



Do Social Democracies Work?

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- 1) [Definitions and Scope](#)
- 2) [Measuring success in Social Democracies](#)
- 3) [Keys to public support of Social Democracies](#)
- 4) [Evaluating readiness for change in the U. S](#)
- 5) [Conclusion: Is significantly expanding government social spending in the U.S. a realistic proposition?](#)
- 6) [Open Discussion](#)



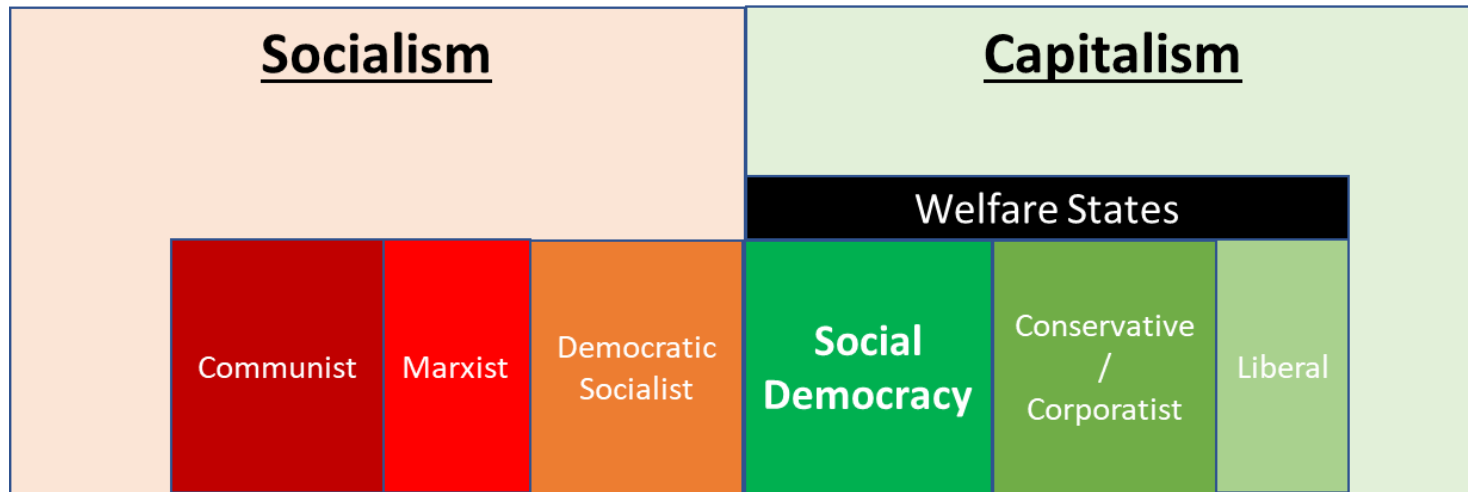
Introduction : Definitions and Scope

What are Social Democracies?

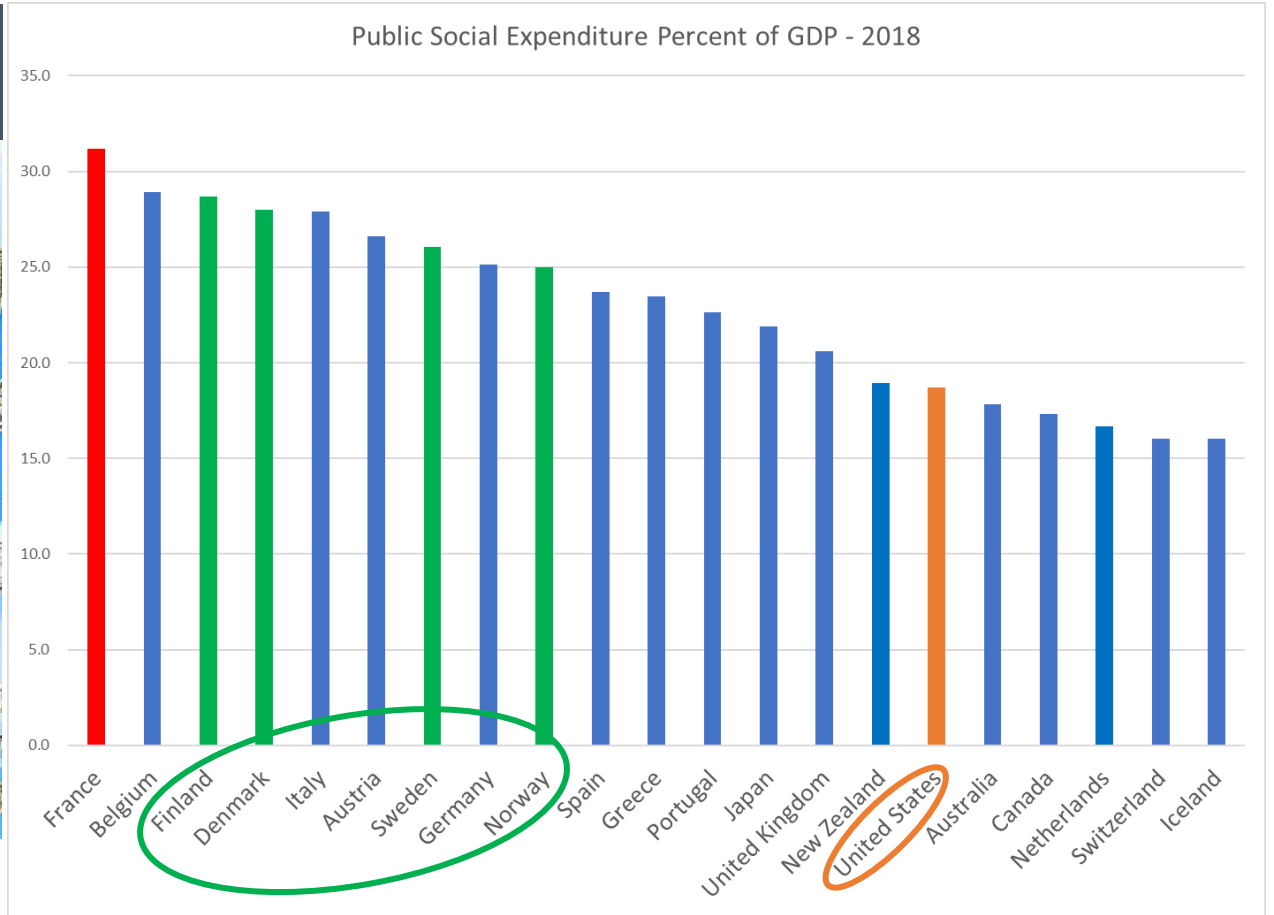
The term “Social Democracy” describes countries that have accepted higher levels of taxation to fund more generous “safety nets” and human development programs, while still embracing capitalism as the economic foundation.

Which countries are Social Democracies?

- Sweden
- Finland
- Norway
- Denmark



Show Me The Money : Social Spending 2018



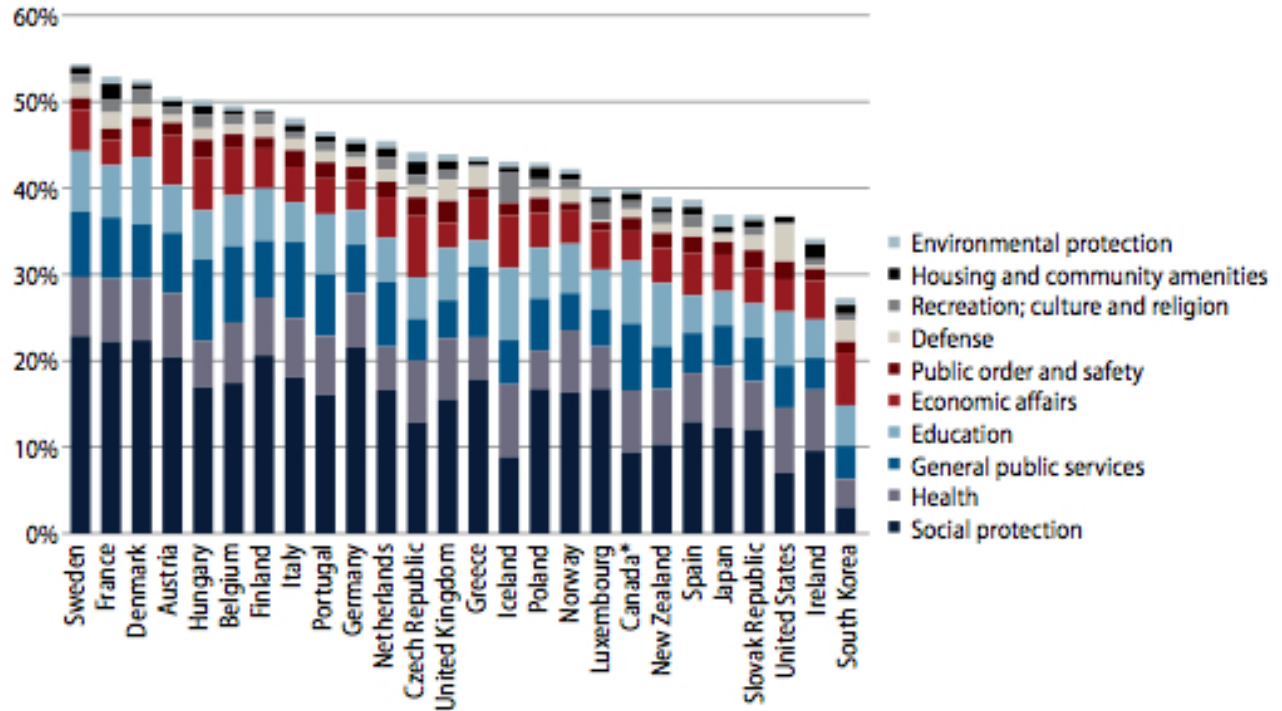
Mythbusting : Defense Spending

A common misconception is that the U.S. spends less on social programs because it shoulders a substantial expense for defense and foreign aid.

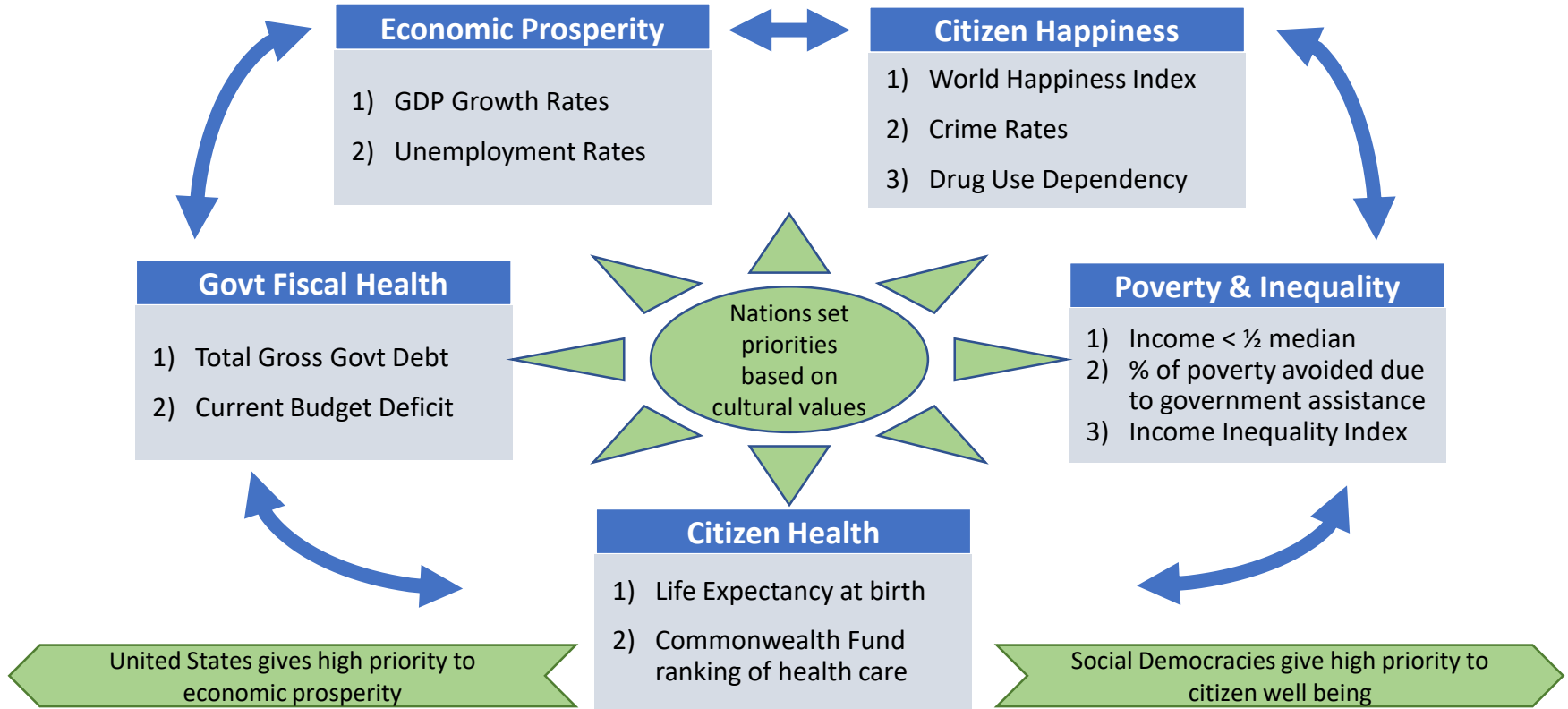
While it is true that the U.S. spends more on defense than other countries, that still only adds up to 3-4% of GDP.

When all government spending is added up, including defense, the U.S. is even further down the list of big spenders – 3rd from the bottom in the OECD.

Figure 5: Government spending as a percent of GDP (average 2004-2007)



Measurements of Success in First World Countries

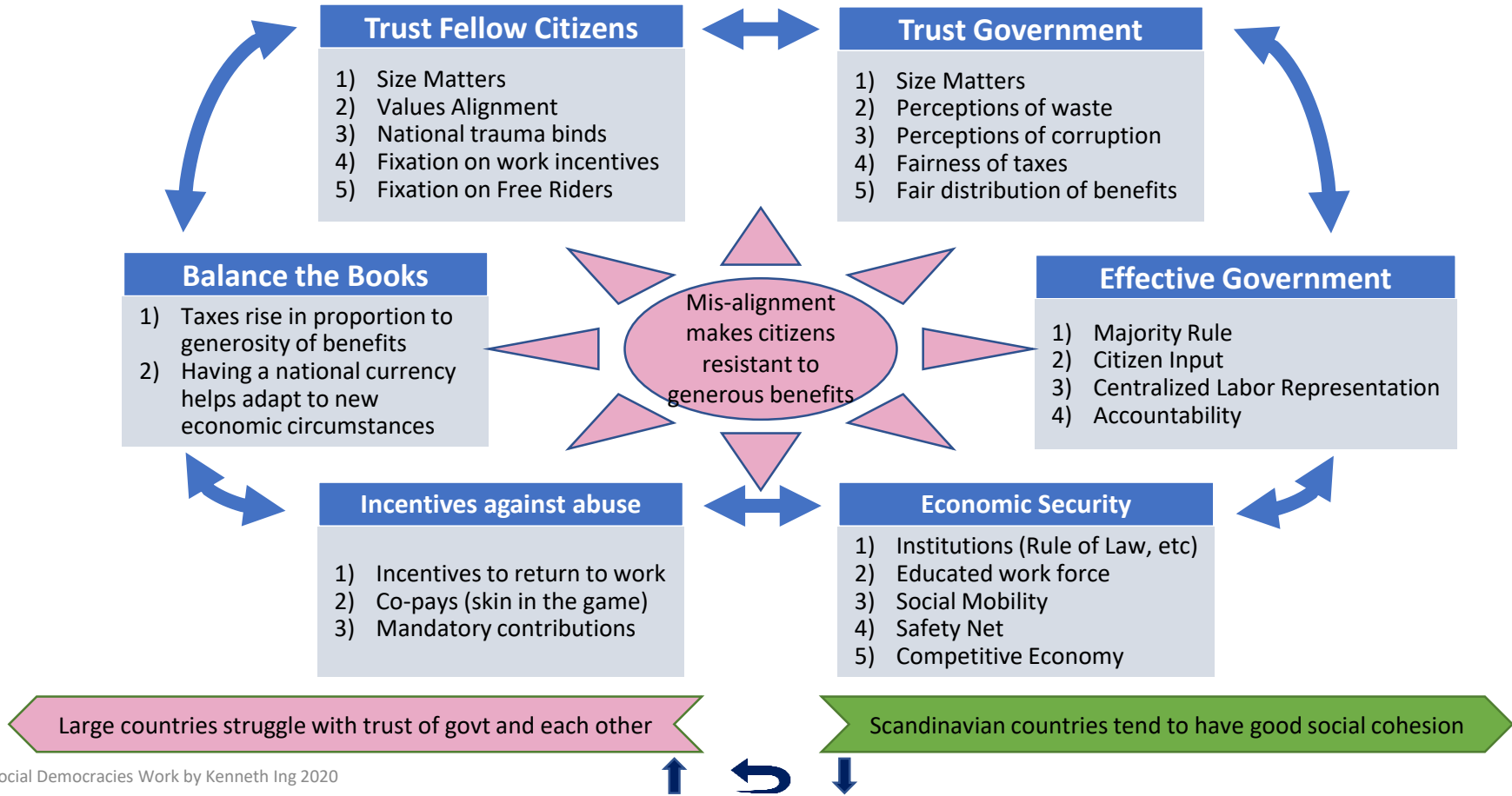


Measuring Success : Social Democracies DO Work!

	Country	Economic Prosperity		Happiness			Poverty/Equality			Fiscal Sustainability		Health		Grade
		Economy Growth Per Capita (1996-2016)	Unemploy Rate (1996-2018)	World Happiness Index	Crime Rank (Interperson Violence Frequency)	Drug Use Dependence Prevalence	Income Inequality Index	% Live Below Poverty Line After Assistance	Percent Poverty Was Reduced By Assistance	Total Govt Debt % of GDP	2018 Budget Deficit	Subjective Rank of Health Care Systems	Life Expectancy At Birth	Overall Rank In Group
Green is Good	Iceland	2.4%	4.2%	7.49	2	0.66%	27	6.4	66%	38%	1.1%		82.20	1
	Norway	1.2%	3.6%	7.55	6	0.75%	26	7.8	67%	36%	7.2%	4	82.51	2
	Netherlands	1.5%	4.8%	7.49	5	0.82%	28	7.2	70%	52%	1.5%	3	81.56	3
	Switzerland	1.0%		7.48	3	0.85%	32	9.3	53%	28%	1.3%	6	83.60	4
	Denmark	1.0%	5.7%	7.60	4	0.76%	29	6.1	72%	34%	0.5%		81.00	5
	Sweden	2.0%	7.0%	7.34	17	0.61%	27	8.4	68%	39%	0.9%	6	82.31	6
	Finland	1.8%	8.6%	7.77	15	0.77%	27	8.0	73%	59%	-0.7%		81.43	7
	Austria	1.3%	4.8%	7.25	9	0.79%	30	7.9	73%	74%	0.1%		81.64	8
	Germany	1.3%	7.4%	6.99	1	0.71%	30	8.9	73%	61%	1.7%	8	80.99	9
	New Zealand	1.5%	5.4%	7.31	22	1.64%		11.0	51%	31%	0.4%	4	81.66	10
Gold is Just OK	Ireland	4.3%	8.1%	7.02	8	0.91%	33			65%	0.0%		81.96	11
	Belgium	1.2%	7.7%	6.92	12	0.69%	28	9.4	70%	102%	-0.7%		81.44	12
	Australia	1.8%	5.9%	7.23	20	1.96%	35	14.6	46%	41%	-1.5%	2	82.50	13
Pink is Bad	United Kingdom	1.5%	5.8%	7.05	16	1.43%	33	11.0	65%	85%	-1.5%	1	81.16	14
	France	1.0%	8.9%	6.59	13	0.95%	33	7.2	78%	98%	-2.5%	10	82.52	15
	Japan	0.8%	4.2%	5.89	7	0.70%	32	15.7	45%	253%	-3.2%		84.10	16
	Canada	1.4%	7.3%	7.28	19	1.92%	34	12.0	51%	91%	-0.3%	9	82.47	17
	Spain	1.4%	16.0%	6.35	14	1.14%	36	14.0	49%	97%	-2.5%		83.33	18
	Greece	0.7%	15.2%	5.29	10	0.45%	37	10.8	65%	181%	1.1%		81.39	19
	Portugal	1.0%	8.8%	5.69	11	0.59%	36	14.0	49%	122%	-0.5%		81.12	20
	Italy	0.2%	9.6%	6.22	18	0.91%	35	11.4	66%	132%	-2.1%		83.24	21
	United States	1.5%	5.8%	6.89	23	3.02%	41	17.3	36%	106%	-3.9%	11	78.54	22
	Venezuela	1.0%		4.71	21	0.66%	47			47%	-3.6%		74.70	23



Keys to Public Support of Social Democracies



Measuring Keys To Support : Social Democracies Rate “Good” On Most Key Metrics

	Country	Success	Balance the Books			Trust				Economic Security		Avoid Abuse		
		Overall Rank Of Success Metrics	Govt Social Spend % of GDP	Total Govt Debt % of GDP	Tax Revenue Include FICA % of GDP	Opinion Poll: % Who Say People Can Be Trusted	Opinion Poll: % Who Say They Trust Government	Opinion Poll: Taxes Fair For Middle Class? (Rank # Yes)	Opinion Poll: Government Is Wasteful (1=Bad 7=OK)	Social Mobility Index	Unemployment Rate (Current)	Out-Of-Pocket Percent of Health Care Costs	Unemploy Benefit Amount (% of Wages)	Unemploy Benefit Duration (Months)
	Iceland	1	16	38%	38		36	11	4.2	82.7	4.7%		29%	36
	Norway	2	25	36%	38	69	57	3	4.5	83.6	3.4%	14%	62%	24
	Netherlands	3	17	52%	39	55	57		4.6	82.4	3.4%	15%	70%	28
	Switzerland	4	16	28%	28	37	40	9	4.9	82.1	2.1%	19%	70%	18
Green is Good	Denmark	5	28	34%	46		47	5	4.3	85.2	3.7%	12%	90%	24
	Sweden	6	26	39%	44	63	49	2	4.8	83.5	6.8%	16%	80%	14
	Finland	7	29	59%	43	54	49	4	4.9	83.6	6.2%		65%	19
	Austria	8	27	74%	42		43		3.9	80.1	6.5%		42%	9
Gold is Just OK	Germany	9	25	61%	38	35	41	8	4.1	74.3	3.1%	13%	60%	3
	New Zealand	10	19	31%	32	52	66	6	4.5	78.8	4.2%	13%	21%	
	Ireland	11	14	65%	23		57		3.5	75.0	4.5%		21%	9
	Belgium	12	29	102%	45		42	14	3.5	80.1	5.5%		65%	48
	Australia	13	18	41%	28	48	45	7	4.0	75.1	5.2%	18%	17%	
	United Kingdom	14	21	85%	33	30	55	1	3.6	74.4	3.8%	15%	10%	6
Pink is Bad	France	15	31	98%	46	19	28	15	3.4	76.7	8.7%	9%	70%	24
	Japan	16	22	253%	31	39	36	12	3.3	76.1	2.4%	13%	80%	9
	Canada	17	17	91%	32	39	62		4.1	76.1	5.5%	14%	55%	9
	Spain	18	24	97%	34	26	30	13	3.0	70.0	14.0%		55%	24
	Greece	19	23	181%	39		13		2.4	59.8	17.6%		21%	12
	Portugal	20	23	122%	35		35		2.8	72.0	6.8%		60%	24
	Italy	21	28	132%	42	28	24		2.2	67.4	9.9%	22%	75%	24
	United States	22	19	106%	27	37	30	10	3.2	70.4	3.7%	11%	50%	6
	Venezuela	23		47%		15		3	1.5		7.3%			



Readiness for Major Change in the U.S.

