic development over the period 1970 to 1975 is characterized by a more rapid increase in the population aged over 65 than in the active or the total population. Certain countries seem even to expect a reduction in their working population (Table 32).

Demographic development 1970 to 1975 (in indices)

Table 32

	B	DK	D	F	IR	I	L	N	UK
Total population	101.5	102.9	101.8	105.2	106.0	102.9	105.1	104.1	101.3
Working population	101.9	102.9	99.6	106.0	99.9	99.8	109.2	102.1	100.1
Population aged 65 or over	104.6	110.4	114.9	108.5	106.4	113.5	114.0	110.3	108.4

Although the influence of demographic factors is often masked by other influences on expenditure, it is possible that the above developments tend to increase expenditure, particularly for old age, with the resulting costs being spread over a relatively smaller number of contributors.

.../...

B) Receipts

94. In examining receipts, what stands out is the importance of national decisions on the nature of resources which are not subject to significant modification during the period 1970 to 1975 (see Table 33).

The countries can be classified into three groups according to the importance of State subsidies in total receipts. Their role is small in France and the Netherlands, larger in Belgium, Germany, Italy, Luxembourg and the United Kingdom, with the largest part occurring in Ireland and Denmark. The United Kingdom is between the two latter positions.

Taxes and public subsidies (as a % of total receipts)

Table 33

	B	DK	D	F	IR	I	L	N	UK
Taxes and public subsidies									
1970	27.3	80.1	21.7	12.8	67.5	23.7	29.9	11.9	38.7
1972	29.6	81.0	21.1	12.0	65.9	26.1	31.0	12.2	39.7
1975	29.3	85.9	20.7	10.8	65.4	23.4	30.0	12.4	38.0

Income from capital plays a negligible part except in Luxembourg, the Netherlands and the United Kingdom.

95. If contributions from the State and local authorities acting as employees are brought into the reckoning, this division by groups can still be seen. It should be noted in this connection that any judgement on the incidence of social contributions on the economy should take account of the high proportion of these contributions which pass through the budgets of the State and local authorities (see Table 36).

.../...

Receipts from the State and local authorities (as a % of total receipts)

Table 34

		B	DK	D	F	IR	I	L	N	UK
State and local authorities	1970	35.3	83.9	36.7	29.1	75.3	33.9	39.0	24.0	48.3
	1972	36.2	84.5	35.9	28.2	73.9	35.7	40.3	24.6	50.0
	1975	36.0	89.2	35.2	26.1	72.2	33.9	39.8	24.0	49.2

96. Without wishing to take a position, at this stage, on the different views on the economic significance of combining two types of deductions - social and fiscal - it may be useful to provide an indication of the burden placed on enterprises or physical persons by the total of such deductions, in 1970 and 1972. The data relating to tax deductions are for both the State and local authorities.⁽¹⁾ Table 35 gives the percentage of the gross national product equivalent to this contribution.

Table 35

	B	DK	D	F	IR	I	L	N	UK
<u>1970</u>									
1. Tax deductions	24.6	39.8	23.1	22.0	28.5	18.3	23.2	25.5	32.6
2. Contributions of households and enterprises (other than State)	11.3	2.7	12.4	13.2	3.1	11.6	10.1	17.7	7.9
TOTAL	35.9	42.5	35.5	35.2	31.6	29.9	33.3	43.2	40.5
<u>1972</u>									
1. Tax deductions	25.0	41.3	23.7	21.6	28.6	18.6	26.1	27.0	29.4
2. Contributions of households and enterprises (other than State)	11.9	2.7	13.6	13.6	3.4	12.0	10.7	18.8	8.2
TOTAL	36.9	44.0	37.3	35.2	32.0	30.6	36.8	45.8	37.6

.../...

(1) Extracted from "Tax Statistics 1973" published by the Statistical Office of the Communities.

The preceding table should be interpreted with caution since the determination of the amount of total deductions in each country requires a more complete study, as does the incidence of this deduction taking account of its distribution by taxation categories and by the origin of receipts for social protection.

