

Expenditure on social protection in the A.C. of the Basque Country accounted for 19.2% of GDP in 2003

Social benefits for old age and for illness/healthcare came to over 77% of the total for benefits

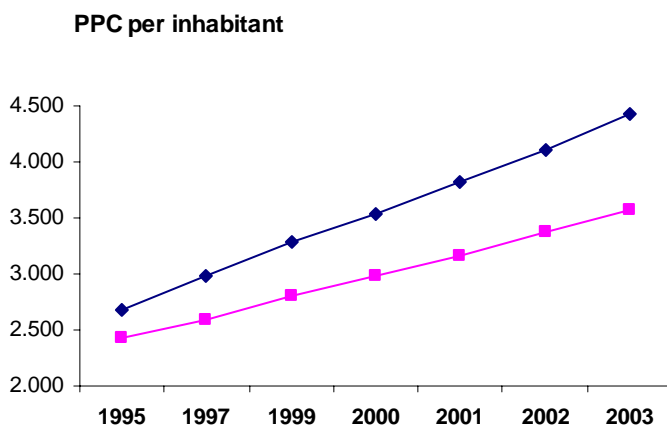
Total resources devoted to social protection in the A.C. of the Basque Country in 2003 reached the figure of 9,505 million euros, which is to say 19.2% of GDP, according to EUSTAT data.

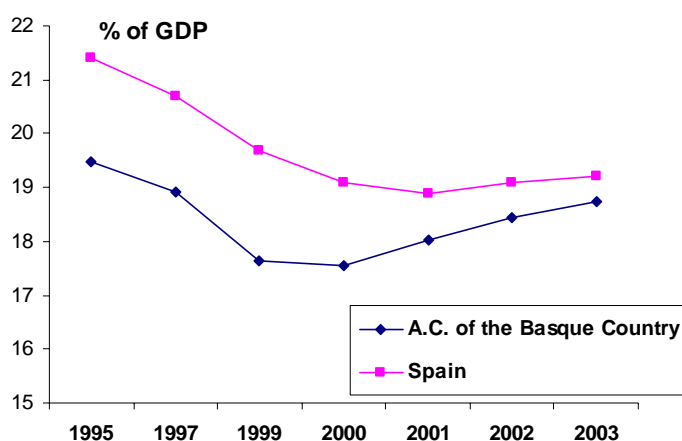
Of the total amount of expenditure on social protection, the value of social benefits, representing 98% of expenditure, came to 9,296 million euros in 2003 and has not failed to grow since 1995, the first year for which data on the social protection account of the A.C. of the Basque Country is available. With regard to 2002, the increase was 8.3% and in the period covering 1995 to 2003 there was an accumulative annual increase of 6.6%.

Comparing these results with those of the State as a whole offers us a panorama of important differences. Total expenditure on social benefits per inhabitant was greater in the A.C. of the Basque Country throughout this period. Furthermore, the difference has widened over time, so that while in 1995 expenditure on benefits per inhabitant in the A.C. of the Basque Country was 9% higher, by 2003 this figure was 24%.

In turn, investment in social protection, measured by the proportion of GDP devoted to the social protection of its inhabitants, has traditionally been lower in the A.C. of the Basque Country than in Spain, although the difference has lessened over recent years, especially from 2000 onwards.

Graph 1. Expenditure on social benefits in terms of Purchasing Power Parity (PPP) per inhabitant and as a percentage of GDP.