U.S. Cultural and Political current status and mindsets that would likely promote or inhibit citizen support for major expansions of social spending		Promotes (FOR) or Inhibits (AGAINST) Expansion	Analysis
Trust in fellow citizens?	Size matters	AGAINST	The bigger you are, the less likely you feel that "we are all in this together". The U.S. is big (geograph and population).
	Values Alignment	AGAINST	Regretably, racial and cultural diversity strain social trust. Trust that others have the same values is important for agreeing to extend a helping hand, particularly via govt. Social cohesion is poor; citizens resist giving up benefits.
	Not a Crisis	AGAINST	Circumstances in the U.S. are not bad enough to induce us to make major policy changes.
	Work Incentives	AGAINST	United States citizens are fixated on adults working in the paid work force. They believe work is central to living the "right" kind of life, prefer policies that promote paid work, and guard against dis-incentives to work that "too generous" benefits introduce.
	Free Riders	AGAINST	United States citizens are fixated on whether recipients of welfare are "worthy", and unfortunately the increasingly multi-cultural demographics and the fixation on illegal immigration are affecting that calculus.
Trust in government?	Size matters	AGAINST	The bigger you are, the more detached policy makers and bureaucrats seem to be. Thus we don't trust the government to understand our local problems or care about our personal circumstances.
	Culture matters	AGAINST	In the United States, capitalism is akin to a religious belief. There is an assumption that anything that does not have a profit motive is going to be inefficient and wasteful. Thus many people think government is wasteful.
	Fair taxation	AGAINST	Another pervasive belief in the United States is that taxes are too high. The facts are debatable, especially when comparing tax rates with other countries. Nevertheless anti-tax sentiment has been strong for decades.
	Fair distribution	AGAINST	In the U.S., many believe "working equals worthy", and substantial benefits are aimed at people of comfortable means. Less well off people may be skeptical that new benefits are going to benefit the needy.
Effective government?	Proportional Representation	AGAINST	In the U.S., the full spectrum of public opinion is not given proportional representation, so consensus is not needed to govern. Winner take all elections magnify power. The U.S. Senate design overrepresents conservatism. The filibuster is anti-democratic.
	Citizen input	AGAINST	In the U.S., money has far more influence on policy than public opinion. Money almost always has a strong vested interest in the status quo, and in prioritizing business over the welfare of citizens. Some countries give too much control to bureaucrats.
	Labor Represented Centrally	AGAINST	Social Democracies and Corporatist welfare models include negotiating at a national level, with results that are binding nationwide. This is quite effective in balancing between citizen and business interests. The U.S. labor negotiations are diffused.
	Accountability	AGAINST	The federal government can disown social problems and push responsibility onto the states. States are not allowed to run deficits. This constrains spending, and endangers social spending when the economy is weak.
Economic security?	Institutions	FOR	Rule of Law is strong in the United States, as well as protection of property rights. Not only does this make it a good country to do business in, but provides incentives for individuals to take risks to improve their life.
	Education	FOR	Education is an other strength of the United States, and is very helpful in making people feel like they have some agency in life. That in turn can make them more willing to share with the less fortunate.
	Social Mobility	AGAINST	If the path to a better life is blocked, people feel a sense of unfairness, precarity, loss of identity and dignity, weakening social fabric, eroding trust in institutions, disenchantment with political processes, and an erosion of the social contract.
	Safety net	AGAINST	A skimpy safety net compels people to hold on to their money because they might really need it some day.
	Competitive Economy	FOR	The economy is another strength of the United States. Having a job and earning a living wage are truly pre-requisites for being willing to share.
Protect against abuse	incentivize return to work	TBD	Any government assistance program proposed in the United States needs to leave in place incentives to improve ones situation, supposedly via getting a job. Assistance with no strings attached lack support.
	Skin in the game	TBD	All first world governments have realized that if the consumer does not have any "skin in the game", they will over-consume. In other words, anything that is completely free is inevitable going to be abused.
	Mandatory participation	AGAINST	The citizens in the United States bristle at being told they MUST do something, even if it is for the common good, or for their own good. Independence and freedom are values they guard vigilantly.
Balance the books	Tax rates	FOR	High U.S. debt levels imply we can't afford more spending. However, there is a distinction between "can't" and "don't want to". US national government spending is low, social spending is low, and tax revenue is low, calculated as percent of GDP. Most countries spend more and tax more without torpedoing their economies.
	Currency	FOR	The United States has more latitude for running deficits than most countries because the U.S. dollar has a unique role in international finance. Saying "we can't afford it" is a prediction or a value judgement, not a fact



Conclusion : Is Significantly Expanding Social Programs in the U.S. Realistic?

The Case **FOR**

- **Yes We Can**

The U.S. can, and arguable should, do better. We rank at the bottom on most metrics reflecting the welfare of our citizens yet are [one of the most prosperous nations on earth](#)...

- **It's Not Either/Or**

Many countries support more generous social spending programs without torpedoing their economy or breaking the bank. For instance...

- ❖ The **United Kingdom, Australia, and Netherlands** have the 3 highest rated health care systems.
- ❖ **Germany, Austria, and Netherlands** have better income equality ratings and do a good job of keeping people out of poverty.
- ❖ **New Zealand and Canada** have enviable ratings on trust.
- ❖ None of these countries mentioned run high deficits or weaken their economies to achieve laudable results.

The Case **AGAINST**

- **Culturally**

We are not ready. The U.S. culture is very individualistic. Social cohesion is weak. Many feel government is wasteful. Pervasive anti-tax ethos.

- **Politically**

We are not ready. Political differences between liberals and conservatives have widened and hardened in the past 10 years. Achieving a national consensus about anything is rare.

- **Perhaps it is too late**

The U.S. has been a [net-debtor to the world](#) since the 1980's. If our debts are considered, our personal wealth is misleading.

- **The future looks scary**

With [people living longer](#), and [birth rates having declined](#), supporting our citizens in old age is going to be expensive. Perhaps the jury is still out regarding the very long-term fiscal sustainability of more generous social spending.

End of Presentation

Additional Supporting Slides Appear After This Slide



Support Slide Table Of Contents

14. [Defining Social Democracy](#)
15. [Types of Welfare States](#)
16. [U.S. Trust in Government Historical Trend 1960 to 2015](#)
17. [U.S. Trust in People by Demographic](#)
18. [Health Care System Rating by Sub-Category](#)
19. [Comparison of Health Care System Implementation by Country](#)
20. [Child Poverty Rates](#)
21. [Comparison of Public Spending in U.S. and Sweden & Switzerland](#)
22. [Breakdown of Total Government Spending in OECD Countries](#)
23. [Government Total Debt Historical Trends 1980 to 2015](#)
24. [GDP Growth Historical Trends 1961 to 2015](#)
25. [Median Income by Country](#)
26. [Disposable Income by Country](#)
27. [Net International Investment Position by Country](#)
28. [Age Dependency Ratio by Country](#)
29. [Life Expectancy Trend in the U.S. 1960 to 2018](#)
30. [Interpersonal Violence Frequency by Country](#)
31. [Drug Use Dependency by Country](#)
32. [Diversity Rating by Country](#)
33. [Government Spending as Percent of GDP](#)
34. [Government Spending on non-Social Programs](#)
35. [Price Inflation History 1996 to 2018](#)
36. [Labor Force Participation Rate by Country](#)
37. [Trust In Government by Country](#)
38. [Trust in People by Country](#)
39. [Corruption Index by Country](#)
40. [Happiness Index Rating by Country](#)
41. [Average GNI Growth by Country 1996 to 2016](#)
42. [Average GNI in 2017 by Country](#)
43. [Total Government Debt by Country](#)
44. [Current Government Annual Budget Deficit](#)
45. [Burden of Government Regulations by Country](#)
46. [Social Mobility Index by Country](#)
47. [Social Mobility Index Detailed Rankings for the U.S.](#)
48. [Canadian Citizen Support of Welfare 1988-2001](#)
49. [Evolution of Political Partisan Divide in U.S. 1994 – 2017](#)
50. [Resources / Partial Bibliography](#)

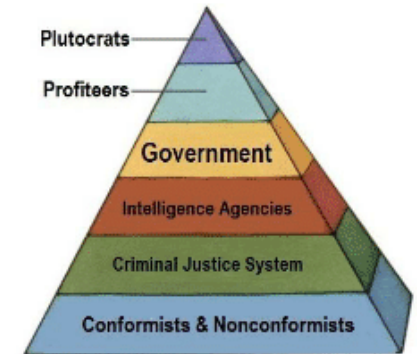
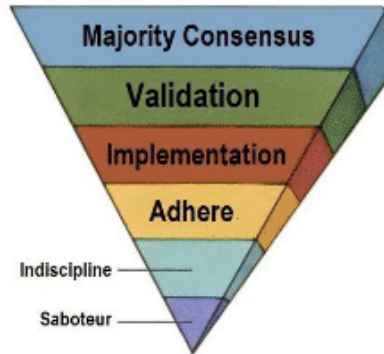
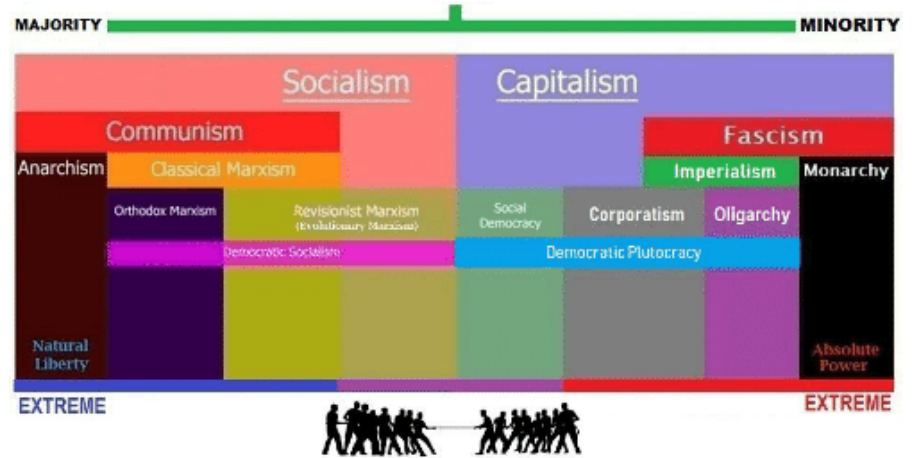
Defining Social Democracy

Democratic socialism

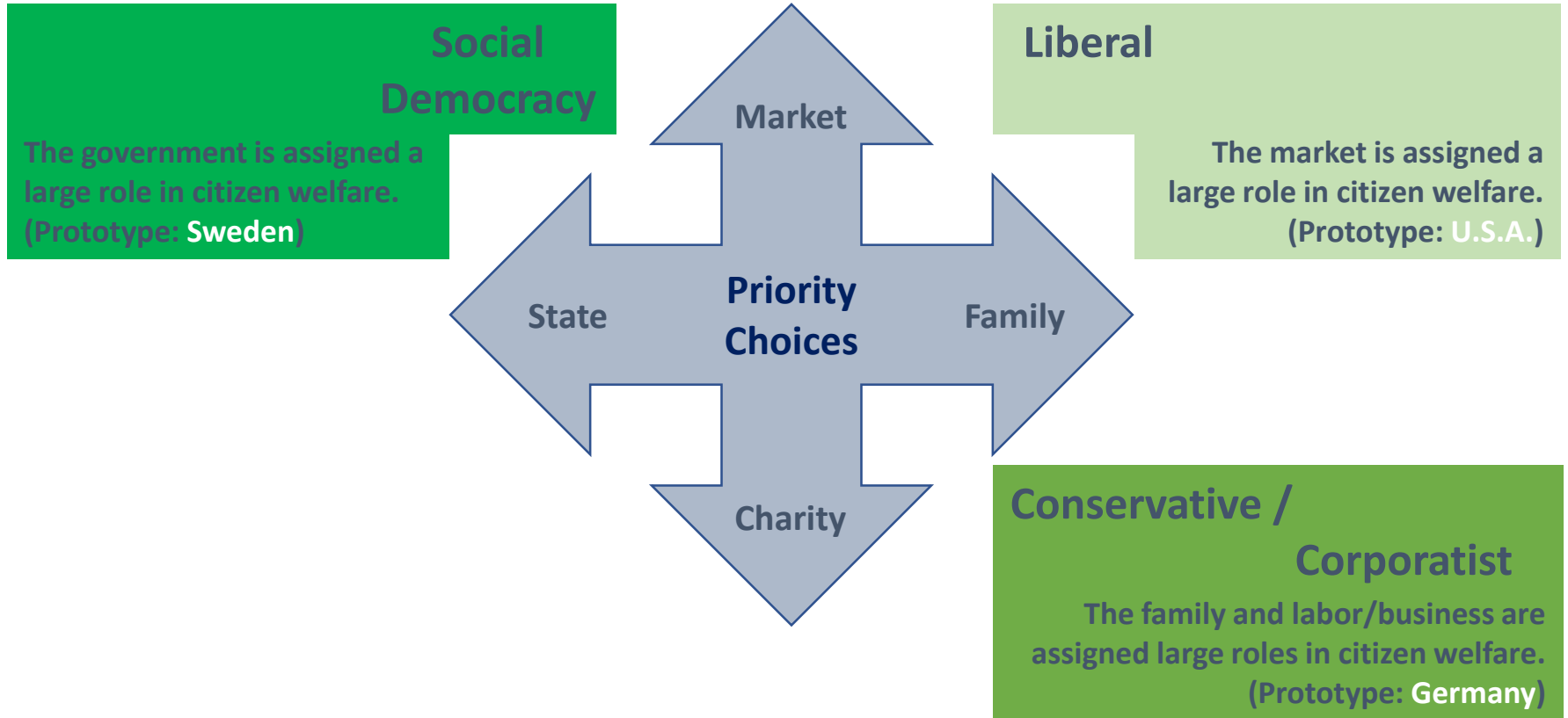
- Radical
- More left-wing
- Mainly collective economy
- Equality
- Extensive welfare state
- Anti private health/ education
- Abolish House of Lords
- Anti EU
- Unilateral nuclear disarmament
- More internationalist
- More principled
- More emphasis on goals

Social democracy

- Reformist
- More right-wing
- Mainly private economy
- Freedom and fairness
- Extended welfare state
- Pro choice
- Reform House of Lords
- Pro EU
- Multilateral nuclear disarmament
- More nationalist
- More pragmatic
- More emphasis on means



Types of Welfare States



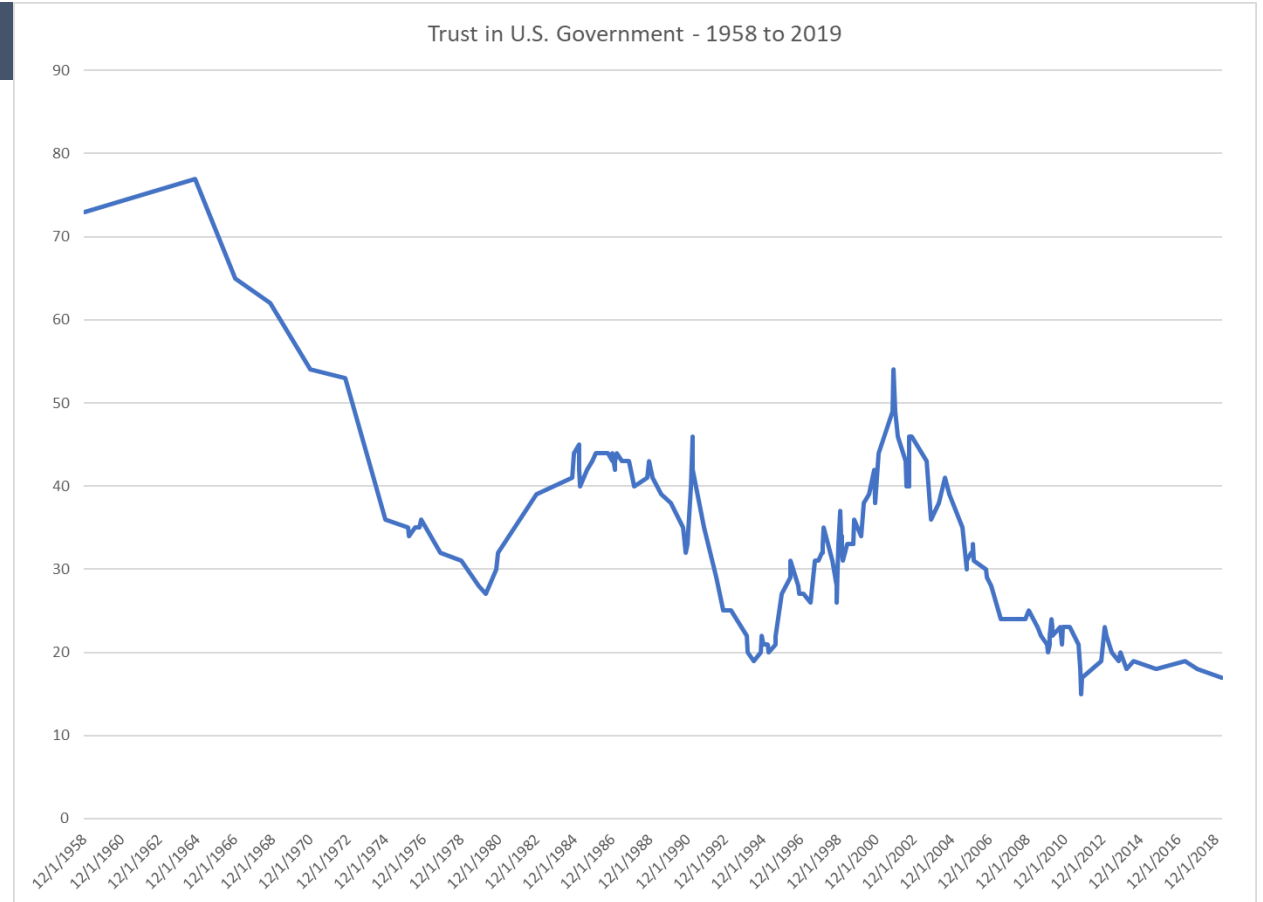
Trust in U.S. Government

Source: PEW Research Center

Public trust in the U.S. government remains near historic lows.

