Question for written answer E-004148/2022
to the Commission
Rule 138
Guido Reil (ID)

Subject: Social spending

Economists Ludger Schuknecht and Holger Zemanek highlight how, in a host of EU Member States, including Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the Netherlands, increasing social spending is crowding out other necessary public expenditure. They expect the social expenditure ratio to level off at one third of GDP and to reach 40 % of GDP in some countries by 2050, with public investment falling at the same time. In 1980 public investment amounted to 3-5 % of GDP in most of the countries studied, declining to just 2-3 % in 2015[1].

Germany is a good example. In 2021 the social expenditure ratio exceeded one third of Germany's gross domestic product (GDP). At 33.6 %, it stood 2.8 % above the level seen at the height of the financial and economic crisis in 2009 (EUR 1 190 billion in absolute terms). At the same time, investments in the transport infrastructure and education are being neglected. Roads and bridges are in disrepair and many schools are in an appalling state.

1. Does the Commission believe that this development could have an adverse impact on growth and financial stability?

2. If not, why not?

Submitted: 21.12.2022

[1] Ludger Schuknecht & Holger Zemanek, Social dominance, CESIFO Working Papers, February 2018.