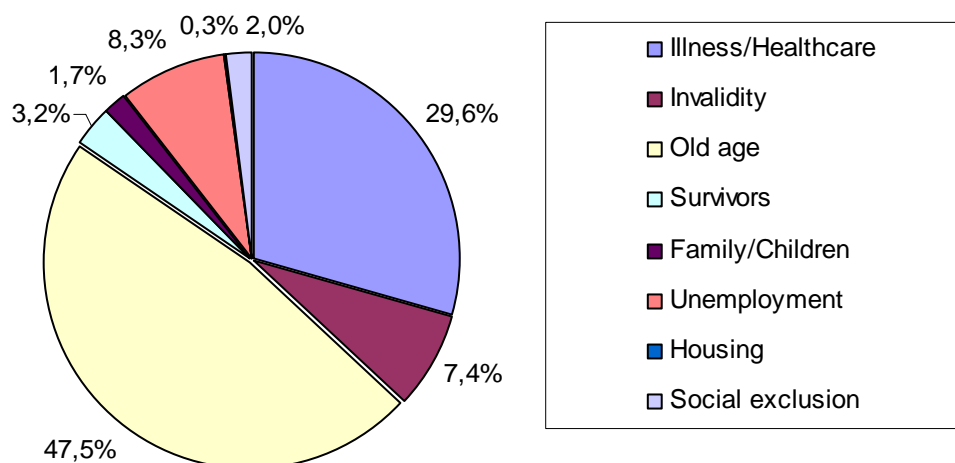




Source: Eustat

If the comparison is made with the European Union (EU-15), we see a gradual narrowing of the gap as regards European levels of expenditure per inhabitant: whereas in 1995 this indicator put the A.C. of the Basque Country at just over 65% of the Union average, in 2003 the same index exceeded 75%. However, if this coming together of expenditure per inhabitant is valued keeping the levels of investment in mind (in percentage of GDP), the differences remain to a significant extent with the gap not actually narrowing.

Graph 2. Distribution of Expenditure on social benefits by function. 2003



Source: Eustat

Expenditure on social benefits is divided into eight functions, the most significant of which are old age and illness/healthcare.

Expenditure carried out in the old age function, which, apart from pensions, includes other benefits such as home care or accommodation for the elderly, came to 4,265 million euros. For people aged 65 or over, it came to 11,145 euros. After eliminating the

effect of prices, the purchasing value of old-age benefits per person in this age group grew at a rhythm of 1.1% per year between 1995 and 2003.

A similar analysis of the illness/healthcare function reveals an average annual rise of 4.3% in the value of benefits per inhabitant in the A.C. of the Basque Country between 1995 and 2003.

The evolution of expenditure on unemployment was quite different during the period under analysis. Resources dedicated to people out of work reduced in absolute terms. However, the fall in the number of jobless was sharper, so that the real value of benefits per person registered with the National Employment Office (INEM) rose appreciably at an annual rhythm of 4.1%.

The highest accumulative annual growth rates for the period 1995-2003 were seen in the functions of social exclusion (12.6%), family/children (11.9%) and housing (10.0%).

**Table 1: Principal Social Protection data and indicators
in the A.C. of the Basque Country. 1995-2003**

	Variation rate				
	1995	2002	2003 (A)	2002-03 (%)	Annual mean 1995-03 (%)
TOTAL EXPENDITURE ON SOCIAL PROTECTION					
In thousands of euros	5.722.045	8.775.393	9.504.674	8,3	6,5
In % of GDP p.m.	19,8	18,8	19,2	2,1	-0,4
EXPENDITURE ON SOCIAL BENEFITS BY FUNCTION (in thousands of euros)					
TOTAL	5.575.205	8.585.040	9.295.826	8,3	6,6
Illness/Healthcare	1.541.167	2.549.074	2.749.393	7,9	7,5
Invalidity	400.417	644.402	684.398	6,2	6,9
Old age	2.503.434	4.066.984	4.417.366	8,6	7,4
Survivors	200.546	280.127	300.271	7,2	5,2
Family/Children	63.878	137.501	157.027	14,2	11,9
Unemployment	780.663	729.830	773.446	6,0	-0,1
Housing	12.160	18.354	26.100	42,2	10,0
Social exclusion	72.940	158.768	187.825	18,3	12,6
INDICATORS (in euros)					
Expenditure on social benefits per inhabitant	2.654	4.110	4.436	7,9	6,6
Expenditure on social benefits per inhabitant in PPP	3.106	4.777	5.079	6,3	6,3
Expenditure on the "Illness/Healthcare" function per inhabitant	734	1.220	1.312	7,5	7,5
Expenditure on the "Old age" function per person aged 65 or over	8.023	10.763	11.544	7,3	4,7
Expenditure on the "Unemployment" function per registered jobless person	5.964	9.887	10.497	6,2	7,3
GDP p.m. in thousands of euros	28.855.320	46.559.413	49.572.859	6,5	7,0

Source: Eustat

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