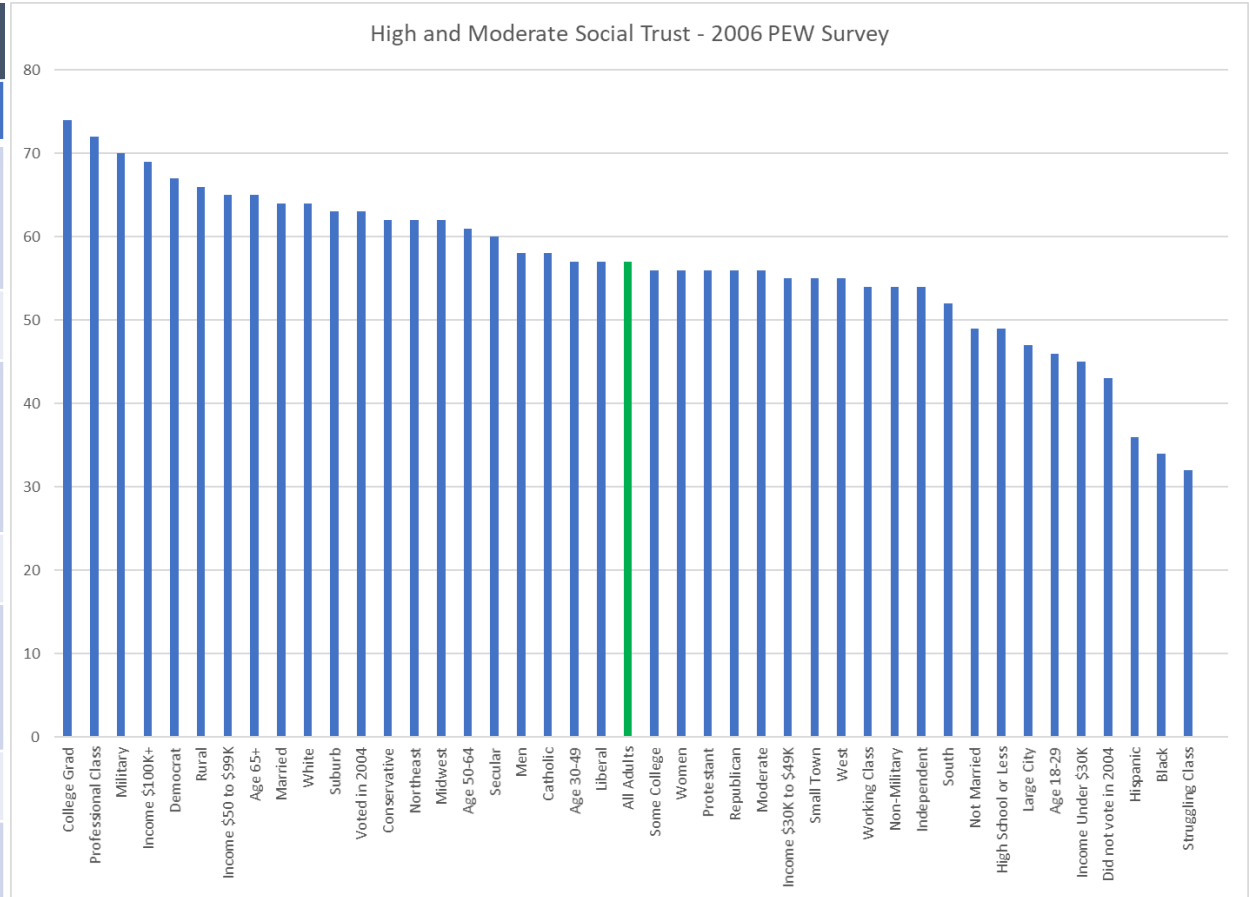
Only 17% of Americans today say they can trust the government in Washington to do what is right “just about always” (3%) or “most of the time” (14%).

Trust in government rose in the 1st half of the Reagan administration, and again during almost the entire Clinton administration, both of which coincided with strong economies. However, this correlation did not re-appear during the last two economic recoveries (2004-2007, 2010-2018).



Trust in People in U.S.

2006 Survey		2018 Survey	
Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?		Generally speaking, would you say that most people can be trusted or most people can't be trusted?	
Can Trust= 45%	Can't= 55%	Can Trust= 52%	Can't= 47%
Do you think most people would try to take advantage of you if they got the chance, or would they try to be fair?		Do you think most people would try to take advantage of you if they got the chance, or would they try to be fair no matter what?	
Be Fair = 59%	Take Adv= 41%	Be Fair = 41%	Take Adv= 58%
Would you say that most of the time people try to be helpful, or that they are mostly just looking out for themselves?		Would you say that most of the time people try to help others, or just look out for themselves?	
Helpful= 57%	Not Help= 43%	Helpful= 37%	Not Help= 62%
Overall: High Trust=35% Moderate Trust=22% Low Trust=38%		Overall: High Trust=22% Medium Trust=41% Low Trust=35%	



Source: Commonwealth Fund

The score for each category is based on tens of specific questions.

Great Britain was ranked highest

Strengths: Safe Care
Affordability
Equity

Australia ranked a close second

Strengths: Safe Care
Efficient Admin
Engagement
Outcomes

United States ranked last

Weaknesses: Affordability
Efficient Admin
Equity
Outcomes

APPENDIX 1. Eleven-Country Summary Scores on Health System Performance

	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL PERFORMANCE SCORE	0.36	-0.26	-0.45	0.07	0.27	0.13	0.13	0.08	0.08	0.37	-0.75
Care Process	0.38	0.15	-0.42	-0.12	0.29	0.36	-0.60	-0.82	-0.03	0.56	0.23
Preventive Care	0.06	0.57	-0.38	-0.96	0.43	0.11	-0.34	-0.20	-0.07	0.46	0.25
Safe Care	0.89	0.03	-0.38	0.08	0.18	0.29	-1.08	-0.82	-0.49	1.03	0.29
Coordinated Care	-0.11	-0.23	-0.22	0.37	0.06	0.64	-0.11	-1.07	0.41	0.30	-0.04
Engagement and Patient Preferences	0.69	0.22	-0.71	0.04	0.49	0.40	-0.86	-1.17	0.04	0.45	0.42
Access	0.19	-0.77	-0.14	0.58	0.70	0.02	0.14	0.06	-0.11	0.39	-1.07
Affordability	0.06	-0.31	-0.59	0.67	0.28	0.15	0.46	0.69	-0.52	0.97	-1.87
Timeliness	0.32	-1.23	0.31	0.48	1.13	-0.10	-0.18	-0.56	0.31	-0.19	-0.27
Administrative Efficiency	0.74	0.08	-1.41	0.08	-0.15	0.60	0.54	0.26	-0.12	0.59	-1.21
Equity	-0.14	-0.39	-0.53	0.01	0.46	-0.24	0.14	0.37	0.34	0.93	-0.94
Health Care Outcomes	0.62	-0.35	0.23	-0.18	0.03	-0.12	0.42	0.55	0.32	-0.63	-0.76

Note: "Performance Score" is based on the distance from the 11-country average, measured in standard deviations.

Comparison of Health Care Systems

Topic	Australia	Canada	Denmark	France	Germany	Italy	Japan	Netherlands	New Zealand	Norway	Sweden	Switzerland	United Kingdom	United States
General Concept	Medicare for All	Medicare for All	Govt HealthCare	Medicare for All	National HMO	Medicare for All	National HMO	Obamacare	Govt HealthCare	Govt Healthcare	Govt Healthcare	Obamacare	Govt HealthCare	Obamacare
Secret Sauce	Govt Funded + Single Payer + Oversight	Govt Funded + Single Payer + Restrictions	Very Comprehensive Govt Funding and Provision	Mandatory Tax + Single Payer + Only the Basics	Mandatory Tax + Competition + Oversight	Govt Funded + Single Payer + Oversight	Govt Funded + Cost Controls + Oversight	Mandatory Participation + Nationwide Pools + Price Controls	Very Comprehensive Govt Funding and Provision	Very Comprehensive Govt Funding and Provision	Very Comprehensive Govt Funding and Provision	Mandatory Participation + Nationwide Pools + Oversight	Very Comprehensive Govt Funding and Provision	Not considered successful when compared to other well-to-do countries
Funding for Poor	Public	Public	Public	Public	Public	Public	Public	Subsidies	Public	Public	Public	Subsidies	Public	Subsidies
Funding for General Population	Public	Public	Public	Hybrid	Hybrid	Public	Public	Private	Public	Public	Public	Private	Public	Private
Funding for Retirees	Public	Public	Public	Public	Public	Public	Public	Public	Public	Public	Public	Subsidies	Public	Public
Funding for Long Term Care	Subsidies	Public	Public	Mandated Ins	Mandated Ins	Public	Mandated Ins	Mandatory Ins	Means Tested	Public	Public	Subsidies	Means Tested	Means Tested
Delivery (General Practice)	Private	Private	Private	Private	Private	Private	Private	Private	Private	Private	Mixed	Private	Mixed	Private
Delivery (Hospitals)	Mixed	Mixed	Public	Mixed	Mixed	Mixed	Private	Private	Public	Public	Public	Mixed	Public	Private
Health Spending Per Capita 2014	\$4,207	\$4,728	\$5,012	\$4,620	\$5,119	\$3,207	\$4,152	\$5,227	\$4,038	\$6,432	\$5,306	\$6,787	\$4,094	\$9,364
Out-Of-Pocket Per Capita	\$532	\$644	\$671	\$305	\$664	\$706	\$126	\$649	\$263	\$882	\$787	\$1,815	\$586	\$1,034
Hospital Spending Per Discharge	\$10,530	\$16,451	\$14,105	\$10,591	\$5,900	\$12,150	\$14,388	\$14,181		\$13,923	\$12,393	\$14,624	\$11,663	\$21,063
Health Care Spending % of GDP	10.0%	11.1%	10.6%	12.0%	11.2%	9.1%	11.0%	10.8%	9.4%	9.9%	11.0%	11.1%	9.9%	17.1%
Public Health Spending % of GDP	6.7%	8.0%	8.9%	9.0%	8.3%	8.0%	9.3%	8.3%	7.5%	8.4%	9.1%	7.4%	8.0%	8.4%
Public Share Of Total Health Cost	67%	72%	84%	75%	74%	76%	85%	77%	80%	85%	83%	67%	81%	49%
Out-Of-Pocket % of Health Spend	18.0%	14.0%	12.4%	8.5%	13.2%	22.0%	13.0%	14.7%	12.6%	14.0%	16.0%	18.6%	14.8%	11.0%
# of Physicians per 1000 persons	3.5	2.5	3.7	3.1	4.1	3.9	2.4		2.8	4.4	4.1	4.1	2.8	2.6
Annual Physician Visits Per Capita	7.3	7.6	4.5	6.3	9.9	6.8	12.8	8.4	3.7	4.3	2.9	3.9		4.0
Hospital Discharges Per 1000	163	84		159	236	107	113	115	132	187	139	150	125	
Length of Stay For Acute Care	4.7	7.5		5.8	7.6	6.8	16.9	6.4	5.2	5.5	5.4	5.8	6.0	5.4
OVERALL RANKING	2	9		10	8			3	4	4	6	6	1	11
Care Process	2	6		9	8			4	3	10	11	7	1	5
Access	4	10		9	2			1	7	5	6	8	3	11
Administrative Efficiency	1	6		11	6			9	2	4	5	8	3	10
Equity	7	9		10	6			2	8	5	3	4	1	11
Health Care Outcomes	1	9		5	8			6	7	3	2	4	10	11



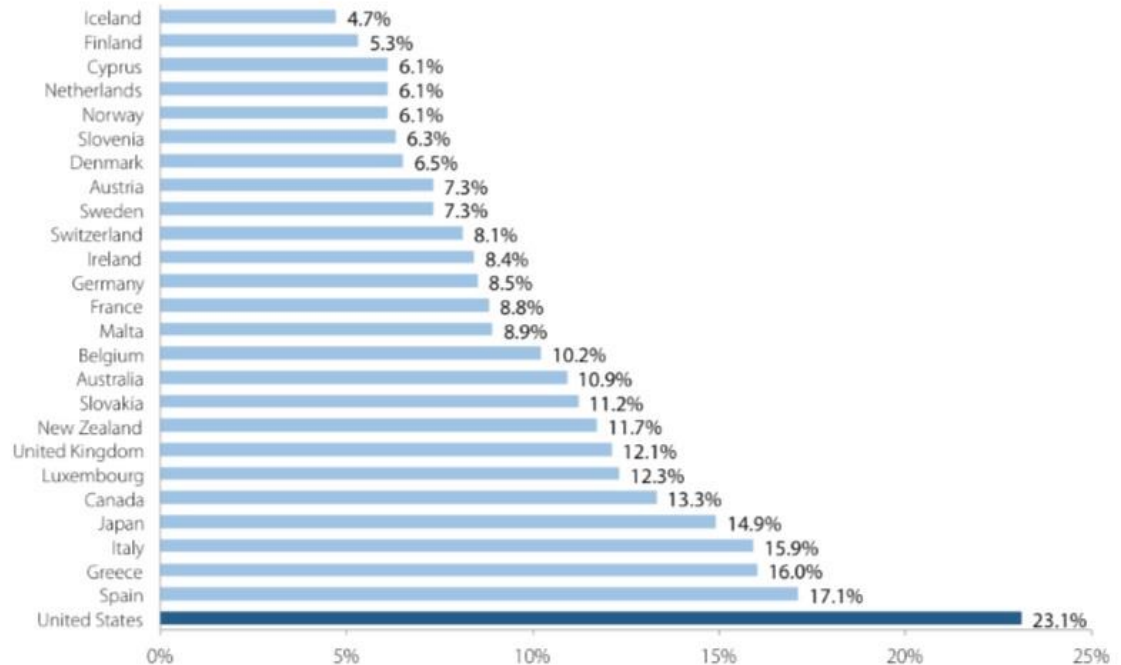
Child Poverty Rates

To a certain extent, poverty alleviation in a developed country is a moving target.

The metric being used is a relation. By definition, if incomes are evenly distributed, 25% of households are going to be defined as being below the poverty line, if there is no government assistance (1/2 of the midpoint is ¼).

The eventual rate of poverty is thus related to how much government assistance is provided to bump those with the lowest incomes closer to the national median income.

Child poverty rates in selected developed countries, 2009

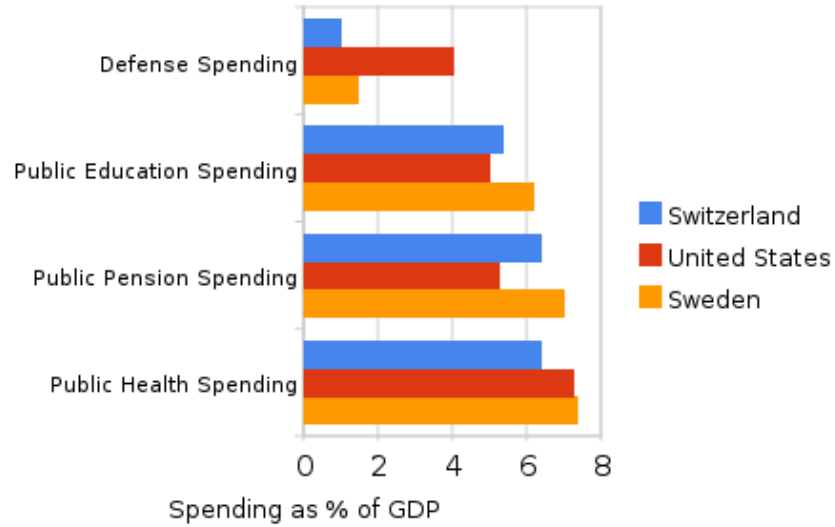


Note: The child poverty rate is the share of children living in households with income below half of household-size-adjusted median income.

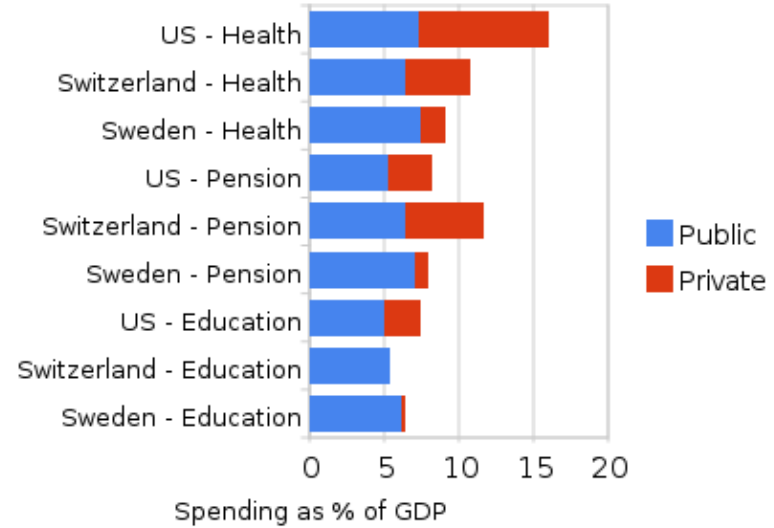
Source: Adamson (2012, Figure 1b)

Comparison of Public Spending in U.S. and Sweden and Switzerland

Public Spending in US, Switzerland, and Sweden

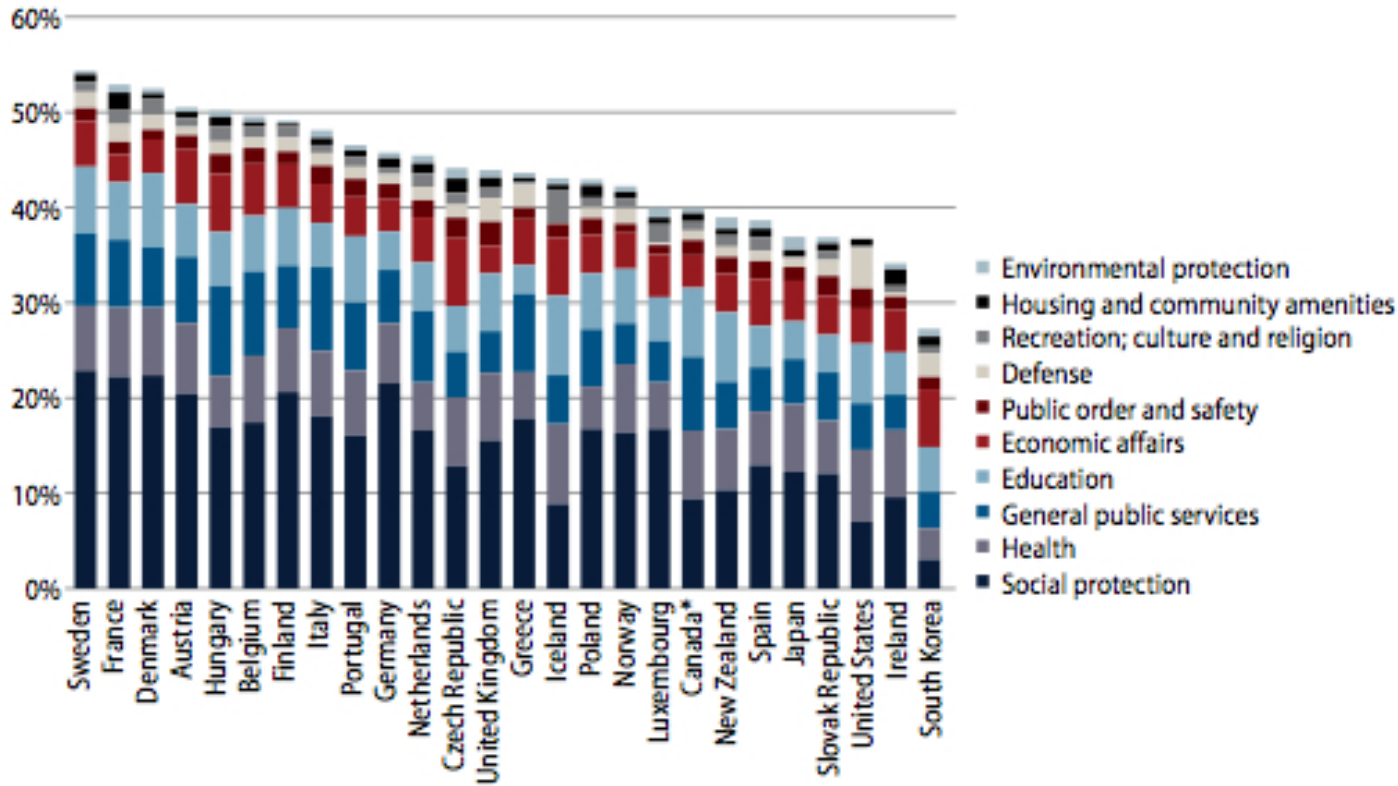


Public and Private Spending in US, Switzerland, Sweden



Breakdown of Total Government Spending in OECD Countries

Figure 5: Government spending as a percent of GDP (average 2004-2007)



