

# **Social Spending and Fertility: Evidence from a Dynamic Panel GMM Model**

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**Abstract:** This paper focuses on identifying and demonstrating a negative correlation between the level of social expenditures and total fertility (TFR – Total Fertility Rate). To identify this relationship, a dynamic GMM model was applied to panel data from OECD countries (a total of 38 countries) over the period 1980–2022. Data for the two tested exogenous variables (social expenditures as a percentage of GDP and government expenditures as a percentage of GDP) were available from as early as 1960. Therefore, in the case of these variables, an extended period of 1960–2022 was used for testing.

In both examined time periods, a negative effect of social expenditures on TFR was confirmed. The findings of this study may help explain the significant decline in fertility observed over the past few decades.

Moreover, the results may serve as a stimulus for policymakers and legislators to develop instruments and measures aimed at slowing down, halting, or even reversing the adverse trend in fertility decline.