

Total social spending

A comprehensive account of the total amount of resources that each OECD country devotes to social support has to account both public and private social expenditure, and the extent to which the tax system affects the effective amount of support provided.

To capture the effect of the tax system on gross, before tax social expenditures, account should be taken of the government claw back through the direct taxation of benefit-income and the indirect taxation of goods and services consumed by benefit recipients. Moreover, governments can pursue social goals via tax breaks for social purposes, which tends to make total social spending in excess of gross spending.

From a social perspective of society, net after tax social expenditure, from both public and private sources, gives a better indication of the resources committed to social goals.