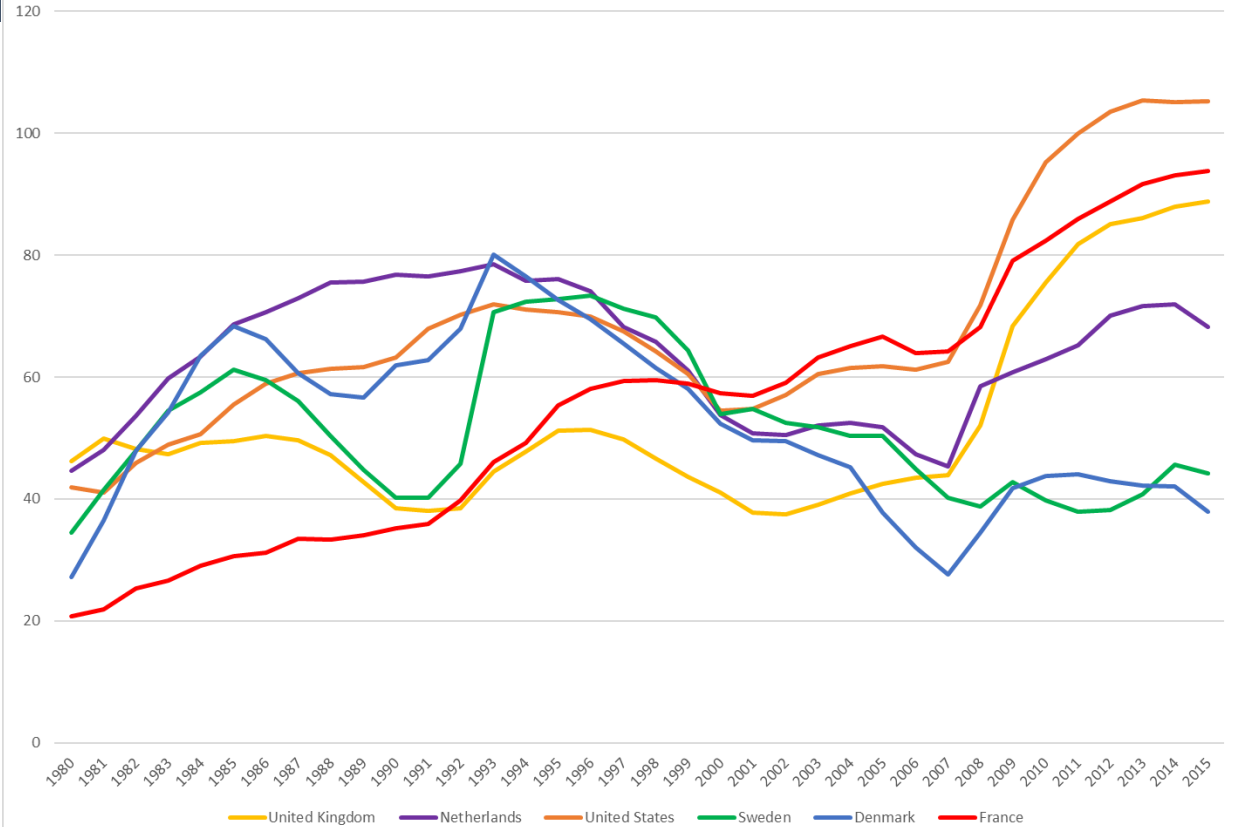
Govt Debt History

Note that since the world has decided to evaluate whether countries have acceptable levels of debt by comparing total debt to the national economy, this ratio can change when either the debt OR the economy OR inflation changes significantly.

Interest in this ratio results from the assumption that this is an indication of a country's ability to pay off the debt. It is more comforting to consider "can they" rather than "will they" pay their debt.

For instance, a country can incur annual deficits of 3%, but the ratio will not change if GDP also grows by 3%. That would have the misleading result of making it look like a country is being fiscally prudent, when in fact it is insisting on borrowing money when times are good.

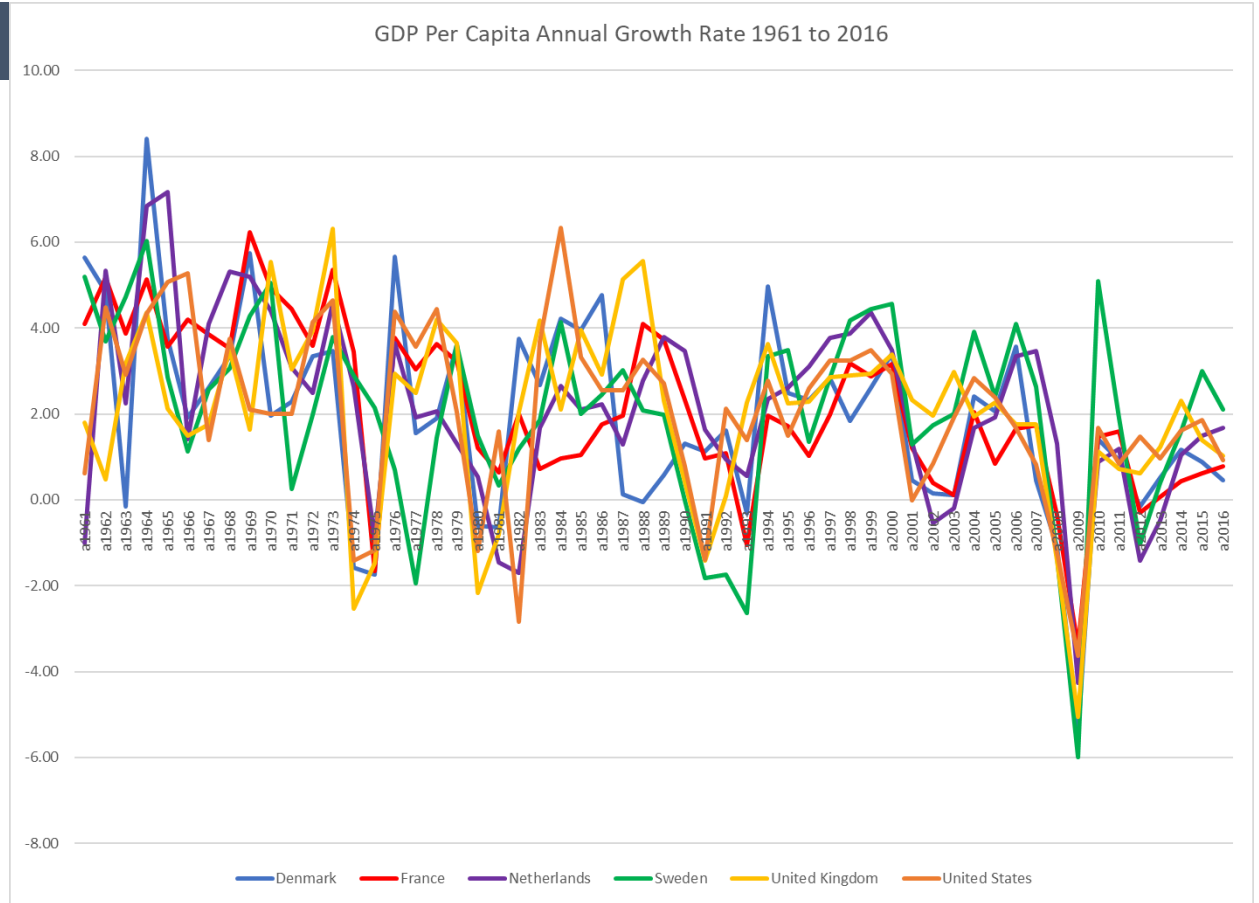
Total Govt Debt as a Percentage of GDP - 1980 to 2015



GDP Growth History

By choosing a measurement of GDP growth per capita, we can visually conclude that most economies grow in a similar band of rates, and in fact they tend to fluctuate quite synchronously.

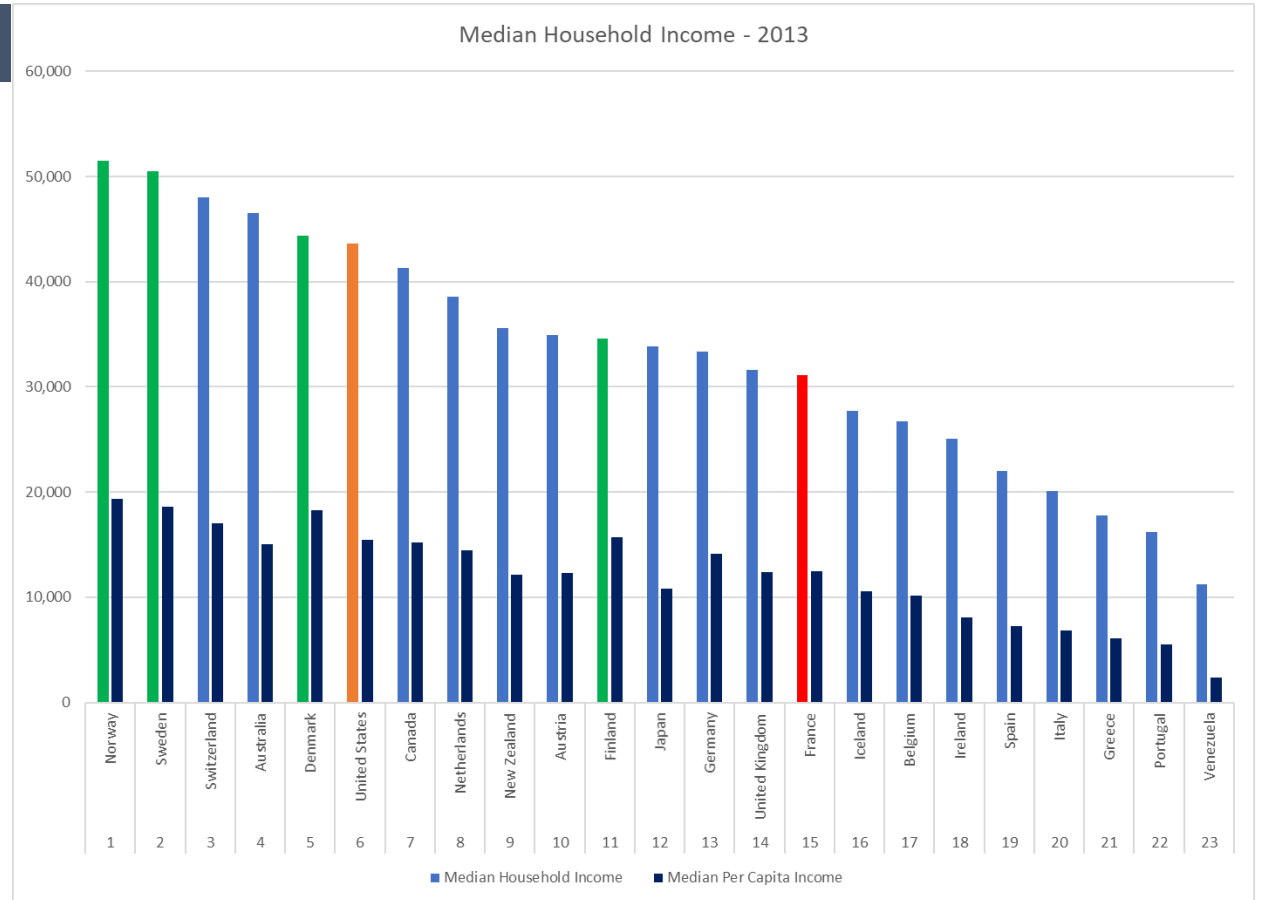
This would imply that world economic forces have more influence on national economies than national government fiscal or economic policy.



Median Income

Economic performance as measured by median income is strong in the Scandinavian countries.

U.S. median income is also very good but does not stand out as being remarkable.



Disposable Income

Some economists consider disposable income as a better metric of citizen economic prosperity than GNI or GDP.

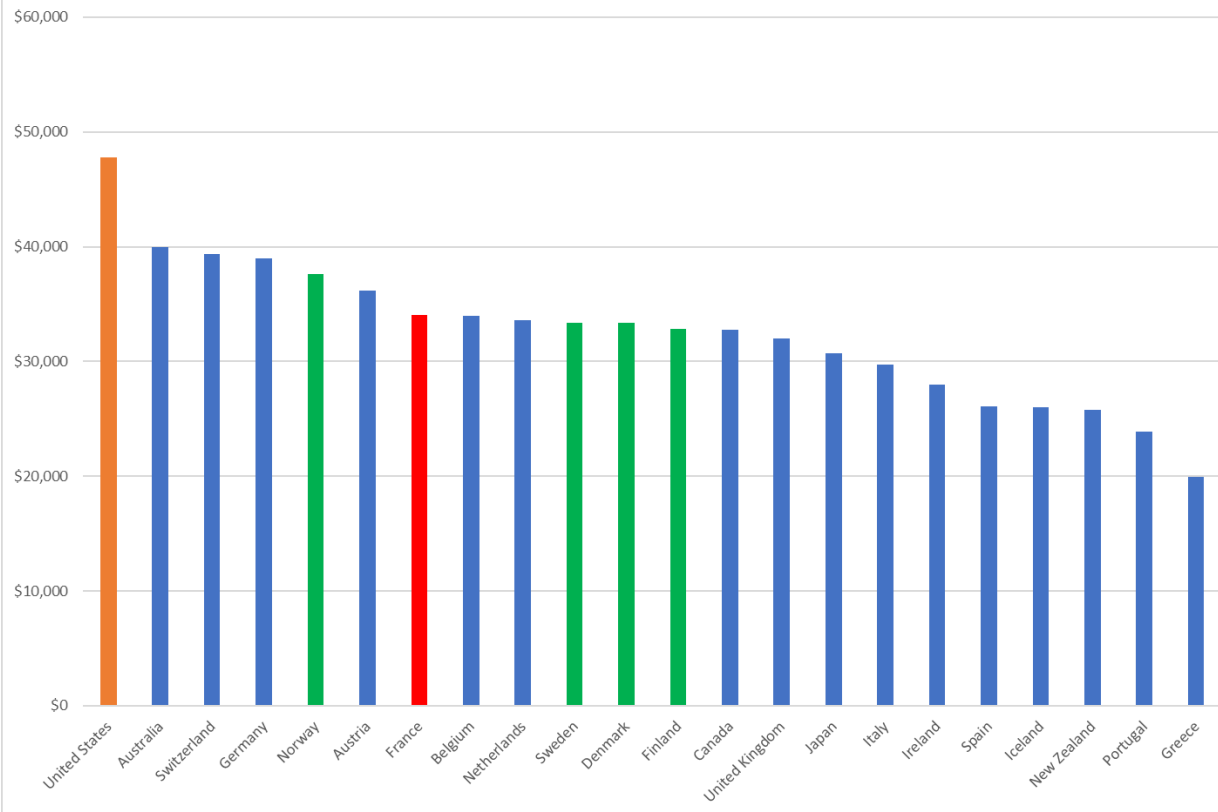
The term is misleading, as it is actually calculated by adding personal consumption to personal saving (except for pensions).

The calculation incorporates personal spending the government does on your behalf, like health care and education.

On the surface, this metric supports the notion that the U.S. is the most prosperous nation.

However, what is not factored into that notion is how much extra disposable income there is due to the government borrowing instead of taxing to fund government services of all kinds.

Disposable Income Per Person
USD equivalence at current PPP prices - 2017



Net Int'l Investment

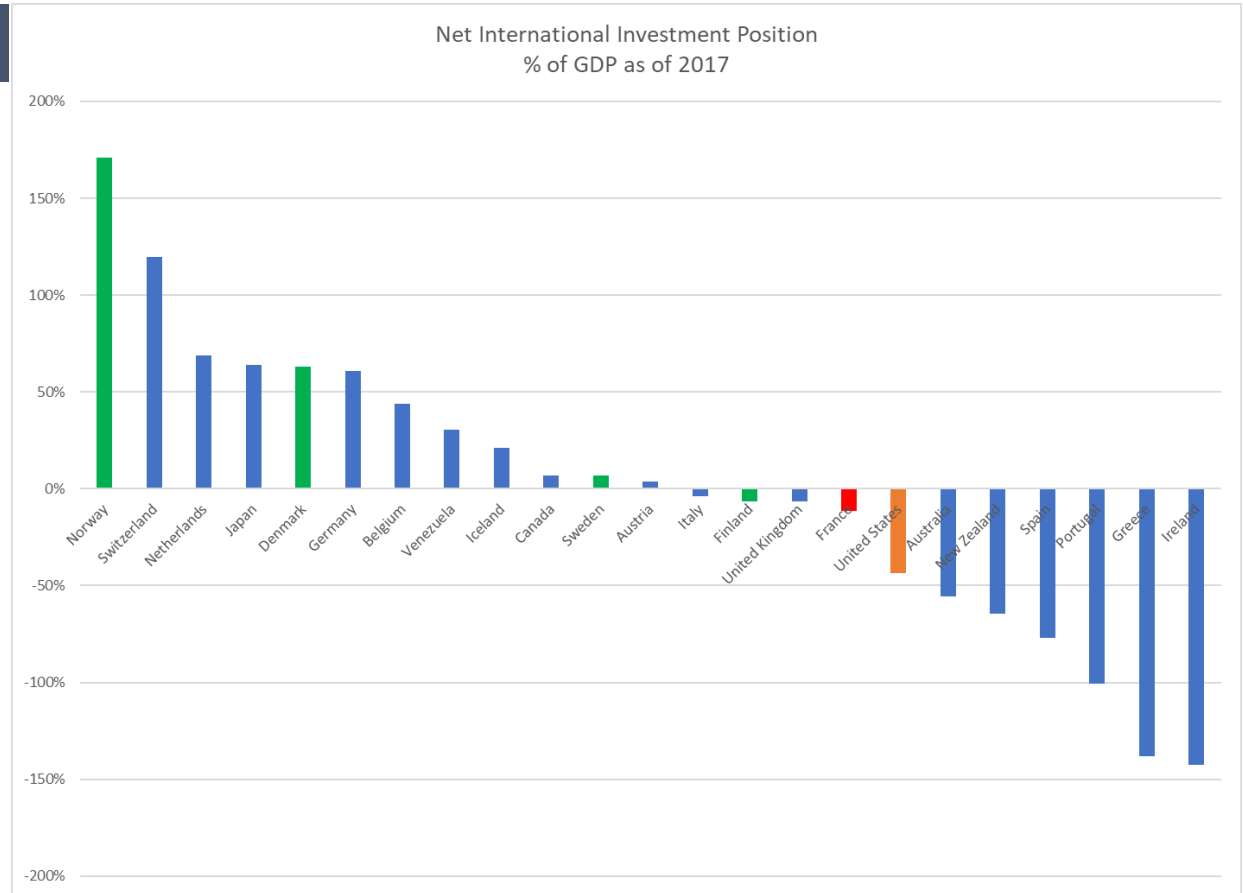
Net International Investment (NIIP) is an interesting way at looking at long term financial health.

The notion is that internally held debt is a zero-sum calculation. If, as a country, we owe money to ourselves, paying off the debt is just a transfer.

But if, as a country, we owe more money to other nations than they owe to us, that is a net liability that is an offset to presumed levels of personal wealth.

This calculation is a unique way to assessing whether outstanding personal and government debt is worrisome in the long term.

For instance, Japan has the highest gross national debt, but is a net creditor overall, so that national debt could be paid off by cashing in external loans.