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III. At its meeting held on 9 November, 1972, the Council committed itself to an examination of the work programme for the development of the European Social Budget, which the Commission had drawn up at its request, and in particular committed itself to taking a stance on the proposals made in Chapter II of that programme.

It would however appear necessary, bearing in mind the lessons learned during the development of the first European Social Budget, and without waiting for the decision of the Council, to undertake further improvements in the European Social Budget, particularly on the degree of comparability of its various components and a more complete social as well as economic analysis.

Some of these tasks follow from the remarks made in several Chapters (Nos. III, IV, V and VI) or in Section I (paragraphs 85 to 87) or II (paragraph 96) as well as from comments made by the national delegations on the draft European Social Budget. Interest was shown not only on the methods or solutions adopted by each country to achieve financial balance in the sectors covered by this Budget, but also on the explanation of differing developments of expenditure and of its financing in the past or near future.

Such tasks when completed would further ensure the viability of the European Social Budget and would be welcomed by the Commission.

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		Belgi(que)	Danmark (2)	Deutschland	France	Ireland (2)	Italia	Luxembourg	Nederland	United Kingdom
Sickness	- in kind	1970 40,331.0	5,255.4	22,179	30,653	45.07	2,216,690	1,280.5	3,422	1,551
		1972 55,851.9	6,854.5	32,577	41,513	66.56	3,040,627	1,669.2	5,116	1,992
		1975 81,866.7	9,951.0	47,598	65,084	122.41	5,570,751	2,286.9	8,420	2,712
Sickness	- in cash	1970 7,694.3	1,222.4	11,896	4,615	14.08	402,929	198.0	2,706	577
		1972 10,641.8	1,404.6	16,096	5,615	17.24	602,997	277.5	3,787	748
		1975 13,339.5	3,622.0	21,815	7,690	36.35	1,397,958	376.1	5,852	1,094
Old age - Death - Survival		1970 81,652.3	8,195.6	60,717	52,537	76.01	3,459,606	4,776.6	9,388	3,717
		1972 105,807.5	10,585.2	76,378	67,819	106.53	5,012,406	6,217.4	12,882	4,886
		1975 159,510.2	15,186.0	106,365	103,187	194.12	7,180,661	8,486.5	19,401	6,537
Invalidity	- in kind	1970 -	979.4	1,451	-	15.26	183,909	94.1	1,181	335
		1972 1,509.0	1,509.0	1,618	-	21.66	259,429	115.0	2,110	435