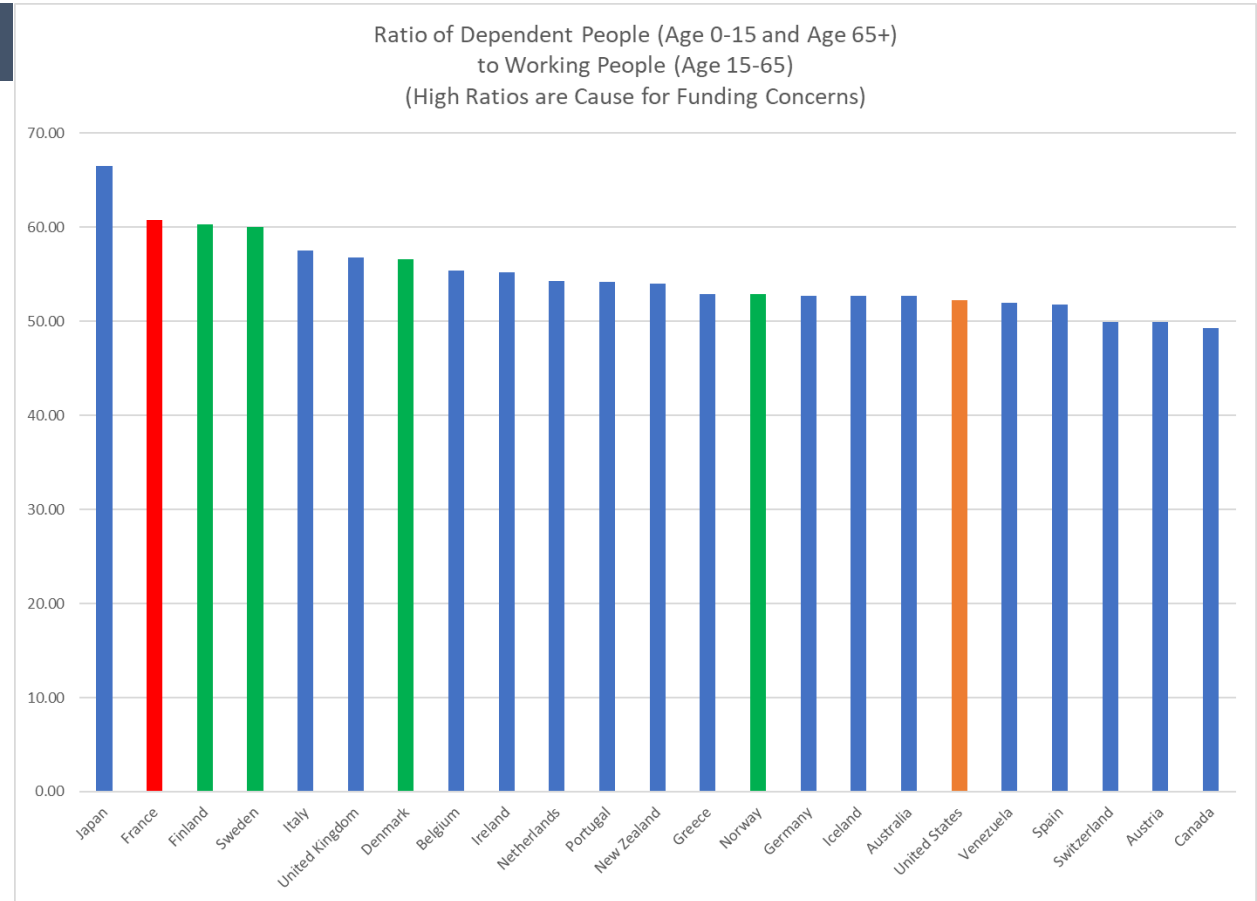


Aging Time-Bomb?

Too many people of retirement age and too few people still paying taxes can be a major problem for old age pensions (Social Security).

Perhaps this is the ticking time bomb awaiting the Social Democracies – the bill for generous old age pensions may not have come due yet.

The United States is not facing as much immediate peril from this potential problem.

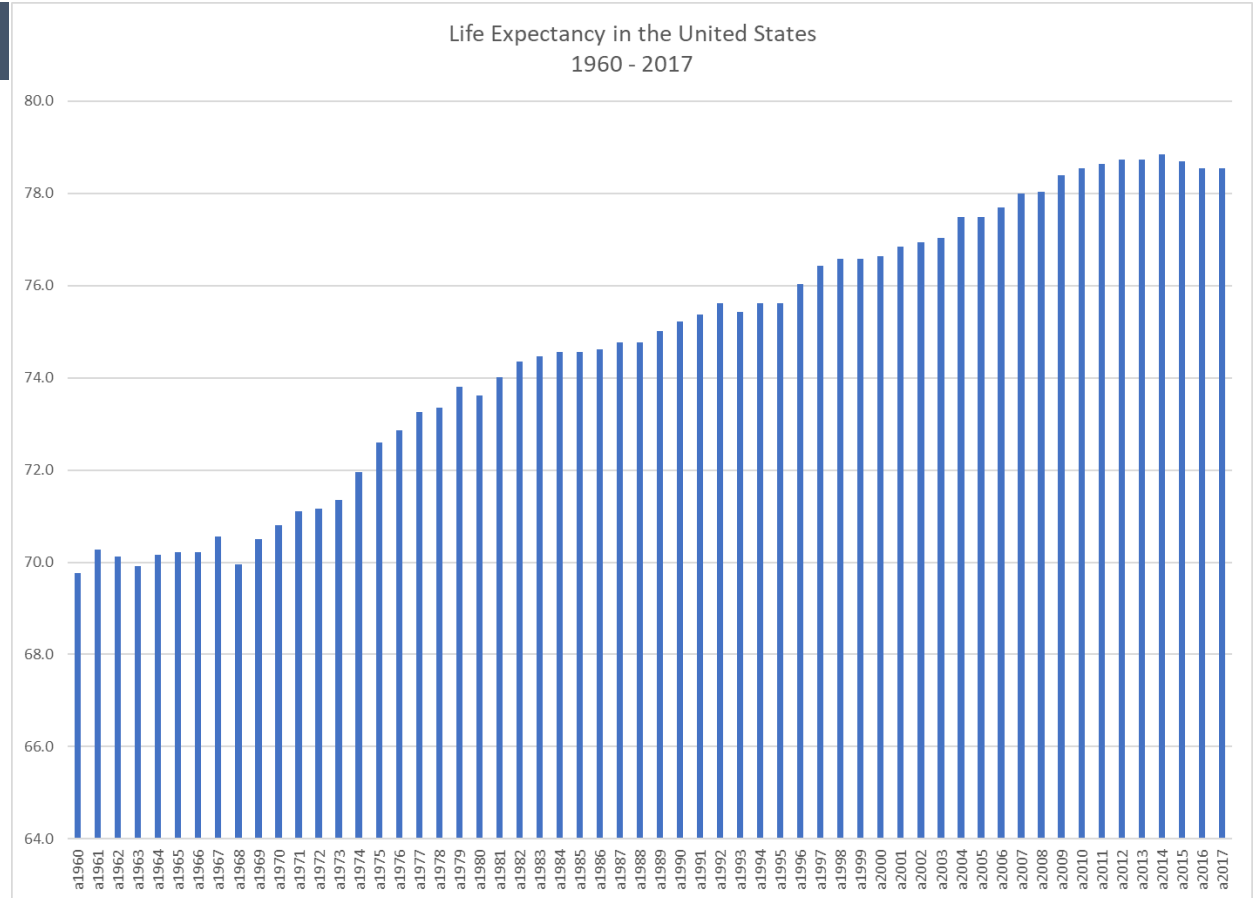


Life Expectancy Trend

The fundamental assumptions surrounding old age changed dramatically, starting in the 1970s.

When Social Security was set up, we only expected to have to support retirees for about 5 years. Now people need to live on savings and pensions, and receive health care, for 3X that length of time

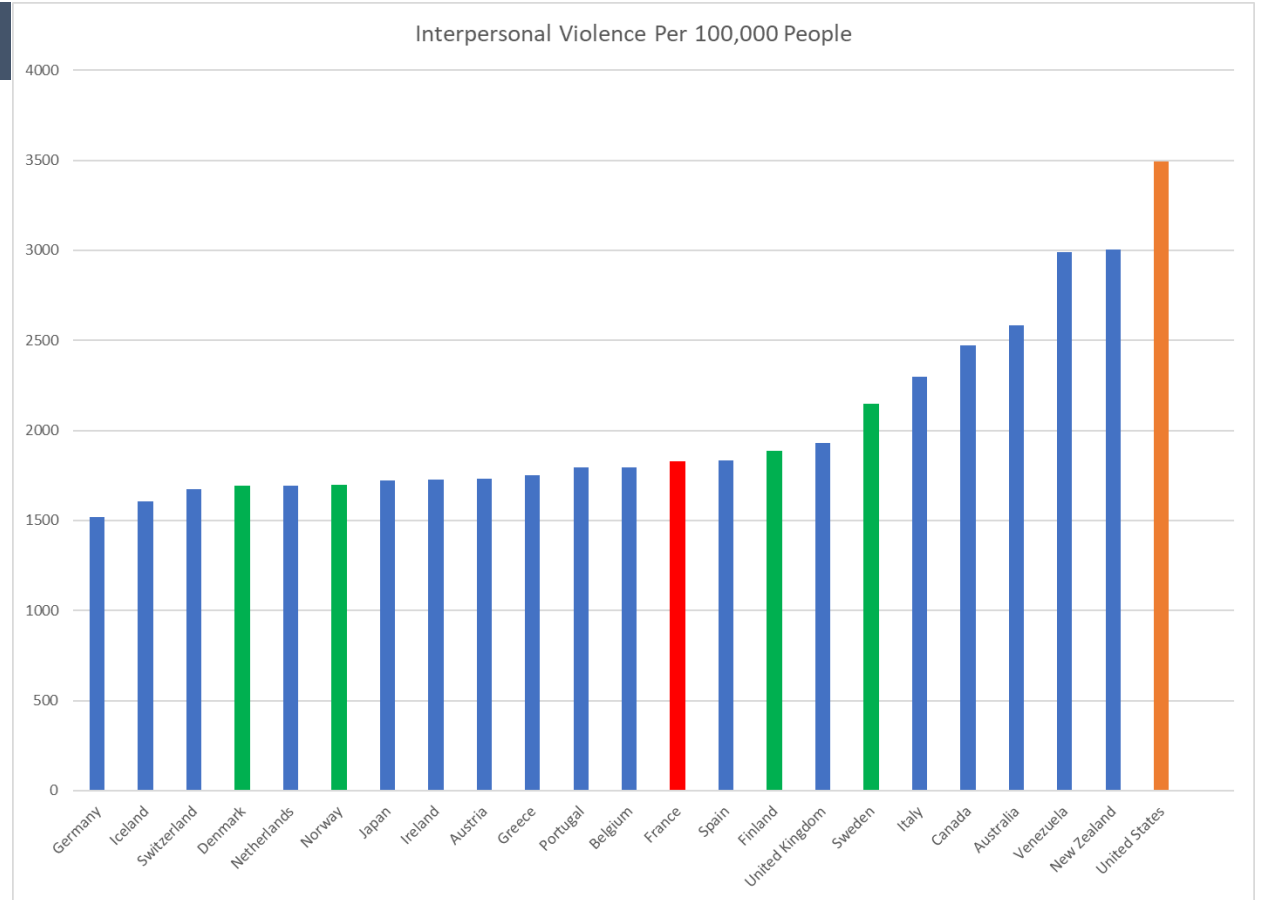
Perhaps this is the ticking time bomb awaiting all nations, particularly the Social Democracies. The bill for generous old age pensions and public health care may not have come due yet.



Violence

Violence between people is an indicator of citizen welfare and societal health.

The U.S. has the highest incidence of interpersonal violence, by a large margin.

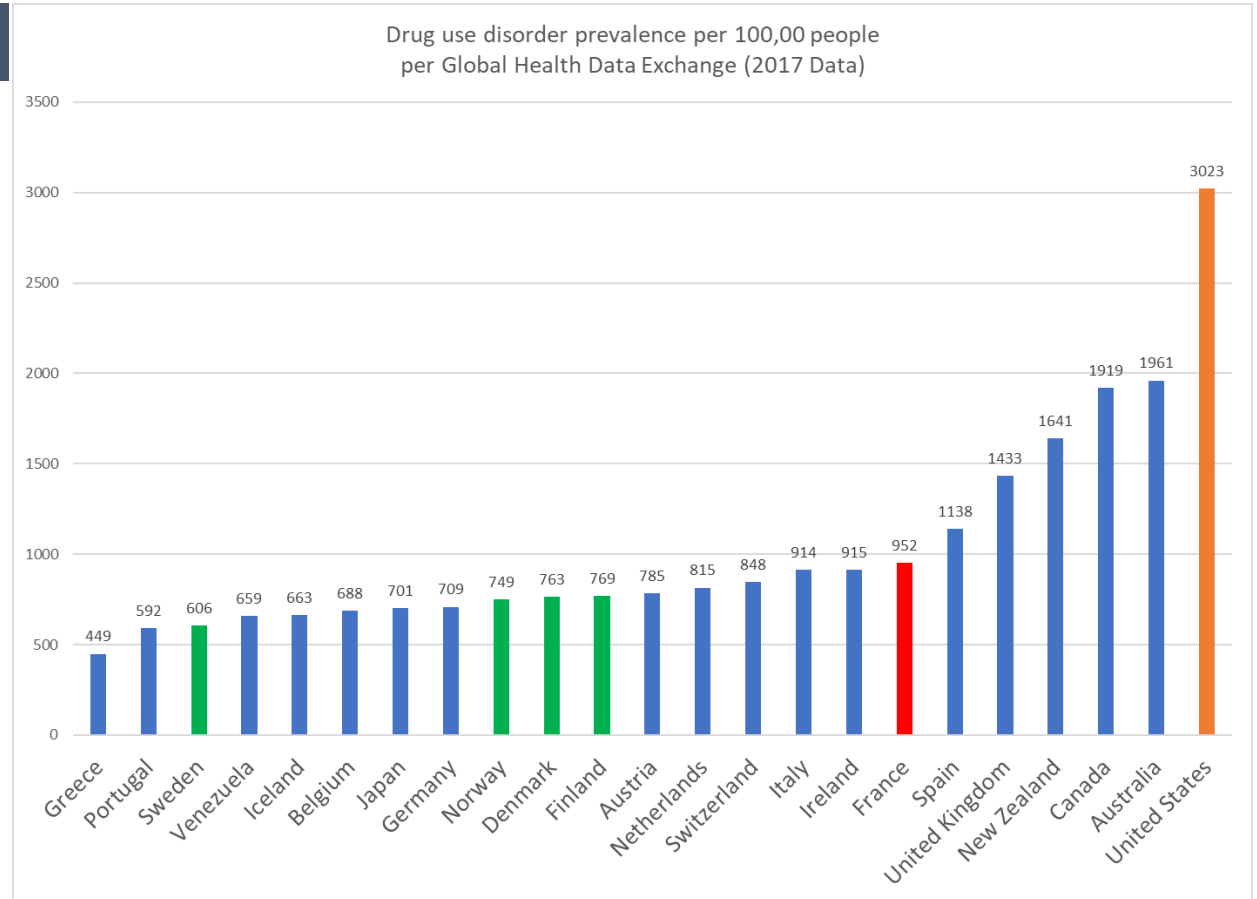


Drug Use Dependency

Drug Use Dependency is an indicator of citizen welfare and societal health.

The U.S. has the highest prevalence of drug use dependency, by a large margin.

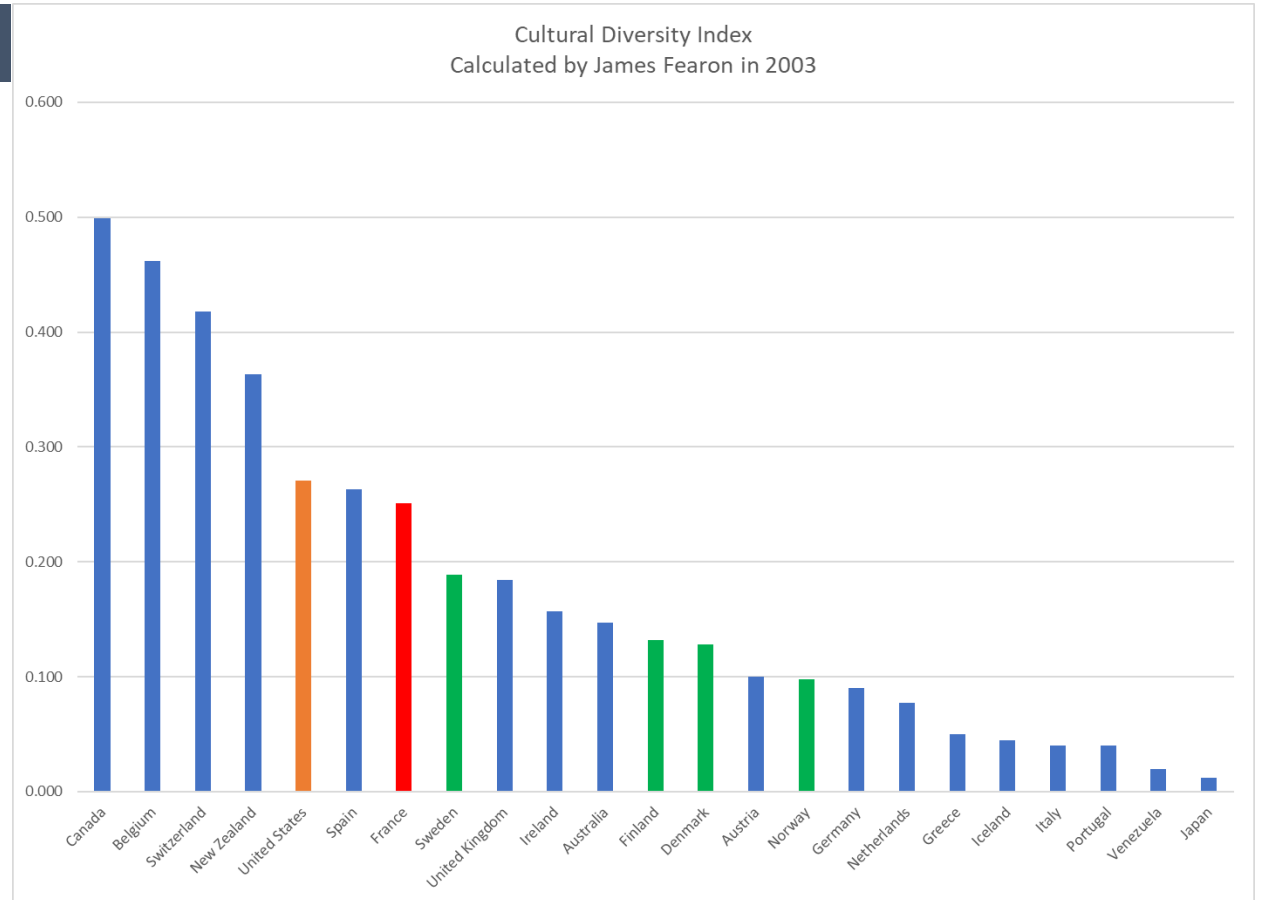
In fact, of the 195 countries tracked, the U.S. was the 3rd worst in the entire world!



Diversity

A 2003 study by James Fearon of Stanford University measured cultural diversity.

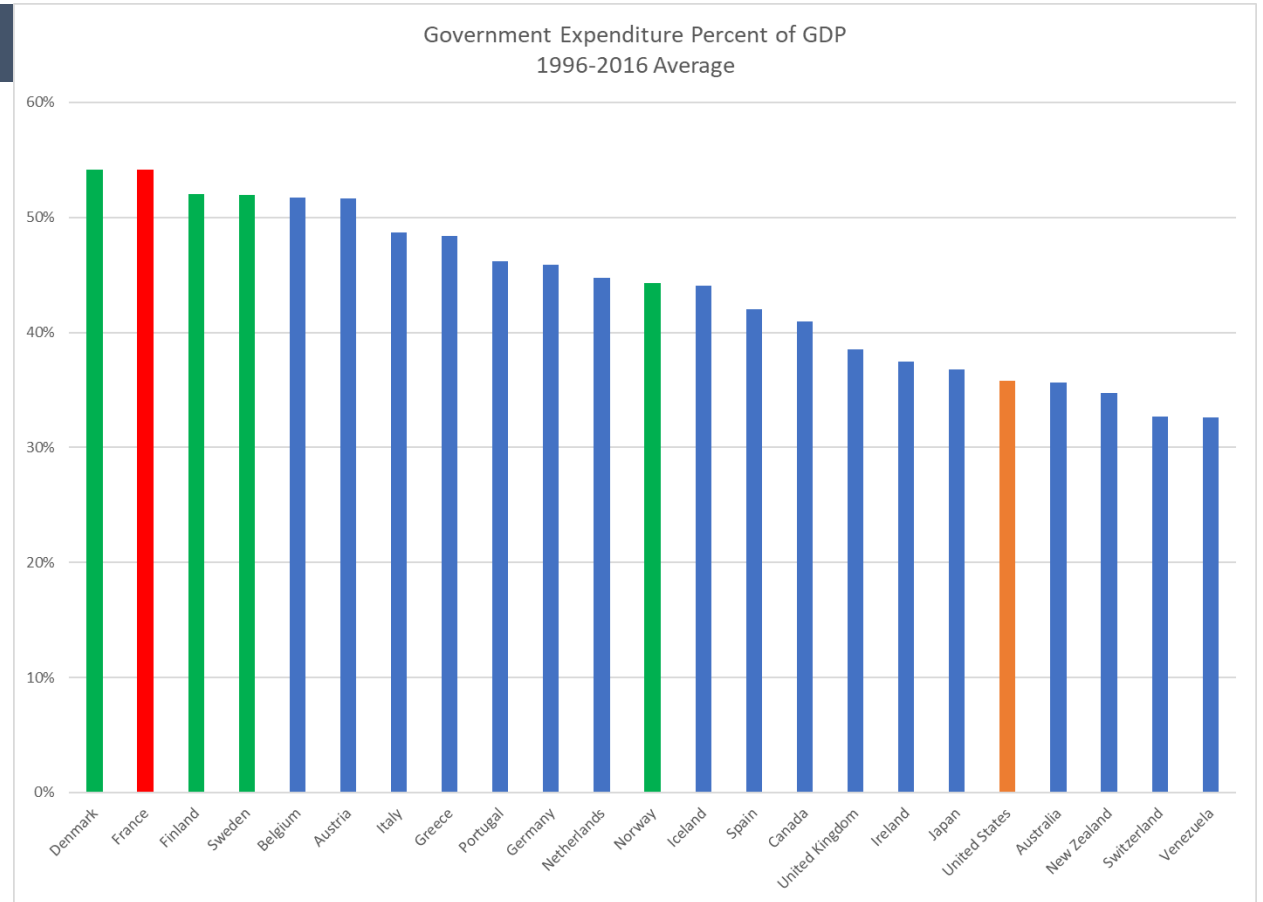
A high number equates to more diversity.



Government Spending

Social Democracies spend more through the government period, not just social spending.

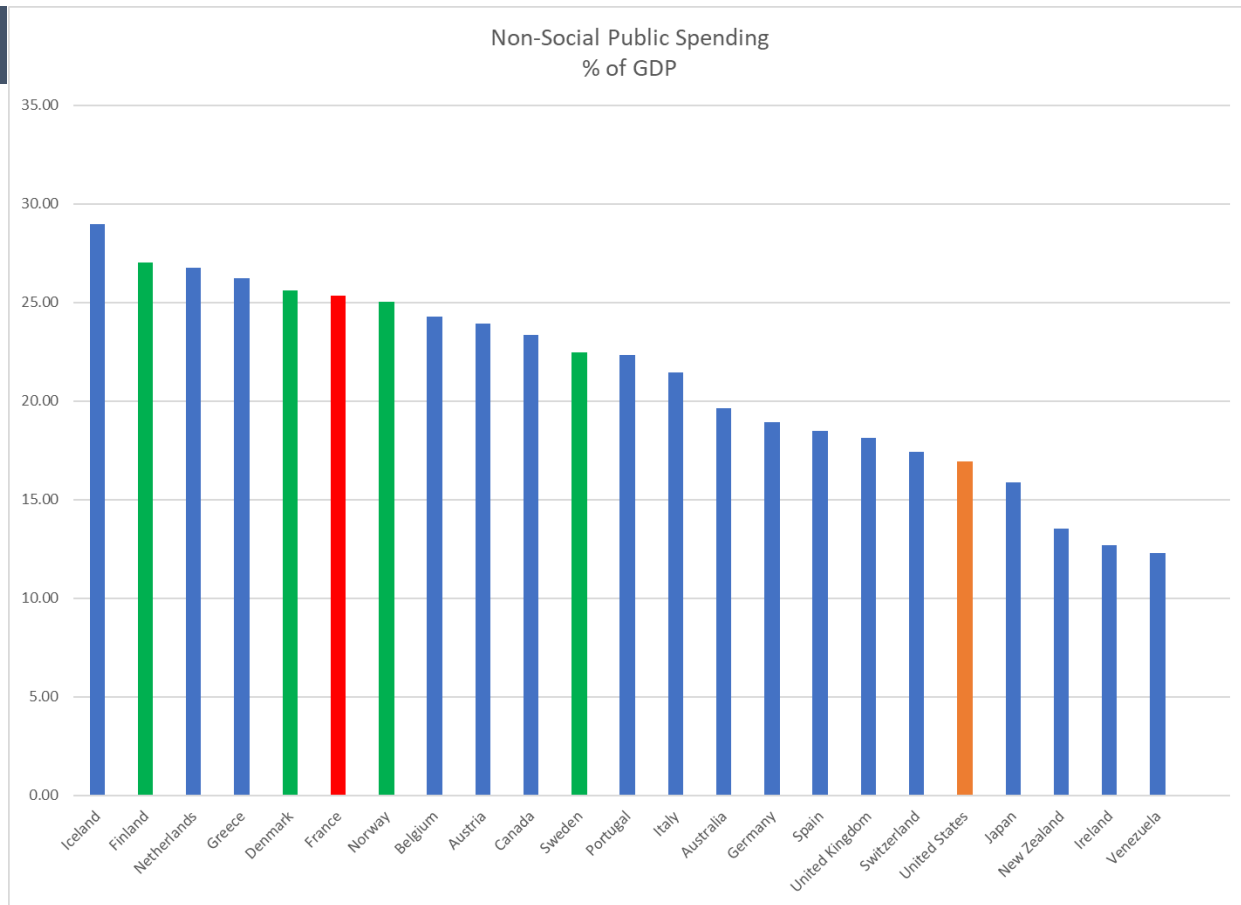
The presumption that the U.S. cannot afford more social spending because it is spending money on other things is not borne out in this data.



Non-Social Spending

Social Democracies spend more through the government for things other than social spending.

The myth that the U.S. cannot afford more social spending because it is spending money on other things is not borne out in this data.



Price Inflation

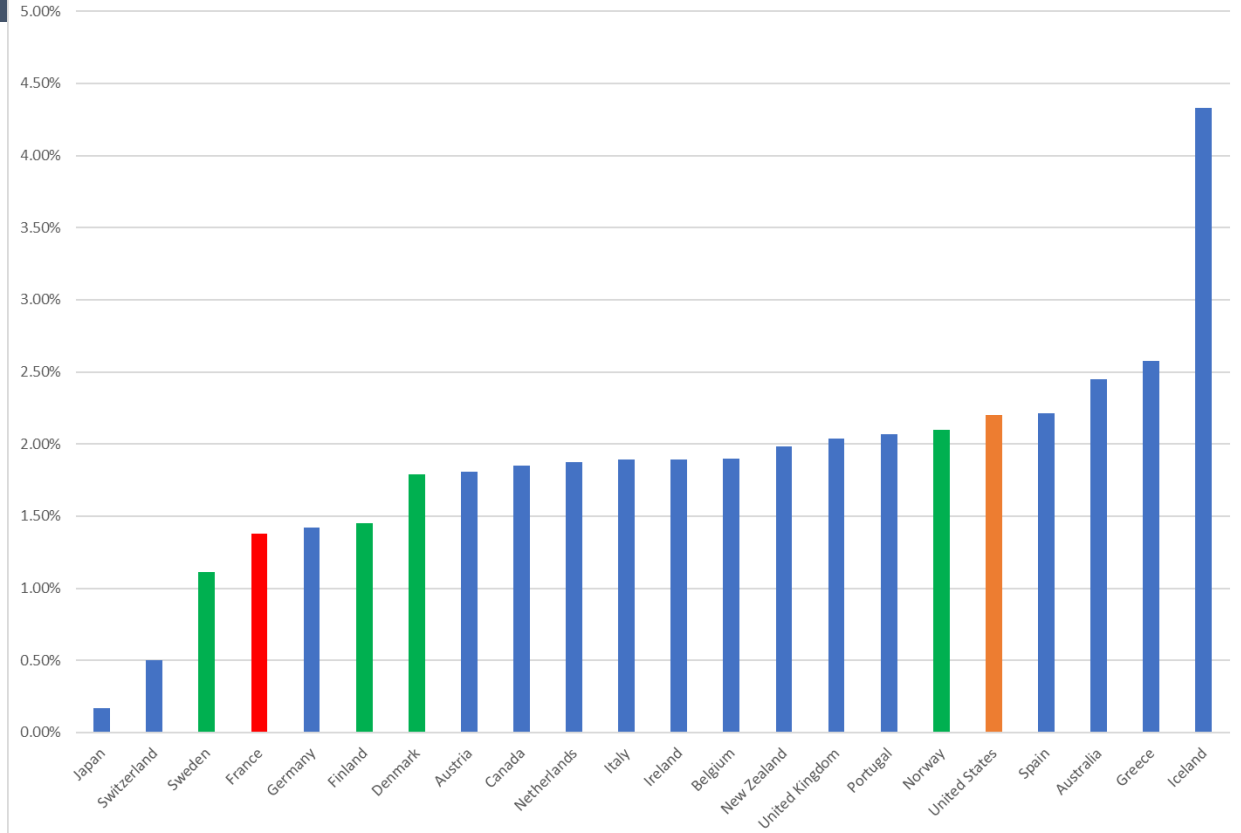
An important metric of prudent fiscal management is price inflation rates that are close to 2%.

Inflation has been in a good range for most OECD nations. Significantly, income transfers in social democracies have not resulted in too much disposable income bumping prices up.

The conventional wisdom is that some inflation induces consumers to spend now rather than wait.

Too much inflation is very undesirable because assets lose their relative value, including loans held by lenders.

Price Inflation Average 1996 to 2018

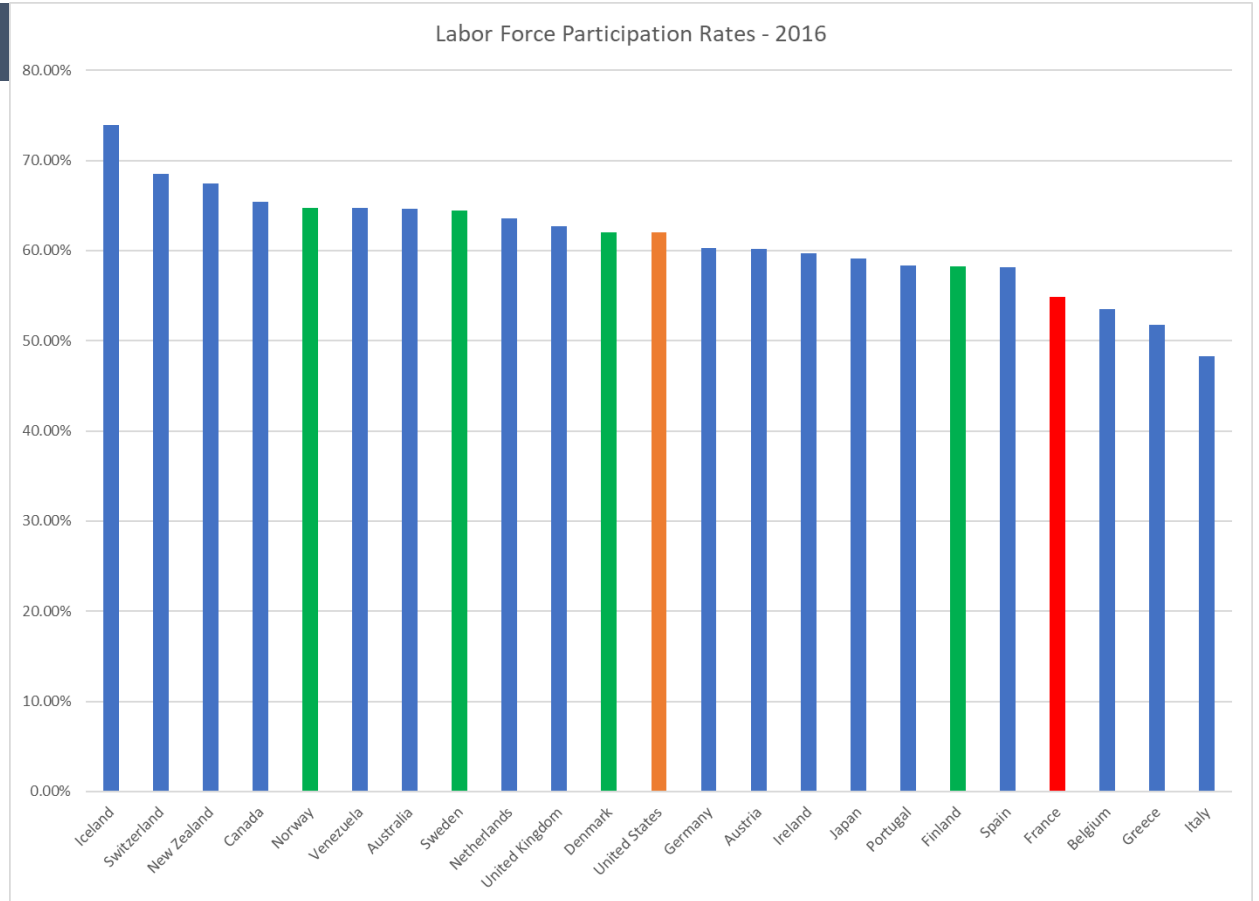


Labor Force Participation

A low labor force participation rate might be a signal that incentives to work are not strong enough due to excessively generous government benefits.

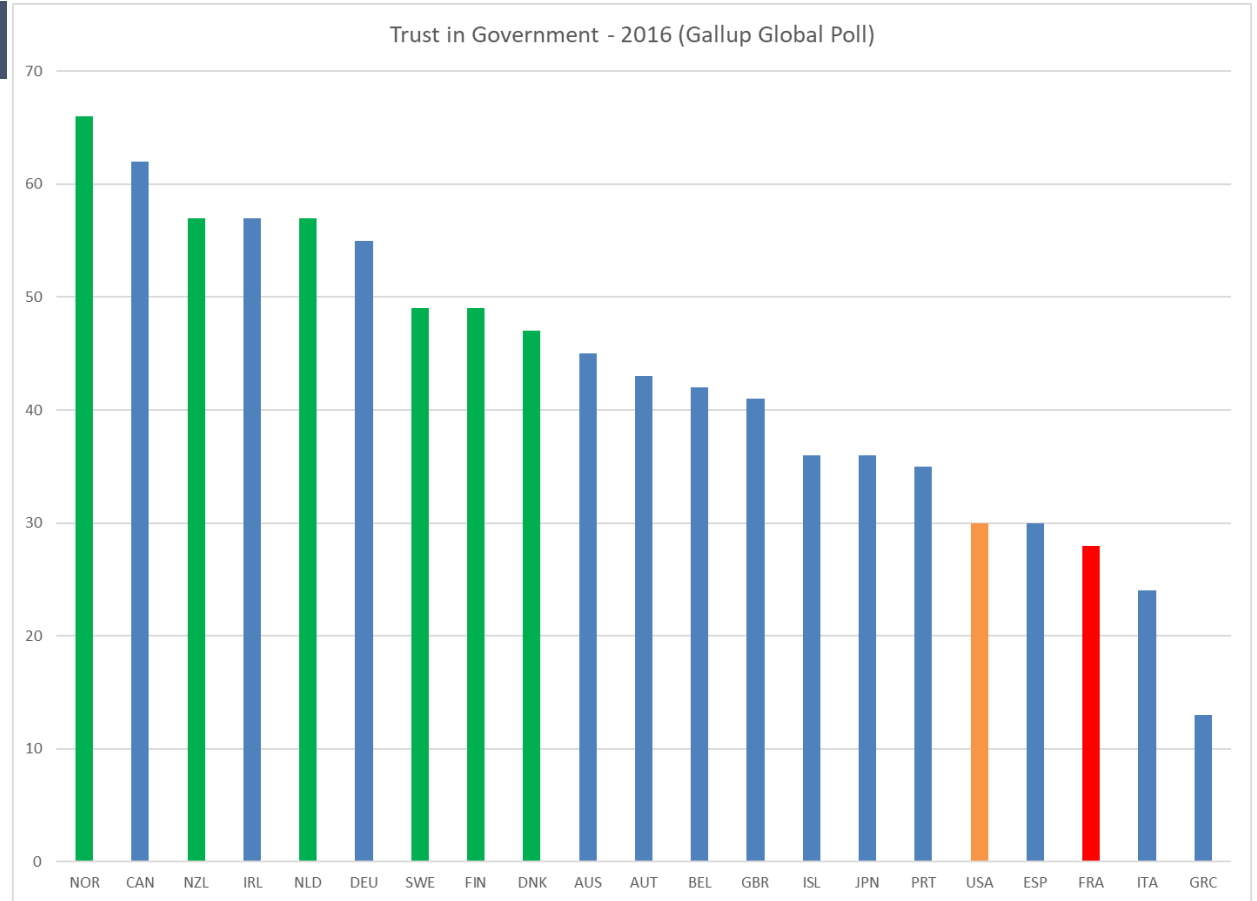
In the case of France, this is partly deliberate, as they align benefits so older people retire early, opening up jobs to younger people.

Significantly, the successful social democracies are apparently setting the benefit levels appropriately, as incentives to work appear similar to other OECD countries.



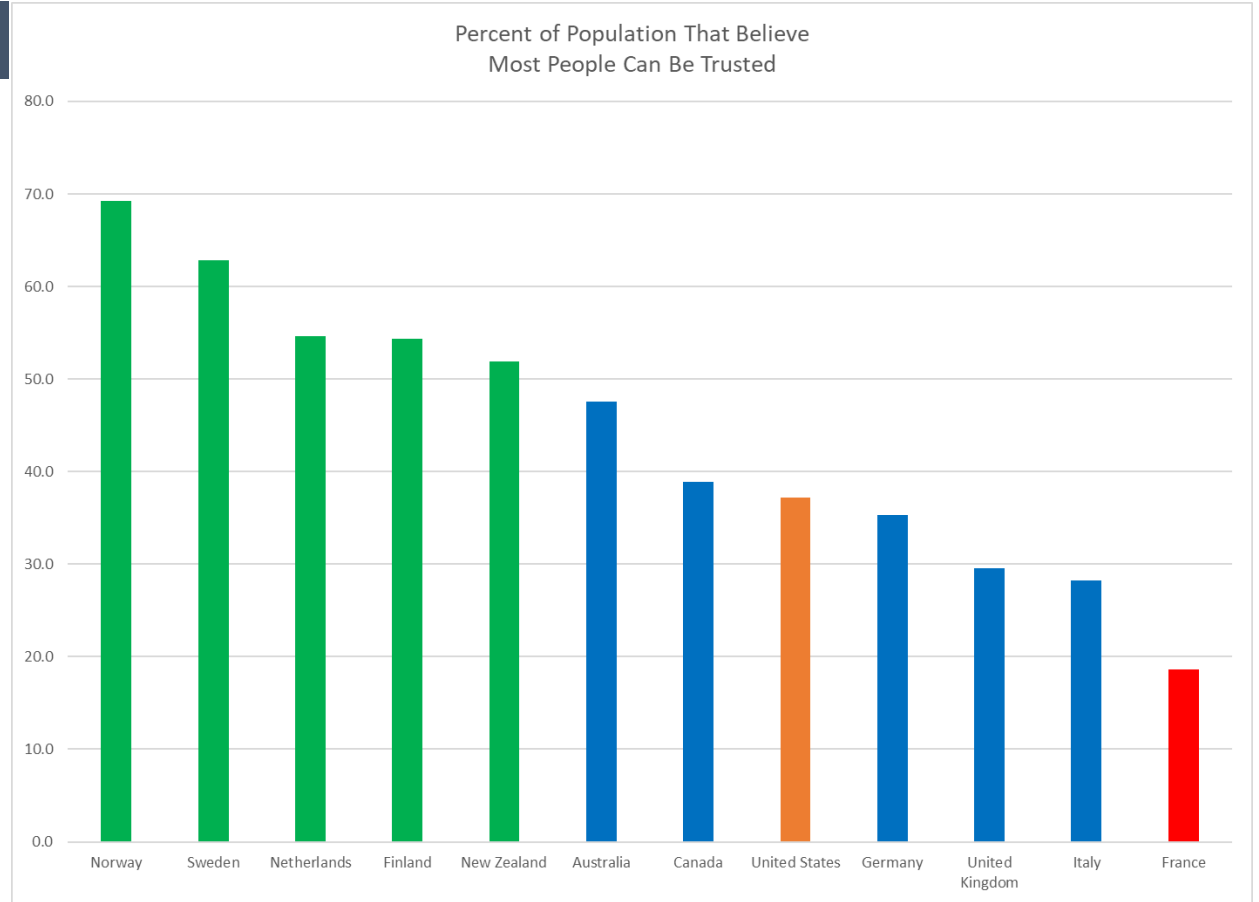
Trust in Government

Countries considered to be Social Democracies tend to rank higher in trust in government than the U.S.