		1975 1,958.0	1,958.0	1,929	-	36.50	369,814	155.1	4,177	602
Invalidity	- in cash	1970 19,692.0	1,895.1	8,862	1,888	4.91	1,223,593	516.2	2,315	284
		1972 24,252.0	2,693.8	10,570	2,147	8.08	1,740,912	657.3	3,693	384
		1975 33,423.2	4,052.0	14,603	3,243	17.46	2,823,170	821.0	6,529	515
Employment injury - Occupational disease	- in kind	1970 1,294.3	24.9	1,412	977	-	74,425	48.5	-	10
		1972 1,504.3	31.0	1,948	1,204	-	98,611	57.0	-	12
		1975 2,020.0	47.0	2,701	1,609	-	166,251	74.1	-	15
Employment injury - Occupational disease	- in cash	1970 8,357.8	308.2	4,808	5,510	0.88	289,013	534.9	-	107
		1972 13,488.6	380.0	6,048	6,877	1.38	419,097	633.9	-	122
		1975 18,238.9	216.0	8,172	10,323	2.32	750,243	888.4	-	169
Unemployment		1970 9,175.5	688.2	606	1,359	11.75	113,925	2.0	744	343
		1972 15,545.8	1,075.0	1,357	1,962	16.29	229,117	2.4	1,366	528
		1975 18,659.0	1,587.0	1,457	3,268	37.43	228,917	3.2	2,172	472
Maternity	- in kind	1970 1,604.1	117.1	579	1,168	4.06	141,769	15.3	77	129
		1972 1,851.1	157.0	687	1,616	5.14	153,420	17.9	104	153
		1975 2,071.0	178.0	985	2,287	10.50	249,677	23.0	141	189
Maternity	- in cash	1970 -	177.4	637	437	0.56	60,951	5.2	41	42
		1972 -	272.5	762	1,068	0.78	69,542	7.6	55	44
		1975 412.0	412.0	933	1,553	2.14	100,820	10.3	75	53
Family benefits		1970 39,984.6	3,403.1	11,937	26,836	30.68	1,077,718	980.8	3,085	667
		1972 48,302.6	4,450.6	13,581	30,391	37.50	1,174,581	1,187.4	4,074	756
		1975 61,319.3	5,674.0	16,155	41,779 (1)	81.73	1,227,374	1,522.3	5,662	942
Miscellaneous		1970 9,737.5	343.7	4,468	13,368	2.90	700,833	52.5	22	175
		1972 11,691.8	530.0	5,945	16,038	5.85	1,165,282	61.4	39	259
		1975 14,523.2	677.0	8,050	17,850	7.17	1,589,789	85.5	136	372
Administrative and other costs		1970 13,832.8	546.5	8,217	8,632	8.04	773,304	332.3	839	307
		1972 16,379.6	800.0	10,750	10,679	12.20	1,321,155	410.4	1,108	379
		1975 21,255.6	1,081.0	15,125	17,716	21.01	2,111,133	540.0	1,703	507
Transfers		1970 85.5	-	-	6,209	53.21	940,475	375.6	487	49
		1972 75.5	-	-	8,529	79.71	1,588,815	503.6	737	78
		1975 30.0	-	-	18,955	187.86	1,064,814	668.1	1,285	105
Total expenditure		1970 234,041.7	23,157.0	137,769	154,189	267.41	11,679,143	9,212.5	24,307	8,295
		1972 305,392.5	30,543.2	178,319	195,463	378.92	16,676,091	11,818.0	34,871	10,745
		1975 426,326.6	44,641.0	245,888	294,614	754.60	24,830,372	15,970.5	55,556	14,214