Trust in People

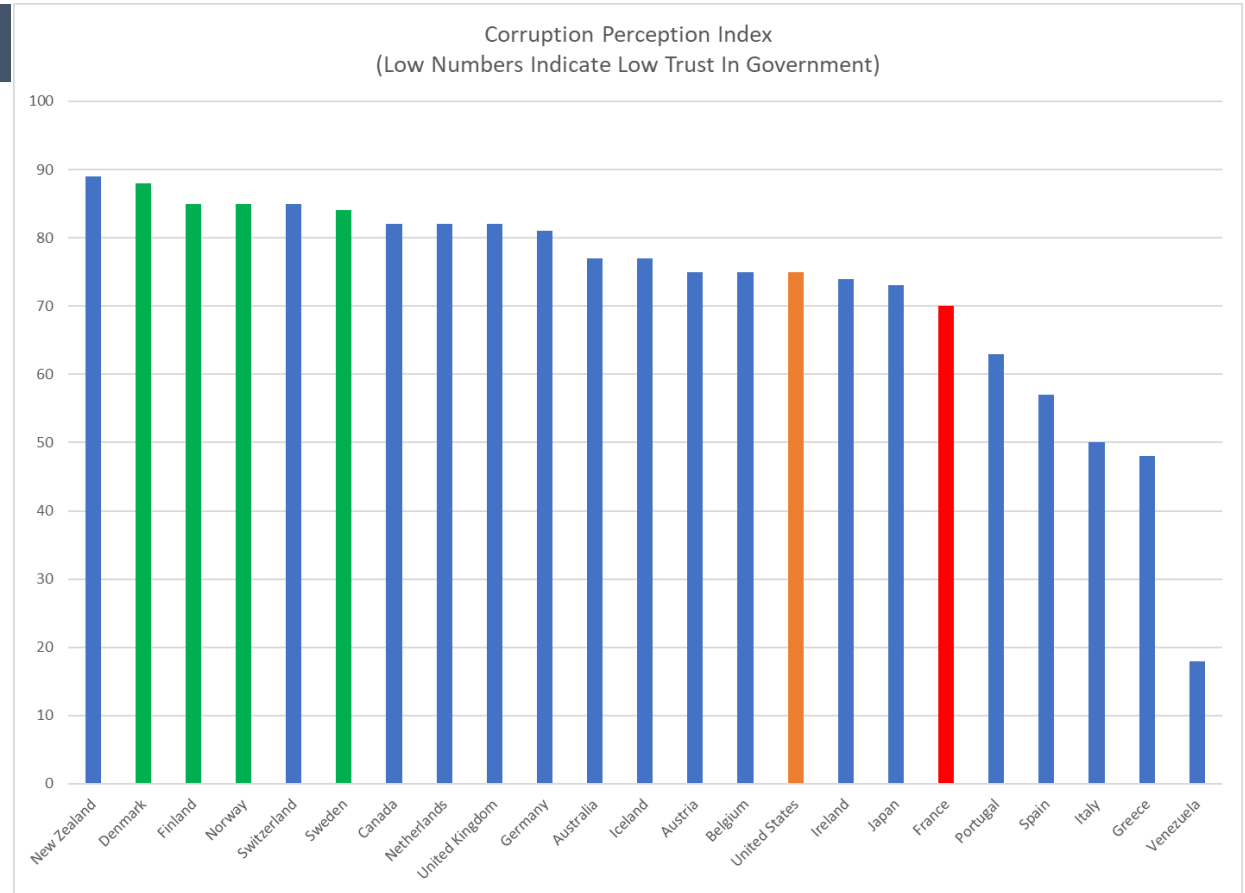
Countries considered to be Social Democracies tend to rank higher in trust in their fellow citizens than the U.S.



Corruption Index

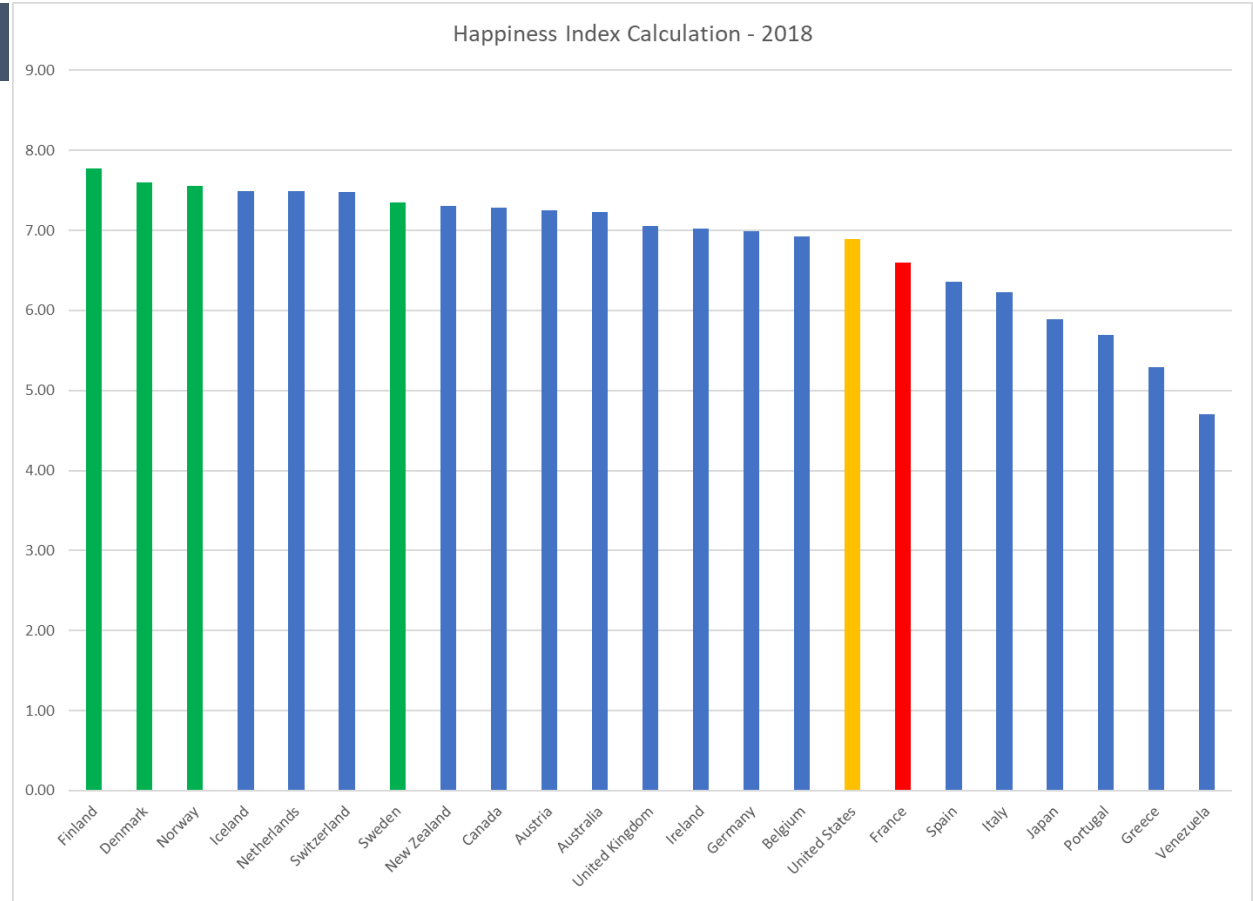
Corruption in government is both an indicator of a poorly functioning society and a low trust in government.

Countries considered to be Social Democracies tend to rank higher in trust in their public servants than the U.S.



Happiness Index

Countries considered to be Social Democracies tend to rank higher in happiness than the U.S.

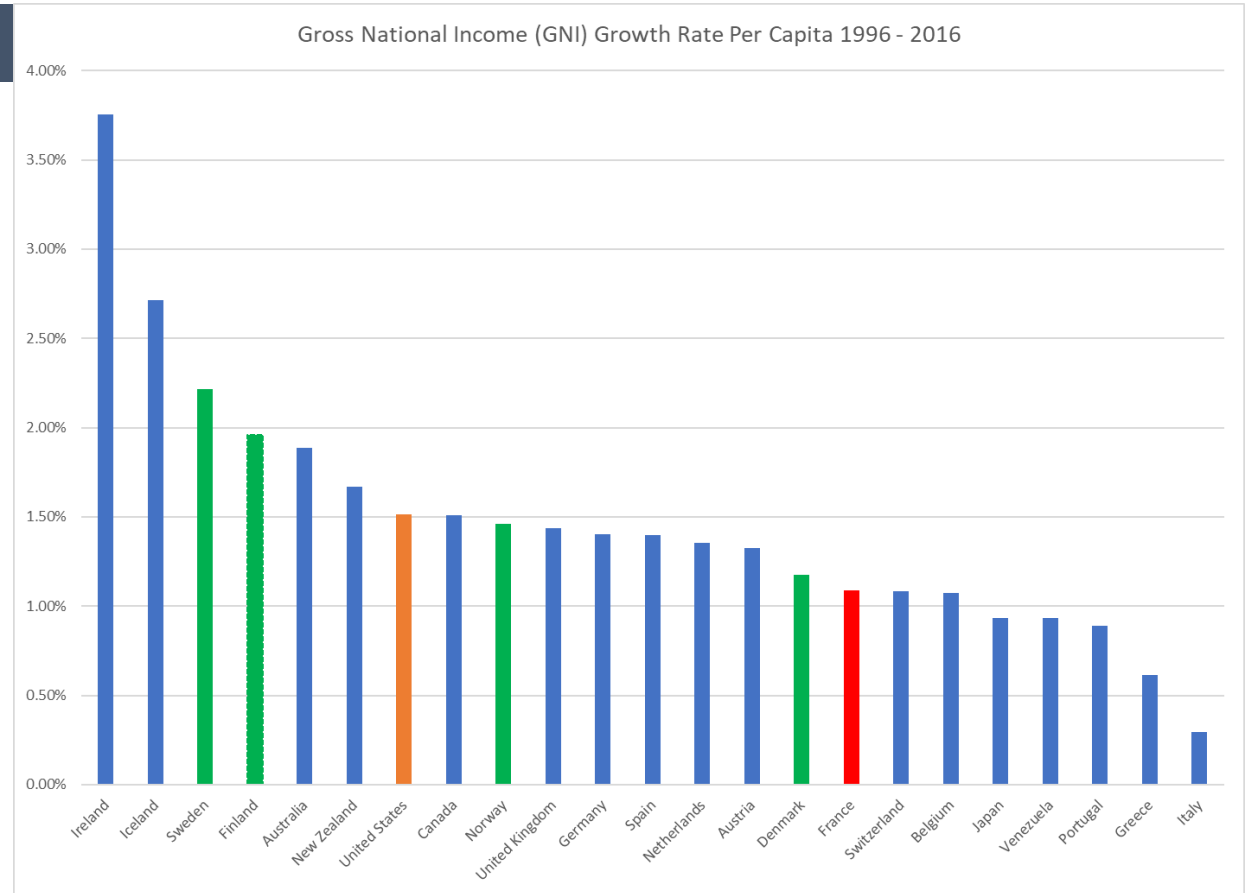


GNI Growth Per Capita

Gross National Income (GNI) measures citizen income from all sources, domestic and foreign.

GNI is perhaps a better indicator of citizen financial prosperity than GDP, but a less useful indicator of economic health of a nation.

There is very little difference in income growth in the U.S. compared to Social Democracies.

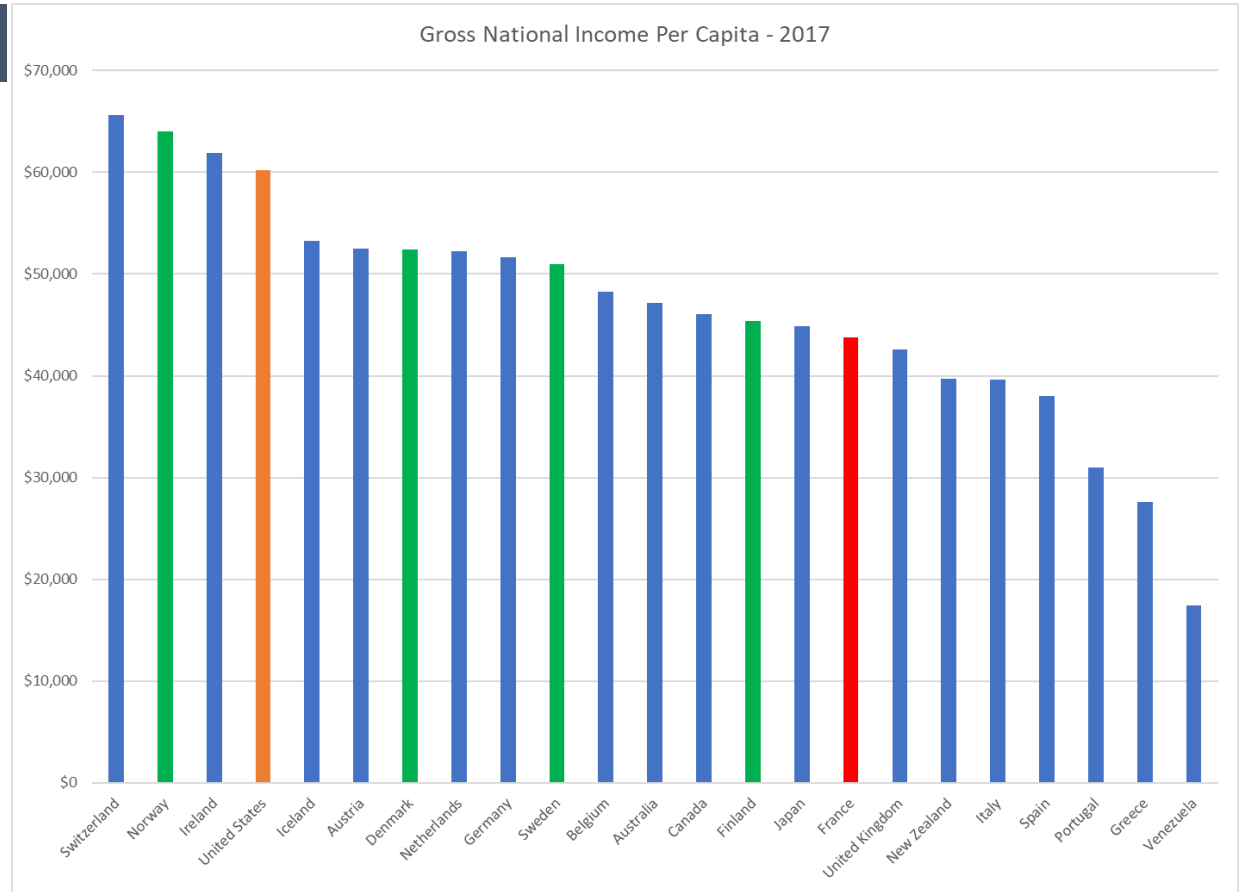


GNI Per Capita

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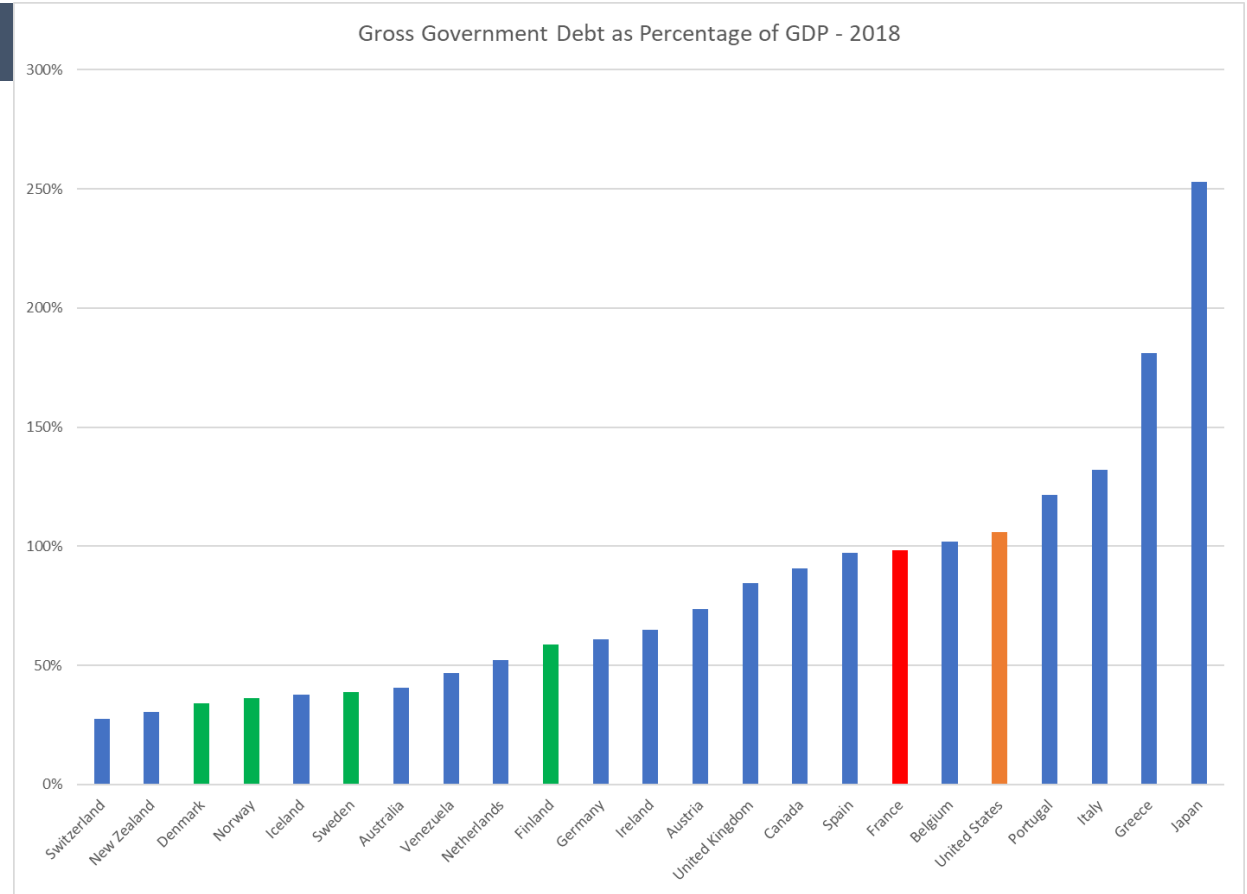
GNI is perhaps a better indicator of citizen financial prosperity than GDP, but a less useful indicator of economic health of a nation.

This metric supports the notion that the U.S. is an economically prosperous country.



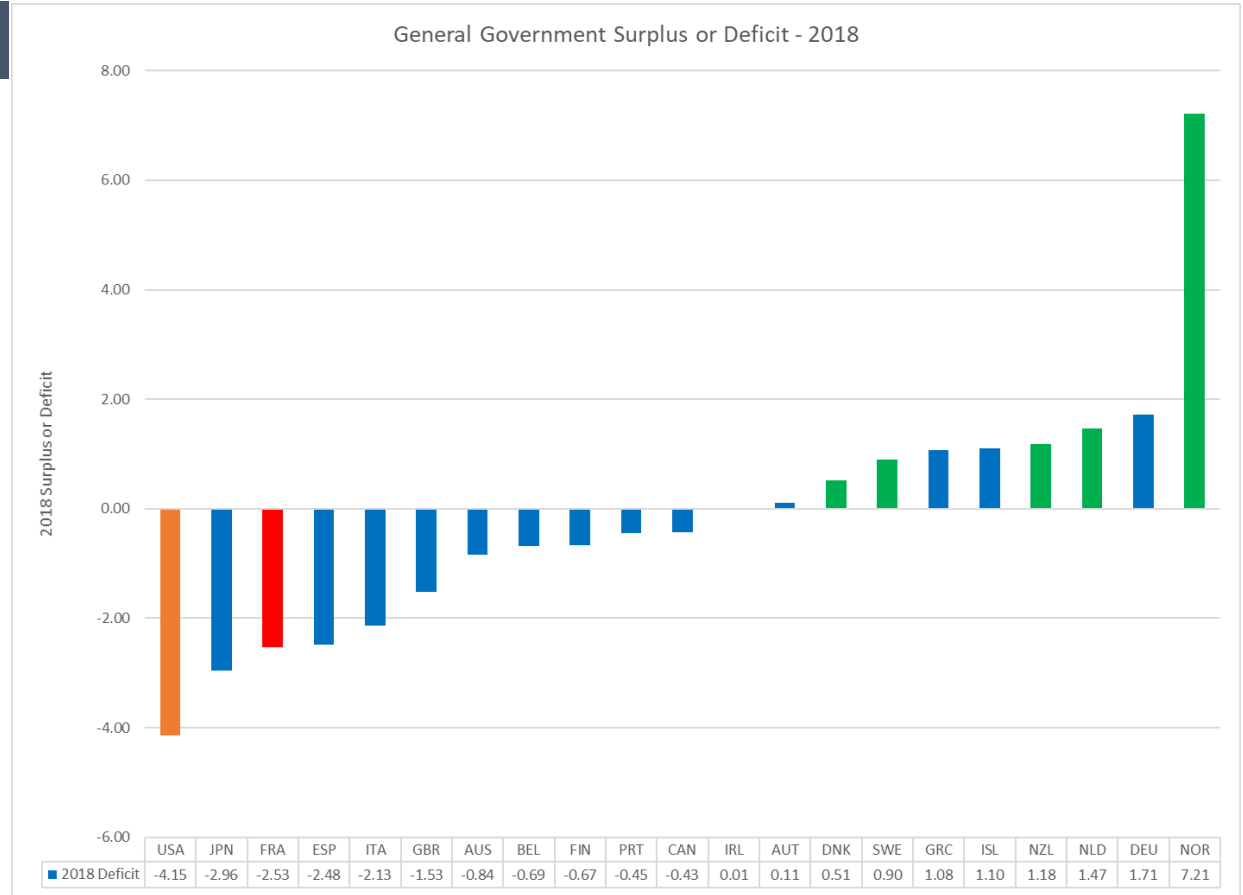
Total Government Debt

Perhaps contrary to expectations, Social Democracies have not incurred as much debt as the U.S. (or Canada or the U.K.).



Budget Deficit

Perhaps contrary to expectations, Social Democracies are not relying on government borrowing to finance their government spending. In fact, they are currently running surpluses.

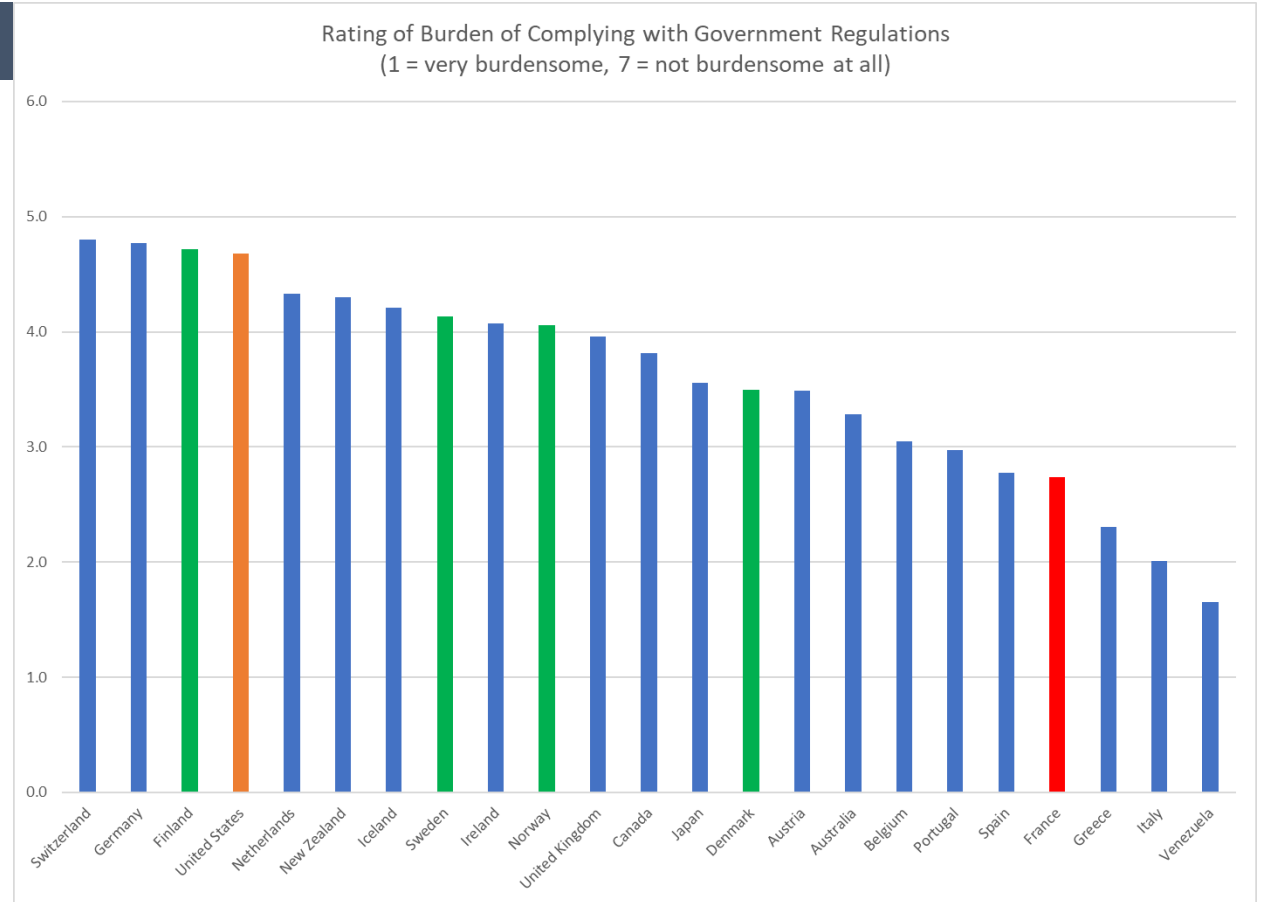


Burden of Govt Regs

A common opinion is that France Government Regulations depress economic performance.

Labor regulations make it very hard to fire employees, making business reluctant to hire new employees.

This also makes workers fearful of any changes to social spending because they fear that if they were to lose their job they can't get a new one.



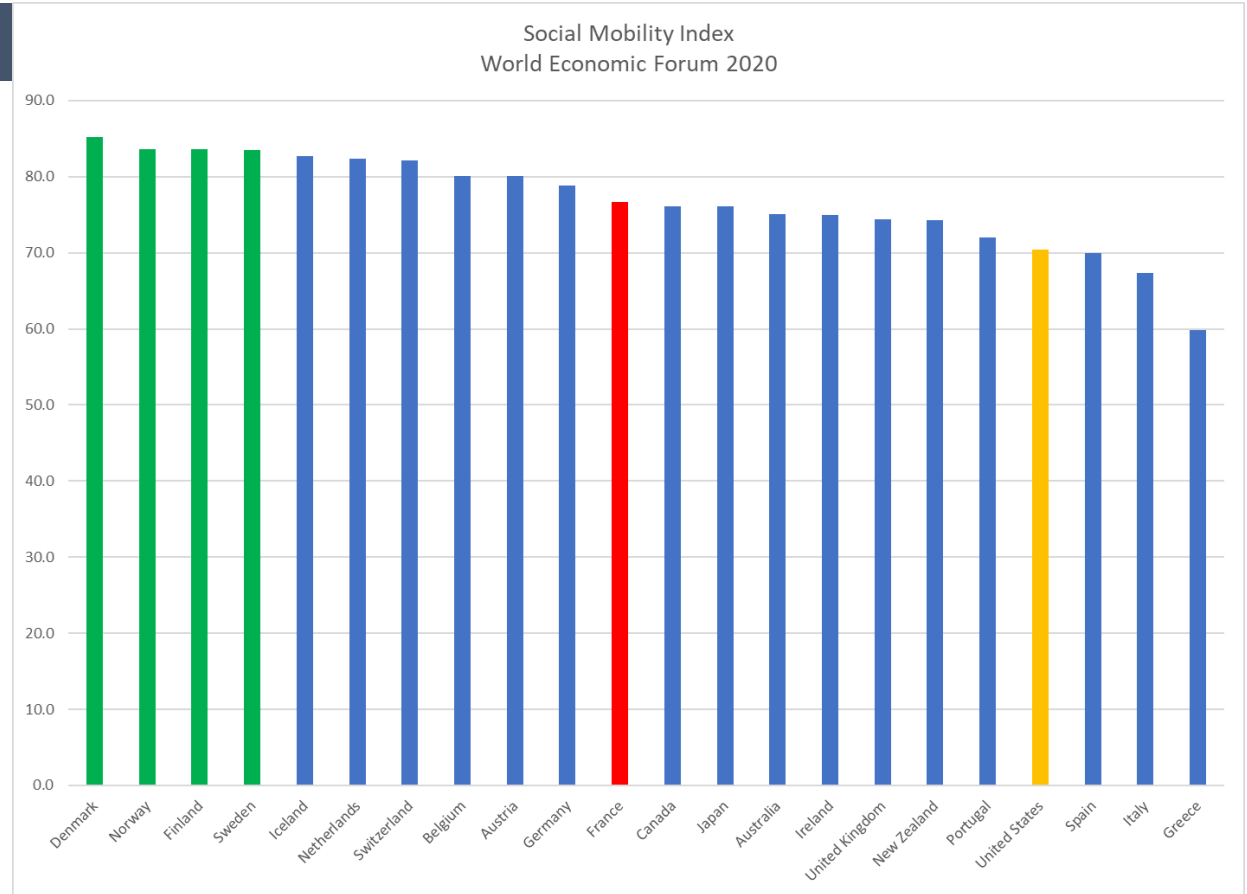
Social Mobility Index

The World Economic Forum created a composite rating of social mobility. They include 10 factors in their evaluation.

The gist of the rating is how easily a child could rise above the parents in prosperity.

The idea is that there are both enablers to advancement and impediments to advancement in a society that affect this.

In effect this is a gauge of “The American Dream”



Social Mobility In U.S.

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United States

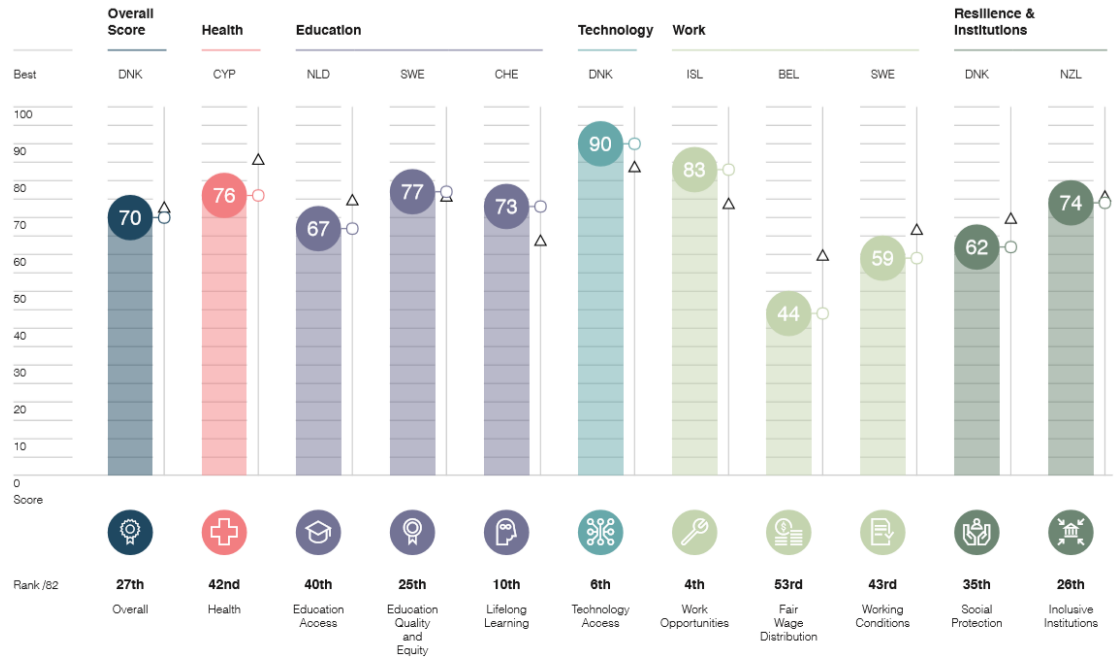
27th / 82

Social Mobility Index 2020 edition



Performance Overview 2020

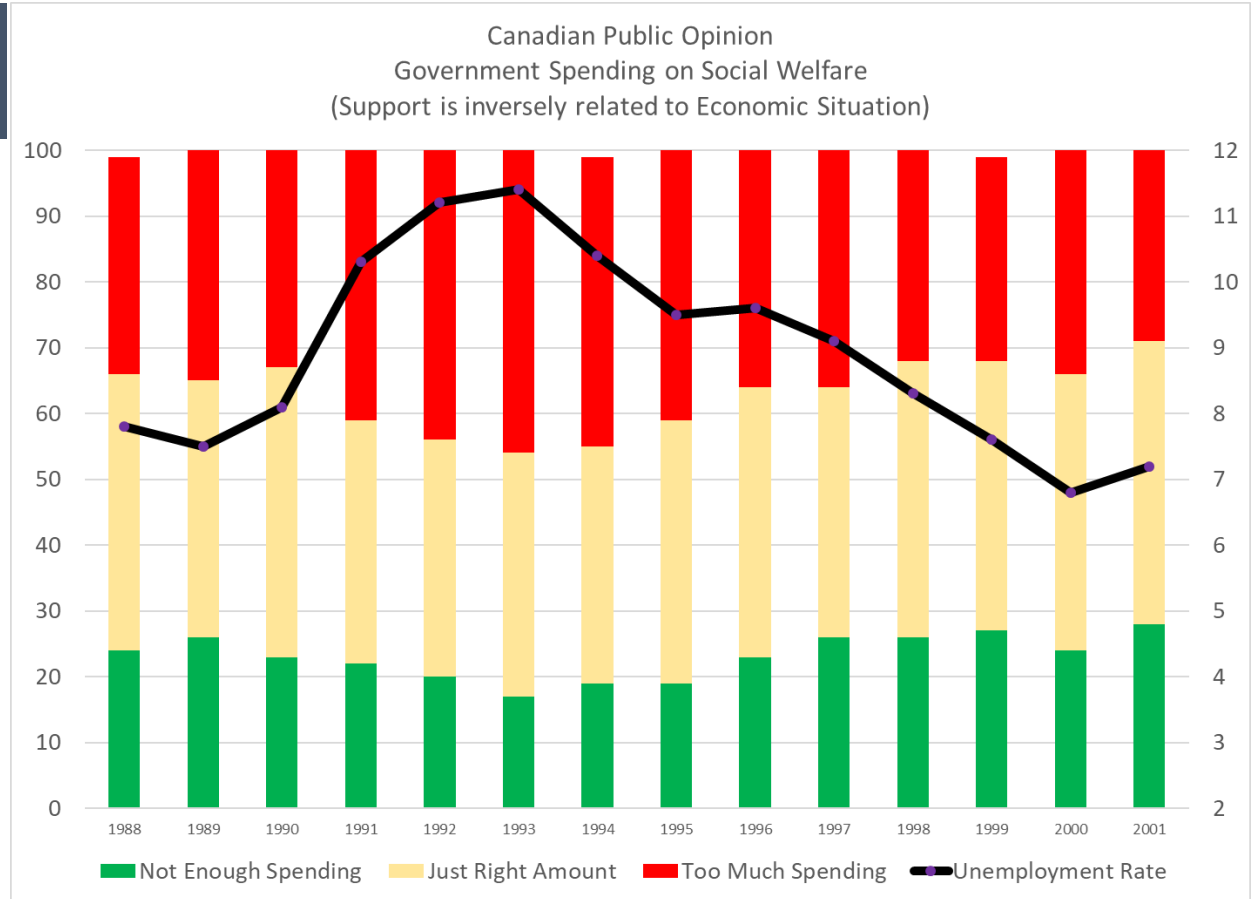
Key Δ High-income group average



Economic Security affects Support for Welfare

An enlightening study was done, looking at whether Canada's economic situation affected their citizens' support for government spending on social programs.

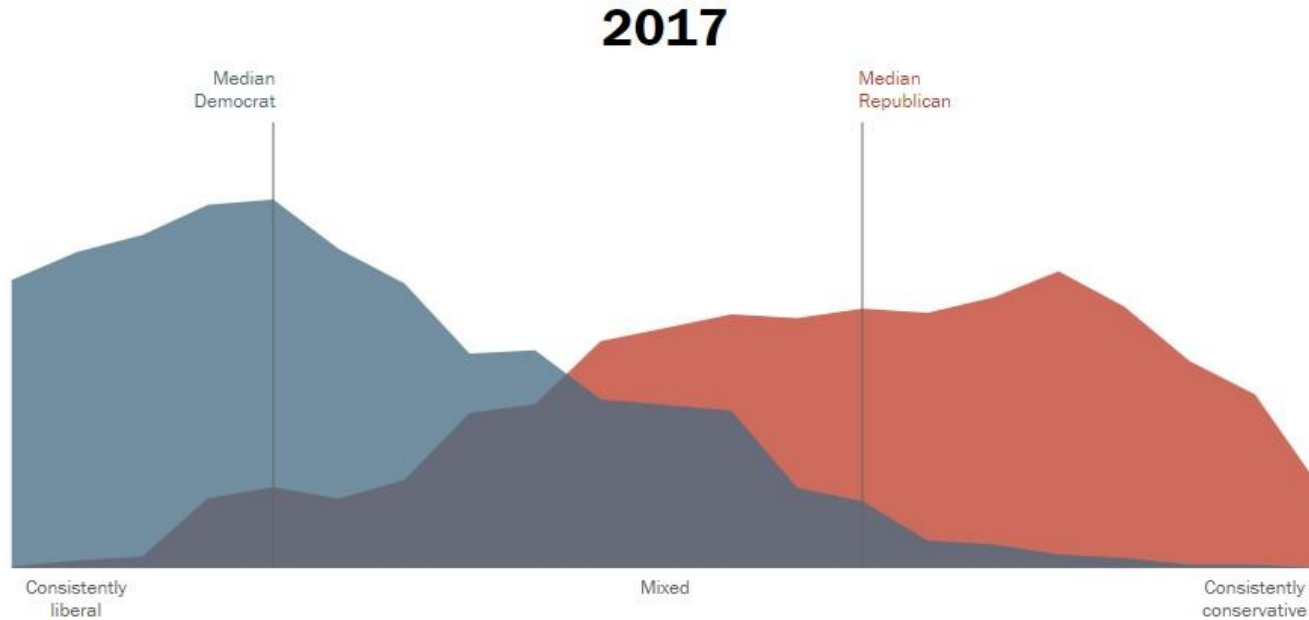
It appears that when economic times are tough, people are more reluctant to increase government support, but when times get better, support increases.



Evolution of Partisan Political Divide in the U.S. 1994-2017

View an individual year:

2017



Source: Surveys conducted in 1994, 1999, 2004, 2011, 2015 and 2017.

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REPORT

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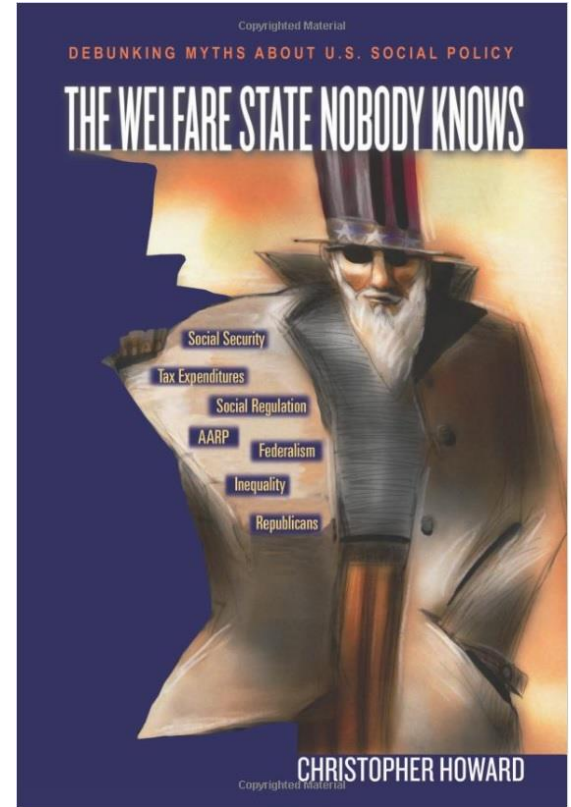
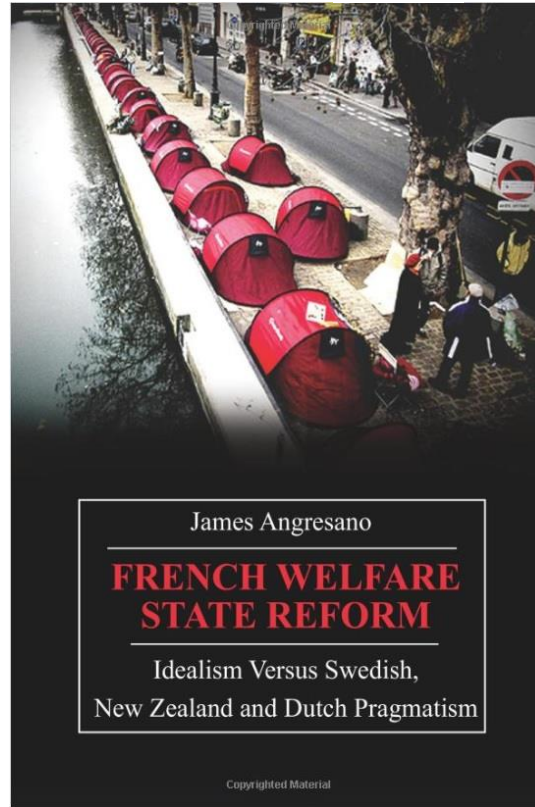
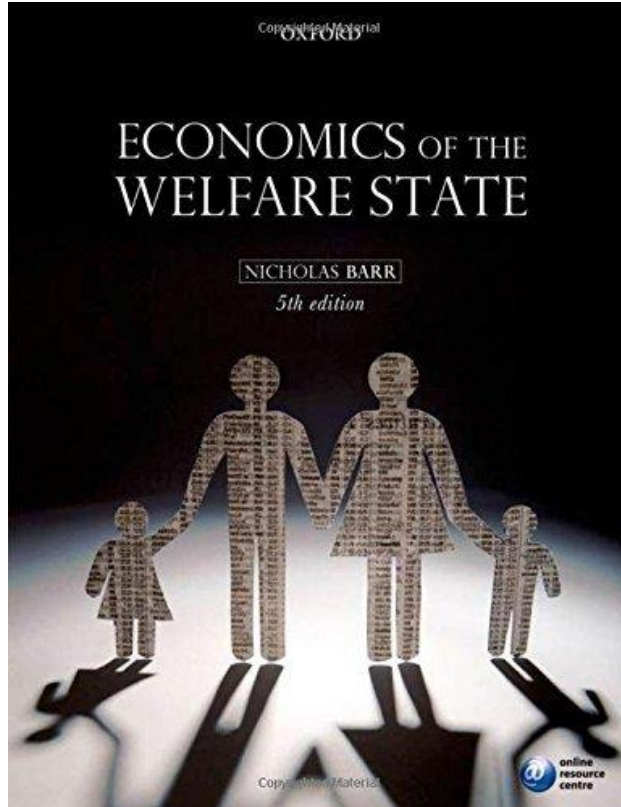
References



Human Progress



The Commonwealth Fund



End of Support Slides