(1) Excluding payments for handicap due to be introduced 1/1/1975.

(2) The financial year begins on April 1st. For Ireland it will begin on Jan. 1st in 1975.

EUROPEAN SOCIAL BUDGET - Receipts (in millions of national currency units)

V/478/74-E
APPENDIX II

		Belgi(qu)e	Danmark(1)	Deutschland	France	Ireland(1)	Italia	Luxembourg	Nederland	United Kingdom (1)
I. ENTERPRISES										
	- Employers contributions	93,452.2 121,674.8 167,804.4	1,195.4 1,542.0 1,472.0	33,587 44,618 64,085	70,275 89,950 132,996	22.74 31.16 81.37	4,909,678 5,936,492 8,697,377	2,467.9 3,149.2 4,290.0	9,231 12,348 20,358	1,974 2,501 3,663
	- Employers direct benefits	1,571.4 4,579.3 6,550.0	334.0 400.0 1,754.0	17,908 22,948 30,933	6,105 7,306 10,737	2.20 2.58 3.71	101,889 119,260 188,015	222.2 101.0 130.5	314 426 611	363 428 556
II. GOVERNMENTS										
	- Employers contributions	1,501.9 1,752.5 2,213.0	- - -	4,050 5,307 8,347	5,995 8,148 11,210	- - -	361,146 441,307 635,482	309.1 383.5 520.3	2,029 2,832 4,233	458 653 919
	- Employers direct benefits	18,246.3 19,328.3 26,836.8	940.7 1,117.1 1,533.0	17,572 22,237 28,775	19,288 23,034 30,762	16.90 24.23 38.58	775,404 944,000 1,488,110	584.6 743.6 1,092.6	1,597 2,289 3,365	453 625 894
- Taxes and Government subsidies	67,219.9 94,225.0 127,143.9	19,571.2 25,974.5 40,026.0	31,341 39,132 52,991	19,863 23,493 29,767	146.60 197.48 370.21	2,646,672 3,737,694 4,753,973	2,944.1 3,767.6 4,960.9	3,554 5,070 8,242	3,687 4,925 6,220	
III. HOUSEHOLDS										
	- Employees contributions	43,493.5 52,694.2 71,969.4	1,670.7 2,131.8 826.0	33,241 43,728 61,450	23,272 30,030 43,350	27.01 42.25 66.23	1,489,864 1,946,775 2,930,986	2,023.1 2,581.9 3,598.7	9,232 12,770 20,193	1,642 2,153 2,611
	- Contributions of self-employed	8,345.3 11,066.5 17,415.0	1,670.7 2,131.8 826.0	595 689 957	6,982 8,489 10,246	- - -	259,259 238,653 231,502	389.6 365.0 493.6	1,128 1,626 2,635	97 125 176
- Contributions of non-employed (pensioners and others)	77.0 104.0 130.0	- - -	223 273 369	699 972 1,295	- - 2.50	3,411 3,500 3,500	25.7 33.6 48.4	404 608 1,028	9 13 11	
IV. INCOME FROM CAPITAL AND OTHER RECEIPTS										
		12,259.8 12,488.1 14,188.6	732.1 900.8 980.0	5,725 6,726 8,003	2,810 3,249 4,488	1.62 2.22 3.98	629,102 456,686 1,225,230	875.8 1,033.7 1,382.1	2,483 3,492 5,718	838 996 1,266
		233.8 298.8 227.5	- - -	- - -	6,225 8,529 18,955	52.77 79.14 186.84	916,989 1,465,019 1,117,530	373.8 504.3 661.3	487 737 1,285	49 78 105
V. TRANSFERS										
		246,401.1 318,211.5 434,578.6	24,444.1 32,066.2 46,591.0	144,242 185,658 255,910	161,528 203,560 293,806	269.84 379.06 753.50	12,013,374 15,748,786 21,471,705	10,215.9 12,663.4 17,178.4	30,459 42,198 67,768	9,570 12,499 16,421
	TOTAL RECEIPTS									

(1) The financial year begins on April 1st. For Ireland it will begin on Jan. 1st in 1975.

EUROPEAN SOCIAL BUDGET

Appendix III
A. NATIONAL INCOME (1) (in thousand million national currency units)

	B	DK	D	F	IR	I	L	N	UK
1970	1,020.6	93.151	529.2	619.666	1.284	47,219	38,369	93.7	39.530
1972	1,261.7	115.329	655.7	768.375	1.732	56,646	43,803	119.5	49.933
1975	1,760.0	153.000	852.9	1,099.858	2.908	83,507	63,800	166.4	65.482

(1) net national product at factor costs

B. GROSS NATIONAL PRODUCT (2) (in thousand million national currency units)

	B	DK	D	F	IR	I	L	N	UK
1970	1,297.1	117.797	685.6	809.170	1.665	58,261	51.046	115.0	51.516
1972	1,583.1	146.989	828.8	1,001.944	2.232	68,976	58.135	147.5	64.058
1972	2,200.0	195.000	1,114.9	1,426.472	3.708	102,890	84.700	206.3	85.880

(2) gross national product at market prices

C. VALUE OF THE UNIT OF ACCOUNT IN NATIONAL CURRENCY (3)

	B	DK	D	F	IR	I	L	N	UK
1970	50.000	7.500	3.660	5.554	0.417	625.000	50.000	3.620	0.417
1972	48.657	7.578	3.499	5.554	0.417	631.342	48.657	3.523	0.417
1975(4)	48.657	7.578	3.499	5.554	0.417	631.342	48.657	3.523	0.417

(3) Source: National accounts from the Statistical Office of the European Communities - 1973 (Eurostat)
(4) for 1975 the 1972 figures were used